1. The semantic areas of the category of social responsibility in economic relations

The corporate social responsibility of economic actors has a number of attributes. One can in fact speak about the political, legal, economic, cultural and civilizational, and moral and ethical dimensions. This multidimensionality naturally makes it difficult to define. It is basically a category akin to the concept of rationality, and in fact closely coupled with it. Thus, depending on the adopted criteria and the existing conditions, it can be variously interpreted. For centuries, business based on tradition and custom was treated as rational and socially responsible at the same time. In times of the market economy, on the contrary, innovative business, based on economic calculation is seen as rational. Thus, in the economic perspective, socially responsible business today should be consistent with the pattern of homo economics 1.

Without going into an academic discussion on the nuances of defining social responsibility, it should be noted that it manifests itself through the behaviour (decisions) of people in business processes. In the context of the social responsibility of participants in the economic process, it can be divided into two main groups: micro and macro entities. Micro entities operate in the real sphere of the economic process and comprise enterprises and consumers. A macro entity, in turn, in the modern economy, is the institution of the State acting in principle in the field of regulation and one conducting a stabilization policy. The various roles of the participants in the economic process make it possible for a variety of content to underlie their socially responsible behaviour. However, there is common ground for socially responsible behaviour of all the actors in economic life, which is derived from the theory of sustainable development, and its genealogy goes back to welfare economics. This is an action for the well-being of present and future generations. Ideally, this would be the way of behaviour consistent with the Pareto model: correcting their own (individual or group) economic position without deterioration of the situation of others. Unfortunately, economic reality is far from this ideal. The main reason in this regard is competition, a feature which constitutes market economy. Competition, being the strongest of the developmental stimuli known to people, causes a large diversification of economic positions both on a global scale, i.e. between nations (countries) as well as within individual nations (countries).

Corporate social responsibility at the level of operators is considered in three main categories: social obligation, social reaction, and social responsiveness 2. From a global perspective, the World Business Council for Sustainable Development (WBCSD) promotes the activities of entrepreneurs that promote ethical economic growth. Attempts to define this problem have been made by the Business Council for Sustainable Development Hungary (BCSDH) – a regional unit of the WBCSD. In the final report of the conference held on 27 November, 2012 entitled ‘Complex Interpretation of Corporate Sustainability’, representatives of 50 companies signed the developed recommendation 3. The agreed recommendations for managers of companies include, among other things, ethical guidelines. It is pointed out that CEOs and managers need to respect and implement sustainable development principles in the course of their decision-making. By signing the declaration, the management boards of the companies represented committed themselves to undertake to include long-term objectives oriented "to value-creating economic, environmental and social considerations" in their strategies. Representatives of management boards committed themselves to secure funds to implement these values into operational activities. Attention was also drawn to the need for such implementation of those objectives that employees at all levels could not

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1 See J. Wiśniewski, Polimorfizm zasady racjonalnego gospodarowania, UMK, Toruń 1996, p. 14 et seq.
3 Among the companies that signed the recommendation are: Accor, Alcoa, Alstom, EDF, Denso, Electrolux, E.ON, GDF Suez, Grundfos, Holcim, ING, KPMG, Legrand, Nestlé, Sanofi, Shell, Siemens, Telenor, Unilever, and Vodafone.
only feel responsible for them, but that they could also participate in their attainment. They committed themselves to actions that respected both the law and ethics. Reference was made in particular to commitment to action free from corruption, and to fair employment. Companies also undertook an obligation to protect human life, safety, equality, and the right to a healthy work environment. Similarly noble goals were set in the field of environmental protection, and from the point of view of relations with the environment, the responsibility of companies was extended to the entire supply chain. To gain credibility, the signatories of the agreement committed themselves to full transparency in the discussed matters and, in particular, to collecting and publishing reliable data and information on their economic and environmental activities, and on their social impact.

The purpose of the discourse in the further part of the paper is to exemplify the various dimensions of social responsibility of economic entities in the context of their impact on the processes of economic growth and development, namely the well-being of present and future generations.

2. A micro view: Corporate Social Responsibility and the problems of ethics in business - good and bad practice

Enterprises emerged and developed as profit-oriented entities. Nevertheless, they fulfil a number of functions which, along with the aim of making profit, have a socio-humanistic nature. Enterprises perform functions that go beyond profit. Their activity is determined by the scope and possibility of exercising the rights of workers, and thus, in a sense, civil rights. They make investment decisions that affect not only the economic health of the companies themselves and their employees, but depending on the scale, also their external environment, including, in the case of big economic entities, the socio-political stability of the regions in which they operate. The activity of enterprises and educational environment also have an impact on the directions of vocational education and thus the degree of adaptation of successive graduates to coping actively with the changing conditions on the labour market. In the face of climate change, the role of businesses in this field is also taken into account. For companies, corporate social responsibility should consist in a compromise between the aim of profit-making and those functions.

The sum of the positive activity of enterprises exerts an impact upon the creation of social welfare, while providing the conditions for stabilization and economic development. In the case of large companies, the generation of profit is affected by social opinion about the activities of a given company. Awareness of the values inherent in CSR among managers of large enterprises is widespread and often translates into their functioning. Any departure in approaching CSR poses a threat to the welfare of society: the larger the scale of unethical activities and the larger the company or the industry in which the deviations occur, the greater the threat.

In addition to a number of benefits arising from the internationalization of economic activity, a temptation to exploit new opportunities to maximize short-term profits arises. These activities are paid for at the expense of the security of local communities and the environment. Multinational corporations are often responsible for environmental degradation: they are mentioned when talking about wasteful management of natural resources and trade in toxic chemicals. In the socio-economic sphere they are also in favour of doing away with social security, lowering of wages, dismissal of employees, and tax evasion.

CSR activities are generally more expensive than their implementation without the ethical aspect. Hence, a number of companies feigns certain actions or alleges the marketing messages and sometimes PR activities. Typical examples include the activities of companies with respect to environmental issues. In relation to feigned or intentionally misleading activities of enterprises in this field, the expression "greenwash" has been coined as a form which best reflects the colloquial meaning of the term "eco-trick". The term itself comes from the word whitewashing, i.e., whitening and is to mean eco-greening of products which are fully or largely non-ecological.

The term "greenwashing" includes such activities of enterprises which by definition are set to miscommunicate about the alleged environmental "green" qualities or origin of products. False pretenses of their ecological origin are created and presented, consistent with the principles of environmental protection. Alleged environmental care by managers of hotels who encourage their guests to a less frequent towel change is a mild example of universal greenwashing. The green lie is common in marketing messages, such as "advertising can build a distorted picture of the world and trigger in us, the consumers, a

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sense of caring for the environment, but often it has nothing to do with reality. This effect is particularly dangerous because it is used for engendering erroneous beliefs in people and results in a change in their attitudes based on false premises. It is difficult for advertisement recipients to look objectively at suggestive messages and approach them with criticism, because they do not have expert knowledge of the market and sector in which a company operates.”

An example of greenwash marketing on the Polish market was Enea’s advertising, which promoted itself under the headings “The power of the wind. The strength of water. Clean energy. Clean business”. The message chosen in such a way was to suggest that Enea produced energy largely from renewable sources. In fact, the structure of energy sources was as follows: 5.26% renewable energy of which wind energy accounted for 1.1% of the energy produced and the dominant and non-organic coal and lignite accounted for more than 92.2%. The case was referred to the Committee of Ethics in Advertising, which ruled that the ad violated the norms of the Code of Ethics.

The activities of companies are monitored by a growing number of social organizations which formally report the cases to the relevant authorities and publicize unethical practices of companies. One example of a social assessment of the marketing activities of enterprises is shown in Greenwash Index. The reader, for example, in the chapter, may learn how information communicated by individual transport sector companies is rated in relation to the offered fuel, car parts, cars themselves. The damage caused by unethical marketing messages is not generally known; however, the increase in the public awareness of ecology is more and more decisive in the consumer’s choice.

Corporate social responsibility cannot be reduced only to the ethics of marketing. Violation of the principles of responsible behaviour in other areas of business activity can cause much greater loss than just turning away from environmentally conscious citizens. Even before the economic crisis hit in 2007 with financial institutions in the background, reports of the fraudulent accounting practices of leading U.S. companies circulated the world. As it turned out later, many managers crossed the border between creative accounting and accounting fraud. The collapse of Enron, one of the largest U.S. companies, was significant. The company was worth 80 thousand million dollars and occupied the seventh place among the largest U.S. public companies. The founder and former CEO Kenneth Lay and another high-ranking manager Jeffrey Skilling were sentenced to long-term prison. The charges came down to a criminal collusion in order to inflate the financial result, transfer illegal money, and commit investment fraud. As a result of their actions 60 thousand million dollars ‘evaporated’ from the market. With the collapse of Enron, 5.6 thousand people lost their jobs.

As a result of fraud in 2004, the president of the American telecommunications company Adelphia was sentenced. He was charged with concealment of 3.1 thousand million dollars loans and bank guarantees. The company WorldCom became famous for entering into their books approximately 1.4 thousand million dollars losses as profit and overestimating cash flow by 3.9 thousand million dollars. The company, worth 104 thousand million dollars, went bankrupt in 2003. Charges of overstating profit became widespread, and AIG, Tyco International, Parmalat, Fannie Mae, Freddie Mac, and Merck & Co. were included in the bunch of dishonest companies. The last mentioned company entered 12.4 thousand million dollars into books as gains from insurance, although the company never received the money. The activities of the managers of these companies caused their bankruptcy and seriously damaged the reputation of the corporations, which in turn led to a decline in the value of their shares.

The detection and publicization of financial manipulation, however, did not prevent further abuses, which were revealed with a greater impetus together with the economic crisis. With few exceptions, the managers themselves often came out unscathed from the bankrupt banks and received lavish annual bonuses. Despite President Obama’s loud protests and the introduction of certain regulations in this issue, the remuneration practice in companies which are going bankrupt companies continues to persist, although to a lesser extent. An analysis of the U.S. court documents made it possible for journalists from

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6. M. Czaja, Greenwash w Polsce, czyli „zielone kłamstwo” w reklamie, [on-line] 13.06.2011 http://www.wirtualnemedia.pl/artykul/greenwash-w-polsce-czyli-zielone-klamstwo-w-reklamie access on 11.11.2013. Magdalena Czaja, President of the agency San Markos, a board member of the SAR, Vice-President of the Committee of Ethics in Advertising.


Wall Street Journal to present data which show that the managers (executives) of 21 out of the 100 largest companies that recently went bankrupt received a total of 350 million dollars in the form of salaries, bonuses, and severance for the period in which the companies operated under Chapter 11 bankruptcy protection. Together, the chief executives of those firms earned more than $350 million in salary, bonuses, stock grants, and severance for the periods their companies were under Chapter 11 bankruptcy protection or just afterwards. While going through bankruptcy, some of the CEOs received even bigger bonuses than in previous years.

Legislation to reduce fraud in the financial management of corporations is being gradually implemented, but as seen in the examples of U.S. companies whose bosses certainly knew the rules in force in the area known as CSR, the temptation of fast and high salaries is often stronger.

Best practices in business

A study conducted in 20 countries and presented in the "PR Newswire" draws attention to the role of CSR. 75% of customers commented that ethical lifestyle is an important value for them and affects their well-being. 55% of consumers say that a good CSR has a positive effect on the perception of a company, and being identified with fair trade and social responsibility may favourably affect product selection. At the same time, consumers are very sceptical about the CSR activity itself. More than half (54%) believe that as far as environmental issues are concerned, companies introduce environmental programmes solely in order to improve their image.

Conscious of the cost of their CSR activities, companies understand the need to promote them regardless of the opinion of sceptics. The promotion of good practices has an ennobling effect on themselves and on the industries in which they operate. The above-mentioned Business Council for Sustainable Development promotes best practices in the area of corporate social responsibility. Good practices of CSR are presented at the level of individual countries. A report on the Polish experience in the field of CSR is shown by the Forum of responsible business. Annual reports take into account a number of areas which are of interest to CSR in accordance with the 26000 norm. Therefore, the following should be mentioned here: organizational governance, human rights, labour aspects, the natural environment, fair market practices, consumer issues, the involvement and development of local communities.

In the area of organizational governance those companies were distinguished which successfully implement various forms of dialogue with stakeholders whether through surveys or discussion panels, or social dialogue. The aim is to open up businesses to create interaction with the external environment in accordance with the model: listening, decision, action. As part of good practice in the area of human rights, projects that promote diversity, equality, and job security were highlighted. The Tesco company was distinguished for the project “Strength in diversity” oriented to building a diverse work environment in the spirit of the atmosphere free from discrimination based on gender, age, race, ethnicity, fitness, lifestyle, nationality, education, experience, sexual orientation, and form of employment. A series of training and coaching programmes was conducted for managers in order to protect companies against undesirable practices. Attention was drawn to projects aimed at supporting the work of people with disabilities, as well as at the promotion and professional development of women – projects by Deloitte and Telekomunikacja Polskaj SA – companies employing several thousand workers. However, a project of a small company, Aterima, which employs 30 people, is noteworthy: the company, being an employment agency, undertook to promote the idea of safe work and hazards that may occur when taking employment abroad. A common feature of these projects is their professionalism while promoting correct attitudes as natural and valuable.

A large group of companies was recognized for practices in the human resources area. Companies were distinguished in terms of safety in the workplace, a healthy and active lifestyle, adaptation and integration, and training and development. These projects were to raise the value of the enterprises in the eyes of their employees and the external environment, as companies which care for comprehensive personal development. Projects distinguished in the category of employee volunteerism served the promotion of positive attitudes. The project of Microsoft companies "Share yourself", in which employees, by appro-

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12 Best Practice in Corporate Social Responsibility, PR Newswire, New York, 15 Nov 2011.
priate contest, had the opportunity to receive a quarterly funding for the implementation of their own projects connected with charity, was an interesting one. Most of the awards went to transnational companies where CSR is a constant element of their activity and will be considered in terms of duties and the building of competitive advantage. But there is no need to be a transnational corporation to develop a positive CSR differentiator through properly planned activities. An example is a four-person firm "3 Wings Sp z o.o." which decided to promote agreements to deliver invoices electronically with all customers and suppliers, and thus they reduce the sending of paper correspondence to a minimum. The company took the lead in the area of the natural environment. The same company was distinguished in the area of fair market practices and relationships with contractors for its approach to the quality of contracts entered into. As we read in the report, "in the drafting of each of the agreements the company verifies that it is legally binding, enforceable, protects the legal interests, and protects against adverse conditions for the parties to the contract, often seeking legal advice."\textsuperscript{14} Certainly, the earned distinctions will contribute to the promotion not only of good practice, but also of the company itself which operates in the B2B area.

The significant share of companies operating in Poland in the "Responsible Business in Poland" indicates a high awareness of the merits of implementation of CSR issues in the practice of economic life. In this project a total of 209 distinctions were given in 2011. Given that most companies are the largest employers, a promising picture of the adaptation of high standards to the norms of the life of companies emerges. One can hope that these good practices will quickly find imitators, while exposing distinctions will not serve as a screen for the actions of "greenwash".

3. A macro view: Stabilisation policy and the social responsibility of the state - the case of public debt

In the developed market economy, the state has been present since the Great Depression of 1929-1934. That depression has led to the inclusion of the state in the role of a regulating institution, in fact an institution which counteracts market defectiveness. After World War II, in addition to interventions aimed at preventing an economic downturn, redistributive interventionism emerged and developed. In the latter case, the aim of state interference is to reduce the wage differential of individuals and social groups. Such a direction of interventionism occurs especially in countries that have adopted the system of the social market economy or the welfare state system.\textsuperscript{15} By definition, the result of redistributive interventionism remains to prevent social conflicts arising from differences in the share in business results. In sum, the anti-crisis activity and redistributive interventionism make up the so-called stabilization policies of modern states.

In carrying out its stabilization activity, the state takes part in the division of the generated GDP by creating appropriate measures for the purpose of implementing this policy. In this context, the attribute of social responsibility of the state boils down to the socially rational shaping of objectives or, more precisely, expenditure, on the one hand, and socially rational procurement of funds on the other. Such an understanding of the social responsibility of the state is primarily subject to political evaluation. It's the voters that ultimately make such an evaluation. The political responsibility of the state officers seems to be disproportionately light (low) relative to the potential consequences of such of their decisions as do not comply with the interest of the public and the resulting performance.

Many volumes have been written about the objectives pursued by the state, both in relation to the anti-crisis and redistributive interventionism. As far as the procurement of funds by the state is concerned, research has focused primarily on taxes and tax policy. However, in recent decades, in fact in recent years, the social responsibility of the state for the use of debt has become a very serious global issue.

There is no rationale to deny in general the use by the state of the instrument of loan or credit. In the modern economy, these instruments are widely used by businesses and households, and there is nothing wrong with that. On the contrary, credits or loans support the development of businesses and facilitate and accelerate meeting the needs of members of households. Thus, the modern state as an entity which actively interferes in the functioning of the economy may not be deprived of the possibility of incurring debt. This would be contrary to the logic of the market economy. The problem is that such debt must be justified by objectives which are rational from the social point of view of the society. Also, what is no less

\textsuperscript{14} Ibidem, p. 75.

\textsuperscript{15} The centre for the development of the system of social market economy was in the Federal Republic of Germany, while the concept of the welfare state was used in its basic form in the Nordic countries. A hybrid of the two systems currently operates in most European Union countries.
important, the state actively participating in the market economy may not fail to observe the basic rules of the credit market: paying off credits and loans.

In the past few years, i.e. in the period of intervention launched by states and intended to counteract the downturn which was initiated in the financial markets in 2007, one may have serious concerns about the observance of the foregoing and, as it seems, obvious credit market rules as implemented in the U.S.A., Japan, and some EU countries. The main intervention activity, and thus the major streams of intervention funds, were directed to the direct or indirect support of the banking sector. Leaving aside the question of the use of funds arising from the feeding of the sector by the state, which was widely criticized, the very direction of allocation of state intervention is doubtful or at least debatable as to its validity. The problem is that the crisis was caused by the excess supply of credit money created by the banks (subprime credits).\(^{16}\) However, intervention capital inflow is a factor which supports the capability of banks to further create money. Although these inflows mitigate extemporaneously the downturn-related bursting of the speculative bubble in real estate markets, which is negative for banks, they do not prevent the oversupply of money in capital markets. On the contrary, they affect the maintenance of its oversupply and thus detach real processes more and more fully from the flows of money, which threatens with further downturn shocks.

To put it bluntly, it seems that the anti-crisis intervention made in the first global downturn in the twenty-first century, breaks the rules formulated by J. Keynes. In accordance with these rules, the state, in order to intervene effectively, should work to generate additional demand rather than supply. Although in J. Keynes’s time, the downturn manifested itself by overproduction (excess supply) of goods, nowadays we have had to deal with an excess of created money. It does not appear that this difference was enough to justify a complete reversal of the logic of anti-crisis intervention. In this context, there is the question of the reasons for this reversal, which is also the question of the social responsibility of the state.

The scale of debt is another very sensitive issue from the point of view of the social responsibility of the state. There are, in this respect two principles:

- a debt should not reach a level that would weaken economic growth;
- the debt level should not exceed the capability of its repayment.

Scientific studies have confirmed that the amount of gross public debt should not exceed 60% of the annual GDP of a state. Increasing a debt above this level reduces the developmental dynamics\(^{17}\). Formal solutions also indicate that limit as mandatory. The EU countries, among others, are obliged to comply with this level\(^{18}\). Meanwhile, owing to the significant scale of intervention expenditure, the countries of the so-called "old" EU and some highly developed non-European countries, especially Japan and the U.S. definitely exceeded the limit of 60%. (See Tab.) It seems that the rapid increase in debt, especially in EU countries, has already caused negative effects to a large extent. Their expression is the second wave of the downturn in the years 2011-2012. At the same time, countries with relatively low debt forgot about the downturn generated in 2007\(^{19}\).

The scale of crossing the border of 60% of GDP is so large that it generates a question about the ability of some countries to pay off their debt at all. This applies especially to the absolute record holders of debt: Japan, Greece, Italy ... It does not seem, however, that money printing which was initiated in the United States and is being considered in Japan is an effective method to counteract this ailment of highly developed countries. This "remedy" for the disposing of debt cannot be regarded as good practice. Thus, also in this case, the question of the social responsibility of the state arises. This time it has a dimension not only for individual countries, the U.S. and Japan, but globally because of the importance of the dollar and the yen in world markets.

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\(^{18}\) In 1992 the European Union countries signed the Maastricht treaty which prohibited the crossing of the budget deficit by 3% of GDP and public debt in excess of 60% of GDP

\(^{19}\) See and compare: *Real GDP growth rate Eurostat 2013*, Eurostat – Data Explorer Report for Selected Country Groups and Subjects
Table – General Government Gross Debt as Percent of GDP by Selected Countries

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<th>Countries</th>
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Other Countries:

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Sources – Eurostat and International Monetary Fund, General Government Gross Debt as Percent of GDP by Country, World Economic Outlook Database.

Final remarks

The social responsibility of the participants in the economic process remains under the determining influence of the needs of society and potential possibilities of satisfying them. The more fully these opportunities are utilized while maintaining sustainable development as a principle, the higher is the level of the social responsibility of behaviour (decisions) of business entities.

The good and bad practices of companies and dilemmas associated with the incurring of public debt by the state, presented in this study, are only selected aspects relating to the behaviour of these entities which by their nature are subject to evaluation in relation to social responsibility. However, one of the fundamental problems of modern times, namely the problem of democratizing economic activity, is omitted in this study. Democracy in this sense denotes the participation of society and employees in the results of economic activities and decision-making processes. The question is, above all, about that form of participation which is referred to in the literature as democracy in the workplace. It generates relationships which liberate creative inventiveness and thereby promotes development processes, and thus relates, to the fullest extent, to the creating of a socially responsible economic reality.

Democracy in a company, as this study presents, argues that corporate social responsibility in economic relations has multiple meanings. The problems of this responsibility occur in the practice of all types of economic behaviour of people and hence the necessity arises to continually analyse and assess it in the ever changing historical contexts.

LITERATURE

CHALLENGES FOR SOCIAL RESPONSIBILITY IN ACTIVITIES FOR ECONOMIC DEVELOPMENT

J. WIŚNIEWSKI, A.R. KOZŁOWSKI

Summary

This article treats of the challenges facing the state and the micro-entities of economic life in the category of their role and responsibility for the well-being of present and future generations. This idealistic formulation is a point of reference for the presented discourse. A number of mistakes, and deliberate abuses, and even crimes encountered by the listed entities are enumerated. However, the legitimacy and the essence of competitiveness is not challenged, but only the responsibility of entities for the ethical side of its regulations are indicated, thereby its functioning per se. The article also shows good practices of economic organizations (companies) in this regard, which are promoted, among others, by the World Business Council for Sustainable Development and which favour ethical economic growth. Real actions, not their marking often referred to as the Greenwash activity, are considered appropriate. At the macro level, one of the fundamental problems concerning the liability of the state is emphasized, the responsible use of public debt. Its irrational use and excessive levels lead to negative economic and social consequences, which is also considered in the paper.

Keywords: Corporate Social Responsibility, corporate governance, business ethics.

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