Europe, between Mandatory and Voluntary Approach to CSR: Some New Evidence from the Polish Listed Companies

Kurumsal Sosyal Sorumlulüğü (KSS) Zorunlu ve Gönüllü Yaklaşım Arasındaki Avrupa: Polonya’da Borsaya Kayıtlı Şirketlerden Bazı Bulgular

Magdalena Popowska, Gdansk University of Technology, Poland, mpop@zie.pg.gda.pl

Abstract: This paper aims to explore the relationship between corporate governance rules and application of CSR practices into operations of the top 30 companies listed on the Warsaw Stock Exchange. Since in Poland, so far, there is no obligation to follow any specific CSR standards or to make disclosures of non-financial, social and environmental information, this is still a fully voluntary approach. At the moment, only some of the companies listed on the WSE are regularly applying and reporting on CSR practices. The limited attention paid to CSR norms as well as CSR reporting under Polish law means also that foreign companies seeking access to Polish capital market generally will not face serious constraints in terms of regulations regarding CSR. Moreover, the situation in Europe is very diverse. Although European companies have no general legal obligation under EU law to adopt CSR policies or to report on them, the 2003 Accounts Modernization Directive deals with a range of issues on corporate accounting and reporting, and it has been at origin of more detailed legislation interventions at the national level. Countries such as Sweden, Denmark, France, the Netherlands, and the UK have mandated the disclosure of corporate social responsibility data. While in adopting and implementing corporate governance rules for the listed companies Poland has been not too distant from the other European countries, it appears only on the verge of a decision on the mandatory application of the CSR policy. Also the evidence on this topic from Polish listed companies is still quite poor. This paper would be an attempt to give a first conclusion from the preliminary research and will provide a basis for the further deeper analysis.

Keywords: CSR, corporate governance, listed companies, Poland


Anahat Kelimeler: KSS, kurumsal yönetim, borsada kayıt, şirketler, Polonya

1. Introduction

Corporate governance (CG) and the corporate social responsibility (CSR) have become very sensitive issues with the financial and economic crisis. Public opinion, shareholders and stakeholders developed a special attention to the implementation not only of the formal rules of corporate governance requested by many national financial and stock exchange supervising authorities, but also to the concrete attitude the firms’ managers shown towards the different aspects of corporate governance (Van Den Berghe, 2008; Erkens, Hung, Matos, 2009). On the other side, recent reports for the FTSE 350 companies affirm that chairmen are rather failing to take responsibility for CG. In fact, more than a half do not mention at all this issue in their annual report statement, and only 10 % offer a real personal insight into the governance culture (Grant Thornton, 2011).

Referring to the conceptual framework of this paper, it is worth to specify that the terms of CG and CSR are frequently overlapping, both in the business world and research evidence. In order to give a better understanding of this issues and clarify the structure of this paper, we decided to use the approach proposed by Beltratti (2005 and 2008), who underlines the strict complementarity between CG and CSR. Nevertheless, we assume that CG refers mainly to set of legal mechanisms, which protect minority shareholders and ensure an effective working of the firm, while CSR regards more the objective function of the firm and its attention to various stakeholders. Therefore, an effective CG system would prevent illegal and/or inappropriate actions against stakeholders and an effective CSR would prevent actions which are legal but inappropriate because of their consequence on some of their stakeholders (Carroll, 1999).

Former transition countries are particularly interested by adopting processes of corporate code, because of their more recent shift to market economy, and to the most advanced transparency rules concerning the relationships between companies and their shareholders and stakeholders. Polish financial market and Warsaw Stock Exchange (WSE) have been some of the most dynamic ones not only in Central Eastern European countries, but also at the
European level, especially in the last 5-10 years (Cienski, 2012). Pioneering literature about Polish corporate governance underlines its importance in the financial modernization process and in contributing to the general economic development of the country (Koladkiewicz, 2001; Aluchna and Koladkiewicz, 2008).

In turn, CSR is not completely new, because under different names (for instance ‘philanthropy’, ‘social solidarity’, ‘industrial democracy’ or even ‘Town Company’) this concept deals with the way firms and entrepreneurs interact with the surrounding social actors, including first of all the workers and the community at large, and the environment (Gjølberg, 2009). Nevertheless, in recent times CSR became a kaleidoscopic (and to some extent institutionalized) tool permitting to appreciate and evaluate the perception of the company and its role in the society, useful also for implementing and monitoring business sustainability. At the same time recent researches based on empirical evidence (Kindermann, 2009) show that market oriented economies (the best example is Great Britain) tend to get CSR earlier, and more of it, than social coordinated market economies (Germany), confirming also from this viewpoint the wide variety of European capitalism models (Apostolakis, Jackson, 2009). The transition to a market economy in Central Eastern Europe during the past 25 years requires some more specific approach to the CSR, since in that area some institutionalized (authoritarian) social solidarity were embedded with the ideological aspects of the planned economies. (Elms, 2006). At glance, it appears clear that in the former socialist countries there is still a certain reluctance to an uncritical implementation of CSR, both in SMEs and LE. Foreign direct investment - and particularly those coming from Germany - can be considered at origins of both the introduction of CG and CSR codes and concrete practices in Central Eastern Europe (Bechert, Gorynia-Pfeffer, 2008). This could lead to conclude that the path dependence of centralized economies has a successful influence on the adoption of the Western style institutionalized social solidarity, and not of the model adopted earlier in liberal market economies.

This paper will offer an overview on the evolution of CG and CSR in Poland, using some of the most recent research and literature. The core of the paper is focused on the analysis of the effective CSR initiatives of the top-30 listed companies at WSE, not considering those controlled by foreign investors, mainly belonging to the banking, financial and insurance sectors. This approach will permit to draw some provisional conclusions, which will certainly need further researches, which will be conducted as a part of a larger research project.

2. Literature Review

2.1. Corporate governance evolution in Poland

Interest of researchers in corporate governance in Poland dates back to the 1980s. At that time, with the introduction of economic reforms (years 1980-1981), before the beginning of the period of political transformation, the first workers' councils were established, inclusive of employees in the management of state-owned enterprises. However the most important time for the corporate governance development are the years of transition, after 1989, when Poland decided to shift from the centrally planned to the market economy and the regulatory function of the state has been taken over by the slowly growing private sector. At that time, number of enterprises increased dramatically: from 255,691 entities registered in REGON in 1992 to 567,785 in 1998 (Tamowicz, Dzierżanowski, 2002). This is also a period of the first wave of privatizations, which is reflected in the strong decrease in the number of state-owned companies (2906 in 1998 compared to 7245 in 1992) with the parallel rise of the number of all kinds of partnerships, including joint-stock companies (2600 in 1992 and around 8000 in the year 2000) (Chmiel, 1999). Privatization of state-owned enterprises was a very important process affecting both the size of the private sector corporations and the transformation of the system of corporate governance. The privatization process was carried out with diversity of schemes: from the idea of ESOP (Employee Share Ownership Plan), imported from US, through the capital privatization applied mostly in case of the large companies, to the National Investment Funds (NFI) program, launched by the government from 1995 (Hashi, 2001; Aggestam, 2004; Grosfeld, Hashi, 2004; Kozarzewski, 2001, Kozarzewski, 2006). In total, during 1990-2001, privatization covered approximately 5,400 companies. However, even if the processes of privatization gave a number of preferences to employees of privatized enterprises, they did not lead to the formation of employee ownership as an important element of corporate governance.

The development of the corporate governance in transition economy required implementing new laws and creating institutions ready to support the main changes and to perform the assessment and decision-making functions. The timing in adopting corporate governance rules has been quite similar in most of the Central Eastern European countries. All of them in the end opted out for the Continental or German model, based on the two-tier system. Only in the Republic of Macedonia, a recent legislative intervention introduced the possibility for the companies to opt between the Anglo-Saxon or for the German model of corporate governance (Hashi, 1998; Gregoric, Prašnikar, Ribnikar, 2000; Collin, Cesljas, 2002, Drakulevski, 2002, Kuznetsov, Kuznetsova, 2003; Postma, Hermes 2003; Pučko, 2007).

In Poland, one of very important steps and the proof of the growing awareness and discussions relating to corporate governance has been undoubtedly the establishment of the Corporate Governance Forum in 1998, followed by the foundation by the WSE of the Best Practices Committee (2001). In 2002 it has been released the first version of the corporate governance code, entitled “Best Practices in Public Companies 2002”. In 2004, the WSE Supervisory and Management Board accepted the Code (Koladkiewicz, 2001; Aluchna and Koladkiewicz, 2008). Formally, all
listed on WSE companies were required to issue an annual report on their compliance with the principles of corporate governance. However, the reliability of the data reported in this document was not subject to further formal verification (World Bank, 2005). The newest 2012 code recommends the model investor relations to follow to the broadest extent possible. Much more extended and detailed are the parts devoted to the transparency on social and responsible activity of a listed company as to the reporting effort, including the website in English.

2.2. Corporate social responsibility evolution in Poland

The implementation of the responsible behavior in Polish companies has never been an easy process and went through few steps, resulting from the socialist heritage of this country past. Mainly due to the word «social» in its name, entrepreneurs in former socialist countries frequently saw CSR as some form of socialist renaissance, considered as dangerous as for the transition to market economy. However, apart from this very general negative opinion that could be found at different levels among all the CEECs, there were some specific aspects and a particularly strong opposition against the concept and the visions of CSR. Despite some encouraging signals starting in the early 2000 moving around the complex concept of business ethics- the Polish Association for Business Ethics was set up in 2001 (Gasparski, 2007 and 2013) – the situation did not really changed. Still young at that time Polish companies of all sizes were extremely reluctant even to consider the softest approach to this issue. This attitude discouraged international organizations involved in the diffusion of CSR discourse. Despite an early study by UNDP (2007) showing the difficulties in approaching the topic in this country, Poland was not even included in UNIDO programs for the implementation of CSR, nor it was invited to the Forums organized by the same organization in 2007 and 2008 among some CEECs (UNIDO). However, this is not so surprising when considering that «How to do business in Poland», a guide for foreign investors published in 2004, in cooperation with Deloitte, by the Polish Information and Foreign Investments Agency (controlled by the Ministry of the Economy) did not spend one single word on CSR (PAIZ-Deloitte, 2004). There was neither a strong stream of public expectations, sometimes creating additional pressure from the clients (World Bank 2005b; Gasparski, 2005). Finally, the transition period has been a very turbulent one, demanding fast and frequent changes, so inappropriate for the long-term thinking required when building the CSR strategies. As a result, we may very schematically divide the whole CSR implementation process into five stages:

- 1990-96: refusal of any “social” aspect of business activity;
- 1997-2000: marked with indifference, silence, lack of interest in the business community
- 2001-2002: reluctance, sometimes strong opposition among business leaders
- 2003-2008: interest & fashionable concept (especially business ethics)
- 2009-now: creation of links with other projects within the company management strong initiative of the Polish government and the authority of the Warsaw Stock exchange

Even the Polish government recognized in recent times that the influx of foreign investors is closely associated with the development of CSR from the beginning of this century (Ministry of Economy, 2012). This is also an indirect admission of some responsibility in the slow and controversial implementation of CSR initiatives in the country. Starting with 2009, several actions directed at promoting CSR in Poland were undertaken. Gradually, the operational and theoretical boundaries of CSR for Poland were set up, and Polish government is implementing them constantly and systematically. A governmental directive issued in May 2009 created a special CSR team, under the direct control of the Polish Prime Minister. The team’s structure was based on four different working groups (CSR Promotion, Socially Responsible Investments, CSR in education, CSR sustainable consumption). This aim of this body is the promotion of CSR among Polish entrepreneurs. Its duties can be summarized in three points: 1) proposal of the solutions of possible cooperation between the administrative bodies on various levels to help promoting and implementing CSR; 2) analysis and usage of experience of other countries that were successful in the area of CSR; 3) creation of the better communication platform between government, business community, social partners and organizations. As Potocki (2012) already noted, the absence of a leader in the CSR team did not permit no one to take the responsibility for the institutional activities. The consequence is to increase the delay of the public administration involvement in CSR. Nevertheless, the conclusions of CSR Team have been included in the Guidelines of the National Development Strategy 2020, which affirms that by 2012-13 it would be promoted an approach to CSR based on the management of environmental, social and governance conditions. The Ministry of Economy would be also responsible for the implementation of a systemic CSR project (Republic of Poland, 2012). Additionally, the Polish Ministry of Economy, in response to companies’ needs, in 2013 has issued the guidebook on business sustainability and CSR tools allowing gaining competitive advantage with special emphasis on Small and Medium Enterprises (Gasiński, Piskalski, 2013). All these elements seem to show a decisive push into the good direction, but the goodwill and these impressive proposals seem not enough. The generic responsibility of the Ministry in implementing these proposals risks to reduce their impact once transformed from solemn declarations to concrete decisions.

In 2009 - a real watershed year the Warsaw Stock Exchange decided to establish the «RESPECT Index portfolio», which aims at identification of companies managed in a responsible and sustainable manner, but additionally it puts
strong emphasis on investment attractiveness of companies characterized, among others, by reporting quality, level of investor relations or information governance. The aim of this Index (one of the Europe’s few) is very similar to many other Indexes adopted by some other international stock exchanges in the last 15 years: to offer domestic and foreign investors a number of listed companies particularly active in CSR (http://hausercenter.org/sri/about/global-csr-disclosure-requirements). Nevertheless, it was the first instrument of this kind introduced in Central Eastern Europe, a decision that confirmed once more the importance of WSE, that can be considered the most dynamic and efficient stock exchange in that area. In 2015, the Respect Index includes by 24 companies.

Still today, most of the Polish companies declare being engaged with environmental projects, but a large part of them have no environmental certificate, a situation not so different from what emerged from a paper presented at a conference on CSR in CEE in 2007 (Csafør, 2008). Additionally, the most important field of CSR activity remains their commitment to the development of the local society and improvement of the work conditions (Forum Odpowiedzialnego Biznesu, 2013). The real problem in most of the cases is the absence of communication and information. Media usually do not report on social responsibility activities of the companies. However, in 2012, only 41 out of the then 438 companies listed at the WSE issued social reports, and only 28 of them have been established according to the GRI guidelines (CSRinfo, 2013). It does not imply that only a very small portion of the Polish listed companies do actually some form of CSR, but show that very few report on this aspect of their activity.

Higher education policy do not have a really proactive role. There are only a few universities with research programs in the topic of CSR. The CSR and sustainable consultancy have no active market. NGOs are largely or wholly reliant on company or direct state financial support.

In the end, the history of modern CSR in Poland is not very long, hence the research sources are quite limited comparing to other, ‘older’ members of EU. However, some relevant research exists. A good example is the report prepared by MillwardBrown SMG/KRC and PwC in 2011. It helps to answer the question concerning the attitude and knowledge of Polish entrepreneurs about CSR.

Table 1. Familiarity with ‘CSR’ term

<table>
<thead>
<tr>
<th>Company Category</th>
<th>Yes</th>
<th>No</th>
<th>Hard to say/I do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>26%</td>
<td>66%</td>
<td>7%</td>
</tr>
<tr>
<td>Small</td>
<td>36%</td>
<td>53%</td>
<td>11%</td>
</tr>
<tr>
<td>Medium</td>
<td>50%</td>
<td>42%</td>
<td>8%</td>
</tr>
<tr>
<td>Large</td>
<td>70%</td>
<td>26%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source(s): MillwardBrown, PwC, RAPORT 2011.

It is self-evident that knowledge of – and familiarity with - CSR concepts increases with the size of the company. Among those who claimed to be familiar with what CSR is, the most important aspect of being socially responsible is having proper relations with clients, co-workers and employees (22% of respondents), caring for environmental (21%), honesty (19%), employees welfare (15%) and local society-based activities (12%). The CSR standards most known among respondents are ISO 14000 (51%), ISO 26000 (30%) and Global Impact (18%). Some interesting results come out also with implementing CSR methods. According to that research, 80% of the companies older than 15 years adopt CSR, a result about 15% higher than for younger enterprises. We should maybe conclude that time matters: business becomes more socially responsible the older it becomes.

According to survey launched by Flash Eurobarometer (EC, 2013), Slovenian, Latvian, Polish, and Lithuanian respondents are the most likely to say that their company has not taken any measures to behave in a responsible way towards society (all 16%). Across Europe, poor working conditions/failure to respect labor standards are the most mentioned by respondents in Poland (47%). Respondents in Latvia (49%), Poland (42%) and Bulgaria (41%) are the most convinced in affirming that public authorities should take the lead in influencing companies.

There are several organizations operating in Poland and having quite a positive impact in the CSR area. One of such bodies is the Environmental Partnership Foundation (Fundacja Partnerstwo dla Środowiska), helping to spread the CSR knowledge in schools by cooperating with them (present in about 600 schools in Poland as for 2013). Another one is the Responsible Business Forum (Forum Odpowiedzialnego Biznesu), issuing every year a CSR report with the best practices from Polish companies. Not only organizations and government engage in CSR promotion. The «Forbes» magazine and consulting company PwC organized a contest ‘Leaders of Sustainable Development’ (Liderzy Zrównoważonego Rozwoju), in which SMEs and large companies could compete in proper categories. The results have been published in the Polish edition of «Forbes» magazine four times so far - in 2011, 2012, 2013 and 2014.

What is worth mentioning is the existence of some students’ initiatives in the field of CSR. In 2004 took place a launch of the ‘Responsible Business League’ – a platform for young people interested in CSR. Addressed to students, this educational program tends to form the new generation of managers and entrepreneurs.
3. Research

This research is a first an attempt to analyze, the effective activities – not those officially declared in their annual reports, of Polish large companies within CSR. It is a qualitative study, which will be enlarged with other elements during our research project. The next step will be to enlarge to number of companies involved. There is still very few information and data regarding the real commitment of Polish business to CSR approach. Literature examining the goals of CSR strategy is not so extensive at the moment. There is a need for better understanding the complex mechanisms leading from the assumption of the CSR «philosophy» to the complete implementation of any single concrete act. Polish scholars, despite the efforts already done, still have a huge work to do.

3.1. Sample structure

We conducted an empirical analysis of the implementation of CSR in the corporate governance of Polish listed companies among top-30 non-financial firms by capitalization at the end of 2013 at the WSE. This is just a segment of a larger research project to update literature on corporate governance and ownership structure of the Polish listed companies (Popowska, Segreto, 2014). The choice to exclude financial and banking companies relies on the fact that they are largely controlled by foreign banks and investors, based in Western European countries where CSR policies have been introduced on a massive scale since a long time. Considering the adoption of very similar policies in this sector by these companies, according to the standards of their controlling or most influential shareholder, their inclusion would have deeply influenced the results of our research.

Twenty out of the companies included in our sample belong to the WIG30, the blue chips of the WSE. Sixteen of these 30 were founded before 1990 as state owned enterprises during the communist period. Nine of them are still under state control. In four of them the Treasury owns more than 50% of the shares; in the other five the Treasury holds between 27.5% and 47% of the shares, while the other seven have been totally privatized during the first wave of the privatization process, and just one of them during the second and more recent phase («The Economist», 6.7.2011). Fourteen companies have been founded between 1900 and 2000. None of them after that date. The beginning of their listing at the WSE is more balanced: eight have been listed during the first decade after the transition; eleven between 2000 and 2006 and eleven between 2007, when the international financial crisis started, and 2012. The sectors distribution is definitively much more dispersed. The energy sector is represented by five companies (four of them controlled, according to different proportions, by the Polish Treasury); the clothing industry, the information technology sector, the pharmaceutical sector and the chemical sector by three companies each; two the commercial service; one each the financial services, the foot wear industry, the TV, the real estate, the construction sector, the steel, and the oil vegetable manufacturing.

3.2. Findings

In order to check the presence of CSR in the corporate governance of Polish large companies we decided to assess five elements that seem important in the responsible approach to business. The list includes: 1) disclosure of the ethical code; 2) implementation of the ISO 26000; 3) explicit CSR policy, announced on the website; 4) best practices reported by the Responsible Business Forum in the last annual report (2013); 5) listing on the WSE Respect Index. The results are not very optimistic and confirm still quite modest commitment of Polish companies to CSR. A great part (13) of the analyzed companies does not disclose information on any of CSR activities. Only few of them (7) acknowledge having company Ethical Code. They are not so active in running for international standards and norms implementation – only seven officially declared to adopt ISO 26000. Another characteristic is a poor reporting on CSR «best practices» (4): two of them belongs to the energy sector, one to pharmaceutical distribution and financial services. Relatively poor is also their presence on WSE Respect Index (8).

The majority of activities communicated as being CSR oriented are connected with sustainable development (mostly environmental protection) and relation with local communities (sponsoring & donations). The hierarchy of objectives of CSR initiatives undertaken by the Polish companies shows that they are focused more on creating relationships with customers, suppliers and employees than with any other stakeholder groups, including nongovernmental organizations and regulatory groups. The CSR reporting activity is still very poor, almost absent in the enterprises with entirely Polish capital.

When this part of our research was already finished, Aluchna (2015) published a work based on a questionnaire comparing the attitude towards employee volunteering among the 30 largest Polish listed companies in 2011 and those included in that year in RESPECT Index. The results appear convergent with our more general initial research.

4. Conclusion

The strongly scientific and theoretical approach to CSR is certainly the domain of large companies. However, since historical, political cultural, and religious factors may affect the way of doing business, we can still see the differences in approach to responsibility activities between companies from Western Europe (but as we have seen also within this area) and from Central Eastern Europe. Despite growing efforts of governmental and nongovernmental organizations...
in spreading spirit of sustainable and socially responsible business, there is still an important delay in the implementation of the basic CSR tools and measures. However, the Polish case study can be considered a good average between enthusiasm and refusal of CSR policies. Apparently, there is still room for worse situations. For instance, in some other former socialist countries, such as Rumania, the crisis is pushing firms to diminish – when not abolishing – the expenses for CSR, despite the fact that most of the entrepreneurs believe that this is a very positive tool to improve the perception of their business activities (Bibu, Nastase, Gligor, 2010). Nevertheless, a recent report shows that also in one of the homeland of CSR, Great Britain, the quantitative and qualitative improvements of the information given by the FTSE350 are moving ahead very slowly (Grant Thornton, 2013). As Steurer and Konrad noted (2010), the differences between the two parts of the Continent are not as stark as one might expect.

The implementation of the European ‘Directive on the disclosure of non-financial and diversity information by certain large companies’, will give new opportunities to improve CSR in all European countries. The European Parliament emended the Directive in October 2014 and the European Council adopted it in the same month. The Directive entered into force on 6 December 2014. Member States will have two years from that moment (one year ago) to transpose the Directive into national legislation. Therefore, companies concerned will have significant time to adapt to the new requirements, and will start reporting as of their financial year 2017. The new rules will only apply to some large companies with more than 500 employees (in Poland they are a small fraction of an economic system largely based on small and medium size firms). This includes listed companies as well as other public-interest entities, such as banks, insurance companies, and other companies that are so designated by Member States because of their activities, size or number of employees. The scope includes approximately 6,000 large companies and groups across the EU. The Directive leaves significant flexibility for companies to disclose relevant information in the way that they consider most useful, or in a separate report. Companies may use international, European or national guidelines which they consider appropriate (for instance, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, ISO 26000).

Despite the endless debate, whether CSR is a sincere and honest method that comes from caring about society or just a sneaky way to increase one’s profits, there is no doubt that the modern CSR is going to shape the business and the way we perceive it. The boundaries will slowly vanish and the global market will transform into vicious battlefield, where companies fight with each other for clients and the CSR seems to be the weapon the companies were using unconsciously for years, but now are more and more eager to take the full advantage of it. Polish companies, if they want to have a say in an increasing competitive market, will definitely have to join this general trend. Nevertheless, we have seen how difficult it is to change cultural aspects deeply rooted in the mentality of the business community, and how long and slow it can be the process of implementation of CSR practices. Also the role played by the institutions and the government can offer sometimes a misleading image, giving the impression that there is an immediate positive consequence from the setting up of a special team or a body to study solutions for the development of CSR policies. A more realistic approach as that one permitted by a closer analysis of the concrete and precise initiatives taken by firms in CSR will avoid to diffuse too much optimism. The road is still very long, and there are no shortcuts.
REFERENCES


Aluchna, Maria and Izabela Koladkiewicz, “Guidelines for Corporate Behavior, Origin, Current Stage and Future Tendencies of Polish Corporate Governance Code”, in Culture and Corporate Governance, ed. Güler Aras; David Crowther (Leicester, 2008).


Republic of Poland, National Reform Program, Europe 2020, Updated 2012-13


The Economist, (6.7.2011), “Shareholder rights have been bruised by big investors”.


UNDP. 2007. “Baseline study on CSR practices in the EU new member states and the candidate states”.

