

## **ANALYSIS OF ACTIVITY OF METALLURGICAL COMPANIES IN THE FIELD OF CORPORATE SOCIAL RESPONSIBILITY**

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### **Abstract**

Metallurgical companies is among the industry leaders in the Czech Republic. Many of them are large suppliers of the state. The future Law on public procurement is going to change the criteria for suppliers selecting. Contracting authorities will no longer be bound only by the lowest trading price but by "evaluation of economically advantageous tender according to quality". This includes qualitative, environmental or social aspects, which the public contract may bring. One of the ways to prove the "quality criteria" is a Corporate social responsibility (CSR) management system. Metallurgical companies have the possibility of certification of CSR via the Czech standard CSN 01 0391: 2013 which corresponds to the structure and requirements of other ISO standards. The article analyzes the current state of CSR in metallurgical companies in the Czech Republic. Two large metallurgical companies claiming to CSR are analyzed on the basis of meeting the requirements of Czech standard CSN 01 0391.

**Keywords:** Corporate social responsibility, sustainability, metallurgical companies, quality criteria

### **1. INTRODUCTION**

The most companies nowadays practice some form of Corporate Social Responsibility (CSR). The goal of the paper is to analyze if metallurgical organizations claiming to CSR know and are able to interpret required aspects in all three pillars of CSR management system in parallel according to ČSN 01 0391 standard.

#### **1.1. Corporate Social Responsibility**

Corporate social responsibility is voluntary organization's initiative to assess and take responsibility for the company's effects on environmental management, economical growth and social progress. The term generally applies to efforts that go beyond law requirements with respect to communication with stakeholders. The concept of social responsibility of organizations is built on three pillars, which are collectively referred to as the triple bottom line (TBL) or if the 3P strategy. They are:

- Profit - Profit / economic region,
- People - People / social area,
- Planet - Planet / environmental area [1]

The zones represent a threefold overall impact of business on the Planet, People and Profit. Diagram presents the idea that it is possible to achieve positive financial results, which lead to a reduced impact on the environment and society without dealing additional damage. Intersections individual circles are referred to as "sweet spots", which means synergy opportunities. For example, if energy efficiency improves, profit also increases due to lower energy costs, while reducing carbon dioxide emissions becomes an environmental benefit. The intersection of these three areas is the point where the company achieves sustainability of its business and thereby a permanent profit. The concept of sustainability, including different possible synergy effects in terms of the enterprise is shown in **Figure 1**.

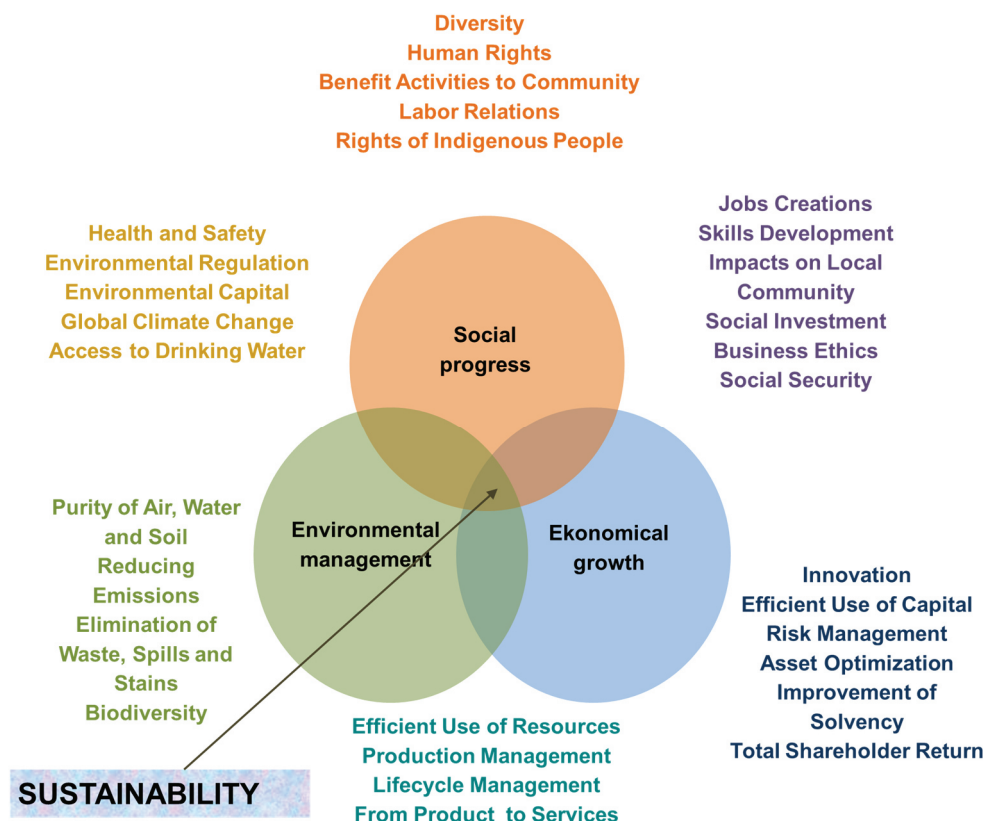


Figure 1 Tripple-Bottom Line [7]

## 1.2. Standards Usually Used for CSR Implementation

There is many standards and initiatives which are using for CSR implementation. Not all of them are suitable for Czech conditions. There are three the most frequently used in praxis:

- **ISO 26000:2010** provides guidance rather than requirements, so it cannot be certified to unlike some other well-known ISO standards. Instead, it helps clarify what social responsibility is, helps businesses and organizations translate principles into effective actions and shares best practices relating to social responsibility, globally. It is aimed at all types of organizations regardless of their activity, size or location.
- **SA8000** is an auditable certification standard that encourages organizations to develop, maintain, and apply only socially acceptable practices in the workplace.
- **GRI** is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others via sustainability report. Report is document published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. A sustainability report also presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy.

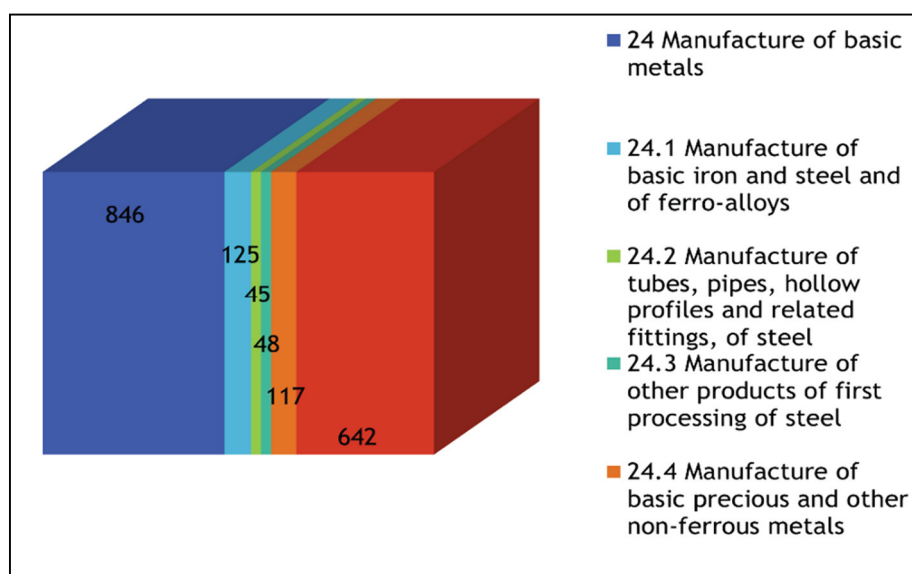
There was a new Czech national standards issued in 2013. **ČSN 01 0391:2013** is a national Czech standard which specifies requirements for the management system of social responsibility. The standard is integrated management system requirements for the individual pillars of CSR (economic pillar, the environmental pillar and the social pillar) and requirements for improvement (in accordance with the PDCA cycle). Standard can be used for certification. This standard is most suitable for organizations that already have implemented any management system (according to ISO 9001, 14001, OHSAS), as corresponds to the different chapters of

these international standards. Appropriate chapters and the similar structure can help organizations to transform requirements of one standard (CSR according to ČSN 01 0391) to existing integrated management system easier [6].

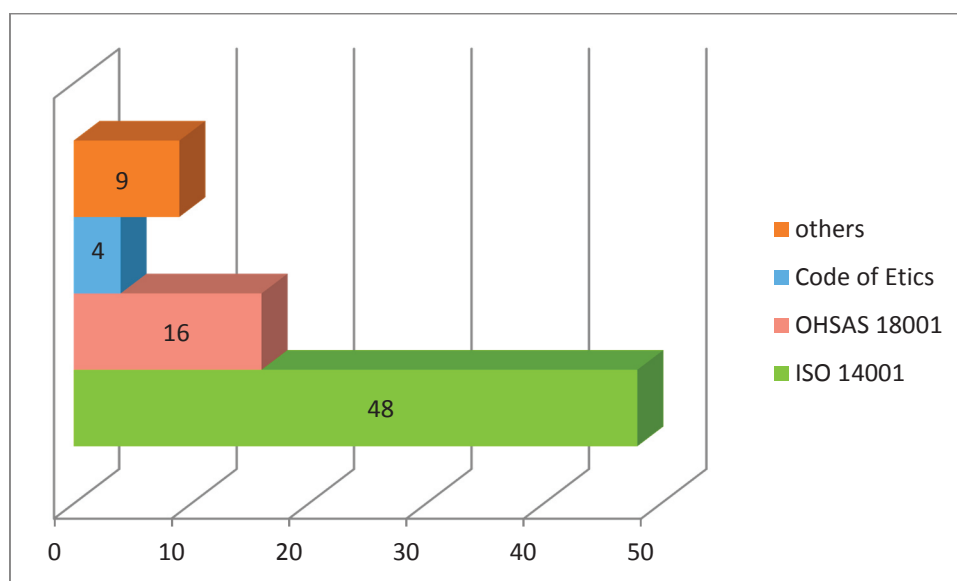
## 2. BACKGROUNDS

For background analysis data from Czech Statistical Office and Czech Chamber of Commerce were taken.

There are about 1823 organizations which are producers of metal or metal products according to NACE in Czech Republic (on April 30, 2016). Their structure is shown on **Figure 2**.



**Figure 2** Number of metal and metal products producers in Czech Republic according to NACE [2]



**Figure 3** Number of standards types using in metallurgical companies (20 + employees) [3]

115 organizations with more than 20 employees with NACE 24 was taken a sample for other analysis. (Other companies have less than 20 employees or are only self-employed persons.) For those they were determined

on the basis of publicly available information (websites) certified their systems and whether the organization in some way committed to CSR.

Based on the analysis it was found that 48 of them are certified according to ČSN EN ISO 14001, 16 of them according to OHSAS 18001, 4 of them have adopted a code of ethics and a further 9 is committed to CSR by certain proclamations or are involved in other projects (Safe company, IPPC, Green company, EMAS, etc.). This structure is illustrated in **Figure 3**. No of analyzed metallurgical companies is certificated for CSR.

### 3. COMPARISON

For the comparison between ČSN 01 0391 standards requirements and practical fulfilling of CSR the Social Responsibility Reports of two of the biggest metallurgical companies (Třinecké železářny and Arcelor Mittal) were taken [arcelor], [třinec]. As **Table 1** shows a total of 48 requirements were analyzed (7 for stakeholders attitude, 6 for economical area, 3 for environmental area and 22 for social area).

**Table 1** Fulfilling of ČSN 01 0391 requirements in Arcelor Mittal and Třinecké železářny [4], [5]

chapter of standard / company	6 Stakeholders		7 Economical area	
	number of requirements	fulfilled	number of requirements	fulfilled
<b>Arcelor Mittal</b>	7	5	6	2
<b>Třinecké železářny</b>		0		1
chapter of standard / company	8 Environmental area		9 Social area	
	number of requirements	fulfilled	number of requirements	fulfilled
<b>Arcelor Mittal</b>	3	2	22	12
<b>Třinecké železářny</b>		2		11

As is evident from **Table 1** none of the analyzed organizations does not meet all the requirements of the standard 01 0391. This is a similar result, what was emerged from research of organizations claiming to CSR in the Czech Republic [7].

### 4. CONCLUSION

Despite the fact that many organizations report to CSR, they often do not meet the requirements of ČSN 01 0391, which is suitable for CSR certification of its compatibility with other ISO standards. There is clear from examples of two large metallurgical companies that these results are also valid for this sector. However the companies that have already implemented some other management system according to ISO (quality, health and safety, environment), have the opportunity to implement a CSR management system as an integrated. CSR Certification is an opportunity and a competitive advantage for all metallurgical companies that will want to participate in public procurement. It is a way to properly prove contracting entities that they are able to fulfill also other than price criteria.

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