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# Impact of Corporate Culture on Business Goals of Energy Sector Companies

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**Abstract.** The objective of the article is to determine the role of corporate culture in the process of building business goals in a company. The publication presents the core and the determinants shaping the corporate culture. The problem is presented on the basis of companies from the energy sector. Only the companies that combine innovation with the company's business goals, as well as design and implement an operating model of innovations will be successful. The main task of energy companies is economic efficiency, developing and ensuring lowest possible costs for generation and supply of energy to the recipients. New business models, directions and modes of investments, enhancing efficiency, use of technological data are only some of the challenges faced by energy companies. The business goals presented in the article will rely on three pillars selected for the needs of this study; they include: education, innovation and cooperation.

## 1. Introduction

They take into account the special role of the energy sector in economy, along with the strategic significance of companies operating in this area. A review of activities of companies functioning as part of the "Sustainable Energy" project shows various, strategically interesting approaches. Each of them may be a source of inspiration, not only for the companies from the industry. The perspective of changes and development challenges that the sector faces encourages one to ask questions on how to adjust the company's activities to social trends and needs. The milieu of energy companies - on account of global and consumer-related trends - may soon experience various changes. The Corporate Social Responsibility (CSR) strategies should not only follow the situation, but get ahead of it, identifying such trends. In this context, dialogue is of key significance (which will be important in the case of shale or nuclear energy). The CSR activities of energy companies contribute to creation of the "common value" and to solving significant social problems, e.g. excluded users. Taking into account the strategic significance of the energy sector and convergence of goals and public policies in various ranges (energy saving, pro-environmental behavior, excluded users), it is worth considering whether some CSR activities should not be implemented jointly, as part of broader agreements and coalitions, including coalitions between companies and the governmental sector. This would allow for maximizing the effects at reduced costs [11]. Building an adequate corporate culture usually begins with determining a company's vision and mission, which become the determinants of a company's value and allow for specifying the objective of activities. On the other hand, the goal is the guiding post for all decisions that are made [5,6]. Corporate culture is the value, attitudes, beliefs and expectations shared by most corporate members (figure 1).





**Figure 1.** Model of organizational culture in company.

Today's corporate culture is very popular now. Corporate culture is one of the basic management functions. Managers need to change companies so that they have a chance of survival on the market. Managers are becoming increasingly aware that the world has turned its axis, making the necessary fundamental overriding of management orientation, in terms of the goals of operations and its functioning [3,4].

## **2. Selected business objectives of energy companies in the aspect of sustainable development.**

Energy industry representatives should meet several challenges [10]. On the one hand, as well as the representatives of other companies fight for financial results, which often involves the financing of operating activities as well as the long-term investment process [1,2,15]. Challenges are addressing climate change regulation and the expectations of different stakeholder groups. The energy industry has identified three key success factors [10] or pillars that influence the development of the economy. Education, innovation and cooperation are discussed. The importance of education is emphasized at every consultation meeting of energy companies. According to business representatives, education responding to the challenges and needs of the market is essential to achieving the goals of sustainable development. The key challenges of education are the way we teach, the subject matter, and, above all, the collaboration between academia and business. These aspects should be addressed both in the perspective of formal education, that is, conducted by schools and universities and informal, organized by enterprises and institutions. The next pillar is innovation, understood as the readiness to transform existing possibilities into new ideas and put them into practical use. Proinnovation attitude should reflect all business decisions. Business representatives emphasize that decision-making must be abandoned solely through pryncipence of cost-effectiveness for innovation, which is the key to long-term success. Innovative thinking and management allows not only to respond well to changes in the environment, but also to overtake them by looking for new opportunities. Signals for growth in outlays on innovation flow from the entire environment of power companies. They are stimulated by national and EU policies. It is also fueled by the available funds, emerging new business models and the desire to build competitive advantage. It is also important to be involved in investing in start-ups [13]. The third, necessary pillar is cooperation. The goal of sustainable development is the common goal of the business and all other economic actors. Therefore, it is necessary to make joint decisions and actions. There is no way to achieve sustainable development without the synergy and synergies associated with it. Cooperation understood as co-deciding on certain activities and co-responsibility for their implementation [8,12].

## **3. Global Challenges for the Energy Sector Exemplified by PGNIG S.A. Capital Group.**

The main challenges for the energy sector in Europe are determined, on the one hand, by shrinking natural resources and the necessity of limiting the CO<sub>2</sub> emission and, on the other, by the necessity of maintaining a competitive economy. Companies operating in a sustainable manner are striving to reconcile apparent incongruities between corporate social responsibility and profit maximisation, and they create business ambitious strategies, and, at the same time, socially attractive ones. This is

possible thanks to a good examination of the specific nature of the social and economic environment, along with the natural environment where companies relying on dialogue with corporate stakeholders, operate. This type of approach - sustainable and rational, relying on the understanding of the stakeholders' needs - is necessary for Europe to meet the challenges that it is going to face in the near future. The European Union institutions, aiming for a reduction in the CO<sub>2</sub> emission, or striving to solve the dilemmas related to new technologies, should remember primarily about two issues: the fact that the access to energy is currently one of the basic rights of man and the fact that the condition for the survival of companies is ensuring their competitiveness. The developed solutions, policies and strategies should correspond to the needs of the environment and combine beautiful visions with the reality. The new PwC report proves that the sustainable development of Polish economy will be primarily influenced by the level of education, innovative thinking and the capacity for cooperation [12, 13]. On the other hand, development of the energy sector is in particular dependant on the building of social capital in the society. The perspective of significant investments in the Polish energy sector means that in this industry, companies should master the art of dialogue and enhance their reputation as reliable investors. There is no other industry which would so strongly contribute to the development of economy and society as the energy sector; on the other hand, it has a great impact on the environment and human health. A stable access to energy is significant both for companies, as without it, it is difficult to imagine manufacturing of products and provision of services, as well as for citizens, who need it for the proper comfort of life. Simultaneously, production of energy constitutes a significant burden for the environment - it is a source of emission of pollution to the air and emission of greenhouse gases responsible for climate changes. The demand for energy is growing, similarly to the social care for the environment. These challenges induce the energy sector around the world to embrace corporate social responsibility. Corporate social responsibility included in the business strategy of a company contributes to its growth and is used by the closer and further milieu of the company [10]. PGNiG S.A. is the leader on the gas market and one of the most profitable entities and, simultaneously, the largest employer in Poland. The company's operation encompasses prospecting and exploitation of natural gas and petroleum, as well as import, storage, trading and distribution of gas and liquid fuels. PGNiG S.A. forms a part of the Capital Group as the dominant entity, together with several dozen other companies with production and service-type functions. Since 2005, PGNiG S.A. has been listed on the Warsaw Stock Exchange; it is a member of the WIG-20 index; since 2009, it has also participated in the RESPECT Index (stock exchange index of socially responsible companies) [10]. The mission of PGNiG S.A. is to ensure reliable and safe supplies of clean and environmentally friendly energy. Acting in the interest of its stakeholders and clients, it wishes to be a reliable and transparent partner, seeking its development and growth of company values in compliance with the principles of sustainable development. This does not entail resignation from taking care of the company's financial results; on the contrary - PGNiG is convinced that sustainable business may help it in accomplishing its business goals. The company was the first one in the fuel and energy sector to create a comprehensive sustainable development strategy of a socially responsible company, encompassing the entire chain of the Capital Group's values. The activities that PGNiG S.A. pursues via its branches and companies, in a natural manner define the priorities of its CSR involvement, and this influences the choice of activity - the company acts for the sake of the natural environment, local communities and employees. These areas are particularly important for the industry in which PGNiG operates and the obligations and standards related to them are much higher and more rigorous than, e.g., in the financial industry. In 2008, i.e. together with announcing its new business strategy, the PGNiG Capital Group, being guided by the good practice of large fuel and energy concerns and a deep conviction about the value of activities in the area of corporate social responsibility, decided to prepare and implement a comprehensive sustainable development strategy. Employees from all content-related areas of the Group's companies are involved in the development of such strategy. The official announcement of the sustainable development strategy took place in July 2009 and the first social report of PGNiG Capital Group was published a few months later. The CSR strategy in the PGNiG Capital Group tries to combine ethical and environmental aspects with business efficiency, deriving from best hitherto practice of PGNiG in this respect, in particular in the area of pro-ecology. The following issues have the highest priority: care for the client, searching for the new possibilities of business development, establishing a safe and friendly work place, dialogue and cooperation with social and business partners and local communities, as well as respect for the natural environment,

efficient communication and marketing. Based on these priorities, the Capital Group companies have worked out their own sustainable development strategies, at the same time taking into account business specifics and local needs. In each of six key areas of the sustainable development strategy and corporate social responsibility, the Capital Group companies are trying to unite business goals, liabilities and aspirations resulting from PGNiG's membership in the Global Compact and the Responsible Business Forum. For over two years, work related to putting the company's goals and liabilities in order has been pursued, as well as goal standardization based on specific values, such as the dialogue with the company's stakeholders, rational management of resources, etc. Simultaneously, the CSR strategy is adjusted to the updated business strategy of the Capital Group. Ultimately, the CSR strategy is going to supplement the business strategy and support the implementation of objectives of the latter.

#### **4. Implementation of the LOTOS Company's Business Objectives Taking the Corporate Social Responsibility Aspects into Account.**

The long-term strategy in the area of social policy is not only a source of competitive advantage of the Lotos Capital Group, but also a supplementation and support for the business strategy. This results from the conviction that accomplishment of business objectives would not be possible without taking social and environmental goals into account [10]. The LOTOS Group is a vertically integrated petroleum concern, second with respect to size in Poland, one of the most efficient and safe in the Central and Eastern Europe. It is the only Polish company that - via its subsidiary LOTOS Petrobaltic - conducts prospecting and extracting activities in the Baltic Sea. The LOTOS Group, apart from extraction and processing of petroleum, is also involved in sale of high-quality petroleum products. A network of petrol stations operates under the LOTOS brand throughout Poland. The LOTOS Capital Group has 5,000 employees. The company is the largest employer in the Pomerania Province; it is also significant in this respect in the southern regions of the country, where capital group companies are operating. The company's development takes place in observance of the idea of sustainable development; the company has included continuous striving for reduction of the negative impact on the natural environment in its strategy, with simultaneous appreciation for intellectual capital and employees' experience. The involvement of the LOTOS Group in CSR activities resulted in the company's inclusion, in 2009, under the RESPECT Index, bringing together companies that are distinguished by highest standards of sustainable management at the Warsaw Stock Exchange. LOTOS, thanks to consistent inclusion of sustainable development in its strategy, was featured in this prestigious ranking also between 2010 and 2012. The LOTOS Group, as a concern with an international range of operation, representing an industry with a significant impact on the environment - is trying to conduct its activities in a manner combining economy with ethics and ecological operation. This challenge is pursued taking into account key stakeholders, which include employees, market environment, social milieu and the natural environment. The company's obligations refer to the area of liability towards the society and the natural environment by supplying products in a manner that does not allow for the degradation of natural and social capital. Business liability for a product towards the state, the market, the partners, the clients and the employees was included in the concern's management strategy, which is aimed at increase of its value, and, through this, offering measurable social and business benefits. The scale of challenges faced by the energy sector requires undertaking numerous activities that go beyond the pro-social involvement for the sake of improving the quality of life in the company environment. The key challenge in the case of the LOTOS Group is the application of innovative solutions that limit the effects of impact of the pursued activity on the natural environment, as well as contribute to saving the natural ecosystems of the region. The scale of challenges faced by the energy sector requires undertaking numerous activities that go beyond the pro-social involvement for the sake of improving the quality of life in the company environment. The key challenge in the case of the LOTOS Group is the application of innovative solutions that limit the effects of impact of the pursued activity on the natural environment, as well as contribute to saving the natural ecosystems of the region. An important element in supporting the integration processes of the energy sector in the Central Europe conducted as part of the EU joint policy is the Central Europe Energy Partners (CEEP), established in June 2010. This is the first industry association of a non-profit nature, representing the interests of the energy sector of the Central Europe in the European Union. The founding members of the organisation - apart from LOTOS S.A. Group - are: Polskie Forum

Akademicko-Gospodarcze, ENERGA S.A. Group, Jastrzębska Spółka Węglowa S.A. and Kulczyk Investments S.A. Within just a year from commencement of its operation, the association has almost tripled the number of its members and is conducting further talks with subsequent potential members from Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Lithuania and Estonia. As part of its work, CEEP is handling issues related to energy carriers, such as coal, gas, petroleum and renewable fuels, nuclear energy, as well as inter-connectors, energy bridges, emission of greenhouse gases, possibilities of strategic storage of petroleum and fuels. It is also important to note that the CEEP is of open character and its members may be economic entities, research and development units, as well as other organizations from the Central Europe, operating within the broadly-understood energy sector, who care for the representation of their interests in the European Union institutions [10].

## 5. Summary

Energy efficiency and security in Poland, the power market and additional networks for energy issues. It takes a complete look, starting from production sources, carrying electricity, distance and energy, ending up on the energy recipients. The main task is energy and energy efficiency [14]. New models, directions and ways to invest, raising efficiency to just a few of the challenges facing power companies. Energy companies are behind and promote new goals with sustainable development. Human resources and interpersonal relationships play a key role, storing the pillars of corporate culture. New business models in the energy market require collaboration with new business partners. Defining a business goal and strategy with the rest of the innovation is a very important and essential milestone on the way to success. This is not a sufficient element. Polish power companies perform first steps in innovation, which are both innovative and directional. Key challenges for further developing managerial innovation [5].

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