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**ENVIRONMENTALLY-FRIENDLY
ACTIVITIES OF DAIRY COMPANIES**

ABSTRACT. The article presents the outcomes of survey research, aimed at defining environmentally-friendly activities of dairy companies based in the Wielkopolskie Province. The research was conducted 31 medium and big companies. It was aimed at defining the kind of environmentally-friendly activities undertaken by dairy companies, their determinants, limits and premises, as well as the amount of public aid they receive in this respect and the procedures of its granting. The conducted research shows that environmentally-friendly activities in dairy companies are mainly caused by external pressure resulting from legal regulations and a willingness to reduce environmental charges. The surveyed entities undertake environmental actions aimed mainly at economising on natural resources and reducing their negative impact on the environment, such as reducing emissions and waste. The most important impeding factors include financial and personal limitations.

JEL Classification: Q5, P2**Keywords:** enterprises behaviour, natural environment, economy, dairy sector.**Introduction**

For a long time, environmental protection in companies used to be connected with production only, which was due to the belief that it cumulated the majority of environmental concerns. Hence, a number of areas were not included in analysing the influence of a company on the environment. Another serious problem was the underestimation of workers' part in environmental activities. It is still a relatively new phenomenon and a matter of the last decade that the attitude of companies towards environmental issues has changed, alongside with the development of management systems. The latter have resulted in including environmental aspects in the general system of managing a company and linking them with all other constituents.

Implementing a formal system of environmental management according to ISO 14001 reflects a complex attitude to solve environmental problems in companies. Most small and medium companies lack the opportunity to do that due to lack of funds lack of managerial staff or improper organisational structure. Therefore, they take up different informal environmentally-friendly activities, which can result in substantial environmental effects,

similar to those achieved by implementing ISO 14001 systems. What ultimately determines the positive results in the whole branch of economy is the number of companies undertaking such activities and the way in which they are linked with the environment. Legal regulations in the branch also play a part as they make companies undertake activities conditioned by the specific features of the branch.

Methodology of research

The article presents the outcomes of survey research, aimed at determining environmentally-friendly activities of daily companies, based in the area of the Wielkopolskie Province. The research was conducted in 43 medium and big companies, with 25-249 and over 250 employees respectively. These were daily companies based in the area of the Wielkopolskie Province. The research aimed to identify the pro-ecological activities undertaken by companies, their determinants, limits and premises, as well as to assess the amount of public aid granted in this respect and the procedures of its granting. At the same time, due to the changes in the companies' environs caused by the worldwide crisis, the research also aimed at answering the question concerning the types of adaptive activities (if any) concerning environmental aspects, undertaken by dairy companies. The companies were sent surveys consisting of 22 questions by electronic mail. Information was also obtained from interviews conducted in companies whose organisational structure included a position of environmental specialist.

Research outcomes

Reducing the negative environmental effect of a company is a complex process whose efficiency is conditioned by a number of factors, including a vital one – a strive for holistic approach in a company's operation. It is connected with creating a new hierarchy of ecological aims, gaining in importance in the long run. The conducted research shows that the vast majority of companies perceive activities aimed at protecting the environment as important or very important factor of managing a company (75% and 25% respectively). However, most companies only see them as generating costs (62%), not generating benefits (38%).

Most environmentally-friendly activities in companies are initiated by top management, but carried into effect by all employees. It results in employees' facing new challenges connected with taking into account environmental aspects as regards their usual duties and tasks. Therefore, what really matters in environmental activities is the change in employees' awareness and behaviour. The conducted research shows that employees' involvement in implementing ecologically-friendly activities is considered to be medium by the majority (69%) of the surveyed entities. Extreme values, i.e. very big and very small degree of involvement, were only pointed by 31% and 10% of employees respectively. A number of the surveyed companies, and especially those bigger ones, have an organisational structure including a special post of environmental specialist. As far as the companies with no such post are concerned, 50% agree that it would be beneficial in the future to form it in the future, mainly due to increasing environmental requirements resulting from restricting the law in this respect. Creating it would be helpful in putting the environmental aspects of running a company in order.

In medium-sized companies, environmentally-friendly activities are defined by internal regulations while in bigger companies, they are defined in the 'Environmental policy'. The latter document enunciates detailed environmental targets, the tasks of particular units in the company's organisational structure, the range of responsibility and the schedule of

activities. As far as environmental aspects are concerned, it is the most important document, imposing the obligation of implementing certain ecological aims on all employees. Only two companies confirmed to have a formalised Environmental Management System (EMS) according to the ISO 14001 norm and two declared that they were in course of implementing it. However, these subjects belonged to the group of big companies, employing more than 250 people and their incomes exceeded PLN 50m. Over 50% of big entities are planning to take action so as to implement EMS. It confirms the regularity of those systems being implemented by entities of considerable financial and organisational potential. The research shows that a lack of an EMS is not equal to neglecting the environment or not taking up any environmental activities. Most surveyed companies undertake such activities, but these differ from the systematic approach.

As regards the reasons behind the ecologically-friendly activities, the vast majority of companies (i.e. 82%) mentioned stricter legal regulations concerning environmental protection. Further motives included high raw material prices (64%) and water prices (52%) and high costs of storing waste and waste disposal (52%). Such distribution of answers confirms the vital meaning of environmental policy of state in forming environmental habits, reflected in, e.g., environmental law. It results from the research that companies anticipate a further restriction of rules in this respect, enforcing a change in mentality not only with regard to the managerial staff, but also the rest of employees. It is worth mentioning that the state ecological policy uses instruments aimed at inducing voluntary environmental activities among entrepreneurs, but they are not as important as those resulting from the necessity of adjustment to the existing legal regulations.

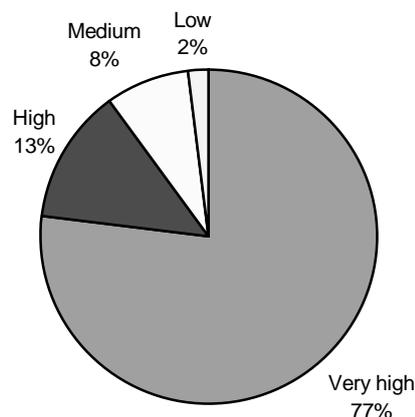


Figure 1. The influence of restricting environmental regulations on environmentally-friendly activities of companies

Source: Survey research

The conducted research allowed for identifying the most important environmental activities undertaken by companies in the last five years. They mainly included reducing the use of energy (70%) and the emissions to atmosphere (70%). Other important activities included reducing the use of water (60%) and reducing the amount of sewage (50%). The research shows that a deterioration in macroeconomic conditions resulting from the worldwide crisis has not resulted in limiting the hitherto environmental activities in the dairy sector.

The share of expenditures on environmental protections in the surveyed companies remained at a low level. For most entities it oscillated between 0 to 1% (34%) and between 1.1 and 2% (38%).

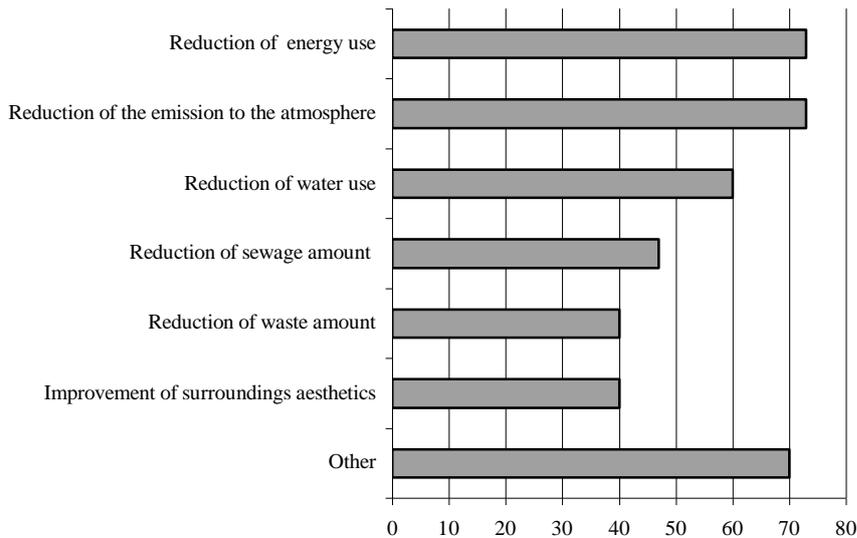


Figure 2. Environmentally-friendly activities undertaken in the last five years (%)
Source: Survey research.

The conducted research provided a considerable amount of information about the generated positive effects resulting from the environmentally-friendly activities undertaken by companies. Most companies encountered considerable benefits in reducing their environmental charges (62%) and in their environmental effects (60%), as well as an increase in efficiency in managing their resources (60%). For the 66% of the surveyed companies, the greatest advantages included an improvement in supervising documents and an improvement in the company image.

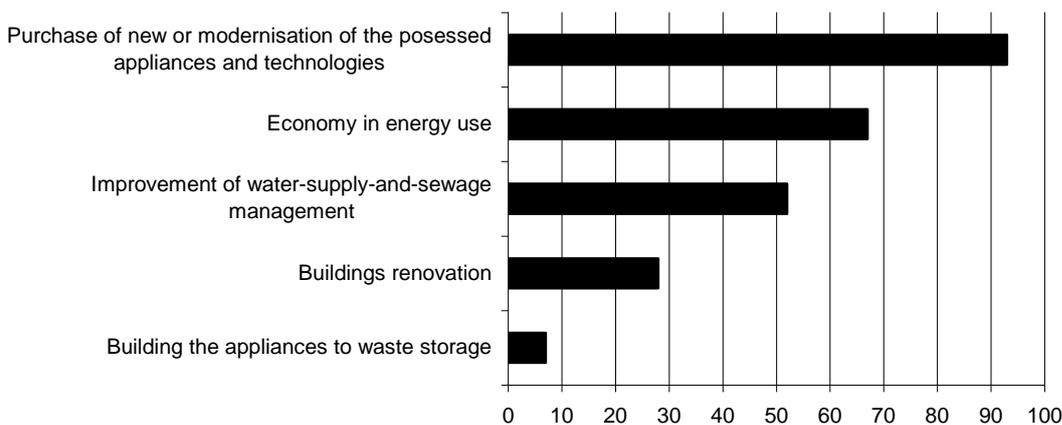


Figure 3. Environmentally-friendly activities beneficial for the environment and for the company's efficiency (%)
Source: Survey research.

The research shows that only a part of the environmentally-friendly activities have resulted in both environmental and economic benefits, leading to an increase in the company's efficiency. According to over 90% of the surveyed entities, these can be achieved by acquiring new or modernising the existing appliances and technologies. For almost 70%, these activities were connected with economising on the use of energy. Other reported factors

included improvements made to the water disposal and sewage management, renovating buildings and building appliances for storing waste.

The environmentally-friendly activities in dairy companies have an important market aspect, as they can contribute to an improvement in a company's image, which is of vital and increasing meaning in consumers' choices of grocery products. Active behaviour of companies may be conditioned by the necessity of adjusting the ecological expectations of customers, who – according to the newest market trends – treat it as a manifestation of social responsibility of a business. Voluntary environmental activities of some economic entities result in chain reactions of other market participants. It can add up to building social trust of all customers. They are most often initiated by leaders, usually big entities, financially- and organisationally-stable, whose environmental strategy is a point of reference for many a companies operating on a given market.

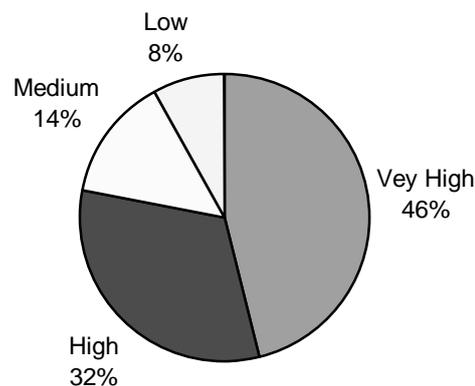


Figure 4. The connection between environmentally-friendly activities and an improvement in company's image

Source: Survey research.

Apart from positive consequences of environmentally-friendly activities, companies also indicated the negative ones. The most serious problem for almost 70% of companies was excessive amount of documentation. Almost 50% of respondents link it with higher costs of acquiring machines and appliances and an increase in legal demands. Over 36% of respondents also perceive as disadvantageous the increase of requirements concerning employees and 20% represent the view of the regulations being restrictive for the freedom of their activities. Only one of the companies indicated no negative results (fig. 5).

All surveyed entities perceived lack of funds as an obstacle which impedes taking up environmental actions. Medium-sized companies, however, also mentioned such limitations as:

- lack of knowledge, information or advise regarding environmental protection on the company level,
- lack of specialised staff, low ecological awareness of employees.

As a matter of fact, financial limitations are mainly connected with the quality of human capital which the company has at its disposal. It is also confirmed in other authors' research, according to which, one of the most serious problems encountered by companies is the lack of motivation for taking up environmental activities in employees' opinions and the fact that the activities do not correspond with higher salaries.

A vast majority of the surveyed companies, i.e. 93%, thought that using public aid in a greater degree would contribute to an increase in environmental activities. However, it needs to be noticed that the scope of this aid covering environmental aspects has become considerably thorough after Poland's entry to the EU and it is very diversified as well.

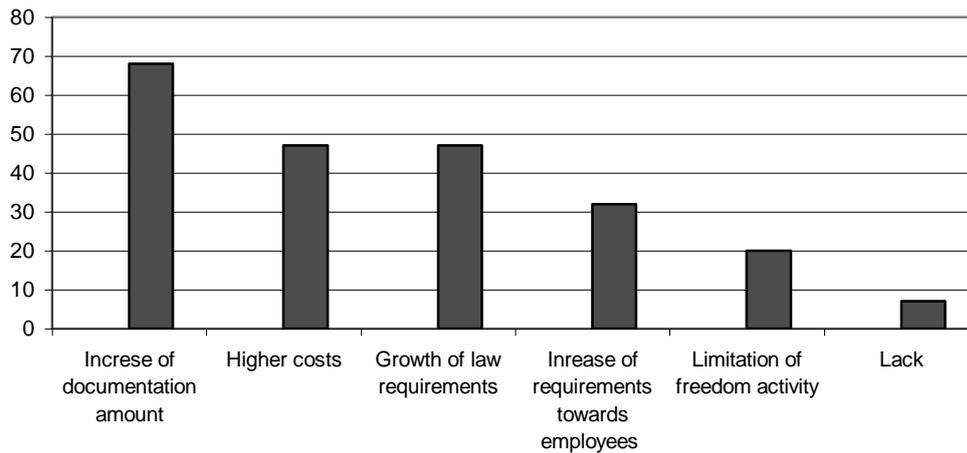


Figure 5. Negative results of environmental activities in companies (%)

Source: Survey research.

Nonetheless, the existing opportunities in this area of economy are still being used by economic subjects to a low degree. It results from a number of reasons, both procedural ones and on the companies' behalf. The conducted research shows that the main barriers influencing using the aid for environmental purposes included formal difficulties connected with submitting the application form (74%), complicated procedures (56%), excessive documentation (53%) or bureaucratic procedures (34%). Most of these limitations result from lack of experience in applying EU funds. However, they create new opportunities for entrepreneurs and hence, despite a rather critical evaluation of the procedure of submitting and investigating the applications, most of them perceive EU funds as an opportunity to modernise production and technological processes ecologically using public aid. Not only does it facilitate financing environmentally-friendly investments, but also it creates financial mechanisms contributing to an effective use of the funds.

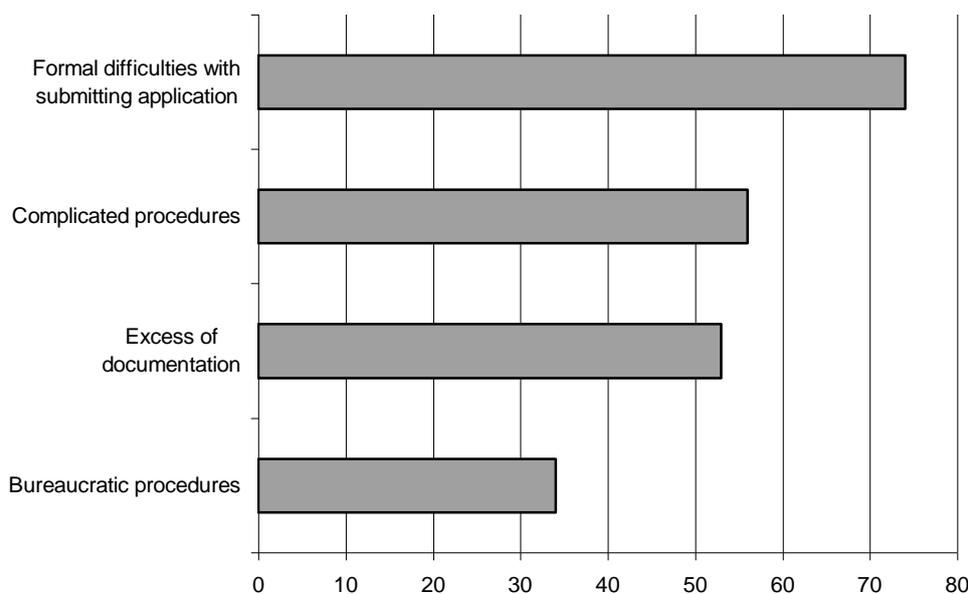


Figure 6. Obstacles in using aid funds (%)

Source: Survey research.

It needs to be mentioned that companies interested in being granted financial aid for environmental activities can use a number of programmes. Three programmes offer particularly good opportunities of gaining funds for environmental activities: Sector Operating Programme (SOP) 'Improvement of the Competitiveness of Enterprises' (ICE) (activities 2.2.1 and 2.3), OP 'Infrastructure and Environment' (OPIE), and SOP 'Modernisation of the Food Sector' and SOP 'Rural development'. As regards the 2.2.1 activity in SOP ICE, companies can gain finance for investing in reducing resources and the amount of waste and renewable resources. Activity 2.3 covers investments connected with a change in the product and production processes in order to adjust the existing technology to environmental demands.

The Operating Programme 'Infrastructure and Environment' (IE) distinguishes five environmental priorities – sewage disposal, waste disposal, ecological safety, conservation of nature and developing environmentally-friendly attitudes. The SOP, in turn, has been set up to finance enterprises connected with, among others, the dairy industry, aimed at modernising and referring to the environmental aspects of this sector. The amount of the funds and enterprises implemented to be used by companies is enough to expect an improvement in reducing the financial obstacles in implementing environmental investments.

Summary

The outcomes of the research confirm that environmentally-friendly activities in dairy companies are mainly determined by an external obligation, resulting from the legal regulations in power and a willingness to lower environmental charges. The surveyed entities in the dairy sector mainly undertake environmental activities aimed at economising on natural resources and reducing negative environmental impacts such as emissions or waste. The most important obstacles impeding environmental activities include financial and staff limitations. At the same time, however, there are opportunities to overcome the first impediment through activating companies in gaining EU funds, as their knowledge and experience are both increasing. As regards the other limitation, which is connected with shaping environmental awareness of employees, overcoming it depends on whether the employees are convinced that their involvement in environmentally-friendly activities is one of the vital conditions of the company's economic success.

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