

Towards CSR as a Regulatory Framework and Governance Tool in Disclosure of Corporate Social and Environmental Impact: The Example of Poland

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ABSTRACT

Despite recognition of corporate social responsibility (CSR) as a global normative concept, differences exist in how the idea is understood. CSR has, so far, not put enough emphasis on national institutions. The aim of this paper is to present and evaluate CSR activities in Poland from 2002 to 2015. Additionally, we will discuss – based on Poland’s case – whether voluntary, market-driven CSR is a sufficient governance tool for emerging economies. The results of the study CSR in Poland support the argument for a pro-regulation attitude via CSR and mandatory non-financial information disclosure in reporting as tools to improve company governance and empower civil society in emerging economies. Voluntary-based and market-driven CSR models are not compatible with the realities of the emerging Polish economies.

Keywords: CSR, integrated reporting, institutions, governance, Poland

JEL Classification: M0, M14

INTRODUCTION

Social and environmental challenges exert pressure on the global community and show a demand for effective global governance. Corporate social responsibility (CSR) seems to be one of the most important corporate initiatives in pursuing sustainability and is recognized as an integral part of a sustainable economy. CSR initiatives are clearly dominating the scene of business efforts toward sustainability; however, the motives of undertaking them, their range and scope, cost efficiency, compatibility with expectations and long-term impact are investigated separately and the comprehensive picture remains fuzzy. Furthermore, CSR initiatives seem

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to be influenced by local (national) conditions such as legal framework, business culture and operating attitude, discretionary power of consumers, sustainability-oriented awareness and mutual relations between actors.

Central and East European (CEE) countries, for instance Poland, which transformed their economic systems over 25 years ago, face double challenges. On the one hand, in order to cope with global competition, they have to improve their management processes, while on the other hand, Polish companies have to meet the requirements for rising social and environmental standards to incorporate CSR issues in their operations. The aim of the paper is to present and evaluate CSR activities in Poland for the period of 2002-2015. Another objective of the article is to discuss – based on Poland’s example – whether voluntary, market-driven CSR is a sufficient governance tool in emerging economies. Furthermore, we defend the hypothesis that, for CSR to be effective in causing responsible behavior in Poland, CSR must be supported by regulations and should form the basis for developing soft and hard laws, and that such a solution could be useful in other emerging economies. The topic emphasizes the call for systematic empirical research on national institutional mechanisms that influence CSR, as research on CSR has not yet put enough emphasis on national institutions. The results obtained will be useful for other researchers, policy makers and business practitioners and will facilitate a comparison of organizations regarding the issue of corporate responsibility.

The paper is divided into three sections. The first section addresses current CSR rhetoric from a theoretical perspective. The second section provides information on implementation of social and environmental practices, standards and reporting by Polish companies. Moreover, the section briefly touches on civic society and consumer and institutional contexts of CSR practices in Poland. The third and final section discusses and presents concluding remarks.

REVIEW OF LITERATURE

Corporate social responsibility (CSR) is an idea based on the fact that companies should take responsibility for their impact on the social and ecological environments. It is also a corporate derivative of the sustainable development model “that meets the needs of current generations to meet their needs and aspirations” (WCED, 2007). The European Commission defines CSR as “the responsibility of enterprises for their impacts on society” (European Commission, 2011) and the concept of integration of social and environmental concerns in business operations on voluntary basis. Over the years, various definitions and concepts have been linked to CSR, which has its origins in US business ethic discourse (Mitchell, Agle, & Wood, 1997). Different interpretations of it have since been put forward (Campbell, Moore, & Metzger, 2002; Garriga & Melé, 2004, Windsor, 2006). For example, Vogel (2005) described CSR in terms of “practices that improve the workplace and benefit society in ways that go above and beyond what companies are legally required to do” (p. 2). Managerial perspectives very often refer to CSR and the triple bottom line principle (Elington, 1994), which aims at maximizing synergies between economic, social and environmental aspects. Aguilera, Rupp, Williams, and Ganapathi (2007) differentiated between moral, relational and instrumental views on CSR. Motivation based on a moral perspective points out that state actors promote CSR based on

their perceived duty toward society while primarily hinging their motives on ethical standards and moral principles. The relational perspective that motivates CSR can be structured by social contracts that promote responsible behavior between co-contractors (Donaldson & Dunfee, 1999; Moir, 2001). The instrumental perspective is described as driven by self-interest (Aguilera *et al.*, 2007) and CSR is seen as aiming to further the financial performance of the firm by “investing” in CSR (Jensen, 2002; Porter & Kramer, 2002, 2006).

The instrumental view of CSR, often described as “the business case for CSR,” seems to gain main prominence, as it is primarily concerned with the interest of profit maximization, and all arguments are grounded on the basic assumption that CSR will lead to higher firm performance. It is thereby linked to the idea that market forces will provide a sufficient degree of CSR and implies an interpretation of CSR where the corporation is considered the beneficiary of CSR rather than the party to be held responsible.

Business strategy literature argues the business case for CSR, focusing on how collective social investment by participants in an industrial cluster can improve the context for all players, while reducing the cost borne by each (Porter & Kramer, 2006). Moreover, the business case for CSR has also emerged within innovation theory (Kanter, 1999), governance theory (Freeman, 2010), human resource management (Bhattacharya & Sankar, 2004) and in supply chain management (Zadek, 2001). For instance, marketing and communication theory highlights how CSR and cause-related marketing entail reputational gains that improve a company’s ability to attract resources, improve its performance and build competitive edge (Fombrun, 1996). The neoliberal perspective supports the argument that CSR could be seen as part of a move away from traditional mandating strategies based on command and control legislation and towards facilitating, partnering and endorsing strategies (Fox *et al.*, 2002).

The range of interpretations has labeled CSR as a fuzzy concept (Fairbrass, 2011). Midttun (2008) points out that the moral challenge by CSOs and other stakeholders has resulted in two separate trajectories in business-led CSR. One trajectory involves making CSR part of a corporate differentiation strategy where leading firms have taken CSR successively into their strategic core, while the other trajectory has successively internalized CSR into industrial standards in an attempt to lift the social and environmental performance of whole sectors of the economy. In both cases this contributes to internalizing environmental and social concerns into industrial practice. The scope and range of CSR initiatives seem to be influenced by local (national) conditions such as legal framework, business culture and operating attitude, discretionary power of consumers, sustainability-oriented awareness and mutual relations between actors (Midttun, 2008).

Recent noteworthy developments in the field of CSR have come from political science and public administration studies. CSR can be seen as a tool that structures and monitors business engagement in the social arena. Matten and Moon (2008) and Jackson and Apostolakou (2010) essentially argue for CSR as a substitute for the welfare state. In this perspective, CSR becomes an alternative to welfare state regulations and therefore is found predominantly in liberal market economies. CSR complements liberalization and substitutes for institutionalized social solidarity (Kinderman, 2012). In contrast, Midttun, Gautesen, and Gjølborg (2006) pointed out that CSR is an attempt to “re-embed” the economy in a wider societal context following a period of neoliberal market exposure, deregulation and separation of commercial and societal

concerns. Other studies have focused on the role of government as a driver for private CSR policy and practice (Lozano, Albareda, & Ysa, 2008). Moreover they indicate that CSR could constitute a potential new source of improved global governance, claiming that CSR and soft law initiatives can, in some instances, pave the way for and actively reinforce hard law processes, thereby underpinning, rather than undermining, hard law (Abbott & Snidal, 2000; Hauffer, 2001; Kirton & Trebilock, 2004).

Corporations around the globe have begun adopting CSR, and the idea has spread around the world, particularly in Western, Central and Eastern Europe; Africa; South Asia; Southeast Asia; and Australia (Chapple & Moon 2005; Midttun *et al.*, 2006; Paliwoda-Matiolańska, 2009, 2010; Welford, 2004). Despite the fact that CSR is often regarded as a universal concept, due to varying socio-political and cultural circumstances, its implementation and interpretation differ from region to region (Moon, 2007). Skouloudis (2014) pointed out CSR penetration and strong variation among countries in which most of the assessed nations are still lagging in the endorsement of international CSR schemes.

Acceptance of CSR was ushered into Central and East European countries by the political and economic transformations that swept over the region. Despite acceptance of CSR as a global normative concept, there are identifiable differences in how Western European countries versus Central Eastern European understand it. These differences are rooted in cultural variations and socialist heritage. During socialism, the general assumption was that social issues were the primary concern of the government. Moreover, in spite of 25 years of political system transformations, most Polish citizens still think that institutions like schools, universities, hospitals, parks, roads and highways, mail, municipality transport, etc. should be state owned (CMSiKO Report, 2013). Steurer and Kondrad (2009) pointed out that the CSR gap between Western European countries and Central Eastern European countries can be traced to socio-political and socio-economic context factors. Therefore, it would be interesting to analyze how social and environmental practices have been implemented in the last decade and how Polish companies have been doing their reporting.

RESEARCH METHODOLOGY

The research relied on the grounded theory method (Glaser & Strauss, 1967), which is a form of qualitative field studies, though the research also included quantitative methods. Collection of qualitative data should make it possible to capture the meaning of the phenomena and understand the actions taking place in the research area. This method allows for comparison of different cases, events, phenomena and behavior to determine what binds them together and what is common among the various changing conditions of occurrences of the studied phenomena. The research theory emerges within the course of systematically conducted field research with empirical data that directly relates to observation of social reality. Hypotheses, concepts and property concepts are formulated in the course of empirical research and are subsequently constantly modified and verified. This method is interactive, with emphasis on situational analysis embedded in contexts of social, economic and political issues. It focuses on the importance and process at both the subjective and social levels. The method of triangulation

of data has also been applied. Data collection covering the period of 2002-2015 took place through the following techniques:

1. Data analysis of available information on CSR activity: national rankings, research reports, database on reporting and ISO standardization; period: 2002-2015, type: quantitative. Analysis was based on 20 documents and two databases. Table 1 presents a summary of the data sources.

Table 1. Research data sources - quantitative part.

Type	Name	Period	Number
Rankings	Ranking of Socially Responsible Companies in Poland (RSRC)	2007-2014	8
	Polityka 500 Biggest Companies in Poland – CSR Activity	2011-2014	4
Reports	Good Practices. Responsible Business in Poland.	2002-2015	14
Database	ISO Standards Database	2004-2014	1
	GRI-Global Reporting- Database	2004-2015	1
Indexes	RESPECT Index	2009-2015	1

2. Comparative data analysis of 29 questionnaires submitted by the companies as part of the Socially Responsible Leaders Contest organized by the Employers of Poland Organization in 2011 and 2012. Twenty-nine¹ submitted forms from 2011 and 2012 were analyzed with the aim of avoiding repetition. The coding procedure was in line with the questionnaire structure and included nine sections: setting standards and education in the field of responsible business; promoting economic and social development; employees and working conditions; organizational culture, values and diversity; product and work safety; relation with competitors and consumers; marketing communication; research and development; and environmental management. All the companies analyzed were big and large. Twenty-five of them were Polish, while four were Polish branches of transnational corporations (TNCs). They represented the following industries: energy (9), finance (3), construction (7), FMCG (4), medical (3), IT & telecommunication (1), transport (1), and automotive (1).

RESULTS AND DISCUSSION

From the perspective of CSR-promoting media and NGOs in Poland, there is an observed trend showing a growing number of companies that have implemented or are in the process of implementing social responsibility. Furthermore, there is an increasing noticeable number of companies that boast of their good practices in the field of CSR and more and more companies that have decided to publish social reports. There is also a rising number of awards being issued to socially responsible companies. However, some two-thirds of Polish entrepreneurs do not see the need to engage more in social responsibility, while more than half of companies believe

¹ Number of analyzed questionnaires was also limited by company permissions.

that what they are presently doing in this area is sufficient (PARP, 2011). Moreover, CSR is very often understood as being in compliance with existing regulations (Lewicka-Strzałecka, 2006; Mazurkiewicz, Crown, & Bartelli, 2005a, 2005b). Additionally, there is an observed constant media coverage of social responsibility of Polish companies.

Qualitative analysis concerning the nature of the CSR activities of Polish companies was the starting point of our analysis. The coding process followed the structure of the Socially Responsible Leaders Contest questionnaire and was based on nine categories: setting standards and education in the field of responsible business; promoting economic and social development; employees and working conditions; organizational culture, values and diversity; product and work safety; relation with competition and consumers; marketing communication; research and development; and environmental management. General conclusions from the qualitative analysis is that no advanced form of social engagement can be identified. It is rather a high level of management professionalism that is strongly connected with Polish economic reality. CSR is not seen as a business opportunity and Polish companies are highly rational in their socially responsible orientation. Generally, CSR in Polish companies is built on credentialism of management practices and active philanthropy and patronage.² The results of this qualitative study led to a quantitative analysis to obtain a more complete picture of CSR in Poland.

Ranking of Socially Responsible Companies in Poland (RSRC) has been continuously organized since 2007. It is published by the Responsible Business Forum and the Polish newspaper “Gazeta Prawna”.³ The ranking is developed based on results of surveys aimed at measuring CSR in five areas: responsible leadership, social innovation, social engagement, responsible management and stakeholders’ dialogue. Figure 1 presents the number of companies that participated in the ranking. The questionnaire was sent to the biggest companies in Poland. For example, in 2012 about 300 questionnaires were assigned and 62 companies participated. The return sample is 20% (2011). In Poland (in 2012), there were 74,870 companies. Of these, 3,106 were big companies (typology based on employment structure, big companies meaning those which have over 250 employees), which was 4.2% of total registered enterprises. Only 2% of the biggest companies in Poland were interested in presenting their socially responsible activities. Around 154 Polish companies participated in all editions of RSRC, and 36 of them participated more than three times. From this, it can be concluded that the image of socially responsible activities by Polish companies has been created by a small number of entities that are active in this area. This situation has not changed for the last three years.

Additionally, we analyzed a list of the 500 biggest companies in Poland made by another Polish newspaper “Polityka,” also based on a questionnaire. In the last three years, CSR activities have been included in the evaluation process. The questionnaire was based on 26000 ISO standards and in 2012 was sent to 900 companies. In that year, 241 of companies responded and 225 ended up on the ranking list. The number of companies that filled the questionnaire in 2013 dropped to 123. Fifteen companies received a golden leaf as a form of the highest distinction in social involvement in 2012, and 14 in 2013 and 2014 (Figure 1). Among them, 11 were once again awarded the golden leaf .

² It strongly related to Mazurkiewicz *et al.*'s (2005b) findings that complying with the legal framework and avoiding child labor are the most important roles of a company in society, according to the opinion of Polish companies.

³ Ranking is made by the Kozminski University Ethic Center (CEBI) and verified by Price Waterhouse Coopers (PWC).

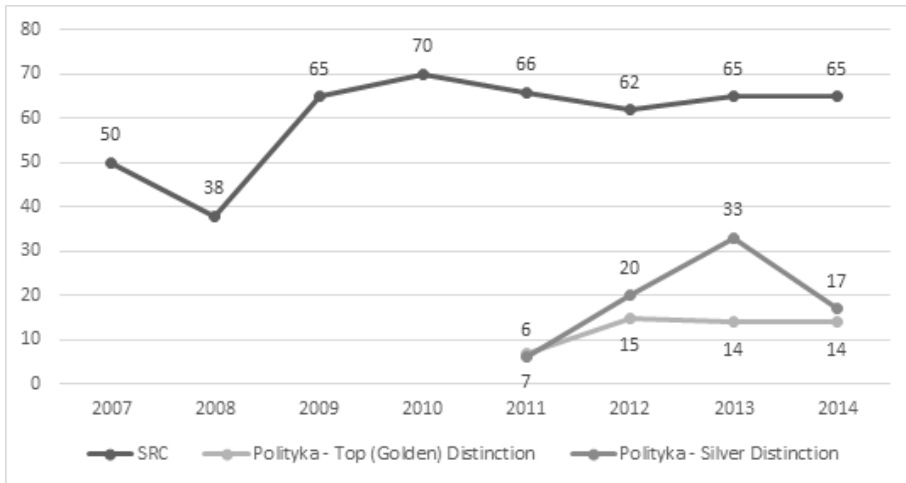


Figure 1 Number of participants in RSRC - Ranking of Social Responsible Companies in Poland 2007-2014 and number of companies distinguished by Polityka Ranking 2011-2014.

Since 2002, the Responsible Business Forum has been publishing its Good Practices Report that illustrates the form of CSR activities by sector and forms of engagement. Figure 2 presents quantitative statistics of good practices according to RBF data with an indication of the number of good practices presented and the number of companies. In 2013, for example, 132 companies co-created the report, representing 0.15% of all nation-wide enterprises and 3.41% of medium and large companies. The statistics of companies exhibiting good practices is constantly increasing, but it leads to the conclusion that companies already committed to CSR are expanding their social and environmental involvement rather than multiplying the number of responsible activities. In 2014, the number of companies with identified CSR practices dropped to 124, then rose to 137 in 2015 – the highest number so far. Still, it is not significant, as it only shows that companies that have already established CSR programs are responsible for the results.

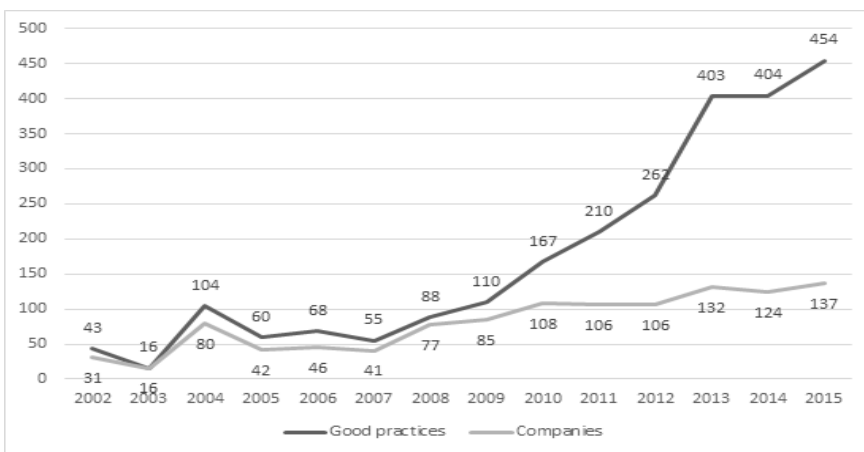


Figure 2 Quantitative statistics on good practices based on “Good Practices. Responsible Business in Poland Reports 2002 -2015”

It is worth mentioning that, in Poland, there is also a RESPECT Index of socially responsible companies for companies listed on the Warsaw Stock Exchange since November 19, 2009. This was the first CSR index in Central and Eastern Europe. At present, it is comprised of 23 companies (as of May 9, 2016). In all there are about 431 Polish companies listed on the Warsaw Stock Exchange, and hence the Respect Index represents only 5% of them all. Average weekly rate of return on the Respect Index for the period 2009-2012 exceeds the rate of return on the WIG index; however, this difference was not statistically significant (Jedynak, 2012).

CSR can be analyzed from industrial and management standards. ISO 14000 and ISO 26000 are the best known standards in Poland that are connected with CSR (PARP Report, 2011). However, this knowledge is reflected very modestly in the incorporation of these standards into the management process. ISO 9001 is the certificate of first choice, next comes ISO 14000, yet there is significant difference in the quantity of obtained certifications between the two (Figure 3). Furthermore, ISO 22000 (food safety management systems), ISO/IEC 27001 (information security management systems), and ISO 50001 (energy management) statistics, though they are still not universally accepted, are slowly gaining acceptance. We can observe that there is a slow but constant rising demand and importance of environmental standards.

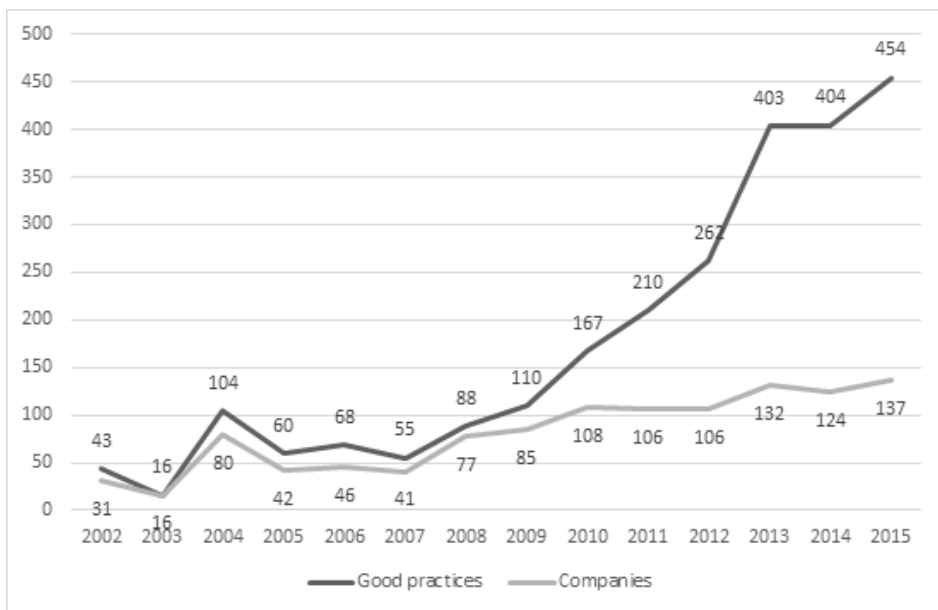


Figure 3 ISO Certificates obtained by Polish companies

Source: ISO Survey Database

Nevertheless, it seems that CEE companies need additional pressure and support to be more proactive in that field. EU legislation is the most important driver for improving environmental performance of CEE, but the results are comparatively poor (Gorneje, 2004). EMAS (Eco-Management and Audit Scheme) is yet another important environmental standard. Unfortunately, statistics of Polish companies that received EMAS is minuscule. In 2015, only 70 organizations registered with EMAS and among them 42 are companies.

Table 2 Number of GRI reports issued by Polish companies published in 2015

Type	Number of GRI reports published by Polish companies	Number of reports included in the GRI database	Ratio of reports issued by the Polish companies to the total number of reports included in the GRI database (in %)
GRI Database	39		
Registered Reports			
GRI Report	34	17242	0,7
Guidance			
GRI Integrated	5	-	-
Report follows ISO 26000	5	-	-
GRI 4 Total	27		
GRI 4 In accordance	27		
GRI A+ application level	4	-	-

Source: Own elaboration based on <http://database.globalreporting.org/search> (Accessed June 2016).

Not only is it important to undertake socially responsible activities, but also to communicate about social involvement through social reports, integrated reports and annual reports (management commentary sections). According to the GRI database, in 2014, 39 reports were published by Polish companies in line with GRI guidelines. Only four of those companies have received the highest ranking, A+, while five were integrated (Tab. 2), five reports followed ISO 26000 and 27 were in accordance with the GRI 4 Guidelines Framework. Polish reports represented only 0.7% of GRI reports included in the database.

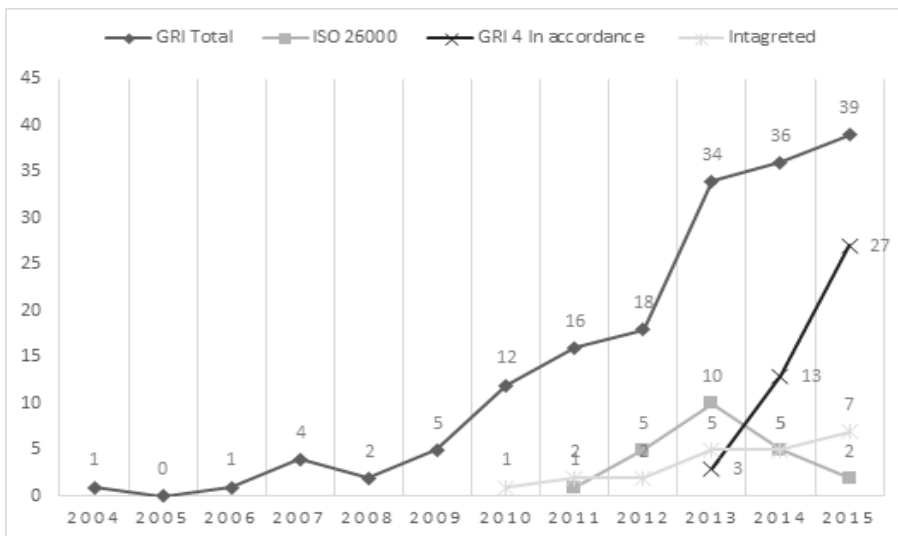


Figure 4 Social and Sustainable Reporting in Poland since 2004

Source: GRI Database

Figure 4 presents an overview of social & sustainable reporting in Poland for the last 10 years. Reporting started in 2004 with one published report and has constantly increased, though there has been no significant progress identified. According to the Central Statistical Office, at the end of June 2015, the estimated number of active business entities in Poland was 313,000. There were 462 companies employing more than 1,000 people and 2,453 between 250-1,000 people. Of these, only 39 have submitted a social and sustainable report.

CSR reporting in CEE is not as widespread and advanced even among the biggest companies with strong international orientation (Steurer & Konrad, 2009), partially for cultural reasons. During the socialism period, businesses used to avoid publicity. Another reason is that business administration has not fully developed to the level seen in WE. Two studies aimed at assessing the significance of environmental, social and governance issues (Environmental Social Governance – ESG) in investment decisions on the Polish market were conducted by Deloitte (2011, 2012). Unlike results obtained in other countries confirming the impact of responsibility in business on investor decisions, these issues are not given much weight in Poland.

In addition to the analysis above, it is worth mentioning that the Civil Society Organization is very important for companies implementing CSR activities. It demands cooperation and partnership based on stakeholder relations. The Civil Society Organization play a less significant role than in WE (Steurer & Konrad, 2009). UNDP (2007, p. 31) study points out that “awareness, ability, and organizational power of NGOs to put pressure on business and government are limited. Existing NGOs commonly see the business as a potential target for source of funding.” Critical activism is hardly represented by Polish NGOs (Lewicka-Strzałeczka, 2006). Despite 25 years of transformation, this area is still in its initial stage of development (Social Diagnosis, 2000). Also, conscious, alternative, ethic and civic consumerism is almost non-evident at the moment among the Poles. Price-sensitivity based rational consumer behavior dominates in Poland. A study of Polish consumers showed (Paliwoda-Matiolańska, 2014) that Polish consumers believe that they do not consume too much, and the price and quality are the main determinants of consumer decisions. The relatively low level of income has a definite influence on this aspect. Ethical dimensions of consumption and consumer activism hardly exist among Poles (Paliwoda-Matiolańska, 2014). Although they describe themselves as ethical consumers, it does not correspond with their subsequent declarations. Moreover, it is hard to identify and describe conscious consumer groups.

Analysis of CSR in Poland is in line with steadily growing concerns about the limited value of a business-centered approach to CSR research (Banerjee, 2008; Crane, Palazzo, Spence, & Matten, 2014). Banerjee’s (2008) challenged the position taken by researchers who argue that corporations can achieve a win-win position, in which the good of the company is assumed to mutually reinforce the good to society, by arguing that these win-wins are merely “articles of faith” (Banerjee, 2008, p. 85). Research on CSR also reveals that only a few businesses are involved and that CSR instruments are weak (Utting, 2008; Sjøfjell, 2011; Sneirson, 2011; PARP Report, 2011). Whereas all these critiques would regard the promotion of CSR from only the business case perspective as insufficient, they do so in differing degrees. Acknowledging its importance, some of these studies highlight that the business case “is built on shaky grounds” (Orlitzky, Schmidt, & Rynes, 2003, p. 403) and that there is only “little support for the claim that more responsible firms are more profitable” (Vogel, 2005). CSR, under its

current construction, has been more considered as an attempt to “either soften the image of firms engrossed in rampant pursuit of profit (at any cost) or a way to deflect attention away from an unsavory core business model” (Hanlon & Fleming, 2009, p. 2).

Further, others have argued that the business case reduces the scope of CSR when corporations behave responsibly only for the case in which CSR pays off (Banerjee, 2008; Schreyögg, 2009). Moreover, Utting and Marques (2009) declared an “intellectual crisis of CSR,” judging CSR analyses as “largely ahistorical, empirically weak, theoretically thin and politically naïve” (p. 3). They pointed to the lack of critical analysis of the effectiveness of CSR’s voluntary form of embedding the economy, as opposed to traditional forms of embedding the economy, such as strong states, social pacts and civil society. On the other hand, Blowfield (2005) described CSR as “a failing discipline,” claiming that it is too preoccupied with proving the business case and generating management tools, thus failing to question the discipline’s own premises and ignoring the larger issues of how CSR relates to global governance, power and economic globalization.

Evolution of institutions affects just the economic and social performance at the firm level alone, but also leads to an enhanced social and economic performance at the country level in terms of competitiveness, social cohesion and sustainability (Ioannou & Serafeim, 2012). Researchers have demonstrated significant cross-national differences in how companies approach CSR communication (Gjølberg, 2009;), stakeholder prioritization, managerial processes related to CSR, corporate governance and corporate community contributions (Aguilera & Jackson, 2003; Maignan & Ralston, 2002; Baz J., Laguir, Marais, & Staglianò, 2016; Xuemei *et al.*, 2017). Established models of social involvement come from prosperous countries with well-established capitalism and highly developed civic society that can use modern IT tools to monitor companies’ behavior, and which consists of a growing number of conscious consumers who are willing to positively respond to CSR action. Continental, Scandinavian, Mediterranean and Anglo-Saxon models of social responsibility have already been identified (Midttun 2008). Furthermore, Matten and Moon (2008) argued that CSR is more prevalent in liberal market economies, for it functions as a substitute for more institutionalized or regulated forms of corporate responsibility. Utting and Marques (2008) claimed that CSR scholars need to acknowledge the importance of institutional factors and power relations, and to account for their relative influence under different “varieties of capitalism.” Gjølberg (2011) pointed out that political economic institutions in the companies’ environment significantly influences their CSR practice and performance, and so companies from some political-economic systems have stronger incentives to engage in CSR. Halkos and Skouloudis (2016) showed that civic engagement, regulatory effectiveness and competitive conditions appear to be very significant factors influencing CSR penetration with macroeconomic conditions and industrial self-regulation to play a less significant role on national CSR penetration. Strong institutional embedding of the economy leads to increased CSR and the existence of cross-national differences in CSR practices, as the indices document substantial variation both in CSR practices generally and CSR performance specifically (Gjølberg, 2012). Moreover, Gjølberg (2011) argued that institutional embedding of the economy constitutes a comparative institutional advantage in CSR, which will affect the actors’ CSR practices and will specifically improve their ability to succeed in their CSR efforts. Guiso, Sapienza, and Zingales (2015) argued that

informal institutions are at least as important as formal ones. The key to understanding the compatibility between CSR and the welfare state lies in strategies of accommodation whereby countries adapt CSR to domestic needs and agendas (Midttun *et al.*, 2006).

Analysis of CSR activities in Poland seems to confirm these concerns. Only a limited number of Polish companies conduct CSR activities and communicate about it. These are usually the large and internationalized entities. Conducting business in emerging economies where competitive pressure is connected with a demand for modernization leaves almost no space for voluntary CSR activities. More often they justify the lack of it. CEE governments pay relatively little attention to business-society relations (Steuer & Conrad, 2008). This is contradictory to common understanding of compliance of business representatives with existing regulations (Lewicka-Strzańska, 2006; Mazurkiewicz *et al.*, 2005a, 2005b). CSR engagement appears to be the effect, not the cause, of the companies' high standards.

Weak civil society organizations and rational consumerism do not establish a good ground for market regulated CSR. Civic engagement appears to be the most important condition affecting CSR penetration (Skouloudis, 2014) as it requires additional pressure. Mandatory, rigorous regulation is necessary to influence the practices of majority companies and to ensure compliance with minimum standards. It is based on the governance implication of CSR. Social and environmental initiatives can be treated as a basis for developing soft and hard law. For example, Swedish and Danish governments demand extended forms of reporting (Gjølberg, 2011). Governments in the former communist systems principally devise endorsement policies for CSR, which could be interpreted as bringing relatively low regulatory strength to bear (Kundsen, Geisler & Ege 2013).

CONCLUSIONS

One of the challenges in the study of corporate social responsibility is reaching an equilibrium between finding a "universalist" interpretation of the idea while simultaneously acknowledging that each corporation's social responsibility issues may be different and that institutional framework highly impacts the understanding and practice of CSR. Banerjee (2011) alluded that we "need a universal charter to which corporations are accountable, rather than voluntary codes of conduct" (p. 74). A political science point of view highlights the relations between CSR, the authority and global governance (Blowfiel, 2005; Moon & Vogel, 2008, Fairbass, 2011; Kinderman, 2012). It increases demand for a shift from a neo-liberal agenda toward a social-liberal standard.

The hard law is necessary in order to influence the practices of the great majority of companies. The developments in CSR reporting highlight a crucial point we have reached in the discourse between the "universalist" and "individualized" conceptions of CSR. The dominance of standardization in reporting represents not only the convergence in the language and transparency of CSR, but also convergence of CSR into an agreed concept and a credible form of self-regulatory governance in the issues that are unregulated. Adopted financial measures are characterized by their objectivity, reliability and comparability. However, they do not refer to those company achievements which cannot be quantified in monetary terms

but which are vital in the context of gaining a competitive edge on the market. An important step toward acceptance of the fact that accountants have an important contribution to make in the debate surrounding CSR and how the disclosure of non-financial information needs to be regulated has been outlined in the introduction of Directive 2014/95/EU on the disclosure of non-financial and diversity information by certain large companies and groups.

Kindermann (2013) has indicated that CSR could develop into a powerful institution. In Poland we can observe the necessity of regulatory frameworks derived from CSR as a support to build adequate models of business–society relations, which would lead to improvements in a society’s overall wellbeing. Voluntary-based and market-driven CSR models are not compatible with the reality of emerging economies. A common understanding of CSR as complying with regulation supports the argument. Also, financial markets demand diversity of information in financial statements. Initiatives such as integrated reporting and mandatory disclosure of non-financial information are not perfect and don’t cover all CSR issues, but they can be seen as a first step toward improving social and environmental management standards. Actions resulting from the obligation to fulfill the law can transfer into an innovative tool that allows for integrating social and ecological dimension to the management. Analysis of CSR in Poland supports the argument for pro-regulation attitude via CSR and mandatory non-financial information disclosure in reporting as tool to improving company governance and empowering civil society in emerging economies. This study has research, managerial and policy implications that are needed given the increasing importance attached to the adoption of social responsibility. Overall, it can be determined that a better understanding of the relation between national institutions and corporate social responsibility is needed.

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