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## Utilisation of a certified wood in wood processing companies in the Czech Republic

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### Abstract

The present business environment offers a wide scale of production and it is increasingly difficult to find a product standard which can distinguish the producer from competitors. The pressure of lobby groups and legislation arrangements force the society to reflect a need for ecologic and sustainable thinking. The current trend and requirements of EU are the implementation of certified systems and production of wooden products from certified wood. This paper focused on the present situation in the supply of products from certified wood and analyses an exercitation of eco-philosophy in the business of wood processors, the rate of manufacturing of certified wooden products, as well as reasons and benefits of certified production. This paper presents selected results of primary research carried out in Czechia which was focused on the investigation of economic impacts of wood products manufacturing from certified raw wood. All presented results emphasise the need for voluntary market tools with ecologic character.

**Keywords:** Certification system, certified wood, wood processing, eco philosophy.

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## 1. Introduction

The pressure of professional associations, interest groups and legislative measures forces society to realise the need to consider aspects of environment and sustainability. The current trends in management, as well as practice, put increasing emphasis on socially responsible business, which is also proved by the fact that sustainable development has been considered to be the only possible scenario for the further development of society.

In the forestry-based sector, such a mean combining social responsibility with environmental protection is available: the Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) and other certifications. Forest certification can be in general perceived as a market stimulation and support of the sustainability of forest lands and forest economy. The certification of forests shall improve forestry management and meet higher standards C-o-C certification, which assures the end consumer has wooden products made from the material obtained legally and from sustainably managed forests (Mantau, 2010).

Forest certification is ideologically perceived as a voluntary mechanism that was introduced because of concerns about the sustainable economy of forest resources. There are even two voluntary sustainability tools employed at the national level, namely, the FSC certification and the PEFC certification. Opinions on certification among individual subjects divide considerably, taking different economic impacts of this voluntary mechanism into the subject (Vlosky, Tsademir, Gazo & Cassens, 2015). As Innes and Hickey (2005) state, fees for acquiring the certification paid to the third party represent a considerable part of the direct costs. There are many proofs that non-market benefits of certification (such as improvement of social and ecological responsibility) as the main reasons for businesses to implement it. However, the certification also brings concrete defined market benefits like potential access to new markets, improvement of public image, price bonus and research in dynamically changing industry (Michal & Sujova, 2016).

When considering the real buyers' behaviour, only minimum proofs describing the willingness to pay more for the product originating from sustainable forest activity (Chen, Innes & Tikina, 2010; Michal, Sujova & Brezina, 2018). There are many studies on actual benefits of voluntary certification, but it is very difficult to accurately quantify the economic efficiency of such approach. A clear proof of mainly positive or negative impact, quantified through specific parameters, could impact on decision-making whether the use of certified wood make much more easier. Clearly defined awaited values in monitored criteria enable assessment of impacts. The justification of a certification use as an economic or environmental tool for streamlining the business management was analysed by Cashore, Cornelis van Kooten, Vetinsky, Auld & Affolderbach, (2005). The research of Derbin & Derbin (2013) was focused on monitoring certification processes as an effective tool of modern business management. The results point to the importance of certification processes where cancellation or suspension of certificate's validity can lead to big financial losses.

The current trend in business economics and management is directed towards social and environmental responsibility. That is why the topic concerning the production from certified wood materials is important. The aim of the paper is to present selected results of research that reflect to measure the importance of using certified wood in Czech wood processing companies.

## 2. Material and methods

The initial information for an investigated topic was obtained from secondary research, on the basis of available scientific literature analysis. In the second step, primary research was carried out.

Primary data was obtained from a nationwide survey on a sample of respondents in the Czech Republic by means of a questionnaire method. The research was oriented on the quantification of socio-economic impacts of the certification on enterprises in the wood processing industry and it was

carried out in 2018. The size of a sample of subjects from the wood processing industry is based on the author’s internal databases and public databases of the FSC and PEFC certification systems, kept by a public register of the certified subjects. More than 720 subjects were addressed both electronically and in person during a period of 3 months. The questionnaires were delivered once and followed by a notification 2 weeks later. Although the response rate from the subjects was only slightly over 17%, a statistically significant sample of the business entities was gathered. The sample size was 127 respondents.

The paper presents selected research results concerning the using of certified wood in Czech wood processing companies in the following questions:

- ◆ How much is important to implement principles of social responsible behaviour in your company?
- ◆ Are you registered (legal) owner of any eco-label?
- ◆ How many years do you have implemented certification PEFC or FSC?
- ◆ What grounds (motives) led you to the implementation of certification in your company?
- ◆ Do you think that certification systems fulfil its purpose?
- ◆ How would you assess the effectiveness of the certification application with respect to time for the period for which you have been applying the certification?

The results of the primary research were processed by chosen statistical methods: descriptive statistics, contingent method and Chi-squared test.

### 3. Research results

The first part of the questionnaire consisted of general descriptive questions. From the question responses gathered from the enterprises of the wood processing industry in the Czech Republic, it was found that 80% of respondents are small- and medium-sized enterprises. The main business activity is production in 78%.

More than 80% of companies consider social responsible principles in behaviour and activities of the company to be very important and important. Only 4.7% think that CSR concept is not important to a company. Results are presented in Figure 1. However, only 41% of companies belong among legal users of the eco label for their products (see Figure 2).

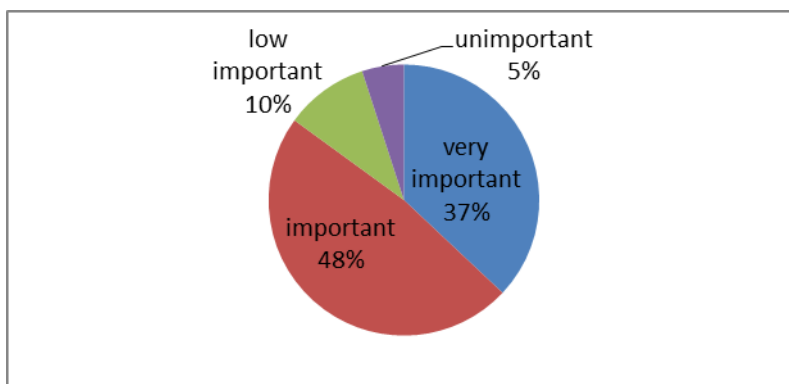
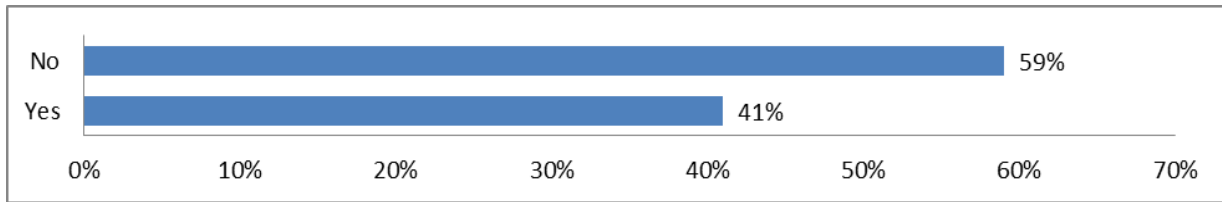
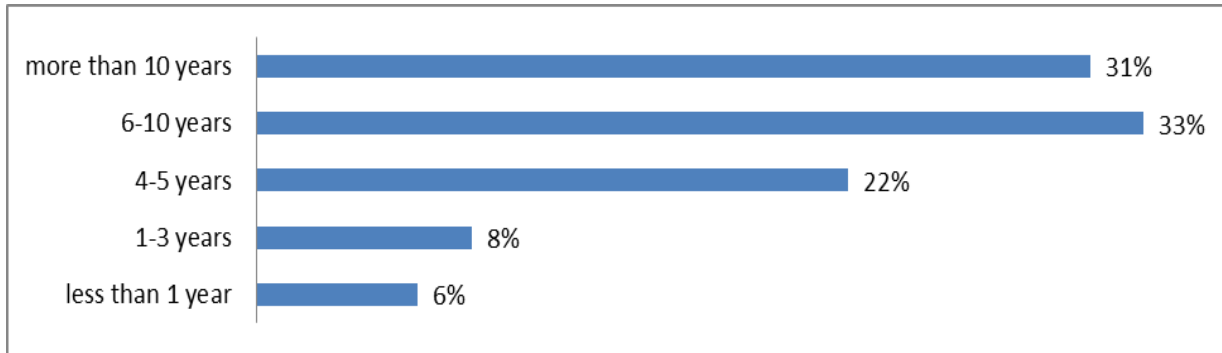


Figure 1. Importance to implement social responsible behaviour into the company



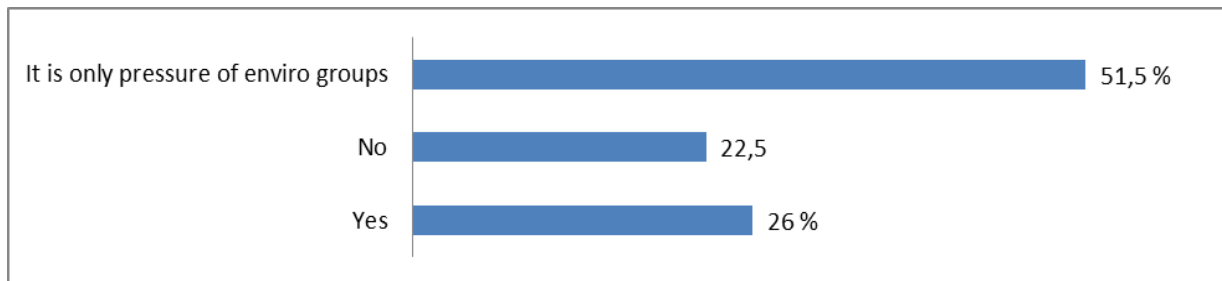
**Figure 2. Legal owner of the eco label**

The certification PEFC or FSC is implemented in 64 companies, which is 50%, and 64% of them use it for more than 6 years. The results are shown in Figure 3.



**Figure 3. Period of having implemented certification PEFC or FSC**

As for opinion, if certification systems fulfil its purpose, nearly 54% of the subjects which apply certification perceive it only as a pressure from environmental groups. Only 27% of the subjects think that the systems work the way they should, as it is shown in Figure 4.



**Figure 4. Fulfilling the purpose of certification PEFC or FSC**

Table 1 presents the evaluation of grounds for the implementation of certification into a company. The evaluating scale for each ground was 1–5, where level 1 means no influence on decision, 2 represents a slight influence on company’s decision, 3 is a ground with influence, taking into account by decision, 4 means ground with an important influence by decision and level 5 have grounds with crucial, essential influence on decision of a company.

The motives with the highest influence on the decision to implement certification into the company are keeping trend with competition and market development, requirements of customers and effort to gain a competitive advantage. To consideration were taken also ethic grounds, ethical code application, effort to increase customer’s loyalty, effort to minimise losses connected with irresponsible product using, being a part of public relations. The grounds which didn’t influence the company’s decision were the pressure of foreign headquarters of a company, external pressure from public and media, effort to improve relationships with a public administration, effort to acquire and keep employees of high quality and effort to increase economic performance.

**Table 1. Grounds (motives) leading to the implementation of certification in a company**

Ground	Evaluation scale				
	1	2	3	4	5
Ethic ground: 'it's a right thing'	12	8	18	13	9
Effort to gain better reputation in public	17	9	12	14	8
Keeping trend with competitors and market	9	2	7	19	26
Application of ethic code	13	7	20	12	9
Effort to increase customers' loyalty	11	6	21	6	14
Effort to gain a competitive advantage	9	6	9	13	22
Effort to minimise losses by irresponsible product using	16	10	14	10	10
It belongs to our PR/marketing	15	9	15	9	10
Effort to attract and keep employees of high quality	32	11	8	1	7
External pressure—public, media, consumers	17	6	13	9	14
Effort to improve relationship with a public administration	25	9	15	3	6
Effort to improve an economic performance	19	10	10	7	13
Pressure of the foreign headquarters	35	3	5	3	8
Customer's requirement	7	2	5	14	36
Other grounds	13	2	7	1	1

Answers to the question 'How would you assess the effectiveness of the certification application with respect to time for the period for which you have been applying the certification' are presented in Table 2.

**Table 2. Effectiveness of the certification application in a company**

Options	Responses	Ratio
I assess it rather positively	29	45.3%
I assess it purely positively	12	18.8%
I assess it purely negatively	6	9.4%
I assess it rather negatively	13	20.3%
I cannot assess it due to a too short period of the certification application	4	6.3%

The results in Table 2 show that 64% of companies perceive an application of the certification system positively and 30% negatively as for economic effectiveness. It is worth to analyse in more detail what positive and negative impacts were marked by companies according to their economic performance monitored through profitability indicators.

#### 4. Conclusion

The precondition for the use of certification systems is that they bring efficiency to enterprises as well as a wide range of possibilities, which is not always easy to determine. As a result, certification is often considered to be unsubstantiated with respect to the potential benefits even though it serves as a market incentive. The research findings show that social responsible and environmental aspects play an important role in the business of Czech wood processing companies, even more than half don't think that present certification systems fulfil its purpose. The motives for the implementation of a certification and eco labels in researched companies are mostly ethical and market-oriented but not economic. The competition fight and customers' requirements are the most important reasons why to use certified wood.

The positive impact on economic performance is awaited by 30% of researched companies but other 30% don't take influence on economic results into account by the decision to implement wood certification. The further analysis will be focused on the impacts of certified wood utilisation on economic indicators of wood processing companies.

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