

SOCIAL AND ETHICAL CHALLENGES FOR METALLURGICAL COMPANIES

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The subject of this article is an analysis of one of the most crucial aspects of the contemporary business, which is corporate social responsibility and ethical business. The notion of a socially responsible business signifies the business obligation to contribute to the sustainable economical development by way of working with employees and their families, local communities and the society as a whole in order to improve the quality of their lives. Ethical business means following the principles and standards determining a manner of conducting a given business from the moral point of view. The article contains examples of such challenges that are realised by Arcelor Mittal.

Key words: Corporate Social Responsibility (CRS), ethical business, corporate social responsibility system.

Društveni i moralni izazovi za metalurška poduzeća. Predmet ovog članka je analiza jednog od najvažnijih aspekata suvremenog poslovanja, a to je korporativna društvena odgovornost i moralno poslovanje. Pojam društveno odgovornog poslovanja označava poslovnu obvezu pridonosa održivom privrednom razvoju radom sa zaposlenicima i njihovim obiteljima, lokalnim zajednicama i društvom kao cjelinom u svrhu poboljšanja kvalitete njihovih života. Moralno poslovanje znači slijediti načela i standarde koji određuju način vođenja dotičnog poslovanja s moralnog gledišta. Članak sadrži primjere takvih izazova koje je ostvario Arcelor Mittal.

Ključne riječi: Korporativna društvena odgovornost (KDO/CRS), moralno poslovanje, sustav korporativne društvene odgovornosti.

INTRODUCTION

The globalization and competition increase intensifies the economic inequality of societies. The society feels the negative results of unemployment, degradation of the environment, clash of various cultures in large corporations, unethical activities of companies. Societies all around the world demand the development and recognition of principles of ethical business and activities for the protection of the environment and local communities – social responsibility of companies.

CORPORATE SOCIAL RESPONSIBILITY AND BUSINESS ETHICS – DEFINITIONS

The corporate social responsibility, treated as “the business obligation to contribute to the sustainable economical development by way of working with employees and their families, local communities and the society as a whole in order to improve the quality of their lives[1].” “The social responsibility is [...] an effective strategy of managing a company which contributes to

the increase of competitiveness of a given company, building its reputation and, at the same time, forming favourable conditions for the social and economic development”[2]. According to the European Union, the Corporate Social Responsibility (CSR) is a concept of “voluntary considering by a company of social and ecological aspects when conducting trade activities and during contacts with stakeholders[3]”.

Ethical business is a set of values which in general terms would belong to the notion of “good job”. The ethics of business is a domain located between reflection and economy. Its task is to find new manners of human behaviour in business. The ethical responsibility indicates reasonable, just and appropriate activities[4]. The basis of ethical business are ethical codes developed and accepted in companies.

CORPORATE SOCIAL RESPONSIBILITY SYSTEMS AND TOOLS OF THE BUSINESS ETHICS

Every year there are more and more companies, implementing the corporate social responsibility systems, including companies from the metallurgical sector. The basic phases of building the system are: preparation, re-

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alization and control [5]. The first phase consists in engaging the management and employees of the company in social activities, identification of issues requiring solution, but also those convergent with the basic activities of the company and in formulating objectives, strategies and programmes of social responsibility. The realization phase – implementation of the strategy, plan and programme of activities (public relation programmes, environmental protection programmes, human relations programmes, marketing programmes, etc.). The third phase is the evaluation of the system effectiveness and development of reports documenting social responsibility of the company, the so-called social reports. The system is subject to constant improvement and social evaluation. The basis of the system is an expanded marketing and social communication (Figure 1)[6].

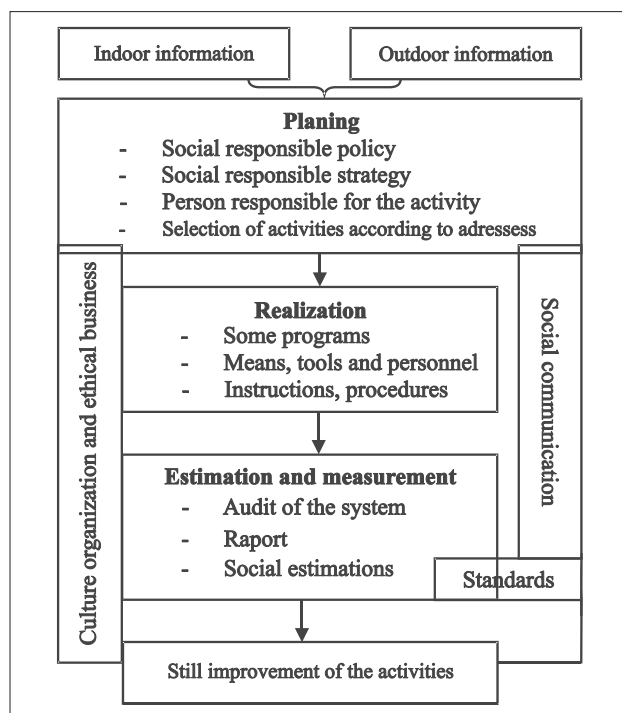


Figure 1. Corporate social responsibility system [6]

The system of the socially responsible business should be expanded with a set of tools of ethics in business. The most basic ones are[4]: ethical policy and programmes, ethical codes, ethical principles and tests, organizational structures, procedures, ethical trainings, leaflets, folders, brochures moulding ethical attitudes and values, ethical control, the open door policy. Ethical spokespersons, councils and committees may also function in companies.

ACTIVITIES PERFORMED BY A METALLURGICAL COMPANY OF ARCELOR MITTAL WITH REFERENCE TO SOCIALLY RESPONSIBLE AND ETHICAL BUSINESS

Arcelor Mittal in Polish market is a metallurgical company which was established on the basis of four Polish steelworks: Katowice, Sendzimira, Cedler and Flo-

rian. Arcelor Mittal is a company functioning in an intercontinental system. The company concentrates ca. 70% of the national production of iron and steel metallurgy in Polish market.

Ethics in a metallurgical company

In June 2005 the largest metallurgical company Mittal Steel Poland (nowadays Arcelor Mittal) approved an ethical code. The rules of the code are directed to the whole company, as well as to all its subsidiaries, all employees, directors and members of the corporate bodies. The code determines the principles of the employees' behaviour in their place of work, as well as in their contacts with the environment. The essence of the professional ethics is elimination of activities which might endanger a positive image of the company. The code regulates the following issues: using the network of electronic data transfer, accepting gifts and other benefits, observance of the professional secret, conducting political activities, health protection, safety at work, respect for the right of other people, relations with co-operating parties, customers, personal data protection, protection of the company's property and value, reacting to unethical and illegal activities[7]. The ethics in managing a metallurgic company creates foundations for a new culture of companies from the metallurgical sector – a company closer to people and the environment of life.

Environmental protection vs. managing a company

For many years metallurgical companies belonged to a group of entities polluting the natural environment the most. New legislation and consequently realized ecological policy of the state obliged companies to introduce the sustainable development principles. The metallurgical companies commenced to implement environmental management systems. The largest metallurgical company in the Polish market – Arcelor Mittal - has implemented and has been constantly improving on the environmental management system according to the standard ISO 14001. The entity also takes part in the movement of Clean Production. Ecological investments are one of the most essential elements of the Company's Business Plan. The most significant ecological investments during the past few years are[6,8]: construction of new electrofilters dedusting the sinter belt, modernization of the sludge management, reclamation and reuse of a part of industrial wastes storage, modernization of the sintering plant, silencing excessive noise from technological appliances, assembly of an installation for: combustion gases recirculation and insufflating coal dust into the blast furnace and measuring the pollutants' emission on a constant basis. The company uses modern textile filters and electrofilters which stop ca. 99% of harmful dusts, it has regulated the

water supply and sewerage management (launching final wastewater treatment plants, the water circulation closure), it realizes the wastes recycling, e.g. oils, scale, laminar rust, tar wastes, zinciferous wastes, skulls, furnace and steel-making slag [6]. In 2006 the company, rendered usable a new line for organic coating in Świętochłowice, renovated and modernized a blast furnace No. 2 in Dąbrowa Górnicza, modernized a wire rod rolling-mill in Sosnowiec and extended the Coke Plants "Zdzieszowice". These four investments cost over PLN 800 million. The investments rendered usable fulfil the European ecological standards and belong to the most modern in the world.

Responsibility of the company towards its employees, customers, suppliers and local communities

The basis of the responsibility of the company Arcelor Mittal towards its employees is – above all – the observance of the labour code, the health and safety at work standards, standards pertaining to the work conditions. In 2003 259 accidents were reported, in 2004 there were 198 accidents at work, and in 2005 – 156 (a decrease in comparison to 2003 by 40%). The company's responsibility towards its employees includes also: appropriate remuneration, respect for the employees' dignity, the employees' participation in managing the company, efficient communication, efforts to improve the employees' knowledge and skills (the company realises a knowledge managing programme)[9]. In October 2006 a new form of internal communication was launched in the company – the so-called Trust Mail. Each employee who has a question or a problem, can describe it and send it to an e-mail address. The employees of the Social Communication Office of the company forward the problem to an appropriate person and within 8-13 days they answer the employee's question [10].

Towards its customers, the company declares the highest quality of its products, efficient and quick service and trust-based relations. With reference to the shareholders the company is obliged to provide long-term income. The suppliers can be sure about the transaction transparency, being paid on time, etc.

Every year the number of actions of the company for the benefit of local communities is growing. The company organizes various events, open door days, immediate assistance for public and local governmental institutions. The company sponsors local schools, libraries, hospitals and local events. For example, in 2006 the company bought computers for school in Świętochłowice,

equipment for hospital and library in Dąbrowa Górnicza.

CONCLUSIONS

Understanding the need to build an image of a socially responsible company and the significance of ethics and transparency of action, companies take social and ecological objectives into account in their general strategy, as well as in functional ones, such as public relations or marketing strategies. Being engaged in ventures with a positive social impact helps the company strengthen its image, and through this its market position. The social responsibility systems will be created more and more frequently by companies of various industries and sectors. The analysed metallurgical company of Arcelor Mittal aims at realizing this vision: "to be the most respectable steel producing company in the world".

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