
SOCIAL REPORTING IN POLAND

Introduction

An increasing number of businesses measure the social effects of their activity. They also provide their stakeholders, who are entitled to accurate information on all aspects of business activity, with the results of those measurements. It stems from the fact that maximising the value of companies for stakeholders has become one of the aims of their activity. A social report is a voluntary account of how businesses implement their social responsibility strategies. It presents the economic, social and environmental achievements of companies. It presents their overall strategy, its social policy and the results of socially responsible actions aimed at the key groups of stakeholders¹. It is published in print and/or posted on a company's website. Most frequently it is a separate document but some businesses attach it to their financial reports so as to present a composite picture of their activity.

A social report systemises the socially responsible actions of a company and monitors the progress of their implementation. A well-constructed report may be used by a company in its internal process of self-education, thus increasing its internal value².

A report is a tool for communication between a company and its stakeholders. Through its use, a company forms the information policy it aims at, which has a significant influence on the creation of the appropriate image. Research conducted among readers of social reports all over the world shows that reports have a positive influence on the perception of companies by the people reading them. As many as 90% of readers admitted that, while reading the report, they were impressed by the

* **Piotr Wachowiak, PhD** – Chair of Management in Economy, Management and Finance College, Warsaw School of Economics.

¹ *Co to jest odpowiedzialny biznes?*, www.odpowiedzialnybiznes.pl, [2011.07.08].

² J. Iansen-Rogers, G. Molenkamp, *Non Financial-Reporting*, [in:] Visser W., Matten D., Pohl M., Tolhurst N., *The A to Z of Corporate Social Responsibility: A Complete Reference Guide to Concepts, Codes and Organizations*, Chichester, West Sussex, John Wiley & Sons, 2007, pp. 337–339.

information it contained, and 85% informed that their perception of the company was more positive³.

In the research on the attitude of Poles towards the idea of social responsibility in business, 70% of the respondents claimed that big companies ought to publish reports on their social and environmental activity just as they publish their financial reports. 40% of the respondents claimed that such publications should be required by law⁴. The research shows clearly that expectations towards social reporting in Poland are high. The growing social and ecological awareness of Poles has an increasing influence on the choices they make.

Bearing in mind the high quality of social reports, it is advisable that the information they contain have the following characteristics:

- Reliability – information should be precise and reflective of the actual operation and results of a company.
- Utility – information should be relevant to particular groups of stakeholders, both external and internal ones, and provide them with support in the decision making process.
- Consistency of information – data should be presented consistently throughout the report. It concerns their format, units, time indications, graphic symbols, etc.
- Accountability – the faculty of supporting information and all the statements it contains with evidence.
- Complete transparency – information should explain clearly the actions undertaken by a company and their results⁵.

The article will present an analysis of the manner in which social reports are presented by companies operating in Poland. The analysis was made on the basis of the author's own research⁶ and other research pertaining to this subject conducted in Poland.

In Poland there are no legal regulations concerning social reporting. On the Warsaw Stock Exchange there is an index of socially responsible companies – RE-SPECT Index, which in the future may serve as a basis for such regulations. It needs to be borne in mind that enforcing legal regulations, which would provide precise

³ E. Wasilewska, *Raportowanie społeczne przedsiębiorstw: koncepcja i rola międzynarodowych standardów raportowania*, „Master of Administration” 2010, No. 4, p. 95.

⁴ Raport z badań *Komunikowanie na rzecz CSR*, Fundacja Komunikacji Społecznej, 2003.

⁵ *Sustainability: A guide to Triple Bottom Line reporting*, Group of 100 Inc., 2004, p. 19.

⁶ The article uses the results of the research *Raportowanie społeczne przedsiębiorstw działających w Polsce*, conducted in 2008, and the results of the research *Wrażliwość społeczna grup kapitałowych w Polsce*, conducted in the years 2009–2010 as part of the research *Wpływ zmian strategii na przekształcenia strukturalne grup kapitałowych w Polsce w latach 1998–2008* headed by Maria Romanowska D.Sc., as well as the analyses made during *Raporty Społeczne* competitions where the present author is a member of the jury. 25 analyses of social reports were made.

information on what is required of companies in terms of social reporting, leads to the risky possibility that companies which would voluntarily undertake such actions might limit their endeavours to the required minimum. A good solution would be to make social reporting, which would have to follow specific guidelines, obligatory for public and for state-controlled companies as well as for businesses with more than 300 employees (such a solution is successfully applied in, for example, France and Australia). It is those companies, above any others, that should operate transparently and in line with the rules of social responsibility in business.

In Poland social reporting was initiated by companies which are part of international consortiums. They implement their corporate policy locally. The consortium PKN Orlen is an exception as it published its first environmental report as early as in 2003. The years 2002–2006 mark the early beginning of social reporting by companies operating in Poland. Only four reports were written throughout that period of time. Social reporting begins its development in 2006. 14 reports were made in 2007, 20 in 2008, 22 in 2009, and 23 in 2010. In the total number of reports, 52.6% were of a general nature, 31.6% were social reports, and 15.8% were environmental. The lines of business in which the biggest number of reports were published were banking, FMCG, fuel and pharmaceuticals⁷.

The author's research, conducted among stock exchange companies⁸ in 2010 shows that only 8.9% of the companies publish social reports. This group includes four fuel companies, three banks, one food company and one metallurgy company. All of them belong to the group of large companies with more than 250 employees. More than half of the companies in question are based in Europe. 33% are based only in Poland and 11% of the companies are located in Europe and outside Europe. A slightly higher proportion of the companies have foreign shareholders (56%). 33% of the companies did not reveal information on foreign shareholders. In 11% of the companies, the participation of foreign shareholders was marginal as it constituted less than 15%. Most of the companies in question have foreign investors (78%). 11% are co-owned by funds and 11% by other investors. 56% of the companies which publish social reports had been present on the stock exchange for up to 10 years, while 44% for more than 10 years.

Every year, for five years now, the Responsible Business Forum, PricewaterhouseCoopers and CSR Consulting have been organising a best-prepared social report competition. 17 companies took part in the competition in 2007, in 2008 there were 14 competitors, in 2009 there were 12 and in 2010 there were 17. Danone Ltd won in in the year 2008 as well as in 2010. Grupa Lotos SA won in in the year 2008

⁷ P. Roszkowska, *Rewolucja w raportowaniu biznesowym. Interesariusze, konkurencyjność, społeczna odpowiedzialność*, Difin, Warszawa 2011, p. 84 and the author's own analyses.

⁸ The research *Wrażliwość społeczna polskich przedsiębiorstw* conducted as part of the research and supervised by Maria Romanowska D.Sc.

and BRE Bank SA won in 2009. Such companies as Polski Koncern Naftowy Orlen SA, Polskie Górnictwo Naftowe i Gazowe, Grupa Żywiec SA, Bank Millenium, BAT Polska SA, Telekomunikacja Polska SA, and Totalizator Sportowy were rewarded with distinctions. The data presented above shows that the number of participating companies is similar year to year. It is clear to see that most of the companies which operate in Poland and publish social reports take part in the Social Report Competition, which may serve as proof of their great involvement in social reporting. Unfortunately, those companies that do are large, well-established on the Polish market and are frequently affiliated with foreign capital. A group of businesses has emerged in Poland which recently proved best at social reporting. The winners of particular editions of the Competition and the companies whose reports were rewarded with distinctions may be considered as part of that group.

On the basis of the information presented above, it may be said that only a small proportion of companies operating in Poland prepares social reports. We are far behind other European countries and the USA in this respect. Being prepared to formulate and implement social reporting procedures is a great challenge for companies. It will only be possible when they notice the significance of social reporting and appreciate its influence on their environments in the face of the changes which are taking place around them. They need to be aware of the new role they play in society.

When assessing social reports prepared by companies operating in Poland, three basic criteria were taken into account: completeness, trust and communication. A report should present an overall picture of the activity of a company and its results. The information concerning the company's operation should be presented credibly. It should be understandable for the people who will analyse it. The article focuses on the most important issues concerning the three criteria.

In order to increase the credibility of social reports, their preparation ought to be based on standards. The Global Reporting Initiative framework of reporting (GRI) and the AA1000 Standards are among the basic social reporting standards.

The aim of reporting in line with GRI is to measure, reveal and bear responsibility before a company's stakeholders for its results. The latest version of the G3 social reporting guidelines includes three areas pertaining to such aspects of company activity as: social, economic and ecological. However, reporting as such should not be perceived as synonymous to responsibility (a publication of a report does not suggest automatically that the company may consider itself responsible) nor can it be a one-off action or one that is limited to an occasional reviewing of indices. According to the GRI, reporting should be part of a greater process of company strategy preparation, implementation of its plans of action and results assessment. In 2009 the GRI recorded around 1300 reports in its database which had been prepared in line with its guidelines. The GRI data also reveal that the popularity of the guidelines and, by the same token, the number of companies using them is growing every year, and the

G3 guidelines are among those which are applied most frequently all over the world⁹. One of the advantages of reporting in line with the G3 guidelines is the opportunity to make comparisons of the indices presented in consecutive years, which allows for a more accurate and complete assessment of the achievements of a company in the field of social responsibility in business. A GRI guidelines compliant report should consist of the following parts:

1. Vision and strategy – a description of the strategy of the organisation in reference to the issue of sustainable development along with a statement from management.
2. Profile – a presentation of the profile of the activity of the organisation as well as a characteristic of the report.
3. Management systems and their structure – a review of the organisation structure and the management system.
4. GRI guidelines compliance index – a table presenting where specific information required by the GRI is located in the report.
5. Results indices – an assessment of the results of the organisation preparing the report broken down into to several aspects:
 - a) economic (EC – direct economic impact) – it comprises financial results, its presence on the market and economic influences on certain stakeholders groups.
 - b) environmental (EN – environmental impact) – it takes the following aspects into account: energy and natural resources consumption, pollution, environment protection expenses, etc.
 - c) social – it comprises several groups of issues: employment practices, health and safety (LA – labour practice), human rights (HR), responsibility before society (SO – society), products responsibility (PR).

The Accountability 1000 norm (AA1000) is a standard developed by the London Institute of Social and Ethical Accountability. It is a result of the co-operation between many governmental and non-governmental organisations as well as representatives of business circles from many countries. The norm focuses on describing the auditing process and on preparing non-financial reports. Its authors' idea was to develop a norm which would assist organisations in three aspects: economic, social and ecological. In other words, it is supposed to provide complex support for their sustainable development. The standard presents best practices in terms of social reporting and auditing. AA1000 may be used on its own or in combination with other norms for social responsibility in business. Additionally, the standard is used in two different manners: as an instrument for assessing the activity of a company in terms

⁹ The report *Odpowiedzialny biznes w Polsce 2009. Dobre praktyki*, Forum Odpowiedzialnego Biznesu, pp. 70–71.

of being compliant with the values and ethical rules it declares, and as a collection of guidelines describing communication and management methods in the field of social responsibility. It facilitates the formulation of strategic objectives of a company and the measurement of their implementation. It helps to conduct audits and to select methods of result presentation¹⁰.

The application of social reporting standards brings many benefits, both internal and external. Some of the external benefits might be: increased efficiency and competitiveness, a high position on the job market, an improvement of relations with the local community, an increased attractiveness for and trust of investors and financial institutions, increased customer loyalty, charity and donation tax deductions. The internal benefits are: an increased motivation and involvement of employees caused by the positive image of the company, increased productivity and better workplace atmosphere¹¹.

Unfortunately, few companies operating in Poland follow the GRI guidelines and the AA1000 standard when preparing their reports. According to the author's research, 28% of the companies prepare reports that follow the guidelines. The following are among them: BRE Bank SA, Grupa Lotos SA, PKN Orlen SA, Bank Gospodarstwa Krajowego, Danone Sp.z o.o., ENEA SA, PGNiG SA.

In social reports, companies should present their involvement in the issues of social responsibility of business. Their CSR strategy and its connection with their business strategies, as well as objectives and standards of actions in this respect, should also be presented. The author's analysis provides evidence to say that, in only 12% of social reports, was there a detailed description of the CSR strategy and its connection with the business strategy. It is in a larger number of reports (32% of the analysed reports) that the person appointed to deal with the issues of social responsibility was mentioned. Whereas, few reports (8% of the analysed reports) mention the member of the board whose responsibility it is to deal with the topic discussed in this article.

The analysis of the social reports shows that 72% of the social reports present information on all three basic areas of sustainable development: economic, social and environmental. The social aspect is described in greatest detail. Companies readily reveal their best practices in terms of actions for their employees, customers and the local environment. In the economic area, basic financial indices quoted from their financial reports are frequently presented. In the environmental area, detailed information is provided by companies which have the potential to pollute the natural environment, e.g. in the fuel industry. The companies which operate in other sectors provide very general information concerning environment protection. Few

¹⁰ B. Rok, *Odpowiedzialność społeczna przedsiębiorstwa w rozumieniu normy AA1000*, www.fob.org.pl, [22.02.2008].

¹¹ J. Adamczyk, *Spółeczna odpowiedzialność przedsiębiorstw*, PWE, Warszawa 2009, pp. 176–177.

companies publish separate ecology reports concerning ecological issues. Such reports have been published by, among others: PKN Orlen, PGNiG, Zakłady Farmaceutyczne "Polfarma" SA, Kompania Piwowarska SA, Azoty Tarnów SA.

According to P. Roszkowska's research, the most composite reports are prepared in the banking sector. The reports prepared by the companies operating in the media sector contain the least information. In the production sector (chemicals and food), the reports contain more adequate information for stakeholders than the reports from companies providing services, for example in the telecommunication and the media sectors¹².

According to the GRI standard, reports should contain basic economic, social and environmental indices. Few reports include the required indices. According to the author's own research, it is only in 28% of the reports prepared by companies operating in Poland that such indices are included. Those indices have been discussed competently in the reports prepared by Grupa Lotos SA, BRE Bank SA, PKN Orlen, and PGNiG SA.

The AA1000 standard places great emphasis on the need to involve stakeholders in the social reporting process and on basing this process on a two-way communication. Companies ought to be involved in social dialogue with their stakeholders. Reports should present the manner in which the relations with stakeholders are managed. An analysis of the report should enable the reader to evaluate the extent in which stakeholders' opinions may influence the operation of a company. It should also inform whether stakeholders have the opportunity to provide feedback on the report as well as how this information is used.

Unfortunately, the majority of social reports prepared by companies operating in Poland do not contain such information. Stakeholder consultation processes or ways of utilising the feedback received from stakeholders are not described. The one-way communication strategy of passing information onto stakeholders is still dominant in relations with them. It needs to be mentioned that a large number of companies do not even prepare a diagnosis of their stakeholders. The research conducted by the present author shows that only 16% of the analysed companies have a description of the method of conducting social dialogue with their stakeholders.

If reports are to have a true value for stakeholders they ought to be credible. The information included in them should reflect their expectations to the fullest extent. They should depict the actual condition of a company. It is essential that they do not only focus on success stories but also describe negative situations and ways of dealing with them. The credibility of social reports prepared by companies operating in Poland is very low in this respect. In their reports they focus mainly on successes and

¹² P. Roszkowska, *Rewolucja...*, op.cit., p. 124.

do not mention any failures. In only 16% of the reports analysed, negative situations and ways of eliminating them were described.

In order for a social report to be credible it ought to present the process of the internal audit of the information included in the report. What the reader looks for in a report is an assurance that the structures, processes and mechanisms of internal control which allow for the correct presentation of information on its activity in the field of social responsibility in business are in use in the company. The analysis shows that, in 12% of the social reports, there is a description of the internal audit. The research conducted by P. Roszkowska shows that only 4.51% of the Polish stock exchange companies conduct internal audits of actions in the area of social responsibility. In her opinion, it is caused by the fact that companies treat the idea of social responsibility in business as an issue that is separate from the business context and one that is implemented beside their fundamental area of activity¹³.

The credibility of social reports should be subject to objective verification. Lack of external control of their content lowers their quality and the usefulness of the information they contain. Companies should opt for independent verification of their reports. Unfortunately, in comparison to other countries, where around 30% of reports undergo verification¹⁴, in Poland this proportion is much smaller. The research done by the present author suggests that it is 8%. However, the research conducted by P. Roszkowska shows that among all the reports published in Poland, only the publication by British American Tobacco (a company which belongs to an international consortium) and Telekomunikacja Polska SA had undergone external verification¹⁵.

One of the criteria for social reports evaluation is their communicativeness. They ought to be written in such a way that they are as understandable for their readers as possible. It is essential that the structure of the report is logical and the content of its message understandable. Readers should also have easy access to these reports. The results of the author's analysis of that issue are satisfactory. It can be said that 84% of the reports conform to the communicativeness requirement.

Unfortunately, in many cases, ecological solutions were not applied in the production of the reports. This is significant, as it provides testimony to the attitude that the companies have towards the issue of environment protection. Many reports, for example, are printed on glossy paper.

¹³ Ibidem, p. 119.

¹⁴ *Towards Transparency: Progress on Global Sustainability Reporting*, ACCA, CorporateRegister.com.

¹⁵ P. Roszkowska, *Rewolucja...*, op.cit., p. 119.

Conclusion

Social reporting is the part of the process in which a company verifies and analyses its attitude towards the question of sustainable development. This process helps to systemise the approach towards social responsibility management as well as to determine CSR priorities. Reporting standards provide assistance in adapting the tools to match the characteristics of the line of business in which a company operates and the level of its involvement in measuring its influence on its environment. Reporting is an important element of communication with stakeholders – communication without which management, even the kind that follows CSR rules, cannot be efficient. It is worth pointing out that in some European countries social reporting is obligatory for public companies and it contributes significantly to the development of transparent and balanced markets.

In Poland there are no legal regulations concerning social reporting. Formal instructions and the sanctions entailed by them would be of assistance in providing credibility and comparability of the information presented in social reports. Nevertheless, the development of social reporting in Poland should be a bottom-up process initiated by entrepreneurs themselves. It is connected with greater innovativeness and lesser tendency to irregularities.

Social reporting is not commonplace among companies in Poland. It is the domain of large companies with large foreign capital. It needs to be pointed out, however, that every year more and more companies publish social reports and they are increasingly compliant with the commonly accepted standards in this field. However, the reports evaluated in this study lack credibility and, to a lesser degree, completeness.

A group of several companies has emerged in Poland in which preparation of reports is done competently. The following companies may be considered as part of that group: PKN Orlen, Grupa Lotos SA, PGNiG SA, BRE Bank SA, Danone Sp. z o.o., Telekomunikacja Polska SA, Grupa Żywiec SA. Their reports are of good quality.

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Abstract

Reporting is part of the process in which a company verifies and analyses its approach towards the issue of sustainable development. This process is of assistance when systemising the attitude towards the question of social responsibility development and when determining CSR priorities. The article presents the condition of social reporting in Poland. It provides information on which companies write social reports and on what kind of processes social reporting undergoes. On the basis of the information presented in the article, one may say that social reporting among companies operating in Poland is not common. It is the domain of large companies which are affiliated with foreign capital. It needs to be pointed out, however, that every year more and more companies publish social reports and they are increasingly compliant with the commonly accepted standards accepted in this field. However, the reports evaluated in this study lack credibility and, to a lesser degree, completeness.

KEY WORDS: SOCIAL REPORTING, SOCIAL REPORT, GRI STANDARD, AA1000 STANDARD