Framework of Social Responsibilities of Forestry Enterprises

Shuang SUI, Weimin ZHANG*
School of Economics and Management, Beijing Forestry University, Beijing 100083, China

Abstract  Forestry industry plays a key role in regulating climate and promoting sustainable development of society. Environmental responsibility is the key part of social responsibilities of forestry enterprises. Based on the particularity of forestry industry, the framework of social responsibility reports of forestry enterprises is provided, and major topics of social responsibilities followed by forestry enterprises are analyzed. Meanwhile, the core values of social responsibilities of forestry enterprises are pointed out. It is proposed that the social responsibility reports of forestry enterprises should involve the responsibility to shareholders and creditors, the responsibility to suppliers, customers and consumers, the responsibility to employees, the responsibility to the environment, and the responsibility to communities and charity behavior.

Key words  Forestry enterprise, Social responsibility, Environmental responsibility

Since the middle and late 20th century, social responsibilities of enterprises have been recognized by the society, and many enterprises have realized that performing their social responsibilities has great significance to their sustainable development, so they perform their social responsibilities to improve their competitiveness. Forestry enterprises also have important social responsibilities. However, there are few studies of social responsibilities of forestry enterprises in China, and there is no framework of social responsibility reports of forestry enterprises. Moreover, it is difficult for social responsibility reports to highlight the characteristics of forestry enterprises. Therefore, it is necessary to conduct a monographic study of social responsibilities of forestry enterprises to provide theoretical references for the effective performance of social responsibilities by forestry enterprises in China.

1 Standards of social responsibilities of enterprises
The concept of corporate social responsibility was firstly proposed by British scholar Oliver Sheldon in 1924, and he associated social responsibilities of enterprises with managers’ responsibility to meet a variety of demands and suggested that social responsibilities of enterprises contain moral factors[1]. Then social responsibilities of enterprises were divided into philanthropic, ethical, legal and economic responsibilities by Carroll[2]. This division has been approved by many scholars. Since the 1990s, stakeholder theory has been integrated into social responsibilities of enterprises. According to the theory, enterprises have responsibility for taking the benefit of all shareholders (such as consumers, suppliers, employees and so forth) into consideration. Meanwhile, related international organizations, business organizations and non-profit organizations also summed up the concept and standards of corporate social responsibility to guide enterprises to perform their social responsibilities. There are three big standards of enterprises’ social responsibilities with great influence. Among them, Social Accountability 8000 International Standard, issued by Social Accountability International (SAI) in 1997[3], is the first standard that can be used in the third party certification in the world, and its purpose is to improve all laborers’ working conditions through ethical purchase activities to protect their rights and interests. Then Global Reporting Initiative (GRI) issued Sustainability Reporting Guidelines (Version 3) in 2006[4], and it demands that enterprises should measure and show business performance from aspects of economy, environment and society and should be responsible for shareholders. The guidelines provide a complete framework, content and performance indicator for the compilation of sustainable development report of enterprises. In addition, it also provide complete, detailed, practical and operable guidance and ways to integrate social responsibilities into enterprises, so the standard is approved by various countries and organizations in the world[7].

In China, some sectors and organizations also issued norms and guidelines of enterprises’ social responsibilities to guide enterprises to perform their social responsibilities[8–10]. For instance, State-Owned Assets Supervision and Administration Committee of the State Council issued the Guidance on the Social Responsibilities of Central Enterprises in December, 2007, and it provides the great significance, main contents and measures of performance of central enterprises’ social responsibilities. Then Research Center for Corporate Social Responsibility, Chinese Academy of Social Science issued the Guidelines for the Social Responsibility Report of China’s Enterprises in December, 2009[10]. According to the guidelines, the core system of enterprises’ social responsibility report should include six parts, such as foreword, responsibility management, market performance, social performance, environmental performance and postscript. Moreover, it provide supplementary indicators for 37 special industries like agriculture, mining industry and so forth[10].

Received; May 21, 2013 Accepted; August 19, 2013
Supported by the Major Project of the State Forestry Administration in 2011 (FRJ2011-005).
* Corresponding author. E-mail: zwm@bjfu.edu.cn
2 Study and concrete practice of social responsibilities of forestry enterprises

The State Forestry Administration and National Bureau of Statistics of China compiled and issued the Classification of Forestry and Related Industries (Trial) in February, 2008, and define forestry and related industries as the integration of activities that can provide forestry products, wetland products, and products and services for society and other related activities, aiming to obtain ecological, economic and social benefits based on forest, wetland and sand resources. The main management objects of forestry enterprises are forest resources and their products, and their activities can affect our economy, ecosystem and society. On the one hand, like other common enterprises, forestry enterprises have social responsibilities to the environment, government, employees, communities and charity behavior. On the other hand, due to the particularity of their management objects, their social responsibilities are different from those of other enterprises and have their own particularity. At present, the supplementary guidance on the social responsibilities of enterprises in special industries issued by GRI or Chinese Academy of Social Science has no guidance on forestry industry, so there is no complete standard of social responsibilities of forestry enterprises at home and abroad.

In China, study of social responsibilities of forestry enterprises began late, and there have been less than ten papers about social responsibilities of forestry enterprises up to the end of May in 201211-15. For instance, Yin Zhonghua et al. have divided social responsibilities of forestry enterprises into basic and high-level social responsibilities, that is, the former mainly includes economic and legal responsibilities, while the latter contain moral and philanthropic responsibilities11. In addition, Jiang Deqi et al. have analyzed the production and marketing chains of forestry enterprises and demands of stakeholders, and have pointed out that China’s forestry enterprises should have the responsibilities to stakeholders, suppliers, customers, the environment, government, employees, communities and donation behavior, totaling 34 specific responsibilities14. Meanwhile, Zhang Weimin et al. have divided forestry enterprises into three types, including industries cultivating forest resources, processing forestry products and serving forest resources, and they have discussed the ways of performing social responsibilities of forestry enterprises15.

The Guidelines on the Compilation of Social Responsibility Report of Forestry Industrial Enterprises in China, issued on July 8, 2011, stipulates the content and format of social responsibility report of forestry enterprises. According to the guidelines, the social responsibility report should contain a preface, bulk and postscript. In the bulk, the social responsibilities of forestry industrial enterprises can be divided into the responsibilities to investors, suppliers, customers, the environment, employees, communities and the public. Moreover, it considers the particularity of forestry enterprises in respect of specific responsibility of each stakeholder. For example, forestry industrial enterprises have responsibilities to ensure the legality of suppliers’ wood procurement and assess suppliers’ qualification. It can reflect the framework of social responsibilities of forestry enterprises in China indirectly and guide China to establish the overall framework. It mainly aims to guide forestry industrial enterprises to compile the social responsibility report, but it does not cover all forestry enterprises, and the responsibility for cultivating forest resources is no prominent. Therefore, the framework of social responsibilities of forestry enterprises in China needs to be discussed further.

3 Major topics of social responsibilities followed by forestry enterprises

Forestry enterprises mainly manage forest resources and their products, and forest resources can bring us economic, ecological and social benefits. Thus, major topics of social responsibilities followed by forestry enterprises are scientific management and reasonable utilization of forest resources as well as other related issues.

3.1 Cultivation of forest resources

Forest enterprises need to meet social material and cultural needs and have responsibility for protecting the environment. As a kind of special natural resources, forest resources can bring us economic, ecological and social benefit. Besides provide timber and other economic products, forest resources can improve ecological environment and maintain ecological balance. On the whole, forest enterprises should place emphasis on the responsibility to the environment, and improve quantity and quality of forest and giving full play to the great function of forest resources in regulating climate should be given priority over other responsibilities. Daily production and business activity of enterprises cultivating forest resources is the performance of their social responsibilities, so they should do routine work well and make the effort to improve forest quality. According to the 7th national forest inventory statistics (2004-2008), China’s forest resources have bad quality, and stock volume of high forest accounted for only 78% of the world average; it has small average diameter at breast height and large proportions of middle and juvenile forest. Moreover, the increase of forest resources can not meet the increasingly demands of economic and social development for timber, so enterprises cultivating forest resources ought to manage forest resources well to obtain more ecological and social benefits.

Forestry industrial enterprises use forest products as raw materials to conduct processing and production, so they should build a base of raw material forest to ensure the adequate supply of raw materials and increase forest coverage and growth, that is, they perform economic and environmental responsibilities15. In America, forestry industrial enterprises build certain areas of raw material forest to meet their demand for raw materials16. Hence, building a base of raw material forest should be as a special responsibility of forestry industrial enterprises, so as to increase the investment in the bases of raw material forest, decrease the impact of raw material supply problem on enterprise production, and realize the coordinated development of the environment and enterprises.
3.2 Putting an end to illegal cutting of timber In recent years, illegally cutting timber and its trade problem have been attracted attention of the international community, and social organizations of some countries direct the spearhead at Chinese market. China has inadequate forest resources. According to the 7th national forest inventory statistics (2004 – 2008), China’s forest coverage accounted for only 2/3 of the global average; per capita forest area was only 0.145 hm², accounting for only 1/4 of the global average; per capita forest stocking volume was only 10.151 m³, accounting for only 1/7 of the global average. However, large amounts of timber has been consumed in China every year, and the demand for timber increases more quickly than the amount of timber harvesting, so it is easy become destination of illegal timber for China. In 2005, 0.139 billion m³ of timber was cut illegally in the world, accounting for 8% of total production of timber\(^7\).

China is the biggest log importing country, the second largest forest product importing country, and the biggest plywood and furniture exporting country in the world, and its position in international trade in forest products has become increasingly important\(^8\).

Every country is making the effort to inhibit illegal cutting and trade of timber. On November 8, 2010, the Bilateral Forum on Combating of Illegal Cutting and Associated Trade in China and America held the third conference in Washington. The forum mainly discusses the identification method of legal timber, timber management and so forth, which lays the foundations for stable, normal and sustainable trade of timber and forest products.

China’s forestry enterprises should purchase legal timber to realize the reasonable cutting and scientific management of global forest resources. To put an end to illegal cutting of timber, forestry enterprises should refuse to purchase illegal timber to protect global ecosystem. Meanwhile, the government and related organizations should improve green certification of timber from sustainable forest and make it different from illegally purchased timber.

3.3 Improving comprehensive utilization rate of forest resources China is poor in forest resources, and implementation of projects to protect natural forests has reduced the quantity of timber cutting, and thereby aggravating the contradiction between timber supply and demand. Therefore, based on the promise that the quantity of timber cutting is constant, forestry enterprises should make the effort to improve comprehensive utilization rate of timber to meet the demand of national economic construction. In 2010, aggregate supply of timber products in China was 431.899 2 million m³, while total consumption of timber products was 353.877 1 million m³, which did not include exported log and other wood products, so only 81.94% of timber products were utilized\(^9\). If the comprehensive utilization rate of timber was 1% in 2010, 5.2208 million m³ of timber would be saved on the promise that total consumption of timber products in China was constant in 2010. Thus, forestry enterprises should adopt advanced production technology and reduce timber wastage to improve utilization rate of timber. Meanwhile, they should recycle sawdust and other forestry residues to produce furniture and other products. To improve the comprehensive utilization rate of timber assets, the government should promote energy–saving and environment-protection enterprises through tax incentives, policy and financial support. Besides, forestry enterprises should develop new environmentally friendly materials to replace forest resources, and thereby reducing consumption of timber. Meanwhile, they should improve their technological level to decrease consumption of energy and pollutant discharge.

3.4 Responsibility to employees An enterprise has an employment relationship with its employees and has responsibility to them in respect of health care, insurance, education and security. Forestry enterprises, especially enterprises cultivating forest resources and forestry industrial enterprises, have special responsibility to employees due to the particularity of their processing objects. For instance, employees of forestry industrial enterprises may use adhesive and other chemical materials, touch toxic and hazardous substances during processing products, and these substances will affect their health. Therefore, forestry industrial enterprises should adopt some measures to reduce the impact, such as periodically checking employees’ body, adopting new environmentally friendly materials and reducing discharge of toxic and hazardous substances. In addition, most production machines used by forestry industrial enterprises are big, and employees may be injured due to improper operation. Hence, forestry industrial enterprises should train vocational skills of employees to improve their self – protection and security awareness, and make strict rules on the permission to use the machines. In addition, most employees of enterprises cultivating forest resources work in remote forests far from towns and residential areas, so it is difficult to find a job for their families and to go to school for their children. Therefore, children education and family placement of employees become the special responsibilities of forestry enterprises\(^10\). Forestry enterprises should promote employees’ families to get a job and make every child receive an education.

4 Establishing the framework of social responsibilities of forestry enterprises Based on the analyses above, the core values of social responsibilities of forestry enterprises are ecology, green, technology and the humanities, which should be highlighted in the framework of social responsibilities of forestry enterprises. The framework of social responsibilities of forestry enterprises in China should be consistent with the social responsibility standards of common enterprises and highlight the particularity of forestry enterprises according to the topics of social responsibilities followed by forestry enterprises. Based on the framework of social responsibilities of forestry industrial enterprises in the Guidelines for the Social Responsibility Report of China’s Forestry Industrial Enterprises, it is suggested that the social responsibility reports of forestry enterprises should involve the responsibility to shareholders and creditors, the responsibility to suppliers, customers and consumers, the responsibility to employees, the responsibility to the environment, and the respon-
The responsibility to shareholders and creditors. The responsibility to shareholders and creditors involves three topics, including company profitability, profit distribution method and policy, and profit-sharing scheme. As an economic organization, an enterprise exists based on the premise that it must obtain profit. Therefore, an enterprise can perform other social responsibilities on the premise that it takes basic social responsibility firstly. The topic reflects basic economic responsibility of forestry enterprises, and its performance can be shown in financial statements.

The responsibility to suppliers, customers and consumers. The responsibility to suppliers, customers, and consumers includes four main topics. The first topic is about legality of raw material procurement of forest products and supplier certification. That is, forestry enterprises should assess the quality and legality of suppliers supplying raw materials of forest products and refuse to cooperate with suppliers supplying illegal timber, which are their important social responsibilities. The second topic is about quality of forest products. Good quality of forest products promotes the sustainable management of forestry enterprises, and forest products produced by forestry enterprises should reach product quality standards.

The responsibility to employees. Firstly, forestry enterprises should sign a labor contract with all employees and purchase insurance for them, which are their social responsibilities. Secondly, to ensure employees’ health and safe production, forestry enterprises should adopt some measures. Thirdly, forestry enterprises should train vocational skills of employees to improve their professional quality and ability. Fourthly, forestry enterprises should help families of their employees get a job and their children receive an education, and their practical action and payment can show the performance of their social responsibility.

The responsibility to the environment. Firstly, forestry enterprises should assess the effects of industrial projects on the environment at each stage to prevent and control harm to the environment. Secondly, forestry enterprises should increase the quantity of forest resources owned by them to increase the ability of forest resources to fix carbon and generate oxygen, and the increase in the quantity of forest resources owned by forestry enterprises should be as an indicator assessing the performance of their social responsibilities. Meanwhile, forestry enterprises should protect biodiversity of forests, and they can not damage food chain and circulatory system during production. In addition, forestry enterprises should improve comprehensive utilization rate of forest resources and reduce consumption of timber, and the decrease in timber consumption caused by the increase in comprehensive utilization rate of forest resources is used to measure the performance of social responsibilities of forestry enterprises.

The responsibility to communities and charity behavior. Forestry enterprises should have a good relationship with communities, promote community activities, consider the effects of their activities on communities, and create a good management environment and atmosphere. Meanwhile, as a member of society, a forestry enterprise should pay close attention to charity behavior.

References