

The CSR Navigator

Public Policies in Africa, the Americas,
Asia and Europe



Poland¹

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Public Policy Rationales

- Build upon traditional values to mediate between philanthropic traditions and the modern economy
- Respond to external pressure by international actors (EU)





Public Policy Actors

- Ministry of Labor and Social Policy
- Intergovernmental CSR working group

Public Policy Activities

- Mandating: Legislation concerning public-private partnerships, NGOs and corporate governance
- Partnering: First steps towards formalized cooperation between societal actors

CSR-Relevant Context Factors

-  Increasing level of economic integration through EU membership, low level of trust in business actors
-  Stable democracy, problems of enforcement and corruption
-  Strong role of traditional actors, e.g. church and unions
-  Low level of cooperation between government and other actors



■ Executive Summary

Profiling CSR

Poland is a transforming economy and young democratic republic, which has been increasingly integrating into the global political and economic system since 1989. In spite of a national history marked by foreign dominance, Poland has preserved a strong national identity that has been greatly influenced by the Roman Catholic church and the country's trade unions. Having joined NATO in 1999 and the EU in 2004, Poland has been increasingly integrated into the Western system of states and can now be counted as a close ally of the US. International and supranational institutions like the World Bank, the UN or the Council of Europe are influential in Poland. Although the economy has been growing steadily reaching 5% growth last year, unemployment is one of the main problems in Poland. The democratic political system is widely accepted and is marked by the stable rule of law, a multiparty system, a free press and acceptance of international standards in all relevant policy areas. In spite of this successful transition, parts of society are

disappointed with the results of democratization and economic reform.

CSR has just entered the political stage in the form of an *interministerial working group*, as public authorities are beginning to conceptualize CSR as a strategic economic and societal concept that goes beyond a personal, moral or religious approach. Apart from international actors like the World Bank and the EU, the *Ministry of Labor* deals with the issue on an informal basis. Up to now, no explicit CSR policy has been formulated, but due to the influence of EU membership and the politics of reform, legislation in the fields of labor law, corporate governance and NGOs can be regarded as preparatory to a more outspoken CSR policy. The tendency to legislate rather than to promote or partner derives from the traditionally strong role of the state in Poland and the lack of a cooperative civil society environment.

Currently, the rationales behind CSR activities in Poland are a mixture of traditional philanthropic motives and the strong impact of the EU and World Bank.

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Navigating CSR

At the moment, some CSR activities are evident in Poland, but the subject is not yet being treated officially in terms of policy and responsibility within the government. Some instruments closely related to CSR are in place, mostly connected to Corporate Governance, Public Private Partnerships and welfare. The government pursues a number of mandatory measures, including those designed to support partnerships and cooperation. Communication on CSR by the public sector is weak as is the integration of stakeholders into the nascent debate. If the work of the newly formed *CSR working group* bears fruit, Poland might head towards a second generation of CSR policymaking.

The use of CSR as a means to promote social dialogue and to build trust is a challenge and an opportunity at the same time. Skeptical attitudes among the Polish people towards the business community, an insecure work environment, political apathy and NGOs limited to traditional philanthropic welfare activities are among the issues that could be addressed by CSR. If public authorities find a way to raise the awareness of CSR's societal potential among the Roman Catholic church and the unions, the work of international bodies like the EU could be enhanced significantly. As a large and increasingly industrialized EU member, Poland clearly

needs to address the global economic level and promote dialogue and civil society organizations, while building upon its dominant, traditional set of values. By raising awareness of CSR among businesses, the general image of the business world could be improved. The integration of stakeholders into the currently purely governmental *CSR working group* would also help to lay a broader basis for CSR in Poland. At the same time, it would improve the relationship between the government, NGOs and the business sector.



CSR Public Policy Maturity Level

First to second generation:

- Some application of CSR-related instruments
- No strategy or explicit instruments in place yet, but under development
- No communication or evaluation
- Very few attempts to raise stakeholder awareness

CSR Recommendations

- Political ownership and strategy on CSR should be clarified/developed
- Promotion and implementation of international standards
- Integration of traditional actors
- Broad stakeholder integration by government and partnering projects on voluntary basis



■ CSR-Relevant Context

Political, Social and Economic System

The national history of the Republic of Poland has been one of ruptures. Centuries of Russian, Prussian, German and Austrian dominance were interrupted by only two periods of national self-determination, which lasted from 1807 to 1913 and 1918 to 1939. After the Second World War, Poland became part of the so-called Eastern Bloc.

The country was one of the first states under Soviet influence to begin the process of transition towards democracy and a market economy. Once it became a Soviet satellite state in 1945 and a member of the Warsaw Pact in 1955, societal unrest ensued, continuing throughout the 1980s. The formation of the Solidarnosc (Solidarity) trade union movement in 1980 and its ban from official politics in 1981 provided the foundation for an anti-communist movement. US influence and, later on, EU support were also factors leading to roundtable negotiations in 1989, which were followed by elections and the formation of the third Polish republic (Spiewak 2004: 7ff).

Having joined NATO in 1999 and the EU in 2004, Poland has been increasingly integrated into the Western system of states and can now be counted as a close ally of the US. International and supranational institutions like the World Bank, the UN or the Council of Europe are influential in Poland. The democratic political system is widely accepted and is marked by a stable rule of law, a multiparty system, a free press and acceptance of international standards in all relevant policy areas. In spite of this successful transition, parts of society are disappointed with the results of democratization and economic reform. This criticism is manifested by a falling electoral turnout, with only around 40 percent of the eligible population voting in the 2005 parliamentary elections. Although the EU has had great political and economic impact, most Poles cannot be considered active European citizens. At just over 20 percent, Poland had the lowest participation rate during the 2004 EU elections.

Despite the ruptures in its national history, the Polish parliament – the Sejm, one of the two elected chambers that form the national government – is one of the world's oldest parliaments and also existed in at least

symbolic form during the Soviet era. The other chamber, the Senate, has consulting and veto power in terms of legislation. Another long-lasting political element is the Polish constitution, which dates back the 14th century.

Poland is currently governed by a conservative majority. The twin brothers Lech and Jaroslaw Kaczyński serve as president and prime minister, respectively, both being members of the PIS (Law and Justice) party. The current government has been greeted with some skepticism internationally because of the nationalist undertones of many of the speeches given and publications released by PIS members during and after the electoral campaigns.

Next to the importance of a history characterized by foreign dominance, religion provides the moral underpinning for Polish society and is a defining factor for social and economic behavior. In surveys, usually only around 10 percent of Poles say they are not religious; in rural areas this figure is even lower. The importance of religion grew after 1990, given the long prior ban under the communist regime. Currently this aspect is being challenged by the transition process that is linking Poland to the global economy. There is criticism of the erosion of moral standards, and corruption is a problem to a certain degree. Polish society, however, is relatively equal, with a Gini coefficient of 34.1 and a Gender Equity rank of 72.

Since the market reforms began, the Polish economy has been growing continuously and, after a short period of stagnation, reached an annual growth rate of more than 5 percent in 2006. Poland's main trading partners are western EU member states and, as a new member of the EU, the country receives financial support from Brussels. Unemployment has been a severe problem in the past but the number of jobless is slowly dropping. According to official statistics, currently 15 percent of Polish workers are without jobs. Around 15 percent of the population still earns its living through farming, but agriculture as a share of GDP is declining continuously. A notable economic challenge will be stopping "brain drain" – especially among trained medical and scientific staff – which has resulted from much higher wages in other parts of the EU.

The rapid market reforms of the 1990s posed an economic as well as a political challenge for Polish society. As in all former Eastern Bloc states, before 1990 the

Facts and Figures		Source
GDP current US\$	303.2 (2006)	WB
GDP annual growth rate	5.3 (2006)	CIA CIA
Import of goods and services	101.5375 (2005)	OECD
Export of goods and services	89.3739 (2005)	OECD
Corruption Perception Index	3,7 (2006)	TI
Gini Index	34.1 (in 2002)	CIA
Gender Equity Index	72 (2006)	Social Watch
Public Health Expenditure of GDP	4.5%	UNDP
Public Education Expenditure	5,8 (2004)	UNDP
Members of population in Roman Catholic church	89.8% (75% practicing)(2006)	CIA

economy was state-owned and state-run. Since 1990, a total of 5,738 state-owned enterprises have been privatized. Privately owned businesses now account for more than 85 percent of industrial output.

Relationship Between Economy, Society and Government

Poland's path to democracy has been labeled "pacted" or "a negotiated transition" (Przeworski 1991:78), because it was based on roundtable talks that took place in early 1989 between various actors, mainly member of the political opposition, representatives of the Roman Catholic church and communist officials. These peaceful talks culminated in the "contractual" elections of 1989. (Cwiek-Karpowicz/Kaczynski 2006)

Since the former opposition was concentrated in Solidarnosc and the church - which had been oppressed during the communist era but was very active in shaping democratic Poland - ties today between the government, civil society, church and opposition are close at the highest levels. Political leaders like former President Lech Walesa used to be prominent figures in opposition. But these relationships and ties are those of elites. Polish civil society in general was not very active during the phase of transition after 1990, in contrast to 1980/81 when Solidarnosc was able to mobilize many citizens. After Solidarnosc was banned, the opposition partly emigrated and became scattered. Until now,

Polish society has only been home to nationally active NGOs to a limited extent compared to western Europe, although it must be said that the NGOs' impact, capacity and image are within the scope of that in other transforming countries. The political apathy and corruption noted above seem to derive from this lack of civil society impact and a generally low level of cooperation between actors at the subaltern level. Poland's elitist tendency leads to exchange among organizations only at the top level and hinders working-level agreements and cooperation (USAID 2006).

Economic progress in terms of privatization in Poland has been considerable, but "doing business" still has a pejorative connotation. The country's anticapitalist traditions and the negative side-effects of transformation, such as the transfer of financial assets to managers of state-owned companies in the 1990s, have, for many Poles, given capitalism a bad name (Lewicka-Strzalecka 2006). Generally, Polish society still expects the state to take sole responsibility for societal progress and has moral doubts concerning the private sector. Interaction between the corporate world and NGOs is scarce, and interaction between government and the business world is limited to official and elite exchanges at a fairly high level (Schoenman 2005: 40-75).

Development of CSR Public Policy

The rather weak nongovernmental sector in Poland and the sudden rush towards a market economy has created a situation where the call for government action in CSR-related areas such as labor policy, fighting corruption or consumer protection has become loud. The government, however, has been slow to react. Rather, the initiators of the Polish debate have been international organizations; the World Bank, for example, played an important role by publishing a report on CSR-related opportunities in Poland and organizing the first stakeholder forum in 2002. Memberships in organizations like the ILO and, above all, the EU have also given significant support to the subject.

The need to respond to pressure from Brussels and participation in the EU's High Level Group on CSR led to the formation of a *CSR working group* in 2007, situated at a cross-cutting level between different ministries. This first step towards the development of a CSR policy has been backed by a growing interest on the part of the media, especially the business press, and academic circles. In addition, large MNCs active in Poland and a few internationally active Polish companies have ventured into this terrain.

CSR Policy Rationale

CSR has become a subject in Poland as the country has become increasingly embedded in the global political and economic system. As a member of the EU and an increasingly industrialized country, Poland must meet the expectations and requirements of its international partners when it comes to production and consumption. Responding to this pressure from outside has led to initial CSR policy considerations and can be seen as a chance for Poland to stay in touch with international debates and current developments. Next to this external rationale, a strong domestic one also exists. CSR in Poland is indirectly influenced by the strong moral role of the church and the country's philanthropic traditions, on the one side, and its extensive experience of a totalitarian system and its subsequent transformation, leading to a general distrust of private business, on the other. The role that CSR policy can play in this environment is that of a mediator between cultural and societal traditions and the challenges stemming from an increas-

ingly globally integrated economy. On the societal level, the main task ahead for Poland's leaders will be to merge these two aspects and detach CSR from a purely ethical understanding, while harnessing the power of the country's religious morality. In order to do so, they must enhance the willingness among society's actors to cooperate and work in cross-sectoral partnerships as a way of creating synergies and building trust.

■ CSR Situation

CSR Public Policy: Understanding, Strategy

The Country's 2006 Development Strategy, NDP Consultative Process

The Polish government has not yet formulated an explicit strategy on CSR, as the subject is new on the policy agenda. Even though the Lisbon Agenda explicitly addresses CSR, Poland's most recent implementation document omitted the subject. Driven by external pressure, only recently have political representatives begun addressing the issue (World Bank 2006), since it is one that also affects the political sphere. In this sense, no explicit goals have been attached to the subject as yet and there is no common understanding of what CSR actually is.

Since the implementation of market reforms, the government's view has been that any corporate action that goes beyond generating profit is a voluntary and purely philanthropic exercise. The driving force has generally been seen as the moral and mostly religious convictions of private individuals. As such, state interference in this sphere has been deemed unnecessary. As Poland's leaders become aware of CSR, it must evolve from a general ethical concern to a standard aspect of economic and political development.

Since its preparation for EU membership, Poland has introduced numerous standards in the fields of environmental, labor, trade and industrial policy, and many government sectors have evolved in order to meet EU norms. In addition, topics such as sustainable development, social inclusion and the Lisbon Agenda have been included in the country's various legal policies in the past three years.

CSR Public Policy: State Actors

The most recent step towards establishing political responsibility for CSR has been taken by the *Ministry of Labor*, which has created a *CSR working group* at the interministerial level. The group consists of around 20 participants from, among others, the *Ministry of Labor*, *Ministry of Economics*, *Ministry of the Environment*, *Ministry of Finance*, *Office of Competition and Consumer Protection*, and *Office of the Committee for European Integration*. The idea behind the working group is to develop a CSR policy for Poland and to present it to the EU by the end of the year.

Several members of the working group have been assigned responsibilities that cover certain aspects of CSR, such as Poland's representation at the EU level on the subject of CSR. The unofficial leading role of the Ministry of Labor is no surprise, since all labor issues have currently been given priority in Poland. This is due to the high unemployment rate and the difficulties in meeting EU labor standards. Activities in this field can be interpreted as a kind of pre-CSR policy. The *Ministry of Labor and Social Policy* has created a *Department of Social Dialogue and Partnership*², which generally

addresses labor law but also tries to go further. The department also deals with social dialogue, largely in the form of a tri-partite commission, a rather new aspect for a formerly authoritarian state. Building civil society in Poland is not an easy task, as the department states rather frankly on its website. A basis for societal trust and a tradition of democratic rights are lacking, and negotiations between actors are more often marked by power politics than by a cooperative approach. Certain activities like the creation of *Partnerstwo Społeczne (Societal Partners)*³ have been launched by the ministry to build the foundation for more cooperation between sectors and – perhaps paradoxically – to respond to Poland's traditional state-centered attitudes. Along with the Law on Public Benefit described below, a *Council on Public Benefit Activity* was created to monitor the law's implementation. The council brings together selected representatives from NGOs, members of state ministries and representatives from local authorities. However, the corporate sector is not mentioned and the council has been criticized as being counterproductive for civil society, e.g. for its role as a consulting body to the government as it drafted the new Social Welfare Law (Golinski 2003; Kulik-Bielinska 2004).

Selected CSR State Actors		
Name	Description	Main Responsibilities/Activities
CSR working group	Interministerial working group founded in April 2007 to discuss and develop governmental strategy on CSR	To coordinate work of different departments in the Polish government in the area of CSR
Ministry of Labor and Social Policy	Location of Department of Social Dialogue and Partnership	Coordination of social dialogue in Poland: public sector – business sector – trade unions on national and county level, CSR representatives (CSR High Level Group) at European Commission http://www.mpips.gov.pl
Tri-partite commission	Representatives from administration, business organizations and unions. Revitalized in 2001 by the Act on Tripartite Commission for Social and Economic Affairs and on Voivodship Social Dialogue Commissions	Consultative body, analyzes and recommends action in the fields of labor and welfare law, the use of EU funds and entrepreneurship development. http://www.mps.gov.pl/index.php?gid=729
Council of Public Benefit Activity	Members of NGOs and public administration to accompany the Law on Public Benefit Activity	Monitoring and consulting especially with regard to mandatory cooperation between local administration and NGOs

² <http://www.mpips.gov.pl/index.php?gid=891>

³ <http://www.dialogspoleczny.pl/>

CSR Public Policy: Nonstate Actors

The impetus for most CSR activities in Poland still comes from abroad. Just as the political sphere is influenced by the EU and the World Bank, the main nonstate actors in this field are either international organizations or multinational companies and foundations of foreign origin. But as CSR becomes more and more known, some specifically Polish institutions have been established.

In terms of NGOs and foundations, the key international players are the German *Friedrich-Ebert Stiftung*⁴, the US-based *United Way*⁵ and, to some extent, the *Soros Foundation*⁶. The *Friedrich-Ebert Stiftung* supports a regional development project aimed at promoting CSR in Upper Silesia. So far, it has focused on seminars and research projects; the segment on “good practices” has still to be addressed. The *United Way*, a US-based umbrella organization for community activities, is dedicated to matching companies with social projects, such as payroll deduction plans, corporate volunteering and other mediating activities. Other NGOs and foundations, such as the *Soros Foundation*, concentrate on specific aspects of developing civil society and CSR. For example, its Polish branch, the *Stefan Batory Foundation*, deals with the subject of corruption, a serious obstacle to development in Poland. In contrast to many other European countries, the OECD’s guidelines do not receive much attention; despite having been translated into Polish, there is no active promotion or monitoring going on.

The international influence regarding CSR has left its traces. The first NGO to deal with CSR was the *Responsible Business Forum*, established in 2000. This organization, the partner of *CSR Europe* in Poland, publishes the annual Polish CSR Report, organizes best-practice fairs and carries out hands-on research projects. Although it was founded by academics, NGO representatives and business people alike, it remains dominated by MNCs.

A new CSR organization is Centrum CSR, established as an independent applied research center targeting small and midsized enterprises. Since its inception in 2006 it has begun to play quite a significant role by organizing educational training courses for smaller businesses. The *Academy for the Development of Philanthropy* is, as the name states, not strictly bound to CSR, but promotes strategic philanthropy and corporate citizenship. Its target group is also SMEs.

Although trade unions have played a prominent role in Poland’s history, especially through *Solidarnosc*, they are not active in the field of CSR as yet. They are still largely concerned with the problem of unemployment and the violation of fundamental labor rights. Perhaps the most active driver of CSR in Poland is the academic sector. Since it is closely linked to the international scientific community, business ethics became a subject of interest at the end of the 1990s, a period that was still dominated by market transition and economic insecurity in Poland. The *Business Ethics Centre (CEBI)* was inaugurated in 1999 and has since published reports, organized conferences and held a monthly seminar on CSR. Currently it is a partner to the *European Academy of Business in Society (EABIS)*, which has sped up the process of linking Polish academics to the international scene. Another active academic player is the *Gdansk Institute of Market Economics*⁷, which is one of the drivers behind the Polish debate on corporate governance.

This academic exchange remains somewhat theoretical, since its influence on business practice is rather marginal. Only MNCs active in Poland, such as *Danone*, *BP* or *Toyota*, are truly active CSR players, with various programs and projects in place. The first Polish CSR ranking, published in the May 2007 issue of the Polish edition of *Manager Magazin*, does highlight some very large Polish companies such as *TP (Polish Telecommunication)*, *PKN Orlen* (oil refiner), the airline *LOT* or the brewery *Kompania Piwowarska*, which have introduced CSR policies that go beyond mere public relations. However, it must be noted that these companies are also highly influenced by foreign managers, who sit on their boards, and by international capital flows. Polish companies that concentrate on the domestic market and the country’s SMEs may be active as philanthropists by donating money to community organizations, but they do not pursue CSR within a strategic management framework. Business associations, both international and national, promote ethical principles and organize seminars and awareness campaigns, but their activities in this field are not realized fully by all their members, as the reluctant implementation of CSR by smaller Polish companies shows. Additional evidence for this can be seen in the limited CSR outreach activities carried out by large organizations like *Lewiatan* (Polish Confederation of Private Employers), which has 3,000 member companies.

4 <http://www.feswar.org.pl/>

5 <http://www.unitedway.org.pl/>

6 <http://www.batory.org.pl/english/about/index.htm>

7 <http://www.ibngr.edu.pl/english/index2.htm> and <http://www.pfcg.org.pl/en/index.htm>

Selected CSR Nonstate Actors		
Major Business Actors		
Name	Short description	Main responsibilities/Activities
Lewiatan (Polish Confederation of Private Employers)	Organization embracing 3,000 companies employing 600,000 people in total	Promotion of ethical principles and "social manifesto" among member companies. Partner in several projects financed by the European Union that aim at promoting CSR issues. Organizes meetings on business case of CSR. http://www.pkpplewiatan.pl/en/index
Polish Chamber of Commerce (PCC)	Largest economic self-governmental organization in Poland, comprising over 130 economic organizations	Polish partner of the 2005 EU project Awareness-Raising Campaign on CSR for SMEs. It carries out the Employment Fair Play project. Promotion of business culture and labor market ethics, for which it organizes conferences, workshops for SMEs. http://www.kig.pl/
Academic		
Business Ethics Center (BEC/CEBI)	Founded in 1999 by the team for business ethics at the Institute of Philosophy and Sociology of the Polish Academy of Sciences and Leon Kozminski Academy of Entrepreneurship and Management	Research and study center as a meeting place for business and academic leaders. BEC organizes an all-Poland monthly seminar devoted to ethics and corporate responsibility and various conferences. It also publishes books, research reports and scientific papers. It is partner to the European Academy of Business in Society and realizes international research projects, e.g. European Platform for Excellence in CSR Research. http://www.cebi.pl/
Civil Society		
Responsible Business Forum	First nongovernmental organization in Poland to focus on the concept of CSR. The forum was established in Warsaw in 2000 as an initiative of Polish businessmen, academics and NGOs.	Cooperates with 19 strategic partners, but above all with multinational corporations operating in Poland. The forum organizes the annual Good Business Practices Fairs, monitors the market by publishing a yearly corporate responsibility report, carries out research projects and organizes many meetings with business representatives. Since 2002, the forum has been the national partner of CSR Europe. http://www.odpowiedzialnybiznes.pl/strona.php?kat=221
The Academy for the Development of Philanthropy in Poland	Founded in 1998, it is active in: development of local communities, social business involvement, social entrepreneurship and individual philanthropy.	The academy organizes a competition for the title of Benefactor of the Year. It promotes many activities in strategic philanthropy and socially responsible business, especially among smaller companies. http://www.filantropia.org.pl/english/e_menu.html

CentrumCSR.PL	An independent organization established in 2006 and built by individuals wanting to create a center for researching and communicating the concept of corporate social responsibility.	The goal is to bring together representatives of civil society as broadly conceived in debates on the nature of CSR in Poland. CentrumCSR.PL already takes part in educational projects for representatives of small and mid-sized companies in Poland as well as in projects launched by the academic community. http://www.centrumcsr.pl/index.php?lang=en
CSR Haus	Project for CSR in Upper Silesia, partnered by Germany's Friedrich Ebert Stiftung	Involved mostly in awareness raising through seminars and conferences; best-practice section is in development. http://www.csr-haus.pl/de/przytlacz.php

CSR Public Policy: Instruments and Activities

a. Mandatory Framework

Polish legislation has so far not made any explicit mandatory requirements for CSR. However, Poland's accession to the EU has brought about a number of laws connected to labor and environmental issues that would be counted among CSR-relevant legislation elsewhere and which meet the minimum EU standard. For instance, the country's support of employment of disabled persons is the result of standards accepted and practiced across Europe. Introduction of many new EU standards is a critical juncture in the process of change and the sometimes slow implementation that leaves many Polish business people with a feeling of insecurity and uncertainty (Lewicka-Strzalecka 2006:442). This feeling of instability and excessive bureaucracy leads to Polish companies being discouraged in terms of social engagement. Obeying the law is already seen as a heavy burden, and going beyond it does not make sense for managers who have not yet been introduced to the concept of CSR.

There are a few areas where the government actually becomes active beyond basic EU legal recommendations and requirements, the first being corporate governance. According to an assessment executed in 2005 by the World Bank, "Poland is at an advanced stage of corporate governance debate, discussion and reform" (World Bank 2005a). The public sector has been playing a more influential role than in other emerging market countries, regulating mainly through the responsible government agency, the *Polish Financial Supervision Authority*⁸, which is directly supervised by the government. All

domestic companies are subject to the Code of Commercial Partnerships and Companies of 2001, which governs shareholder relationships, disclosure and audit questions.

In recent years, introduction of legislation, a corporate governance code and enforcement institutions have led to compliance with all basic OECD principles in the field of corporate governance. Basic minority rights and disclosure recommendations are in place and public companies are required to file regular reports. It must be said, however, that compliance with the standards is still rather poor, and enforcement by the PSEC, especially on reporting, has its flaws. The regulation of pension funds is also still a weak spot. The topic is currently being discussed by the *Warsaw Stock Exchange*, but so far CSR is not being taken into account.

A landslide event for the Polish NGO sector was the launch of the Law on Public Benefit Activities and Volunteerism in 2003, which gives civil society organizations a clearly defined legal status and a number of privileges. The law also regulates the work of volunteers, offering them, among other things, accident insurance. This was esteemed as especially important, since the country's long-standing tradition of charitable activity reemerged after 1989, and nowadays many areas that are neglected by the state are taken care of by philanthropic and citizen organizations. Perhaps the most important change initiated by this law is the mandatory cooperation between local governments and NGOs, which has led to an increase in joint projects and a decrease in skepticism.⁹ In spite of these legal measures, critical voices remain, saying that especially community foundations, which are becoming more and more relevant, are facing legal challenges because of inconsistent

⁸ http://www.knf.gov.pl/knf/index.jsp?place=Menu06&news_cat_id=763&layout=4&page=0

⁹ www.pozytek.org.pl/Public,Benefit,Organisations;554.html

interpretation of public financing law by local governments. These problems may be seen as an inevitable part of the societal and political transformation costs, but political observers have stated that the conservative Kaczyński government is trying to concentrate power around the national government (USAID 2006).

The third area where the state has become active in terms of regulation is the establishment of public-private partnerships. Poland is one of the few EU countries with a clear mandatory framework for cooperation between businesses and the public sector. Although a few PPPs – the international airport in Warsaw, for example – have existed for a while, the general conviction was that clear legal status for an instrument that is new to young market economies would help to build trust and motivate more public agencies and companies to work together. Since infrastructure development in Poland tops the government's list, PPPs are one means of reaching development goals. Critical voices say that the law has a tendency to burden the private partner with more risks than the public one. According to recent studies, some amendments and first viable examples will help the law to truly function from 2007 onwards (PriceWaterhouseCoopers/Worldbank 2006).¹⁰

b. Soft Law

The OECD guidelines are officially promoted by the *National Contact Point* located within the *Polish Information and Investment Agency*. This shows that the OECD guidelines are regarded as a tool for trade and marketing purposes and not as an integrated aspect of Polish business ethics. Apart from a short text about the purpose of the guidelines and two links to the full text of the guidelines in English and Polish, only a contact telephone number is given. No active promotion of the guidelines is taking place. The Global Compact was introduced in 2001 and member companies, mostly large multinationals, meet regularly and take part in UNDP projects. It cannot be counted among the most active bodies in Poland, and in many cases reporting does not take place.

The third line of international impact on soft law comes from Brussels in form of the Lisbon Agenda. Poland has adopted an implementation strategy for a National Reform Program, not yet taking CSR into account, but making reference to the topic of sustainable development.

As is the case with mandatory requirements, the most active field of CSR-related activities is corporate gover-

CSR-Relevant Legislation		
Name	Date	Description and Reference
Code of commercial Partnerships and Companies	2001	Part of the law on economic activity, legislates shareholder relationships, disclosure and audit questions. www.uokik.gov.pl
Law on Public Benefit and Volunteerism	2003	Gives clear status to NGOs active in certain areas like social welfare and community development and makes cooperation between local authorities and NGOs on certain fields mandatory http://www.pozytek.gov.pl/Public,Benefit,and,Volunteer,Work,Act,567.html http://www.usig.org/countryinfo/laws/Poland/Poland%20PBA.pdf
Public-Private Partnership law	2005	Sets a clear framework for cooperation between business and administration. After some changes, for instance regarding insufficient guarantees on long-term budgeting by the public sector to meet expected commitments to private partners, the law is expected to come into force from 2007 onwards. http://www.business.gov.pl/Public-Private,Partnership,(PPP),107.html

¹⁰ [http://www.business.gov.pl/Public-Private,Partnership,\(PPP\),107.html](http://www.business.gov.pl/Public-Private,Partnership,(PPP),107.html)

nance. Apart from the government, the other major player in this field is the largely state-owned *Warsaw Stock Exchange (WSE)*¹¹, with its widely recognized Best Practices in Public Companies Code. Out of 317 companies registered at the WSE, 313 subscribe to the CG code on the basis of “comply or explain,” which means that not all rules are followed. Generally, soft law does not seem to be the preferred way of introducing new policy ideas in Poland. The central role of the state government, the recent liberalization of the domestic market and the rather pronounced division between societal actors does not seem to favor self-regulation, codes and other voluntary guidelines.

c. Initiatives and Partnerships

Due to its era of communist rule, Poland cannot look back on a tradition of collaboration and partnering between societal actors. Any problems that arise are usually regarded as a government affair. In light of this obstacle to societal development and peace, the *Department of Social Dialogue and Partnership* was created and tries to establish cross-sectoral partnerships. Among the key target groups are trade unions and employers, with their often difficult relationship. Increasingly, though, professional lobby groups and NGOs are addressed, which demonstrates the gradual opening up of Polish society to civic dialogue. There are three major formal partnerships in Poland, and although none of them directly refers to CSR, they point in this direction.

Launched in 1994 and renewed in 2001, the *Socio-Economic Trilateral Commission* was among the first bodies of this kind and took part in the process of public consultations on the draft of the National Development Plan for 2007 - 2013 (Napiontek/Falkowski 2006).

The formation of a *Council on Public Benefit Activity* was already integrated within the Law on Public Benefit of 2003. It brings together 20 representatives of administration, NGOs and business and monitors the implementation of the law or assists in related disputes (Kulik Bielinska 2004). The *Joint Central and Local Government Committee* was created in the course of administrative reforms and links representatives from government with self-governing municipal entities.

d. Incentives

The Public Benefit and Volunteer Act has introduced an opportunity to donate 1 percent of personal income tax

to support organizations that benefit the public. For corporate organizations, tax breaks of up to 15 percent are possible on contributions for education, social welfare or social reintegration. The impact of the law is already visible: The sum of tax-exempt donations rose from €2.7 to €11.4 million in just one year.¹²

e. Awareness

CSR is still a very new concept to all actors in Poland. Consumers and business practitioners presently have priorities that largely do not take into account ethical behavior or community involvement (World Bank 2005b).

Apparently it is not among the government’s priorities to change this: The bodies compiling and spreading information and organizing meetings and conferences are mostly the few business and NGOs active in the field. There is an annual award called Business Fair Play¹³ that was initiated by the *Polish Agency for Enterprise Development (PARP)* and is now organized by the *Institute for Private Enterprise and Democracy of the Polish Chamber of Commerce*. The prize focuses on highlighting good working conditions and charitable actions and is thus in line with the current Polish priorities of labor issues and charitable activities.

Poland currently has three eco-labels in place, which have not been very successful so far in terms of consumer awareness. As a World Bank report states, these labels should be better adapted to the Polish market, and producers and consumers need to be better informed on what the labels are actually based on. Since Poland is a young market economy and transforming state, rather sophisticated instruments like ethical consumer labels still have a limited chance of becoming a matter of concern for the public (World Bank 2006). However, some recently founded NGOs such as *eFTe* are pushing the subject and have organized a workshop at government level on the subject of fair trade.

■ CSR Public Policy Maturity

In the EU, Poland is among the late starters in terms of its development of public sector activities regarding CSR. Although some activities that can be counted as CSR-relevant are taking place, any awareness of CSR

11 <http://www.gpw.pl/>

12 <http://www.forumdarzyncow.pl/>

13 <http://www.fairplay.pl/>

among government representatives is fairly new. The formation of the CSR working group and the appointment of a CSR representative at the EU level are steps in the right direction, but there is no officially responsible body and no strategy in place. Activities are mostly mandatory, and even if they are rather close or even very close to core CSR issues, they do not yet address CSR directly. In addition, the integration of stakeholders and active communication on CSR are still lacking. In international comparison, Poland is still in its first generation of CSR policy development, but the creation and first meetings of the CSR working group show that it could enter into the second phase soon enough.

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The full study with detailed information on CSR public policies in the countries investigated is available for download (pdf) at www.bertelsmann-stiftung.de/csr or at www.gtz.de/csr

