

NATALIA DUDZIŃSKA-KORCZAK

Jagiellonian University  
Institute of Economics and Management  
Chair of Organization and Management

ANETA LIPIŃSKA

Jagiellonian University  
Institute of Economics and Management  
Chair of Standardized Management Systems

MAŁGORZATA BUDZANOWSKA-DRZEWIECKA

Jagiellonian University  
Institute of Economics and Management  
Chair of Organizational Behaviour

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# THE SPECIFICITY OF CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES IN THE POWER SECTOR – THE REVIEW OF THE IMPLEMENTED ACTIVITIES

## INTRODUCTION

The energy industry is considered to be the world leader in implementation of the corporate social responsibility (CSR) strategy. Recently, the development of CSR activities by Polish companies in the power engineering sector has been visible. Power engineering, as a part of the energy industry next to gas and fuel – oil sector, faced dynamic changes in the business and social sphere which necessitated the companies to adapt to the expectations of their stakeholders. There appeared the need to consider the idea of responsible business and initiatives for the sake of sustainable development. Polish energy companies, including power companies, attempt to take this tendency into account in their strategies.

The purpose of the article is to present and systematize selected aspects of CSR activities implemented by power companies in Poland. The emphasis was put on identifying these activities and the tools used in their implementation.<sup>1</sup> The realization of the purpose was possible as part of the review of

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<sup>1</sup> The presented analyses are part of the research project entitled *Identification and assessment of CSR in the power sector in Poland* developed at the Institute of Economics and Management at the

selected CSR programs implemented by power companies and the studies conducted by the Energy Regulatory Office (ERO).

## 1. THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility comes from the concept of sustainable development which is understood as inevitable and desirable economic development which does not irreversibly disturb the human environment, does not lead to degradation of the biosphere and which reconciles the laws of nature, economy and culture [PricewaterhouseCoopers 2010]. According to this approach, companies implementing the CSR concept in practice take into account, predict and maximize economic, environmental and social value to the benefit of all stakeholders.<sup>2</sup>

The CSR concept is implemented thanks to international regulations. The most important of these relate to sustainable development, for instance the European Community Fifth Environmental Action Programme defining a new EU approach to sustainable development (1993) and to business activity e.g. Business Charter for Sustainable Development (1991), Guidelines for Multinational Enterprises OECD (1976) or Caux Principles for Business (1994). The last of the mentioned documents self-regulate the sphere of business [Rok 2004, pp. 1–74].

Apart from legal actions implemented at an international level, the factor which has an influence on popularizing the concept of sustainable development is the intensification of civil movements connected with defence of human rights, the natural environment and protection of consumer rights. Public opinion has become a major force in democratic societies.

In the literature of the subject, there are several ways of defining CSR. The collation of classical concepts of Corporate Social Responsibility is presented in Table 1.

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Jagiellonian University in Cracow as part of the article's authors' own research conducted at the turn of June and July 2011.

<sup>2</sup> Stakeholders are individuals or groups which may influence or are influenced by companies' actions through their products, strategies and manufacturing processes, management systems and procedures [Rok 2004, p. 19].

Table 1. The selected concepts of Corporate Social Responsibility

The key aspects of the CSR concept	The way of defining CSR	The authors of the concept
Objective approach	CSR initiatives defined as social, economic, legal or discretionary (connected with additional activities of the company for the society) commitments	A.B. Caroll
Subjective approach	CSR defined as companies' responsibility to stakeholders	M.B.E. Clarkson

Source: own elaboration on the basis of Dąbrowski 2011, pp. 2–9.

The majority of CSR definitions cited in scientific and business publications can be attributed to one of these two approaches. For example, the definition of the CSR Centre in Poland represents an objective approach. CSR is here understood as companies' obligation to contribute to sustainable socio-economic development, particularly through voluntary ethical, social and environmental commitments going beyond the minimum set by the applicable legal standards implemented in cooperation with civil society [CSR Centre 2010]. The Institute for Responsible Business combines CSR with the assumption that organization is a part of the society and cannot be accounted for its actions by it, which is characteristic of the subjective approach [Institute for Responsible Business 2010].

In other approaches, CSR is defined as actions motivated by ethical reasons or a management process [Dąbrowski 2011, pp. 2–9].

In EU documents, such as, the *Lisbon Strategy* and the *Strategy for Permanent Development*, the concept of CSR is regarded as one of the important tools to promote the competitiveness of companies and increase economic and social cohesion of the EU [ERO 2008].

## 2. THE DESCRIPTION OF THE POLISH POWER SYSTEMS ENGINEERING SECTOR – THE SELECTED INFORMATION

Power engineering, the essential part of the power industry, is a separate part of the economy and is crucial for its economic potential and the standard of living of citizens. Power engineering consists of three sub-sectors: *generating* (created by professional power stations, also known as system stations, and heat and power plants supplying electricity to industrial and distribution networks), *transmission* (the network of high voltage lines 750 kV, 400 kV

and 220 kV along with stations and substations) and *distribution* (the system of distribution networks of high, medium and low voltage of 100 kV and less [Energy Market Information Centre 2007]).

Under the influence of gradually increasing widely understood costs of energy supply, many countries decided to implement reforms of the power industry (privatization, liberalization, competition), including power engineering and the shaping of the modern electricity market. The consolidation of state companies from the Polish power sector, carried out in the years 2006–2007 in accordance with the guidelines of the government's *Power Engineering Program* [Ministry of Economy 2006], led to the creation of four new groups (with different contribution to the generation and distribution sub-sectors) out of many energy companies. At the same time, PSE Operator SA, serving as the Transmission System Operator in the Polish power industry, was isolated and equipped with high voltage networks.

The current structure of the power sector includes energy companies conducting business activity within generation, trade, transmission and distribution of electric energy, such as (Figure 1):

- power stations (generating companies),
- a transmission-network company – responsible for the functioning of a transmission network and control of the whole power engineering system as well as purchase of energy in the amount necessary to close the energy balance in the National Power System (PSE Operator SA),
- distribution-network companies – responsible for the functioning of distribution networks and purchase of energy in the amount equal to the difference in the amount of energy flowing into the distribution network and energy taken by recipients (distribution companies),
- companies engaged in energy trading (trading companies).

The Energy Law does not limit the forms of energy trading in Poland which resulted in there being three basic ways of marketing it: contract, balance and the stock market (Polish Power Exchange SA) and Electric Energy Trading Platform (Internet platform). As organized part of the market, Polish Power Exchange SA provides open, transparent and equal principles for all commercial transactions and the obtaining of market information, reduces the costs of a negotiation process and allows for flexibility in the process of concluding transactions [Energy Market Information Centre 2007].

Distribution system operators and trading companies, created as a result of the separation of commercial and distribution activity of existing power companies, conduct two independent kinds of business activity: energy trade and its transport through distribution networks (Table 2; Figure 2).

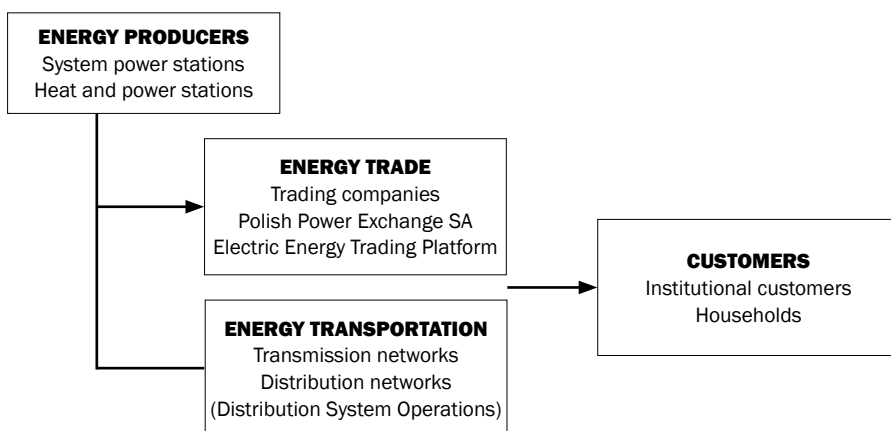


Figure 1. The structure of the Polish power engineering sector

Source: own elaboration on the basis of Energy Market Information Centre 2007.

Table 2. Distribution System Operators and Trading Companies in Poland (in 2011)

Distribution System Operators	Trading Companies
OSD included in Tauron Polska Energia S.A.: – EnergiaPro S.A. (headquarters: Wrocław, Branches: Jelenia Góra, Legnica, Opole, Wałbrzych, Wrocław) – ENION S.A. (headquarters: Kraków, Branches: Bielsko Biała, Będzin, Częstochowa, Kraków, Tarnów)	Trading companies included in Tauron Polska Energia S.A.: – EnergiaPro Gigawat Sp. z o.o. (Branches: Legnica, Jelenia Góra, Wałbrzych, Opole) – ENION Energia Sp. z o.o. (headquarters: Kraków)
OSD included in the Polish Energy Group: – PGE Dystrybucja SA Branch Łódź-Miasto – PGE Dystrybucja SA Branch Łódź-Teren – PGE Dystrybucja SA Branch Lublin – PGE Dystrybucja SA Branch Rzeszów PGE Dystrybucja SA Branch Skarżysko-Kamienna – PGE Dystrybucja SA Branch Zamość – PGE Dystrybucja SA Branch Białystok – PGE Dystrybucja SA Branch Warszawa	Trading companies included in the Polish Energy Group S.A.: – PGE Łódzki Zakład Energetyczny S.A. – PGE ZEŁT Obrót Sp. z o.o. – PGE Lubelskie Zakłady Energetyczne S.A. – PGE Rzeszowski Zakład Energetyczny S.A. – Zakłady Energetyczne Okręgu Radomsko-Kieleckiego S.A. – PGE Zamojska Korporacja Energetyczna S.A. – PGE Zakład Energetyczny Białystok S.A. – PGE Zakład Energetyczny Warszawa – Teren S.A.
ENEA Operator (Branches: Zielona Góra, Gorzów Wielkopolski, Szczecin, Bydgoszcz)	ENEA SA (Branches: Zielona Góra, Gorzów Wielkopolski, Szczecin, Bydgoszcz)
ENERGA-OPERATOR SA (Branches: Koszalin, Słupsk, Elbląg, Olsztyn, Toruń, Płock, Kalisz)	ENERGA-OBROT SA (Branches Koszalin, Słupsk, Elbląg, Olsztyn, Toruń, Płock, Kalisz)
Vattenfall Distribution Poland S.A. (headquarters: Gliwice)	Vattenfall Sales Poland Sp. z o.o. (headquarters: Gliwice)
RWE Stoen Operator Sp. z o.o. (headquarters: Warszawa)	RWE Polska S.A. (headquarters: Warszawa)
PKP Energetyka S.A. (headquarters: Warszawa)	PKP Energetyka S.A. (headquarters: Warszawa)

Source: own elaboration on the basis of the data from Energy Market Information Centre 2007.

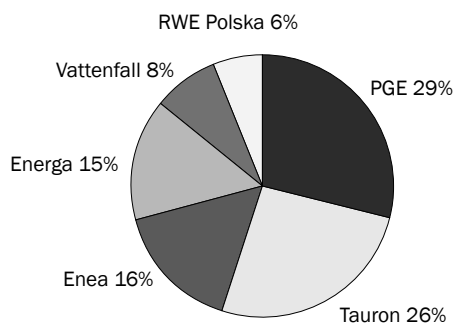


Figure 2. The structure of the biggest Polish energy suppliers' shares of the market (as of 2009)

Source: own elaboration on the basis of the data from Energy Market Information Centre 2007.

It should be emphasised that Polish energy companies (with Polish capital and Polish engineering solutions) gained a significant position in a relatively short time. There are more and more energy consumers who change the supplier and the amount of energy introduced on the market through the power exchange and most energy companies are listed on the stock exchange [Chojnacki 2011, pp. 60–62].

In 2010, the privatization of Energa Group and the next stage of privatization of Enea Group began, as of today none of these processes has been finalized.

The necessity to adjust strategies to the EU environmental requirements forces power companies to reduce electricity production from coal and to invest in renewable energy and gas [Ciepiela 2011, pp. 48–50; 52–54]. These facts indicate the appropriate direction of changes in the Polish energy market. These are not, however, sufficient changes and their pace does not enable Polish power companies to create global corporations with a recognizable brand in the world and compete on the global market.

### 3. ENERGY COMPANY AS AN IMPLEMENTER OF CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The definition of the concept of a socially responsible energy business accepted by the Chairman of ERO underlines the contribution of these industries to the implementation of the country's energy policy and company manage-

ment which does not abuse its advantage over consumers of electricity, gas or heat [ERO 2008]:

this is a strategy which harmoniously combines ethical and ecological aspects of business activity with its dominant attribute, that is, efficiency exposing openness, transparency of action, fairness to customers (calculation of prices, quality of supplies and service) and in contacts with other stakeholders (including employees, shareholders, suppliers, a local community), self-limitation of monopolistic advantage [ERO 2010].

In the light of the accepted definition, the social responsibility of a power company can be implemented at different levels of social involvement in various forms and ranges (Figure 3).

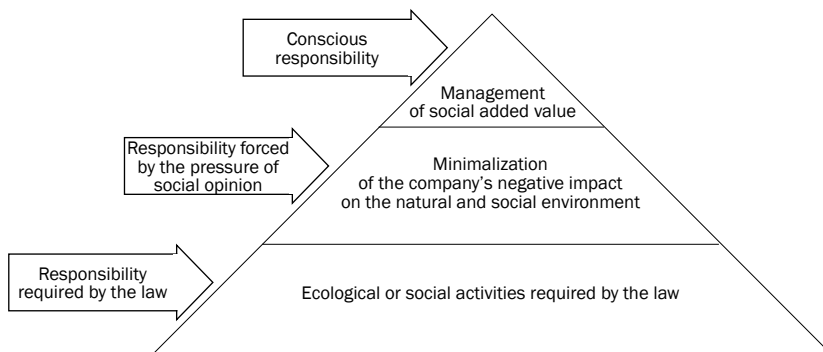


Figure 3. The levels of social responsibility of power companies

Source: own elaboration on the basis of Rok 2004, p. 52.

Challenges which stimulate energy companies to implement CSR enterprises are the growing demands for energy, the planned release of energy prices and the need to reduce greenhouse gas emissions. The observed change of behaviour of the energy industry companies in this field is caused by external stakeholders' rising expectations in relation to these issues and also the companies' desire to build further elements of competitive advantage, gain easier access to qualified staff and build the system of effective risk management in business activity. These reasons, which affect the financial position of energy companies and the possibilities of their development, have an influence on the acquisition of social acceptance, trust and access to new markets.

The stakeholders' increased attention to power companies results from new problems and customers, citizens, public authorities and investors' expectations in the context of globalization and industrial change on a large

scale. There are more and more demands for transparency of business activity which is facilitated by the media and ICT. Aspects and social criteria determine investment decisions of consumers and investors to a greater and greater extent. Due to growing environmental awareness of society, the concern about environmental damage caused by energy companies has greater presence. Below, there is a list of stakeholders who are potential recipients of activities implemented by power companies (Table 3).

Table 3. The list of stakeholders in Polish power engineering<sup>3</sup>

Energy companies <sup>3</sup>	The environment of energy companies
<ul style="list-style-type: none"> <li>• boards of power companies and energy companies</li> <li>– CEOs of the company</li> <li>– Members of the boards of the company</li> <li>• Supervisory Boards</li> <li>– The Chairman of the Supervisory Boards of the company</li> <li>– Members of the Supervisory Boards of the company</li> <li>• Employees of energy companies</li> <li>• Spółka Giełda Energii S.A.</li> <li>• Trade unions</li> </ul>	<ul style="list-style-type: none"> <li>• centres of central and local government</li> <li>– ownership authorities (the Ministry of Economy, the ministry of the Treasury) and the government</li> <li>– members of the authorities in the voivodeships connected with the power industry</li> <li>– members of the Sejm in the voivodeships connected with the power industry</li> <li>• local government institutions, industrial chambers (Polish Chamber of Power Industry and Environment, Polish Chamber of Industrial Energy and Energy Consumers)</li> <li>• banks, insurance companies, financial institutions</li> <li>• debtors and creditors</li> <li>• domestic and foreign competitors</li> <li>• suppliers</li> <li>– hard coal mines and brown coal mines,</li> <li>– producers of machinery and equipment for energy and protection of the environment</li> <li>– suppliers of computer systems,</li> <li>– suppliers of digital automation systems,</li> <li>– medium and small companies providing design, construction, installation services and cooperating with professional and industrial energetics.</li> <li>• electricity customers (private and institutional customers, forum of Electricity and Gas Customers)</li> <li>• Energy Regulatory Office</li> <li>• The Office of Competition and Consumer Protection</li> <li>• National Atomic Energy Agency</li> <li>• industry associations, supporting institutions</li> <li>• Polish Power Exchange SA</li> <li>• journalists dealing with electric power engineering issues</li> <li>• research and design base: e.g. The Energy Committee affiliated with the PAN Presidium, the Institute of Energetic.</li> </ul>

Source: own elaboration.

<sup>3</sup> Energy companies – local power stations, thermal power engineering companies, distribution companies, system power stations, trading companies, a transmission system operator.



#### 4. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES CARRIED OUT BY COMPANIES IN THE POWER SECTOR – IN THE LIGHT OF THE RESEARCH OF ENERGY REGULATORY OFFICE (ERO)

The monitoring of CSR activities in the power sector is one of the tasks which have regularly been implemented since 2009 by ERO as part of the questionnaire survey.<sup>4</sup>

In the light of these findings, it can be stated that a large group of companies does not have a formal CSR strategy but, to a great extent, behaves according to the ideas of the CSR concept. Power companies implement many activities from the field of CSR but they do not have formal documentation for this. CSR principles are usually a part of the overall strategy of the company [ERO 2010]. What should be emphasized is an increasing number of entities which decide not to accept voluntary initiatives and self-regulations referring to social responsibility of power companies (in 2009 – 37% of companies in 2010 – 52% of companies which decided not to adopt any self-regulations referring to CSR) [ERO 2010]. Companies most often indicated the following regulations: Codes of Ethics, Manager's Principles of Good Practices, Procurement Regulations, the Integrated Management System, the Code of Conduct for Suppliers, Regulations for conducting charitable activity and sponsorship or the signing of "the Declaration on Sustainable Development in the energy sector in Poland" from 17<sup>th</sup> June 2009 [ERO 2010].

ERO studies are conducted with consideration of four categories: the employee environment, relations with the market, the natural environment and the local community.

As part of social responsibility of power companies in relation to the employee environment, the implemented activities are typical employee programs. They most often aim at increasing competence, motivation and professional potential of employees, development of career paths and creating conditions for the staff to have a real impact on working conditions which would provide benefits for the company and raise the level of workers' satisfaction.

The research shows that the degree of the power companies' involvement in changing relations with the market (relations with suppliers and electricity customers) does not change significantly. 68% of companies in 2009

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<sup>4</sup> The conclusions included in the article refer mainly to the survey conducted in 2009 and 2010 because the overall research results for the year 2011 are not published in a widely available form.

reported their activity on the market, while in 2010 – 66% of the surveyed entities [ERO 2010]. The examples of activities in relation to the market, in particular to the so-called socially sensitive recipient include: the drawing up of personalized customer service procedures, classification of suppliers of products and services, continuity of communication with customers, the conducting of marketing activities, improvement of websites in order to establish communication with the environment, network status monitoring, constant modernization of equipment, investments which use optimal technologies, sponsorship activities, the reliability of the supply of the media, information about current changes in rates [ERO 2010].

Not all companies are engaged in CSR activities oriented towards the natural environment. The companies enumerated activities aimed at protection of the environment, such as: reduction of the negative impact on the environment, protection against contamination and elimination of pollution of the ground – water environment, improvement of energy efficiency and promotion, use of safe and environmentally friendly technological solutions [ERO 2010].

What should be taken into account is the growing popularity of renewable energy sources, which is the result of increasingly stringent regulations at the European Union level, including the Europe 2020 strategy [European Commission 2010]. This solution is essential because of the necessity to diversify fuel mix by using renewable sources. Nevertheless, this is very often the companies' reaction to customers looking for environmentally friendly solutions in this field. Thus, the majority of energy companies included in their offer "green rates," for example the Eko Premium rate introduced by Tauron. As a result of the power companies' initiatives, the consumer is not only the recipient of a service or product but also the producer of energy from renewable sources, for instance the Energia company introduced the project "SmartEco" which allows for connecting home wind turbines to the distribution network.

Power companies reported their activity for the local community in the vast majority of the surveyed entities (68% of the surveyed companies in 2009 introduced programs for the local community, in 2010 it was as many as 83% of the surveyed companies) [ERO 2010]. The companies claimed they were engaged in the following types of activities: charitable activities, sponsorship, supporting initiatives and events important to local communities, educational activities (through websites, calculators of energy consumption), contests for children and young people, development of principles of cooperation with NGOs and local partners, involvement in philanthropic activities in health care, education, culture, employment policy adjusted to the specifics of the local labour market, cooperation of public institutions (self-government), patronage, development of relationships with trade

unions and inclusion of customers in environmental protection activities, e.g. common tree planting campaigns [ERO 2010].

The overall collation of the implementation of selected activities in the field of corporate social responsibility by power companies according to the data for the year 2010 is shown in Figure 4.

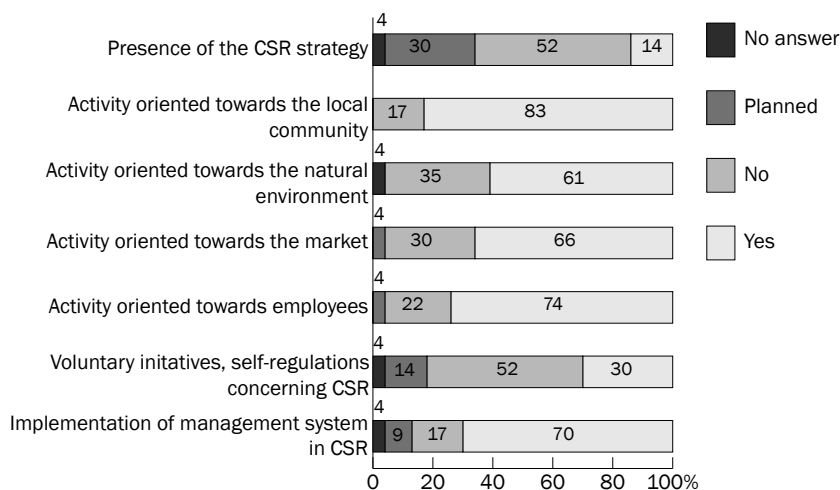


Figure 4. The selected aspects of social responsibility of power companies in the questionnaire survey by Energy Regulatory Office 2010

Source: own elaboration on the basis of the data from ERO 2010.

## 5. THE SELECTED EXAMPLES OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES IMPLEMENTED BY POWER COMPANIES IN POLAND

The selected good practices of corporate social responsibility implemented in Polish power engineering sector were systematized with regard to basic areas, such as the impact on the environment, the local community, the employee environment, and the market. Additional areas included in the analysis are management and social reporting. The review was based on the available secondary data [Responsible Business Forum 2009; 2010; 2011; ERO 2010; PGNiG/PricewaterhouseCoopers 2011].

All of the presented cases are currently implemented on the market. The selection of the cases was deliberate. It aimed to determine whether and what activities are conducted in the-above-mentioned areas in the power engineering sector.

In part, the selected examples of good practices are implemented by the signatories of the “Declaration on sustainable development of power companies in Poland”<sup>5</sup> This additional criterion was deliberately used in the assumption that it is impossible to analyse strategies, tools and activities undertaken by power companies without referring to the initiative which is the platform for establishing cooperation in the field of social responsibility, exchange of experiences, dissemination of good practices and popularization of inter-sectorial dialogue. The Declaration is a set of commitments which the company, the signatory, voluntarily makes in order to operate in a sustainable way. These commitments include eight activities: occupational safety and health, respect for the rights of consumers, cooperation with local governments and the non-governmental sector, transparency of action and effective management, stakeholders’ involvement and concern for the environment, equal treatment of customers, suppliers and subcontractors, promotion of energy efficient measures and clean technologies, ecological energy sources, industrial cooperation, knowledge sharing, transparency, credibility, public access to reports. In 2009 the Declaration was signed by: PGNiG S.A., EDF Polska, Gaz – System S.A., GDF Suez Energia Polska, Tauron S.A., ENEA S.A. and Vattenfall Poland Sp. z o.o. A year later this group was also joined by: Fortum Power and Heat Polska, Lotos and Polskie Sieci Elektroenergetyczne Operator, PKN Orlen, Dalkia Polska.

The first area in which it was decided to identify the implemented activities is the environment. The review of the implemented programs allowed for distinguishing three basic types of implemented practices concerning protection of the environment, technological innovations aimed at sustainable development and environmental education of energy consumers (Table 4).

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<sup>5</sup> „The Declaration...” was established on 17<sup>th</sup> June 2009 as a result of cooperation and inter-sectorial dialogue during the First National Conference on Sustainable Development in the Energy Sector organized by PGNiG along with the consultancy company PricewaterhouseCoopers. As the first of the kind enterprise, the conference provided an opportunity to initiate a nationwide discussion on social responsibility in the energy sector (more information about the conference can be found on the website: [www.odpowiedzialna-energia.pl](http://www.odpowiedzialna-energia.pl)).

Table 4. The selected examples of good CSR practices implemented in Polish power engineering sector in relation to the natural environment

Name of the power company	Start date and type of practice	Description of the good practice implemented by the power company
Vattenfall Poland Sp. z o.o.	2008 Environmental education	<ul style="list-style-type: none"> <li>- the "Climate for the Earth, heat for Warsaw" program</li> <li>- competitions "School with a climate" and "Teacher with a climate"</li> <li>- a series of seminars on climate change</li> </ul>
RWE Polska S.A.	2007–2008 Environmental education	<ul style="list-style-type: none"> <li>- the program "Conscious Energy"</li> </ul>
Tauron Polska Energia S.A. (Group)	2009–2010 Protection of the environment	<ul style="list-style-type: none"> <li>- the project "Offset with Tauron": cooperation of Tauron group with the foundation Aeris Futuro for the sake of protection of the climate and sustainable development</li> <li>- the program "Time for the forest" implemented by the foundation Aeris Futuro. In this program, the companies' activities for the sake of the environment and the climate involve neutralization of carbon dioxide emissions by planting trees</li> </ul>
RWE Polska S.A.	2009–2010 Innovation of sustainable development	<ul style="list-style-type: none"> <li>- energy from windmills in West Pomerania and the Warmian-Masurian region (production of 125 MWh, which together allows for powering 62,000 households and will allow for reducing CO<sub>2</sub> emissions by 125 tons)</li> <li>- adopting a sustainable development strategy, in which RWE Poland committed to continuing investment in renewable energy sources and introducing innovative products for customers (2010)</li> </ul>

Source: own elaboration on the basis of Responsible Business Forum 2009–2011.

When talking about environmental education, one should refer to the program "Climate for the Earth, heat for Warsaw," which promotes the idea of heat and electricity conservation. It was started in 2008 by Vattenfall Poland Sp. z o.o. under the patronage of the Embassy of Sweden, the Masovian Board of Education and the President of Warsaw. The program is based on emphasizing the benefits not only to the environment but also to the program's recipients who were given an opportunity to pay lower bills thanks to the appropriate patterns of energy use.

The program includes trainings on climate for policy-makers: MPs, senators and councillors of Warsaw and Pruszków, competitions "School with a climate" and "Teacher with a climate" and grants worth PLN 5,000 each for 5 educational institutions and environmental organizations as well as 30 teachers for their year-round work for the sake of the environment (grants

worth PLN 500 each), seminars on climate change for more than 120 teachers and trainings for journalists and local governments.

The activities are supported with campaigns in the media and the distribution of educational leaflets among the residents of Warsaw and Pruszków. The website [www.klimatdlaziemi.pl](http://www.klimatdlaziemi.pl) containing information on climate changes was created.

Different forms of activities were used in the “Conscious Energy” program which took the form of public campaign sponsored by RWE Poland S.A. conducted in 2007. The program aims to change behaviours concerning energy efficiency. The project focused on informational activities and consultancy on the conscious energy use oriented towards households, initiatives addressed to business customers, such as, *Business Guide* which contains information on the potential and benefits of reducing energy consumption in the company and the presentation of specific solutions for individual companies.

What is worth noting in the next category of activities for the sake of the environment is the project “Offset with Tauron” which is a part of the program “Time for the forest,”<sup>6</sup> implemented by the foundation Aeris Futuro in cooperation with Poland Tauron Energia S.A. (Group). In the years 2009 and 2010, thanks to the cooperation with Tauron, 20 thousand trees were planted in three places of southern Poland (the Tatra National Park and the town of Zakopane, the Karkonosze National Park and Ojców National Park). Experts from the foundation visited three orphanages where they promoted pro-ecological activities and donated the so-called eco-packages which consisted of energy-efficient computer equipment and white goods.

In reply to the increased needs of Polish customers, for whom it is important that the energy they use comes from renewable sources, RWE Poland S.A. in 2009 as one of the first power companies in Poland offered their business customers the ecological product “Energy from windmills.” The initiative helps protect the environment but also promotes environmentally-friendly attitudes. Windmill companies in West Pomerania and the Warmian-Masurian region will annually produce 125 MWh, which together allows for powering 62,000 households and will reduce CO<sub>2</sub> emissions by 125 tons. Customers can decide what percentage of their annual volume is to be produced in wind farms. In return, they receive the certificate confirming that the energy purchased by them comes from renewable sources. It is worth noting that in the first year of its operation, the company sold almost

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<sup>6</sup> As part of the program “Time for the forest,” companies include activities for the sake of protection of the environment and climate, such as, neutralization of carbon dioxide emissions through planting trees.

the entire volume intended for the market. In 2010, RWE Poland adopted a strategy of sustainable development and undertook to continue investment in renewable energy sources and introduction of innovative products for customers.

The second area, in which the implemented activities were identified, is engagement in activities for the sake of the local community (Table 5).

Table 5. The selected examples of good CSR practices implemented in the Polish power engineering sector in relation to the local community

Name of the power company	Start date and type of practice	Description of the good practice implemented by the power company
PKP Energetyka S.A.	2010 Education	the program "The Academy of Little Ampere"
Tauron Polska Energia S.A. (Group)	2009 Health and safety	the support of Mountain Volunteer Rescue Service

Source: own elaboration on the basis of Responsible Business Forum 2011.

Programs in this area can be aimed at solving various important problems of the local community, including those concerning education and health care. The example of such a program is "The Academy of Little Ampere" started in 2010 by PKP Energetyka S.A. It focuses on raising awareness among children from 3 to 6 years old in the field of safe use of electrical appliances and electric energy. The idea for the program resulted from the initiatives of employees of PKP Energetyka – Zakład Północny. They prepared the presentation for pre-school pupils on the principles of safe use of electrical appliances. The level of interest was so great that "The Academy of Little Ampere" involved all plants of the company PKP Energetyka in Poland.

Another example is support for the Mountain Volunteer Rescue Service which, as part of CSR activities, is provided by Tauron. The cooperation of Tauron and MVRS was established in 2009. MVRS rescuers, under the contract with Tauron, receive funds for the purchase of means of transport, equipment and rescue equipment. The company is also the strategic sponsor of the Internet training program "Safer in the mountains. Higher Mountains".

Among the programs implemented on the Polish market, there are practices addressed to the employees (Table 6).

Table 6. The selected examples of good CSR practices implemented in the Polish power engineering sector in relation to the employees

Name of the power company	Start date and type of practice	Description of the good practice implemented by the power company
Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.	2009 Business ethics	<ul style="list-style-type: none"> <li>- adjustment of corporate ethical project of the EDF Group to its own needs</li> <li>- activity of the Council of Ethics</li> </ul>
RWE Polska S.A.	2010 Equal chances and diversity	<ul style="list-style-type: none"> <li>- adoption of the strategy of sustainable development</li> <li>- The program "Women with energy"</li> </ul>
PGE Polska Grupa Energetyczna – Polish Energy Group	2000 Participation of employees in management	<ul style="list-style-type: none"> <li>- Human Oriented Productivity Improvement Programme (HOPP)</li> </ul>

Source: own elaboration on the basis of Responsible Business Forum 2011.

The group of the Wrocław power stations KOGENERACJA SA adjusted the corporate ethics project to its own needs which can be regarded as a strategy for sustainable development of the whole EDF Group. The company appointed the Council of Ethics which operates socially outside of the company structure, which allows for maintaining its impartiality and independence. The mission of the Council of Ethics is promotion of ethical principles among employees as well as identification of ethical problems. Employees have direct access to the members of the Council of Ethics which guarantees confidentiality, discretion and systematic feedback which is supposed to help build trust between the parties. The Board of Ethics, on the company level, reports its activities once every two months to the Managing Director and an Annual Report is published in the Internet. As part of the Annual Report on Social Responsibility, employees are informed of the achievements of the EDF Group France.

In 2010, RWE Poland SA adopted a sustainable development strategy the purpose of which is to promote diversity within the company in terms of culture, gender and age. As a result, the initiative "Women with energy" came into being. It aims to build relationships with female representatives of companies and institutions from Polish energy sector, to promote women's management and leadership style and involvement in the nationwide women's initiatives.

The following demands were formulated:

- greater transparency and openness during the recruitment process,
- inclusion of women and foreigners in the "short list" of recommended candidates for employment,
- support for working mothers,



- inclusion of the Diversity purposes to the Core Business Card of managers and board members,
- 2 × 10 until 2012: until 2012 ten more women holding senior manager positions at the headquarters of RWE AG and 10 more women in the boards of the concern.

Polish Energy Group developed the Human-Oriented Productivity Improvement Programme (HOPP). Its main principle is to create conditions for continuous innovation of employees and use of grassroots ideas which can contribute to improvement of the company operations. Employee participation in management is possible through tabling individual or group motions containing the proposal for changes and improvements in the company. Trainings, financial rewards and material prizes are a form of incentive to participate in the program. In addition, the program allows for implementation of restructuring-modernising processes in the manner most beneficial to employees. This is also a source of savings in the production process and allows for increased efficiency, occupational health and safety and higher qualifications.

Apart from the described practices, power companies also operate in two remaining areas included in the analysis – in relation to the market and management and social reporting.

The example of good practices aimed at consumers (in this case the socially sensitive recipient) is the program “Safer with electricity” initiated in 2002 by the Polish Society of Transmission and Distribution of Electricity (PST&DE) and companies supplying electricity. Its aim is to increase the safety of use of electrical devices, reduce the number of accidents with electric current among children and young people and to promote rational use of electric energy. During the implementation of the program, there are presentations of educational films and special lectures and, thanks to the cooperation with the Fire Service, trainings for teachers involved in the program. Each subsequent year of the program shows its growing popularity among schools and local communities (fire brigades, the police, educational centres, television rooms, community centres, cultural centres, etc.) [Responsible Business Forum 2010].

In the case of good practices in management and social reporting, it is worth to mention the activities of ENEA SA Capital Group [Responsible Business Forum 2011]. Since 2010, the process of organizing the existing enterprises from the field of social responsibility and development of a comprehensive strategy in this area has been taking place. An element of this process was the review of initiatives in the area of the company's social involvement which resulted in the report “‘ENEA Close to community.’ The review of social involvement of ENEA SA in the years 2007–2009,” prepared in accordance with the principles of Global Reporting Initiative.

The Work Group for the Formulation of Strategy and Implementation of CSR was appointed to implement the process of developing the CSR strategy in the company. The work focused on four elements: the diagnosis of the current state, design of strategies, development of operational plans and implementation of the strategy. What is important is that apart from the representatives from specific company groups and employees of all key departments, the Group also included the representatives of the stakeholders of the company. The CSR Strategy of GK ENEA, integrated with the corporate strategy, focuses on issues connected with management of human capital, promotion of environmentally friendly initiatives and contacts with the local community.

The presented examples prove the involvement of power companies in CSR activities. They are often conducted in cooperation with various groups of stakeholders. Their recipients are frequently individual consumers encouraged to change habits and the way of thinking. The activities are very often multi-faceted and they do not refer to the narrow sense of the area of activity (for example they refer to the actions for the sake of the local community and the environment at the same time). They also require the use of different tools.

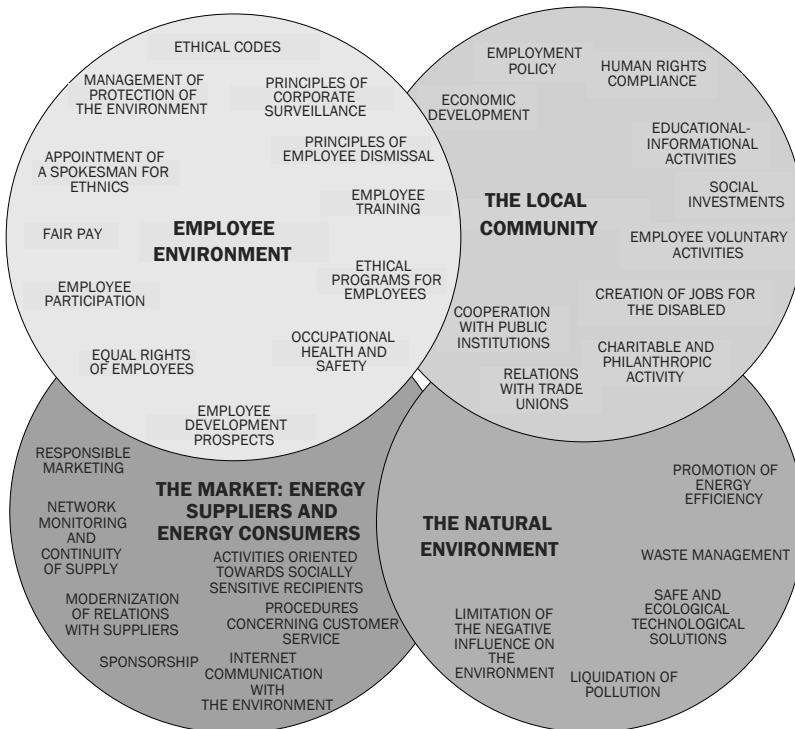


Figure 5. The map of the areas connected with social responsibility of power companies in Poland

Source: own elaboration.

On the basis of the authors' own analysis of the cases of good practices implemented in the sector and the research results of the Energy Regulatory Office in the years 2008–2010 [ERO 2008, 2009, 2010] and the previously accepted definition of CSR in the power engineering sector, the map of possible areas of activities connected with social responsibility of power companies was created (Figure 5).

## SUMMARY AND CONCLUSIONS

Stakeholders' increased awareness and liberalization of energy markets emphasize the need to increase efficiency and care for the reputation of companies in the power engineering sector. The current activity of power companies in CSR (e.g. investments in the protection of the environment, fulfilment of requirements of occupational health and safety, social issues) should evolve towards the focus on measurable long-term aspects of ecological, economic and social activities. The benefit will take the form of loyalty of consumers as well as strengthening of relations with local communities and increased effectiveness of crisis prevention on the power market.

The key issues seem to be the research – development area and cooperation with academic institutions, exchange of experiences (the search for inspiration and benchmarking), the development of intra-sector system of communication and education for sustainable development.

Against a background of these challenges, there appears the regulator's special role in the dissemination of solutions, models, strategies and CSR tools.<sup>7</sup> Hence, the primary task of the Energy Regulatory Office in this context is the support of development of competition in the sector and maintenance of balance between the interests of companies and consumers, particularly for the sensitive customer who is at risk of energy poverty.<sup>8</sup>

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<sup>7</sup> The President of the ERO, recognizing the importance of CSR and willing to arouse interest in the problem of the company, established in April 2008 The Group for Research on Problems of Corporate Social Responsibility of Energy Companies (which deals with projects on development and promotion of sustainable development among companies in the energy industry) and in 2009 The Team for Conducting and Designing Surveys Concerning The Problems of Corporate Social Responsibility of Energy Companies.

<sup>8</sup> see more: [ERO 2006].

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