

Corporate Social Responsibility Reporting

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Abstract

The appearance of the idea of Corporate Social Responsibility is a consequence of the works introduced by international organizations in order to establish the rules of sustainable development. Accordingly¹, *we assume a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development – economic development, social development and environmental protection – at local, national, regional and global levels.*

Corporate Social Responsibility is a concept according to which organizations, generally on a voluntary basis, pursue a policy which takes into account social, environmental and local business. Otherwise, the WBCSD defined Corporate Social Responsibility (CSR) as²: *the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.*

The publication will deal with the issue of Corporate Social Responsibility in Poland and in the world (selected issues) as well as the manner of reporting, with particular emphasis on the standard of the Global Reporting Initiative (GRI). The level of social reporting in the world and in Poland will be reviewed and analyzed on the example of Registry Reports.

On the basis of analysis of the results there was found that the level of reporting in Poland is very low. Works on reporting are mainly run by companies that operate in international markets that recognized in the CSR the arguments, which multiply their value compared to competing companies. For the other companies the issue of CSR reporting is not well known. The issues of CSR should therefore be developed dynamically in Poland – and in this matter there is much to be done.

Introduction

The idea of sustainable development and corporate social responsibility spreads throughout the world. Observation of global changes and trends in social responsibility issues allows to define [bold] thesis that these concepts in the life of many societies not only play an increasingly important role, but also become a part of tradition and determinant of culture.

In fact, there are no areas in which applying of the social responsibility concept is impossible. There are only challenges and obstacles (Anam, 2011a). An attention also should be paid to another issue. There are many different motives why the organizations apply the concept of sustainable development and social responsibility. Within the organization there are managers, who, looking for the sources of competitive advantage, are ready to create new standards, new needs, or, by application of different concepts, to seek for advantage in places

¹ Report of the World Summit on Sustainable Development Johannesburg, South Africa, 26 August – 4 September 2002, p. 1.

² World Business Council for Sustainable Development (<http://www.wbcsd.ch>, 2011.12.20).

which are not the object of observation and analysis of the other competitors (they look where no one else does).

Sustainable development – a base of Social Responsibility

It seems that, like everything, future generations will be those, who evaluate contribution and efforts bore at present in favour of sustainable development. Through the concept of Sustainable Development we mean such development, in which needs of present generation can be met without diminishing the chances of future generations to meet their needs (Brundtland, 1987).

The fact, that the problem of evolution of the civilization perceived in the category of distant perspective has become the subject of interest to global organizations in a global scale means, that such a level of development has been reached, in which more attention is paid to the world of future generations. So we have a phase of realizations of needs at the level of transcendence (Maslow, 1954a, 1943b)³.

The process of globalization, the evolution of civilization, the increase of prosperity and raise of people's awareness change their perception of their existence, as also change expectations towards environment, including the role, function and responsibilities of companies.

Stakeholders, defined as *individual people and groups of people, inside and outside the organization, who are interested in the results of its operations* (Bielski, 2004), turned their expectations towards greater transparency of the organization. They expect that the duty of each organization is to inform about its activity in a broad aspects, including economic, ecological, legal and social activities, which is the foundation of the concept of the Corporate Social Responsibility (CSR).

In the history of world's development of requirements for corporate social responsibility, great importance had national and later international standards for creating reports on the behaviour of the organizations. In 60's of the twentieth century Netherlands and France have introduced requirements for entrepreneurs about domestic policy concerning employees. In 80's investment funds in the USA and Great Britain began to analyze companies in terms of their socially responsible behaviour. In 90's the idea of social report developed dynamically. A striking event was the UN Conference on Environment and Development, commonly known as the *Earth Summit in Rio de Janeiro, Brazil* in 1992. In 2002 during the Earth Summit the declaration for Sustainable Development has been accepted. It states that *we accept collective responsibility for making further progress in the interdependent and mutually reinforcing pillars of sustainable development - economic development, social development and environmental protection - and their strengthening at local, national, regional and global level* (Rok, 2004).

³ The needs of transcendence are the highest level in the hierarchy of human needs, these are the spiritual demands. This is such a state, in which more important than one's own needs are the needs of other beings. Completely different issue is, what level of evolution is represented by the individual members of society, since everybody is at a different stage of development. This means that there are people, who realise needs on the basic level (e.g. physiological, safety) and other, who realize needs on the higher level (cognitive, aesthetic, and transcendence).

Reporting the Corporate Social Responsibility including GRI standard

These events and many other initiatives⁴ have led to the formulation and further development of uniform rules (voluntary guidelines for the use) of reports' implementation, covering the issues of sustainable development in the form of corporate social responsibility (business, government, NGOs, non-profit organizations, and others).

In 2000 the first version⁵ of worldwide Global Reporting Initiative (GRI) standard has been developed. Its primary goal is to provide guidance for reporting results of taken by the organization actions in terms of sustainable development. GRI standard is a tool supporting the reporting process in organizations, for which there are strict but also universal: methodology, process of creating reports and set of indicators that enable presentation of results gained by given organizations. In the world knowledge of interdisciplinary (allowing for analysis and presentation of activities including environmental, social and economic aspects) GRI standard grows continuously, evidence of which is observed increase of GRI use in the organizations, for reporting their activities (Fig. 1).



Fig. 1. Uptake of GRI framework per year

Source: The CR Reporting Awards'10 - Global Winners & Reporting Trends, April 2010, CRRA, p. 6

One of the first in the world practical application of the GRI standard in reporting various aspects of organizations' activities was recorded in 1999. In 2009 level of GRI standard use reached value close to 40% and the trend maintains upward tendency. Therefore it can be anticipated that importance of reporting with maintaining the GRI standard, which is gaining another masses of supporters, will continue to grow (Fig. 2).

⁴The first UN Conference 'on the Human Environment' in 1972 in Stockholm; human rights to healthy environment have been identified. 2. World Commission on Environment and Development established by the UN in 1983, publishes the report "Our Common Future" in 1987. 3. In 1991 Business Council for Sustainable Development established by the International Chamber of Commerce (ICC) prepared the Business Charter for Sustainable Development 4. UN Conference on "Environment and Development," or the Earth Summit in Rio de Janeiro in 1992. 5. Adoption of a new approach for sustainable development by the European Union under the "Fifth Action Programme for the Environment" in 1993. 6. In 2002 Earth Summit in Johannesburg adopted a Declaration on Sustainable Development.

⁵ GRI is a non-profit organization, based on the cooperation of a group of stakeholders, established in 1997 in Boston in the USA by the organization CERES and United Nations Environment Programme (UNEP). In 2002 GRI moved its headquarters to Amsterdam, where, at present, is its Secretariat. The first version of guidelines for the GRI standard was released in 2000, next versions appeared in 2002 (G2), 2006 (G3), 2011 (G3.1).

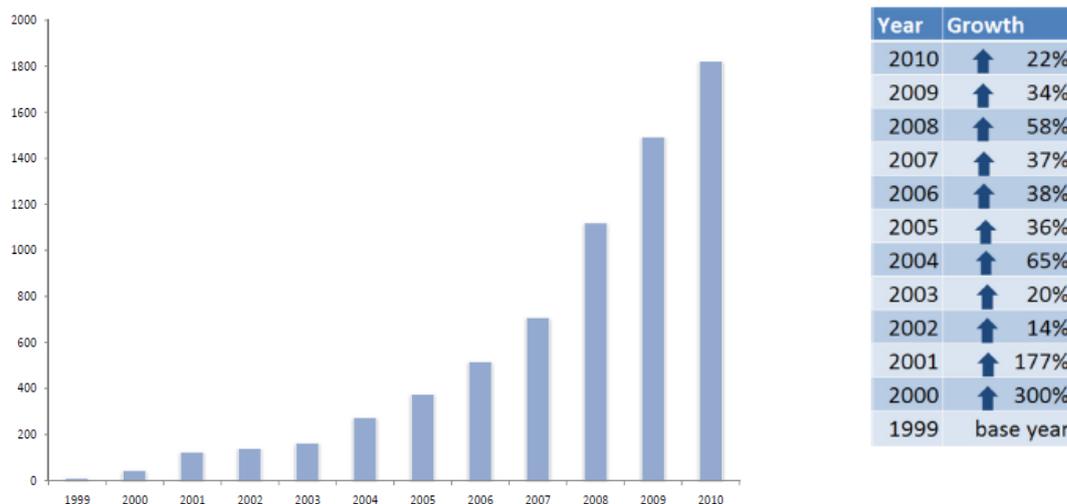


Fig. 2. GRI reports 1999-2010

Source: A new phase: the growth of sustainability reporting, GRI's Year in Review 2010/11, p. 7

Figure 2 presents a quantitative increase in the number of social reports implemented in organizations through the GRI standard in the world. Record-breaking increase was recorded in year 2000 (300%). In subsequent years, also, though with less dynamics, a continuous increase of the publication of social reports using GRI standards can be observed.

Reports published by organizations vary in character (they are obligatory or not), encompass various areas of activity and business activity. The most common types of reports being developed by organizations are those including aspects:

- Social/Community,
- Philanthropy,
- Integrated (Annual Financial & Non-Financial),
- Sustainability (Environment/Social/Economic),
- Corporate Responsibility (EHS/Community/Social),
- Environment, Health & Safety & Community,
- Environment & Social,
- Environment, Health & Safety,
- Environment,
- Other (usually standards developed by companies individually, according to needs).

The dynamics used for the various types of reports is shown in figure 3. In considered period, from 1992 to 2009, the most dynamically has changed the number of issued environmental reports. The number of reports including environmental aspects undergone reduction to 20% in 2009 from the dominative role (ca 80%) at the beginning of considered period. The number of such reports undergone reduction in favour of reports covering reporting in a more complex, and then as a result of development – integrated way. Including and describing aspects of occupational safety, health, social aspects collective responsibility, economic and non- economic conditions, up to forms focused on philanthropic activities and corporate social responsibility.

It seems that the level of social responsibility creates attitudes and awareness of societies towards future taking into consideration next generations. Never before in the history of humanity, such an extensive works for the good of humanity, on such a great scale had taken place. Reports are only a resultant of the actions revealed by the companies. The change, however, begins in people's minds, which can be influenced by appropriate

arguments, for the change of behaviour and habits, creation of new practices, that, in the future, might become foundation for activities and further, traditions of every society.

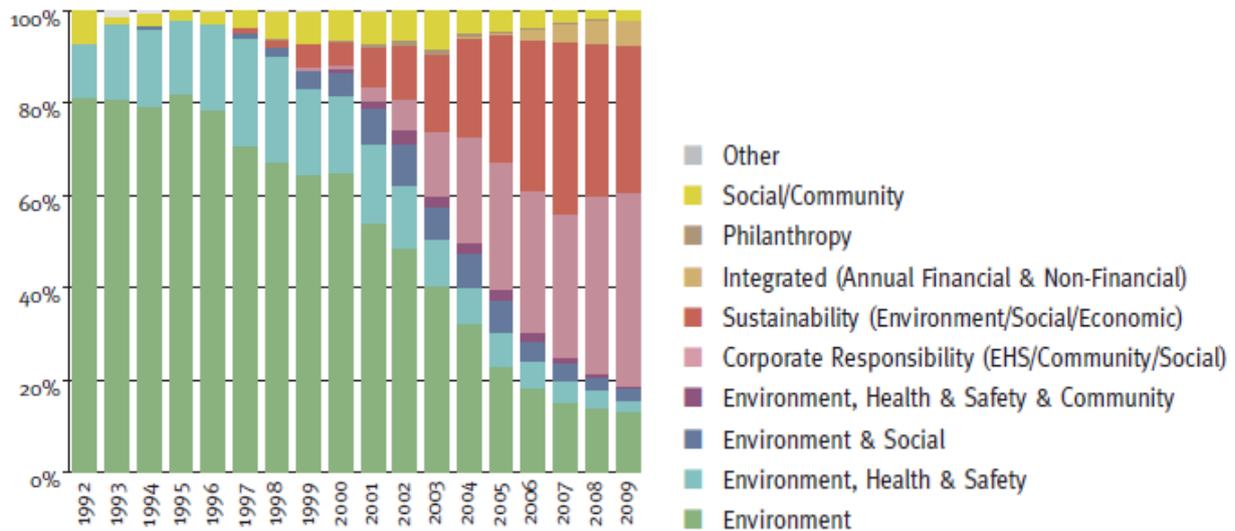


Fig. 3. Global report output by „type” and year

Source: The CR Reporting Awards' 10 - Global Winners & Reporting Trends, April 2010, CRRA, p. 5

To determine reporting of Corporate Social Responsibility (CSR) different terms are used, including: CSR reporting, sustainability reporting or ESG reporting (*environmental, social and governance*). Customarily, however, an expression *sustainability reporting* is used abroad (Anam, 2011b), while in Poland *social reporting, reporting of the sustainable development or CSR report* are used.

CSR report integrates information on company management, contains financial and non-financial data, including social and environmental issues directly related to its activity. Is an expression of the company's desire towards transparency of its activities and taking responsibility (called *accountability*) understood as fulfilling the obligation to provide information to stakeholders, to clarify them actions and decisions for which the company is responsible.

The practice of Corporate Social Responsibility Reporting in Poland

The idea of reporting in Poland in the field of social responsibility doesn't have a long tradition. It might be said that it recently comes into being, so it is possible to observe the dynamics of its changes and direction of transformation. Reporting of the Corporate Social Responsibility is not obligatory in Poland, so many companies don't publish such reports; they don't see the need or necessity of gathering information in this range. In Poland in 2010 several publications have been brought out, which describe activities, practices and trends of Polish society development towards responsibility, including the report:

- *Responsible Business in Poland. Good practices, FOB.*
- *CSR reporting in Poland 2010, CSRinfo.*
- *Social activities of Poles, CBOS.*
- *Readiness of Poles for cooperation, CBOS.*
- *Activity of Poles in civic organizations in the years 1998-2010, CBOS.*
- *Poles about development assistance, Department of Development Cooperation, Ministry of Foreign Affairs.*

- *Managers 500/Lider CSR*, FOB, GoodBrand CEE.
- *Responsible consumption among the Poles*, Polish Green Network.
- *Fair Trade in Poland. The present state and perspectives of development*, Polish Consumers Association.

Besides available general or thematic reports, concerning diagnosis, analysis and prognosis in the range of sustainable development in Poland, companies have possibility of publishing individual reports in the field of corporate social responsibility. One of the websites, where reports can be registered and published, is a register of Polish reports of corporate social responsibility run on the portal CSRinfo.org⁶. Moreover, information concerning CSR, provided by international companies in the form of reports, are available on the websites of Global Reporting Initiative or corporateregister.com.

Analysis of the Polish Register of Reports⁷ on sustainable development and corporate social responsibility, in the space of 6 years (from 2005 to 2011), helped to gather following information. Number of reports published by organizations, whose headquarters, or other entity (e.g. a factory) is located in Poland is constantly growing (Fig. 4).

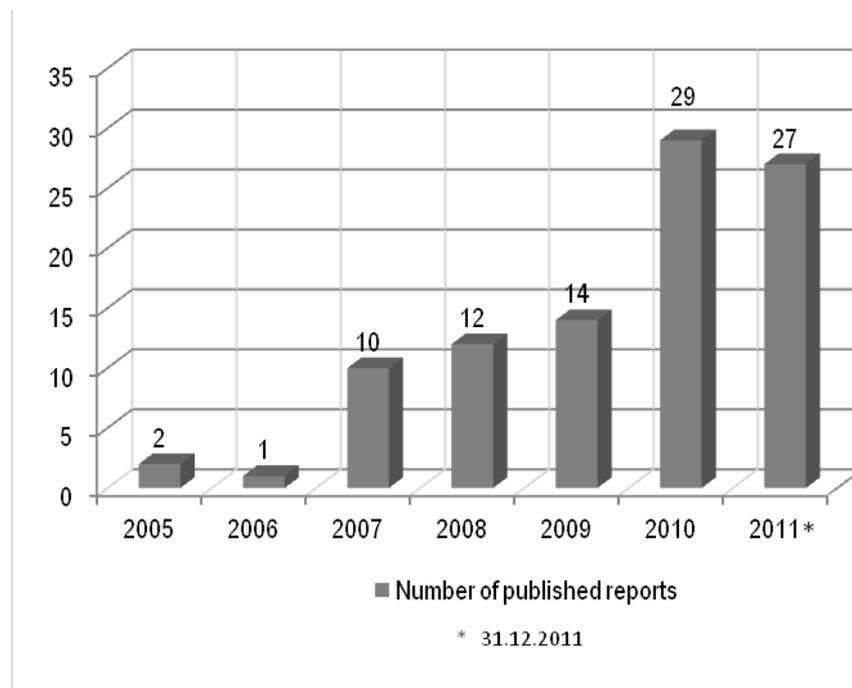


Fig. 4. Number of published reports on sustainable development and CSR placed on the portal CSR.org

Source: Own study based on publication placed in *the Register of Reports* on the portal CSRinfo.org

Obtained results confirm, that reporting on sustainable development and corporate social responsibility by Polish entrepreneurs is not conducted on a large scale, although the increasing trend is maintained (Fig. 5).

⁶ CSRinfo.org portal is a communication and educational platform on corporate social responsibility and sustainable business. The portal has been created and is maintained by educational-consulting company CSR.

⁷ The register of sustainable development and social responsibility Reports published by organizations on the portal CSRinfo.org

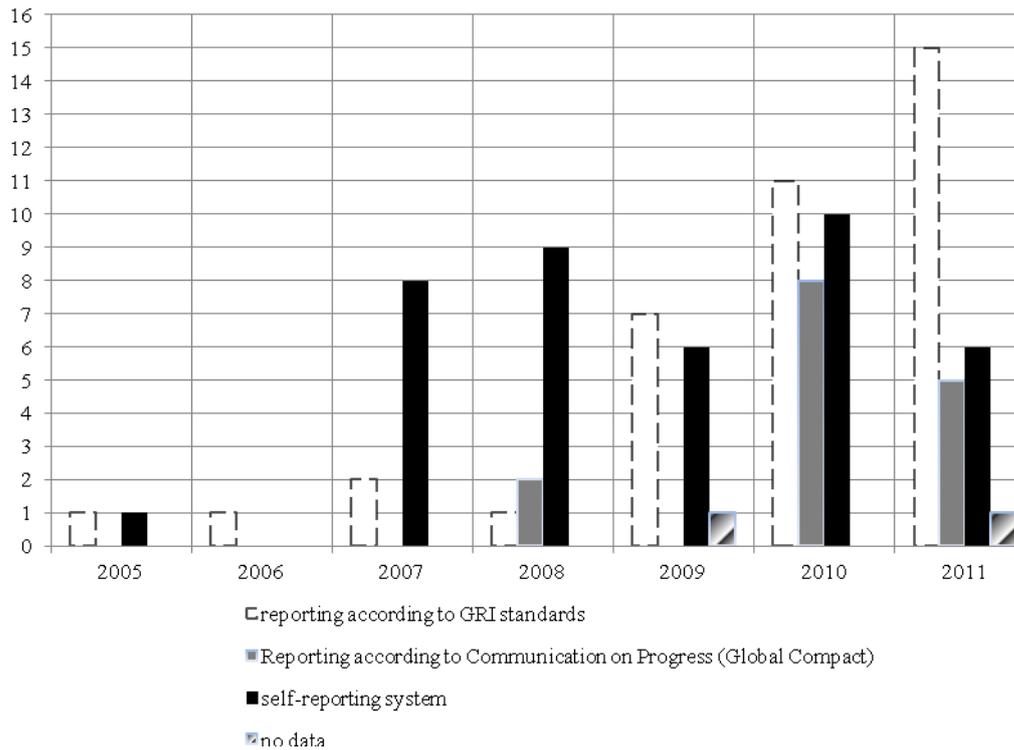


Fig. 5. Types of standards used in reporting sustainable business and CSR
Source: own study

Obtained results allow to conclude that Polish companies to realize sustainable business reports and CSR primarily use reporting standards developed on their own. However, in 2009 an increase of interest in the GRI standard, and Communication on Progress (Global Compact)⁸ can be noticed to the disadvantage of standards, which are guidelines to given organizations.

Interesting is the fact that companies publishing reports use different nomenclature for the type of issued report. Applied descriptions:

- social report,
- environmental report,
- ecological report,
- CSR report,
- social responsibility report,
- sustainable development report,
- report for the Global Compact,
- a review of activities report,
- a responsible business report,
- a social commitment report.

The statistical depiction of terms used for the reports is presented in Table 1. The vast majority of companies use the term "CSR Report" (54%). Then companies use the term

⁸ Reporting based on the principles Communication on Progress, is reflected by progress in implementing by the organization ten principles of Global Compact. Global Compact is the world's largest initiative for corporate responsibility and sustainable development. It is important that acceding companies are required to report annually.

"social report" and "report for the Global Compact" (13%). Below 10%, in the scale of published reports, companies use other terms.

Table 1. Indication of reports' types

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011* | Number of published reports | Number of published reports (%) |
|---|------|------|------|------|------|------|-------|-----------------------------|---------------------------------|
| CSR report | 1 | 1 | 9 | 7 | 9 | 13 | 11 | 51 | 54 |
| social report | | | | | 2 | 5 | 5 | 12 | 13 |
| report for the Global Compact | | | | 2 | | 6 | 4 | 12 | 13 |
| ecological report | | | | 3 | 2 | | 1 | 6 | 6 |
| a review of activities report | 1 | | 1 | | 1 | 1 | | 4 | 4 |
| environmental report | | | | | | 2 | 1 | 3 | 3 |
| social responsibility report | | | | | | 1 | 2 | 3 | 3 |
| sustainable development report | | | | | | | 2 | 2 | 2 |
| a responsible business report | | | | | | | 1 | 1 | 1 |
| a social commitment report | | | | | | 1 | | 1 | 1 |
| Number of published reports by year | 2 | 1 | 10 | 12 | 14 | 29 | 27 | 95 | 100 |
| Number of published reports by year (%) | 2 | 1 | 11 | 13 | 15 | 31 | 28 | 2 | 100 |

* 31.12.2011

Source: own study

In overall numbers, without a division into type of reporting standard, most reports have been published by organizations in 2010 (31%). Analyzing the number of published reports from previous years, in 2011 an increase was expected. Yet the number is lower by 3 percentage points. However, it is necessary to be aware, that companies have continuous access to the Reports portal and it is likely, that during early months of the next year entries will be completed, which changes the total number of reports presented in 2011. Data for 2011 have been presented for current review.

In comparison to the dynamic changes in the issues of sustainable development and corporate social responsibility, taking place in the world (Fig. 6), Poland is on the threshold of changes. It is expected that the development of values of sustainable development and social responsibility will grow rapidly, according to trends that are described in particular countries and continents (Fig. 7). This means many challenges and opportunities, but also a lot of resistance and threats for the companies.

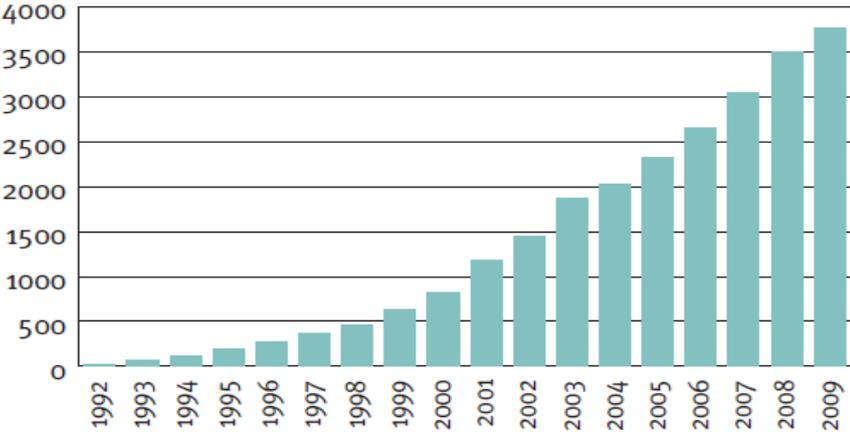


Fig. 6. Global report output per year

Source: The CR Reporting Awards'10 - Global Winners & Reporting Trends, April 2010, CRRA, p. 4

Numerous studies published over the years allow for the observation of trends in the development of CSR reporting. Since 1992 a number of reports increases permanently. In 2009 nearly 4000 reports were published and registered in the Corporate Register (reports database).

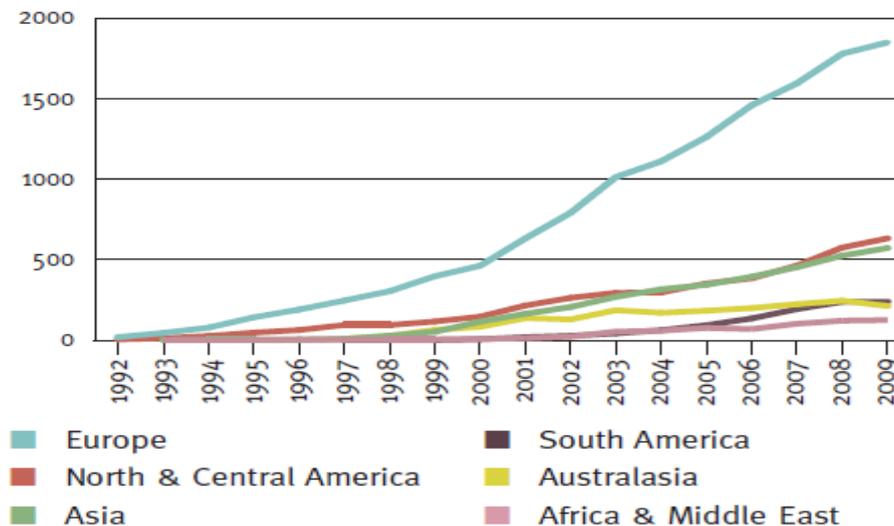


Fig. 7. Reporting output by year, by region

Source: The CR Reporting Awards' 10 - Global Winners & Reporting Trends, April 2010, CRRA, p. 4

Analysing the level of CSR reporting during given year on a given continent (by regions), a visible domination of Europe can be noticed. Nearly half of reports comes from this part of the world, which means that Europe can be considered as a motive power of reporting in the world. Moreover, the constant upward trend can be observed in North and Central America and Asia. In connection with the dissemination of mandatory reporting in regions⁹ (or countries) - rapid increase of the number of reports in other countries is expected.

Conclusion

Observation of changes and global trends in application and use of the Corporate Social Responsibility reporting allow to inference that the development of societies is and will be based on the CSR principles. Societies expect that companies will take into account their needs and expectations. They expect respect for their fundamental needs [though not everywhere and not for all], ethic and moral laws as also taking actions on a larger scale in social and ecological areas taking into account all interested parties.

It seems that this development goes in the right direction, however reflection can be raised by the matter if the ideas survive the so-called test of time. Will the declared values be met? Will there be enough arguments to implement the concept of the Corporate Social Responsibility in real conditions? For ordinary people motives of use of the Social Responsibility principles are of secondary importance. Of the first rank are noticed and recognized benefits as also observed values of organization's activities in the meaning of CSR. In a global sense, an interesting motivator of activities for people is improvement of

⁹ Analysis of the institutional promotion of CSR models in selected countries, analysis prepared for the Ministry of Economy by CSRinfo (<http://www.mg.gov.pl>, 2011. March 12).

quality of their life, which determines development and progress of societies, and thus enables the evolution and transformation of the enterprise.

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