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**Article**

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## FINANCIAL LIQUIDITY ANALYSIS OF CSR BASED CAPITAL GROUP ŻYWIEC SA

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### Abstract

The article presents the Capital Group Grupa Żywiec plc. as an enterprise operating in food industry which has received a "Golden Leaf Award for CSR" (Pichola, Rudzki, 2013) and has been ranked among the top ten companies in the aforementioned sector. It is a beer producer, i.e. a good which is controversial in the opinion of society. In order to change the attitude of the public toward the Capital Group and show concern for ecological aspects, the company has made attempts to create and implement CSR strategy in formal terms. It should be emphasized that major shareholder (Heineken company) has already been following the strategy of sustainable development referred to as Brewing a Better Future (Social Report, 2013). However, the period during which the aforementioned actions were taken arouses a number of doubts, e.g. if the enterprise is able to continue its activity having achieved a certain level of liquidity. In times of great financial crisis, which started at the turn of 2007 and 2008, maintaining adequate liquidity was the main problem. It was then that enterprises ought to pay special attention to this aspect (Gorczyńska, 2011; Raport, 2010). Having the above in mind, the paper discusses issues relating to financial liquidity of the Capital Group Żywiec plc. in times of economic crisis and at the initial stage of CSR strategy implementation. Case study is the main method employed to verify the hypothesis formulated at the beginning of the article. Selected financial ratios are used in order to compare the liquidity of the Capital Group with the liquidity of the entire sector.

**Keywords:** Sustainable development, capital group, financial analysis, liquidity

**JEL Classification:** G17, G34, Q56

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### Introduction

The issues related to sustainable development and focus on the ecological and social aspects of business have recently gained in popularity. It is reflected in the increasing technical literature on the subject on the one hand, and the implementation of the sustainable development concept by an ever rising number of companies on the other. Managers who follow the recommendations of politicians, tendencies among entrepreneurs and the opinions of the public make attempts to transform the processes taking place in

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their companies into more “green” ones. They implement solutions which aim to reduce the negative impact on the natural environment through reducing harmful emissions or enhancing energy-consuming manufacturing processes. On the other hand, the approach to employees is also changing – they are no longer treated as objects in the manufacturing process and become its subjects instead. Enterprises make attempts to take up responsibility for their operations, paying more and more attention to the environment and local communities. The new solutions are implemented in a purposeful and organised way. Sometimes, however, entrepreneurs introduce the principles of sustainable development and corporate social responsibility in their companies unwittingly. One of the companies which have formally integrated a complete CSR strategy in its business is Żywiec Group. It is one of the largest beer producers in Poland belongs to Heineken International BV being the major shareholder in one of the group’s breweries in Żywiec.

The group selected for this study introduced its social responsibility strategy for the years 2011-2013 in a formal way. Moreover, Żywiec had already been following an active CSR policy in everyday business even before it was formally implemented, which can be concluded after an analysis of the group’s CSR reports for the years 2009-2010, summarising all the efforts in this area (Grygoruk, 2012). The reports describe, for instance, the issues central to the group’s strategy. The major goal – developing strong and recognisable brands in the Polish market – can be achieved only through honoring and respecting employees, the environment, local communities and owners. The key areas of CSR efforts are defined in line with the global corporate sustainability strategy of the Heineken Group: *Brewing a Better Future*, which includes 23 programmes within six initiatives (Grygoruk, 2012). 2011 alone, the group was awarded several national and international awards and distinctions for its CSR policy, including the following (Raport Finansowy, 2012):

- Żywiec Group came third place in the “business” category in the IDEAL Employer Ranking. The Universum Professional Survey 2011 was conducted on a sample of nearly 15,500 people.
- The Leżajsk Brewery came second place in the “Employer – Provider of a Safe Work Environment” contest.
- Żywiec Group was awarded an honorary prize for five years of collaboration with the Responsible Business Forum. The award was presented at a ceremony accompanying the publication of the “Responsible business in Poland 2010. Good practices” report.
- The Żywiec Brewery was presented an Award for TPM Excellence 2010 for a dynamic and sustainable progress towards the world-class brewery in the field of manufacturing and logistics.

At the same time, Polish entrepreneurs tend to believe that undertaking activities in line with the concept of social responsibility translates into worse financial performance as a result of higher costs. If a company is to remain a going concern, it should be managed in a way that guarantees liquidity (Sierpińska, Jachna, 2005).

The aim of this paper is, therefore, to analyse the performance of Żywiec Group under financial uncertainty, as the time span of the analysis overlaps with the global financial crisis and includes the moment of introduction of the CSR strategy. It is worth highlighting that although Poland has coped with the crisis quite well, a number of Polish enterprises were declared bankrupt at that time (Romanowska, 2013). Slightly different situation was at that time in Lithuania and Romania (Zaharia, Grundey, 2011).

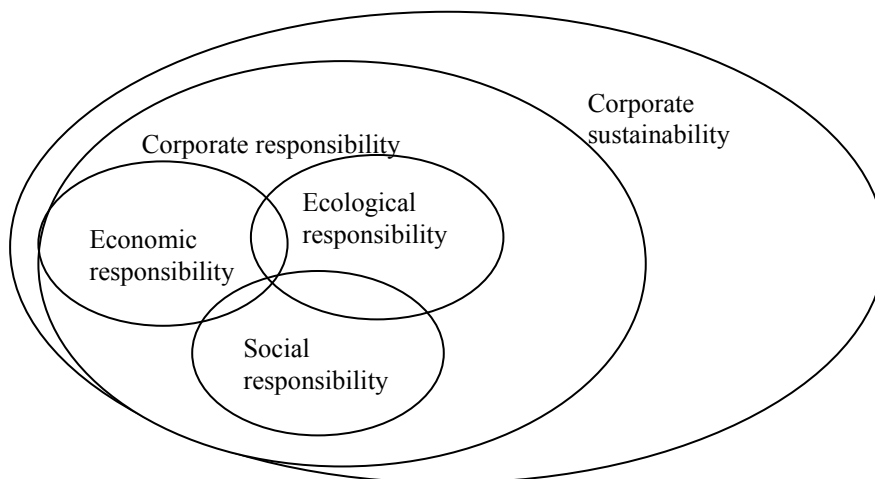
The outcomes of the study of 20 largest companies listed on the Warsaw Stock Exchange (which comprise the WIG-20 index) show that higher liquidity of manufacturing and service companies during the crisis can be explained with higher levels of cash and equivalents, inventory, and short-term receivables on the one hand, and reduction in short-term payables on the other (Kubajka, 2013).

The author formulates the following research hypothesis: Żywiec Group, subject to analysis in this study, increased its inventory and short-term receivables while reducing its short-term payables so as to increase the company’s liquidity during the crisis.

**1. Corporate Social Responsibility and Financial Analysis – selected aspects**

It should be noted that approach to sustainable development of economy and sustainable development of enterprise differ in perspective. The former involves macroeconomic approach, whereas the latter refers to microeconomic one. It should be emphasized that the concept of sustainable development of the economy has laid foundations for the concept of corporate social responsibility. In other words, corporate social responsibility is a response of individual companies to the concept of sustainable economic development. It is a policy that encompasses a variety of concepts which assume that each enterprise has certain obligations to the society, next to its main goal, which is to maximise profit in the short term and maximise value in the long term. Corporate social responsibility (CSR) is the most popular term coined to describe the phenomenon of business responsibility to society (Roszkowska, 2011).

CSR leads to a balance among the social, economic and ecological dimensions of a business thus contributing to the achievement of goals associated with sustainable development. These include protecting natural resources and maintaining balanced ecosystems, which should eventually lead to improvement in human health and raise general security and wellbeing. All these relationships are depicted in Figure 1 below (Marriewijk, 2003):



**Figure no. 1. Corporate sustainability and corporate social responsibility.**  
 Source: Marriewijk, 2003, p. 102.

It is also noteworthy to observe that a number of CSR definitions have been developed over the decades, and despite their evolution so far the efforts to develop a common and widely accepted one have failed. The term was first defined by Carnegie (1900) in his book "The Gospel of Wealth". In his concept, corporate social responsibility comprises two principles: charity and stewardship. Charity refers to the principles of mercy and involves entrepreneurs assuming the responsibility for the living conditions of the entire society. The second principle, stewardship, assumes that wealthy individuals are only the caretakers or stewards of the society's property holding it in trust for the benefit of the society as a whole, and as such should use it only in a socially acceptable manner, undertaking initiatives for the benefit of the society (Łukaszewicz-Kamińska, 2011).

At first, definitions of CSR have been provided in the United States of America. It was there that large corporations, orientated to economic objectives, were established at the beginning of the 20th century. Since they had a considerable market power, they took anti-social actions, followed monopolist practices, avoided paying taxes and strove after generating as high profit as possible, which caused unethical behaviour. Therefore, the US government took a number of actions in order to organize relations among business, state and society. In this sense, the literature on the subject presents different approaches to CSR which have evolved together with economic changes. First strong views on CSR were expressed in the 1950's (Bowen, 1953). Over the years, various authors offered a number of definitions (Table 1).

**Table no. 1. Authors of CSR definitions**

Years	60.	70.	80.	90.	After 2000
Authors	W.C. Fredrick (1960) J.W. Mc Guire (1963) K. Davis and R.Blomstrom (1966) C.C. Walton (1967)	H. Johnson (1971) H.G. Manne and H.C. Wallich (1972) R. Ackerman and B. Bauer (1976) S.P. Sethi (1975) H. Eilbert, R. Parket (1973) J. Backman (1975)	E. Freeman (1984) T.M. Jones (1980) P.F. Drucker (1984)	A.B. Caroll (1991, 1993) Y. Ch. Kang, D.J. Wood (1995) W.C. Frederic (1994) D.J. Wood (1991) L.A. Mohr (1996)	J. Gustafson (2007)

Source: Own elaboration.

In Poland several stages of the development of the corporate social responsibility concept can be distinguished (Bartkowiak, 2011):

- Stage 1 (1997-2000) referred to as a stage of silence and utter lack of interest.

- Stage 2 (2000-2002), when the CSR concept was attacked by business leaders and public commentators, who argued that the free market was a cure for everything.
- Stage 3 (2002-2004), when CSR aroused interest and was publicly recognised by every self-respecting company.
- Stage 4 (2004-2005), when the first (yet incomplete) projects for the major business areas were created.
- Stage 5 (2006 – present) is a stage when attempts are made to integrate CSR with other strategies followed in companies.

These stages suggest that companies as well as the Polish economy as a whole did not pay attention to the CSR aspects in the past. It was not until a decade after the beginning of the transition period that enterprises, the economy and researchers in Poland made first tentative attempts to address these issues. CSR principles have been attracting significantly more attention since Poland's accession to the European Union where each member state is obliged to undertake measures in line with the CSR.

The literature of the subject offers a variety of CSR definitions, which have been thoroughly analysed, among others, by Żemigala (2008) and Korpus (2006). A noteworthy approach to defining this term has been suggested by Gołaszewska-Kaczan (2009), who describes CSR as “a concept which at the core involves the enterprise initiating a dialogue with its environment and forging relationships with its stakeholders so as to assure achievement of just aspirations of all the parties involved”.

Definitions regarding CSR have also been developed by institutions and organizations. In the Green Papers, the European Union defines corporate social responsibility as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”(European Commission, 2001). Business for Social Responsibility provides another definition of CSR which describes it as “achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment” (Olson, 2013). More information about definitions of CSR in the formation of institutions wrote Gaşior (2011).

For the purposes of this study, a contemporary definition provided by the ISO 26000 will be used (Discovering ISO 26000, 2010):

“ISO 26000 is intended to assist organizations in contributing to sustainable development. It is intended to encourage them to go beyond legal compliance, recognizing that compliance with law is a fundamental duty of any organization and an essential part of their social responsibility. It is intended to promote common understanding in the field of social responsibility, and to complement other instruments and initiatives for social responsibility, not to replace them.”

The study conducted in 2009 by Good Brand and the Responsible Business Forum on a sample of several hundreds of enterprises listed in the “Top 500 managers” ranking published by the Polish magazine “Polityka” shows that Polish entrepreneurs are ever more aware of the CSR concept. Moreover, they tend to implement it in their businesses (Dudkiewicz, 2010). 58 per cent of the respondents claim high awareness of the CSR concept, and if the results are compared and contrasted to the 2003 figures, the number of respondents aware of this concept has more than doubled. Even though a considerable improvement has been observed, Polish managers, unfortunately, limit the implementation

of CSR principles to offering financial and in-kind support, neglecting for instance the initiatives for the benefit of the local communities or collaboration with NGOs (Bogdanienko, 2011). The report in question reveals that it is of foreign companies who influence the form and pace of development of the corporate social responsibility principles, and who can take pride in their CSR implementation strategies supervised by staff specifically assigned to these tasks – which will not be a reality in Polish companies for years to come (Dudkiewicz, 2010).

## **2. Research methodology**

The verification of the hypothesis formulated, namely enhanced liquidity in times of crisis can be achieved through increase in inventory and short-term receivables as well as reduction in current liabilities, requires a relevant research methodology. Special emphasis will be placed on case study and financial analysis will be carried out to calculate short-term liquidity.

As it has already been mentioned, the Capital Group Żywiec plc. will be subject to analysis. Case study will be used as a base methodology. Also financial liquidity will be calculated. Subsequently, comparative analysis will be conducted and the results will be compared with average liquidity ratios for food industry in Poland.

Time horizon covers the period 2007-2012 as a global world financial crisis. In this sense, it was the general economic situation that determined the research. Its main objective is analysis how the Capital Group Żywiec plc. dealt with financial risk during the aforementioned period. The risk was reflected, among other things, in the loss of financial liquidity.

At the same time, it should be stressed that average ratios for the sector (published by the Commission for Financial Analysis headed by Research Council of the Accountants Association in Poland in cooperation with Credit Bureau InfoCredit (Wskaźniki sektorowe, 2013) are made public following a one-year delay. Therefore, a comparison between the performance of the Capital Group and the sector's average the covers only the period 2007-2011. On the other hand, the performance of the Group in 2012 will be presented in order to illustrate changes that occurred between 2007 and 2012.

The Capital Group Żywiec plc. will be subject to analysis since it is a leader of CSR implementation and has received a "Golden Leaf Award for CSR". Furthermore, it was ranked among the first ten enterprises operating in food industry. It is worth explaining that the "golden leaf" is awarded to enterprises which have proven that the implementation of recommendations included in ISO 26 000 is the main element of their strategic actions. Such companies declare they have construed an overall CSR or sustainable development strategy and operate in line with the code of ethics. At the same time, they pay special attention to the appraisal and development of their employees. Furthermore, they have established responsible relationship with their business partners thanks to which they may impose additional and non-financial requirements as well as show concern for relations with consumers and local community. All the actions relating to CSR are presented regularly in reports in which the effects of such actions are to some extent verified by external auditors (Olson, 2013).

In 2011 "Polityka" weekly added a new element to the ranking of 500 largest enterprises in Poland (published since 1993). This new component is based on the results of survey on CSR. The fact that the findings of such a survey have been taken into account only recently proves that this area is still treated as a novelty. The survey conducted by "Polityka" was based on key guidelines included in ISO 26 000 standard. Therefore, it is the definition presented on the official ISO website that is referred to in the present paper as the most comprehensive. A detailed description of the survey and its main findings are published on "Polityka" website (Pichola, Rudzki, 2013).

The Capital Group will be presented and discussed on the basis of case study and a number of liquidity ratios (shown in Table 2).

**Table no. 2. Short-term liquidity ratios**

<b>Ratio</b>	<b>Calculation method</b>
Cash ratio	Current assets (except trade receivables with maturity period lasting over 12 months)
	Current liabilities (except trade receivables with maturity period lasting over a year)
Quick ratio	Short term investments + short-term receivables (except trade receivables with maturity period lasting over 12 months)
	Current liabilities (except trade receivables with maturity period lasting over a year)
Current ratio	Short-term investments
	Current liabilities (except trade receivables with maturity period lasting over a year)
Inventory turnover ratio (in days)	Average inventory*365
	Sales revenue
Receivables turnover ratio (in days)	Average short-term receivables*365
	Sales revenue
Liabilities turnover ratio (in days)	Average current liabilities*365
	Sales revenue
Cash Conversion Cycle	Inventory turnover ratio (in days) + Receivables turnover ratio (in days) - Liabilities turnover ratio (in days)

Source: own compilation based on Mioduchowska-Jaroszewicz, 2013, pp. 173-174; Gąsior, 2010, pp. 26-27.

Generally speaking, financial liquidity is understood as the ability to settle one's obligations on time. In other words, absolute liquidity entails time necessary for liquidating a given unit of inventory. The research addresses short-term liquidity and takes account of a given moment in time.

It is worth stating that the adequate current ratio is the case when current assets are from 1.5 to 2 times higher than current liabilities (Sierpińska, Wędzki, 2005). On the other hand, the optimum value of quick ratio is 100%, which proves that the enterprise is able to cover its liabilities quickly (Urbańczyk, 2001). Cash ratio is another indicator determining short-term



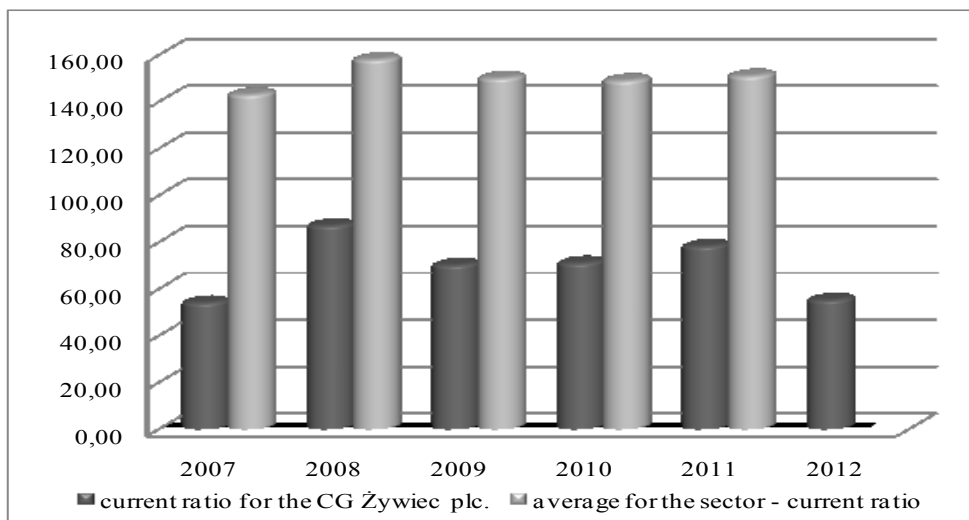
financial liquidity. As far as the liquidity of assets is concerned, opinions about the optimum value of cash ratio differ to a considerable extent. Some authors are inclined to believe that it does not have any limit (Gabruszewicz, 2005), while others state it should range from 10 to 20% (Urbańczyk, 2001).

Data essential for calculating liquidity ratios will be derived from the consolidated accounts of the Capital Group Żywiec plc. during the period 2007-2012.

### 3. Empirical research on the Capital Group Żywiec plc.

Based on materials published by "Polityka" weekly, the Capital Group Żywiec plc. was placed 68th in the ranking of the 500 largest enterprises. The place in the ranking depends on sales revenue in a given year (in this case attention is paid to 2012) (Lista 500, 2013). It is worth noticing that the implementation of CSR strategy very often entails increase in costs and additional investments. The analysis of financial liquidity should illustrate how the aforementioned changes are introduced at the initial stage of CSR implementation and hence how they affect the performance of a given company.

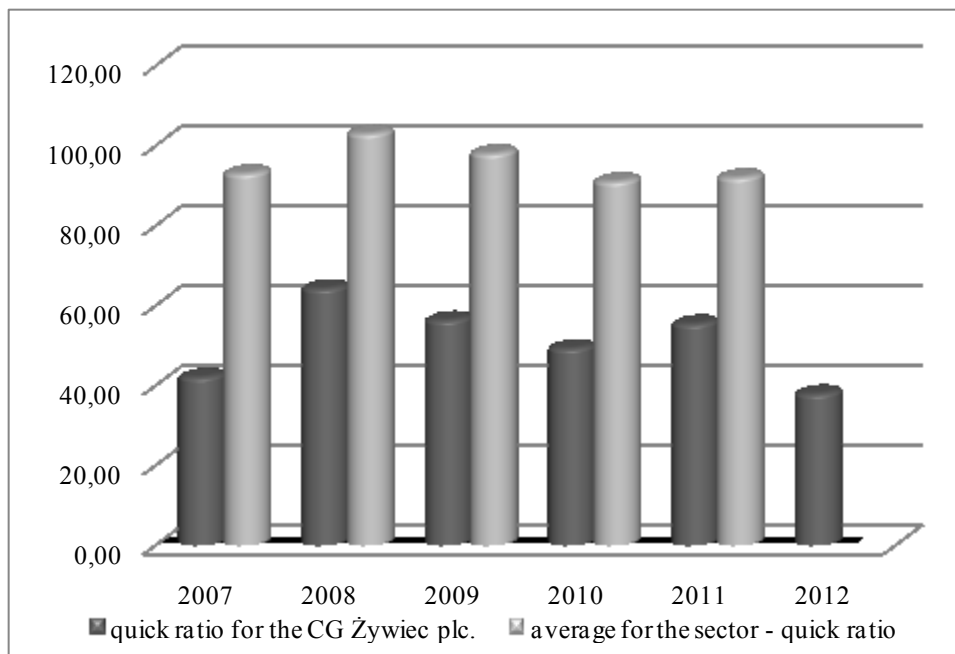
As far as the period under analysis is concerned, current ratio was the highest in 2008 like the average for food industry presented on Figure 2. Nevertheless, it should be noticed that the ratio reported by the enterprise (as a capital group) differed considerably from norms accepted in theoretical terms (current ratio should range from 150 to 200%) (Sierpińska, Wędzki, 2005). Unfortunately, the performance of the Capital Group presented in Figure 2 suggests that the enterprise did not achieve the satisfactory value of current ratio. The lowest value (53.92%) was reported in 2007, whereas the highest one was the case in 2008 (86.92%) which, however, was neither correct nor desirable level of current liquidity. On the contrary, the sector displayed a completely different tendency. It managed to maintain liquidity within a normal range throughout the entire period under consideration.



**Figure no. 2. Current ratio in per cent, Capital Group Żywiec plc. during the period 2007-2012**

Source: own calculation based on Consolidated accounts of the Capital Group.

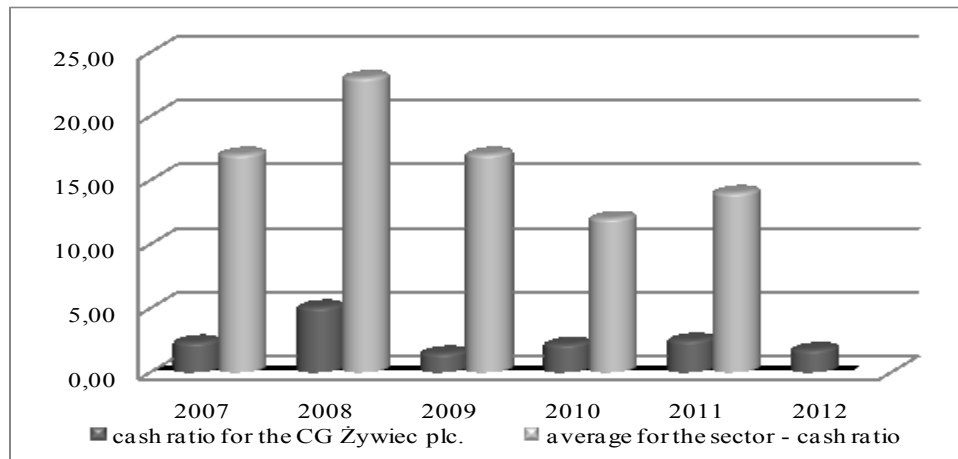
Another measure of major importance for determining short-term liquidity is quick ratio. Figure 3 shows that quick ratio is slightly lower than current ratio. Similarly to the tendency presented in Figure 2, quick ratio did not reach the desirable value throughout the entire period under consideration. In other words, the ratio of the sum of short-term receivables and investments to current liabilities did not reach 100% during the period 2007-2012. The highest value of quick ratio was the case in 2008 (64.19%), whereas the lowest one (37.81%) was reported in 2012. The ratio for the Capital Group differed considerably from the ratio for the entire sector. The last mentioned reached 103% only in 2008. In 2007 and 2009 the ratio under discussion reached slightly less than 100%. Such a result was the case with the entire sector and differed only subtly from the desirable value.



**Figure no. 3. Quick ratio in per cent, Capital Group Żywiec plc. during the period 2007-2012**

Source: own calculation based on Consolidated accounts of the Capital Group.

Cash ratio is the last measure characterizing short-term liquidity (Figure 4). As far as the Capital Group Żywiec plc. is concerned, it did not reach satisfactory level and thus liquidity was not satisfactory throughout the period 2007-2012. Similarly to data presented in Figure 2 and Figure 3, the year 2008 turned out to be the most favourable time when all three (current, quick and cash) ratios were the highest. On the contrary, the lowest value was reported in 2009 and stood at 1.45%. The performance of the sector itself was definitely better since the cash ratio was in the normal range, which proves that the liquidity reached a satisfactory level.

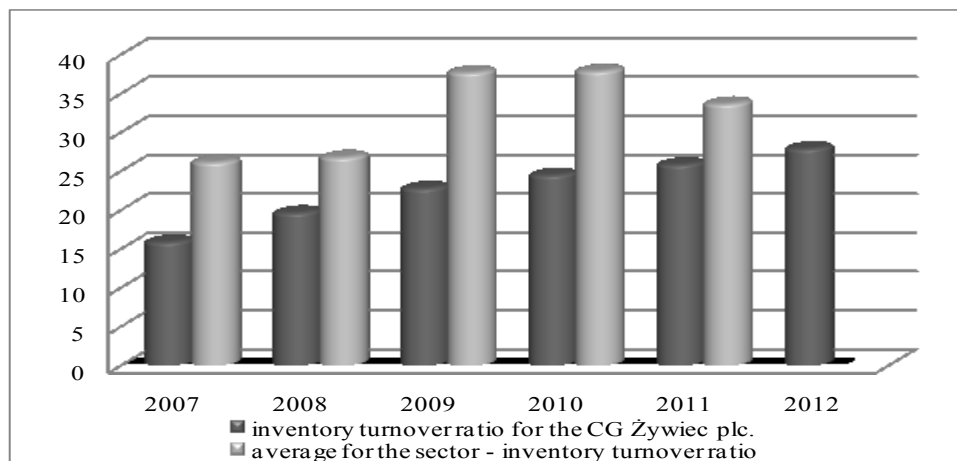


**Figure no. 4. Cash ratio in per cent, Capital Group Żywiec plc. during the period 2007-2012**

Source: own calculation based on Consolidated accounts of the Capital Group.

The ratios characterizing short-term liquidity and reported by the Capital Group indicate that it is not in a normal range. This stems from considerable disproportion between current liabilities and elements composing current assets. Because of deficiency of proper liquidity the question is: if it's good time for the implementation of the CSR strategy? The company has to bear additional expenditures under this head, which can further aggravate bad financial situation. Therefore, it will be particularly useful to assess if the Capital Group is effective and efficient or not.

For starters, inventory will be subject to analysis with special reference to its management (Figure 5).



**Figure no. 5. Inventory turnover ratio in days, Capital Group plc. during the period 2007-2012**

Source: own calculation based on Consolidated accounts of the Capital Group.

Comparing the performance of the Capital Group with the average for the sector during the period 2007-2012, it can be stated that the Group reached definitely lower ratios than the sector. Nonetheless, attention should be paid to the fact that between 2007 and 2012 the enterprise reported a gradual increase in the value of inventory turnover ratio. On the contrary, the sector maintained its inventory turnover on the same level throughout the entire period under discussion. To be more specific, the average were 27 days, between 2009 and 2010 the ratio reached 38 days and finally in 2011 the number of days dropped to 34.

The above comparison suggests that the Capital Group manages its inventory more effectively and efficiently than enterprises taken into account to determine the average for the entire sector. It is worth noticing that the inventory of the Capital Group did not display a completely up-ward tendency during the period under analysis. To be more precise, it was subject to decrease in 2009 compared to 2008 and in 2010 compared to 2011. On the contrary, increase was observed in 2008 compared with 2007, in 2010 compared with 2009 and in 2012 compared to 2011. It should also be highlighted that inventory together with sales revenue (which was subject to rise only in 2008 compared to 2007) have contributed to less frequent yearly exchange of inventory during the period under analysis. This is neither a desirable nor a favourable situation since cash conversion cycle in an enterprise is slowed down and as a result fixed costs are subject to increase. While inventory turnover in the enterprise displayed an up-ward tendency, the average for the sector reported a decrease in inventory turnover ratio in 2011 compared to 2010 (from 38 to 34 days).

Debt collection period in the Capital Group Żywiec plc. is another aspect that will be subject to analysis (Figure 6). It can be stated that this time the situation is completely different from inventory turnover ratio.

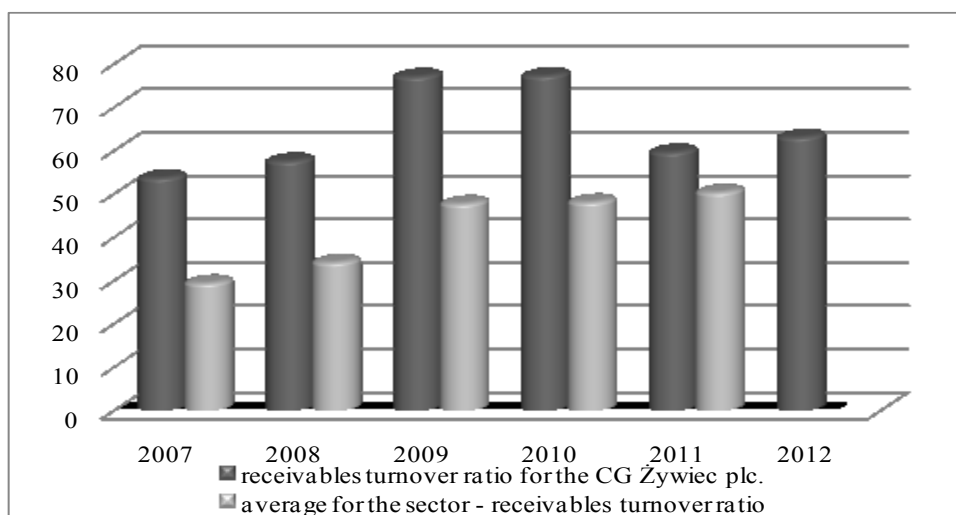


Figure no. 6. Receivables turnover ratio in days, Capital Group Żywiec plc. during the period 2007-2012

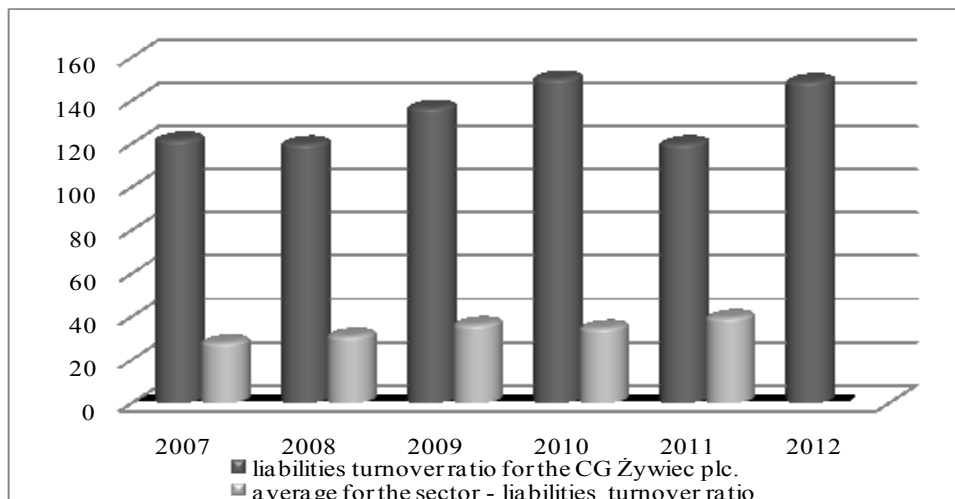
Source: own calculation based on Consolidated accounts of the Capital Group.

Receivables turnover ratio for the Capital Group indicates that debt collection period is considerably longer than the average for the entire sector, and to be more specific 24 or even 30 days longer during the period under discussion. The Capital Group reported the longest debt recovery period in 2009 and 2010 (78 days), i.e. 30 days longer than the average for the sector. On the contrary, the shortest debt collection period was the case in 2007 (54 days) and was 25 days longer than the period reported by the sector at that time. It should be highlighted that debt recovery period was subject to gradual lengthening between 2007 and 2010. It was only in 2011 that it became shorter (unlike 2012 when it became slightly longer). On the contrary, the average debt collection period for the sector displayed an up-ward tendency during the period 2007-2011. Hence, the sector was more effective in debt recovery compared to the Capital Group.

Similarly to receivables turnover ratio reported by the Capital Group Żywiec plc., liabilities turnover ratio reached definitely higher level compared to the sector (Figure 7). Difference in the average number of days totaled:

- a) 94 days in 2007,
- b) 89 days in 2008,
- c) 101 days in 2009,
- d) 116 days in 2010,
- e) 81 days in 2011.

This implies that the performance of the Capital Group differs considerably from the performance of the sector. What is more, this is a particularly favourable situation for the Group since it can use short-term liabilities for fulfilling its needs for a long period of time. In other words, it takes out a sort of a loan at the expense of its contractors. The highest liabilities turnover ratio was reported in 2010, whereas the lowest one in 2008 and 2011. The performance of the Group and the sector in particular years do not display similar tendency.

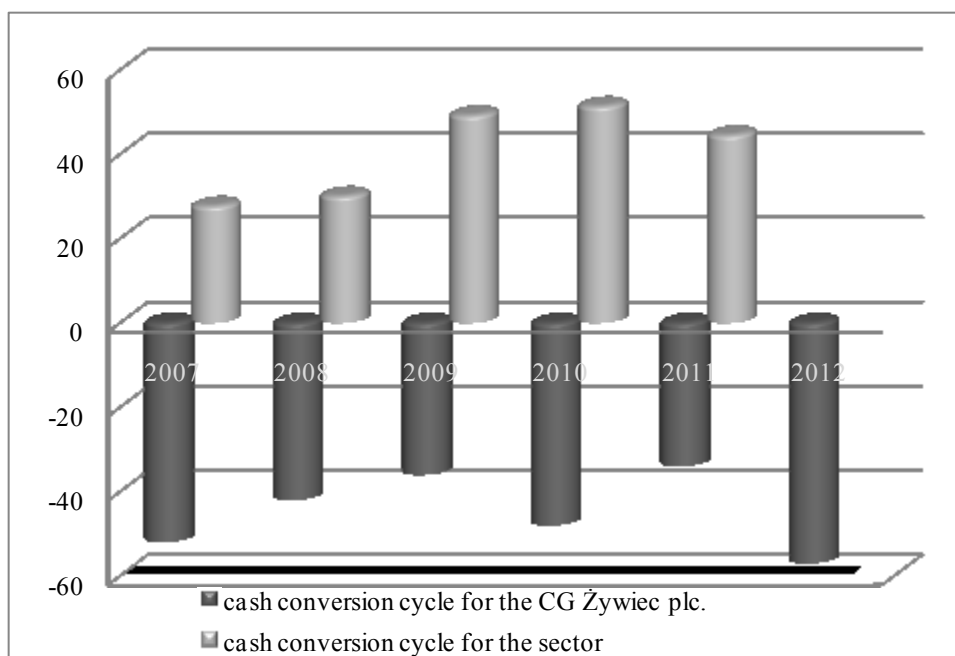


**Figure no. 7. Liabilities turnover ratio in days, Capital Group Żywiec plc. during the period 2007-2012**

Source: own calculation based on Consolidated accounts of the Capital Group.

The already discussed ratios, namely inventory turnover ratio, receivables turnover ratio and liabilities turnover ratio, indicate that the performance of the Capital Group differs significantly from the performance of the sector. In this sense, it is worth looking at cash conversion cycle reported by the enterprise, especially once the performance is analyzed as a whole.

Figure 8 shows that the Capital Group Żywiec plc. dealt extremely effectively with cash conversion since the ratio did not drop below zero during the entire period under analysis. This entails that the Capital Group enjoys an exceptionally favourable situation in terms of efficient operating on the market. Cash conversion cycle for the sector illustrates a completely different state of affairs. It was the shortest in 2007 and the longest in 2010.



**Figure no. 8. Cash Conversion Cycle in days, Capital Group Żywiec plc. during the period 2007-2012**

Source: own calculation based on Consolidated accounts of the Capital Group.

Performance of the Capital Group as far as cash conversion cycle is concerned illustrates one of the most desirable situation for every company.

**Conclusions**

The article was aimed at analysing the behaviour of the Capital Group Żywiec plc. in conditions of considerable financial uncertainty. The period under consideration coincided with global economic crisis and CSR strategy implementation. The objective has been accomplished, i.e. the paper presented major changes in financial liquidity during the period under analysis and compared it with average ratios for food industry reported at that time.

The achievement of the target required the formulation of the following research hypothesis: enhanced liquidity in times of crisis can be achieved through increase in inventory and short-term receivables as well as reduction in current liabilities. The hypothesis has not been confirmed since enhanced liquidity in the moments important for the Group (global financial crisis and CSR strategy implementation) was not caused by one and the same change in inventory, short-term receivables and current liabilities.

It should be highlighted that during the period under analysis the Capital Group Żywiec plc. did not manage to maintain appropriate liquidity, which was reflected in current, quick or cash ratio. The first conclusion can be drawn, namely if the liquidity was not appropriate, the hypothesis was not proven. However, increase in the liquidity was to take place in times of crisis and through increase in inventory and short-term receivables as well as reduction in current liabilities.

Analyzing the period 2007-2008 (financial crisis), it could be noticed that current, quick and cash ratios were subject to increase in the Capital Group under discussion. This was due to increase in inventory and short-term receivables and at the same time reduction in current liabilities. Hence, the hypothesis was confirmed although the Group did not maintain the appropriate liquidity. In other words, it behaved in line with the trend followed by WIG 20 companies under analysis. Unfortunately, in 2009 current liabilities and short-term receivables were subject to increase, whereas inventory and short-term investments declined in number.

With reference to changes observed in 2010 in comparison with 2009, no clear tendency can be noticed. On the other hand, in 2011 the Group followed a "Grupa Żywiec Responsibility Strategy for the years 2011-2013" and since then all liquidity ratios have improved. Although the Group reduced its current liabilities, it did so with current assets as well.

It should be emphasized that although the Capital Group did not maintain appropriate liquidity, the management did not believe it was at serious risk. The author of the present paper is inclined to believe that this probably stemmed from a disproportion between current assets and current liabilities. Due to this disproportion, cash conversion cycle was negative. In other words, the Group makes an extensive use of borrowing through trade payables which represent a greater part of current liabilities.

The following conclusions may be drawn:

1. Financial crisis has made enterprises reduce their current liabilities and increase inventory and short-term receivables in order to enhance their liquidity.
2. The implementation of CSR strategy by enterprises initially enhanced the liquidity. However, it was subject to reduction after some time and so was net profit (Table 3).

**Table no. 3. Net profit of the Capital Group Żywiec plc.**

Year	2007	2008	2009	2010	2011	2012
Net profit	418 661	415 775	369 560	398 858	318 421	310 241

Source: own calculation based on Consolidated accounts of the Capital Group.

This suggests that CSR strategy is expensive for the Capital Group and it will produce specific results later on.

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