

Stawska, Joanna; Grzesiak, Lena

## Article

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## ANALYSIS OF THE FINANCIAL SITUATION OF SELECTED RESPECT INDEX COMPANIES

JOANNA STAWSKA<sup>1</sup>, LENA GRZESIAK<sup>2</sup>

### Abstract

The concept of Corporate Social Responsibility (CSR) has become popular among organizations, the public, and external stakeholders. Recently, it has been appreciated by capital markets the indexes of which are constructed in such a way as to account for companies' CSR. One of these indexes is the Respect Index of the Warsaw Stock Exchange. This paper analyses the financial condition of Respect Index companies in Poland using the desk research method. The analysis utilizes indicators of the so-called Du Pont's pyramid (for all companies under consideration) and stock market indices such as a book value per share (BVPS) and a price-to-earnings ratio (P/E) (for the banking and insurance sectors and all other sectors, respectively). The analysis shows that the financial condition of the studied Respect Index companies in the years 2013 – 2015 was stable in the period of analysis, despite the not-so-optimistic financial situation of their industries. Socially responsible management can often result in good financial position and increase in the company's rate, which may be indicated by the fact that the Respect Index increased by 40% in 2009-2015 compared to a lower increase WIG (18%) or WIG20 (-20%) decline. To find out more about the relationship between the stability of companies' financial results and their CSR, more investigations and analyses of companies included in the Respect Index as well as other companies dedicated to CSR issues need to be conducted.

**JEL classification:** M14, N20, O12

**Keywords:** Respect Index, Corporate Social Responsibility (CSR), financial analysis

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<sup>1</sup> Joanna Stawska, Department of Central Banking and Financial Intermediation, Finance Institute, Economics and Sociology Faculty, University of Lodz, joanna.stawska@uni.lodz.pl; e-mail: joanna.stawska@uni.lodz.pl, ORCID: 0000-0001-6863-1210.

<sup>2</sup> Lena Grzesiak, Human Resources Department and PhD Student, Accounting Department, Management Faculty, University of Lodz, e-mail: lena.grzesiak@uni.lodz.pl, ORCID: 0000-0001-5078-1675.

## INTRODUCTION

The concept of Corporate Social Responsibility<sup>1</sup> (CSR) is gaining in popularity among Polish organizations, (Codogni, 2012, pp. 281-282) but Poland as a country is still perceived as relatively uninvolved in CSR issues (Dębicka & Oniszczyk-Jastrząbek, 2012, p. 102). A company's dedication to CSR not only lends them prestige, but above all it makes them more competitive and interesting for investors, even though the very adherence to CSR rules cannot improve their performance<sup>2</sup>.

In recent years, the group of CSR-oriented entities including organizations, the general public and stakeholders has been joined by capital markets. The range of popular and well-known indexes such as the WIG has been extended to indexes that take account of factors directly or indirectly relating to the concept of CSR. The analysis of the worldwide stock markets and their indexes shows that most of them are sensitive to CSR issues or, speaking more broadly, to the ESG factors (E-environmental, S-Social, G-Governance), some of the exceptions being stock exchanges in Argentina, Kazakhstan, the Philippines, Russia, Greece, Cyprus or Romania) ([www.sseinitiative.org/fact-sheet/wse](http://www.sseinitiative.org/fact-sheet/wse)). Among almost 30 indexes, the Polish stock exchange in Warsaw (WSE) ([www.gpw.pl/indeksy\\_gieldowe](http://www.gpw.pl/indeksy_gieldowe)) also uses the Respect Index addressing CSR issues, which makes the WSE a member of the worldwide mainstream of stock markets. Being included in the Respect Index, the aspiration of many companies, proves that an organisation meets high business standards and lends to its prestige, thus making it more valuable in the eyes of investors and the business setting.

## THE NATURE AND SIGNIFICANCE OF THE RESPECT INDEX

On 19 November 2009<sup>3</sup>, eighteen years after the Warsaw Stock Exchange was established, an index of socially responsible companies called the Respect Index

was quoted for the first time in Poland. It was created jointly by the Warsaw Stock Exchange and its partners (Kulczyk Investments, Deloitte and the Forbes magazine (Dymowski, 2011, p. 13) to promote CSR principles in the Polish stock market. It was a historic day for the Polish stock exchange as well as for Central and Eastern Europe, because it was the first “ethical” index in this region. (Wróblewska, 2015, p. 243). It was only 10 years earlier that the Dow Jones index of the New York Stock Exchange was quoted for the first time ([www.odpowiedzialni.gpw.pl/csr\\_indices\\_worldwide](http://www.odpowiedzialni.gpw.pl/csr_indices_worldwide)). The Respect Index shows to what degree companies' management implements the principles of social responsibility in their business operations. It primarily aims to promote ethical business conduct and encourage companies to become responsible for their social settings. It has even been suggested that its design should change in such a way as to stimulate companies to implement new solutions and that the Polish stock market should adopt high CSR standards (Dymowski, 2011, p. 21). The idea guiding the creators of the Respect Index is reflected in its name, which is an acronym made up of the initial letters of the words Responsibility, Ecology, Sustainability, Participation, Environment, Community, and Transparency ([www.odpowiedzialni.gpw.pl](http://www.odpowiedzialni.gpw.pl)). The formula which shows how the Respect Index is calculated is below:

$$RESPECT = \frac{\sum P(i) * S(i)}{\sum (P(0) * S(0)) * K(t)} * 1000,00$$

S(i) – Block of shares of index participant “i” at the trading session; P(i) – Price of shares of index participant “i” at the trading session; S(0) – Block of shares of index participant “i” at the trading session on the base date; P(0) – Price of shares of index participant “i” at the trading session on the base date; K(t) – Index adjustment coefficient at the trading session (GPW, Charakterystyka indeksu Respect: Retrieved from: [https://www.gpw.pl/pub/files/PDF/opis\\_indeksow/Respect/RESPECT.pdf](https://www.gpw.pl/pub/files/PDF/opis_indeksow/Respect/RESPECT.pdf)).

Similarly to the WIG index, the Respect Index has been designed as an income index, meaning that it accounts for stock prices, dividends and pre-emptive rights. The index is quoted every minute on an ongoing basis. Its base date is December 31, 2008 and base value 1,000 (Zespół Indeksów i Statystyki, 2013). Its portfolio is basically revised every year, with only few exceptions having been made over the past years. That in December 16, 2015, the

1 In this article, we only look at “pure” CSR, omitting questionable cases of CSR used for PR purposes, etc.

2 Let us note, however, that the companies' involvement in CSR may in time influence their financial results, and that better financial standing may be an encouragement for a company to implement CSR.

3 The year 2009 was special for CSR in Poland. In that year, the President of the Council of Ministers appointed the Inter-Ministry Group for CSR with four Work Teams. As quoted in: E. Mazur-Wierzbicka, CSR w dydaktyce, czyli jak uczyć studentów społecznej odpowiedzialności, Stowarzyszenie dla Szczecina, Szczecin 2012, p. 24.

Respect Index Project<sup>4</sup> celebrated its 9th edition and that the 10th edition has already been scheduled shows that its authors wanted it to be a long-term solution ([www.odpowiedzialni.gpw.pl/aktualnosci?ph\\_main\\_content\\_start=show&ph\\_main\\_content\\_cmn\\_id=1124](http://www.odpowiedzialni.gpw.pl/aktualnosci?ph_main_content_start=show&ph_main_content_cmn_id=1124)). The present<sup>5</sup> index has 23 companies, but in the past years, their number varied from 16 during the first two editions to 24 at the 8th edition. The data on the level of volatility and the rate of return of the Respect Index indicate its lower volatility and a higher rate of return compared to other indices listed on the WSE.

Companies listed at the New Connect market and dual-listed organizations (quoted on more than one stock market at the same time) ([www.odpowiedzialni.gpw.pl/kryteria\\_oceny\\_spolek](http://www.odpowiedzialni.gpw.pl/kryteria_oceny_spolek)) are not eligible for the Respect Index. Organisations seeking to be included in the index must primarily meet the liquidity and size criteria. Ineligible are companies that in the last WIG20 and mWIG40 indexes failed to be ranked among the first 150 companies (Deloitte, GPW, p. 1). In the next step of the qualification process, the business practices of the aspiring companies are analysed and evaluated. The evaluation procedure is performed by the WSE in collaboration with the SEG (The Polish Association of Listed Companies) that use publicly available data and information to this end. The qualifying companies are requested to complete survey forms designed by the entity in charge of the selection process. Failing to score a minimum number of points for each part and for the whole survey prevents companies from passing to the next stage.

The survey<sup>6</sup> contains specific questions investigating companies with respect to their industries (manufacture, finance, services) as well as questions that are more general. There are also questions that probe into the environmental, social and governance aspects of the companies. The form used for the 9th edition had three parts with 14, 20 and 17 questions, respectively. Whether the information provided by companies and real circumstances meet the Respect Index requirements is verified by the Deloitte Company. The WSE uses the survey results to decide which companies fulfilling the ESG criteria will be incorporated into the index portfolio.

4 The formula of the index has evolved over the years. More in: Giełda Papierów Wartościowych w Warszawie wprowadza zmiany w formule wskaźnika Respect Index grupującego spółki odpowiedzialne społecznie, [www.brief.pl/artykul,332,respect\\_index\\_zmienia\\_formule.html](http://www.brief.pl/artykul,332,respect_index_zmienia_formule.html), accessed on August 12, 2016.

5 October 2016.

6 A study by J. Dymowski has showed that companies view the survey as difficult, as quoted in: J. Dymowski 2011, p. 21.

Companies do not have to submit written documents as confirmation that they observe the CSR rules, but it is required that they have formal codes of ethics. To make sure that companies' general strategies and activities do take account of social responsibility issues, follow-up surveys (criterion counterchecks) are carried out.

## ANALYSIS OF THE SELECTED COMPANIES

### Methodology

Although the Respect Index has been used for some time now, there are relatively few studies on this subject. Those available:

- 1) compare of the effectiveness of the RESPECT, CEERIUS and VONIX indices used in stock markets in Central and Eastern Europe (Bartkowiak & Janik, 2013, pp. 5-19),
- 2) analyse the selected stock indexes using the Taxonomic Measure of Investment Attractiveness (TMIA) (Wiśniewski, 2010, pp. 301-311).

The focus of this study is on companies that were included in at least five editions of the Respect Index (out of nine editions; a total of 17 companies).

Two sets of indicators were used to analyse the financial condition of the selected Respect Index companies: the main indices of the so-called Du Pont's pyramid (for all companies in the sample) and two stock market indices. The first set consisted of: (1) ROE (Return on equity), (2) ROA (Return on assets), (3) ROS (Return on sales), (4) total asset turnover and (5) equity multiplier. The second set contained a book value per share (BVPS) for the banking and insurance sectors and price earnings ratio (P/E) for all other sectors. The indicators were selected for a reason. Firstly, the DuPont analysis not only allows the assessment of companies' profitability and gives insight into their revenue structure, but also shows which factors, and how, influence their capital returns ([www.nbportal.pl/slownik/pozycje-slownika/analiza-du-ponta](http://www.nbportal.pl/slownik/pozycje-slownika/analiza-du-ponta)). The stock market indexes were selected for their universal applicability, because the values they yield are comparable across industries.

The ROE is calculated as a ratio between a company's net profit and equity. It shows how effectively it invests its capital and, consequently, its capability of return on each currency unit invested. The value of ROE should be as high

**Table 1: The Respect Index portfolio (as on May 2, 2016)**

No.	Company	Block of stocks	The market value of the block (PLN)	As a share of the Respect Index portfolio (%)	Participation in turnover of shares and allotment certificates (%)
1	KGHM	115 587 000	8 472 527 100	10,60	14,78
2	PKNORLEN	122 856 000	8 434 064 400	10,55	12,06
3	PGE	606 877 000	7 968 295 010	9,97	3,15
4	PGNIG	1 573 745 000	7 900 199 900	9,88	2,54
5	PZU	227 622 000	7 818 815 700	9,78	3,83
6	BZWBK	28 608 000	7 739 894 400	9,68	2,07
7	ORANGEPL	647 357 000	4 020 086 970	5,03	0,68
8	INGBSK	32 525 000	3 968 050 000	4,96	0,30
9	GRUPAAZOTY	40 919 000	3 582 867 640	4,48	0,32
10	TAURONPE	1 043 590 000	3 089 026 400	3,86	1,54
11	MILLENNIUM	605 345 000	3 026 725 000	3,79	0,69
12	LOTOS	86 543 000	2 639 561 500	3,30	4,63
13	ENERGA	200 740 000	2 475 124 200	3,10	1,42
14	HANDLOWY	32 664 000	2 424 322 080	3,03	0,12
15	BUDIMEX	10 451 000	2 001 366 500	2,50	0,62
16	GPW	27 192 000	1 041 453 600	1,30	0,55
17	APATOR	25 552 000	830 695 520	1,04	0,39
18	KOGENERA	7 449 000	603 443 490	0,76	0,64
19	ELBUDOWA	4 747 000	560 146 000	0,70	0,04
20	BOGDANKA	11 564 000	542 351 600	0,68	0,52
21	PELION	7 298 000	379 496 000	0,48	0,00
22	BANKBPH	9 788 000	300 491 600	0,38	0,01
23	BOS	9 921 000	136 909 800	0,17	0,01
	<b>Total</b>	---	<b>79 955 914 410</b>	<b>100</b>	<b>50,91</b>

Source: [www.gpw.pl/portfele\\_indeksow#RESPECT](http://www.gpw.pl/portfele_indeksow#RESPECT), accessed on: May 2, 2016

as possible, but in most cases, it ranges between 10 and 15% (Engelhardt, 2012, pp. 112-118).

The ROA is a ratio between net profit and total assets, so it indicates the company's return on each zloty of its assets and thus the effectiveness of asset management. A falling or rising ROA means that the company's financial situation is respectively improving or worsening. Its value should also be as high as possible, but in most cases, it varies around 10%. A positive ROA is usually smaller than the ROE, as assets are bigger than equity (Engelhardt, 2012).

The ROS is a relation between operating profit and net sales that indicates the profitability of sales. A rising ROS points to improving profitability of sales.

The Total Asset Turnover (TAT) constructed as sales income to total assets shows a company's return on its assets. A rising TAT means that the company's performance improves.

Another indicator used in this study was the equity multiplier showing the relation between company's total assets and equity. Its value can range from 1 to infinity (Engelhardt, 2012).

The P/E is stock's price to earnings ratio. It shows the number of times the market value of a company exceeds its annual profit and so it tells investors whether the company is worth their interest. A rising P/E means that investors are willing to pay more for the company's stock than they would have paid in the previous period.

The P/BV is the price to book value ratio that shows the number of times the company’s value exceeds (or is lower than) its book value. A low P/BV means that the company’s current profits are probably small and that it underutilizes its assets. A P/BV below 1 usually implies that the company is undervalued and higher than 3 that it is overvalued (bossa.pl/index.jsp?layout=2&news\_cat\_id=222&pager=4).

The calculations presented below were made with the most recent data from the years 2013-2015. It needs to be noted, however, that the base date of the Respect Index is Dec. 31, 2008. It is therefore probable that because of the financial crisis that was going on at that time, the results of calculations and the resulting conclusions are slightly distorted.

The values of indicators characterizing particular companies were compared with the general situation of their industries using mainly information from the GUS (the Central Statistical Office), NBP (The National Bank of Poland) and KNF (the Polish Financial Authority) reports.

The sampled companies are characterised in more

detail in table 2.

### Analysis of the financial situation of the selected companies

The values of indicators characterizing the Respect Index companies representing the construction sector – Budimex and Elektrobudowa – were stable<sup>7</sup> in the period of analysis, meaning that their financial situation was good (Table 3). In the revenue ranking of the largest construction companies Budimex ranked first and second in 2013 and 2014, respectively. As far as Elektrobudowa is concerned, in 2013 it was ranked sixth among the largest construction companies for its sales profit (Deloitte, pp. 1-104).

Indicators presented in Table 4 show that the energy sector companies Kogeneracja and PGE enjoyed a stable financial situation between 2013 and 2015, although

<sup>7</sup> In this article, a stable company is one that has solid financial foundations, operates smoothly and handles all shocks without damage to its liquidity, enjoys a steady financial situation, and remains solvent. As quoted in M.Gorczyńska, Stabilność finansowa a zrównoważony rozwój przedsiębiorstwa, Zarządzanie i Finanse, vol. 11, no. 2/2, 2013 p.106.

**Table 2: Selected companies and their Respect Index history**

Sector / industry	Company	Included in the index (times)	Included in the index from (edition)
Construction	Budimex S.A. (further: Budimex)	8	II edition
	Elektrobudowa S.A. (further: Elektrobudowa)	9	I edition
Energy	Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A (further: KOGENERACJA)	5	IV edition
	PGE Polska Grupa Energetyczna S.A (further: PGE)	7	III edition
Petrochemical industry	Lubelski Węgiel „Bogdanka” S.A (further: Bogdanka)	7	II edition
	KGHM Polska Miedź S.A (further: KGHM)	9	I edition
Fuels	Grupa Lotos S.A. (further: Lotos)	9	I edition
	PGNiG S.A. (further: PGNiG)	9	I edition
	PKN Orlen S.A. (further: PKN Orlen)	9	I edition
Electromechanical	Apator S.A. (further: Apator)	8	I edition
Chemical	Grupa Azoty S.A. (further: Grupa Azoty)	9	I edition
Telecommunications	Orange Polska S.A. (wcześniej jako Telekomunikacja Polska S.A.) (further: Orange Polska)	9	I edition
Banking	Bank Handlowy (further: Bank Handlowy)	7	II edition
	Bank Millenium S.A. (further: Millenium)	8	II edition
	Bank BPH S.A.(further: Bank BPH)	7	I edition
	ING Bank Śląski S.A. (further: ING Bank Śląski)	9	I edition
Insurance	PZU S.A. (further: PZU)	6	IV edition

Source: Own elaboration and calculation based on: [www.odpowiedzialni.gpw.pl/](http://www.odpowiedzialni.gpw.pl/), accessed on: August 12, 2016

**Table 3: The Respect Index companies from the construction sector**

BUDIMEX						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	47,17	8,25	6,41	1,29	5,71	16,8
2014	29,87	4,05	3,15	1,28	7,38	26,3
2015	34,49	4,41	4,05	1,09	7,81	18,4
ELEKTROBUDOWA						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	4,10	1,75	1,56	1,12	2,35	29,8
2014	8,39	3,19	2,73	1,17	2,63	18,8
2015	11,95	5,25	3,92	1,34	2,28	12,5

Source: Own elaboration and calculation based on financial results presented on Internet websites of the analysed companies

**Table 4: The Respect Index companies from the energy sector**

KOGENERACJA						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	7,25	5,14	13,23	0,39	1,41	-
2014	14,35	10,35	33,14	0,31	1,39	-
2015	10,77	7,94	25,71	0,31	1,36	15,6
PGE						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	7,12	6,81	17,09	0,40	1,05	9,9
2014	16,47	14,60	56,39	0,26	1,13	1,3
2015	5,28	4,47	16,18	0,28	1,18	13,3

Source: Own elaboration and calculation based on financial results presented on Internet websites of the analysed companies

the energy industry's debt rose significantly in 2015 and several energy companies posted negative financial results.

The financial situation of Bogdanka and KGHM representing the mining industry in the Respect Index was also stable in the years of analysis (table 5). Their ROEs, ROAs and ROSs were negative in 2015, because oil prices falling from 2014 reduced copper and coal prices in the markets. These developments did not deteriorate their financial situation, however. Both companies are still among the biggest mining companies in Poland.

The petrochemical industry is represented in the analysis by Lotos, PGNiG and PKN ORLEN - these companies are the leaders of the petrochemical industry.

Of these three, the PGNiG' indicators rose the highest in the years 2013-2015, probably because of improving liquidity of the natural gas market. The financial results of PKN ORLEN can be expected to improve in the future following its decision to invest in power units. In 2014, PKN ORLEN<sup>8</sup> and Lotos suffered from revenue decreases, but in 2015 their results improved significantly (Table 6).

Apator, the representative of the electromechanical industry, fared very well across the years of analysis. The relatively high values of its ROA, ROE, ROS show that its situation was stable, particularly in relation to the whole

<sup>8</sup> The Orlen Group's net loss of PLN -5.8 bn in 2014 mainly followed from the non-cash effects of revaluation of inventories necessitated by falling oil prices in the world markets and write-off of tangible assets [in:] PKN ORLEN – Fakty, Liczby, Komentarze 2014.

**Table 5: The Respect Index companies from the mining industry**

BOGDANKA						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	4,24	8,58	17,36	0,49	4,24	4,10
2014	2,88	6,24	13,53	0,46	2,88	4,60
2015	-3,97	-7,67	-14,83	0,52	-3,97	5,80
KGHM						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	13,13	10,53	16,46	0,64	1,25	7,70
2014	9,94	7,47	14,51	0,51	1,33	9,00
2015	-13,75	-8,42	-17,49	0,48	1,63	5,21

Source: Own elaboration and calculation based on financial results presented on Internet websites of the analysed companies

**Table 6: The Respect Index companies from the petrochemical industry**

LOTOS						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	0,43	0,19	0,14	1,41	2,21	101
2014	-17,76	-7,74	-5,14	1,50	2,29	-
2015	-3,41	-1,37	-1,16	1,18	2,49	8,8
PGNiG						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	6,75	3,97	5,99	0,66	1,70	16,4
2014	9,35	5,77	8,23	0,70	1,62	9,7
2015	6,95	4,29	5,86	0,73	1,62	13,1
PKN ORLEN						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	0,33	0,18	0,08	2,21	1,86	24,2
2014	-28,59	-12,47	-5,46	2,29	2,29	14,3

Source: Own elaboration and calculation based on financial results presented on Internet websites of the analysed companies

**Table 7: The Respect Index companies from the electromechanical sector**

KGHM						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	20,90	13,01	9,96	1,31	1,61	16,1
2014	21,85	12,18	11,68	1,04	1,79	14,6
2015	14,93	7,91	8,18	0,97	1,89	13,45

Source: Own elaboration and calculation based on financial results presented on Internet websites of the analysed companies



of the electromechanical industry (Table 7).

The Azoty group is the biggest chemical group in Poland and the second largest producer of fertilizers in the European Union. The data in Table 8 show that the company has solid financial foundations that stabilize

its market position. The financial results of Azoty were certainly improved by the consolidation of the financial results of its new and existing companies in 2013 (Consolidated financial statement of Grupa Azoty, 2013, p. 56). Let us note here that the chemical sector is strongly

**Table 8: The Respect Index companies from the chemical sector**

GRUPA AZOTY						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	11,30	7,12	7,22	0,99	1,59	9,8
2014	4,09	2,66	2,68	0,99	1,53	27,7
2015	9,69	6,42	6,90	0,93	1,51	17,05

Source: Own elaboration and calculation based on financial results presented on Internet websites of the analysed companies

**Table 9: The Respect Index companies from the telecommunication sector**

ORANGE POLSKA						
Year	ROE (%)	ROA (%)	ROS (%)	TAT	Equity multiplier	P/E
2013	2,33	1,29	2,28	0,57	1,81	29,00
2014	4,32	2,42	4,38	0,55	1,78	16,50
2015	2,12	1,17	2,15	0,55	1,81	30,64

Source: Own elaboration and calculation based on financial results presented on Internet websites of the analysed companies

**Table 10: The Respect Index companies from the banking and insurance sectors**

BANK HANDLOWY						
Year	ROE (%)	ROA (%)	Costs / Income (%)	Loans / Deposits (%)	Capital adequacy ratio (%)	Book value per share
2013	15,30	2,10	53,60	63,60	17,50	55,9
2014	14,60	2,00	52,70	59,70	17,50	56,7
2015	10,00	1,30	62,30	60,70	17,10	52,4
PZU						
Year	ROE (%)	ROA (%)	Sales profit ability (net financial result /gross premiums written)	The degree of coverage of reserves by assets (assets to cover reserves/state of insurance technical reserves)	P/E	Book value per share
2013	24,10	5,60	20,00	115,50	11,77	15,20
2014	22,60	4,60	17,60	118,30	14,14	15,25
2015	18,00	3,50	12,80	110,54	12,54	14,97

Source: Own elaboration and calculation based on financial results presented on Internet websites of the analysed companies

dependent on the state of the global economy that drives the demand for chemical products as it grows.

Orange Polska Capital Group (Table 9) is a leading supplier of telecommunication services in Poland. It is part of the France-based Orange Capital Group that operates in 29 countries. Its results presented in Table 9 show that its financial situation was good, particularly in 2013 and 2015. Because of tough competition on the telecommunication market telecoms have to intensify their marketing activities to attract new customers and keep existing ones, which is reflected in their financial results.

An analysis of the selected Respect Index banks showed that their capital adequacy ratios were consistent in the period of analysis. Deposits exceeding loans and high liquidity ratios point to the substantial capital potential of banks. Both Bank Handlowy and ING Bank Śląski rank among the leaders for the surplus of deposits over loans. However, in the period of analysis Bank Przemysłowo - Handlowy had a considerable surplus of loans over deposits and in 2015 its costs exceeded revenue. However, the banking sector in Poland enjoys a stable financial situation and the Respect Index banks are among the biggest banks in the country (Table 10). On the other hand, in the context of the stability of the financial sector, the sources of financing of the Polish banking sector based mainly on deposits of the non-financial sector seem to be a safe strategy in a situation of turmoil in the global financial market (Stawska, 2014, p. 167).

PZU is the only representative of the insurance sector in the Respect Index. The indicators describing its financial situation were relatively stable in the period of analysis. PZU fully exploits the economies of scale that come with its position of a market leader.

## CONCLUSIONS

Being noted in the Respect Index is a complex matter. The procedure determining which companies will be noted takes into account factors related with CSR. Index Respect companies are functioning with the best standards within corporate governance and relations with investors, quality of reporting and in the area of ecological, social and employee- related factors. Index Respect companies may be treated as paragons in CSR. The Respect Index discerns the companies that are managed in responsible way.

Polish and foreign investors pay attention to companies qualified for the Respect Index. Since its first publication in 2009, the Respect Index increased by 40% by the end of 2015, while at the same time the WIG increased by around 18% and the WIG20 fell by (-20%). The companies in the Respect Index are managed in a sustainable and responsible manner, acting in accordance with the best corporate governance standards. Socially responsible management can often lead to good results and an increase in the company's profitability.

The article studies companies included in the Respect Index with respect to their financial situation. Its findings and the resulting conclusions confirm that in the years 2013-2015 the companies' financial results were stable, particularly when compared with those of their industries. The situation of the latter was not very optimistic, because many of their companies were affected by unfavourable socio-economic phenomena, such as fluctuations in the world prices of some raw materials, or a general political situation.

In the future it would be worth comparing in a similar way the companies quoted in other CSR-indexes and to see whether a statistical correlation between financial performance and being quoted in CSR indexes exists or not. Another way to conduct the research in this direction is to compare the results of financial performance with non-CSR companies from the same branch. Econometric analysis could determine whether the CSR companies enjoy better financial performance than non-CSR companies.

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