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## Implementation of the principles of sustainable development as an element of the organization's strategy - the Volkswagen case study

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### ABSTRACT

The following study addresses the subject of sustainable development in enterprises. The essence of the concept of sustainable development was explained, as well as the role of sustainable development in formulating the organization's strategy. The most important initiatives undertaken by the Volkswagen concern in the field of sustainable development were indicated. The actions undertaken in the economic, ecological and social areas have been mentioned.

**Keywords:** sustainable development, company strategy, implementation of sustainable development

### 1. INTRODUCTION

The rapid progress of civilization has contributed to the development, but also caused the depletion of natural resources and ecological imbalance which translates into the creation of many destructions, natural disasters and threats. A highly developed community faced a serious global crisis. It should be noticed that for a long time, the impact of man and nature has led to the accumulation of civilization problems, manifested in the fluctuation of social and biological balance and significant air pollution, which threatens the health and life of people. (Morriss, et al., 2011, p. 193) The reconciliation of civilization development with the

proper functioning of the natural environment is a complicated and complex process. An alternative to exerting a negative human influence on the natural environment is continuation of further civilizational progress based on the principles of sustainable development.

This concept presents many solutions leading to the increase of environmental protection and protection of three main development elements, such as (Kates, Parris, Leiserowitz, 2005, pp. 8-21):

- society,
- natural environment,
- economy.

Sustainable development assumes a re-evaluation of the current way of thinking and acting, and at the same time does not have a negative impact on the level of civilization development. The concept of sustainable development consists in a permanent improvement of the quality of life of contemporary and future generations, which at the same time connects with the improvement of the human environment. This idea also points to the need to exchange developmental goals from material to non-material. Introduction of the principles of sustainable development on a global scale is an opportunity for further development of civilization. The assumptions of sustainable development are currently recognized as determinants of development directions, both in the national, regional and local terms. (Kates, Parris, Leiserowitz, 2005, pp. 8-21)

Sustainable development can be considered from the perspective of various entities (Hall, et al., 2010, p. 440-441):

- countries
- regions.
- cities,
- enterprises,
- communities.

This concept assumes that the use of natural resources, the structure of investments, the orientation of technological progress and institutional structures as well as other changes will be carried out in such a way as not to translate the present needs into future needs. (Sikdar, 2003, p. 1928-1932).

The concept of sustainable development can be considered from many perspectives. Sustainable development can be understood as a new management philosophy. Issues related to environmental imbalances refer to a large extent to the activities of enterprises, which is why it should be the subject of interest in various types of organizations. (Hopwood, Mellor, O'Brien. 2005, p. 38-52).

## **2. STRATEGY OF SUSTAINABLE DEVELOPMENT IN A ENTERPRISE**

The strategy is a formalized way of achieving development goals. In enterprises, the strategy is developed by the management team. The enterprise strategy should (Liang, et al., 2007, 5962):

- include a list of areas of activity that will be conducted and developed, taking into account the external environment of the enterprise and current and potential competition of the enterprise,
- show alternative ways of investing human and financial resources,
- set the direction of the company's development.

The business strategy, is defined as the strategy of a given type of activity and determines the activities of the individual within the enterprise. It is created at medium management levels and presents how the missions and objectives of the organization will be implemented in relation to particular types of activity (Liang, et al., 2007, 80-87):

The strategy defines long-term goals that correspond to the directions of the company's operations and defines the resources necessary to achieve the adopted goals. The strategy should change over time to meet the changing conditions in the external environment (Kaplan, Norton, 2001, p. 73). The strategy means the way in which the organization intends to create value for shareholders, customers and the community (Jarzabkowski, Kaplan, 2015, 538-539). The strategy or concept of action (Bonn, 2005, 340-342) can be a strategy of sustainable development, which should be integrated with the company's main strategy. In macroeconomic terms, the condition of the natural environment obliges us to adopt a sustainable development strategy (Muradov, 2014, p. 117) and the need to use renewable energy sources and low-emission or zero-emission technologies (Wallace, 2017, p. 10-12).

In order to successfully implement the assumptions of sustainable development, the company should have an environmental strategy that will define the way of implementing the concept of sustainable development. This strategy will allow to combine and reconcile economic goals with care for the condition of the environment and the development of society. Finding a balance in the activities undertaken by the company contributes to long-term sustainable development. Sustainable development is a strategy that can be considered on a macro and micro scale. It can be implemented by (Hillary, 2004, p. 563-564):

- national governments,
- international organizations,
- economic entities,
- individual citizens.

The basic tool for creating a new social awareness, based on respect for resources, are strategies and strategic plans for development, built and implemented on the basis of cooperation between various sectors of social, economic and political life. The main premise for implementing strategic plans is to increase the quality of social life through a balanced development. Sustainable development is therefore a key strategic goal, the implementation of which should be conducive to balancing many spheres of life and increasing well-being.

Taking into account sustainable development as a strategic goal in various types of planning documents developed at the local, regional and national levels is an important implementation of this concept in operations. The implementation of sustainable development takes place through:

- diagnosing the state of sustainable development,
- defining development goals,
- updating the goals of sustainable development

- monitoring and correcting the objectives.

Sustainable development is reflected in many important documents and statements. In Poland, they include:

- Act of April 27, 2001, about environmental protection law,
- Act of March 27, 2003, about planning and spatial development,
- systems of values reflected in individual orders (social order, economic order, environmental order, spatial order),
- the results of measuring the state, progress or regress in pursuit of sustainable development, expressed through indicators created for the purpose of monitoring development.

Sustainability planning and management is main task of entities managing a given unit. Development planning should be characterized by full coherence necessary to obtain the highest possible effectiveness of undertaken development activities. The way of making decisions that solve specific development problems should also be specified. The practice of recent years shows that achieving this cohesion and integration is becoming more and more difficult to achieve, because the number of plans and tasks in individual organizations is increasing (Berke, Conroy, 2000, 21-23)

The management system of the implementation of the sustainable development strategy is a very important element of the development process. It determines whether, over time, the dynamics of the strategy execution process will increase or decrease. It also influences the implementation of the implementation of the sustainable development strategy and its implementation in particular areas of activity. This system consists mainly of strategy implementation instruments and monitoring subsystems used to observe the implementation of objectives and tasks of the strategy and changes in the conditions of its implementation (Tsai, Wen-Hsien, Wen-Chin, 2009, p. 1444-1458).

#### **4. SUSTAINABLE DEVELOPMENT IN VOLKSWAGEN COMPANY**

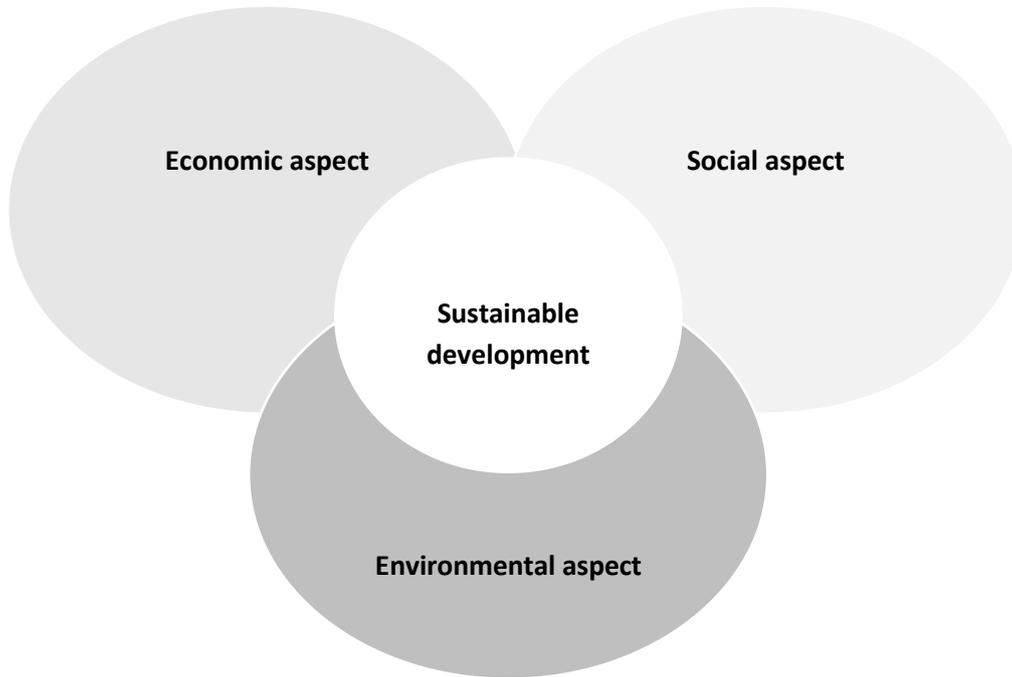
The company Volkswagen is a producer of cars and car components. In December 2014, the company's Management Board adopted the Sustainable Development Strategy, which specifies the key to the challenges and clearly defines the most important goals for the organization. The document was created after about a year of intensive work and numerous consultations with representatives of all areas covered by the strategy. The strategy together with the set of indicators is today the basis for company management (Volkswagen information materials on the Sustainable Development Strategy, 2018).

The Volkswagen sustainable development strategy was based on basic assumptions, such as:

- satisfying the current and future needs of the company's economic development thanks to the progress of the technology, limiting the harmful impact of the production process and the products produced on the state of the environment and natural resources,
- defining basic employee needs and counteracting discrimination,

- meeting the needs of the local community and stimulating its development.

The main goal of Volkswagen is to reduce the burden on the natural environment by 45% by 2025 and make a decisive contribution to reducing climate change and improving air quality in cities. The company extends the concept of environment and sustainable development in terms of the entire life cycle of the car and used for the production of raw materials and energy. (Volkswagen information materials concerning activities for the protection of the natural environment, 2018)



**Figure 1.** Dimensions of sustainable development

[Source: Own study based on M. Keiner 2004. Re-emphasizing sustainable development – the concept of ‘evolution ability, *Environment, Development and Sustainability*, p. 381].

**Table 1.** Activities for sustainable development in the Volkswagen Company

[Source: Own study based on Information materials of the Volkswagen company, 2018]

Volkswagen Company Poznań		
<b>Aspects</b>	<b>Declarations</b> (concerning declared and unconfirmed activities of company's involvement in implementing sustainable development or selected aspects of it)	<b>Activities</b> (refer to the actual involvement of the company in the implementation of sustainable development or selected aspects of it)

<p><b>Integrated activities</b></p>	<ul style="list-style-type: none"> <li>- Application of integrated management systems</li> <li>- Efficiency, effectiveness and the use of synergy in the production of products (maintaining environmental standards) profitable for the company, which are also high quality products for customers</li> <li>- Manufacturing reliable, durable and yet attractive products that meet customer expectations, as well as caring for the highest quality of cars and creating solutions that go beyond the narrowly understood production of cars, and above all, opening up to new solutions and innovations, and putting individual needs of customers</li> <li>- The use of the latest ecological efficient technologies, contributing to lowering the costs of manufacturing products and meeting social expectations by protecting the environment and producing satisfactory products for customers</li> <li>- Creation of a new business area related to transport services, thanks to a significant increase in efficiency and innovation, as well as through an entrepreneurial way of thinking and acting.</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation and operation of the Integrated Environmental Management System and Energy, according to international standards ISO 14001 and 50001 in production plants in Poznań and Swarzędz.</li> <li>- Obtaining the ISO 14001 and ISO 50001 certificate for the newly established plant in Września.</li> <li>- The management board of the group, with the approval of the Supervisory Board, adopted the "TOGETHER - strategy 2025" program. The strategy contains many important provisions for further development and specific initiatives, and its aim is to permanently secure the future of the group and profitable growth. The strategy assumes that Volkswagen is to be one of the world's leading manufacturers of means of transport in line with the principles of sustainable development</li> </ul>
<p><b>Economic area</b></p>	<ul style="list-style-type: none"> <li>- Responsible management oriented on development and growth</li> <li>- Declaration of cooperation with local suppliers and business partners</li> <li>- Manufacturing safe products and services of high quality             <ul style="list-style-type: none"> <li>- A creative plan of managing processes and challenges as well as flexible response to future expectations in order to meet customer needs and increase the level of product sales</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Creation of the Local Content Purchasing Department dealing with the search for suppliers of production materials from Poland. (58% of suppliers are domestic suppliers)</li> <li>- Organization by the Quality Assurance Department of the National Quality Conference for Suppliers, which presents good practices, topics related to management and risk elimination in the supply chain</li> <li>- Increasing expenditures on Research and Development in particular years (2014- PLN 2.2 million, 2015-8.2 million PLN, 2016-13,8 million PLN, 2017 - PLN 14 million)</li> <li>- Establishment of the technical development department</li> <li>- Implementation of the industry concept 4.0 (it</li> </ul>

		<p>is a collective term meaning the integration of intelligent machines, systems and introducing changes in production processes aimed at increasing production efficiency and introducing the possibility of flexible product changes, industry 4.0 applies not only to technology, but also new ways of working and the role of people in industry)</p> <p>- The company constantly increases the value of investment and employment. In 2018, jointly in Zakłady nr 1, 3 and 4 (production of VW Caddy and VW Transporter T6 and aluminum components for the automotive industry) and in at plant no. 2 in Września (production of VW Crafter), the employment level is over 11,000.</p>
<p><b>Social area</b></p>	<p>- Development of the "responsible employer" program</p> <p>- Social protection of employees, supporting their development, ensuring decent conditions at work and improving their quality of life,</p> <p>- Orientation on dialogue and partner cooperation with stakeholders</p> <p>- "Good Neighborhood" program</p> <p>- this is the goal and commitment of the company, regarding care for good relations with the neighbors of production plants, is permanently included in the business strategy. The company intends to be an active participant in the life of local communities and together with residents to take care of a better future and development conditions, wants to support projects that are important for Wielkopolska and are compatible with the company's philosophy</p> <p>- Support for activities in the technical education of the local community</p> <p>- The priority areas of support are also activities in the field of:</p> <ul style="list-style-type: none"> <li>• Traffic safety</li> <li>• Charity aid addressed to children and young people</li> </ul>	<p>- Currently 58% of suppliers of direct-production and intermediate-production materials they are domestic suppliers. The major part is the provider of services and materials needed to operate the factory. The share of Polish suppliers of production parts is also growing steadily.</p> <p>- Outpatient care: employees are offered 24-hour medical care in the outpatient clinics present in all facilities in the city of Poznań and Swarzędz.</p> <p>- VWP Rehabilitation and Sports Center (The object was created for employees who want to not only improve their figure, but above all improve their health and well-being)</p> <p>- Ergonomics of the workplace: Ergonomic consulting is a supplement to health and medical activities.</p> <p>- The Volkswagen Poznań Management Board adopted organizational guidelines applicable to all employees, concerning, among others, such issues as: avoiding conflicts of interests and corruption, accepting invitations and gifts, or the rules of corporate correspondence.</p> <p>- 100% of new employees undergo specialist training on how to work in a company, the company also has consistent rules of conduct for each employee, to increase knowledge and awareness of every newly hired employee passes compliance training while others employees take on-line courses, and the management staff of periodic meetings (in addition, each employee can direct their questions about compliance to the</p>

	<ul style="list-style-type: none"> <li>• Integration of local communities</li> <li>• Supporting modern communication solutions in cities</li> </ul>	<p>management).</p> <ul style="list-style-type: none"> <li>- One of the main principles at Volkswagen Poznań is equal treatment and respect for the dignity of everyone worker's. For this reason, since October 2013, each employee has been subject to the provisions of anti-mobbing and anti-discrimination policy. All employees, also temporary work agencies, confirm them knowledge of your own signature.</li> <li>- Preventive activities: Volkswagen Poznań actively supports its employees in caring for their own health by organizing various preventive and pro-health activities in the workplace.</li> <li>- Health strategy: The company focuses not only on carrying out codex research and providing outpatient assistance to employees, but for many years it consistently offers many additional research and activities to support the health of employees.</li> <li>- Checkup: This is a voluntary comprehensive health review offered to every employee once every 4 years. This study covers a wide range of diagnostic tests completed with medical advice</li> <li>- The Future Mom program: Thinking about pregnant women at VWP, the future Mama's program was created. It is addressed to all women who expect a child and still want to remain professionally active.</li> <li>- Development programs: the offer of training and development programs supports the development of professional and interpersonal skills (overseas).</li> <li>- Divisional and departmental workshops: VW uses various instruments to analyze the potential to determine the strengths and weaknesses of employees. This is the starting point for planning an individual development path</li> <li>- The company offers employees and their families a variety of leisure activities. Star for kids, Running for Caddy, football games - these are just examples of initiatives organized for employees and their families</li> <li>- Small Engineer's School: a program aimed at children and young people from the local community, knowledge conveyed in an interesting, modern and interesting way for students is the key to success. Instilling in</li> </ul>
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		<p>young people passion for robotics, creativity and commitment to solving problems</p> <ul style="list-style-type: none"> <li>- "1 + 1 = 3 Total is more"</li> </ul> <p>The program is a combination of employee volunteering and public collection organized by a given foundation or association on the premises made available by Volkswagen Poznań.</p> <ul style="list-style-type: none"> <li>- Traffic safety "Be visible - be safe on the road." Under this slogan, the company conducts a number of activities related to road safety among residents and the youngest road users.</li> <li>- Running Dialogue with the neighborhood Dialogues with neighbors are held in every establishment at least twice a year. As part of the meeting, they are discussed current topics, current situation, development plans. The aim of this process is to cultivate good contacts with neighboring VW planters Poznań</li> </ul>
<p><b>Ecological area</b></p>	<ul style="list-style-type: none"> <li>- Minimizing the environmental impact of operations</li> <li>- Educating employees and stakeholders in the field of environmental protection</li> <li>- care for communication with the environment in the area of responsibility for the natural environment</li> <li>- planning and implementation of investments taking into account the principles of sustainable development</li> <li>- activity in accordance with the principles of the Think Blue strategy according to which one should strive to reduce the five basic environmental indicators, ie the amount of energy and water consumed, the amount of carbon dioxide and volatile organic compounds emitted, the amount of waste generated</li> <li>- Plan to reduce the environmental burden by 25% for each manufactured car and each part produced</li> <li>- Caring for air cleanliness</li> </ul>	<ul style="list-style-type: none"> <li>- Reduction of emissions of carbon dioxide and volatile organic compounds to air by a quarter compared to 2010.</li> <li>- Reduction by ¼ of the amount of energy consumed, the amount of carbon dioxide and volatile organic compounds emitted, the amount of waste generated compared to 2010</li> <li>- Systematic studies of the impact of emissions on the natural environment. The paint shop chimneys in Poznań and Września are equipped with devices for continuous measurement and control of volatile organic compounds.</li> </ul> <p>Measurements and analyzes of results take place every 3 seconds. As a result, Volkswagen Poznań plants have full supervision over the volume of gases to the atmosphere</p> <ul style="list-style-type: none"> <li>- The use of closed water circulation, heat recovery and the Concept of Chemicals Management in factories</li> <li>- Implementation of the "Blue Grants" program under which schools and non-governmental organizations can obtain eco-financing</li> <li>- Closed water cycles, heat recovery or the Concept of Chemical Substances Management</li> <li>- In cooperation with the City and Commune Office, Swarzędz is conducting activities aimed at cleaning the Swarzędz Lake. The program includes the installation of an aerator and biomanipulation within the lake.</li> </ul>

		<p>- Volkswagen Poznań has implemented the Waste Management Concept, which regulates waste management, recovery and utilization in accordance with the principles of environmental policy.</p> <p>Volkswagen attaches great importance to the recovery of recyclable materials such as waste paper, plastics and non-ferrous metals. Segregation of production waste is carried out at the place of creation.</p>
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## 5. CONCLUSIONS

Sustainable development means managing resources and shaping the social, economic and environmental environment that will allow them to remain in a non-deteriorated condition. This requires activity and integrated activities at the international, national, regional and local levels. An important role in this process is played by a properly shaped approach to the impact of human activity on the environment, reflected in strategic documents. The goals set in the sustainable development strategy express the desire to minimize the negative human impact on the ecosystem.

According to the concept of sustainable development being a responsible entity does not mean only the company's compliance with formal and legal requirements, but above all, increased investments in human resources (Renwick, Redman, Maguire, 2013, pp. 1-14), in environmental protection, in relations with contractors and maintaining good relations with the environment.

Due to the profile of the company, Volkswagen should particularly aim to reduce the negative impact on the environment. The projects implemented by the company, thanks to the use of innovative technological solutions, allow to optimize the consumption of natural resources. In the enterprise, environmental management is an important element of the activity. The company places great emphasis on ensuring that all activities are carried out in accordance with the sustainable development strategy. Implementation of this strategy allows you to increase the level of customer satisfaction with the products offered, but also contribute to the development of a positive image of the company and proper relations with the local community.

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