

# CSR Impact on Polish Economy: A Public Administration Perspective



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## 1 Introduction

The issue of corporate social responsibility is still a new phenomenon in Poland. There is not much scientific literature in this field, and most of the papers are reportable. The aim of this chapter is to present the process of CSR development in Poland from the public administration's point of view. Information that can be found in different sources as studies, reports and the Internet referring to the governmental CSR advisory boards require organizing and prioritizing. However, at the beginning, it is important to indicate the scope of the conceptual term of CSR. In Poland the English term corporate social responsibility (CSR) is commonly used as social responsibility of business (społeczna odpowiedzialność biznesu). However, in official translations into Polish of European Commission documents, CSR is translated as social responsibility of enterprises (społeczna odpowiedzialność przedsiębiorstw) and this Polish term is also used by public administration. A definition which describes CSR as the responsibility of enterprises for their impacts on society was adopted by the European Commission in 2011.

In its strategy for CSR for 2011–2014 the Commission defines also the role of public administration in the area of CSR: Public authorities should play a supporting role through a smart mix of voluntary policy measures and, where necessary, complementary regulation, for example to promote transparency, create market incentives for responsible business conduct, and ensure corporate accountability. Description of the process of CSR development in Poland from the perspective of public administration is presented in this chapter in two parts. The first is devoted to

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discussing public administration activities through CSR advisory boards, while the second is an overview of the different instruments for implementing CSR in practice.

## 2 Development of CSR in Poland

The activity of Polish public administration in disseminating standards of social responsibility of enterprises should be dated from year 1998, when the OECD National Contact Point (NCP) was founded. It was a result of honouring commitments made within the Organization for Economic Co-operation and Development (OECD), which Poland joined in 1996 committing to implementing, among others, provisions of the Declaration on International Investment and Multinational Enterprises which contains Guidelines for Multinational Enterprises, the oldest international standard of responsible business behaviour. In Poland the end of the 1990s was a period of constructing a new system. It proceeded the period of real socialism and would be sometimes called political capitalism (Lewicka-Strzańska 2006). The accumulation of capital, which took place in the initial period of system transformation, resulted from transferring the assets of state-owned enterprises to new economical entities known as public-private enterprises. The directors' posts of such enterprises were usually filled by the owners of the private enterprises, and the personnel worked both in the public and the new private enterprises (Lewicka-Strzańska 2006). Simultaneously, the end of the 1990s was a period of intense foreign capital investments in Poland and of the development of western corporations. Through opening subsidiaries and initiating business activities in Central and Eastern Europe, these corporations brought along their organizational/corporate culture, including CSR. Corporate social responsibility became noticeable in behaviours which were a bit unusual for Polish enterprises, e.g. in considering environmental and social issues. Apart from enterprises implementing corporate social responsibility standards, new entities, which were increasingly engaging in CSR issues, appeared on the Polish market.

Authors researching CSR issues have various approaches to classifying stages of CSR development in Poland. An interesting one was presented by Janusz Garbara, who along with colleagues from Romania carried out a comparative analysis of CSR in Poland and Romania (Grabara et al. 2016). He has indicated five stages of CSR development in Poland:

The stage of silence (1997–2000), when still no one spoke of CSR in Poland and Polish enterprises showed an absolute lack of interest regarding CSR;

The awakening phase (2000–2002), when the concept of CSR was rather met with criticism and scepticism, both from the side of authorities and business;

The stage of interest (2002–2004), when first signs of the need to implement the ethical behaviour and CSR approach in Polish enterprises appeared;

The stage of proactive measures in matters of CSR and of implementing first projects with substantive positive results (2004–2006) and

The period which authors call the stage of advanced implementation of CSR in practice, (2006–2016) when managers of large and medium enterprises tried to adapt their activities to standards observed in western entrepreneurial practices.

I propose a different classification, from the perspective of public administration's involvement in the process of developing CSR in Poland:

**The Initial Stage (1998–2009)** This time frame is defined by establishing the OECD National Contact Point (NCP) for disseminating OECD Guidelines for Multinational Enterprises in 1998. Since 2001, the NCP has begun operating within the structure of the Polish Information and Foreign Investment Agency. In 2004, in the former Ministry of Labour and Social Policy, first steps were made towards creating an entity for CSR issues in public administration. Some activities in this area were also visible in other departments: the Ministry of Treasury, the Ministry of Economy and the Environment, the Institute of Labour and Social Studies and the Office of Competition and Consumer Protection.

**The Stage of Proactive Measures in the Area of CSR Undertaken by a Wide Range of Stakeholders (2009–2013)** This was the period when most projects funded by the European Social Fund under the 2007–2013 financial perspective (including those focused on implementing and promoting CSR) were carried out. In 2009, the first CSR advisory board was established. Also in 2009, the first index of responsible companies in Central-Eastern Europe, named Respect Index, was launched at the Warsaw Stock Exchange. The Polish version of the ISO 26000 norm referring to social responsibility in organizations was published in 2012.

**The Stage of Research and Development (2014–2015)** The new period of promoting standards of CSR by public administration was initiated by establishing the second CSR advisory board as a subsidiary body to the Minister of Economy. The period included many meetings, exchange of experiences and project planning. Due to European Union's regulation as regards disclosure of non-financial and diversity information (directive 2014/95/UE) coming into force at the end of 2014, work on transposing the directive into national law begun.

**The Stage of Mature Decisions and Activities (2016–Up Till Now–2017)** In 2016 the advisory board for sustainable development and social responsibility of enterprises, a subsidiary body to the Minister of Economic Development and Finance was established. Public administration is increasingly active in promoting responsible business conduct (RBC), a concept of running businesses in a responsible manner, implemented by OECD. In June 2016, the OECD National Contact Point has been moved from the Polish Information and Foreign Investment Agency to the Ministry of Economic Development. Also in July 2016, a Polish translation of GRI G4 Sustainability Reporting Guidelines was published, then, in October 2016, a Polish translation of the OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the extractive sector was issued. In May 2017, the preparation of the Polish National Action Plan for the Implementation of the United Nations Guiding Principles on Business and Human Rights 2017–2020 (NAP on BHR) concluded as the NAP on BHR was accepted by the Council of Ministers.

As we see in the above differentiation a significant impact on the development of Polish CSR had the governmental activity through its CSR advisory boards. The first CSR advisory board (2009–2013) was a result of the meetings of the informal inter-ministerial Group on CSR, taking place in the Ministry of Labour and Social Policy since 2004. It was the first platform for exchanging experiences in the area of CSR among representatives of public administration, social organizations and businesses. The aim of this Board, being a subsidiary body to the Prime Minister, was primarily to coordinate activities and disseminate good practices in the area of CSR, and facilitate dialogue between the administration, businesses, social partners and NGO's.

Over the period of 2009–2013, 14 Board meetings took place and between the board meetings four working groups were active:

1. the working group for the system of promoting CSR in Poland,
2. the working group for responsible investments,
3. the working group for sustainable consumption and
4. the working group on CSR and education.

The main effects of the board's work include organizing conferences, seminars and trainings promoting CSR in the period of 2010–2013 and common projects and publications carried out by partners engaged in the board's activities, e.g. ESG reporting analysis in state-owned and partly state-owned companies, and guidelines for investors in the area of broader consideration of non-financial factors in investment strategies.

Through dialogue and cooperation, representatives of various communities, working together in the working group for the system of promoting CSR in Poland, in 2013 created recommendations for determining directions of supporting CSR under the 2014–2020 New Financial Perspective, stating, among others: We believe that social responsibility of enterprises builds up the competitive advantage of Polish enterprises and strengthens their market position. It also enables the implementation of innovative solutions and mechanisms which ensure that human rights are being respected and high standards of work and life quality maintained, which is substantially dependent on the professional stage of life. We are calling for means to implement the concept of social responsibility in small, medium and large enterprises. Despite expectations of experts from the working group the new EU fund financial perspective for 2014–2020 did not indicate CSR in operational programmes, such as the Operational Programme Knowledge Education Development (POWER), the Operational Programme Smart Growth, the Operational Programme Infrastructure and the Environment, the Operational Programme Digital Poland, Rural Development Programme and the Regional Operational Programmes of particular voivodships. However, this does not mean that there is no possibility to implement projects concerning CSR. The components of CSR education or implementation of CSR rules should be included in general projects descriptions, mainly at the projects with the aim to support entrepreneurship.

The proceedings of the first CSR advisory board influenced the inclusion of matters connected with CSR in the National Reform Program, which was the main

tool used in implementing the EU “Europe 2020” Strategy at that time. The National Reform Program included an entry stating that principles of social responsibility contribute to a sustainable economic growth conducive to social inclusion. As a result of Board members’ activities, the norm ISO 26000 was adjusted for implementation into the system of Polish norms and translated into Polish in 2012. The norm includes guidelines for organizations which define tools for implementing the concept of CSR and is applicable in all kinds of organizations, public, private and non-profit, regardless of their size and location.

The first CSR advisory board operated in 2009–2013 and was dissolved in November 2013. To continue the promotion of CSR, in 2014 the second CSR Board, bearing the same name: the advisory board for Social Responsibility of Enterprises, was established as the subsidiary body to the Minister of Economy. The thematic scope of the working groups has changed slightly:

1. the working group for implementing CSR principles,
2. the working group for sustainable consumption and production,
3. the working group for monitoring CSR trends and
4. and the working group for education and promotion of CSR.

Still this governmental initiative provided a space for multi-stakeholder forum, where the representatives of public administration, employers organizations, trade unions, social organizations, academia and representatives of business and trade organizations could exchange their experience in the field of CSR. Among the results of this Board’s activities are many various meetings, trainings and conferences as well as common initiatives and projects. An important effect of the Board members’ activities was also establishing a partnership for translating the GRI G4 Sustainability Reporting Standards into Polish. These standards, created by an international organization Global Reporting Initiative, is the most popular sustainability reporting standard. In connection with the 2014/95/UE directive entering into force in 2014, as regards disclosure of non-financial information, the working group for monitoring CSR trends created recommendations for the Minister of Finance, which were included in the preparatory process of the draft law on changing accountancy law implementing the aforementioned directive into Polish law. Moreover, the CSR advisory board began working on the National Action Plan on CSR in 2015, which is a requirement for all EU member states. In 2015, Polish public administration also began working on the National Action Plan on Business and Human Rights (NAP on BHR).

In 2016, the third CSR advisory board was established: the advisory board for Sustainable Development and Social Responsibility of Enterprises as the auxiliary body to the Minister of Economic Development and Finance. The main Board’s task is to maintain a social dialogue, exchanging experiences between public administration, businesses, social partners, NGO’s and non-governmental academic and research institutions working in the area of sustainable development and CSR. An important aspect of this CSR Boards work is also to take into account CSR issues in the perspective of possible actions in support of the Strategy for Responsible Development, the main strategic document indicating the directions for Poland’s

development up to 2020. Similarly to the activities undertaken by the first two boards, the advisory board for Sustainable Development and Corporate Social Responsibility, between its proceedings, operates through working groups: (1) the working group for CSR strategy, (2) the working group for business ethics and responsible business conduct standards and (3) the working group for education and popularization of CSR. The working group for CSR strategy continues to work on the National Action Plan on CSR. The aim of the working group for business ethics is to prepare a report on the current state of business ethics in Poland as well as a guidebook on ethical standards for entrepreneurs. The topics of education and popularization of CSR were met with most public interest and more than 100 representatives of businesses, academia, social organizations, trade organizations and local authorities actively take part in the proceedings. This group deals with a few important topics from the point of view of education and CSR popularization, including stating objectives for a CSR social campaign; preparing educational tools for teachers in the area of CSR; determining how to address CSR issues in small and medium enterprises; compiling educational initiatives in the area of CSR from 2015–2017 and implementing CSR on the local administrative level. Members of working groups include representatives of various communities, among others—business, trade organizations, employer organizations, trade unions, social organizations, representatives of local authorities and the academic community.

The mentioned activities of CSR advisory boards are an example of the engagement of public administration in disseminating knowledge about CSR. The operation of the two first boards was handled by the former Ministry of Economy. The activity of the advisory board for sustainable development and social responsibility of Enterprises is organized by the Ministry of Economic Development. The activities undertaken by these administrative bodies manifest the role of public administration defined by the European Commission as creating favourable conditions for shaping norms and forms of cooperation between partners in the public arena which would facilitate voluntary commitment to sustainable development and CSR. The activities of each board and its working groups required, and still do, substantial engagement both from the administrative and social partners. The active participation of representatives of various organizations, institutions and enterprises therefore indicates the importance of the topics dealt with, which are worthy of devoting time and resources to. It can be considered interesting that each of the Boards had slightly different working groups. Clearly visible that each of the Board has been tackling the problem of education in CSR. It is still a very important issue in the field of CSR. On the other hand, topics such as responsible investment or sustainable consumption and production, which are also important areas of CSR after preparing some publication by the working group or after the series of meetings, the topics have been exhausted in some sense. As a new direction in the CSR board's work in 2017, we can see ethical aspects of responsible business conduct.

Despite the engagement of Boards and working groups members, they have also met with some criticism. Although the critical opinions, it seems that the continuous engagement and interest of various communities in the proceedings of the advisory

board for sustainable development and social responsibility of enterprises indicates a responsible approach of many Polish entrepreneurs and their social partners to implementing the concept of CSR in practice. The public administration's openness and initiative have a significant impact on shaping the public's awareness of the responsible approach to conducting business. That is also the uniqueness of the Polish public administration approach to implement CSR by actively involving multi-stakeholder representatives into joint initiatives.

### **3 Instruments Supporting CSR Development in Poland**

An important instrument in supporting CSR development in Poland were EU funds of the 2007–2013 financial perspective. These were mainly resources coming from the European Social Fund (such as the Human Capital Operational Programme) and the required domestic resources, which served to finance the support for broadly-defined entrepreneurship. The impact of EU funds on Polish economy, including their influence on the shape of main macroeconomic indicators, undergoes recurring assessments carried out by the Ministry of Economic Development (former Ministry of Infrastructure and Development and Ministry of Regional Development) based on chosen indicators of goal completion defined in main strategic documents: the 2004–2006 National Development Plan, 2007–2013 National Cohesion Strategy, 2014–2020 Partnership Agreement. The impact of EU's cohesion policy on the socio-economic development in Poland was assessed in 2014 as unambiguously positive (2014 National Strategic Reference Framework Implementation Report). European funds significantly influenced economic growth, investments and the Polish labour market, as well as the internal and external economic balances. Thanks to EU funds, the GDP increase accelerated and as a result Poland experienced the consequences of the global financial crisis to a lesser extent. Taking advantage of EU resources caused a noticeable increase in employment and a drop in unemployment. The data concerning results of projects carried out in the area of CSR can be found in evaluation reports of EU projects, mainly addressed to entrepreneurs and those supporting entrepreneurial development. Despite the widely-shared opinion that many projects devoted to CSR have been carried out within the 2007–2013 financial perspective, an evaluation of the EU fund impact only in the context of CSR has not been carried out. Below, as an example, I have chosen a few projects realized under the 2007–2013 Human Capital Operational Programme:

1. Regional Support Programme for CSR for small and medium-sized enterprises and NGO's, including: educational activities of the CSR Manager Academy, the Small Grant Programme for enterprises wanting to carry out projects created by business representatives with NGO's and activities of the Lower-Silesian Federation of Socially Responsible Enterprises which brings together enterprises engaged in CSR in Lower Silesia.

2. Warmia-Mazurian Forum for CSR, primarily aimed at raising awareness of management in the micro, small and medium enterprise sector about the impact CSR has on boosting competitiveness and ensuring a stable development of any organization, as well as intensifying cross-sectoral cooperation between representatives of local administration, NGO's, business environment institutions and enterprises for the purpose of disseminating the concept of CSR.
3. Promotion of CSR Standards and Promotion of greater entrepreneurial involvement in building social capital in Poland with the use of CSR tools, two projects carried out by the Polish Confederation of Private Employers „Lewiatan”. The projects were complementary to each other, and so the first one structured and organized knowledge about CSR, including goal setting in the process of creating CSR business strategies and a methodical guidebook has been created titled The CSR development model. The second project resulted in creating an IT tool used for mapping stakeholders.
4. The project Together for the development of craftsmanship was an interesting way of using EU funds for determining needs and expectations connected with the concept of CSR, carried out by the Wielkopolska Chamber of Crafts in Poznań in 2012–2013. The research carried out among craftsmen attempted to answer the question, if CSR in craftsmanship is possible. Polish craftsmanship, understood as small and medium enterprises, was definitely one of areas needing support in acquiring knowledge about corporate social responsibility and about benefits resulting from implementing this concept of conducting business in practice. This example of a project addressed to craftsmen clearly shows that CSR should not only be associated with large corporations. It is the small and medium enterprises that have a significant potential, which may be used for the common good.

The most comprehensive assessment of the state of implementing CSR standards in Poland was carried out in 2011 within the research conducted under the Operational Programme Innovative Economy, financed by the European Regional Development Fund, ordered by the Polish Agency for Enterprise Development. The most quoted result of this research was the statement that the term CSR is known only to 31% of business representatives operating in Poland—information encountered in many studies devoted to corporate social responsibility in Poland. This research is interesting because it encompassed both micro, small, medium enterprises and big ones, divided into two subgroups: nation-wide and those co-financed under the Operational Programme Innovative Economy. The mentioned level of CSR awareness referred to the nation-wide research sample, as in the group of entrepreneurs realizing activities under the Operational Programme Innovative Economy knowledge about CSR was much higher—in this group 63% of enterprises confirmed having encountered the term. Business representatives from the nation-wide sample who declared knowing the term “corporate social responsibility” identified it primarily with such aspects as maintaining good relations with employees, caring for the natural environment, integrity in dealing with business partners, caring for the employee welfare and activities benefiting local communities. Among the



beneficiaries of the Operational Programme Innovative Economy, the term was understood differently: it was associated more with activities for local communities, then with caring for the natural environment and employees. It also turned out that CSR is known mainly to representatives of large (70% of indications) and medium enterprises (50% of indications), and to a smaller extent to representatives of small and micro enterprises (36 and 26% of indications). Among business representatives who declared knowing the term corporate social responsibility from the nation-wide sample, only one in five knew any recommendations or standards in the area of implementation.

At this point of consideration it should be also add that one of the results of the activities of the first CSR advisory board (2009–2013) was the preparation of objectives and implementing two systemic projects realized by The Polish Agency for Enterprise Development (PARP): (1) Corporate social responsibility and (2) Enhancement of regional competitiveness through Corporate Social Responsibility measures. The first project was co-financed by the Operational Programme Innovative Economy (carried out in 2010–2015). 257 enterprises (26 micro, 180 small and 51 medium) have received help and support in preparing and implementing responsible business strategies. A research on a sample of managers from micro, small and medium enterprises (SMEs) was also carried out in this project. Interviews were conducted with a group of 1000 representatives of SMEs, mainly decision-making managers. Main questions referred to the familiarity with the term “corporate social responsibility”. The answers demonstrated that two thirds of respondents didn’t know the term CSR. The second PARP project, Enhancement of regional competitiveness through Corporate Social Responsibility measures, was carried out under the Swiss-Polish Cooperation Programme. The aim of the project was to raise awareness and knowledge about CSR among representatives of small and medium enterprises, Marshall Offices and Regional Investor and Trade Centres. Three grant competitions for pilot projects in the SME sector were announced and later an evaluation carried out which stated that this project, not only raised awareness and knowledge and helped beneficiaries understand what CSR is, but also helped define, organize and formalize the management of this area, both through determining strategic goals and appointing people in enterprises responsible for CSR. The fact that 90% of firms continue activities initiated in the programme or carry out further projects in the CSR area also confirms the efficacy and usefulness of this project (PARP 2015). The above examples of projects carried out by the Polish Agency for Enterprise Development indicate that devoting resources to supporting entrepreneurs in raising knowledge about responsible business conduct bears fruit.

At the end of this chapter I would like also to draw attention to an interesting example of an effective cooperation between government administration and business in the area of CSR. The project Vision 2050: The New Agenda for Business in Poland was carried out by the Ministry of Economy, Responsible Business Forum, and Deloitte in 2011–2015. In June 2012, during the Earth Summit in Rio de Janeiro, Poland presented the report Vision 2050: The New Agenda for Business in Poland, which described challenges facing Polish businesses in the near future. The challenges were presented in six areas: (1) social capital, (2) human capital,

(3) infrastructure, (4) natural resources, (5) energy and (6) state and institutions' quality. The main programming document defining ten crucial challenges, in which businesses should engage to support socio-economic change were signed by 99 Polish companies. Vision 2050 defines the role that business should play in the coming decades. Some of the enterprises which took part in preparing Vision 2050 signed also a partnership declaration for implementing the 2030 Agenda in Poland, initiated by the Ministry of Economic Development in June 2017.

## 4 Conclusions

From a number of studies, projects and activities of various institutions, organizations and companies that have been carried out in Poland since 2009, we may infer that the concept of CSR is developing. The direction of this development and its effectiveness may be disputed from the point of view of validity, efficacy, importance etc.—however, it's impossible to say that this topic was absent in Poland. In the same time, it is difficult to infer, based on the available data, what influence it has on Polish economy. It seems that it would be useful to carry out in-depth research in the near future, which would not only verify the level of CSR concept awareness, but also its impact on the economy. Such research should focus not only on the question of the level of CSR knowledge among entrepreneurs, but on the attempt to assess the impact of particular aspects. At present, a very important source of information may be the non-financial disclosure by big companies. After the entry into force of the provisions of the EU directive in this filed in Poland about 300 companies will be obliged to disclose information in five key areas: social, environmental, human rights and anti-corruption aspects of their activity. However to implement this reporting obligation requires from companies some efforts and sometimes to implement new strategies and policies. Again, role of the public administration in this area is not only in the regulatory field but also to inform and educate, disseminate standards and monitor the implementation of the responsible business conduct.

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