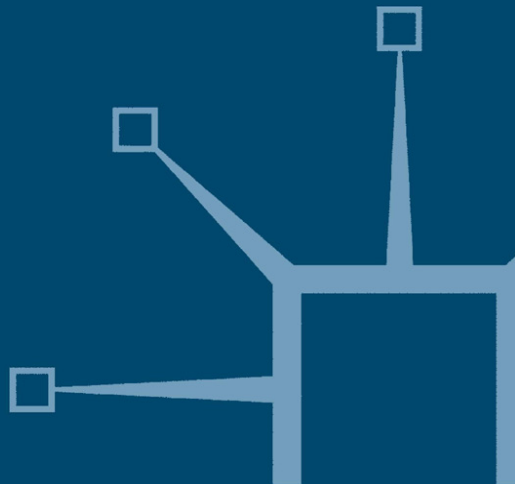


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Governments and Corporate Social Responsibility

Public Policies beyond Regulation and
Voluntary Compliance

Josep M. Lozano, Laura Albareda,
Tamyko Ysa with Heike Roscher,
Manila Marcuccio



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Also by Josep M. Lozano

ETHICS AND ORGANIZATIONS: Understanding Business Ethics as a Learning Process

Governments and Corporate Social Responsibility

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Josep M. Lozano

Laura Albareda

Tamyko Ysa

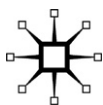
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Introduction: Strategic Public Policy Vision for Corporate Social Responsibility

Corporate social responsibility (CSR). In the last seven years, this phrase has made an impressive entrance on the economic and business scene and also the political and social scene. Just listing the terms that have been laid on the table during that time, and clarifying them, would be enough to fill a book: social action, socially responsible investment, management by values, corporate citizenship, business ethics, the triple bottom line, reputation, and so on. But it is not merely a question of terminology: the diversity of names is only the visible part of the existence of a multitude of initiatives, proposals and experiences that neither share the same quality nor respond to the same type of options. It is precisely this issue of quality and options that we still need to address.

So, we propose to clarify what we understand by CSR and how we can tackle the broad topic that has arisen under its auspices. In this regard, we believe that when we talk of CSR we should make a distinction between three aspects:

1. Agenda: the variety of practices, measures and proposals that come under the term CSR.
2. Understanding: what we understand by CSR – and the various terms associated with it – and, therefore, what business model is proposed and what role enterprise is considered to play in society.
3. Vision: what project for society CSR conforms to.

In recent times, as a result of haste, pressure, and the interests of the various actors involved, we have run the risk of becoming engulfed in the multiple issues that make up the agenda. This might lead us to forget that, ultimately, the development of CSR cannot be seriously tackled unless it is linked to a corporate vision and a vision for society. Obviously, this does not mean that specific measures should not be undertaken – because we need a great many of them – but the only way to avoid CSR becoming just another fad or a new consultancy product is to be constantly aware that it offers a

great opportunity to redraft a corporate vision and a vision for the nation, and therefore also an opportunity to ask ourselves what we want to do in the future and what it means for us to do it. Otherwise, there is the danger that CSR will become a pure speculative bubble; a piece of rhetorical, ideological and – needless to say – advertising speculation.

The presence of CSR has grown exponentially in all sorts of organizations: some companies have incorporated it into their corporate agenda, assigning management responsibilities to it in their organisation chart, and asking themselves what they were doing and what they ought to be doing; some social organizations have identified it as a new strategic area for action, and in some cases have set themselves up rather as guardians of the cause; some political organizations have seen it as a new opportunity for political initiative, legislative or otherwise; academic institutions have demonstrated the incorporation of CSR into their curricula; advisers and consultants of all sorts have created services linked to it; countless associations, foundations and forums have been set up with a view to fostering it, either in general or concentrating on certain aspects of it. Each of them has seen, and legitimately so, that CSR also provides an opportunity for differentiation and awareness, among other reasons because information related to this sphere has mushroomed in the media.

Once we have proved that we know how to do something, it is probably time to ask ourselves how we are doing it and from what perspective, above all because CSR only has any meaning as an internalised long-term commitment. CSR is at the same time a road and a direction, and not something that is immobile or fixed; and precisely for this reason, we should resist the temptation to present it to public opinion as a race to see who manages to project the best image in this respect.

Ultimately, CSR should be managed and manageable; however, it cannot be reduced to a new technique or area of management, nor to the urgency to do something, nor to the demand that others do something. On the contrary, it is a matter of turning CSR into a corporate identity and corporate project. Sometimes this makes for a poor fit with the concerted pressure exerted by the various actors: this is an issue that – if it requires anything – requires trust and credibility. Hence the need to bear constantly in mind that no discourse on CSR is possible without it first being placed in a reference framework.

Defining a possible CSR reference framework

In the European context, the Green Paper 'Promoting a European framework for Corporate Social Responsibility' (2001) and the subsequent 'Communication concerning corporate social responsibility: A business contribution to sustainable development' (2002) published by the European Commission have undoubtedly become the yardstick for approaching this

issue. Nevertheless, when these documents are mentioned, it is often forgotten that the European Union's ambitious strategic objective was formulated prior to this, in the Final Declaration of the Lisbon European Council (March 2000): by 2010, 'to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion'. The crux of the matter lies in this desire to combine competitiveness, economic growth, sustainability and social cohesion. One can understand more fully the framework of CSR, since from this perspective it is not limited to a reactive response to new demands and pressures exerted by society on enterprise but rather can be seen as a response by enterprise, on a business level, to a series of collective challenges that are at the same time economic and social.

The European Commission (2001a) defines CSR as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis.' The way the Commission tackles this issue underlines two aspects: the 'what' and the 'how'. As far as the 'what' is concerned, it emphasises the fact that companies should make social and environmental commitments in their actions; and as for the 'how', it stresses the voluntary nature of those commitments. At present the controversy is focused on the latter point, voluntariness, which some on occasions reduce to a ridiculous mixture of good deeds and good will. Several social actors have located at the centre of the debate – and of their pressure – the issue of the extent to which this integration should be merely voluntary. In this way, we find ourselves at a dead end: the business world tends to consider the voluntary nature of CSR as unrenounceable, while many social (and political) agents understand that mere voluntariness should be the first thing to go.

The work we present here stands precisely at this crossroads. We could say that, rather than an answer, it is intended to find a way out. In this respect, it is stressed that the fundamental issue is to initiate a deliberation that will enable us to build a joint perspective, the basis for a shared reference framework from which not only will we be able to answer the questions we ask ourselves, but even understand better and formulate more accurately the right questions. Consequently, our approach starts from the supposition that *the right question is not about CSR regulation, but what policy governments should adopt towards CSR*. We should ask ourselves *what public policy we need in order to develop CSR*; only in this context is there any meaning to the question about regulation, which after all is no more than a tool – and not the only one – of that policy.

In short, we believe that the two dominant debates about CSR (the 'what' and the 'how') are unsolvable, and that we will waste a great deal of energy unless we explore the 'why', which can only be expressed through the business model and the social model that provide the framework for the CSR debate. This is why we insist that we must put an end to the fiction that the

CSR debate is limited to the issue of whether it is accepted or not, and begin to realise that there may be – indeed there are – several visions of the nature and the scope of CSR.

CSR: where do we stand?

Increasingly, the CSR debate highlights the fact that, in a globalized world, it is not just products and services that compete but also business models, management models (an aspect that is often neglected) and governance national models. In this context, when we talk of CSR we have to bear in mind the existence of non-coincident approximations, even if we focus on Europe and the United States and allow ourselves to forget the rest of the world. In the USA, the main issues regarding CSR revolve for the most part around management in relation to the stakeholders (especially those with most power to lobby or pressure), the establishment of relations with the community, and business action aimed at society, which are frequently described as CSR because they are carried out by companies, rather than because they affect the company's business core. On the other hand, in Europe CSR tends to be linked increasingly to an overall vision of the company, with more attention to all the processes in which it is involved and greater sensitivity towards the political and social context in which it operates. In this regard, our work highlights a very important issue: *we have noted a symptomatic similarity between the models of public policies on CSR that we have identified and the various welfare state models*. However, we also think that this correspondence is more than just a phenomenon to take note of; it poses a political and entrepreneurial challenge: it shows us that in the debates on CSR sometimes more questions converge than we are willing to accept. We hold that it would be a case of short-sighted pragmatism to reduce CSR, from the political arena, to just another instrumental tool available to governments to shore up the crisis of the welfare state. It would be tantamount to giving answers to the future by answering questions from the past. Rather, it would appear to be a matter of coming to terms with the fact that social governance in our interdependent world demands at the same time a new vision of the contribution companies make to society, a new relationship between the political and business actors, and the ability to develop a shared diagnosis and a shared perspective about the nature of the main challenges facing our societies in order to enable us to contextualise that vision and that relationship.

Roome (2005) notes that, in the approach taken to CSR in each country, several elements converge:

- The political and institutional structure
- The political style and processes
- The social structure

- The intensity of the attitude to voluntariness, as opposed to the acceptance of regulation and state control
- How the role of businesses is described locally and nationally
- The role and the positions of NGOs and citizens' associations in society
- The characteristics of the educational system and the values conveyed by it
- What is expected of leaders
- Historical traditions

Therefore, in the CSR discourse that is built in each nation it is important to take into consideration the following sequence (Figure I.1).

All the above makes it increasingly necessary for companies and countries to be fully aware of the need to fashion their own approach to CSR. We consider that the most innovative notions regarding CSR are those that link it to the revision of globalisation processes. The most stimulating ideas on this topic come from those companies, public institutions and research or academic institutions that place CSR within the debate generated by the intersection between the action (positive and negative alike) of transnational corporations, the emergence of a global civil society and public opinion, and the reconstruction of the role of states and their interrelationships. As a result, CSR no longer refers simply to the relations between business and society, but crystallises as a way of rethinking the role of business in society, incorporating as a core feature a perspective of governance and sustainability. For this reason, we believe that in talking of CSR at the same time we must also ask ourselves about our corporate vision and our vision for the country.

In order to tackle this issue we need leadership, commitment and conviction, above all in the field of business (obviously), but also in the political and social spheres. We need to create a public space where it is possible to share, spread and recognise significant experiences. We need to strengthen a business culture that is open to dialogue and partnership. We need the CSR agenda to take shape in strictly business terms, and not to be induced or conditioned from outside the business world.

CSR brings us, then, to ask ourselves whether our nation is capable of taking form also as an economic and social space, because CSR is also about how

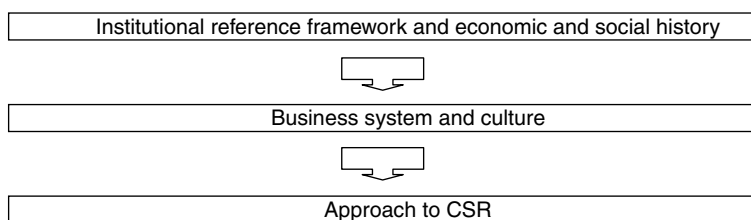


Figure I.1 CSR background on a national framework

Source: Adapted from Roome (2005)

companies and countries differentiate themselves in an interdependent world. Perhaps in the real future, in a globalized world, 'made in X' will become a label associated not just with the quality of that country's products and services but also with the responsibility, credibility and sustainability of its companies.

Building the nation also as an economic and social space

Without a shared vision, public – and indeed corporate – reflection on CSR boils down to no more than the pragmatic result of the correlation of forces and the play of interests, the occasional effervescence of rhetoric and persuasion, or the scenario of a (not always bloodless) conflict of convictions.

The time has come to expound openly that CSR constitutes one of the great opportunities for innovation, differentiation and legitimation available to businesses today. Only with a project and a vision can specific CSR agendas – agendas tailored to each company – become what they really are: a learning opportunity.

To put it plainly, there can be no successful companies in failed countries, but neither can there be successful countries with failed companies (the so-called business successes in failed countries are simply an obscenity). In a globalized world, linked to the emergence of the knowledge society, interdependence is a structural fact. No one can hope to build and consolidate their future without taking interdependencies into account. Economic life and social life may not coincide, but there is no way that they can be conceived and developed separately. Economic development is linked to the fabric of social and cultural relationships in which economic activity is carried on, and in which these relationships are mutually reinforced. There is no such thing as a really viable business that is not linked to some extent to the region in which it operates. Today, due to the growing predominance of networks, this mutual involvement in the region and with the region has to be deliberately built, because it no longer comes automatically through the inertia of a more or less stable and comfortably established society.

These ideas have led to discussion on the competitive advantage of nations (Porter, 1990). The discussion does not stop there, though, but goes on to consider the ethical wealth of nations (Donaldson, 2001). Basically, this wealth does not consist of the number of preachers they have or the level of their specialised intellectual production, but above all the quality of their professionals' actions, the coherence and consistency of their institutional framework, the reference values that make up their social relations and the life of their organizations, and so on. In this light, fostering the development of CSR in a nation constitutes, in our opinion, one of the touchstones for the articulation of its competitive advantage and its ethical wealth, because it explicitly gives structure to a corporate vision and a vision for the nation in the context of a globalized world. In other words, *grasping*

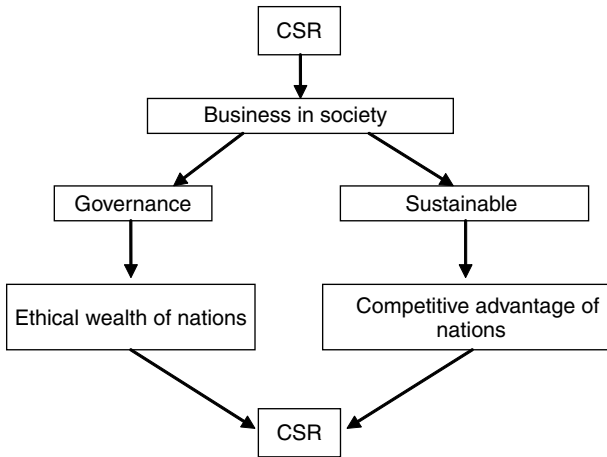


Figure I.2 CSR, governance and sustainability

Source: Lozano, ESADE

the nettle of CSR brings us to set forth a way of understanding the role of business in society and at the same time contributes to shape a nation as a space in which the relationship between the economy and society is not schizophrenic (Figure I.2).

Incorporating CSR into the public – i.e., economic, political and social – agenda reminds us that neither companies nor nations are possible without a shared vision: a shared corporate vision and a shared vision for the nation, each in its own differentiated register, because the CSR debate is always a debate about the society we wish to build and how companies contribute to the building process. Furthermore, it is a debate about what sort of enterprise we want and need, and about what we require socially and culturally in order to achieve it. In short, it is a debate that deals with where we want to direct our efforts, what common ground lies between our commitments and what we want to become collectively.

In our opinion, this makes it necessary to create and have access to areas where issues like the ones below can be publicly formed and aired. Incidentally, these issues will also have to undergo systematic public deliberation if we are to avoid their become pieces in a jigsaw puzzle that everyone fits in at their whim.

- *CSR: actors involved.* How to develop companies' relationships with their social environment(s). This means identifying and becoming better acquainted with the various actors that affect business activities or that may be affected by them. This interrelation should not be seen as management of potential risks but as an opportunity to build relationships. At this point it is essential to stress one aspect that is often forgotten: CSR should not be conceived as the sort of activity that is tacked on to what we would call the core of the business. On the contrary, although it might seem obvious, CSR

corresponds to the business, and it only means anything if it is undertaken from the business activity itself and integrated into its strategy, not as a series of peripheral measures, however interesting and useful they might be.

- *CSR and partnership relations.* We can infer from this the need to explore in depth a possibility that is quite highly developed in some countries: the creation of new forms of cooperation between businesses, public administrations and social organizations. The creation of these areas of comfortable partnership presupposes two aspects: first, that there is a dialogue enabling the construction of a common vision and goals; and second, that each actor strictly plays its own part, because fostering CSR does not mean that businesses stop being businesses and start performing duties that do not belong to them, nor that they should be subordinated to the demands of public administrations or social organizations. CSR only means that businesses should be businesses, but at the same time asks what sort of businesses they should be.

- *CSR and creation of social capital.* As a result of the above, the possibility arises of increasing the consolidation and development of social capital, inasmuch as the spread of CSR – and also of partnership culture – has a strong impact on the consolidation of the network of economic and social relations. However, this also imposes the need to promote an institutional network making the importance of CSR possible and visible.

- *CSR and business discourse.* Consequently, the development of CSR locates the economic and social dialogue in a new perspective: CSR is inseparable from the consolidation of a new business discourse that is capable of locating business legitimacy on a set of coordinates that includes CSR. However, it would be fatal to fall into another error: to think that what we are saying only implies business changes. CSR only makes sense if all organizations (public, social, etc.) pull their weight and assume their own social responsibilities, and if they do so as a result of a reflection on what role they should play in the emerging society. In this respect, coherently facing the challenge of CSR also constitutes an opportunity for the leadership of the business world that should not be wasted or overlooked.

- *CSR: innovation and coherence.* CSR can become one of the cores of business innovation and cohesion. It is impossible to develop it if it is not linked to the corporate identity, the way of doing things that is particular to each organisation, and its culture. CSR is not addressed by just drafting a document stating how important it is. There is a great deal to be done in connection with this issue, but CSR does not end with these activities; it should end up actually affecting the organisation's genetic code. This requires steady coherent work and commitment, not the generation of pseudo-events to satisfy the onlookers or certain members of top management. Precisely because CSR is a question of organisational DNA, it is pointless to try and reduce it to a matter of local sensitivity for globalized corporations, as if the fact of being rooted in a region were a sort of servitude from which

the company has yet to free itself. On the contrary, in a globalized world we can never forget that this vision always takes shape in social contexts that are determined locally.

- *CSR: from rhetoric to good practices.* This means that we also need to know and spread the most innovative and coherent initiatives and measures being taken in CSR. This emphasis on good practices requires us to refute four clichés that together constitute the heaviest burden the development of CSR has to overcome. First, rhetoric on CSR should not (only) serve to state that there is still a long way to go and to criticise irresponsible behaviour; rather, it should provide an opportunity to differentiate and highlight socially responsible action (given that CSR is one of the great opportunities for business differentiation). Second, we must avoid the impression that companies develop CSR out of nothing; they do it working from the basis of their own track record: CSR is a vision that allows us to innovate, but also to strengthen, consolidate, reinforce and indeed expound ways of operating that have come to form part of business practice. Third, not all companies talk, live and manage CSR in the same way; each does so from its own profile and sector. In other words, CSR is not the exclusive property of large corporations, even if the predominant specific approaches and tools seem to have been designed for companies that are stock market listed and highly exposed to consumer markets. If it is true that there is no CSR without a corporate vision and a vision for the nation, non-listed companies, family firms and SMEs have something to say on the subject. And fourth, CSR is not only about philanthropy (making donations), particularly in a European context, nor should it systematically give rise to any additional cost.

Managing CSR

Ultimately, CSR should be managed and manageable. This statement is only possible if we eliminate the pollution generated above all by three clichés which we have just mentioned, and which because of the harm they do, we want to insist on decrying: that CSR boils down to making donations; that CSR is only of any relevance to the big stock market listed companies; and that CSR means doing activities that are very useful and beneficial but have nothing to do with the core business in which the company is involved. The first thing we have to do is to get rid of these clichés from our mental universe. If we had to sum up the matter of how to manage CSR, we ought to single out three points: what topics, what processes, and how it is integrated into management.

What topics? We work from the premise that CSR is not a preset model applicable to just any organisation. The most important thing is precisely that each company must build its own vision of its responsibilities towards society and translate it into concrete policies and practices. However, when it comes to building this model, it is fundamental to work from the basis of

a minimum understanding of the areas roughly encompassed by CSR. We work with a model that divides CSR into six main areas (Figure I.3):

1. **Vision and mission:** aspects related to the development of the concept of CSR, its articulation with corporate values, the explication and formulation of those values, and how they are integrated into the strategy and governance of the organisation
2. **Stakeholders:** aspects related to the interaction between the company and society, especially through all the stakeholders who are affected by and who affect its activities
3. **Work:** aspects of CSR related to the sphere of work and the quality of its organisation and development
4. **Market:** aspects of CSR related to the activities of the company with regard to products, services and market strategies
5. **Environment:** perhaps the area that is recognised with most consensus; it deals with the impact the company's activities have on the environment
6. **Accountability:** aspects related to information, transparency and how the company accounts for itself towards society with regard to its CSR policies and practices, and the channels it uses to do so

Nevertheless, identifying the areas included in CSR does not explain its complexity. To complete the model we have to take into account that, from a CSR perspective, it is necessary to develop strategies, turn them into concrete policies, and on this basis generate new practices. We can visualise this as follows.

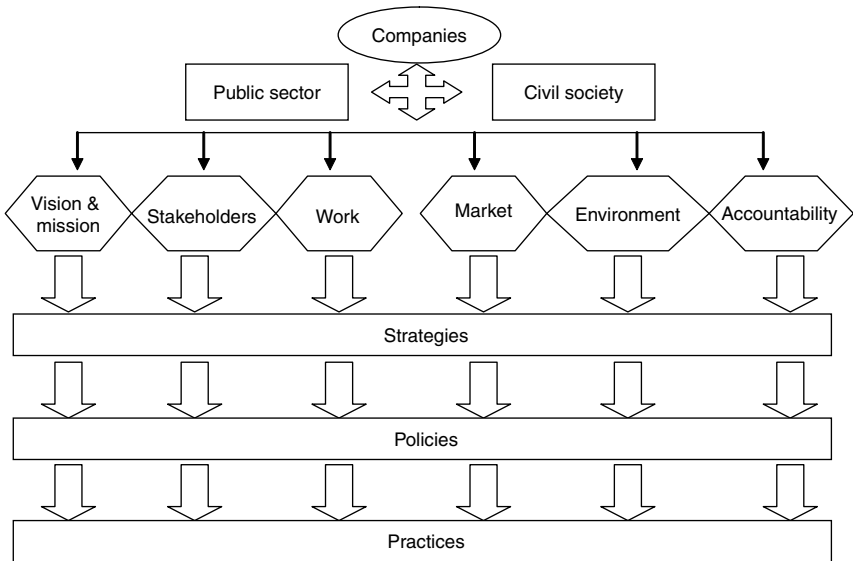


Figure I.3 Conceptual matrix of CSR

Source: Vilanova, ESADE (2003)

Yet this identification of topics can become a static perspective. Thus, the key issue comes to be how CSR is integrated into management processes, because the development of CSR takes concrete form in the construction of a business trajectory – not in the sum total of a series of business dealings. CSR is a process, a process in which the most important thing is the trajectory and the direction that sustain it and the ongoing commitment that gives it structure. That is what provides it with credibility. What has been done at any given moment will depend precisely on the situation in which the company finds itself and the reality of its environment. In contrast, this understanding of CSR as a learning process is what has become, for many companies, a factor for innovation that has given rise to new forms of organisation, new products or improvements in the quality of their management.

In this process, there are three elements that can be regarded as fundamental (Figure I.4).

First of all, CSR only makes sense if it shapes the business strategy and policies and is integrated into the values that are lived – and not just those that are formulated – within the company. Consequently, the important thing is to nurture the corporate identity and a trajectory that shows a certain amount of consistent coherence in everything that is done. If this is not the case, any attempt to make CSR a matter of ethical codes, carrying out particular activities or making donations, will ultimately wither on the vine.

Secondly, and coherently with the above, CSR constitutes a vision of how relationships are carried on with the various actors involved in business

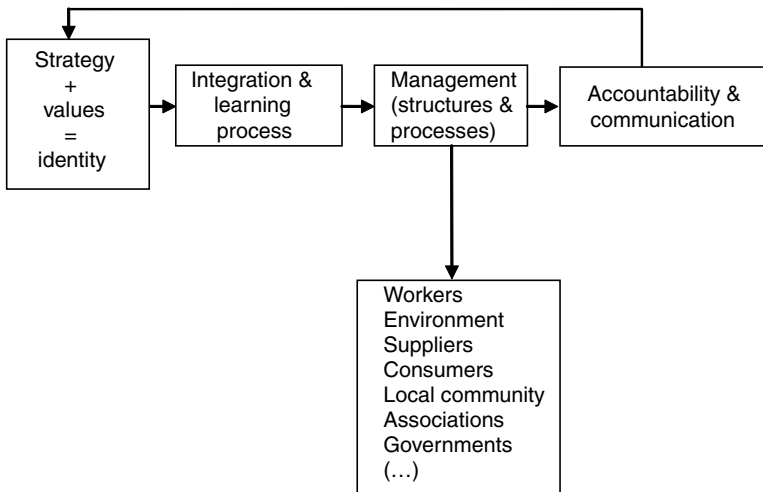


Figure I.4 CSR process

Source: Lozano, ESADE

activity, which includes the structures and processes of the company itself. In a normal state of affairs, this can usually allow us, among other things, to anticipate expectations and innovate in products and services, but it can also enable a company that is committed to CSR to be valued and integrated into its surroundings, and 'eligible' not only to invest in, but also to work with, to deal with, and so on. This is why it is particularly relevant to link the development of CSR to the development of people within the company. If CSR is important, it should be carried through to the selection, training, communication, motivation and reward criteria, and also to the working conditions; furthermore, it is necessary to encourage the skills and attitudes that are linked in each company to the development of its CSR.

Lastly, companies have to be accountable and communicate what they have done. This does not mean that CSR should be conceived as a form of public relations. Approaching it in this way will sooner or later lead to failure and discredit. On the contrary, it is necessary to develop a model of accountability and communication that is not limited to dealing with economic aspects, but also includes social and environmental ones (i.e., what has been dubbed 'the triple bottom line'). A model that must be understood as a form of dialogue between the company on the one hand and its milieu and the various main actors on the other: a dialogue from which to learn things, enabling society to understand better what the company is doing, and also enabling socially responsible companies to gain recognition. Recognising and differentiating socially responsible companies is as necessary as it is legitimate, and as such it is necessary to find mechanisms whereby this recognition comes both from society and institutions and from markets.

When CSR is conceived as a process, it is important to be aware that several dimensions have to be taken into consideration:

- The *explicit*: those elements that formalise and objectivise CSR (codes, reports, statements, organisational structure, etc.)
- The *tacit*: those intangible elements that make up the concrete manifestations of CSR in each company (organisational culture, history, leaderships, etc.)
- The *negative* aspects: those approaches, in any of the management areas involved in CSR, that are characterised by emphasising what should not happen in business dealings, or should be excluded from them; and also those minimum levels that must be respected by law (sanctions, prohibitions, rules of procedure, etc.).
- The *propositional* aspects: those approaches, in any of the management areas involved in CSR, that have a component of enquiry, facilitating innovation or improving management, and shaping new relational dimensions.

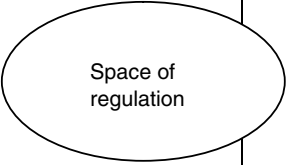
	NEGATIVE CSR	PROPOSITIONAL CSR
EXPLICIT CSR		
TACIT CSR		

Figure I.5 Variables of CSR and regulation

Source: Lozano, ESADE

This vision of CSR, at the same time synchronic and diachronic, enables us to expound on the limitations of reducing deliberation on policy and CSR to the debate on its regulation. Such a restriction confines it to one element which, although it may undoubtedly play an important part, has a limited scope.

Regulation allows us to influence basically those aspects of CSR that have a strong explicit and negative component in each of the six areas of CSR development (Figure I.5), but it cannot cover all of them, nor all their aspects. Furthermore, it leaves aside from political action everything to do with the promotion of the propositional aspects of CSR, which are, after all, those that generate improvement and innovation initiatives in management.

Does the name condition the policy? Corporate social responsibility (CSR) or responsible and sustainable companies (RSC)?

With regard to the reflection on what public policies should be linked to the development of CSR, there is still one issue that needs to be dealt with. How many debates and projects have we seen lately that drag on and on because

someone says that no progress can be made until we clarify what we understand by CSR? Perhaps what we have set forth above is enough to bring home to the reader that no definition can take the place of our own options and decisions. Yet it might be wise to consider that it is not always helpful to use the same name of CSR. Perhaps we should simply talk about responsible companies, or if you will, responsible and sustainable companies (RSC), a term we propose not just to satisfy the urge to maintain the same three emblematic initials, but as an all-embracing conceptual option.

To talk of social responsibility is certainly useful, necessary and inevitable. However, it is also a source of misunderstanding and confusion, because this concept is often perceived as something important but conjunctural; a luxury that is only affordable with a sound balance sheet; a response to a new type of demand that has to be attended to, because of the risk involved for one's reputation; or a specialist issue particular to a new functional area which, if possible, should not interfere with or unduly upset those that already exist. No matter how much we insist that CSR is not an appendage, we should not be surprised if some wonder what it has to offer and what the word 'social' refers to. It is probably this term that makes it so sterile to dwell on the dichotomy of whether CSR should be legislated or voluntary, because if we are only talking about 'social' responsibility, it seems very likely that, strictly speaking, it begins where the law ends. But this is not the only problem it generates: think of the debate on what CSR adds to (or subtracts from) relations with the workers; or the issue of whether CSR is just another aspect on the agenda of social dialogue and agreement; or the uncertainty surrounding the difference between CSR and social action.

This [uncertainty] is due largely to the fact that we often talk about social responsibility from a dualistic perspective. It is a perspective that sets the economic side of business ('results') against the social side ('responsibility'). This perspective is compatible with great interest in social responsibility, although this will always be understood as something that is added to and perhaps complementary with business activity as such (which would seem, curiously, to exclude the economic viability of the company from its responsibilities towards society, whereas actually it is a constitutive part of it). In any event, we believe that it is pressing and necessary to overcome this dualism, because today we have to think about responsibility in terms of interdependence. Business responsibility is not reduced to the consequences of what companies do; rather, it refers to how companies stand and act within the network of relationships to which they belong: local, national and international networks. In short, CSR refers to the values and criteria that guide companies in all their dealings; it affects not the periphery but the core of its activity.

We are increasingly convinced that we should only talk of responsible companies (or responsible and sustainable companies). The only question that makes sense is the one that asks about responsible companies; in fact, it

is not even a question, because a company can only be one if it is responsible. What we have to ask ourselves is to whom and for what is it responsible, how that responsibility takes shape, who has the right to demand it, and how it is accounted for. In essence, the debate today is centred not on elucidating whether a company is responsible or not, but rather on clarifying how it understands that responsibility and how far it reaches. If the question about responsibility today is more complex, it is also because society is. In a complex society, companies no longer merely manage relationships with their interlocutors; they have to build them up and through them generate trust and legitimacy.

Perhaps the crux of the matter is that ultimately *there is no such thing as corporate social responsibility, but rather a social dimension inherent in all the company's responsibilities*, just as there is an economic dimension to the exercising of all its responsibilities. The responsibility of a company has multiple spheres, which at the same time are the result of a challenge and a demand: what contribution does business make to society today? This contribution only takes shape in the relationships it establishes with each of its stakeholders. In point of fact, the question for the responsible company includes the whole of its network of relationships (also its value chain) and all aspects of those relationships; the question for the responsible company asks what sort of company and what sort of society we want to build.

This perspective presupposes a more complex vision of business responsibility. We are still too accustomed to a monothematic approach: maximise profit and keep within the law. But increasingly, the responsibility of the company is approached in plural terms. The various dimensions of its responsibility – economic, social, environmental, legal, educational, ethical and so on – are present in the stuff of each of its actions. To assume them is not only a growing demand of the various social actors and the citizens, emphasised by the global nature of the network of relationships in which companies operate, but also an opportunity for those companies that are capable of acting with vision and prepared to build relationships on the basis of trust and recognition.

Nevertheless, much as we stress responsibility when we talk of companies, we are also talking about a principle that does not only affect them. After all, a certain responsibility ethic should form part of our shared culture, and that is only possible if no one is considered to be exempt from the demand of responsibility in their own sphere of action: companies, but also associations, NGOs, political parties, institutions and so forth, because the demand of responsibility affects all organizations and all their interrelations.

This means we have to overcome the implicit division of labour whereby each institution (company, government, NGO, third sector, etc.) has exclusive jurisdiction over one type of responsibility and can afford to ignore the rest ... or judge the others. Today, the reality of an interdependent world tells us that responsibilities are shared; the ethics of co-responsibility

demands of us a high degree of social innovation. *It is a case of talking not only about the consequences of what we do, but also about what we want to do and what we want to help to build.* This is why the business innovation we need today does not refer only to technologies, products, services and processes: we also have to learn how to innovate in institutional terms, regarding values and attitudes, which includes the business skill of dialogue with social actors and groups, and also the ability to generate a message and a set of practices that legitimise the company in the eyes of the various social actors. Hence we believe that in the near future we will increasingly understand *responsibility as a process of building social relationships.*

As an aside, it should be mentioned that building social relationships means that all the actors involved – not just businesses – must learn how to relate to each other from this perspective. Adopting the criteria and practices that we have proposed as being constitutive of CSR (recall, for example, the clarification of the values that identify the organisation; the criteria and forms of relationship with the various stakeholders; transparency and accountability) is something that can be valid for all organizations. This is why it makes sense for a public policy that seeks to foster CSR to admit the necessity to progressively disseminate its constitutive components to all organizations, and not focus exclusively on companies.

Conclusion: beyond regulation, a policy is required. This is why we need strategic vision

Everything we have set forth above leads to the conclusion that to think only in terms of the dilemma ‘legislation: yes or no?’ when we ask ourselves what governments can do to promote CSR is to fall into an impoverishing and sterile reductionism. Legislation is no more than one possible element among many, and often not even the most useful or the most important. It needs to be framed in a political perspective, and once this is done, the question we have to ask ourselves is what we need in order to promote and encourage the existence of increasingly responsible and sustainable companies and organizations. This statement in itself highlights, insofar as it expresses an option, that any discourse on politics and CSR presupposes – consciously or otherwise – a vision with regard to the company and the nation alike. It is a vision that we have to build explicitly, and bring to public debate and deliberation, not as a rhetorical activity but linking it to the shaping of the public policies to be promoted (Figure I.6).

We could still ask ourselves why we cannot regard the CSR debate as an internal affair of the business world, even if we recognise that it is a matter that has obvious social repercussions. In other words, is there any point in political institutions having a CSR discourse? We believe there is. Especially if, when we talk of CSR, we take as reference elements the two words that appear in the titles of the European Commission documents¹: promoting

CSR/RSC	Agenda	Understanding	Vision
Promoting (governments and public administrations)			
Contribution (companies and private sector)			

Figure I.6 Dimensions of CSR

Source: Lozano, ESADE

(from the perspective of political institutions and public administrations) and contribution (from the perspective of business sector). Thus, we could formulate the hypothesis that the dialogue surrounding the development of a CSR policy should, on the basis of these two variables, deal with the three elements we mentioned at the beginning of this introduction (agenda, understanding and vision). Nothing can replace business initiative when it comes to contributing through its action to build the CSR agenda, shape its understanding and frame it in a vision. But nothing can justify public powers abstaining from promoting the development of these same agenda, understanding and vision.

In short, commitment to CSR has to be linked to economic and social development; to the generation of trust and social capital, and to a certain vision of the national identity (or, if you will, what some have called the 'nation brand'). However, simultaneously to this, commitment to CSR also has to be linked to a commitment to the excellence, quality, continuous improvement, innovation, differentiation, competitiveness and internationalisation of companies. On this point, neither companies alone nor governments alone can succeed. On the contrary, success for companies and governments lies in their progressive capacity to face the development of CSR together, each from their own specific institutional position (Figure I.7).

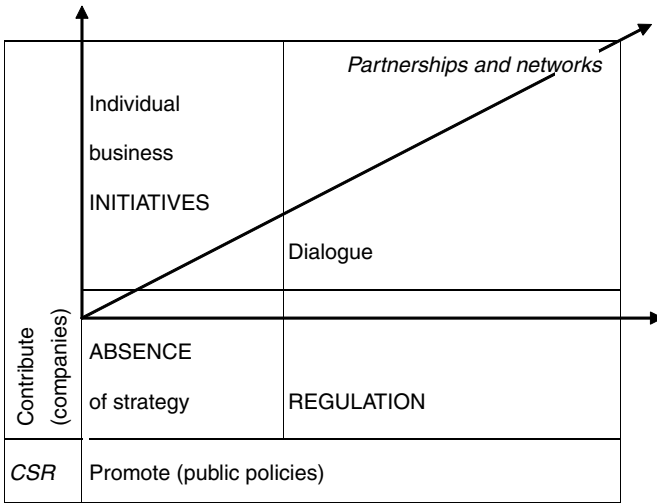


Figure I.7 Actions in CSR

Source: Lozano, ESADE

This need for a shared vision for the company and the nation is what convinces us that, as we mentioned earlier, CSR is an essential component in the development of what Donaldson (2001) calls ‘the ethical wealth of nations’. We take this term on board because it expresses graphically a perspective that seems to us to be highly pertinent. It marks the point of convergence between Fukuyama, when he refers to the generation of trust in the economy, and Putnam (2002), when he speaks of the importance of social capital for the proper functioning of democracy. The basic issue at stake here is that the economic and political viability of a society is not possible without the practical assumption of a set of fundamental values by the majority of its citizens and organizations; and that therefore we cannot understand the development of a society merely in economic terms – even though we often only apply this criterion of measurement – because economic viability is only possible if associated with the cultivation of these values by the various social actors. Among these values, we consider (social) responsibility to be noteworthy.

The knowledge society, organized in networks, forces us to rethink the nexus between the competitive advantage of nations and their ethical wealth. The question concerning the ethical wealth of nations arises when we discover that values are the stuff of practices and social actions, be they economic, professional, associational or political. A nation is also a moral space in which survival, peaceful coexistence and meaningful living should be possible (although on the contrary, it may become an immoral space where corruption, injustice and incivility reign). Responsibility for its ethical wealth falls on all social actors, and depends on their day-to-day practices in their respective areas of action. Within these practices, values enable us to understand, justify, orientate and, in short, talk about what we do.

In our opinion, the debate on the values associated with social practices is a public issue – especially the debate on their interrelationship. Paraphrasing Kant's famous statement, we can say that values without practices are empty, and practices without values are blind. Promoting CSR requires activating a process of constant dialogue about how we should learn socially and organisationally to integrate values and practices. This is not possible from the logic of the preacher, but rather from learning and reflection on practice and on the basis of practice (among other reasons, because the knowledge society is not possible without reflexive professionals and organizations); and furthermore, in this learning and dialogue, the actors involved must make their voice heard.

The governance of our complex societies will not be possible unless we turn the responsibility of the various actors into an awareness of co-responsibility. Neither co-responsibility nor the building of a public agenda on CSR is possible without a vision for the nation; that is, without asking ourselves what kind of nation we want to become and what kind of world we want to help to build. And this is equally valid on a European scale: the development of CSR must be linked to European integration and the presence of Europe in the world, and vice versa. This also means, without any sort of doubt or hesitation, a return to politics. It is for this reason that we must recognise the political dimension of the development of CSR, because – let us say it once again – the question about CSR and the role played by enterprise in society does not mean that businesses should stop being businesses and start performing duties that do not belong to them (or even for which they are not legitimated); all it means is that they should be businesses fully and totally, businesses of the twenty-first century.

Consequently, the development of CSR in Europe is also a question of leadership – primarily business leadership, but also political and social – precisely because here, when we talk of leadership, actually we are insisting on the act of clarifying and articulating the values that guide the community. It is not enough for leadership to provide a map for the future, if it ignores conflicts of values, nor is it enough for it to offer an easy way out that disregards the facts. Guiding values are interpreted in the context of

problems requiring definition and action. To sum up, then, what are our society's and our companies' problems that require definition and action in terms of CSR?

To talk of CSR is to talk of what vision we have, for the company and for the country. To talk of CSR is to talk of how it is conceived and what consequences it has in each particular society – and hence also in ours. To talk of CSR is to consider what agenda of relevant issues and actions render it significant in a company, a sector or a country. To talk of CSR is to talk of whether a country is capable of building itself as an economic and social space. To talk of CSR is to talk about what sort of leadership the business world is prepared to assume. To talk of CSR is to talk about how countries and companies rank in a globalized and interdependent world, and what differentiates them.

Is there any point in talking about these things today? We think there is. At least, we think this is what justifies this book.

Note

1. Green Paper '*Promoting* a European framework for Corporate Social Responsibility'. 'Commission communication concerning corporate social responsibility: a *business contribution* to sustainable development'.

1

Governments and Corporate Social Responsibility: Context, Aim and Perspectives

In the first part of this chapter we present a synthesis of what we consider to be the most important approaches to the action of governments in the framework of promoting and developing CSR. A brief introduction to the main research done in this field will serve as a point of departure for our proposal for analysis. Subsequently, in the second part of the chapter, we will introduce the elements for analysis and debate on governments and CSR.

The literature on governments and CSR: European Context

In our opinion, on the European context the starting point is provided by the documents published by the European Commission (EC):¹ the Green Paper 'Promoting a European framework for Corporate Social Responsibility' (European Commission, 2001) and the 'Commission communication concerning corporate social responsibility: A business contribution to sustainable development' (European Commission, 2002a). These two documents give us the key to understanding the role governments can play in the promotion and development of CSR. In June 2004, the EC also presented the Final Report of the European Multi-stakeholder Forum on CSR. This document establishes the recommendations derived from the European Multi-stakeholder Forum on CSR, and serves as a support for the action of governments and the European Commission itself.

Finally, in March 2006, the European Commission published a new communication expounding a vision of CSR that is linked to sustainable economic growth, the competitiveness of the European economy, innovation and job creation. The Commission's vision is set in a new complex context of European Union enlargement, with new patterns of business practices and initiatives.

In addition to this, the EC has also published other complementary documents that provide us with important elements and information on the

European debate on CSR and the role of governments. Among these documents are the reactions of the various social agents involved in the public debate initiated by the Green Paper.² The usefulness of these materials lies in the fact that they enable us to know the responses of the European governments (together with some regional governments) to the Green Paper, and their approach to CSR.

The initial debate about the role of governments opened by the Green Paper had a certain tendency to focus on the issue of the voluntary or mandatory nature of CSR. Some of the responses to the Green Paper can be analysed in this context. However, this discussion soon became framed in a more complex setting. Thus, some approaches highlight the need to go beyond the voluntariness versus legislation dichotomy.

But other approaches predominate in the analyses of public policies and CSR: first, the analysis of public policies that governments have adopted in the framework of CSR promotion and development; and second, the analysis of the public-sector roles adopted by governments in the development of CSR public initiatives. This latter analysis sometimes incorporates the socioeconomic and cultural context in which CSR has developed.

Comparative analysis between European context and North American context

From an American perspective

As regards the analysis of the importance of the role of public policies that promote CSR, the pioneering works of Aaronson and Reeves (2002a and 2002b) are worthy of note. The authors analyse the differences between the development and the acceptance among European based companies of the role adopted by European governments promoting CSR and the less acceptance to be found in the US based companies in relation to US government initiatives. They defend the idea that the key element in the attitude of some of the pioneering European governments in the development of CSR is their cooperation with certain corporations, especially in comparison with the low level of acceptance of CSR public policies by US companies. Aaronson and Reeves (Aaronson, 2002a: 50–51) consider that the difference lies in the respective business cultures:

In the last few years, European policymakers have taken a wide range of steps to promote CSR. These actions contrast with the lack of policies in the United States. The failure of American policymakers to promote CSR is surprising, because CSR pressures are so strong in the United States. What explains the difference? Some argue that public pressure might be a good explanation. Europe, Canada and the United States have all witnessed violent protest about globalization in recent years [...] So if public concern and market forces don't explain a more activist role, what

does? We would argue business culture. European firms are more comfortable working with government to improve social conditions, and they are more comfortable in a regulated environment. Business expects government will ask more of them and government does ask more of business. [...] European acceptance of a government role in promoting CSR should not be misconstrued to mean public support of binding CSR policies. The European public and a growing number of European businessmen and women support the current level of experimentation at the national and multinational levels. And European business leaders seem to believe that CSR policies can help them find their way in the chaotic ever-changing global economy.

Another comparative analysis between CSR development in Europe and America is the report published by Canadian Business for Social Responsibility in 2001. In this document, CBSR (2001) compiles the CSR public policies of various governments and gives a series of recommendations to the Canadian government to develop CSR policies and provide support for companies in their social and environmental practices: it should generate business leadership and show commitment, transparency and a will to communicate and act. Another report that makes recommendations is 'Promoting global corporate social responsibility' (Frank Hawkins Kenan Institute of Private Enterprise, 2003), which encourages the US government to develop strong partnerships capable of responding to the new challenges for governance generated by globalisation.

We can see, then, that in those studies that focus on the analysis of public policies and CSR in the US and Canada, some of the themes that emerge as relevant are also those that we will identify as fundamental in European public policies: CSR promotion, partnership, leadership, commitment and the link with governance issues.

From a European perspective

As far as the European reality is concerned, studies have appeared that present the development of CSR in European countries with particular attention to the analysis of the sociocultural context and the role of companies.

The book edited by Habisch *et al.* (2005), *Corporate Social Responsibility across Europe*, presents collective research on CSR in 23 European countries, all either EU Member States or in the process of joining. This overview shows how CSR is rooted in different national frameworks and is modulated according to different social, cultural and economic traditions: ethical issues are predominant in the Anglo-Saxon countries; environmental concerns are the main issue on the CSR agenda of the countries of northern Europe; and in southern European countries CSR is approached as a social development issue. In the conclusions, the authors state that in Europe in general the

concept of CSR is linked to sustainability and governance: it is seen as the way for companies to contribute to sustainable development and strengthen economic competitiveness, social cohesion and environmental protection.

This book also provides a series of contributions that present a more pan-European vision.

First, Roome (2005) presents the implications of the CSR agendas of European governments by showing how cultural factors and the political, social and business structure influence the shades of meaning that CSR adopts in each country. A comparative analysis is performed of the UK, Germany, the Netherlands and Sweden regarding the way the topics on the CSR agenda are dealt with.

The second cross-country analysis is by Matten and Moon (2005), who develop a conceptual framework for understanding CSR in Europe on the basis of the idea of social governance, comparing the European context with the American one. Their chief conclusion is that in the US more explicit CSR strategies have been adopted by companies, thus resulting in a weaker institutional framework. In Europe, in the other hand, companies have adopted more implicit corporate strategies for CSR, among other reasons because institutional frameworks for socially responsible business action are more developed there.

The third analysis, by Lenssen and Vorobey (2005) provides insight into the development of theoretical and empirical models on the role of business in society in Europe, based on social contract theory and stakeholder theory. To this end, the authors analyse how cultural differences and sociopolitical systems affect corporate responsibility in each country. The analysis also incorporates the concept of corporate governance and corporate reputation. The purpose of the work is to find elements of convergence in the framework of the European Union.

Diversity of roles in the public sector in relation to CSR

With regard to the roles of governments in the development of CSR, Fox *et al.* (2002) work from the idea of the public sector adopting four roles: mandating, facilitating, partnering and endorsing. The report builds and develops a matrix with the possible initiatives taken by governments depending on the roles they adopt, in relation to the ten key themes on the CSR agenda (minimum standards, the public policy role of business, good corporate governance, socially responsible investment, philanthropy and community development, stakeholder engagement, production and consumption, certification and management systems, transparency and reporting, and international CSR guidelines). Importance is also attached to public-sector action in developing countries. In this way we gain an overview on the basis of a combination of initiatives and roles that provides a reference both for analysis and for the development of CSR public policies.

Lepoutre *et al.* (2004) also present a review of the roles adopted by governments in the CSR debate. Their analysis discusses the strategic roles played by governments (activate, orchestrate and modulate) and presents common tools adopted in public action (public information campaigns, organisational reporting, labelling, contracts, agreements and incentives). The work done by Nidasio (2004) is also interesting, although it focuses exclusively on a comparative study of the reporting frameworks and models developed by four European governments: Italy, Belgium, the Netherlands and France. The paper classifies national reporting frameworks according to two levels of analysis: a top-down as opposed to a bottom-up approach, and a government-centred as opposed to a multi-stakeholder approach.

Governance and CSR

The development of theories on CSR is increasingly incorporated into an overview of its contribution in terms of governance. In this respect, there is a very relevant analysis by Moon (2004) on the CSR policy adopted by the UK government. Moon considers that this government adopted its CSR policy as a response to the social governance crisis and the lack of legitimacy of the state that appeared in the last decades of the twentieth century. At that time an answer was being sought to the social governance deficit that affected British society in issues such as unemployment, the regeneration of socially and economically less-favoured areas, vocational training of the unemployed and the employed, business start-up and job creation. The author concludes that the British government saw CSR as a contribution by the business world towards meeting these challenges and incorporated it into the political agenda. This explains why the British government became one of the first to foster and institutionalise CSR within the framework of a particular public policy and a particular department.

Midttun (2005) locates the development of CSR in the context of the changes taking place in the welfare state, on the basis of a comparative analysis of three models: the Keynesian Welfare State Model, the (Neo)liberal Model and the Embedded-Relational CSR model. The author analyses each of the models adopted by governments in political, commercial and regulatory exchange taking into account three actors: government, industry and civil society. In each model he analyses the intermediation between these actors and their areas of exchange. The CSR model, in contrast to the welfare state model, is based on decentralised initiatives from civil society, media dissemination, self-regulation of the business sector, and less state intervention. The CSR model has developed new ways of paying attention to sustainable development, by adding new dimensions and roles to areas of exchange. The CSR model proposed by Midttun is thus based more on the initiative of civil society and the self-regulation of the private sector.

From a perspective that focuses more on questions of governance, the whole issue of partnership relationships emerges as a crucial theme in the development of CSR. Gribben *et al.* (2001) presents the role of governments in the creation of new models of social partnership with a view to solving social problems, in coordination with companies, social organizations and local government. Similarly, Guarini and Nidasio (2003) analyse the role of CSR in public-private partnerships as governance models. The governance of public-private CSR partnerships incorporates an area of long-term consistency into the concept of political networks. The authors analyse public-private CSR partnerships in the Italian context in issues such as management and accountability. The study concludes that public-sector actors commit themselves above all in the evaluation of social and environmental needs, thus laying the foundations on which to plan CSR strategy. For its part, the private sector commits itself in both the funding and the performance of projects.

In the framework of this debate, Bendell and Kearins (2004) address the political dimension of CSR and its application to business administration and management in relation to the demands of civil society. First, they state that the concept of voluntary compliance linked to CSR is accepted by few stakeholder groups – especially NGOs – as they believe voluntary CSR initiatives to be incapable of leading to the goal of sustainable development. Second, they point out that the voluntary nature of CSR has brought growing social awareness of the political activities of companies, especially those activities that generate a certain amount of controversy around certain companies and their international activities. Third, they claim that some general and financial managers are of the opinion that, without major changes in government public policies, individual efforts by companies in CSR may not yield commercial success, and thus may cause the business world to be wary against taking such action.

This literature review shows us that the treatment of CSR public policies has become progressively consolidated as an increasingly all-encompassing perspective that locates these policies within a social governance context and that rests on the growing importance given to the interrelationship between business, government and civil society as a basic element for the development of CSR.

Analysis of governments and CSR

In this second part of the chapter we will take a look at the main elements for analysis on governments and CSR.

Over the last decade, governments all over the world have developed an ever wider range of public policies for the fostering of socially responsible business practices. This public action is being implemented through various public policies and programmes. All these measures require some degree of

public intervention, and are sometimes explicitly requested by the actors involved in the development of CSR.

In Europe, the European Commission presented its Green Paper 'Promoting a European framework for Corporate Social Responsibility' in July 2001. Since then, there has been a constant increase in public policies adopted by European governments to encourage CSR. But CSR also has a global framework: in 1999, Kofi Annan, Secretary-General of the United Nations, proposed the Global Compact with the aim of reconciling the creative forces of private entrepreneurship with the needs of the disadvantaged and future generations. A year earlier, the OECD had revised its guidelines for multinational enterprises. In general, these initiatives are justified because the attitude to business is changing, and it is beginning to be regarded as having an important part to play in improving society.

CSR: a relational approach

The European Commission (2001) defines CSR as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis.' However, if we delve deeper we will realise that CSR implies a relational interpretation of business activity, which takes in its stakeholders, society at large and the natural environment in which this activity is carried out.

In carrying out its activity, enterprise builds relationships and can set up frameworks for dialogue with other social actors, especially with its stakeholders. From this perspective, its activity generates frameworks of responsibility in terms of interdependence. The responsibility of enterprise is not reduced, therefore, to the consequences of what companies do; it is about how companies stand and move in the network of relationships in which they act. CSR also refers to the principles, values and criteria that guide businesses in all their dealings.

From our viewpoint, then, we understand CSR not as a mere analysis of the consequences of isolated action, but as a valuation of the specific relationships established between several actors. This relational dimension is one of the keys for understanding this book.

This analysis cannot be a mere conceptual exercise, because in recent years, in a framework of growing globalisation, there have been changes in the contexts in which companies act. Consequently, companies are emerging not only as economic actors but also as political and social ones. As companies come to face an increasingly globalized economic and social environment, with increasingly interdependent and multidimensional implications and challenges, they become fundamental actors for the social and environmental future of our societies and our planet.

This is reasonable justification for the relational reading we give to our research. We can no longer talk of the responsibilities to be taken on by

enterprise – like those to be taken on by the other social actors – as if they were isolated individual actors; we must do so in multi-stakeholder terms. We are dealing with a relationship that is not limited to considering effects and consequences; it must also take into account values and the construction of meaning. Effects, consequences, values and meaning that acquire relevance insofar as they are inserted into a model for society.

If we accept this reading, when we say that a company is aware of its actions and the consequences of those actions, we mean that it does so always in a political, social and environmental context. It is in this sense that it is accountable to its stakeholders. But we would be wrong to adopt a perspective whereby companies establish bilateral relations with each of its stakeholders. As we have already mentioned, these relations occur in a new economic, social and political context – a context, incidentally, in which we face a redefinition of the role of government, especially in Western societies, due among other things to the crisis of the welfare state.

Today CSR has entered the political agenda of the governments of most European countries, and those of other countries such as Canada, the United States, Australia and others. The European Commission recognises that some European governments have been pioneers in this field, and assume the importance of CSR in the political arena. Governments thus face a daunting social challenge: they are responding to the new role of enterprise in the current process of economic development and the resulting social and environmental challenges that arise. Moreover, the European Commission requires that these national CSR policies are in consonance with Community policies and international standards and codes, such as the ILO Declaration of Fundamental principles and Rights at Work (1999) and the ILO International labour Standards and the OECD Guidelines for Multinational Enterprises (revision 2000).

Many European governments have started to develop and design governmental actions and policies in the framework of CSR. To do so, they have adopted several roles and lines of action.

- They play the role of facilitators in promotion and discussion on the development of CSR.
- They play the role of promoters of CSR (increasing knowledge about the positive impact of CSR, developing the exchange of experience and good practice, promoting the development of CSR management skills, fostering CSR among SMEs, and facilitating convergence and transparency of CSR practices and tools).
- They play the role of mediators promoting multi-stakeholder dialogue between the actors involved, by facilitating information flows.
- They play a role related to partnering in the development of partnership initiatives and projects with the participation of the public-private sector.

- They play the role of creators of knowledge networks, giving validity to those instruments, standards and tools that are already accepted and legitimised.
- They play a participatory role in the international organizations that have adopted CSR promotion and development measures on an international scale, by transferring their formal commitments to the national scale.
- They play the role of regulators, often through enabling regulatory measures (soft regulation) and transparency measures, and less often through mandatory regulations.

The regulatory framework: beyond voluntary compliance versus legislation

One of the most heated debates to arise out of the Green Paper focused on the appropriateness or otherwise of incorporating legislation on this issue into the political agenda. This may seem to contradict the fact that the European Commission (2001) itself determines that corporate social responsibility is 'a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment'. The social responsibility that companies assume voluntarily would thus appear to imply new commitments that go beyond their conventional regulatory and legislative obligations. Therefore, it is clearly in this new area of action that CSR generates the creation of new associations of social partnership that also bring new spheres of relation and social dialogue between the business sector, civil society and governments. According to the European Commission, these new forms of social partnership strengthen the economic and social cohesion of European societies.

The reader should be aware that at first – albeit with certain important exceptions – governments were not the most active participants in the development of CSR policies. In many cases they have acted in response to business and social initiatives. In general, governments have not adopted mandatory CSR policies, opting instead for dynamising, facilitating policies that favour CSR, developing common information standards and practices that promote CSR, and creating spaces for dialogue and partnership. In all these objectives, governments and public administrations have a fundamental and all but irreplaceable part to play. In connection with this, as Aaronson and Reeves (2002b) have indicated, it is important to bear in mind that policies can help to provide greater clarification and recognition, thus enabling us to discriminate from among the large number of voluntary approaches that have been forthcoming in recent years in the business world.

In any event, *it is very important to stress that the debate between voluntary compliance and legislation depends on how we understand CSR.* For the sake of

simplicity, on one side of the fence we could put those who consider that CSR starts where the law ends. Efficiency, competitiveness, paying taxes and abiding by the law is what a company has to do, and beyond that point is where CSR starts. On the other side of the fence there are those who think that CSR as such is a management model that affects the whole of the company's activity, integrally and cross-sectionally.

As we will set forth in the next chapter, we stand on the latter side of the fence. It is a posture that has substantive implications, if we address the issue of CSR regulation. First of all, *it is irrelevant to talk of regulating CSR (since we are talking about regulating a management model); rather, it is a case of regulating those aspects of CSR that require it at any given moment, according to the deliberation of whatever policies are implemented.* It will become clear that this is actually the option chosen by European governments: to identify those particular aspects of CSR the development of which is better off for being regulated. To quote two examples: sustainability reporting and socially responsible investment.

Yet our approach does not only imply that there is little point in talking of regulating CSR as a whole. It also implies that there is already a great deal of regulation in the field of CSR. Indeed, *since – to say it one more time – we are talking about a management model, some of its aspects already have a long history of regulation. On this point, the change lies not so much in the regulations themselves but in the fact that CSR changes and redefines the discourse and the political project into which it is inserted.*

Government action in the field of CSR: comparative analysis

Taking these reflections as our point of departure, we conducted a comparative study of the public action taken by European governments in the application and promotion of CSR at a national level and in their relations with international organizations, businesses and civil society stakeholders.

To this end, we analysed the various measures taken by the governments of the EU-15 countries. We reached the conclusion that there several different models for approaching CSR public policies. Each country has focused CSR on the most appropriate social or environmental issues according to its historical trajectory, depending on the relationship that exists between business, government and civil society stakeholders.

Our reading starts from the assumption that the drafting and implementation of CSR public policies is not only to be understood as the traditional bilateral relationship of action by governments (public administrations) towards the private sector (companies) but rather that CSR supposes, in a political sense, the existence of a multi-stakeholder relationship. Today the drafting of CSR public policies by governments involves all social actors – the public sector, the private sector, civil society, and even the intersections between them all – in multi-sectorial framework.

CSR policies have been defined in some countries on the basis of social issues, thus generating an independent public policy. In other countries government action for CSR has been incorporated into the national sustainability policy. This approach, which focuses on sustainability, seems to have much in common with the environmentalist tradition – ‘green’ debate – and brings social issues under the concept of sustainable development. In contrast, elsewhere the approach to CSR is more closely linked with the business-society tradition and the relationship between these social actors and policies of collective bargaining. *We believe that one of the advancements that should be made over the coming years is to begin to elucidate this tension between ‘the social’ and ‘the sustainable’ when we talk of CSR.*

Each country defines CSR according to its economic context and its historical tradition. Therefore, the drafting and design of a posture with regard to CSR is not just a conceptual matter but a political option. Most research published on CSR analyses companies as driving social actors that lead and shape the new strategies in this field. However, if CSR is regarded as an element that provides structure for a new model of social organisation that reorients the social, economic and environmental relationships of companies in globalized societies, then in reality CSR involves not only companies, as private agents, but all the social actors: governments, businesses and civil society stakeholders.

In this new global context, CSR appears as a new framework in which to establish and organize all kinds of socioeconomic and environmental relationships. Using this approach, we can see that CSR introduces new lines along which the social actors relate and interact. For this reason, our approach seeks to go beyond the controversy between legislation and voluntary compliance.

In order to adopt a broader and less dualistic vision, we have worked on the basis of the relational approach. In our opinion, this approach provides us with a better understanding of the current debate on the welfare state and opens up a wide spectrum of political alternatives for public decision-makers. Because we must not forget that when we talk of public policies and CSR, we are talking not about mechanical solutions, but about political options and strategies.

Notes

1. For a more detailed account, see chapter 3, on the European Commission.
2. [Http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_responses.htm](http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_responses.htm) (30/12/2006).

2

A Relational Governance Approach to Analysing Public Policies on Corporate Social Responsibility

In this chapter we describe the analytical framework that we have built in order to analyse and interpret the different profiles of European governments in order to promote and develop CSR. It is an interdisciplinary analytical framework which feeds from transversal theoretical elements of political science, public administration and CSR.

Integrating different approaches to analysing government action on CSR

At the preliminary stage, our work focused on studying the state of the art in research on governments and CSR. During the last decade there is a continuously growing literature on governments and CSR. The literature tends to focus in the changing role of government promoting CSR.

We concluded that there are three main approaches in the analysis of government action on CSR. These three approaches are arranged in order of increasing complexity.

- The first approach deals with the **themes and instruments** used by governments in their initiatives to promote CSR. This perspective analyses the themes, policies and instruments that governments apply in order to promote and develop CSR. This approach can highlight the dichotomy between voluntary compliance and legislation that is often formulated when discussing government action to promote CSR. Nevertheless, it should be borne in mind that CSR can also be viewed in relation to regulation in each of its different areas of application, e.g., health and safety at work, workers' rights, consumers' rights, socially responsible investment, policy of support for enterprise and SMEs, etc. But even when policy goes beyond regulation, in this approach the focus is more on the construction of a political agenda on the basis of those CSR themes that are considered to be most relevant.

- The second approach deals with **actors and contexts**. This perspective takes into account the relationship between the actors involved and the

interrelationships and co-responsibilities that are created to promote CSR in a globalized world. Furthermore, it incorporates the analysis of the milieu, the cultural context and the socioeconomic tradition of the country in which the government framework for CSR is developed. It analyses the link between CSR policy and the socioeconomic tradition and key indicators. This approach considers the development of frameworks for the implementation of public policies, and also the government departments concerned. It also attaches importance to the issue of which actors should be involved in developing CSR policy and what relations should be established between them.

The third approach deals with the **relational and strategic** aspects, by analysing models for action on the basis of the conception and development of the discourse on CSR and the design of strategic visions.

- Here CSR becomes an important component of political strategy. This approach seeks to draw up and analyse the various different strategic models of government action that are related to CSR. The aim is to find the elements that define the overall orientation and framework of the government strategy on CSR, and how they take concrete shape in aspects such as the discourse, the institutional structure, and government responsibilities. In this approach, the functions of leadership are also very relevant.

We take these different approaches in order to build this new analytical framework. We focus on a relational governance perspective that makes an integrated and gradual examination of all three approaches, in order to elaborate a key for the analysis of CSR-related public policies. Each of these approaches incorporates the previous one, thus taking on increasing complexity.

Consequently, the construction of the analytical framework comprised three distinct stages:

- Stage 1: Applying the CSR matrix to government action.
- Stage 2: Applying the relational governance approach to the analysis of CSR public policies.
- Stage 3: Developing the analysis model for government profiles of CSR.

Stage 1: Applying the CSR matrix to government action

We worked with the CSR analysis model developed by Vilanova (2003).¹ This model includes six aspects: mission-vision-values, stakeholders, work, the market, the environment, and accountability (see Figure I.3: Conceptual matrix of CSR).

Our aim was to identify, using these conceptual matrix as our starting point, the themes and instruments that were incorporated into government action on CSR. This led us to make an aggregate list of themes and instruments developed by governments in the field of CSR (see Table 2.1).

Table 2.1 Themes and instruments applied by European governments in the field of CSR

Themes

- Enterprise policy
- Environmental policy and national strategies for sustainable development (sustainable planning)
- Consumer protection policy
- Trade policy
- Employee training policy
- Continuing education policies
- International cooperation policy
- Social policy and social cohesion/exclusion
- Employment policy, labour practices and rights, work-life balance
- Social dialogue, an inclusive labour market, social and vocational integration and unemployment
- Social clauses
- Renewal of socially and economically less-favoured areas
- Social economy, entrepreneurs and small organisations
- Socially responsible investment and consumption, fair trade
- Business cases of good practice in CSR
- Action and involvement of businesses in the community (investment, partnership)
- SMEs and social responsibility
- Social action by business
- International action by business: delocalisation (human rights, corruption, etc.)
- Company restructuring
- Human rights
- Public procurement
- Social responsibility of the public administration
- Support for governments of developing countries regarding CSR (corruption)
- Sustainable tourism
- The third sector and social volunteering

Instruments

- Develop a favourable legal framework (SRI, pension funds, social labelling, etc.)
- Develop a favourable fiscal framework and financing instruments for companies
- Promote CSR instruments (social labelling and indexes) and reporting methodologies (GRI or sustainability reports)
- Promote management measures and tools rewarding action by companies (awards)
- Apply EU legislation on CSR and sustainability
- Apply and promote international instruments and agreements on CSR (OECD, ILO, Global Compact)
- Participate in international summits and European conferences on CSR
- Promote transparency and exchange best practices
- Promote, create and supervise evaluation and accountability mechanisms
- Promote verification and certification mechanisms
- Support financially and participate in public-private-civil society partnership initiatives

Continued

Table 2.1 Continued

-
- Generate mechanisms for credit by companies, or community investment or tax relief for socially responsible companies
 - Carry out public campaigns promoting CSR and public awards and recognition
 - Create or facilitate the creation of multi-stakeholder forums, financing for CSR organisations and business networks
 - Create public departments or posts in charge of CSR and interministerial programmes
 - Favour sustainable market development and sustainable competitiveness
 - Leadership by example (internal CSR policies)
-

Source: Albareda and Ysa, ESADE

Stage 2: Applying the relational governance approach to the analysis of CSR public policies

In the second stage of the research, the analytical framework concentrated on the relationship between governments, businesses and civil society stakeholders. This change of perspective showed us the way towards a new approach to analyse government action on CSR: the application of the relational governance methodology.

The methodology of the *relational model* was initially developed by Mendoza (1991, 1996). The concept of the 'relational state' wants to focus on the new role of the state in advanced societies in confronting the crisis of the welfare state in the face of globalisation and the internationalisation of the economy. The relational state locates the relations between the public and private spheres – between the state and society – in the field of co-responsibility (Mendoza, 1996, 9):

The term *coresponsibility* involves firstly the existence of common objectives, secondly the assuming of specific responsibilities for their attainment, and thirdly the effective articulation of the responsibilities taken on by each party. Posing the relationship between the state and society in terms of coresponsibility thus means abandoning the mistrust that characterised the welfare state and replacing it with a determined attitude of dialogue and cooperation. Consequently, in the relational state collective interests cease to be regarded as the exclusive property of the state, and the participation of society – primarily through nonprofit associations and organisations – becomes something not only desirable but also legitimate.

This means generating attitudes and mechanisms of dialogue, cooperation and partnership between the public administration and a participative society, chiefly through associations and NGOs. It is a matter of applying the principle of subsidiarity to the new public services.

The author concludes that the welfare of the community is derived from each sector assuming its responsibilities, but they find that present social challenges, the globalisation and internationalisation of the economy and the crisis of the welfare state have resulted in the actors having less capacity to solve social problems separately. The relational model sets forth the idea that only if responsibilities are shared in areas of common interest, assuming the active collaboration of all social actors, society itself and enterprise, in collaboration with the state, can today's social and environmental challenges be met.

It is a case of articulating 'joint projects', in which the two parties reach an agreement on the objectives to pursue, contribute resources to that end, and therefore assume responsibility for the outcome (see Figure 2.1). The criterion for allocating tasks and responsibilities is not established on the basis of the public or private nature of the organizations taking part, but rather on the basis of their ability to meet a particular social need most appropriately and effectively. In this pluralistic context, in which hierarchical control is not possible and contestation and criticism are legitimate, what stimulates civil society and the private sector to collaborate with the state is the degree of coincidence in the objectives of a particular public policy and how it is implemented.

These areas of intersection between sectors require collaboration initiatives and shared projects. In the framework of the relationship between the state and society, it is a matter of carrying out common projects, in which all the public-private actors involved discuss and design the objectives to be pursued, provide the resources available to each sector, implement them jointly and take joint responsibility for the results. This co-responsibility takes the form of joint projects between the state, civil society and the private sector with the appearance of shared areas of dialogue, public-private partnership (PPP) projects and conflict resolution networks.

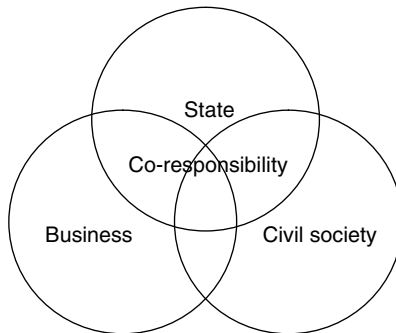


Figure 2.1 Areas of responsibility in the relational state

Source: Mendoza, 1991.

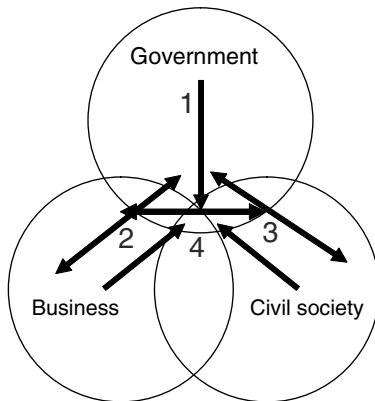
In this application framework for the relational model we adopt an approach that explicitly includes actors and their contexts. Consequently, in order to design a CSR public policy we have to address the issue of the social actors involved.

From this relational perspective, the possible CSR public policies are no longer limited to one single area, i.e., that of one-way action from the government to the business world, and four areas appear in which the uptake of CSR-related public policies may be relevant.

In fact, the CSR public policies adopted by governments are directed to some degree at one or other of these interrelations (see Figure 2.2). The further we can extend cooperation and synergies in the areas of intersection, the greater the chances of success in implementing CSR policies, as they will have been formulated in a shared way, and the greater the likelihood that the various actors will assume the commitments and the underlying approach.

By applying the relational model to CSR policies it is possible to reorder the material generated by identifying themes and instruments, and so we can systematise CSR public policies taking into account the actors involved (see Figure 2.3 and the attachment in Table 2.4).

This constitutes a richer approach than that which focuses solely on themes and instruments, as it incorporates the complexity of the interrelations



1. CSR in public administration
2. CSR in administration–business sector relationships
3. CSR in administration–society relationships
4. Relational CSR

Figure 2.2 Relational model for analysis of public policies on CSR

Source: Albareda and Ysa, ESADE

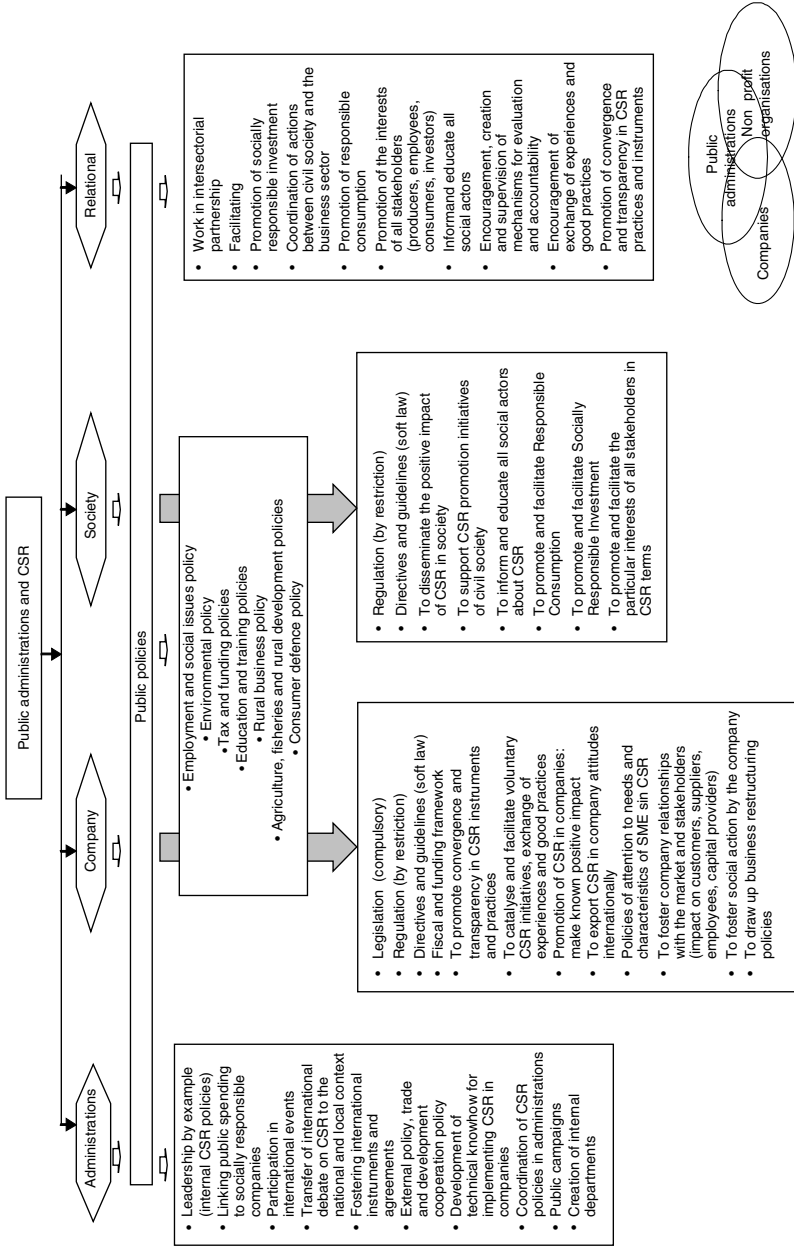


Figure 2.3 CSR: public policies

Source: Ysa and Albareda, ESADE

between social actors. Furthermore, as it takes into account the actors and their context, this approach enabled us to reformulate the debate between legislation and voluntary compliance, especially in those aspects that reduce it to a dichotomy between the two.

How does the relational model overcome the legislation versus voluntary compliance dichotomy? First, from the relational perspective, legislation on CSR can only cover a very narrow range of the spectrum of possible policies. Legislation affects some of the political measures on CSR that have been taken by governments and are to be found mainly within the relationship between government and business. In fact, if we analyse the action of European governments, regulations favourable to CSR in the framework of relations between government and business are only a small percentage of the measures taken by the former. Among the measures that have been incorporated through regulatory frameworks – mostly in connection with the transparency of business practices – we find: regulations favourable to SRI in pension and investment funds, regulations that either encourage or oblige listed companies to publish sustainability reports, the introduction of social labelling, a regulatory framework for public procurement, and the inclusion of CSR clauses in some commercial codes.

Second, we see that the dichotomy between legislation and voluntary compliance is overcome when we observe that the regulations on CSR that can affect companies in the present economic framework come not only from governments but also from other agents such as international chambers of commerce, certain international organizations (OECD, ILO), sectoral business associations, or self-regulation by the companies themselves or business sectors.

Third, self-regulation may appear as a result of agreements between the various actors, without taking the form of legislation.

Stage 3: Developing the analytical framework for government profiles of CSR

By applying the relational model to CSR public policies we can gain an overview of government action, taking into account the actors involved and their contexts. This enables us to draw up a profile for government analysis, built on the basis of the planning of CSR policies according to the actors involved. The important thing here is to have a key to interpret political models through the analysis of government strategies on CSR.

To this end, we built a pattern for analysis that accounts for how CSR policy is inserted into the governmental structure and the framework of public policies. This enabled us to analyse:

- The profiles and models of action adopted by governments
- Actions and public policies

- The discourses devised by governments on the concept of CSR, considering the dissemination, the means and the organizations used
- The incorporation of CSR into the governmental structure

In this way, we created an index for analysing CSR policies that takes into account the fundamental elements for the construction and implementation of CSR strategies (see Table 2.2):

- Government CSR policy: vision, mission and objectives; strategies and priorities, origin of the political discourse, chronological evolution of the policy.
- Internal government CSR structure: government departments that have taken on responsibilities on CSR policy. Position of political figure, organisational structure, centralised or decentralised.
- CSR responsibilities at different levels of government: organisational structure for CSR. Cross-cutting policies, regional/decentralised government, local government.
- CSR role of other organizations: government agencies, intermediary organizations, multi-stakeholder organizations, international organizations. Institutional support and relationship with existing international agreements on CSR: ILO conventions, OECD guidelines for multinational enterprises, UN Global Compact, participation in international bodies concerned with CSR.
- Important elements: relevant actors in the process, turning points and objectives, milieu (socioeconomic, political and cultural context), welfare state evolution and tradition.

All this information was grouped according to states and then transferred to specific reports on each state analysed. It would be beyond the scope of this book to present the detailed reports on each state. We have a database, until 2006, for each of the states studied, containing information on its profile in the framework of CSR policy in accordance with the following areas.

If we cross-refer the available information on the profile of each state with the relational model applied to CSR public policies we can construct the public policy map and the consequent programmes related to the development of CSR. A synthetic compilation can be seen in the table that appears as an appendix to this chapter, in which policies and programmes are ordered according to the relationship between actors, as in the relational model:

- CSR in the public administration.
- CSR in the government-business relationship.
- CSR in the government-society relationship.
- CSR in the government-business-society interrelationship (relational CSR).

Table 2.2 Index for analysing government action on CSR

COUNTRY:	
ISSUE	IMPLEMENTATION
Government CSR policy	Vision Objectives, strategies and priorities Origin of the discourse Chronological evolution
Internal government CSR structure	Position of political figure Organisational structure Centralised or decentralised
CSR responsibilities at different levels of government	Cross-cutting policies Regional/decentralized government Local government
Scope of CSR policy	Domestic versus international Cross-sector or sector-oriented Centralised or decentralised
CSR role of other organizations	Government agencies Intermediary organizations Multi-stakeholder organizations International organizations
Actors	
Environment context (socioeconomic, political tradition)	
Welfare state evolution	

Source: Ysa and Albareda, ESADE

We have classified government policies and programmes according to the relational model. From this perspective, the thematic and instrumental approach is totally integrated into a relational and strategic approach.

We believe that these stages that we have gone through in our analysis enable us to identify more clearly the fundamental aspects of the political debate on the development of CSR:

- The debate on the **themes and instruments** inherent in a CSR policy
- The debate on **which actors should participate** in the design of a CSR policy, how they should be involved in this process and the interests of each of them in the process
- The debate on **how CSR should be understood** (and the policy that matches it best), considering the economic, social and cultural context of each country

We would like to stress that these three debates are not mutually exclusive. In fact, it is possible and indeed desirable to conduct them in an integrated fashion. But it is important to note that each of them stands alone, with its own logic, criteria and priorities. Therefore, the debate on public policies and CSR may likewise be difficult to piece together and to solve when interlocutors focus on their own aspect of the three debates, to the exclusion of those of the others. And all the more so when the various actors involved do not coincide in the priorities of their respective agendas and/or do not share some basic element in their respective ways of understanding CSR.

Models of CSR public policies in Europe

The application of this relational and strategic approach enabled us to analyse government initiatives on the basis of the coincident profiles that we had devised. This analysis concluded with the identification in the EU-15 countries of four ideal typology of models of CSR governmental action in the area of the development of public policies for promoting CSR (see Table 2.3).²

As a result, we propose a denomination that can give us a key to reading each model. Each name highlights a perspective that is dominant but not exclusive of the others. In order to complete the theoretical framework presented in the section above, we have considered it appropriate to incorporate into the government analysis the classification of the roles adopted by governments with regard to CSR presented by the World Bank (Fox *et al.*, 2002). Allow us to remind the reader that these roles are: mandating, facilitating, partnering and endorsing. We will use them to describe government action.

Table 2.3 Models of government action in the development of public policies for endorsing CSR in the EU-15

Model	Characteristics	Countries
Partnership	Partnership as a shared strategy between sectors for meeting socio-employment challenges	Denmark, Finland, the Netherlands, Sweden
Business in the community	Soft intervention policies to encourage company involvement in governance challenges affecting the community (entrepreneurship and voluntary service)	Ireland, the United Kingdom
Sustainability and citizenship	Updated version of the existing social agreement and emphasis on a strategy of sustainable development	Austria, Belgium, Germany, Luxembourg
Agora	Regulatory Creation of discussion groups for the different social actors to achieve public consensus on CSR	France Greece, Italy, Spain, Portugal

Source: Albareda, Ysa and Lozano, ESADE

The Partnership model

This model groups together the countries of northern Europe and takes into account their approach to CSR public policies. We include in this classification Denmark, Finland, the Netherlands and Sweden. In these countries with a strong welfare state tradition, the governments have gone from acting as a protecting state, taking responsibility for social issues, to adopting a more facilitating role, sharing the rising costs of solving social issues through public and private partnerships. They are countries with a historical tradition of social negotiation in which the relationship between government and enterprise has a strong component of cooperation. CSR public policies are formulated within the framework of social affairs and integration into society and employment. Local government is intensely involved, channelling the creation of partnerships and thus fostering the concept of social co-responsibility among administrations, companies and social organizations.

The Business in the Community model

This model refers to the Anglo-Saxon countries: Ireland and the UK. In these countries government action is conceived more as a facilitating or mediating element. Government initiatives in the CSR framework focus on supporting the private sector and facilitating sustainable economic development and the economic regeneration on which the collaboration of the private sector rests. These countries seek to solve social problems such as unemployment and social exclusion through CSR policies that involve businesses. This is a response to crises of social governance, whereby governments attempt to promote areas of co-responsibility. The governments have employed soft intervention policies to apply CSR measures.

The Sustainability and Citizenship model

This is the model that prevails in continental Europe. We include Austria, Belgium, France, Germany and Luxembourg in this group. We divide them into two submodels: the Citizenship submodel, which comprises Austria, Belgium, Germany and Luxembourg, and the Regulating submodel, which consists of France. The governments of these countries took on CSR around the time of the publication of the Green Paper by the European Commission.

Their initial vision of CSR focuses generically on encouraging enterprise to play an active role in policies grouped under sustainable development strategies. The idea is to generate businesses that also work for a sustainable future in the countries where they operate. In this way, CSR also incorporates issues linked to enterprise as a creator of social capital: working conditions and standards, worker participation in community issues, the contribution of business to the community and economic development, the solution of social problems and lack of jobs, international action by businesses, new technologies and equal opportunities. The countries that follow this model

have a long tradition of social and workers' rights and a historical background of dialogue between trade unions and companies. Thus businesses act in a highly developed legal and tax framework with a very clear guarantee of social rights, as a driving force for the social and economic development of society. Businesses are expected to adopt the role of citizens, with the duties and rights that that entails.

The Agora model

This model refers to the Mediterranean countries: Greece, Italy, Portugal and Spain. They are all countries that have taken on CSR recently. It was the action of the European Commission that drove the government development of CSR in these countries, as none of them took part in the debate opened by the European Commission, nor did they respond to the Green Paper.

Most of these governments are currently engaged in developing and designing public strategies and policies for CSR. They are still at an incipient stage. However, the process of drafting their national strategies is characterised by the creation of committees, a multi-stakeholder forum and working groups. There is a perspective of multi-stakeholder participation in public deliberation before and in parallel to the development of frameworks for government action. This deliberation is impelled by the government, although several social actors participate in it. We have called this the Agora model because in the Mediterranean countries the discussion on the political application of CSR arises from discussion processes in which the government invites companies and other social actors (business organizations, universities, trade unions, etc.) to debate on the action to be taken.

CSR public policies and the welfare state

As we mentioned earlier, in the development of public policies on CSR the social, cultural and political context of each country is of paramount importance. The models of public policies and CSR that we have outlined above corroborate this view. Those readers who are familiar with the literature on the development of the welfare state in Europe will have detected similarities between the models of public policies and CSR that we have identified and the divisions that are usually made when analysing the different forms and experiences of the welfare state. This parallelism is not surprising, especially if we take a close look at the path followed by the European Commission's proposals in the development of CSR policies. An in-depth study of the relationship between CSR public policy models and welfare state development models remains to be conducted. We consider such a study to be very necessary, and not for historical or academic reasons. Getting the right approach to CSR public policies will in the long run be a fundamental element and symptom of the debate on the redefinition of the welfare state.

Table 2.4 Continued


Foreign trade policy and international development	<p>Creation of evaluation and certification bodies</p> <p>RC integrated into foreign affairs policies for international markets and international development</p> <p>Promotion of good CSR practice in overseas operations (human rights, labour standards, anti-corruption, environment, etc.)</p> <p>Link CSR to foreign investment policy and international relations</p>
--	--

2. Government-business approach

	POLICIES	PROGRAMMES
<p>SOF</p>	Raising awareness	<p>Identify and promote companies leading in CSR</p> <p>Promote CSR through websites, publications, specialist journals</p> <p>Offer CSR services and support to CSR initiatives in companies or partnerships</p> <p>Undertake surveys and communication campaigns</p>
	Voluntary initiatives (facilitating and promoting)	<p>Promotion of uptake of CSR policies, publication of CSR reports</p> <p>Encouraging sharing and promotion of good practice</p> <p>Promotion of SRI, environmental standards, fair trade, sustainable consumption, work-life balance, equal opportunities, employee volunteering, employee conditions, lifelong learning</p> <p>Promotion of business networks</p> <p>Promotion of public-private partnerships or public-private-civil society partnerships</p>
	Capacity building	<p>Finance research and innovation programmes</p> <p>Support business-university research programmes (instruments, good practice, comparative studies)</p> <p>Develop guidelines and provide technical assistance</p>
	Stakeholders	<p>Incentives for sustainability reports</p> <p>Evaluation and communication programmes on impact of CSR programmes on stakeholders</p> <p>Market mechanisms to favour CSR (price policies, competition policies, investment principles)</p> <p>Promote stakeholder dialogue</p>

Continued

Table 2.4 Continued

 HARD	International	<p>Incentives for adopting international CSR standards</p> <p>Promoting CSR good practice in the South (labour standards, human rights, anti-corruption)</p>
	Convergence and transparency	<p>Promote standardisation across CSR management models, standards, reports, indicators and auditing systems</p> <p>Promote fair trade labelling systems</p> <p>Encourage standardisation of SRI analysis</p> <p>Promote inclusion of international CSR agreements in codes of conduct</p>
	Evaluation and accountability	<p>Accountability and auditing mechanisms</p> <p>Triple bottom line reporting initiatives</p> <p>Social and environmental labelling</p>
	Tax and funding systems	<p>Tax incentives for CSR (employment creation, gender balance, work-personal life balance, environmental initiatives, etc.)</p> <p>Funding streams for CSR (volunteering, social projects, etc.)</p>
	Legislation	<p>Promote SRI through fiscal mechanisms</p> <p>Transparency regarding socially responsible investment (pension and investment funds)</p> <p>Obliging companies to produce sustainability reports</p> <p>Regulation regarding public contracts and selection processes</p> <p>Environmental legislation</p> <p>Adaptation of international agreements to national standards</p>
SECTOR-SPECIFIC ISSUES		
	SMEs	<p>Promotion and incentives for good CSR practice in SMEs</p> <p>Raising awareness of impact of operations in the South</p> <p>Support SMEs in impact assessment</p> <p>Research on the social and environmental impact of SMEs</p> <p>Promote the exchange of good practice and business cases for CSR in SMEs</p> <p>Public campaigns directed at SMEs</p> <p>Encourage cooperation between large companies and SMEs</p>
	Community action	<p>Favourable tax incentives for business in the community</p> <p>Disseminating good practice and creation of networks</p>

Continued

Table 2.4 Continued

	Corporate restructuring	Work with facilitators to promote CSR in restructuring programmes Encourage good practice and its dissemination	
3. Government-civil society approach			
	POLICIES	PROGRAMMES	
SOFT ↓ HARD	Raising awareness	Analysis and dissemination of good practice in business operations with high impact on the community (work-life balance, social cohesion) Tax incentives for civil society-government partnership programmes Knowledge dissemination of international agreements with civil society implications (human rights, labour standards)	
	Voluntary initiatives (facilitating and promoting)	Campaigns for sustainable consumption, publications, seminars and dissemination Ethical investment initiatives Support SRI initiatives Support socially responsible consumption	
	Capacity building	Publications, events, press Surveys and CSR Awards	
	Stakeholders	Create communication mechanisms to foster business-community dialogue Promote transparency mechanisms Promote partnerships and participate in them	
	International	Promote initiatives with international NGOs Participation in international civil society activities	
	Convergence and transparency	Fair trade labelling schemes Social enterprise definitions	
	Evaluation and accountability	Accountability and auditing mechanisms Triple bottom line reporting initiatives Social and environmental labelling	
	Tax incentives and funding streams	Support for government-civil society partnerships for CSR initiatives	
	SECTOR-SPECIFIC ISSUES		
	Management of social organizations	Improve management of social enterprise Enable SRI Environmental and social criteria for public contracts to socially financed organizations	

Continued

Table 2.4 Continued

4. Government-business-civil society approach

POLICIES	PROGRAMMES
Raising awareness	Sharing good practice and knowledge dissemination Create National Resource Centres (e.g., National Contact Point, Holland)
Capacity building	Multi-stakeholder forums Business support networks Sharing experience and best practice
Voluntary initiatives (facilitating and promoting)	Round tables on codes of conduct University-business research projects, promoting dialogue Proactive role in promoting innovation, pilot projects, dialogue
Stakeholders	Consumers; information on supply chain, sustainability index of products Investors: information on CSR policies and expectations regarding pensions
Evaluation and accountability	Accountability and auditing mechanisms Triple bottom line reporting initiatives Social and environmental labelling
Convergence and transparency	Management standards Codes of conduct Promote simple and flexible indicators
International	International partnerships Networks and alliances Multi-stakeholder forums
SECTOR-SPECIFIC ISSUES	
Community action	Urban regeneration projects Education projects in poor areas
Cross-sector partnerships	Promoting CSR networks with public/private participation New social partnerships and common frameworks Local partnerships between different sectors for urban regeneration Stakeholder involvement in developing guidelines Bringing together different sectors
Socially responsible investment and fair trade	Pension schemes with social, environmental criteria Transparency in definition of SRI Selection, retention and realisation of investment with CSR considerations Consumer rights

Notes

1. The conceptual model of CSR was formulated in the framework of IPES-ESADE by Vilanova (2003) who developed a conceptual matrix of CSR in order for it to be applied to action by businesses. This conceptual matrix is based on an overview of the concept of CSR that introduces the strategies, policies and practices in which the company can structure its activity.
2. The sources of information on government action are the reports and discourses offered by the governments themselves.

3

European Union: From the Green Paper to the European Alliance on CSR

From the perspective of the European Union (EU), the justification for the support it lends to CSR lies in the fact that it regards it as the contribution of business to sustainable development. As a business strategy, CSR is directly linked to the achievement of the strategic objective established in the Final Declaration of the Lisbon European Council (March 2000): by 2010, 'to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion'. Each sector of society can contribute to this strategic objective from its own activity, characteristics and capacities. In this context, CSR expresses the engagement of the business sector in the construction of a Europe characterised by sustainable economic development and social cohesion. The EC considers that companies can, by incorporating CSR into their business values, practices and policies, at least help to minimise the negative social and environmental consequences of their activity, thus contributing to the objective mentioned above.

The European Commission took a leading role among European institutions on matters of CSR strategy in 2001. Working on the basis of this fundamental goal, the EC noted that the action of businesses should have support from governments, who could create favourable national frameworks for the development and promotion of CSR. By 2001, some pioneering European governments had already assumed the importance of this perspective, and they adopted various different political strategies for promoting corporate social responsibility policies, and for supporting public-private partnership projects aimed at solving social exclusion and employment problems and social issues generally.

EC backing for CSR began with the publication of the Green Paper 'Promoting a European framework for corporate social responsibility', in July 2001. Through the Green Paper, the EC addressed all the social actors – companies, governments and social organizations – to highlight the need for and the importance of CSR.

In its action directed towards companies, the EC urged discussion on CSR with the aim of harmonising initiatives, mechanisms and tools for creating common standards for its development and application in the business world. In its action directed towards European governments, the EC sought to promote and energise CSR in the framework of political action, introducing the issue into government agendas in accordance with Community policies and international standards. One of the core points to CSR promotion by governments lies in improving the coordination between action by government and businesses in order to meet the social challenges posed by European integration, economic sustainability, employment and social cohesion.

A few years on, the discourse on CSR now constitutes a framework for action that has gradually been incorporated into all the agendas of European governments and stands as a very important aspect of the relationship between government, business and society. The EC has played a fundamental role in driving the political initiatives and strategies adopted by governments for the promotion of CSR. Its action has in turn become a catalyst for government action through the promotion of a common reference framework for national CSR-related activity. EC action has also consolidated and established the strategies developed by the pioneering European governments, such as the UK and Denmark, as benchmarks.

The action of the EC can be divided into four periods of time, corresponding to the publication of four documents (Figure 3.1):

1. The Green Paper 'Promoting a European framework for corporate social responsibility', published by the European Commission on 18 July 2001.
2. The 'Communication concerning corporate social responsibility: a business contribution to sustainable development', published by the European Commission on 2 July 2002.
3. The report 'European Multi-Stakeholder Forum on CSR. Final results and recommendations', published by the European Multi-Stakeholder Forum on CSR on 29 June 2004.
4. The communication 'Implementing the Partnership for Growth and Jobs: making Europe a pole of excellence on CSR', published by the European Commission on 22 March 2006.

The catalysing action of the EC has been articulated through a series of public debates on CSR: first, the public consultation opened by the Green Paper in July 2001, which was widely seconded by European governments, the business sector and the organizations of civil society; second, the European framework for action in CSR presented in the Communication in July 2002; third, the creation of the European Multi-Stakeholder Forum on CSR in 2003 and 2004; and finally the Communication presented in March 2006. Both the published documents and these public debates have

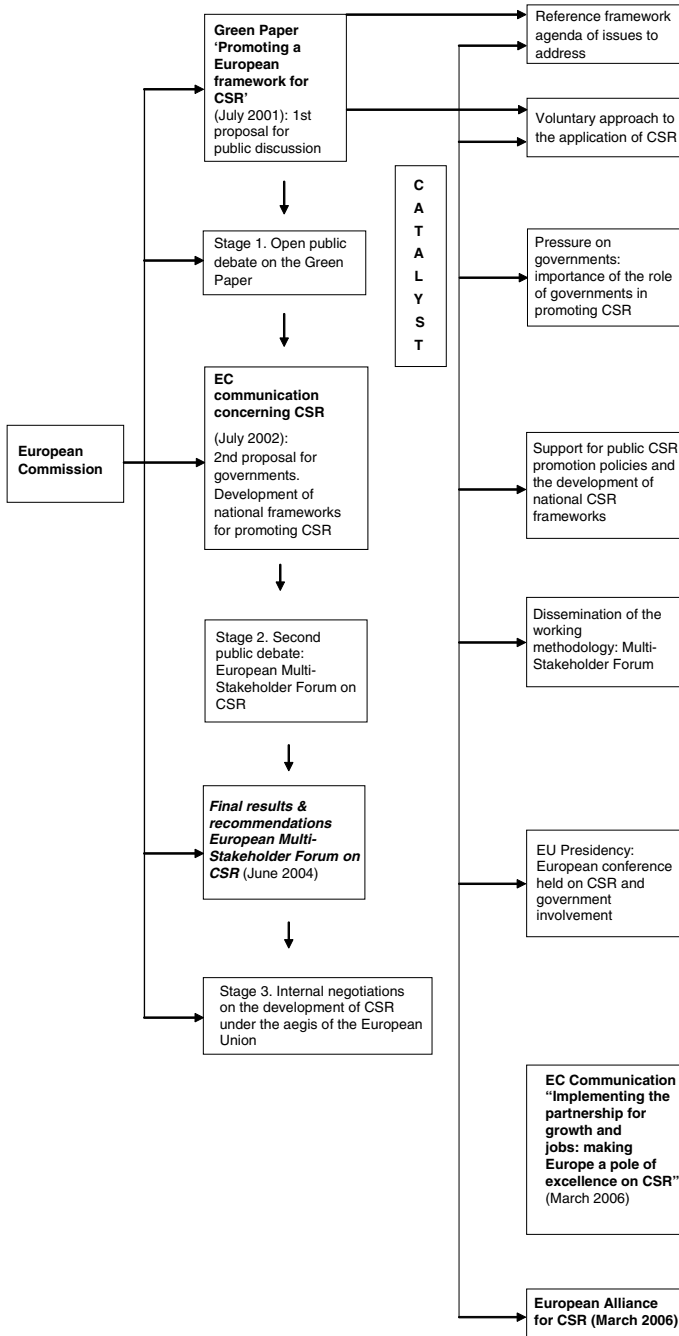


Figure 3.1 The role of the European Commission in the development of European governments' action on CSR

Source: Albareda, ESADE

become the main elements for dynamising and disseminating CSR in Europe, and for raising awareness of the fundamental role governments play in developing it.

The first stage of the Green Paper began with the consultation process following its publication, which consolidated the voluntary approach that the EC had taken to CSR. The Green Paper became the reference framework for all the social actors, and presented the agenda of issues to be addressed by companies and governments. The Green Paper and the EC initiative stressed the importance of the role of governments in promoting CSR.

1. This first debate ended with the publication of a second document, the Communication of July 2002, which marked the beginning of the second stage and established a European framework for action in CSR by defining the fundamental elements of national strategies. In this way the EC supported public policies aimed at promoting CSR and the development of national CSR frameworks.

2. The Communication set forth as one of its strategies the constitution of the European Multi-Stakeholder Forum on CSR, which represented all the social actors involved and which has served the EC to disseminate a working methodology linked to CSR. This European debate ended with the publication of the report with the final conclusions of the European Multi-Stakeholder Forum on CSR (June 2004), which has ushered in a third stage.

3. Following the publication of the Multi-Stakeholder Forum on CSR, two years passed before the publication of the Communication of March 2006.

Table 3.1 European conferences on CSR

Conference	Presidency	City (country)	Date
CSR on the European Social Policy Agenda	Belgium	Brussels (Belgium)	27–28/11/2001
Mainstreaming CSR across Europe	Denmark	Helsingør (Denmark)	21–22/11/2002
The Role of Public Policies in Promoting CSR	Italy	Venice (Italy)	14/11/2003
CSR: A European Roadmap	Netherlands	Maastricht (Netherlands)	7–9/11/2004
Investing in the Future: a European conference on CSR and the Finance Sector	UK	London (UK)	1–2/12/2005
Corporate Social Responsibility Policies – Promoting Innovation and Competitiveness	Finland	Brussels (Belgium)	22/11/2006

Source: Albareda, ESADE

Contextualisation and origin of the European Union's discourse: the construction of the European economic area and the role of companies

The Green Paper 'Promoting a European framework for corporate social responsibility' had the capacity to start a process of debate on the action of governments regarding CSR promotion, as it offered a framework for action with the various different issues to be included in their respective agendas. This made the document a landmark for all the social actors and a turning point in the action of European governments with regard to CSR promotion.

In the Green Paper, the EC contextualises and legitimises its action towards promoting CSR as a consequence of the process of building a European social and economic area and a single market in which companies play a fundamental role in promoting sustainable economic and social development. The EC cites two documents. The first of these is the White Paper 'Growth, competitiveness and employment', published in 1993 under the presidency of Jacques Delors, which presented a strategy to develop employment and business creation in Europe. This strategy was passed by the European Council held in Brussels in December 1993, in which European businesses were asked to take part in the fight against social exclusion. The result of this was a major mobilisation by European companies in favour of social cohesion that took shape in the creation of European business networks.

The second document to be cited was the Final Declaration of the European Council held in Lisbon in March 2000, in which the European Council of Heads of State and Government set the objective of making the European economy one of the most competitive and dynamic in the world, combining sustainable economic growth with better jobs and greater social cohesion. They also recognised the important part to be played by the business sector in building a European space of economic development and public welfare. In particular, they appealed to the European business sector to develop 'best practices on lifelong learning, work organisation, equal opportunities, social inclusion and sustainable development'.

These two documents are in consonance with the promotion of CSR by the EC. Subsequently other European councils have adopted new initiatives that have favoured the development of a European policy on this issue (Table 3.1). The Nice European Council, held in December 2000, decided to apply the European Social Agenda, which established the need to lend support to CSR-related initiatives aimed at combating social exclusion and discrimination, and also at favouring European integration.

Elements defining the European Union's approach to CSR

[...] a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis.

Green Paper (European Commission, 2001a)

In the Green Paper, the EC defends a voluntary approach to CSR: 'a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment' (European Commission, 2001a). For the EC, 'being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing 'more' into human capital, the environment and the relations with stakeholders. [...] Going beyond basic legal obligations in the social area, for example. training, working conditions, management-employee relations, can also have a direct impact on productivity. It opens a way of managing change and of reconciling social development with improved competitiveness' (European Commission, 2001a).

Once the public consultation opened by the Green Paper was over, the Commission 'Communication concerning corporate social responsibility: a business contribution to sustainable development' was drafted, and published in July 2002. Later, in June 2004, the Final Report of the European Multi-Stakeholder Forum on CSR was released. These two texts corroborated the voluntary approach defended by the EC in the Green Paper.

In this context of voluntary compliance defended in the Green Paper, the EC establishes that governments should act to facilitate and set up a national framework encouraging action by companies and generating CSR promotion initiatives. Thus, the main contribution of the European approach is to 'complement and add value to existing activities by providing an overall European framework, aiming at promoting quality and coherence of corporate social responsibility practices, through developing broad principles, approaches and tools, and promoting best practices and innovative ideas, and supporting best practice approaches to cost-effective evaluation and independent verification of corporate social responsibility practices, ensuring thereby their effectiveness and credibility' (European Commission, 2001a).

In the July 2002 Communication (European Commission, 2002a), the EC presents the three basic elements that make up its vision of CSR:

1. It consists of behaviour by businesses over and above legal requirement, voluntarily adopted because businesses deem it to be in their long-term interest.
2. It is intrinsically linked to the concept of sustainable development: businesses need to integrate economic, social and environmental impacts into their operations.

3. It is not an optional 'add-on' to business core activities – but about the way in which businesses are managed.

In the same document, the EC also proposes a strategy for promoting CSR based on the following principles (European Commission, 2002):

1. Recognition of the voluntary nature of CSR
2. Need for credibility and transparency of social responsibility practices
3. Focus on those activities where Community involvement adds value (win-win situations)
4. Balanced and all-encompassing approach to CSR, including economic, social and environmental issues as well as consumer interest.
5. Attention to the needs and characteristics of SMEs
6. Support and compatibility with existing international agreements and instruments (ILO core labour standards, OECD Guidelines for Multinational Enterprises)

In the most recent Communication (March 2006) the EC revised its strategy to strengthen its commitment to CSR in support of sustainable development, sustainable and economic growth and job creation. Again, emphasis is placed on the role of public policy to promote: more integrated labour markets and higher levels of social inclusion; investment in skills development, lifelong learning and employability; improvement in public health; better innovation performance; a more rational use of natural resources; a positive image of business and entrepreneurs in society; greater respect for human rights and core labour standards; poverty reduction and progress towards the Millennium Development Goals. The EC will be working on different areas such as: awareness-raising and best practice exchange, research, education, SMEs, Support to multi-stakeholder initiatives, and mainstreaming CSR into European policies.

As regards the relationship between CSR and sustainable development, the Gothenburg European Council, held in June 2001, passed the Sustainable Development Strategy for Europe, the main aim of which was to ensure that economic growth, social cohesion and environmental protection advance in parallel. In it, it is stated that 'Public policy also has a key role in encouraging a greater sense of corporate social responsibility and in establishing a framework to ensure that businesses integrate environmental and social considerations in their activities. [...]. Business should be encouraged to take a pro-active approach to sustainable development' (European Commission, 2001b: 8).

In this way, emphasis is placed on the relationship between CSR and sustainable development. This was confirmed, starting with its title, by the 'communication concerning CSR: a business contribution to sustainable development' (European Commission, 2002a), which sets forth that one of

the conditions to achieve sustainable development in the long term is for companies to be socially responsible. Thus, one of the components that enable us to advance in this direction is CSR, which must be complemented with other multi-stakeholder initiatives.

Following the review of the EU Sustainable Development Strategy 2001 launched by the Commission and on the basis of contributions from the Council, the European Parliament, the European Economic and Social Committee and others, the European Council adopted in June 2006 an ambitious and comprehensive renewed Sustainable Development Strategy for an enlarged European Union.

This document sets out a single, coherent strategy on how the EU will more effectively live up to its long-standing commitment to meet the challenges of sustainable development. It reaffirms the need for global solidarity and recognises the importance of working with partners outside the EU, including those rapidly developing countries which will have a significant impact on global sustainable development.

One of the policy guiding principles is the involvement of businesses and social partners, in an attempt to enhance social dialogue, corporate social responsibility and public-private partnerships to foster cooperation and common responsibilities to achieve sustainable consumption and production. In accordance with the European Alliance for CSR, the EU proposes that corporate social and environmental responsibility and accountability should be increased.

A European action framework for CSR: political initiatives adopted by the European Commission

In the communication concerning CSR (European Commission, 2002) the EC established a European action framework for CSR that includes a strategy to promote and develop public initiatives on CSR.

The political initiatives adopted by the EC have been policies of promotion and enablement; the constitution of the European Multi-Stakeholder Forum on CSR is particularly worthy of mention. Other important initiatives include the campaign promoting CSR among SMEs, organized by the Directorate-General for Enterprise, the promotion of projects to develop CSR through various funding streams by the Directorate-General for Employment, and the Best Workplaces in the EU awards, likewise promoted by the Directorate-General for Employment. The EC has also lent active support to a variety of projects and campaigns carried out by several social organizations and European networks of organizations: CSR Europe, Eurosif (European Social Investment Forum), EABIS (European Academy of Business in Society), and so on.

These actions by the EC as a public administration were taken in the early stages by the Directorate-General for Employment and Social Affairs, which

dedicated a specific section to this issue on its website. Subsequently other directorates-general went on to take initiatives in this area. The Directorate-General for Enterprise has become increasingly active, to the extent that it currently exerts the leadership of this issue, especially with regard to the promotion of CSR among SMEs and the showcasing of CSR best practice case studies. The Directorate-General for Trade and the Directorate-General for Environment have also led some activities.

The European Commission's drive to develop national CSR frameworks and strategies and the role adopted by European governments in applying CSR public policies

In the Green Paper the EC states that 'corporate social responsibility has important implications for all economic and social actors as well as for the public authorities, who should take them into account in determining their own actions' (European Commission, 2001a). In this way, it is established that generically the role of governments is to create national frameworks to further the quality and coherence of CSR practices through the elaboration of general approaches and tools and the promotion of good practice and innovative ideas, thus guaranteeing the efficacy and profitability of the companies themselves.

All the EC public documents (the Green Paper and the Communications) are aimed primarily at the EU Member States, their governments and the European institutions. They seek to encourage governments to voluntarily take on the role of enablers and promoters of CSR. The overall approach of the EC is that government action should enable companies to adopt CSR policies and facilitate partnership proposals between social actors. In this action framework, the EC invites companies, stakeholders and social actors to join this initiative.

In these two documents, the EC presents the following actions as government initiatives (European Commission, 2001a, 2002a, 2004):

1. Fostering good business practice in the CSR framework: lifelong learning, work organisation, equal opportunities, social inclusion and sustainable development.
2. Encouraging companies to take a proactive approach to sustainable development and CSR.
3. Promoting CSR, business accountability, disclosure, evaluation and verification tools.
4. Establishing a CSR general approach and general tools.
5. Promoting verification, disclosure and credibility in CSR practices.
6. Encouraging and facilitating CSR among SMEs, favouring the exchange of information and good practice.

7. Creating multi-stakeholder forums on CSR and supporting multi-stakeholder initiatives.
8. Promoting partnerships projects between business and society's stakeholders.
9. Fostering CSR through public programmes and policies. Integrating CSR into national and Community public policies (employment and social affairs, enterprise, the environment, consumer protection, public procurement, foreign affairs, trade and development cooperation).
10. Creating a national framework favouring quality and coherence in CSR business practices.
11. Incorporating CSR practices into government action, leading by example.
12. Safeguarding coherence between internal policies and international CSR standards.
13. Fulfilling international CSR agreements.
14. Favouring the convergence of Community tools applied by national governments.

The European Multi-Stakeholder Forum on CSR

The European Multi-Stakeholder Forum on CSR was launched in October 2002 with the aim of advancing corporate social responsibility through the development of a better understanding and evolution of the concept of CSR, and of promoting dialogue among all stakeholders, business organizations, trade unions and social organizations (Table 3.2). The Forum dates back to a proposal made by the European Commission in July 2001 in its communication concerning corporate social responsibility. In the Communication, the EC established that the Forum should focus on promotion, innovation, transparency and convergence of CSR practices and instruments through the following aspects:

1. Improving knowledge about the relationship between CSR and sustainable development (including its impact on competitiveness, social cohesion and environmental protection) by facilitating the exchange of experience and good practices and bringing together existing CSR instruments and initiatives, with special emphasis on SME-specific aspects.
2. Exploring the appropriateness of establishing common guiding principles for CSR practices and instruments, taking into account existing EU initiatives and legislation and internationally agreed instruments such as the OECD Guidelines for Multinational Enterprises, the Council of Europe Social Charter, the ILO Core Conventions and the International Bill of Human Rights.

The European Multi-Stakeholder Forum on CSR was the first European-level formal discussions to gather a wide range of actors, companies, social organizations, trade unions, business organizations, European institutions

Table 3.2 European Multi-Stakeholder Forum on CSR – orientative aspects

Issues to address in the European Commission proposal:

1. Relationship between CSR and competitiveness (commercial argument)
2. Contribution of CSR to sustainable development, particularly in developing countries, and the integration of gender equality
3. Aspects specific to SMEs (tools, training and tutoring programmes by large corporations, aspects related to the supply chain)
4. Efficacy and credibility of codes of conduct, which will take into account internationally agreed principles such as the OECD Guidelines for Multinational Enterprises
5. Development of common yardsticks and criteria for measuring, reporting and validating CSR practices
6. Definition of commonly agreed principles for labelling systems, taking into account the ILO Core Conventions and environmental standards
7. Dissemination of information on SRI policies adopted by pension funds and individual investment funds

Source: European Commission, 2002a

and stakeholder organizations and set itself the goal of promoting CSR in a broad sense. The Forum brought together 18 European organizations representing businesses, workers, consumers and civil society, and also professional associations and business networks. In addition, the ILO and the UNEP were invited as observers. The Forum was chaired by the EC, and other EU institutions such as the European Council, the European Parliament and the Committee of the Regions took part as observers. The European Commission has lent considerable support to this process, both financially and in terms of human and administrative resources. In order to guarantee coherence with the European Union's previous activities and policies, the European Multi-Stakeholder Forum on CSR based its work on CSR principles and standards and social rights adopted by international organizations.

The European Multi-Stakeholder Forum on CSR was organized on two levels: high-level meetings, which set the Forum's general orientation, rules of procedure and work programme, and assessed its progress; and theme-based round tables, with a more restricted composition, whose purpose was to execute the work programme. Aspects related to CSR were debated in the following four round tables, each of which met on three occasions starting in February 2003:

1. Improving knowledge about CSR and facilitating the exchange of experience and good practice.
2. Fostering CSR among SMEs.
3. Diversity, convergence and transparency of CSR practices and tools.
4. Development aspects of CSR.

The role of public authorities in the future: initiatives and recommendations

The Final Report of the European Multi-Stakeholder Forum on CSR (European Multi-Stakeholder Forum on CSR, 2004) was the first European public document to establish a set of recommendations based on a multilateral consensus to promote the development of CSR. Through their recommendations, the members of the Forum aligned themselves with the European Commission's predominant voluntary approach, which attributes a supporting rather than legislative function to public authorities. The initiatives proposed to public authorities by the Final Report fall into three main areas:

1. Raising awareness and improving knowledge on CSR
2. Developing the capacities and competences to help mainstream CSR
3. Ensuring an enabling environment for CSR

Raising awareness and improving knowledge on CSR

Probably one of the main arenas in which public authorities can manoeuvre is that of raising awareness of the core values and key principles of CSR and supporting the development and dissemination of knowledge about it. With the aim of ensuring a coherent approach to CSR, especially on an international scale, public authorities can help to increase awareness on the key principles and reference texts and on how they have been and can be made understandable, tangible and translated into practice. The Forum suggests that, in this context, instruments should be brought to bear such as codes of conduct and good practice, collective agreements and global partnership frameworks. The members of the Forum note that activities of this type should also include the supply chain, and give special attention to SMEs.

In this context, the members of the Forum stress the need for national, European and international public authorities to cooperate closely with stakeholders in order to better understand how to promote these values and principles and how they can be taken up, implemented and monitored.

Furthermore, public authorities support the development of tools containing practical information on the instruments and principles of CSR. In this framework, public authorities can encourage a *multi-stakeholder* approach.

However, in order to be able to build awareness of CSR it is essential to have information, and for this it is first necessary to collect, exchange and spread it. The contribution of public authorities in this respect can be twofold: on the one hand they can support research on CSR;¹ and on the other, public authorities can encourage *multi-stakeholder* CSR forums.

Developing the capacities and competences to help mainstream CSR

The Forum holds that learning and innovation are key for developing and implementing CSR in a company. In fact, this is a basic issue that depends to

a large extent on the company. However, other stakeholders, particularly public authorities, can support these efforts by companies, by encouraging cooperation between companies and other stakeholders and the exchange of information about how CSR can be implemented and the necessary tools and instruments to bring this about, especially with regard to supply-chain management and the involvement of SMEs. Public authorities can also contribute to this end by supporting training and education on CSR, both through general education and through specific in-house training.

Furthermore, given that not all *stakeholders* have the necessary resources to carry out CSR activities, the Forum recommends public authorities to support initiatives that can lead to the development of such capacities.

Ensuring an enabling environment for CSR

According to the Final Report of the Forum, it is one of the essential responsibilities of governments and public authorities 'to ensure that the right combination of economic, environmental and social framework conditions exists to support sustainable growth and entrepreneurship, and the sustainable development of societies and economies. It is citizens and businesses which will deliver the changes in consumption and investment patterns needed to deliver sustainable development' (European Commission, 2004, 15). For the members of the Forum, creating the right conditions is of paramount importance. Thus, it is essential for the institutions and governments of the European Union to increase their efforts towards reaching a more coordinated and coherent approach in all political areas, but most particularly concerning trade and development policies and international agreements, as a way of establishing the context for CSR. In this regard, the Forum notes that it is important to be coherent when ratifying and implementing international agreements that protect human and social rights and the environment. The institutions and governments of the European Union should encourage all countries and support the efforts they make in this direction. Hence the importance attached to implementing the Lisbon goal and the Gothenburg strategy.

On a national scale, the Forum states that public authorities are responsible for providing a legal framework for protecting the personal, social and economic rights of citizens, including human rights, and economic and social conditions conducive to economic, environmental and social progress, especially in developing countries.

Public authorities, both at European Union and national level, can also help to create the right climate to allow them to examine their own business practices and know the social, environmental and economic impacts they cause. The Forum recommends public authorities to promote and disseminate best practice when they act as employers and consumers. In this context, the members of the Forum made clear that the European Union and the Member States should incorporate social, environmental and economic aspects in their decision-making processes when using public resources.

Other factors influencing the right environment

Transparency

Transparency is closely linked to the issue of credibility and the credible communication and release of information. The Forum holds that this is not just a matter for companies, but for all the *stakeholders*, insofar as the success of CSR hinges to a large extent on learning and innovation in organisational processes and management performance. Transparency and credibility can be increased by means of practices such as stakeholder dialogue and partnerships, progress and performance monitoring, and so forth. Public authorities can support these efforts and at the same time apply these considerations to their own procedures.

Incorporating the consideration of non-financial factors (socially responsible investment)

In the Final Report of the Forum it is not explicitly stated that public authorities should support socially responsible investment, but it is stated that this type of investment is important in that it would help long-term non-financial factors to be taken into account. The members of the Forum therefore recommended supporting socially responsible investment through the gathering of information on business behaviour, which should be readily accessible.

Stakeholder dialogue

Lastly, the Forum grants a crucial role to the *multi-stakeholder* approach and *stakeholder* dialogue. The Final Report stated that public authorities at different levels (European Union, national, regional and local), can contribute in this context to drive CSR by raising awareness of, providing information on, promoting, and supporting the take-up, development and innovation of effective CSR, and the development of environmentally and socially responsible products and services.

On the European Multi-Stakeholder Forum on CSR

The European Multi-Stakeholder Forum on CSR was one of the most important strategies to have been developed by the EC in order to promote CSR on a European level. The European Commission brought together major enterprises, business organizations and social organizations to discuss what approach and strategy Europe should have on this issue. It was an innovative initiative with a clear objective: to stimulate the participation of the main social actors in the debate on CSR. It served to place the multi-stakeholder approach in the centre of attention regarding CSR.

In their Final Report, the members of the European Multi-Stakeholder Forum on CSR stated that CSR is an approach in which companies are the

principal actors. Public authorities are only supposed to contribute towards it, mainly by providing the right context for CSR and raising awareness of it. In this connection, the members of the Forum did not single out any particular instrument, nor did they recommend public authorities to institutionalise CSR-related issues within their organizations, but rather left the choice in their hands. The only condition that the Forum imposed was that activities should be coherent in the various political spheres, and also with regard to international activities.

On the matter of legislation, the Forum held that CSR is about the voluntary integration of social and environmental aspects into business operations. Consequently, governments should provide a suitable framework for economic, social and environmental progress. The members of the Forum made it very clear that legislation is not the only way to foster CSR. Beyond legal requirements, CSR activities should be carried on in a multi-stakeholder framework, and this framework should be supported by means of, for example, codes of good practice, collective agreements, partnerships and global framework agreements.

So, the Forum went no further forward towards clarifying what role the European Commission should play. However, it aligned itself with the role the EC had already taken on and dedicated to public authorities: its main task is to promote CSR and provide the right framework for companies to be able to implement it.

Finally, the multi-stakeholder strategy related to CSR should still be examined in depth, as the Final Report of the European Multi-Stakeholder Forum on CSR contributed few novel elements, and above all, did not adopt any important decisions or present any projects for the future. The European Multi-Stakeholder Forum on CSR was a long and complex process in which both sides – the EC and the organizations that took part – perceive both light and dark.

Among the positive aspects, we would mention the design of Community policies, from a top-down vision to a participatory process in which the Commission acts as an enabler of the process. The multi-stakeholder method has been definitively included in several government agendas, and perspective is needed, both to develop and to determine what goals it is suitable and recommendable for.

The future of CSR in Europe: implementing the partnership for economic and sustainable growth and job creation

The publication of the Final Report of the Multi-Stakeholder Forum in June 2004 opened a period in which the European Commission was expected to immediately present a new communication detailing concrete policies to be undertaken. However, between the appearance of the Final Report and the publication of a new communication in March 2006, nearly

two years passed. In the course of those two years, the European Commission bore witness to an intense debate among the various social actors as to what policy Europe should have on CSR and what role the Commission should play in it. This debate has coincided with the arrival of a new government in the European Commission under the presidency of José Manuel Barroso, which has entailed major political and strategic changes at all levels. Moreover, it has coincided with EU Enlargement, with the incorporation of 10 new Central and Eastern European countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia), and this adds a new perspective on the role of companies and economic development in Europe.

In this debate on the future of CSR policy in Europe, one of the most important elements was the demand made by some sectors of society for the European Commission itself to take a more active part in driving CSR. However, a number of difficulties arose in defining political actions, due in part to the diversity of positions between the business community and the various social actors involved.

Finally, in March 2006, the Commission published a new communication entitled 'Implementing the partnership for growth and jobs: making Europe a pole of excellence on CSR'. In it, the EC defines a renewed strategy in the approach to European CSR policy.

The new Communication emphasises the idea that CSR contributes to sustainable development and the European Strategy for Growth and Jobs. The Communication defines the role of companies as key actors in the development of CSR in Europe, although it also deals with the importance of the contribution of other stakeholders. In this connection, the text stresses the idea that without the constructive and critical part played by the other social actors the development of CSR would not have been possible, and emphasises the role of stakeholder dialogue. Nevertheless, the Commission wishes to give greater political visibility to CSR, to acknowledge what European enterprise already do in this field and encourage them to do more. Because CSR is fundamentally about voluntary business behaviour, an approach involving additional obligations and administrative requirements for companies would risk being counter-productive and contrary to the principles of better legislation. Acknowledging that enterprises are the primary actors in CSR, the Commission has decided that it can best achieve its objectives by working more closely with European business, and has therefore announced backing for the launch of a 'European Alliance for CSR', a concept that has been drawn up on the basis of contributions from companies active in the promotion of CSR. It is not a legal instrument and is not to be signed by enterprises, the Commission or any public authority. It is a political process aimed at increasing the uptake of CSR amongst European enterprises.

The backing for the new European Alliance for CSR should be understood as a key component of a wider partnership that the Commission wishes to pursue with all stakeholders involved in CSR.

In this framework, the European Commission suggests that CSR business practices and policies cannot replace public policies, but they can contribute to political policies for the development of employee capabilities, the rational use of resources, innovation, the reduction of poverty and respect for human rights. The Communication also identifies eight areas which the Commission will emphasise in further promoting CSR:

- Awareness-raising and best practice exchange
- Support for multi-stakeholder initiatives
- Cooperation with Member States
- Consumer information and transparency
- Research
- Education
- Small and medium-sized enterprises
- The international dimension of CSR

European Alliance for CSR

The Communication establishes as its main action the launching of the European Alliance for CSR. This is a strategy based on the role of the European business sector and a voluntary CSR approach. The European Commission defines the Alliance as an initiative that is open to companies sharing the same ambition: to make Europe a pole of excellence on CSR in support of a competitive and sustainable enterprise and market economy. The essence of this initiative is partnership based on agreement that the priorities of the European Strategy for Growth and Jobs fully respond to the challenges of increasing global competition, demographic trends and a sustainable future.

The European Commission considers that this strategy is crucial for securing Europe's sustainable growth and the European way of life. The Alliance seeks to promote CSR as a business opportunity creating win-win situations for companies and society and recognises that CSR is a voluntary business approach which reflects the diversity of European business. While enterprises are the primary actors in CSR, public authorities at local, national and European levels have a supportive role to play in promoting it. The Alliance initiative builds on previous discussions with business and stakeholders. In particular, it draws the lessons from the European Multi-Stakeholder Forum on CSR, a major initiative facilitated by the European Commission. The Forum provided a platform for European representatives of business, employers', trade union and civil society organizations to engage in an innovative process of learning and dialogue and to agree recommendations for

more and effective CSR practice. It will also capitalise on the European campaign to promote CSR among SMEs and the multitude of other business and employer driven initiatives. Another key driver for this Alliance is the European Roadmap for Businesses on CSR – 2010, whereby leading companies and business networks have set out their vision and priorities for a competitive and sustainable enterprise from a European perspective.

The Alliance lays the foundations for the partners to promote CSR in the future. It revolves around the following three areas of activity:

- Raising awareness and improving knowledge on CSR and reporting on its achievements
- Helping to mainstream and develop open coalitions of cooperation
- Ensuring an enabling environment for CSR

The Alliance is addressed directly towards individual companies, of all levels and sizes, which are invited to take part in a partnership of enterprises to promote, drive and develop CSR in Europe. It is a working group, but one with few fixed operating rules. The European Commission grants the business community freedom to direct and order its work, and hopes to integrate the whole of the European business fabric through this initiative. The Commission has passed on the reins to the business community itself, by supporting various business organizations to lead the process.

The business organizations that are participating in and coordinating the Alliance are: CSR Europe, the Union of Industrial and Employers' Confederations of Europe (UNICE), the European Round Table of Industrialists, Eurocommerce, Eurochambers, the FTA, Post Europe, the European Federation of Savings Banks, and the European Association of Craft, Small and Medium-sized Enterprises (UEAPME). CSR Europe is compiling together with UNICE a list of enterprises and organizations which have expressed support for the Alliance. These organizations will act as an interface between companies and the European Commission. In order to coordinate the work, high-level meetings of the CSR Alliance will be held with the European Commission, and the results will be communicated in the context of the European Strategy for Growth and Jobs.

The Alliance is, then, a political strategy of the European Commission that opens a new period in the development of CSR in Europe.

Note

1. The Forum proposes the following research topics: the impact at the macro level of CSR on competitiveness and sustainable development; integration of social and environmental criteria in public procurement, and the impact of this; supply-chain issues and the added value of partnerships between large and smaller companies; best available technology transfer issues; the relationship between corporate governance and CSR; and making CSR information accessible to consumers, investors and the wider public.

4

The Partnership Model: Denmark, Finland, Sweden, and the Netherlands

Description of the model

General characteristic of the model: approach to CSR

In this model, the strengths of state, market, and civil society actors are combined to create an effective governance system that overcomes the weaknesses afflicting each individually. We use the term 'partnership' to refer to the way CSR public policies tend to be designed and implemented in the Nordic and Scandinavian countries (Denmark, Sweden and Finland). These countries have ample experience in environmental management, to which the CSR component has now been added, and a favourable historical tradition of social negotiation, in which the relationship between government and enterprise is regarded as positive and includes aspects of collaboration. The Nordic model, which has its roots in a long-established practice that shows a preference for collaborative agreements and consensus between different types of organizations, is characterised basically by the use of partnership as a tool and the creation of an area of shared welfare. Ultimately, the urge to embrace public-private partnerships can be interpreted as a result of Scandinavian political culture, which several research projects point out puts stress on cooperation, consensus and participation (Greve, 2003).

As Kjaer *et al.* (2003) suggest in connection with partnership models, we include the Netherlands in this CSR model, due to the approach its policies take to co-responsibility and dialogue to build alliances with other key actors. Finland, Sweden and the Netherlands all gave a national response to the EU Green Paper (2001). These countries see CSR public policies in the framework of social and labour affairs (including human resources), from a perspective that is strongly influenced by the role that multinationals can be expected to assume as ambassadors of CSR. Local government is also closely involved, insofar as it is responsible for channelling partnership formation, thus encouraging the idea of social co-responsibility between governments, companies and social organizations.

In this way, the fostering of partnerships becomes the core factor of public policies for promoting CSR in these countries; and public authorities themselves adopt CSR activities (e.g., gender equality at work, environmentally responsible action, responsible tendering). Despite the different national contexts and cultures, the objectives of the specific policies in these countries are similar: promoting stakeholder dialogue and public-private partnerships, and enhancing transparency and credibility of CSR practices and instruments. These goals should be generally agreed upon by the major actors, and their individual activities should be coordinated (i.e., cooperative fulfilment of tasks, realisation of synergy effects).

Contextualisation and origin of the discourse: collaboration between actors in a historical environment characterised as a social democratic welfare regime (Esping-Andersen, 1999, 2000; Hecló, 1981), Denmark, Finland and Sweden share a series of basic differentiating features: the universal nature of welfare benefits, comprehensive risk coverage, generous levels of state assistance, egalitarianism between ages and genders, and a marginal presence of private welfare services. The Nordic countries have undoubtedly pushed the boundaries of universalism further than anywhere else in the world.

However, today the Nordic welfare state – particularly that of Sweden – is in crisis, for budget reasons. Governments have gone from acting as strong guarantors of welfare, taking on responsibilities in social matters, to playing the role of facilitators, sharing with public and private partners the increase in costs involved in tackling social matters. Governments and public administrations favour this process by providing an institutional infrastructure for the partnership and for the emergence of social capital networks. In this way, the cost of the welfare state in social matters is shared among public and private bodies, thus strengthening the long tradition of consultation between social agents to develop an integrated approach to CSR.

Relationship between government, business and society

According to the political tradition of most of the Nordic countries during the past century, social problems form part of the fundamental duties of governments, and as such are considered a basic issue to be solved by their policies (Rosdahl, 2001). As a result of these values underlying the politico-social vocation, these countries have developed, over the course of the twentieth century, a full and complete welfare state. In this framework, since the 1950s social policies have been aimed at developing social coverage and services. Subsequently, in the 1990s, governments began to consider the importance of economic actors, especially enterprise, in dynamising and solving social problems. Thus we can say that, for the governments that identify with this model, the change towards CSR involves above all a change of attitude by the social actors (companies, trade unions and social organizations) to assume co-responsibility for the development of a more inclusive society, with a dynamic and inclusive labour market, that can narrow the social gap. For

these governments, all the actors are involved in building new CSR policies and measures favouring the development of a more equitable society.

In turn, for many companies that are already involved in the social context, social responsibility is in certain cases inherent in their way of doing business. Social initiatives are often implemented informally and even implicitly as a response to local expectations and demands (Morsing, 2005). National contexts define a framework in which public and private actors are directly involved in a public policy creation process and establish partnerships for social responsibility. Partnership is regarded as an innovative – and also the main – tool for solving difficult social problems (Hardis, 2003). In fact, in the Danish context, local intersectoral partnerships are practically inseparable from the concept of CSR (Nidasio, 2004).

The CSR phenomenon is of extraordinary relevance in these countries and embraces many aspects: 'people, planet and profit'. Furthermore, the starting point is that it forms part of the core of business management. Echoing the opinion expressed by the EU in the Green Paper, the governments consider that passing laws and regulations is not in principle the most appropriate way of fostering CSR. They feel that the companies themselves should take the initiative and responsibility in this issue. In the case of public-private partnerships, we find on the one hand that the authorities commit themselves to CSR, and that for their part those companies that act on the social front tend to be well managed in general. This reinforces both social cohesion and state competitiveness. In these countries, CSR comprises an internal dimension (workers) and an external one (society).

Without regard to EU boundaries, links are established between the governments of Denmark, Finland, Iceland, Norway and Sweden through regular meetings in which they share their experiences in CSR public policies. CSR Europe and the Copenhagen Centre (it was on the initiative of this Danish centre that the campaign 'It Simply Works Better, Campaign Report on European CSR Excellence 2003–2004' was carried out in Finland) have both played an important part in defining these policies. Links between the profit and non-profit private sector have also been strengthened, e.g., through the Nordic Partnership (which operated from 2001 to 2005), a network of non-governmental organizations and companies that has stressed the need for both sustainable production and responsible consumption. The Nordic Partnership has highlighted that governments must continue to reward that part of the business sector that makes the effort to opt for sustainable development, and has stated that earnings and competitiveness 'can be improved through professional dialogue with politicians and NGOs'. In the words of the Managing Director of the Nordic Partnership, Michael Brinch-Pedersen (2004), 'The support from the political side is critical to the success of the efforts pursued by the NGOs and companies'.

One common policy is to emphasise good CSR reporting by companies. Respect for the principles of transparency with regard to social aspects and

company activities should be presented as an important element for the image and the social acceptance of the company. Voluntariness is also the starting point here. The consumer places increasing importance on socially responsible production; in the Netherlands, for example, labelling is advocated in order to avoid confusion. The authorities must practise what they preach regarding CSR. In this respect, these countries seek to stimulate the use of goods and services produced in a socially responsible way, particularly through public tenders.

With regard to the relationship between CSR and sustainable development, these countries already had a sophisticated and well-developed system of environmental certification. Although several Nordic companies figure among the world leaders when it comes to addressing sustainable development, many of them consider that greater support from the political side would help them to make a definitive commitment to progress (Ethical Corporation, 2005). It is the Nordic companies that feel that true sustainable development requires 'more committed' official policies.¹

Denmark: CSR linked to social partnership

Focus and discourse

Since the early 1990s, the Danish government has become one of Europe's most innovative pioneering governments in the application of social policies to CSR. The main issues present in the concept of CSR in Denmark have to do with the social co-responsibility of organizations and mainly focus on fighting social exclusion and developing a more inclusive labour market. Initially under the responsibility of the Ministry of Social Affairs, this policy currently depends on the Ministry of Employment. However, Denmark has also a strong tradition for environmental policies, such as 'Green Accounts', for which the Ministry of the Environment is responsible.

Behind the idea of a strategy for an inclusive labour market lies the idea of social cohesion. The means to achieving this cohesion consist in mobilising private enterprise and social actors in 'social partnerships' to address the

CSR policy in Denmark:

- Active search for social partners among employers, workers and government.
- Focus on labour market responsibilities; integrative and preventive transitions.
- Awareness raising through campaigns (Our Common Concern, People and Profit, CSR Compass) and the inclusion of CSR as one of the six prioritised topics in the Danish government annual review of economic growth.
- Fostering of research into CSR through the Danish Institute of Social Research, and the creation of organisations like the Copenhagen Centre.
- Ensuring transparency through reporting and labelling: green accounts, human rights, Social Index and S-label.

problems of unemployment and social exclusion. These social partnerships are the starting point of the Danish government's campaign on CSR (Nidasio, 2004). This involves a wider government strategy for creating an inclusive labour market, in which the government recognises local CSR and partnership initiatives and supports regional business networks.

Denmark has based its CSR policy on the principle of voluntary compliance. Hence the government stands as a mediator and facilitator, adopting no compulsory measures or regulations, but placing emphasis on reporting. The Danish government has set up local action and support networks to encourage business involvement. In addition, the Social Index, a CSR verification and validation tool, offers third-party evaluation that guarantees control over corporate practices; based on voluntary guidelines, it is associated with the benefit of public recognition. Business associations and other stakeholders are involved in framework conception and decision-making processes. This high stakeholder involvement at the baseline level is precisely what explains its popularity with companies.

Definition of CSR in Denmark

At first, the term used in Denmark to refer to corporate social responsibility was *virksomheders sociale ansvar*, the literal meaning of which was similar to the English term. However, the Danish social tradition has ended up attaching importance to the co-responsibility of social organizations and companies within social responsibility. For this reason, the concept has evolved into *virksomheders sociale medansvar*, a name that implies co-responsibility between the social actors in the sphere of CSR.

Some Danish institutions tend to reduce the concept of CSR to workplace issues; however, in general companies prefer to adopt a broader vision. Most of them have initiated a social dialogue with their stakeholders, especially with their workers, in an attempt to improve the quality of work life and the quality of life in the community. In this regard, a broader perspective of CSR stems from the thesis that work is an integral part of the life of the population and that it should therefore be carried out in conditions of safety and quality of life.

Strategies and measures developed in CSR policy

Coherently with this strategy, social coordination committees were created in 1998 through 'soft law', as a forum of representatives of employers, trade unions and the public employment agency. The government's strategy is also characterised by the externalisation, through permanent financial support, of a set of CSR initiatives: the establishment of the Copenhagen Centre for Social Responsibility, the creation of a Social Index for company self-assessment on CSR, and the constitution of People and Profit, a project to empower companies through business cases and training.

The history of the link between economic actors and social structure fits into the context of the evolution of the Danish economy over the last 50 years. The Danish economy has been driven mainly by small and medium-sized enterprises structured to form an economic fabric that is spread over a small area. There are some large corporations, but not many. Ultimately, it is an economy that depends to a large extent on economic relations with neighbouring states, particularly the Netherlands and the UK.

During the 1960s and up until 1973, the Danish economy experienced a period of expansion and economic growth, as a result of which it reached full employment. However, owing to the impact of the international crisis at the beginning of the 1970s, and especially in the 1980s, unemployment became a social problem. Nevertheless, there was a slight economic recovery from 1985 to 1987 which raised employment rates. The economic boom experienced by Denmark during the 1990s brought with it a further reduction in unemployment, close to the current figure of 5%. Yet there is still political concern about the more marginalised groups, basically for two reasons (the Copenhagen Centre and Ashridge):

1. The Danish population is ageing.
2. Personal identity is increasingly linked to getting a job and the social interaction related to one's job. Consequently, exclusion from the labour market leads to exclusion from the community.

A significant number of people have very limited access to the labour market. This includes people with little or no education, the physically or mentally disabled, workers on long-term sick leave, immigrants and refugees. They need systematic long-term rehabilitation, combined with flexible and protected job opportunities.

The public welfare system cannot on its own solve all these problems of marginalisation. This is why the creation of a public-private partnership is needed, and in this respect, CSR constitutes an essential part of this effort towards integration. As a result, the Danish government introduced reforms in its social welfare policy, directing its priorities towards articulating a more participatory society and economic actors. To this end, in 1994 – through the CSR campaign 'Our Common Concern' – the Danish government began to develop new policies designed to revitalise the labour market, the main purpose of which was for citizens not to depend on state benefits. These active policies were aimed at improving the training of the unemployed and hence their employability. Parallel to this, companies were encouraged to cooperate in the revitalisation process and the training of more active workers and to grant job opportunities to the long-term unemployed.

The basic objectives of this reform of the government's social and employment policy were to reduce the number of people receiving unemployment benefit, create jobs, help to develop active and responsible citizens, and

stimulate the rise of socially responsible companies. In this way, the Danish government relates CSR to the following aspects (Rosdahl, 2001):

1. Prevention to avoid loss of contact among social and employment groups with a high risk of social exclusion from the labour market that are affected by social problems such as unemployment, long-term unemployment, lack of training, physical and mental illnesses and alcoholism.
2. Integration into the labour market of job seekers (unskilled young people, long-term unemployed, etc.) and low-income groups with a low level of training and employability.

Instruments and policies

In 1994 the government launched the '**Our Common Concern**' campaign in order to face this challenge. Entrepreneurs were aware that social responsibility was an integral part of corporate and human resources policies. In turn, the public authorities recognised that they could not solve social problems single-handed. Some 275 municipal authorities adapted their structure and their culture with the aim of facilitating public-private partnerships in the social field. After several years' experience, they proved to be sustainable and productive for all the partners involved. One of the main tools of the campaign was the 'enterprise pool', a funding stream for public and private companies, local authorities and other social organizations that was designed to generate and assist individual or group CSR projects. A large part of the institutions that received funding were local or regional public administrations, which have now become one of the most active parties in the implementation of CSR in Denmark. Private companies and social organizations have also carried out projects. Out of the grants given in the framework of this funding programme, the two most popular streams were those for integration into employment and job retention.

On a national level, a partnership was established between the government and its main counterparts. In addition, the Minister of Social Affairs, originally invited a group of business leaders to join a national network of socially responsible companies, the '**Danish Network of Business Leaders**', who now act as advisers on CSR to the Minister of Employment and promote CSR activities. This network acted on several occasions as a lobby to bring about legislative changes with the aim of encouraging and promoting CSR. The purpose of the network was to promote a business debate on CSR between the government and these executives, and to encourage businesses to adopt initiatives in this field. In 2006 the Danish Network of Business Leaders has 16 members from the Danish business community. Their companies employ 400,000 people on a global scale and 100,000 of these jobs are located in Denmark. As a result of this initiative, a series of documents have

been published, setting forth case studies of successful businesses and the tools available to executives who wish to apply CSR policies. One of the best-known activities of this network is its annual prize, given for the first time in 1999. The purpose of the award is to acknowledge outstanding CSR initiatives and to make them publicly known as inspiration to others. As of 1997, this national network has also been implemented on a regional level.

One of the most important structural initiatives was to set up what are known as **Social Coordination Councils**. Since 1999, it has been mandatory for all Danish municipalities to form a 'coordination committee for preventive labour market measures' with representatives from social partners, general practitioners, and civil society. These councils, which promoted local labour markets with greater capacity, were made up of social mediators, social public authorities, the local labour centre, general practitioners and local disabled organizations.

In 2000 the Ministry of Social Affairs presented a new CSR tool of reporting and labelling: the '**Social Index**' (now in its third generation and under the responsibility of the Ministry of Employment). This tool is intended as a way of measuring the degree of compliance with CSR policies by companies, focusing on employment and social inclusion. In fact, it consists of a process tool for enterprises to use internally when working in a structural way with social responsibility. The main indicators refer to employee policy and conditions, training, sickness, private conditions, replacement in the labour market, responsibility in the event of restructuring, handling of dismissals, health and safety at work, cooperation in the labour market, recruitment policies, social responsibility of subsidiaries, suppliers and customers, definition of social objectives and relationships with interested parties. The parties involved (managers as well as employees) have to agree on the company's score (a number between 0 and 100); and repeating the process gives the company an opportunity to monitor progress. This self-evaluation mechanism can be used as an internal or external management and communication tool (Nidasio, 2004). If a company scores above 60, if certified by an independent auditor, it can obtain the right to use the '**S-label**' for social responsibility for three years. One of the advantages of the Social Index is that it can be used by all types of enterprises – large, small, public and private. By 2007 around 700 public and private organizations had used the Social Index (whose Secretariat is held by PricewaterhouseCoopers), although only seven of them had the label in force at that time.

A second milestone in governmental campaigns is '**People and Profit**', launched in 2005–06. People and Profit is a project initiated by the Danish Commerce and Companies Agency with funds from the European Social Fund and the National Funds for Inclusion. The project supports the Lisbon agenda and the government's 2010 goals for employment through the retention and integration of vulnerable groups in the Danish labour market. The aim of this programme is to raise the competencies of small and

medium-sized Danish companies, empowering these companies through CSR tools and training, and through the participation of leaders and employees in the open courses which are held at schools across the country; or the company can tailor a special course to suit the company and its employees, contractors, partners and stakeholders.

The main goal of the project is to enhance the competitiveness of Danish companies by providing them with the education and tools to work strategically with CSR, disseminating knowledge on CSR as a business factor, and assisting SMEs in turning CSR knowledge into practice. These goals are expected to be met through several types of activities:

1. Research – to gain knowledge on the link between CSR and business activities for small and medium-sized enterprises (SMEs). This includes identification of CSR activities, identification of available CSR tools, and analysis of the relationship between CSR activities and business practice.
2. Training – developing a training sequence for managers and employees of Danish SMEs based on the findings in the research activities: this involves training 12,000 managers and employees in Danish SMEs on CSR activities.
3. Dissemination – spreading knowledge through an information campaign about CSR and the results of *People and Profit*, for SMEs that do not participate in the aforementioned training programme.

In 2005 the Danish Ministry of Economics and Business Affairs launched the **CSR Compass**. The global market increasingly expects companies to be able to document how they – and their suppliers – live up to CSR standards. To help companies address these issues, the Human Rights and Business Project has developed the CSR Compass, in close cooperation with the Danish Ministry of Economic and Business Affairs and the Confederation of Danish Industries. The CSR Compass is a web-based tool, free of charge, specifically aimed at assisting small and medium-sized Danish companies in managing social and environmental issues in global supply chains. The tool consists of two parts: 1) a CSR Declaration, for use when a company is faced with CSR requirements from buyers and business partners, and 2) a CSR Code of Conduct, for use when a company wants to make ethical demands on its own suppliers (European Commission, 2006).

Lastly, we should turn our attention to research. In 1997 the Ministry of Social Affairs launched a research programme on CSR in Danish companies (1997–2002). This programme gave rise to a large number of publications on several CSR-related topics: working with a disability (1996), jobs that reconcile family life with work (1996), workplace absenteeism (1999), jobs for refugees and immigrants (2000), general campaign information (1999 and 2000) and job retention (2000). In addition, the ministry prepared various publications with the collaboration of other ministries, companies and social organizations. Subsequently, in 1998, the Danish Institute of Social

Research started up a large-scale research programme that is still ongoing until 2009, to monitor developments in CSR and the inclusive labour market. The Institute issues a yearbook on the results of the study. And recently, as part of the project *People and Profit*, the Ministry of Economics and Business Affairs has conducted research on CSR. Researchers from Copenhagen Business School, Statistics Denmark, Ashridge Business School and Harvard University have made inputs to the business case of CSR, which has been followed up by a survey of CSR activities in Danish SMEs, published in 2005.

Legal and fiscal measures taken by the Danish government

Legislation on companies and extra-financial information

Denmark was the first to legislate, in 1995, on companies and environmental information. In that year the Ministry of the Environment issued a Statutory Order on the duty of companies with certain particularly polluting activities to draw up green accounts, mandating environmental reporting on more than 1,000 companies. Companies engaged in listed categories of activities (e.g., production, processing, surface treatment of iron, steel, metals, wood and plastic; extraction and processing of mineral oil, mineral oil products, natural gas; chemical production; power and heat generation; motor racing tracks and airfields) are required to submit an annual statement of green accounts to the Danish Commerce and Companies Agency. The statement must be followed by a presentation of data from the company with regard to energy, water and raw material in the accounting period and with regard to significant types and volumes of pollutants involved in production processes, products or wastes, and how the pollutants are discharged into air, water and soil.

The Annual Accounts Act was changed in 2001, and now companies can present supplementary reports on, for example, the enterprise's social responsibility, knowledge and know-how, environmental issues and follow-up on such matters. Any supplementary report must give a true and fair view in accordance with generally accepted guidelines for such reports and meet the quality requirements and basic assumptions described in the Annual Accounts Act (Government of Denmark, 2006). Furthermore, according to the Annual Accounts Act, companies belonging to class C (more than 250 employees and revenue higher than DKK 238 million) and concerns (class D) are required to describe in the management's review the enterprise's knowledge and know-how resources if they are of special importance to its future performance, and describe the enterprise's impact on the external environment and measures to prevent, reduce or remedy any damage to the environment.

Creation of special jobs

The Danish government has stimulated the creation of several types of special jobs by granting funding streams to companies that hire people who are

in a situation of long-term unemployment, have some sort of disability or are in some other problematical social situation. Since the mid-1990s, social chapters have been included in a large number of collective agreements between companies, government bodies and trade unions. Social chapters make it possible for employers and unions to adopt joint measures locally for the purpose of creating special jobs, i.e., jobs intended for people who have reduced ability to work for social, health, age or gender reasons.

Social clauses

Social clauses are demands that public administrations include in the procurement conditions with their suppliers. In 2001 the Danish Parliament passed an act which enables public authorities to stipulate certain social obligations in relation to enterprises that either provide services for the public authority or are receiving grants from the public authority. The Danish Public Administration Association published a list of social clauses that could be included in contracts: adopting an industrial policy of job retention; cooperating with local authorities in the integration of refugees and immigrants into employment; offering jobs in order to revitalise the company; setting aside jobs for people with reduced ability to work; using the Social Index as a self-evaluation tool; and reserving a percentage of jobs for the long-term unemployed or people with reduced ability to work.

Working groups and partnerships have also been set up among local authorities, businesses and social organizations. Their purpose is to create spaces for the exchange of experiences and to produce tools and methods of application.

CSR multilevel governance

CSR promotion has developed in the framework of the Danish government's labour market policy, which is directed by the Ministry of Employment, and from a broader approach to CSR, by the Ministry of Economics and Business Affairs. However, it is basically in the local sphere that we find its direct implementation. The local authorities administer social care (the social security network) in the first person, managing benefits and the funding of the special job schemes and retirement pensions. Along the same lines, the 'seed funding' pool of the Ministry of Employment to inspire companies to take responsibilities has financed 200 local projects; and since 1998 six regional business networks have been established, among other things to promote partnerships between companies and public local authorities to tackle local social challenges.

For the implementation of the social and employment policy, a series of instruments have been created that have served to support the development of CSR policies: the local coordinating committees and the National Employment Council.

The local coordinating committees

Since 1999 it has been obligatory for all Danish municipalities to form a 'coordinating committee for preventive labour market measures' for the adoption of measures to promote an inclusive labour market. These local committees, which are intended to promote the regeneration of the broader labour market in order to prevent situations of expulsion, have supported and promoted CSR policies in the local sphere among businesses and local administrations. They are made up of social partners, general practitioners, and civil society, and their main aim is to lend support to local government, companies and trade unions in this field.

The National Employment Council

This body is formed by trade unions, employers' federations, the association of municipalities and the Disabilities Council, and is an advisory body to the Minister of Labour and Social Affairs on matters concerning the inclusive labour market.

Final considerations

Since 1994, when CSR was launched in Denmark as a governmental policy by the Ministry of Social Affairs ('Our Common Concern – The Social Responsibility of the Corporate Sector', initially a public campaign), the development of CSR in Denmark has grown very significantly. The minister presented CSR as a new way of understanding the relationship between enterprise and society, and even as a new pact for the welfare society. This gave a decisive push to local activity and initiatives, and also to voluntary participation and partnership projects between the public and private sector and civil society, in order to foster local development and job creation and at the same time the incorporation of excluded or socially underprivileged people into the labour market.

The most important impact that CSR has had on Danish public and political life can be summed up in the following points:

- Greater presence of CSR in the media and public life. Since 1994, the number of articles published on this topic in daily newspapers, specialist magazines and union publications has been considerable. In addition, the Danish government, the universities, research institutes and consultancies have presented numerous reports. Lastly, many business case studies have also been published on CSR. It is reasonable to say that at present most Danish companies are acquainted with the concept of CSR.
- Organisation of conferences and seminars. The Ministry of Social Affairs, the Ministry of Employment and a large number of private institutions, notably including the Copenhagen Centre,² various social organizations and trade unions have organized national and international conferences and

seminars on CSR, with the participation of business leaders, academics, consultants, managers, activists and politicians.

- Development of partnership projects between the public and private sector and civil society. This has been one of the main objectives of the Danish government: to encourage cooperation between social actors in order to generate collective CSR projects.
- Creation of public and private institutions and bodies with the aim of developing CSR and consolidating an inclusive labour market.
- A will to dynamise CSR-related public policies and measures at all levels of government. Public initiatives are coordinated by the Ministry of Employment (at central level) and regional and local authorities (at decentralised level). The action of local authorities is fundamental to understand the dynamism of social policies for CSR: in Denmark, partnership projects between the administration and enterprise or social organizations have arisen primarily in the local sphere. These actors have become involved in the development of employment policies; CSR has done much to make their involvement in the development of an inclusive labour market all the greater.

CSR evolves contextually with time, adapting to environmental, national welfare and labour market regimes; therefore, the Danish experience shows just some of the possibilities and limitations of soft government intervention in CSR behaviour and attitudes.

Finland: support for intense CSR activity by companies

There has been a deep-rooted culture of consensus in Finland ever since independence from Russia in 1919. For this reason, it is a country characterised by its corporatism and the trust its citizens place in its institutions (the government, corporations and the legal system). Workers relate public attitudes to CSR with health and safety at work, job security, ethical and fair trade, human rights and environmental issues. Companies, for their part, link them to workers' rights and responsibility for their products and services. In 2006 Finland held the EU Presidency Conference on Corporate Social Responsibility Policies Promoting Innovation and Competitiveness. During its term of presidency, Finland has been emphasising the implementation of the Lisbon agenda, in particular through promoting a broad-based innovation policy, and in the Conference it was highlighted that responsible businesses have a considerable contribution to make in promoting innovation and Europe's competitiveness.

The Finnish government responded to the questionnaire on the European Commission Green Paper. It regards CSR as an excellent opportunity for a wide range of actors to take part in the dialogue: companies, NGOs, industrial organizations and government representatives, both local and national.

It is important to note that the government perceived the need to transform European business culture such that it ceases to focus on the satisfaction of its own interests and comes to consider the needs of the community as a whole. The Finnish term used to refer to CSR is *yrittysten yhteiskunnallinen vastuu*.³ It reflects the idea that CSR has social implications, but also includes environmental issues. The Finnish government focuses on achieving a coherent international approach to CSR, based on the central value of voluntary action, which responds to the need to differentiate between companies according to their size and their operational practices.

Initially, companies – especially those involved in forestry products and energy production – developed environmental management policies that today form part of CSR management. Therefore, although the concept of CSR is relatively recent (as far as formal knowledge, adoption and documentation is concerned), a large number of companies are engaged in activities that can be identified as CSR activities (Korhonen and Seppala, 2004). Thus, a study conducted in 2002 on social and environmental responsibility showed that 82% of Finnish SMEs were involved in social activities in the communities in which they were located, in comparison with the European Union average of 49%.

In Finland, interest in CSR stems on the one hand from the principles of sustainable development and on the other from the internationalisation of the economy (Korhonen and Seppala, 2004). Nevertheless, public policy on this issue focuses on human rights and workers' rights, both at home and abroad. The government fosters ideas (without regulating them, however) by promoting the OECD guidelines for multinational enterprises and by participating in intersectoral initiatives on CSR, always on the basis of voluntary compliance.

For the Finnish government, it is extremely important to improve the transparency of business information and reporting, as companies that act less responsibly may have poorer sales figures. Thus, reports and audits are necessary to differentiate between genuine efforts aimed at establishing socially responsible practices and those that appear to be mere publicity campaigns (European Commission, 2006). Reporting should not constitute an unaffordable burden for small firms; hence it is important to take into account the characteristics of each company.

FinnWatch, funded mainly by the Development Policy Information Unit of the Ministry for Foreign Affairs, started its activities in 2002 to find out whether the deeds of Finnish companies in the South correspond to their words at home, and has monitored the operations of Finnish companies abroad since then. The main interest of this organisation is to observe directly the socioeconomic consequences the activity of these companies may have on Southern countries, their transitional economies, aspects relating to human and workers' rights, and the environment. Research is carried out in collaboration with local and other NGOs and labour organizations in

the target countries. Workers and other groups of people likely to be affected by the operations of the companies are easy to reach by means of contact networks readily available through the organizations involved in FinnWatch. The project works in close collaboration with SwedWatch in Sweden and Norwatch in Norway, since many companies are owned jointly by several Nordic countries.

The government also assumes that CSR is an inherent aspect of employment in the public sector, which in order to fulfil its mission must operate in a socially responsible way. Furthermore, it advocates an international dimension to CSR. In this respect, it understands that the European Union should oblige other countries to adopt certain strategies in accordance with bilateral agreements and treaties; at the same time, companies based in Community countries can be urged to adopt appropriate measures outside European borders. In short, Finland supports voluntary action, although this does not mean that the European Union should not establish CSR standards on a European scale, following the recommendations of the Green Paper, and adopt a specific role, for example, in the development of CSR products and labels (to avoid their multiplication), the dissemination of good practices and methods, and the publication of guidelines for socially responsible investment.

Adopting CSR is more difficult at certain level of the supply chain. Consequently, the Finnish government defends that the involvement of SMEs depends to a great degree on the support that the large corporations decide to lend to their suppliers. Open dialogue among companies, labour market actors, administrations and NGOs is the key to extending CSR to the local level and daily decision-making. Therefore, the role of central government is to facilitate dialogue and provide support for existing projects, principally through the Ministry of Trade and Industry, although with the participation of the Ministries of Labour, Social Affairs and Health, the Environment, Finance, Justice, and Foreign Affairs. The government considers that a good example of this type of project is the Finnish Ethical Forum.

The multi-stakeholder dialogue is channelled through three bodies, in which the government participates:

- **Finnish Ethical Forum.** Created in 2001, its purpose is to promote interaction between business, consumers and organizations and offer them a place to discuss questions of business ethics – the church was one of the parties involved in its creation – and CSR. It aims to bring together different points of view, exchange thoughts and via cooperation find new ways to evolve CSR and raise awareness of the different expectations and objectives of its members.

- **MONIKA.** Likewise set up in 2001, the Committee on International Investment and Multinational Enterprises is the government forum on CSR. Established within the Ministry of Trade and Industry to promote the OECD

guidelines, especially among small and medium-sized enterprises, it comprises professionals from several ministries (Labour, Social Affairs and Health, the Environment, Finance, Justice, and Foreign Affairs), business and trade unions and NGOs. The focus of the Committee's work is being shifted more and more onto promotion of corporate responsibility.

- **Finnish Business and Society network** (subtitled 'Companies reforming working life'). Set up in 2000, it creates a partnership between companies, the public sector, citizens and consumers in order to establish socially and economically sustainable development. It seeks to find new perspectives, allowing companies, through networking, to effectively compare their experiences and disseminate good practices. In 2002, the network released a CSR toolkit in Finland, presenting existing best practices, but also important challenges. This organisation is the national member of CSR Europe.

Several activities have been developed to promote the OECD guidelines among businesses:

- In October 2002, after the appeal to mobilise by the European heads of state at the European Summit in 2000, business leaders launched the Business Marathon Campaign. The campaign, the initiative for which came from CSR Europe, the Copenhagen Centre and the International Business Leaders Forum, adopted the slogan 'The Responsible Company is Successful' and underlined the practical aspect of CSR: strategies and procedures.

- The Finnish National Contact Point organized a seminar in April 2003 on EU-wide strategy for CSR and the role of public bodies in promoting it. The seminar gathered round the same table the views of the European Commission, the UK government, Finnish public administration, business and labour organizations and other non-governmental organizations, to help to prepare, thanks to feedback, a governmental CSR programme.

The fact that the activity of the government is aimed mainly at supporting initiatives that are already under way is a reflection of the reality that Finnish companies are already very active. In general, industry has developed the fields of environmental protection, eco-management and the efficient use of energy and raw materials. Joint action has also been taken to promote the creation of a network to advance social responsibility in importing, consisting of a total of 11 companies representing industrial and commercial enterprises. The Central Chamber of Commerce of Finland in turn coordinates voluntary cooperation between companies. It is important to analyse the impact that this national discourse actually has on Finnish CSR. MacGillivray, Sabapathy and Zadek indicate in their *National Corporate Responsibility Index* (2003) that 'Scandinavian and Northern European countries put in a strong performance. Finland is the clear winner, and New

Zealand and Australia join the Europeans in 8th and 9th places'. This index examines both the extent to which there is an enabling environment for CSR and the resulting outcomes of CSR practice.

In the year 2000, Finnish insurers reached agreement on a common set of principles on CSR, and in 2001 the Confederation of Finnish Industry and Employers published a guide on CSR containing tools for self-evaluation and development for the construction industry and insurance companies. The construction industry and Finnish bioindustries have also published their own principles on CSR and business ethics. Lastly, many Finnish-based multinational companies are actively applying CSR in their activities abroad, by following the OECD guidelines, the ILO standards and the UN Global Compact.

Sweden: foreign policy and global responsibility

International policy

The point of departure of CSR in Sweden is its international policy, which links together an active trade policy of openness and free trade and a foreign policy that emphasises human rights and sustainable development. Consequently, in this case the OECD and ILO guidelines, the purpose of which is to foster CSR in all their member countries, are of crucial importance. The Swedish government is committed to the OECD guidelines. Its National Contact Point, set up in 2000, is led by the Minister for Foreign Affairs and meets three or four times a year (European Commission, 2006). It comprises government departments, companies and trade unions, and among other activities it has translated the OECD guidelines, developed a website, organized a seminar and published an introductory handbook.

The government has invited the corporate community to take part in *Globalt Ansvar* (Swedish Partnership for Global Responsibility), created in 2002. The function of the partnership is to bring clarity to the CSR debate, highlight good practices and help actors learn from each other. The initiatives carried out include seminars, meetings, studies, support to member companies, training courses, and a forum for presenting viewpoints. Companies can join the partnership by expressing in writing a will to support and fulfil the OECD guidelines and the ten principles of the Global Compact, and providing an example of their work on these issues. Companies are also encouraged to act as ambassadors for human rights, against corruption and for a quality environment worldwide. Their cooperation is displayed by posting the company's name on the government website.

Sweden considers export credits to be a good instrument for promoting CSR. For this reason, the Swedish Export Credits Guarantee Board provides all its customers with information about the Swedish Partnership for Global

Responsibility. Furthermore, the Swedish International Development Agency (SIDA) organizes various CSR support activities. In turn, the Swedish Consumer Agency (SCA) raises CSR awareness among consumers and volunteer organizations. To this end it promotes the holding of round tables with different stakeholders, and encourages representatives of producer countries to take part in them.

Internal proposals

As the Swedish government explains in its response to the Green Paper, from its point of view it is essential for the social dimension to address the goals of gender equality and integration. The development of workforce skills with a view to achieving high employment rates is also regarded as a priority. Sweden has concentrated on creating and maintaining a broad social welfare system, and in fact is the only OECD country in which tax revenue over GDP exceed 50%. It also occupies first place in the world Barometer of Sustainability (Prescott-Allen, 2001) and figures among the top three countries in the Lisbon strategy (EC, 2004). Sweden places particular emphasis on the importance of dialogue among social actors, and proper attention being given to their proposals for creating and developing new initiatives. In this context, SMEs receive special consideration. The Swedish business development agency Nutek supported five network projects involving 50 SMEs between 2002 and 2004. These projects promote CSR in SMEs through the creation of business development tools, case studies and regional incubators. Nutek has also played an important part in the DG Enterprise project on responsible entrepreneurship initiatives.

Chronology of key policies in Sweden:

- 1999. Companies over a certain size required to include information on their environmental impact in their annual balance sheet.
- 2000. Establishment of the National Contact Point: Minister for Foreign Affairs, companies and trade unions.
- 2000. National Pension Fund: the business plan describes the environmental and ethical considerations that must be taken into account in the investment.
- 2002. Swedish Partnership for Global Responsibility: Swedish companies act as ambassadors for human rights, against corruption and for a quality environment worldwide.

Since 1999, companies over a certain size have been required to include information on their environmental impact (emissions, use of manufactured chemicals, etc.) in their annual balance sheet. One year later, following the approval of the Public Pension Funds Act, the National Pension Fund drew up an annual business plan with a series of guidelines for investment

activities, specifying among other factors the weight corresponding to environmental and ethical criteria in investment decisions.

State-owned enterprises

State-owned enterprises constitute a specific target group with regard to CSR. The government, which has made public its intention to act as an echo chamber on this issue, has developed a specific policy for promoting CSR in its enterprises. To this end it has distributed a questionnaire requiring 33 of the 59 state companies to report on their work related to the implementation of the policies underpinning the Swedish Partnership for Global Responsibility. The aim is to set an example and so step up voluntary action and responsibility in producers, consumers and all concerned.

Among the tools that are being promoted or are under development we can mention environmental management systems, eco-labelling, environmental product declarations, agreements and dialogues with industry, 'green' public and private procurement and investment, and investment in an environmental technology centre. Lastly, since 1997, government agencies have been required to implement environmental management systems and to report annually on their progress.

The Netherlands: responsible government as an agent of change

The Netherlands has been very active in promoting corporate responsibility (*maatschappelijk verantwoord ondernemen*),⁴ on a national as well as an international level, as the Dutch Minister of Economic Affairs (who coordinates CSR issues within the various government departments) points out: almost all financial institutions offer sustainable investment products; there is an increasing trend for small and medium-sized enterprises to take into account the integrity and sustainability of their distributors when purchasing (including aspects such as the environment, child labour, corruption and contribution to a better society); a growing number of businesses draw up codes of conduct; reporting on socially responsible activities has increased; and many universities include business ethics and CSR as subjects in their study programmes. In March 2001, in response to an opinion issued by the Social and Economic Council (*Sociaal-Economische Raad* or SER), the Dutch government issued a position paper on CSR and this paper is still the backbone of Dutch CSR policy (European Commission, 2006). The government refrains from imposing CSR on firms, but aims to promote CSR at local, national and international level. Legislation would lead, according to the Dutch government, to companies doing only the bare minimum, whereas the government sees CSR as part of a company's core business. The Dutch government considers that CSR is not a merely economic phenomenon but a structural one.

Focus of the Dutch government's policy approach to CSR:

- Partnership
- OECD guidelines for multinational companies and human rights issues in developing countries, as the most important set of principles on CSR.
- It has stimulated the development of the guidelines of the Global Reporting Initiative (headquartered in Amsterdam).
- The government to set an example with their own public procurement: by 2010 make it sustainable, 100% at state level, and 50% at municipal level.
- Ensuring transparency is one of the pillars of CSR: the necessary link between a company's said policy and its actual policy.

We include the Netherlands in the partnership model, together with the Nordic countries, because the government, when talking about CSR policies, deliberately singles out the need for the involvement, in a joint effort, of the state, social organizations and companies. Dutch public policy-makers believe that 'CSR forces us to rethink the traditional roles and responsibilities of the business community, the government and social organizations'. According to the Minister for Foreign Trade, CSR cannot be imposed from the top down. Firms must take on greater responsibility and internalise patterns of good citizenship. This should also apply to governments; in addition to being legislators, regulators and stimulators, governments are also active participators in the market: they procure, contract and operate internationally. Thus, the change in the role of government from director to facilitator implies three distinctive features (the Copenhagen Centre and Ashridge):

- Movement within administrations to develop interdepartmental initiatives
- Inclusion of companies (and others) in earlier phases of policy development
- A strong desire to learn from the experience of other countries

One of the main aims of the present government is to encourage the long tradition of consultation among social actors to develop an integrated approach through economic and town planning areas and social policies. Ultimately it is a question of rethinking the responsibilities of government (Aaronson and Reeves, 2002a), business and civil society, and their interrelationships, in order to enable markets to work both equitably and efficiently.

Action**The government as an agent of change**

One of the main action lines is aimed at finding and promoting new and different forms of cooperation, in which the government acts as an agent of change, bringing the various actors together and inviting them to innovate

through cooperation. Numerous partnerships are being formed to this end, especially between local government and businesses.

Partnership occupies a privileged place in the government agenda, also in the international arena, with the aim of encouraging Dutch companies to cooperate with their international counterparts (schemes of this sort are currently under way in India and East Africa). In this context, cooperation becomes the point of departure for CSR initiatives linked to the action plan against poverty. For this reason, special emphasis is placed on seeking opportunities for partnerships between Dutch firms and their counterparts abroad.

Promotion of the OECD guidelines

One of the main elements of the CSR policies pursued by the Dutch government are the OECD guidelines. Since 1998, the Dutch parliament and civil servants have been trying to find ways to promote the adhesion of Dutch companies to these guidelines. However, this promotion has received criticism from the OECD Business Industry Advisory Council, who consider that the voluntary guidelines are being turned into a compulsory strategy.

The government fosters the OECD guidelines among multinational enterprises through organizations like the chambers of commerce. CSR has become a regular aspect of trade missions in two ways: the importance of CSR is pointed out to companies participating in the trade missions; and the host country is made aware of CSR issues on the political level by the Dutch government. In addition, all companies that apply for an export subsidy receive a leaflet from the Ministry of Economic Affairs informing about the guidelines, and all applications for export credit insurance must be accompanied by a statement to the effect that the applicant is familiar with them. Furthermore, annual meetings are held by the Prime Minister and the Minister of Foreign Trade with top Dutch enterprises and interest groups to discuss CSR-related topics.

Research programme

The Dutch government considers that CSR also entails being capable of aligning policies and principles, and that this requires practical knowledge. For this reason, it has started to develop, in cooperation with the National Initiative for Sustainable Development, a university research programme on CSR coordinated by the Dutch universities, with research teams from all over the country. It is intended to be of relevance to business from the perspective of management in CSR.

Furthermore, to stimulate CSR on the international level, the Ministry of Economic Affairs subsidised a major CSR research project in Latin America in 2006. The data obtained provided information for Dutch companies wishing to invest in the region in a sustainable manner. And in 2005–06 the Ministry of Social Affairs and Employment sponsored a chain-wide research project on the natural stone sector. The resulting report, 'From quarry to graveyard: Corporate

social responsibility in the natural stone sector', provides the business community with several criteria to improve working and environmental conditions in the sector.

Ensuring transparency through reporting

Transparency in the view of the Dutch government is one of the most important pillars of CSR. It encourages companies to examine and improve their performance on a regular basis and enables the public to examine companies' efforts and results. The Dutch government perceived that companies were supplying information on sustainability to research centres concerned with the themes surrounding socially responsible investment. With this in mind, a transparency benchmark was first published in 2004, ranking 175 large companies according to their level of transparency on their social and environmental behaviour. Because of its success, it is published annually and stimulating effects are already becoming clear: in the second year 47% of the companies were providing better information than they did the year before. In this same line, the Dutch government is an active participator and contributor to the Global Reporting Initiative, by commissioning a GRI 'beginners' guide' for SMEs and by contributing to the development of the third generation of sustainability reporting guidelines. It has also financially supported the release of the Sustainable Money Guide, for private individuals, informing them about sustainable personal insurance and how to invest savings in sustainable investment funds.

In respect to labels, the Dutch government is a participator in the development of the new ISO 2600 certificate on CSR, which will presumably be launched in 2009.

Concentrating strengths

The approach adopted by the Dutch government requires concentrating strengths as opposed to fragmenting effort. For this reason, the model chosen is that of the 'CEO mission', in which the CEOs of the companies that the government judges to be at the cutting edge as regards CSR are asked to share their knowledge and experience. The explicit intention is for the CEO mission to encourage active dialogue among all the parties involved – companies, unions, intermediary organizations, pension funds and NGOs – through a multi-stakeholder platform.

Responsible action by the government

As part of its scheme to support and stimulate CSR, the Dutch government seeks to practice what it preaches: through the purchase of goods and services, and also through outsourcing, it tries to turn its principles into policies. This is why its policy objective is to make public procurement sustainable by the year 2010, for 100% at state level and for 50% at municipal level. This policy reaches from procurement and sustainable catering to

sustainable timber for construction projects. Thus, for example, government offices serve fair trade coffee, and orders for work clothing take into account aspects relating to sustainability. Symbolically, during the European CSR Conference held in Maastricht in November 2004, the administration presented the new firefighters' uniform, purchased following fair trade criteria. The size of public procurement constitutes a powerful incentive for many suppliers and companies involved in the production chain to switch to sustainable production methods.

To set an example on social reporting, several departments of the Dutch government now publish annual reports on their social performance. This was initiated by the Dutch Minister of Economic Affairs (2004), followed by the Ministry of Agriculture, Nature and Food Quality, and CSR Netherlands.

For the purpose of improving communication, an interdepartmental committee on CSR has been created to coordinate the initiatives carried out in this field by the various different government ministries. The committee stimulates national debate, joint initiatives by enterprise, local government and social organizations, and the exchange of experience. It will also play an important role in the development of the enterprise-community network.

New social partnerships

In the Netherlands there is a long tradition of cooperation between the public and private sectors to respond to social challenges. The chief difference from the situation in the past lies in the urgency of the business community to consider the public and social milieu. There is also a great deal of interest in generating dialogue between companies and pressure groups for the former to obtain a 'licence to operate' built upon a 'green and social' image, among other reasons because Dutch consumers are increasingly demanding responsibly made products. Furthermore, as we have already seen, policy-makers have developed an unusual approach: they have taken advantage of the influence the administrations have in the marketplace to promote CSR policies.

This urgency generates a favourable climate for governments to collaborate with entrepreneurs in the fight against social exclusion. There is growing awareness that companies, government and social organizations must work together to promote the inclusion of marginalised groups and revitalise depressed areas. This approach also affects other policies created in partnership: employment, social cohesion, urban renewal and crime prevention. Thus, the Partnership for Social Integration was created in 1998 on the initiative of the Ministry of Health, Welfare and Sport, as a framework in which government, businesses and social organizations can exchange knowledge and experience.

The novelty of this approach lies in the fact that companies participate in the policy-making process, and this generates greater involvement from

their side. Parallel to this, the government becomes a less formal partner in the networks, and nurtures a favourable environment for experimentation and innovation in public policies. Ultimately, the nationwide movement impelled by the administration to develop local partnerships is not so much about whether the public and private sectors should collaborate, as about how this collaboration can be encouraged.

Notes

1. Europa press, 4 November 2004.
2. The chapter devoted to intermediary institutions provides an in-depth account of the foundation of this centre and its principal functions. However, we think it is relevant, in order to understand the Danish model, to mention here that it was created by the government of Denmark in 1998 as an independent institution, taking into consideration the recommendations of the United Nations Summit on Social Development. Initially, the main goal of the Copenhagen Centre was to integrate all the social actors – businesses, civil society and the public sector – with the objective of generating new partnerships for the development of joint CSR projects, both nationally and internationally.
3. The government prefers to use this term in Finnish versions of texts, as opposed to the literal translation of CSR, which would be *yrittysten sosiaalinen vastuu*.
4. In the Netherlands several terms have been mooted to refer to CSR. Among them, *maatschappelijk betrokken ondernemen* alludes to the social involvement of companies and places emphasis on their involvement with the community. However, the term finally adopted by the government is *maatschappelijk verantwoord ondernemen*, which can be translated as ‘socially responsible business’.

5

The Business in the Community Model: The UK and Ireland

Description of the model

General characteristics of the model: approach to CSR

This model comprises the Anglo-Saxon countries: the UK and Ireland. The concept of business in the community refers to the way the governments and the societies we are concerned with here understand the role of enterprise in society, especially as regards the resolution of social challenges and the part played by business in community development.

Key elements of the business in the community model:

- The promotion of CSR from government originated to solve problems of social governance in the face of the economic crises and the spread of poverty and social exclusion at the end of the 20th century.
- CSR is linked to the involvement of enterprise in the development of society (business in the community): job creation schemes, social cohesion, community development, urban and rural regeneration, social action, and environmental care and sustainability.
- Direct link between CSR and sustainable development: contribution of corporations to sustainable development.
- Importance of the pressure exerted by civil society on the role of business in relation to sustainable development (environment, human rights, responsible consumption, socially responsible investment).
- Importance of public-private partnership and the involvement of business in community development.
- CSR means partnership relationships between local government and companies on concrete projects.
- Public initiative: non-interventionism, importance of voluntary initiative and corporate self-regulation.
- Support for social action initiatives by enterprise: employee volunteering and secondment of staff.
- Policy of facilitating and soft interventions, tax subsidies and business incentives.

The involvement of government in corporate responsibility originated in the UK and Ireland in the final decades of the 20th century, as a response to the governance deficits that arose in the wake of the economic crises that affected the economy of the industrialised countries and brought plant closures and, as a consequence of this, serious problems of social exclusion (Moon, 2004). Both these societies had to face major problems of social exclusion and impoverishment of inner cities and rural areas, along with processes of environmental degradation. Furthermore, the economic crisis had repercussions on the welfare state, resulting in the deterioration of the social services offered by public administrations. In order to meet these social challenges, governments sought innovative solutions through the commitment of all the social agents, especially enterprise. In this way, business networks and public-private partnership projects were created to foster corporate engagement and to involve businesses in community investment projects.

The concept of business in the community responds to the idea that corporations have a fundamental part to play in the economic development of the community in which they are present, and in the fight against social exclusion and impoverishment. In the UK and Ireland, governments and corporations alike habitually employ concepts such as 'community investment', 'community involvement', 'regeneration strategies for less-favoured areas' and 'community engagement' to define their contribution to the development of society and the community. At the beginning of this century, the proposal of business responsibility was linked to the framework of corporations' contribution to sustainable development through new public policies of societal governance.

As far as business management is concerned, governments work from a *voluntary* approach to CSR: companies can introduce CSR initiatives into their business practice voluntarily, beyond legal requirements. Nevertheless, especially in the UK, the government adopts what are known as *soft intervention* policies to encourage and promote corporate action in the area of CSR.

Both in the UK and in Ireland, government action is conceived as promoting, facilitating and rewarding CSR, and encourages public-private partnerships. And in their role as facilitators, these governments seek mechanisms that can provide incentives, either through the development of soft regulation favouring business actions towards CSR or through tax measures. Work is also done in coordination with intermediary organizations looking for CSR best practice case studies.

Another important idea in these countries regarding government action in CSR is the development of partnership projects between the public sector and the private sector, and also with the third sector. The aim is to reach a joint solution to problems relating to social exclusion, poverty, lack of social services and quality of life in less-favoured areas. Companies participate in

partnership projects with local governments to train their workers, start-up businesses and invest in less-favoured areas, both urban and rural.

In Ireland, for example, the social partnership between business, government and the third sector has been operative since the 1990s to work for solutions to problems of social exclusion, impoverishment, unemployment and quality of life in less-favoured areas. The government launched community development policies by means of partnerships. These initiatives are now linked to CSR policies: through policies for community and local development, the government supports voluntary activities, thus generating an appropriate framework for CSR.

One of the most important elements of this model has been, in the case of the UK, the institutionalisation of a top government post with responsibility over CSR: the Minister for CSR.¹ In this way, the UK government was the first to create a top political position in charge of CSR, leading in an innovative way the role of government in CSR. The Minister for CSR provides guidance for CSR-related programmes and incorporates them into a cross-departmental network of social and environmental policies and projects implemented from several government departments and pursued by the British government.

Contextualisation and origin of the discourse: the crisis of the welfare state and the search for new forms of governance

In these countries, the discourse on the government's role regarding CSR and CSR public policy works from the basis of four distinct frameworks.

First, CSR actions have a clear origin in the governments' will to resolve the crises of governance that appeared in the closing decades of the 20th century as a consequence of economic crises (Moon, 2004). This is especially and explicitly the case of the UK government, although we also find clear – albeit not so explicit – indications in the CSR policy of the Irish government. The governments sought the involvement of the private sector to face social problems such as impoverishment, social conflicts in less-favoured areas, and the deterioration of inner cities and rural areas. In this way, they attempted to promote spaces for public-private partnership, by appealing to corporate social responsibility.

The governments create frameworks that favour the development of responsible business attitudes. Government action in the CSR framework focuses on supporting the private sector and facilitating economic and sustainable development, and the economic regeneration on which the collaboration of the private sector rests and which links it to local government.

In second place, in the UK and subsequently also in Ireland, CSR was initially associated with a policy of sustainable development towards the end of the 1990s. The basic idea was to encourage companies to make a commitment to sustainable development. To this end, in 1999 the British government presented its national strategy for sustainable development: 'A better quality

of life – a strategy for sustainable development for the UK'. Business was incorporated as one of the main action sectors in the framework of this strategy, together with the third sector and local authorities. The challenge for business is to lead sustainable development in its economic activity: to simultaneously integrate economic, social and environmental policies in order to ensure a better quality of life for present and future generations. In March 2005, the government presented the new sustainable development strategy 'Securing The Future' where CSR was introduced as a key tool to achieve a sustainable future.

In Ireland, on the other hand, CSR is included in the Sustainable Development Strategy of the Irish Department of Enterprise, Trade and Employment. The 2003–2005 Strategy highlights the need to develop an action programme to meet the challenges and improve the opportunities of the business sector and find more sustainable solutions. The Strategy was built around four goals: climate change, competitive sustainability, corporate social responsibility and departmental sustainability.

In third place, especially in the UK, a country that pioneered the development of CSR at government level, we find that civil society also exerts pressure on public opinion, through the action of human rights or environmental organizations forcing companies to respect human rights and environmental principles in their operations. This social movement in pursuit of social and environmental corporate responsibility has been active since the end of the 1980s. The importance of these social movements is undeniable in this country, in issues such as social responsibility, socially responsible investment, fair trade and responsible consumption, as are the pressure campaigns carried out by the main British NGOs in the field of business activities all over the world.

In Ireland, the government began to adopt CSR policies at the time of the appearance of the Green Paper. However, public-private partnership policies (with a view to solving problems of social exclusion) and sustainable development policies had already been developed prior to this. CSR has been incorporated into the framework of these two policies.

Fourth, in both countries another indicator of the emergence of CSR in the public arena was the growth of CSR business associations or business networks and the emergence of CSR consultancy services. These CSR business associations work with governments in the implementation of many CSR programmes. The most widely recognised are: Business in the Community UK, Business in the Community Ireland, Business Leaders Forum, Accountability, Sustainability, Forum for the Future, and Agenda-Social Responsibility in Scotland.

Relationship between government, business and society

In the business in the community model, one of the main considerations is the issue of business in society. In this framework, the government fosters

the relationship between business, its stakeholders and the environment. Business is considered to have a fundamental part to play in the development of the community, and is therefore expected to assume its social and environmental responsibilities.

The governments of these countries employ a number of strategies aimed at 'business in the community'. First, partnership projects are fostered between the public and the private sector in order to provide support for and solve major social deficits in, for example, vocational training of employees, business start-up, regeneration of inner cities and less-favoured urban or rural areas, training and support for the long-term unemployed, urban planning and sustainable transport, and others. In many of these cases, the government seeks corporate funding.

Second, the government encourages staff volunteering to allow companies to engage with community organizations and stakeholders in underprivileged communities and social organizations. In this context, the public sector acts more as a mediator or facilitator, emphasising an approach to CSR consisting of soft intervention by government and self-regulation by businesses. CSR is incorporated into initiatives such as employee volunteering and secondment of staff as one of the aspects of corporate social action.

Relationship between CSR and sustainable development

These governments see CSR as the way for companies to be able to contribute to sustainable development and incorporate social, economic and environmental responsibility. CSR has now been introduced into the national sustainable development strategies of both governments. However, neither in the UK nor in Ireland is CSR policy directed by the Department of the Environment.

In the case of the UK, CSR has taken on an institutional existence of its own, under the leadership of the Department of Trade and Industry and through the Minister for CSR, with an independent governmental and interdepartmental development structure. In Ireland, the Department of Enterprise, Trade and Employment, which included CSR in its Sustainable Development Strategy, is currently in charge of most CSR initiatives, although some are to be found within others such as the Department of Community, Rural and Gaeltacht Affairs, through its Public-Private Partnership Unit.

Roles adopted by governments in applying CSR public policies

In this model, governments adopt the basic role of promoters, but also go beyond this to act as facilitators and mediators, with public-private partnership initiatives. Policies have been developed to raise society's and enterprise's awareness in the field of CSR and to make it more visible publicly. Incentives have also been created for business (including awards and management tools) and public-private partnership projects have been promoted.

The UK government has encouraged corporate disclosure, reporting and accountability through soft regulation reforms, facilitating corporate action towards transparency and reporting. Furthermore, government actions have a high level of institutional development and public policy design: a favourable legal and fiscal framework has been developed for CSR, and there is an interdepartmental CSR programme. As far as the tax framework is concerned, the government opts for soft regulation, i.e., providing guidelines that facilitate and incentivise but are not compulsory. Owing to the cross-cutting nature of this strategy, we find CSR programmes and public policies that depend on different government departments, yet they all connect with the political structure for CSR.

Types of public policies applied and departments responsible for them

Whereas in the UK we find a large number of CSR public policies, this is not the case in Ireland, where there is much less government action in this area.

The UK government has developed an interdepartmental CSR strategy linking all those departments that are liable to deal with some related issue. The Department of Trade and Industry is in charge of developing and implementing CSR, and does so through the Minister for CSR. The Minister for CSR created an official governmental CSR² listing all CSR policies and programmes pursued in the UK and the department in charge of each of them. We can find CSR policies and programmes in the following departments: Department for Culture, Media and Sport, Department for Education and Skills, Department for Environment, Food and Rural Affairs, Department for International Development, Department of Trade and Industry, Department for Transport, Department for Work and Pensions, Foreign and Commonwealth Office, Health and Safety Commission and the Health and Safety Executive, Home Office, Department for Communities and Local Government and Her Majesty's Treasury.³ The government has grouped under the umbrella of the CSR ministry all those policies and programmes that have elements of corporate participation to solve social and environmental challenges, even if they were already in force prior to its creation.

We also find a considerable number of public-private partnerships. The programmes and policies that are applied cover many areas: cultural diversity, school-business links, sustainable consumption and production, environmental reporting, work and pensions, fair trade, international supply chains, small and medium-sized businesses, business and human rights, international initiatives, women and employment, sustainable tourism, sustainability strategies, charitable giving, educational action zones, community development, neighbourhood renewal and the private sector, community investment, and urban growth strategies.

In Ireland, no government post has been institutionalised for CSR. To date, there are two main departments involved in this issue: the Department of Enterprise, Trade and Employment (which provides support for business, spreading knowledge of CSR and coordinating international frameworks) and the Department of Community, Rural and Gaeltacht Affairs (which promotes CSR among public-private partnerships).

Institutional consequences of the model

From the institutional point of view, in the UK government this approach has involved the creation of a government post in charge of CSR, a Minister responsible for CSR, within the framework of the Department of Trade and Industry. This has not been the case in the Irish government. For the UK, it has meant setting up a government structure for CSR and providing it with a minimum administrative structure to which financial and human resources must be dedicated. This body is responsible for establishing and defining a national CSR strategy and bringing together under a 'CSR umbrella' all public policies that can be framed within or linked to business action in CSR. As a result, this political structure is required to coordinate the various government departments on the issue of CSR actions and policies.

In short, this model has important implications as regards coordination between ministries. In addition, the approach taken by the British government is one of soft intervention, with incentivising and facilitating measures. There is much scope for the development of soft regulation to promote transparency and reporting between corporations, in socially responsible investment and other issues. Another important aspect is the creation of a legal and fiscal framework favourable to CSR initiatives.

One of the most important strategies of this model is to foster action by business in the community in order to favour its economic development. To this end, local or national partnerships are promoted and funded to get the public-sector, corporations and social organizations involved in responding to problems of social exclusion and unemployment in less-favoured urban areas. This entails the creation of several funding streams for CSR projects.

In this model of government action it is very important to establish a network of relations with CSR business organizations, as these organizations are considered to be the nexus for the application and social development of CSR.

UK: CSR as a response to societal governance challenges

Approach

The British government was one of the first to adopt the concept of CSR and incorporate it into an innovative political strategy. The government started

to work on CSR public policies in the last decades of the 20th century, prior to the publication of the European Commission Green Paper (July 2001). As Moon (2004) explained, the concept of CSR was linked by the British government to the search for ways to meet the social challenges that the globalized economy posed for the social structure of the UK. As a result of the economic crises of the closing decades of the 20th century, the UK faced a series of new challenges for societal governance: impoverishment, social exclusion and the de structuring of urban areas affected by plant closures. As a consequence, the UK government had to face an importance crisis of governability and legitimacy (Moon, 2004). In order to meet these new societal governance challenges, the British government sought shared strategies with other social actors. One of the paths they explored was that of corporate co-responsibility.

The economic crisis had affected the welfare state, reducing social services in less-favoured urban and rural areas. In this way, CSR came as a response to the challenges that arose, combining government action with action by businesses, which assumed their social responsibility by supporting the government in job creation, training and restructuring schemes in less-favoured areas.

According to Moon (2004), in the 1980s the Conservative government adopted the notion of CSR to make up for various deficits in societal governance that appeared over the last 20 years of the 20th century. Moon's thesis works from a historical vision of the development of the state and the role of business in society. CSR was used first by Thatcher's Conservative government and later on by Blair's Labour government 'as part of a wider re-orientation of governance roles whereby business was increasingly not only operating in its market mode but also in a network mode with government and non-government organizations in which the inter-dependencies of actors depend neither on authority nor on market relations' (Moon, 2004:1).

The economic crises of the 1970s had an acute effect on the British economy, and hence on its welfare state and especially the tax system. In an attempt to find solutions to this situation, the Conservative government asked enterprise to collaborate. In this way, the concept of *corporate responsibility* gained acceptance:

One of the most significant junctures in growth and institutionalisation of CSR was the wave of urban riots in the context of spiralling unemployment and inner-city decay of the early 1980s. In addition to a number of other policy and political responses that the government deployed, it made clear overtures to business to share in responding to the problems. (Moon, 2004)

One of the main demands the government made of the business organizations and trade unions was that they should adopt training initiatives and

look for new job opportunities for the unemployed. At the same time, British corporations were urged to fund applied socioeconomic studies in cities affected by unemployment and impoverishment with a view to obtaining information on the possibility of generating public-private partnership mechanisms that could facilitate the regeneration of the most deprived inner cities.

The government also funded part of these initiatives, transferring the proactive role to local and regional administrations. Thus, partnership began to be seen as one of the forms of new societal governance, in the shape of local economic initiatives involving both public and private resources.

This re-articulation of business roles in societal governance contributed to the growth and institutionalisation of CSR public policy in the UK: this strategy was strongly adopted by the Labour government at the end of the century. Later on, the Labour government adopted CSR as a framework for public-private partnership and collaboration and applied it to all possible areas of action.

Under the Labour government it is clear that CSR is not seen as a piecemeal supplement to government activity. Rather it is regarded as a more systematic feature of the emerging governance mix. This is illustrated by the fact that Blair has appointed ministers within the Department of Trade and Industry with special responsibility for CSR (Moon, 2004).

At the beginning of this century, in March 2000, the Labour government institutionalised its CSR role through ministerial leadership. Thus, CSR was linked to values like sustainable development, community development, conservation of natural resources, town and country planning and regeneration. In addition to this impulse given to CSR from the perspective of societal governance, CSR is also linked to other elements in the UK. CSR has been associated since its early days with the concept of sustainable development and the contribution made to it by businesses. The British government includes CSR in the National Sustainable Development Strategy directed and implemented by the Department for Environment, Food and Rural Affairs. Another important driving force for CSR in the UK in the 1990s was the social pressure exerted by some non-governmental organizations in the field of business and human rights, the environment, socially responsible investment, and fair trade.

Discourse

CSR is seen as an important area of business strategy because it is concerned with the principal governance challenges faced by developed countries and also the action of British companies in the international framework. Yet at the same time it raises the idea that CSR is important for society because it increases corporate recognition, it values the role of business in developing social, environmental and economic welfare, and it makes for greater

dialogue between corporation and stakeholders. On the other side of the coin, CSR is important for businesses because it is a new way of managing risk and enhancing the reputation of brands, managing relationships with stakeholders, and increasing their competitiveness. For all these reasons, CSR is important for governments, because this triple corporate responsibility can serve to support the shared objective of sustainable development, which includes wealth creation, employment, social justice and the environment. Nevertheless, public authorities play the part of facilitators in the development of CSR at international, national and local scale. The government should work with the market and in partnership with companies and their stakeholders (trade unions, NGOs, consumers and investors) to promote and foster the development of CSR initiatives.

Working from this premise, the British government's strategy on CSR focuses on the objectives of improving the tools and mechanisms of corporate social and environmental responsibility, in such a way as to be coordinated with the instruments of productivity and competitiveness, thus developing an institutional action framework favourable to CSR. The policies implemented by the government are of a promoting, facilitating, mediating, partnering and endorsing nature, in partnership with the private sector (DTI, 2003a).

First, the government seeks to play the part of promoter, increasing awareness of and commitment to CSR best practice case studies, recognising the successes and the progress made by the business sector in this field, accompanying innovations and ensuring that its own initiatives provide a coherent framework for the development of the CSR agenda. Second, the government attempts to act as a facilitator and mediator, by implementing programmes and public policies that encourage and engage the corporate sector in this field, and that build a favourable national framework for the development of CSR. And third, this strategy is developed by establishing stakeholder dialogue, drawing up public-private partnership projects and stimulating new and existing business associations.

CSR policy is built on the elaboration of a constructive dialogue, in turn based on voluntary action by actors, businesses and social organizations, and the concept of sustainable development, which incorporates the combination of economic, social and environmental benefits. It is a case of a joined-up policy (DTI, 2003a).

Government structure and public policy design process

In March 2000, the British Prime Minister created the institutional figure of the Minister for CSR⁴ in the framework of the Department of Trade and Industry (DTI). This new political post holds the highest political responsibility for CSR and is in charge of implementing CSR strategy on a national scale.

The British executive created this institutional post in charge of CSR within the framework of the Department of Trade and Industry with the support of the Business Impact Task Force.⁵ In addition to this, an interdepartmental group on CSR was set up in March 2000, and in the summer of the same year an all-party group on CSR was created in parliament.

This did not actually entail the creation of a new ministry; rather, a new institutional function was incorporated into the Department of Trade and Industry. This position is held by one of the Ministers of State or Parliamentary Under-Secretaries of State. At the time of writing,⁶ responsibility for CSR rests on the Minister of State for Industry and the Regions, Margaret Hodge.⁷

The main objective that the Minister for CSR took on was to work with business to promote CSR practices. In order to achieve this goal, a team of professionals was appointed to help him put the new initiative into practice.

Another important goal encompassed by the post was to support those more innovative companies that adopt policies of employee training, investment and community action in economically and socially deprived urban or rural areas, or environmental protection and sustainable planning policies. In this way, CSR is linked directly to priority strategies in the British political framework: regeneration and community development of less-favoured areas, revitalisation of the labour market, business start-up, social cohesion and the national strategy for sustainable development. In all these national strategies, the British government works in partnership with business and civil society.

It is also the responsibility of the Minister for CSR to draw up the interdepartmental programme to coordinate government action on CSR, which incorporates all public policies that are aimed at promoting good business practice, codes of conduct and an appropriate framework for generating better information and a better evaluation of CSR business practices. Thus, through the ministry, the government supports a large number of CSR programmes and projects that are developed and funded by other departments.

CSR policy: strategy and objectives

The approach adopted by the British government to CSR is basically one of voluntary compliance, although its proactive attitude has taken the issue somewhat further than this merely voluntary idea. It therefore stands out as one of the more innovative governments in this respect, and has managed to foster innovative corporate action through a number of soft intervention strategies and facilitating, promoting and incentivising mechanisms. Among the flagship strategies are the legislative reforms in the shape of soft regulation, the creation of a favourable fiscal framework and the incorporation of a variety of government programmes and projects into the interdepartmental CSR programme. Soft regulation is non-mandatory regulation that provides incentives for socially responsible corporate action in areas such as

corporate disclosure, reporting and socially responsible investment (SRI). These three elements have been crucial for innovation in the British government (DTI, 2003a).

In the 2004 'Corporate Social Responsibility. A government update' report, (DTI, 2004) the Minister for CSR presented his strategy on CSR:

- To promote business activities that bring simultaneous economic, social and environmental benefits
- To work in partnership with the private sector, community bodies, unions, consumers and other stakeholders
- To encourage innovative approaches and continuing development and application of best practice
- To ensure we have a decent minimum level of performance in areas such as health & safety, the environment and equal opportunities
- To encourage increased awareness, open constructive dialogue and trust
- To create a policy framework which encourages and enables responsible behaviour by business

The government wants to see UK businesses taking account of their economic, social and environmental impacts, and acting to address the key sustainable development challenges based on their core competences wherever they operate – locally, regionally and internationally (DTI, 2004:2).

The government's vision for CSR incorporates delivering the following six objectives:

- Competitiveness
- Poverty reduction
- Community investment
- Environment
- Governance
- Workplace

The government seeks to ensure that responsible behaviour becomes an integral part of doing business. To this end it has developed a UK CSR policy framework.

Sustainable development

The British executive considers that 'CSR is about the behaviour of private sector organizations and their contribution to sustainable development goals' (DTI, 2004:22). The UK government launched its new strategy for sustainable development, 'Securing The Future', in March 2005. The Department of Environment, Food and Rural Affairs leads the delivery of the Strategy, but all the UK departments share responsibility for implementing the national strategy. In this strategy, CSR and partnerships are seen as key

tools or actions to deliver the commitments of the strategy based on the international priorities. In this field, the government is promoting transparency and environmental reporting as an essential part of CSR reporting.

CSR policy framework

In order to achieve these objectives, the Minister for CSR has developed a CSR policy framework, that integrates different social and environmental projects and programmes.

The Minister for CSR has grouped together various different programmes and projects within the cross-cutting category of CSR. In total, around 30 CSR policies and actions are to be found in 13 government departments.⁸ The government has included under the broad heading of CSR a series of policies, programmes and projects, thus forming an interdepartmental CSR strategy. However, these projects, which in some cases already existed, are designed, conducted and coordinated by the departments concerned.⁹

Seen from an interdepartmental perspective, the British government is working on the following issues, among others: employment policy, gender equality policy in the workplace, cultural diversity policy in the workplace and equal opportunities, health and safety at work, environmental management policy, sustainable tourism, sustainable transport and mobility, corporate transparency and reporting, socially responsible investment and pension funds, employee education and training, social policy and the fight against social exclusion, regeneration of socially and economically less-favoured or deprived areas, human rights and labour rights, social inclusion and community investment, socially responsible corporate behaviour in developing countries, and the fight against corruption and bribery. Thus all these policies have been integrated into the CSR objectives, even those that were designed previously.

Disclosure, transparency and reporting

The government considers it essential to convey messages to the market and society about *responsible businesses*. Stakeholders want greater transparency and clarity in reporting models. In this field, it is important to raise the awareness of society and promote *disclosure and* transparency instruments such as social labelling, codes of conduct and other tools. The aim is for consumers and investors to have more information about business behaviour.

The British government assumes the need to develop a legal framework that ensures the consolidation of responsible behaviour, and that CSR is practised as a matter of course in all sorts of companies but under voluntary compliance. The role of regulation should be to support and improve mechanisms of transparency and reporting. Legislative reforms have been in the shape of soft regulation to promote and incentivise disclosure, socially responsible investment and reporting.

Pension Act Amendment

The Occupational Pension Schemes Amendment Regulations 1999 – Disclosure Act, of July 2000, was a reform by the British parliament that pioneered the fostering of socially responsible investment in pension funds by means of disclosure mechanisms. It is an example of what has been called ‘soft law’ applied to disclosure and transparency. It requires trustees of occupational pension schemes to state their policy regarding the extent to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investment. The trustees are asked to explain in their annual reports. This has caused a considerable rise in the volume of capital invested in SRI in this country.

Company Reporting

The Government encourages companies to report on their CSR performance. The government has issued guidance on environmental reporting and supports other initiatives promoting company reporting, including the Forge I & II guidance for the financial services sector and the ACCA environmental reporting awards.

Fiscal instruments

Another of the instruments used by government to encourage CSR has been to establish tax measures that generate and favour new models of commitment to social and economic development by business. In the fiscal context, the British government has implemented a series of measures aimed at encouraging companies to engage in community investment.

Social and economic regeneration of less-favoured and socially excluded areas

In January 2001, the British government launched the National Strategy for Neighbourhood Renewal. This strategy has been directly linked to CSR, because of the importance of corporate action for this issue. The Strategy is the government’s vision for narrowing the gap between the most deprived neighbourhoods and the rest of the country. The Department for Communities and Local Government has developed a number of ways in which to engage and encourage the private sector to participate in neighbourhood renewal and to critically examine the ways in which they operate.

CSR incorporates the idea that companies’ human capital should get involved in community action and feel motivated by this type of initiative. The Neighbourhood Renewal Private Sector Panel will identify opportunities for the private sector to get involved with local communities and activity in disadvantaged areas.

Skill development and employee training

The British government considers that everything to do with enhancing the capabilities and training of employees forms part of CSR strategy. Hence it

fosters joint training projects between companies and vocational training centres or business schools. The idea is to ensure that the training offered is the training that businesses need. The government has launched several strategies and programmes along these lines to help firms know what training their employees require.

SME engagement in the CSR framework

It is a priority of the British government to offer support and aid to the engagement of SMEs in CSR initiatives. SMEs constitute the core of the UK's business fabric, but unlike large multinationals, SMEs do not usually have the teams of professionals needed to develop CSR strategies. Because of this, the government has proposed to help them develop and implement these strategies, attending to specific needs.

International action and development

For the British government CSR is not just a European problem but an issue that is on the agenda worldwide, and is therefore relevant in the framework of the objective of global sustainable development. As a result, the government promotes the concept of CSR internationally. The government strategy facilitates good practice by British firms operating in other countries. The application of CSR practices by multinational companies is thought to help towards improving the situation of poverty of a large part of the population living in marginal conditions.

A number of task forces have been set up to help British firms improve their international competitiveness by taking on board environmental, human rights, globalisation, transparency and conflict prevention issues. In this connection, the government collaborates with trade unions and NGOs.

The Minister for CSR has also coordinated various departments with influence over the international activity of British companies: the Foreign and Commonwealth Office, the Department for International Development; the Department of Trade and Industry, and the Department for Environment, Food and Rural Affairs. The British government also supports and applies the international agreements that are concerned with CSR: the ILO Declaration on Fundamental Principles and Rights at Work, the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (1977, reformed 2000) and the OECD Guidelines for Multinational Enterprises. Similarly, it supports and participates in the United Nations Global Compact.

CSR strategy at regional and local level

One important criterion is that regional and local public administrations should contribute to the development and implementation of CSR on a territorial basis. Regional government offices and regional development agencies in the UK context are also involved in promoting CSR in a territorial

framework. One of the most active devolved governments is the Welsh Assembly, with the development strategy 'A Winning Wales'. In this strategy, good business practice is one of the fundamental elements of the role played by business in the community. In Northern Ireland, the Department of Enterprise, Trade and Investment (DETI) is responsible for promoting the development of CSR, in which task it is assisted by the work of Business in the Community and Northern Ireland Business Education Partnership (NIBEP). For its part, the Scottish Executive supports the UK government's approach to CSR.

The role of intermediary organizations working with the government to implement CSR public policy

The UK government has been developing its CSR policy with the support of different institutions working in the field of CSR and public policies. The United Kingdom recognises the importance of organizations positioned between the administrations and the private sector, what we call 'intermediary organizations', channelling the relationship between governments and companies and lending space for dialogue, comprehension, proposals, engagement, dissemination of good practices, research and dissemination of results.

In the United Kingdom these institutions have had a particularly important role, and we can find them in use as instruments for appraisal and cooperation in the different stages of drawing up public policy: Identifying the problem; Formulating proposals; Decision-making; Implementing policy; and Evaluation. For example, the government supports the best practice programmes led by Business in the Community, and works with Forum for the Future and AccountAbility on projects looking at the links between CSR/sustainability and business performance.¹⁰

CSR Academy

On 5 July 2004, Stephen Timms MP, then Minister for CSR, launched a new Academy for Corporate Social Responsibility. The new CSR Academy, established through close government, industry and key stakeholder cooperation, is a new resource for organizations of any size and any sector wanting to develop their corporate social responsibility skills. It will provide a central source of information for training and development with the aim of integrating CSR into day-to-day business practice.

The CSR Academy aims to promote CSR learning through the first dedicated CSR Competency Framework. It is for companies of all sizes as well as UK educational institutions.

The Academy is a business support initiative of the DTI and works with a number of Programme Partners and Contracted Agents including: AccountAbility; Ashridge Management College; Association of Business

Schools; British Chambers of Commerce; BSI; Business in the Community; Chartered Institute of Personnel Development; and The Stationery Office.

Final considerations

Since the closing years of the 20th century, the British government has considered that the notion of CSR matches its innovative vision of the role of business in relation to society and the joint solution of the social problems facing the country and the planet. CSR is regarded as a new form of societal governance and sustainable development. As a result, this government is currently one of most active in applying public policies for promoting, facilitating and incentivising CSR. One of the most innovative elements of the British government's strategy has been the creation of a top government position – the Minister for CSR – in the Department of Trade and Industry with responsibility over designing and implementing the national framework for promoting and developing CSR.

The basic purpose of this position has been to set up a national CSR promotion and development framework. In order to respond to today's challenges in this respect, an interdepartmental CSR strategy has been developed, by incorporating the concept of CSR into the development of social and environmental challenges, taking into account the role of business in society nationally and all over the world and assuming this concept as a cross-cutting approach integrating various different government policies involved in corporate social responsibility. We find public policies in the framework of sustainable development, adult and employee training and education, social cohesion, community development and action, SME engagement in CSR, work-life balance and so on. The Minister for CSR has identified all the departments, programmes, policies and actions involved in these areas in order to incorporate them into the UK government's CSR strategy.

The British executive has sought to coordinate government action on CSR through the Department of Trade and Industry, and more specifically the CSR strategy. However, as we have seen, these programmes and projects are implemented by different government departments and are given impetus by the close involvement of local and regional governments. Therefore, we can say that this is a structure with a driving force in the form of an institutional core: the CSR minister.

The government adopts the roles of promoter, facilitator, incentiviser and partner. The strategy rests on fundamental principles: sustainable development, social and economic regeneration of less-favoured and socially excluded areas, community action, skill development and employee training, SME engagement and international action and development. These objectives are developed through a series of instruments and policies that are based on a strategy of soft intervention and facilitation already applied by

the British government prior to sustainable development policies. They are legal and fiscal instruments that encourage corporations to act in a socially responsible way, yet are not binding. Another instrument is work in partnership between the public sector, the private sector and social organizations.

Ireland: CSR amid volunteering and sustainable development

In its response to the Green Paper on CSR published by the European Commission,¹¹ the Irish government acknowledged the document as an important step as regards the corporate contribution to the achievement of the goals set by the Lisbon European Council of March 2000. The Irish government especially welcomes the voluntary approach defended by the European Commission, and makes a positive assessment of the different objectives and instruments proposed by the European Commission: raising awareness and visibility of CSR, identifying existing CSR activity, and facilitating the sharing of best practice.

We should stress here that the Irish economy took a sharp upturn towards the end of the 20th century with the help of strong international investment from multinational firms in the new information and communication technology industry. In this economic context, the CSR approach taken by the Irish government defends voluntary action by companies, whereby corporate behaviour goes beyond legal requirements. The role adopted is therefore one of promoter, mediator and partner.

The Irish government has not been so active in developing a national CSR framework as the UK government has been. The Irish government has implemented some CSR-related political initiatives, linking CSR directly to the Sustainable Development Strategy, community development policies and the fight against social exclusion. However, it has not introduced soft regulation reforms favouring CSR, nor has it created a top government position with responsibility for CSR.

In its CSR-related initiatives, three specific strategies are paramount:

1. Sustainable Development Strategy
2. Public-private partnerships
3. Employee volunteering and secondment of staff

First, CSR is related to the Sustainable Development Strategy of the Department of Enterprise, Trade and Employment. DETE published the first SD Strategy in December 2002, built on the 1997 National Sustainable Development Strategy published by the Department of Environment and Local Government. The aim of the Strategy is to enable the Department of Enterprise (DETE) to address the challenges and opportunities posed by the increasing need to find more sustainable ways of doing business. For the first three-year

period (2003–2005) four priority strategic areas were selected: climate change, competitive sustainability, corporate social responsibility and departmental sustainability. CSR became a core element. The responsibility for these policies and practices are shared by the Industrial Relations Unit, the Environment Unit and the governmental agency Enterprise Ireland.

Secondly, another of the fundamental instruments of CSR is the partnership policy, which entails joint action between the public sector, business and social organizations. This strategy was already in place in Ireland in the 1990s, in an attempt to solve the social problems generated by unemployment and social exclusion. The Irish government had already developed public-private partnerships, especially in the form of business finance, to meet community and social exclusion problems. The government has a unit in charge of finding business finance and developing public-private partnerships (PPP)¹² in the Department of Finance, for the purpose of involving business in solving unemployment and social exclusion problems. In the wake of the Green Paper, the Irish government sees PPPs as a way to encourage socially responsible action by companies. The Finance Act 2001 reformed the regulation by establishing tax reductions for donations by companies to social organizations.

On a different note, in 2001 the Irish government set up the National Centre for Partnership and Performance¹³ with the aim of fostering the relationship between the public and private sectors, in order to develop volunteer projects and improve collective behaviour in the areas of working conditions and job creation.

Thirdly, with the development of the concept of CSR, the government has linked its CSR strategy to the nurturing of employee volunteering schemes through the mechanism of secondment of staff. The intention is to promote corporate social action.

In the institutional framework, the Department of Enterprise, Trade and Employment (DETE) is responsible for coordinating CSR policy. Its Sustainable Development Strategy 2003–2005 (DETE, 2003a) incorporates several initiatives relating to the impact of business in areas such as climate change and competitive sustainability. This document includes CSR as a new strategic goal. The implementation of this strategy establishes concrete measures to increase the sustainable management capacity of businesses. In this Sustainable Development Strategy, CSR is defined as follows:

Corporate Social Responsibility (CSR) can be defined as a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis. In this way, it is intrinsically linked to sustainable development, in that it seeks to enable firms to manage economic, social and environmental needs in a balanced way (DETE, 2003a).

It also incorporates the basic elements of the Irish government's CSR strategy:

- Work to improve awareness of CSR issues (best practice, guidelines and other instruments) at enterprise level and in society at large.
- Contribute to national and EU initiatives on CSR (voluntary codes of conduct in the areas of social dialogue and labour standards; improving convergence, transparency and verification of instruments).
- Apply and develop the OECD Guidelines for Multinational Enterprises.
- Work with the Department of the Environment and local government to encourage more widespread sustainability reporting. Promote action by enterprise on the reporting initiatives of the United Nations Global Compact.
- Continue to support the revision of company law to incorporate the requirements of CSR in relation to accountability and audit practices.

In 2006 the DETE published a Review of the Implementation of the Department's Sustainable Development Strategy 2003–2005. In that report, CSR continued to be a strategic goal. The report illustrates that the Department and its agencies, in particular Enterprise Ireland, worked on a range of fronts to improve awareness and knowledge of CSR, especially demonstrating the business case for companies to adopt good corporate practices.¹⁴ Enterprise Ireland has created the environmental information portal Environcentre,¹⁵ designed specifically to enhance environmental awareness in Irish industry, with particular emphasis on small and medium enterprises (SMEs). Other governmental departments that work on CSR promotions include the Department of Community, Rural and Gaeltacht Affairs, Environment, Heritage and Local Governments, Department of Foreign Affairs and Department of Education. The DETE also works with the network Business in the Community Ireland in different projects to promote CSR among Irish enterprises.

Notes

1. The Minister for CSR depends directly on the Secretary of State for Trade and Industry. <http://www.dti.gov.uk/about/dti-ministerial-team> (30/12/2006).
2. <http://www.csr.gov.uk/> (30/12/2006).
3. <http://www.csr.gov.uk/ukbygov.shtml> (30/12/2006).
4. <http://www.csr.gov.uk> (30/12/2006).
5. These task forces, in which technical experts discuss and draw up concrete political and action frameworks, are formed on the initiative of the government and disbanded once they have achieved their goal.
6. December 2006.
7. Minister of State for Industry and the Regions has the responsibility for Business and Enterprise Group issues including: enterprise, growth and business investment, strengthening regional economies, Small Business Service, E-commerce,

communications and information industries, Companies Act implementation, Companies House, Company Law Reform Bill, Shareholder Executive Industrial Development Unit portfolio and Corporate Social Responsibility.

8. <http://www.csr.gov.uk> (30/12/2006).
9. The following departments of the UK government carry out projects within the interdepartmental CSR strategy: Department for Culture, Media and Sport, Department for Education and Skills, Department for Environment, Food and Rural Affairs, Department for International Development, Department of Trade and Industry, Department for Transport, Department for Work and Pensions, Foreign and Commonwealth Office, Health and Safety Commission and the Health and Safety Executive, Home Office, Department for Communities and Local Government, Her Majesty's Treasury. (<http://www.csr.gov.uk/projects.shtml> 30/12/2006)
10. <http://www.csr.gov.uk> (30/12/2006).
11. Response of the Irish government to the European Commission Green Paper 'Promoting a European framework for Corporate Social Responsibility', 20 December 2001: http://ec.europa.eu/employment_social/soc-dial/csr/csr_responses.htm (30/12/2006).
12. <http://www.ppp.gov.ie> (30/12/2006).
13. <http://www.ncpp.ie> (30/12/2006).
14. Enterprise Ireland is the Irish state development agency focused on transforming Irish industry. <http://www.enterprise-ireland.com/> (30/12/2007).
15. <http://www.environmentcentre.ie> (30/12/2007).

6

The Sustainability and Citizenship Model: Austria, Belgium, France, Germany, and Luxembourg

Description of the model

General characteristics of the model: approach to CSR

The sustainability and citizenship model approaches CSR from a perspective that focuses first and foremost on those corporations that are regarded as 'good citizens'. The countries we explore in this model of CSR – Austria, Belgium, France, Germany, and Luxembourg – have experience in sustainable development policies. This experience, accumulated mainly in the 1990s, places CSR activities in the framework of long-term sustainability.

Key elements of the sustainability and citizenship model:

- Countries with ample social experience in the field of sustainable development.
- Integration of CSR into the sustainable development framework or strategy.
- Countries with a long tradition of corporate involvement in the local environment.
- Policy of facilitating and promoting CSR: incentives for business.

According to the concept of *corporate citizenship*, corporations should not only be good citizens in terms of the transparency of their activities and the fulfilment of their tax obligations. It also holds that corporations should be closely linked to their local environment and contribute towards solving social problems through partnership with other actors in society. In this respect, one of the main features of the sustainability and citizenship model is the value it attaches to socially responsible corporate behaviour, insofar as it introduces indisputable social changes. Ultimately, the key idea of this concept is that companies should act as veritable social partners and that corporate citizenship is the strategy to adopt in order to back up their actions in this area.

In this model, government action is based above all on the fostering of CSR and the creation of incentives to help companies take on their social

responsibility. However, the approach governments adopt towards CSR can either be one of voluntary compliance – as is the case in Germany, Austria, Belgium and Luxembourg – or have a more regulatory component, as is the case in France.

Contextualisation and origin of the discourse: sustainable development and the social market economy

Most of the countries that belong to the sustainability and citizenship model enjoy a relatively solid welfare state that bore the impact of the worldwide economic crisis of the 1990s, the increase in social expenditure and the consequences of the ageing of the population.

This model usually comprises countries with a large number of corporations that participate in social activities, often in the form of social partnership with the government and the main industrial associations. For example, the concept of the *social market economy* in Austria and Germany combines economic and personal freedom with social justice, and therefore includes components of social responsibility.

Socially active enterprises are, in effect, a well-known phenomenon in these countries. What is new, however, is the public debate that they have provoked and the fact that efforts have started to become rationalised. Thus, the debate on CSR often originates in the corporations themselves, which join forces and create platforms for sharing experiences and expressing joint opinions, e.g., IMS-Entreprendre pour la Cité in France, Econsense in Germany, respACT Austria and Business & Society Belgium. On the whole, these initiatives arising from the business world receive unhesitating support from governments, which tend to encourage these business platforms and participate in their activities. The topics dealt with in the national CSR debates can vary, and therefore the concept can be analysed in the context of issues such as sustainable development, social exclusion, civic actions and the changing roles of social actors, business scandals and the resulting loss of trust, or from the perspective of job supply. It depends to a large extent on what issues are on the agenda in each country at each moment in time.

Topics dealt with in the CSR debates:

Germany: civic engagement, role of social actors, employment.

France: sustainable development, labour issues, transparency.

Austria: corporate governance, corporate scandals and trust in companies.

Belgium: social exclusion, international development.

Among the countries included in this model, Germany and France merit special attention. In France, CSR is firmly rooted in activities related to sustainable development, which have received ample backing from the French government. These activities might even seem to be directed by the

government; this has led to a more regulatory approach, rather in keeping with the more centralist philosophy of the French state. In Germany, on the other hand, CSR came onto the scene with the arrival of the debate on the restructuring of the welfare state and the weight each of the social actors should have. Through a series of activities, the German government has sought to stimulate the social actors – among them corporations – to contribute more actively to society and solve the problems it faces, such as unemployment.

Relationship between government, business and society

In general, in the sustainability and citizenship model CSR is approached from a multi-stakeholder perspective. However, the weight of the three social actors and the relationship between them depend greatly on the historical context of each country. Furthermore, it is often the governments who drive and foster the inclusion of these actors.

Whereas in the case of the voluntary approach adopted by countries such as Germany and Austria individual companies, business associations and civil society all take on paramount importance, in the case of the regulatory approach that characterises France the focus is more on governments. Nevertheless, we should make a distinction between the German voluntary approach and the Austrian approach, even though ‘social partnerships’ (between the government and business associations) have always played a significant role in both countries.

In Austria, although individual companies do practice CSR, it is usually promoted through business associations. In Germany, in contrast, it is rather individual companies – but invariably through joint action – that take the lead in fostering CSR. Establishing links with NGOs is common practice for German corporations, in a model that we could call that of the *social joint venture*. In fact, some of the first official activities to take place in the field of CSR were newly created social partnerships that linked individual companies to NGOs, such as the UPJ Initiative. However, the German government has also set up an increasing number of partnerships with NGOs, to form what are known as *public-private partnerships* (PPP).

Relationship between CSR and sustainable development

According to the sustainability and citizenship model, CSR is a conceptual part of the national sustainable development strategy, insofar as it is an activity aimed at favouring the application of the concept of *sustainable development* within the business sector. However, it is often difficult to differentiate clearly between the two concepts, and their definition and the activities entailed in each can become confused.

The concept of *sustainable development* has traditionally been based on the protection of the environment and related issues. We can trace the idea back to the 1987 Brundtland Report, in which it is defined as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’. The Earth Summit, organized by the United Nations and held in Rio de Janeiro in 1992, served to put the notion of *sustainable development* into the political sphere. At that moment, many countries started to establish national sustainability strategies. The difference between the two concepts (*CSR* and *sustainable development*) lies not so much in whether each of them takes social, economic and environmental aspects into account – remember that the European Commission has determined that all three form part of sustainable development – as in the inclusion of ‘intragenerational’ and ‘intergenerational’ justice among its principles, which makes it into a long-term strategy.

If we compare the two concepts, we can say that *CSR* and corporate citizenship operate on a small scale, i.e., they affect companies in their operational management, whereas sustainable development is a global strategy affecting the whole of society. National sustainable development strategies usually tackle issues like social cohesion, quality of life, intergenerational justice, international responsibility, public health care, sustainable transport systems and the environment. With the inclusion of *CSR* in their national sustainable development strategies, governments appeal directly to businesses, underscoring the crucial role they play in the community in which they operate in order to implement sustainable – economically, socially and environmentally responsible – practices. In this connection, in the countries that follow this model, governments have already made clear that a stable and responsible economy is basic in order to put sustainable development strategies in motion and achieve an equally sustainable society.

Roles adopted by governments in applying CSR public policies

The roles taken on by governments are likewise diverse and depend to a great extent on the historical context and their approach to *CSR* (voluntary or regulatory).

Governments usually facilitate corporations’ involvement in *CSR* activities, and even then still maintain a significant catalysing and support function. We find examples of this in the congresses sponsored by the government or parliament in Germany, Belgium and Austria, but also in France. Governments also promote the *CSR* activities carried out by companies through public procurement, as in France and Belgium, and by creating and supporting *CSR* or *CSR*-related prizes, as in Austria and Germany. However, the French government also assumes a prescriptive function through the basic regulations derived from the NRE Law, which sets forth how a firm

must act in order for its activity to be qualified as responsible. Lastly, partnerships, driven by the action and sometimes even the participation of governments, play a leading role in many countries.

Types of public policies applied, departments responsible for them and institutional consequences

As we mentioned earlier, the sustainability and citizenship model is aimed first and foremost at enterprise; hence the main intention of governments is to motivate them to implement CSR. However, in many cases, policies and programmes have not converged into an integrated system.

Most of the instruments used (labels, prizes, codes of conduct, public procurement, etc.) are intended as a way of supporting corporate commitment. However, many of the activities had already been started up before CSR became important, and were subsequently included within the CSR package. This created the need to determine, first of all, what government department would take charge of CSR-related affairs and in what areas the government would get actively involved in this issue. For example, owing to its previous experience in the area of civic engagement, the German government initially carried out CSR activities in the Ministry of Family and Social Affairs. On admitting that it is a topic that is closely related to competition and has a profound effect on SMEs, the government linked it to the Ministry of Economic Affairs. Recently it has been linked to the Ministry of Employment and Social Affairs. Similarly, the CSR strategies introduced by the French government are related mainly to sustainability and social issues. The French government has given the Ministry of Employment, Social Cohesion and Housing the responsibility for defining CSR. The implementation of this strategy is linked to the Ministry for Sustainable Development and also to the Ministry of International Affairs.

Thus, everything to do with CSR is managed according to the guidelines provided by the Ministry of Social Affairs or the Ministry of Economic Affairs, depending whether CSR is understood from a viewpoint that is closer to 'the social' or 'the economic'. In some countries, the ministries have set up a working group on CSR, e.g., in France.

In general, most governments consider CSR to be of a cross-cutting nature, and as a result committees and commissions are often interdepartmental. Nevertheless, it should be stressed that in federal countries such as Germany, the governments of the federal states (*länder*) habitually play a key role, having parallel legislative powers in economic, labour and educational affairs. Many CSR activities are carried out at this level, albeit still with a certain lack of coordination at the national level. All in all, CSR is of growing importance and sooner or later will find its place within the political and institutional framework.

France: CSR as an instrument of sustainable development

Focus and discourse

The French government refers to CSR as *social and environmental responsibility*. In a report issued in 2004 by the METCS¹ on CSR, the French government emphasises that companies are expected to take on their role within the process towards a more sustainable world. It also states that CSR should be valued as an intrinsic component of a company's identity and that therefore CSR-related activities constitute the foundation of good governance. The government declared that its goal is to create a national framework for promoting CSR to guide companies towards a more sustainable behaviour.

Three fundamental elements should be emphasised in relation to CSR:

- CSR forms part of social policy: public authorities are called to play an important role as arbitrators and guarantors, specifically within the issues: fight against unemployment, enhancing social cohesion, the growth of the French economy within the EU framework, and the modernisation of public policy instruments. The approach of guaranteeing social rights by law has a long tradition in France. That means that CSR is integrated into the concerns derived from collective bargaining and social dialogue, the evolution of employment (job quality) and the consequences of economic and corporate restructuring. Thus, the real driver in terms of sustainable development and CSR is undoubtedly the government.²

- CSR is a corporate instrument in the framework of the sustainable development policy: in the updated version of the *Stratégie Nationale de Développement Durable* (SNDD),³ companies are mainly addressed within the framework of sustainable production and consumption, and CSR is regarded as one of the five strategic elements (Comité interministériel pour le développement durable, 2004, 7–11).⁴

- CSR is incorporated into French politics with a markedly regulatory character: CSR forms part of sustainability and both subjects contain a voluntary and a regulatory part that complement each other.⁵ The French vision regarding CSR emphasises this aspect very strongly and puts it into practice with, for example, the NRE law.

Table 6.1 Key initiatives in the development of CSR by the French government

December 2000:

Creation of the National Group of High Representatives for CSR, based on the Declaration adopted by the Lisbon European Council (March 2000).

July 2002:

Presentation of the White Paper by the French Committee for the World Summit on Sustainable Development,⁶ a multi-stakeholder group in charge of preparing the Johannesburg Summit. CSR formed part of the 13 priorities recognised by the Committee.

Table 6.1 Continued

November 2002:

Government seminar on sustainable development with the participation of all the ministries. Action plan: creation of a Strategic Steering Group (*Groupe d'Impulsion Stratégique* or GIS) on CSR, activities aimed at raising corporate awareness of sustainable development, involvement of SMEs in drawing up regulations concerning sustainable development and guidelines for the application of sustainable development in the framework of business strategies and management.

December 2002:

Round table at the Élysée Palace, chaired by the President, with representatives of the fields of CSR and SRI.

March 2003:

Creation of a multi-stakeholder GIS with representatives of civil society, business, professional federations, concerned individuals and government ministers. French recommendations regarding CSR for the International Standards Organisation (ISO).

June 2003:

G8 Summit in Evian (France): French declaration for a responsible economy. Creation of a position in charge of sustainable development in each ministry. Initiative of the French President: national consultative mechanism grouping together 250 companies around the UN Global Compact.

July 2003:

Creation of an interministerial working group on CSR in the framework of the Ministry of Social Affairs, Labour and Solidarity (MASTS).⁷ Chaired by the Head of Sustainable Development, Élisabeth Dufourcq.

January 2004:

Creation of a study group (*Groupe permanent d'étude des marchés 'développement durable, environnement'* – GPEM/DDEN) which aims at helping public authorities to include SD and environmental protection into public procurement. Publication of two reports about product purchase (February 2005) and paper purchase (December 2005).

March 2004:

The interministerial working group on CSR within the Ministry of Employment, Labour and Social Cohesion (METCS) concludes the CSR report. Definition of strategic elements of CSR.

June 2004:

Report published on Review of Art. 116 of the NRE law by the ORSE on behalf of the government, which describes the law as a catalyst for companies to integrate social and environmental concerns into their management.

July 2004:

Nomination of the Interministerial Delegate for Sustainable Development, Christian Brodhag (*Délégué interministériel au développement durable* or DIDD) by the Council of Ministers. His task is to motivate and coordinate the activities of the public authorities in terms of sustainable development. He also coordinates the activities of the *hauts fonctionnaires* responsible for sustainable development.

Continued

Table 6.1 Continued

January 2005:

Sustainable Consumption is named campaign of general interest of the year 2005 by the Prime Minister, with the delegation of coordination to the association 'Consodurable'; and many activities in 2005, e.g., the publication of several websites:

www.ecoresponsabilite.ecologie.gouv.fr

www.ecologie.gouv.fr/ecolabels

www.achatsresponsables.com

March 2005:

Publication of a standardisation document, fascicle FD X30-205 on environmental management, designed for SMEs applying for ISO 14001/EMAS by AFNOR. Drafted with the participation of public authorities. Final publication planned for end of 2007.

1 March 2005:

Charte d'environnement inscribed in the constitution, establishing sustainable development on the institutional level. Art. 6 stipulates that 'public authorities must promote SD'. CSR belongs to one of the four guiding principles.

September 2005:

Presentation of the International Peer Review of National Sustainable Development Strategy (SNDD) in New York before the UN Commission on SD (CSD13). The process was initiated in 2004 by the French Ministry of Ecology and Sustainable Development and the Ministry of Foreign Affairs, supported by the International Institute for Environment and Development (IIED).

November 2005:

Creation of the economic Public Procurement Observatory, being in charge of collecting and analyzing data regarding public procurement.

November 2005:

Report issued by the ORSE on strategic partnerships between companies and NGOs, on behalf of the Ministry of Youth, Sports and Associations.

January 2006:

Publication of an 'accord' by AFNOR on the principles and criteria of fair trade, supervised by the MEDD, resulting in true stakeholder activity.

1 September–31 December 2006:

Campaign '*Les ecolabels, moi j'achète!*' promoting the purchase of products certified with ecolabels.

13 November 2006:

Validation of the updated National Sustainable Development Strategy 2003–2008 by the Prime Minister and the CIDD. This was made necessary by the adoption of a new European Sustainable Development Strategy. Plans include:

- The drafting of a Sustainable Development Strategy for Ministries, starting with two ministries: Agriculture and Interior; public authorities are required to treat their resources 'eco-responsibly'.
- A national plan for sustainable public procurement.

Continued

Table 6.1 Continued

Annual activities

- Ecolabel campaigns
- ‘*Prix Entreprises et environnement*’ by the MEDD since 2003.
- ‘Sustainable Development Week’ since 2003.

The national sustainable development strategy and CSR

The French government took the issue of sustainable development on board ten years after the Rio Conference, in the framework of the preparations for the Johannesburg World Summit 2002 (Table 6.1). As a result of the public debate that was generated, in November 2002 work began on the drafting of the *Stratégie Nationale de Développement Durable* (SNDD), which was presented on 3 June 2003. The SNDD has been evaluated annually and was updated in 2006 in view of the publication of the European Sustainable Development Strategy. In the updated version, companies are mainly addressed in Chapter 3, on sustainable production and consumption. The updated SNDD prospects an evaluation of the NRE and emphasises the ongoing work on standardisation. Companies are also addressed within the framework of social cohesion in terms of employment and equal opportunities as well as fair consumption. A topic that has received great attention and is thought to give a positive example in sustainable consumption is public procurement affecting companies from a different angle. Other topics dealt with under CSR in the framework of the SNDD are: illegal employment, sustainable suppliers, and anti-discrimination of foreigners and immigrants in terms of employment. In this context, a variety of agreements have been reached. For the French government, sustainable development combines economic growth, environmental protection and social progress, and as such links environmental and social issues with economic affairs. In this way, sustainable development also concerns the business world, requiring an evaluation of the corporate activities from an environmental, social and economic viewpoint.

In the relationship between sustainable development⁸ and business activities, CSR is regarded as the fourth of the five strategic elements (Comité interministériel pour le développement durable, 2003) of the chapter on ‘Economic activities, companies and consumers’ of the SNDD.

1. Encouraging all companies to commit to sustainable development approaches.
2. Integrating sustainable development into goods and services production and consumption methods.
3. Developing innovation and company creation in fields of activity related to sustainable development.

4. The development of companies' *social and environmental responsibility, an essential* condition of their proper governance.
5. Implementation, at the state level, of an incentive financial system.

The section on CSR establishes that in the international context of awareness of the importance of sustainable development, French companies must exercise their social and environmental responsibility to the full in their activities. To this end, the French government has set a series of strategic objectives and a set of activities to achieve them (Comité interministériel pour le développement durable, 2003):⁹

1. To create a global reference framework for the social and environmental responsibility of companies, then to promote it, both in France and abroad: the French government seeks to advance in defining CSR, in order to encourage voluntary action by companies towards taking on their role and facilitating dialogue between the economic sector and the other social players; this action should be linked to the international definitions of CSR. Furthermore, to promote and facilitate situations whereby markets favour corporate social and environmental responsibility.

2. To encourage companies to adopt a responsible operating mode in environmental and social terms. Companies must comply with existing environmental and social legislation. The concept of CSR leads companies to adopt sustainable behaviour over and above legislative and regulatory obligations. With this goal in mind, the public players shall participate in all the international frameworks and initiatives on the matter (ILO, OECD, Global Compact, GRI), by associating with private actors.

3. To increase socially responsible investment (SRI).

CSR and its regulatory nature

For the French government, CSR forms part of sustainability, and both contain a voluntary and a regulatory part that complement each other: on the one hand a form of self-regulation by a globalized society that compensates for the lack of institutional regulation and at the same time the government fulfils its role as regulator.

In its response¹⁰ to the Green Paper, the French government states that CSR is a complement to the effective application of the law, and not its substitute. The French vision emphasises this aspect much more strongly than the approaches of the other EU governments and actually also puts it into practice within its legal framework. For the French government, legislation still weighs heavily; hence it holds that the development of voluntary CSR instruments, as defended by the voluntary approach of the European Commission, should not involve replacing national and Community business and labour regulations and the ILO Conventions. The French

government does not see CSR as an alternative to regulation: the legislative framework is an indispensable element to guarantee fundamental rights and equality of treatment for all workers. Historically, social rights have been guaranteed by law. For this reason, the French authorities uphold the principle of complementarity and articulation between law and the principle of voluntary compliance by companies as presented in the Green Paper. The voluntary adoption of CSR by companies should not exclude the legislative coverage of their legal obligations.

Government structure and public policy design process

At first, in 2003, when CSR still was a fuzzy idea and it was not yet clear how it would fit into the larger framework of sustainable development, together with the Ministry for Environment and Sustainable Development (MEDD), the Ministry for Employment, Work and Social Cohesion¹¹ had taken over the task of finding a definition and appropriate framework for CSR. Within this ministry, an interdirectorate working group was created in July 2003 in order to define CSR and to propose appropriate action to promote it. As a result, the first CSR report was issued.

In fact, the French CSR activities started with this report, which was issued in 2004 by the *Ministère de l'emploi, du travail et de la cohésion sociale*. The report presented a programme requiring: a) better articulation of CSR and social policies;¹² b) attention to current trends in order to guarantee the integration of social aspects into CSR (with special attention to transparency and SRI); c) greater weight for the European framework, and d) adoption of an international approach including both presence in multilateral contexts and the integration of CSR into international cooperation actions.

Meanwhile, CSR-related activities have been fully incorporated into the processes around sustainable development and are handled within its framework and its institutions, such as the National Council for Sustainable Development (CNDD),¹³ the Interministerial Committee for Sustainable Development (CIDD) and the Delegation for Sustainable Development (DDD).

Within the ministries, obviously it is the MEDD that deals with sustainability, but also CSR issues. Lately it has changed its organisational structure and has made the monitoring of coherence between corporate social activities and the European and international frameworks a priority.¹⁴

Another ministry that is discussing CSR is the Ministry for Industry (MINEFI), especially within its Directorate-General of Enterprise (*Direction générale des entreprises* or DGE) and the Regional Directorates of Industry, Research and the Environment (*Directions Régionales de l'Industrie, de la Recherche et de l'Environnement* or DRIRE).¹⁵ The DGE has given itself the mission to promote innovation and competitiveness by means of sustainable development.

However, given that CSR is understood as a participatory issue, a multi-stakeholder dialogue was initiated by the MEDD named the '*Etats généraux des entreprises et du développement durable*' in June 2005, now meeting regularly as the '*Forum des entreprises et du développement durable*'. Last but not least, many activities have been supported by the Prime Minister and the Ministry of International Relations such as the round table in 2002 gathering representatives of the fields of CSR and SRI, and the initial gathering of companies around the UN Global Compact.

If we take a detailed look at the debate that has taken place, we can see that the centre of attention revolves around three aspects: facilitating evaluative action, verifying company activities and achieving greater transparency.

Policies and programmes

Legislation

In recent years, the French government has continued to put together the legal framework that accompanies its social agenda, and therefore also affects CSR and sustainable development. The most prominent law to have been adopted is the so-called NRE law ('New Economic Regulations'),¹⁶ which requires listed companies to include the social and environmental consequences of their activities into their sustainability reports. Another important law concerns company save-as-you-earn schemes.¹⁷ This law regulates the funds corresponding to save-as-you-earn schemes for company staff. It seeks to raise awareness of social, environmental and ethical aspects when buying or selling securities and casting votes. The annual report must specify what effect these considerations have exerted.

Other important topics regulated by law are company law,¹⁸ SRI,¹⁹ the pension system,²⁰ public procurement,²¹ anti-discrimination and equal opportunities,²² social cohesion,²³ fair trade²⁴ and others.

Socially responsible investment (SRI)

The French authorities have shown interest in SRI, and some decisions concerning SRI have gradually been incorporated into government actions, e.g., the investment process for pension reserve funds has been required to include social, environmental and ethical considerations. The law on public pension reserve fund adopted in July 2001 requires disclosure of social, environmental and ethical criteria used for investment. And the law of employee saving *Plaus* adopted in February 2001 as well.

Labels and charters

The government also takes labels and charters as an instrument for promoting CSR and sustainable development. To date, various activities

have already started, such as the

- French Ecolabel, 'NF Environnement' (created on behalf of the government)
- *Environmental Charter (MEDD)*, since June 2006 integrated into the French constitution
- Family Label (Ministry of Health and Solidarity), available from 2006
- *Voluntary Equality label (Ministry of Parity and Equal Opportunities)*
- Charter for Diversity (Ministry for Employment, Social Cohesion and Housing). In force since October 2004; signed by 63 companies (summer 2005)

In addition, there are several social and environmental responsibility promotion campaigns conducted by public authorities, such as the annual Sustainable Development Week taking place since 2003.

Another very important field of activity is public procurement. In this respect, the MEDD has been specially active, and has published various tools and guides for public authorities.²⁵

Standardisation

CSR is very important in terms of standardisation because it is considered a tool to help companies in their voluntary efforts to implement CSR.²⁶ Work to consider CSR within standardisation started in March 2003 with the creation of an AFNOR Strategic Steering Group on CSR, chaired by Frédéric Tiberghien, also president of the non-profit organisation ORSE (*Observatoire sur la Responsabilité Sociétale des Entreprises* or CSR Observatory).

In May 2003, AFNOR published the guide SD21000 (FD X30-021) entitled 'Développement durable – Responsabilité sociétale des entreprises', which highlights the importance of sustainable development within the strategy and the management of companies. Further linked documents followed, such as fascicle FD X30-205, published in March 2005 and directed towards SMEs, FD X30-23 granting priority to risks and opportunities, and AFNOR accord AC X30-022, dedicated to public authorities supporting those initiating sustainable management. Within the framework of collecting experience with this new guide, the DRIRE, within the Ministry for Industry, has mobilised more than 100 companies to apply the SD21000.

The SD21000 receives a strong international recognition since it is considered in the preparation for the ISO 26000 standard on CSR, planned for 2008. Various ISO meetings and other seminars have taken place, organized and/or supported by the French government.

Germany: corporations regarded as 'good citizens'

Focus and discourse

In Germany, there is as yet no comprehensive structured approach to CSR, and terminology varies between CSR and Corporate Citizenship (CC).²⁷

However, recent activities may indicate that such an approach is about to develop. To begin with, we should mention that Article 14 of the German Constitution establishes that property imposes the duty to use it in such a way as to serve the societal welfare. Thus, many German companies have for some time been engaged in activities directed towards the community in which they operate. Activities in this respect have mainly been linked to vocational training of young people after they leave school (in the system known as 'dual training') and voluntary activities, such as sponsoring, etc.

Furthermore, it is important to note that the CSR debate has to be seen against the background of the growing concern about the lack of competitiveness of the German economy, and about the need to make profound changes in German society and the German system. The origin of the debate can be traced to the crisis of the German welfare state, and more recently, the economic crisis the country has undergone. In this wider context, already under the previous chancellor Schröder, the German government had recognised that it is necessary to undertake major reforms and to activate the other societal actors,²⁸ too.

To understand the context of CSR, it is necessary to take a closer look at the following topics, remembering that the government changed in September 2005: the German sustainable development strategy, the civic activities movement and the German approach to European CSR activities.

The first sustainable development strategy was published in 2002 and, recognising the triple bottom line, it considered companies mainly in the framework of innovation and competitiveness. CSR was then discussed in the 2004 progress review, but primarily in the framework of international activities, such as the Global Compact and the OECD Guidelines. Within the next published progress report in August 2005, still under the previous government, the German Council for Sustainable Development (*Rat für Nachhaltige Entwicklung* or RNE) – an important advisory body to the government – included a comprehensive declaration for CSR, identifying issues such as SMEs, communication, transparency and accountability as important topics and referring to the European Commission's CSR definition. This has given CSR paramount importance within sustainable development, which the current government is slowly picking up as a consequence of the recent European activities.

Earlier, the discussions around corporate socially responsible behaviour, termed corporate citizenship (CC), have taken place within the framework of civic activities, which were largely disconnected from the CSR debate on the European level. Within the concept of CC, companies should act as 'good citizens' in their immediate social surroundings and in society as a whole, and also contribute to the creation of social capital. CC-related activities can be traced to the debate on volunteering starting in 2001, the United Nation's International Year of Volunteers (IYV). There were two German movements tackling the topic volunteerism: first, the parliament set up a study commission to draw up strategies and concrete political measures to support civic activities; and

second, the government followed the UN's recommendation to create a national committee to promote the IYV. The consequences of these activities have been far-reaching, as they have succeeded in bringing all the sectors together round the same table to discuss changes in the German welfare system and the role of the societal actors.

On the European level, the government had already stated in its report on CSR activities carried out in Germany, published on 15 May 2002,²⁹ that 'CSR is also an aspect of the comprehensive sustainability strategy adopted by the Federal Government in April 2002', but on the national level the connection was not really put into practice. However, with the intervention of the RNE and the statements in the last governmental opinion, the Federal Government approved this statement in its latest opinion³⁰ about the Commission's statement about CSR of March 2006. With the new activities under way, there is a chance that CSR in Germany will develop in this direction.

Government structure and public policy design process

When CC was regarded from the volunteerism perspective (from around 2001 to now), the authorities created the National Advisory Committee to the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, which has been the main government actor regarding volunteerism. This National Advisory Committee subsequently became the BBE, a civil network for civic engagement.

Later, still under the previous government, the Ministry of Economics and Labour has additionally taken responsibility for everything related to CC in the context of its initiative in favour of SMEs. However, no institutional changes were really introduced. Other ministries involved in CSR are the Ministry for Economic Cooperation and Development, the Ministry for Environment and the Foreign Office.

After the change in government and as a response to the EU Commission's publication in 2006, the CSR responsibility was transferred to the Ministry for Employment and Social Affairs, which has already started to organize a series of international events, such as the conference 'Towards Fair Globalisation' in November 2006. Chancellor Merkel declared that CSR would be important in this respect. She has also made clear that the nature of CSR is voluntary and the government's role is to create a positive environment for applying CSR. Furthermore, the establishment of a national multi-stakeholder forum is considered.

Policies and programmes

The CSR/CC debate is still quite unstructured and it is difficult to differentiate the measures according to the three areas volunteering, CC and sustainable development. That means that, e.g., the national CSR activities reported to

the European Commission by the German government on 15 May 2002³¹ are different from those quoted within the national debate. Moreover, on closer examination, many activities related to CSR were only afterwards categorised under CSR. In addition, there are further activities mentioned in the statement to the EU Commission in June 2006. The specific actions we mention here are mostly related to the national debate.

As explained above, voluntariness is very important regarding CSR, since companies in Germany already move in a quite regulated field. The state has rather taken on the role of an activating state, with the central government, the federal states (*länder*) and particularly local authorities playing an important facilitating role by setting parameters for cooperation and gathering possible partners round a table. Networking, alliances and round tables are methods that make it possible to generate cooperation between state bodies, companies and civic initiatives.³² However, this does not mean that the tasks of government are transferred to other actors. Rather, it arises from a vision whereby 'the classic elements of government action, such as money and legislation, have only a limited impact' (Deutscher Bundestag, 2002). In short, this means that public powers tend more to incentivate corporate citizenship activities and that the objective of regulation is to facilitate corporate activities.

Below we present a sample of CC activities focusing on sponsorship and prizes, regulatory measures and an example of regional activities.

Sponsorship and prizes

Sponsorship fits into the facilitating role played by the government, and at the same time gives the initiatives of the other actors a higher profile. The most prominent prizes and sponsorships are:

- 'Start social' (sponsor: federal Chancellor). Professionalising helping initiatives.
- 'Freiheit und Verantwortung' (sponsor: federal President). Rewards enterprises showing outstanding social commitment
- 'Initiative UPJ – Business in Partnership with Youth' (Sponsor: Ministry for Family Affairs, Senior Citizens, Women and Youth). Bringing together companies and civil organizations.
- 'Generationengerechtigkeit' (with the Ministry for Employment and Social Affairs). Rewards corporate projects in terms of employment and elderly people.
- 'Erfolgsfaktor Familie 2005' (Ministries for Family Affairs, Senior Citizens, Women and Youth and for Economics and Technology. Patronage: former Chancellor). Rewarded companies committed to work-life balance.
- Audit 'Beruf und Familie' (Sponsors: Ministries for Family Affairs, Senior Citizens, Women and Youth and for Economics and Technology) auditing family friendliness of companies.

Regulatory measures

Most regulatory measures have taken place in the framework of volunteerism. Examples include the lightening of the tax burden for companies and individuals in that respect³³ and the regulation of tax exemption for voluntary work.

Further measures are taken rather on a *länder* level than on the federal one, e.g., insurance for volunteering individuals.

From a more finance-oriented perspective, other regulatory measures worthy of note include the law on good corporate governance and the changes made to private pension schemes, whereby insurance companies must notify their policyholders whether their products comply with the relevant social and environmental requirements.

In fact, there are many other projects that, because of their orientation, could be classified under CSR. However, we have opted to leave them aside since there is not yet an obvious structured approach. Furthermore, many of the CSR activities are carried out locally since voluntary work is a quite local activity that demands the close interaction of all the actors involved. From this point of view, CC has often been taken up by the federal states, and even the municipalities. The state of Baden-Württemberg is an example of this, and other states that have followed its lead are Hessen,³⁴ Nordrhein-Westfalen,³⁵ Rheinland-Pfalz and Saarland.

Baden-Württemberg (BW)

In the opinion of many experts, the state of Baden-Württemberg occupies pride of place as regards voluntary activities and the recognition of the importance of CC. Considering that BW is one of the country's key industrial regions, especially as far as SMEs are concerned, the high level of CC-related activities is no surprise. Since 2005, CC has been integrated into the efforts of the Ministry for Employment and Social Affairs to promote volunteerism. Within the framework of the project 'Company BE', experience in corporate engagement is collected within three model regions (Lake Constance, Rhine-Neckar, South Baden) and two model cities (Rottenburg and Reutlingen) with the intention of then scaling them up. Furthermore, in the run-up to this project, a seminar about CC and strategic development possibilities took place in the framework of the national 'Volunteering Week', supported by the BW Ministries for Social Affairs and Economic Affairs in October 2004. Further activities include a study on CC in BW that was published on behalf of the Ministry for Employment and Social Affairs on CC in BW in 2006. Furthermore, since 2007, the BW Ministry for Economy and Caritas award the prize 'LEA Leistung – Engagement – Anerkennung' for socially responsible SMEs. The prize is under the patronage of the Bishop and the Minister for Economy.

Final considerations

In conclusion, in Germany the approach to CSR is still quite unclear with activities on the national level being quite disconnected from the process on the EU level. Corporate socially responsible behaviour has up to now often been associated with CC, which gives a strong local flavour. Besides, many activities have occurred on the initiative of companies. Companies in Germany already move on a quite regulated terrain, and in the course of its reforms Germany desires to motivate the other societal actors. Consequently, public authorities decided to play the role of an activating state, providing the various social actors with incentives to adopt social responsibility initiatives. However, the latest governmental activities indicate that there may be a change in the debate and CC/CSR might be better connected to the European framework. This would also bring it even closer to the issue of sustainability.

Austria: CSR, an approach that seeks business competitiveness

Focus and discourse

CSR is a key factor for companies to implement the Austrian Sustainable Development Strategy adopted by the Austrian Government in 2002. One of the four fields of action that make up this strategy is entitled 'Austria as a dynamic business location'; it stresses the need for businesses to redefine their image as regards environmental and social responsibility, and suggests that it is necessary to explore new forms of cooperation.

In Austria, CSR-related activities have since the beginning been linked to the government's efforts regarding sustainable development. However, the first steps were taken in the business sector, as it was the Federation of Austrian Industry that put CSR-related activities in motion, in the framework of a survey on CSR in 2002. In view of these results, along the same lines, the government supported the creation of the CSR Austria Initiative in late 2002. CSR Austria was created by the Austrian Industry Federation in cooperation with the Federal Ministry for Economics Affairs and Labour and the Chamber of Commerce to raise awareness, develop a common understanding of CSR, and formulate Austrian Guidelines on CSR (framework for economic success with social responsibility). In 2005, CSR Austria, together with the Austrian Business Council for Sustainable Development, set up a business platform called 'respACT austria' on sustainable development, corporate sustainability and business ethics.³⁶

It is important to stress that CSR activities in Austria were born in the context of globalisation and a profound public debate associated with the media coverage of the financial scandals that had just come to light (Enron and others in the US, but also in Austria). Lack of trust and transparency were determining

factors in public opinion questioning enterprise, and Austria began to fear that the country and its economy would cease to be competitive in international markets.³⁷ In Austria, the sustainable development strategy and CSR alike refer to economic, social and environmental factors and the interaction between them. Hence both adopt a multi-stakeholder vision. However, although the terms *CSR* and *sustainable development* have often been used in the same context in Austria, at first sight they seem to correspond to different areas. Whereas the Austrian sustainable development strategy is seen as a political concept, and as such is an obligation that the federal government imposes on itself and is directed at the Austrian people as a whole, including enterprise, CSR constitutes a global business management approach, designed to implement sustainable development, and needs to be adapted to the specific situation of individual companies. Nevertheless, it is also seen as a concept intended to encourage dialogue among economic, political and social actors.

Additionally, CSR is associated with a voluntary business strategy and is built above all on incentives. This voluntary approach is one of the principles of CSR that was already stressed in the Austrian government's response to the European Commission Green Paper, and it also figures on the website of the Ministry.³⁸

The Austrian Federal Ministry for Economics and Labour (Bundesministerium für Wirtschaft und Arbeit or BMWA) takes on a leading role, together with the business sector, in developing CSR. Other ministries, such as the Ministry for Social Security, Generations and Consumer Protection as well as the Ministry of Agriculture, Forestry, Environment and Water Management (Ministry of Life) are also involved. Furthermore, the multi-stakeholder approach is fundamental and the guiding vision for the Austrian CSR movement has been elaborated accordingly.

In keeping with the multi-stakeholder initiative, the Network Social Responsibility was founded in 2006. The network is made up of 20 civil society organizations (workers' representatives, ecology, development cooperation and human rights) focused especially on communication and coordination of the concerned groups as well as on the observation of whether enterprises assume CSR and on awareness-raising of the public.

Policies and programmes

The Austrian government has adopted a series of measures which all share a series of common features: they are voluntary, depend on incentives, and are based on communication. They can be categorised into four groups: prizes, codes of good corporate governance, labels, and others, with the responsible authority in brackets.

Prizes

- 'Austrian Sustainability Reporting Award' (Ministry of Life)
- 'Respect-award' recognising social responsibility in Austrian tourism companies (BMA)

- ‘Responsible Manager of the Year’ (respACT)
- The TRIGOS awards for corporate responsibility were created by respACT in May 2005

Codes of corporate governance

The Austrian Code of Corporate Governance is very important since it seeks to establish a framework for responsible business management within the OECD Principles of Corporate Governance. This instrument mainly aims at listed companies, but can also be applied to smaller firms.

Social and environmental labels

- The label ‘family and work’, awarded to companies that make an effort to render work and family life compatible (Ministry for Social Security, Generations and Consumer Protection)
- The Austrian ecolabel (Ministry of Agriculture, Forestry, Environment and Water Management)
- The Austrian label for donations (‘Spendengütezeichen’), aimed at non-profit organizations denoting transparency in the acquisition and administration of the donations received (Federal Chancellor’s Office, Ministry for Finance, Interior and Justice)

Other government schemes in the field of CSR

- RespACT Austria developed a CSR guide for small and medium-sized enterprises.
- The guidelines for sustainability reporting were developed by the Austrian Institute for Sustainability, the Federal Ministry for Economic Affairs and Labour, the Federal Ministry of Agriculture, Forestry, Environment and Water Management, the Austrian Business Council for Sustainable Development, the Austrian Federal Economic Chamber and the Federation of Austrian Industries, to standardise the reporting of sustainable management issues to all enterprises in Austria.
- Campaign ‘sustainable weeks’ for sustainable consumption. Annually since 2004.
- Campaign ‘Responsible Entrepreneurship in SMEs’, a tool box for SMEs to facilitate implementing CSR (2005).
- Sustainability Database. See: www.nachhaltigkeit.at, including more than 150 projects.
- EASEY, a sustainability communication platform on the financial market aimed at creating a sustainability index on the Vienna Stock Exchange: EASEY X.

In general, it is clear that the common denominator of all these projects is the rather supportive action of the government, although this falls short of a regulatory approach. Ultimately, we can say that the Austrian government adopts the role of facilitator and promoter in the field of CSR.

Belgium: from the CSR reference framework to action

The Belgian government has played an important part in the promotion of CSR within the European Union: in 2001 it became the first government to organize a European CSR conference; In 2002, it set up an interministerial CSR study group involving all stakeholders in order to develop a CSR policy.

In Belgium, political action on CSR was linked initially to the Belgian sustainability programme. Activities started in 1997 on the framework of the first Federal Sustainable Development Plan (FPDD). Nowadays the current Federal Sustainable Development Plan (FPDD) 2004–2008 integrates CSR as one of the objectives as regards the role of business in sustainable development, in fighting poverty and in international development.

In the first quarter of 2006, the government developed an initiative called the '*Cadre de référence*' on CSR, in the framework of the Federal Plan for Sustainable Development (2004–2008). This initiative was developed by the Interdepartmental Commission on Sustainable Development, which includes members of all the federal public administrations and regional administrations. The objective of this framework was to develop a document with a common CSR global framework for public administrations, enterprises and stakeholders to contribute a common vision with a common language. The document was presented by the Interdepartmental Commission on Sustainable Development in March 2006. The document established the role of public administration in the promotion of CSR as a result of a broad social debate.

Parallel to this, in 2006, the Secretary of State for Sustainable Development and the Social Economy developed the 'CSR action plan', which was approved by the Council of Ministers in December 2006. This CSR Action Plan takes over from the actions of the '*Cadre de compétences federales*', the aim of which was to stimulate CSR and incorporate it into each of the ministerial powers. This CSR Action Plan forms part of the Federal Plan for Sustainable Development (2004–2008) to encourage businesses to voluntarily adopt CSR initiatives in their processes and strategies. The CSR Action Plan comprises 13 actions: sustainable public procedures, integration of CSR in the international trade and foreign investment policies, SRI in the framework of public initiatives, creation of a single window for sustainable, social and responsible labels, CSR public policy in the international framework, support for learning networks, support for fair trade, multi-stakeholder dialogue, sustainable reporting, research on CSR, internal cooperation in public administration on CSR issues, responsible and sustainable public pension schemes, transparency and disclosure.

The following are some of the measures to promote responsible behaviour by companies:

- The social label.
- Codes of Conduct, especially the Corporate Governance Codes (Codes Lippens and Buysse) since 2005.

- the OECD Guidelines for Multinational Enterprises.
- ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.
- Disclosure regulation in the framework of pension funds.
- Regional activities.

The social label

Belgium was the first country to adopt a label for socially responsible production³⁹ in 2002 (Law of 27 February 2002).⁴⁰ The label is awarded by the Ministry of Economic Affairs and means that the company being awarded with the label officially recognises the eight ILO Core Conventions along the whole production chain. The Ministry of Economic Affairs is the public authority in charge of awarding the label to companies. It works in coordination with independent monitoring and social audit bodies, which must be accredited by the government itself.

The label enables companies to acquire this distinction, which officially guarantees that the eight ILO Core Conventions have been respected along the whole production chain. This law has been controversial, provoking discussion as to whether it discriminates against non-labelled companies and products, and whether it contravenes EU and WTO free trade rules.

Companies need to apply for the social label for each of its products separately. In order to obtain it, companies are obliged to provide information on their chain of suppliers and subcontractors, thus guaranteeing the supervision of the entire production chain.

The OECD Guidelines for Multinational Enterprises

The Belgian government supports the National Contact Point for the OECD Guidelines for Multinational Enterprises, which has been chosen by the OECD as exemplary due to its participation in and discussion of more than 20 cases, all related to employment. This committee shows a tripartite structure: government, business and unions.

ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy

The Belgian government participates in the activities of the ILO Committee on Multinational Enterprises and in this way supports the activities of the International Labour Office, which promotes the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

Disclosure regulation in the framework of pension funds

The Belgian parliament finally passed the law on supplementary pensions on 13 March 2003. Article 42 in Chapter VIII requires managers of all supplementary pension funds to submit an annual report, which must include, in addition to a profit and loss statement, information on the investment

strategies of the funds, and it must state whether social, ethical and environmental criteria were taken into account in the investment strategy when preselecting companies.

Regional activities

Flanders: The Trivisi initiative and the CSR website

The Trivisi initiative was initially developed in the year 2000 by the Ministry of Employment and Tourism of the Flemish regional government (Reynaert, 2003) in order to encourage companies to incorporate the perspective of the triple bottom line and CSR into their activities. Private companies, social organizations, universities and experts have all participated in the Trivisi initiative, which has led to the development of CSR instruments and has favoured the exchange of good practice.

Furthermore, in 2004, the Flemish government set up a CSR website with the intention to assemble knowledge and make it accessible for everyone. Meanwhile it has merged with the Trivisi project website.

The Walloon CSR website

In June 2006, the Walloon government launched its CSR website⁴¹ on which it explains in detail what CSR is, and which practices and instruments it comprises.

Luxembourg

In Luxembourg, activities regarding CSR started around 2003 as a response to the Green Paper (European Commission, 2001).⁴² CSR activities have been developed mainly by businesses, promoted and facilitated by the government, specifically through the Ministry of Labour and Employment. Four main topics have been identified as focal points: integration of disabled and aging persons in employment, generating employment and health and safety at work. Other actors involved include the Ministry of Economy, academic institutions (Union des Entreprises Luxembourgeoises or UEL), Professional Chambers, Caritas and companies with CSR approaches. However, all activities are strongly based on the Luxembourg tripartite approach. Meaningful past events and projects contributing to developing a Luxembourg CSR approach include:

- August 2004: 'Summer University'. First national CSR event, sponsored by the Ministry of Labour and Employment, the European Commission and 'Chambre des Employés Privés', on social auditing, CSR and sustainable development.
- March 2005: CSR forum during the EU Presidency, initiated by the Ministry of Labour and Employment and Caritas.

- October 2006: publication of the first Luxembourg 'Charte d'entreprise' supported by the Minister of Labour and Employment. The first signatories include Arcelor Mittal, Banque et Caisse d'Epargne de L'Etat, Cargolux, Caritas and SES Global ('Plateforme RSE').
- December 2006: seminar on sustainable development and the responsibility of Luxembourg companies.

In the framework of these projects, CSR has been defined as a collection of multiple one-off concrete initiatives. Further concretion of CSR is intended within the ongoing projects below:

- Elaboration of a Luxembourg definition of CSR
- Review of good practices and development of an award
- Creation of an interactive CSR website
- Convention between the Ministry of Work and Employment and ADT Center, a human resources consultancy, to build partnerships between companies and other stakeholders
- A label
- European project by the Building Sector Training Institute (Institut de Formation Sectoriel du Bâtiment or IFSB)
- Foundation of the NGO 'IMS Luxembourg'

Since 2005 an agreement has been in place between the Ministry of Labour and Employment and ADT-Center, an advisory body specialising in gender, diversity management and CSR issues, to promote CSR and leverage synergies to build partnerships among local stakeholders (SMEs, enterprises and NGOs).

Notes

1. This ministry, at the time of writing called the *Ministère de l'emploi, de la cohésion sociale et du logement*, was previously known as the *Ministère de l'emploi, du travail et de la cohésion sociale* (METCS), and before that as the *Ministère des affaires sociales, du travail et de la solidarité* (MAST). Nowadays it plays a secondary role in CSR but, e.g., the topic social cohesion and CSR have a common interface: equal opportunities.
2. http://www.ecologie.gouv.fr/article.php3?id_article=59 (7/10/2004); MEDD 2005.
3. First *Stratégie Nationale de Développement Durable* (SNDD) published in 2003, updated in 2006.
4. CSR is included in Chapter 3 ('Economic activities, companies and consumers') of Section 4 of the National Sustainable Development Strategy: 'The development of companies' social and environmental responsibilities, an essential condition of their proper governance'.
5. Response of the French government to the European Commission Green Paper 'Promoting a European framework for Corporate Social Responsibility': http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_responses.htm#3 (24/7/2004).

6. *Comité français pour le sommet mondial du développement durable.*
7. The *Ministère des affaires sociales, du travail et de la solidarité* (MASTS) was subsequently renamed *Ministère de l'emploi, du travail et de la cohésion sociale* (METCS), and finally *Ministère de l'emploi, de la cohésion sociale et du logement*.
8. CSR is included in Chapter 3 ('Economic activities, companies and consumers') of Section 4 of the National Sustainable Development Strategy (*Stratégie Nationale de Développement Durable*, 3 juin 2003).
9. According to the 2006 SNDD update: http://www.ecologie.gouv.fr/IMG/pdf/2_mise_en_oeuvre_actualisation.pdf (30/12/2006).
10. Response of the French government to the European Commission Green Paper 'Promoting a European framework for Corporate Social Responsibility': http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_responses.htm#3 (30/12/2006).
11. Previously *Ministère des Affaires sociales, du travail et de la solidarité* (MASTS).
12. By applying the following measures: drafting a CSR charter; creating a multi-stakeholder forum on CSR for the purpose of accompanying and facilitating the creation of a dialogue between all the parties involved; fostering, accompanying and sharing good practice; promoting new forms of social dialogue; encouraging SMEs to apply CSR; and achieving a CSR that attends to the priorities of social policies.
13. The National Council for Sustainable Development (*Conseil national du développement durable*, CNDD) is a multi-stakeholder institution created within the framework of the National Sustainable Development Strategy promoted by the French government. It comprises more than 90 representatives of local authorities, companies, professional organizations, workers, non-profit organizations, consumer organizations and experts.
14. <http://www.ecologie.gouv.fr/IMG/pdf/EVOLUER2-SNDD.pdf> (30/12/2006).
15. <http://www.drire.gouv.fr/dd/index.html> Within the framework of the SNDD, the DRIRE concentrates on
 - the integration of sustainable development into policies concerning SMEs: establishment of environmental management systems, waste and effluent management, etc.
 - Awareness-raising among administrative actors but also others with regard to sustainable development
 - Contributing to sustainable development through their activities.
16. *Loi n.° 2001-420 du 15 mai 2001 relative aux nouvelles régulations économiques.*
17. *Loi n.° 2001-152 du 19 février 2001 sur l'épargne salariale.*
18. *Décret n° 2002-221 du 20/02/2002 pris pour l'application de l'article L. 225-102-1 du code de commerce et modifiant le décret n.° 67-236 du 23 mars 1967 sur les sociétés commerciales.*
19. *Loi n.° 2001-624 du 17 juillet 2001 portant diverses dispositions d'ordre social, éducatif et culturel.*
20. *Loi n° 2003-775 du 21/08/2003 portant réforme des retraites.*
21. *Décret n° 2004-15 du 07/01/2004 portant code des marchés publics. Décret n° 2006-975 du 01/08/2006 portant code des marchés publics renforce les possibilités pour les acheteurs publics de réaliser des achats durables.*
22. *Loi n° 2005-102 du 11/02/2005 relative à l'égalité des droits et des chances, la participation et la citoyenneté des personnes handicapées manquant d'autonomie ou handicapées. Décret n° 2005-215 du 04/03/2005 relatif à la Haute Autorité de lutte contre les discriminations et pour l'égalité. Loi n° 2006-396 du 31/03/2006 pour l'égalité des chances. Loi du 21/04/2006 sur l'accès des jeunes à la vie active en entreprise.*

23. *Loi n° 2005-32 du 18/01/2005: Loi de programmation pour la cohésion sociale.*
24. *Loi 2005-882 du 02/08/2005 en faveur des petites et moyennes entreprises.*
25. <http://www.ecoresponsabilite.ecologie.gouv.fr/index.php3>
26. <http://www.ecologie.gouv.fr/-Responsabilite-societale-des-.html>
27. In our account of the German approach, we will distinguish between CSR and CC as follows: by CSR we mean all the debates and activities that take place internationally and in the framework of sustainable development, whereas CC refers rather to the national level and volunteerism.
28. See the Agenda 2010 programme under the previous Chancellor Schröder, which was set up in 2003 and was linked to the National Sustainable Development Strategy. Its intention was: to reduce bureaucracy, and to change the labour market, the economy in general, the tax system, the health and pensions system, environmental management, family policy, integration of immigrants, education and research.
29. Bundesrepublik Deutschland (2002c) *Bericht der Bundesrepublik Deutschland zu nationalen Initiativen im Bereich CSR vom 15. Mai 2002*, Berlin. http://europa.eu.int/comm/employment_social/soc-dial/csr/country/germany.htm (30/10/2004).
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31. http://europa.eu.int/comm/employment_social/soc-dial/csr/country/germany.htm (30/12/2006).
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41. <http://rse.wallonie.be/>
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7

The Agora Model: Greece, Italy, Portugal and Spain

Description of the model

General characteristics of the model: approach to CSR

We use the term *agora* to refer to the way CSR public policies are developed in the Mediterranean countries, among which we include Italy, Spain, Portugal and Greece. They are countries that have shown interest in this issue recently, especially since 2002, following the publication by the European Commission (EC) of the Green Paper 'Promoting a European framework for Corporate Social Responsibility' (July 2001). Most of them have started to include CSR activities in their political agenda.

Key elements of the agora model:

- Government action incorporated into CSR issues after the publication of the Green Paper.
- Creation of committees and working groups with the participation of all the social actors (multi-stakeholder approach) to develop the national CSR strategy.
- Involvement in CSR by all the social actors: companies, public administrations, trade unions and social organisations.
- Preparation of reports and studies on CSR that analyse the development of CSR in European countries and the government action undertaken.
- Independent initiative of companies is important, although they receive some support in the form of facilitating incentives.
- Little direct link between CSR and sustainable development.
- Importance of social action by the company.

Although some are still at an early stage, others – such as Italy – have recently begun to consolidate their CSR public policy.

We have given this model the name *agora* on the grounds that, in the Mediterranean countries, the political application of CSR arises from

discussion processes in which the government has sought to involve companies, business organizations, universities, social organizations and trade unions, who debate in working groups, together with political representatives, the actions that the players concerned hope to undertake. This way of operating is an attempt to seek consensus in order to generate government action that includes all of society's voices and perspectives.

The creation of committees or working groups incorporating a multi-stakeholder approach to discuss the concept of CSR and look for consensus solutions as to what role should be played by government is precisely what characterises this process in the Mediterranean countries. In short, the agora model consecrates a space for debate with something of a public dimension. Unlike the EC's European Multi-stakeholder Forum on CSR, these working groups or committees are set up by governments in the first steps of government action, even before defining their frameworks for action.

In Spain, Greece and Portugal, processes are similar, with the creation of groups of experts, working committees or forums. In Italy, the process of drawing up the strategy for CSR has been more restricted. The Italian government has opened the dialogue to all the actors involved by creating an Italian multi-stakeholder forum on CSR.

These governments have taken on board the voluntary nature of CSR, as put forward by the EC initiative. In this model, the public authorities have mostly carried out CSR promotion activities to date, organising conferences and public events and above all setting up working groups. In the second stage, in these countries (particularly Italy, Spain and Portugal) there is a perceived need to generate a common framework of instruments. Italy is the most advanced country in this respect: its CSR-SC Project presents a social reporting standard and self-assessment processes.

Contextualisation and origin of the discourse: business ethics and social action by business

In the Mediterranean countries there is a certain tradition of incorporating business ethics into the business discourse: firms should generate jobs and wealth, and cause distress neither to society nor to their own workers. Philanthropy has also been a notable force, as has financial support for community activities, especially sport and culture. More recently, social action has also been incorporated into the business agenda.

In general the countries that follow this model have less developed welfare states than those of northern Europe, especially as far as social services are concerned. In addition, like the rest of Europe, they have borne the impact of economic crises and rising unemployment and social exclusion.

Topics related to the discussion on CSR:

Italy: competitive advantage for companies, accountability, reporting, evaluation, corporate social commitment

Spain: social dialogue and negotiation, job creation, social action, health and safety at work, work-life balance, good corporate governance

Portugal: organisational social responsibility, working conditions, job creation

Greece: job creation, human resources management, health and safety at work, adaptation to change

Social and religious organizations have played a leading role in coping with these social deficits. The weight carried by these organizations has been decisive in the response to problems of poverty and social exclusion. This tendency is different from that to be found in other European countries, where entrepreneurial action has been encouraged to face social challenges through public-private partnership strategies. In contrast, in the states of the agora model, the strategy has been public-nonprofit or government-nongovernment. There is no tradition of public-private partnerships between government and business.

The origin of the discourse on CSR in Mediterranean governments can be traced to the EC initiative and in general to the various international initiatives such as the OECD Guidelines for Multinational Enterprises, the Global Compact and the sustainability indexes. Parallel to this, CSR actions began to be promoted by the big multinationals. All these countries have set up CSR business networks and research centres that make a commitment to develop CSR and transfer this concept to the national framework. In fact, it is these networks and organizations in the sphere of CSR that are building the discourse.

With regard to the subjects that are associated with CSR in each country, it can be seen that in Spain, Greece and Portugal most emphasis tends to be placed on topics of a social nature. In Italy, on the other hand, much importance is attached to commitment to local issues and the development of social reporting standards. In Spain, CSR has been linked first and foremost to the search for solutions to processes of social dialogue and collective bargaining, the improvement of working conditions, job creation, social action and good corporate governance. In Portugal, CSR is understood as a responsibility that involves all organizations, and as such seeks the engagement of all the various actors; in addition, emphasis is given to topics related to working conditions, job creation, health and safety at work and sustainable development. It is important to note that all the governments stress, when presenting their discourse on CSR, that their business fabric is made up of SMEs, and therefore one of the chief elements of their strategy is the promotion and development of suitable CSR measures and instruments for this type of company.

Relationship between government, business and society

The governments of these countries have presented CSR as a framework for encounters between the three sectors: government, business and civil society. Hence it is a space for multi-stakeholder debate, in which enterprise and business networks, trade unions and social organizations, under the auspices of the government, attempt to engage in dialogue. This leads to the planned creation of government frameworks for CSR in a public space (agora).

In this way, in some of the countries that follow this model, CSR is held as a concept to be applied by all organizations, not just the business sector. In Portugal, for example, the term 'organisational social responsibility' (*responsabilidade social das organizações* or RSO) is often used, and it is regarded as inherent to the activities of companies, trade unions, business associations, political organizations and public administrations alike (see the website of the *Instituto para a Segurança, Higiene e Saúde no Trabalho*). In Italy, CSR is linked to corporate social commitment: businesses should not only adopt socially responsible behaviour, but should contribute actively to local welfare.

Relationship between CSR and sustainable development

Unlike elsewhere in Europe, the concept of sustainable development has had little currency in the Mediterranean countries. In the latter region, when applied to business, it is generally taken to mean environmental management: not harming the environment. In most of these countries, the construction of a government discourse on CSR has coincided in time with the development of national sustainability strategies. However, the public debate in these countries – with the exception of Portugal, where sustainable development seems to be included in the discussion on CSR – is characterised by lack of depth in the specific relationship between CSR and sustainable development.

Furthermore, in the Mediterranean countries CSR has been adopted as a concept that puts more emphasis on social challenges than on environmental issues, whereas sustainability is still often given an environmental reading. Nevertheless, today we find some evidence of an incipient tendency to understand sustainability – as defended by the EC in the Green Paper on CSR – as a long-term all-encompassing economic, social and environmental sustainability.

It is significant that this relationship is most notable in local government. In Italy, local Agenda 21 projects have constituted a first attempt to implement a policy that combines CSR and sustainable development.

Roles adopted by governments in applying CSR public policies

In general, the main role adopted by governments to date has been to promote CSR by creating spaces for dialogue, working groups and committees of

experts. Some governments have also made incipient moves towards acting also as facilitators and promoters. Thus, in Italy, the government acts as a facilitator and promoter by creating a favourable fiscal framework and setting a social reporting standard with the aim of generating a common framework for transparency and self-assessment. Another key element of this process is the preparation, by the working groups mentioned earlier, of reports and studies analyzing the implementation of CSR by the governments of other European countries.

Types of public policies applied and ministries responsible for them

The most prominent government initiatives carried out to date are the dissemination of a culture of CSR in the business sector and the promotion of CSR among social actors and society at large. In addition, some Mediterranean government discourses, such as those of Portugal and Italy, highlight the need to support SMEs so that they can draw up their own CSR policies.

With regard to the first government initiatives in CSR, in some cases previously existing projects have been incorporated into CSR initiatives: business prizes for good practice in health and safety at work, social initiatives with non-governmental organizations, etc. In many cases, they are joint projects promoted by both social organizations and businesses. Also worthy of note are the fiscal measures that favour contributions by companies to social actions and organizations.

As we were saying earlier, the ministries that are accumulating most responsibilities and leadership in this issue are those of labour and social affairs.

Institutional consequences of the model

As we have already explained, the department in charge of implementing CSR is mostly the Ministry of Labour and Social Affairs. In some cases, this can lead to CSR being interpreted as labour-oriented and linked to social pacts. The level of institutionalisation has been minimal to date, and scarce public resources are allocated to it. Nevertheless, it should be noted that a certain amount of public funding is made available to social projects for the dissemination of CSR, especially in Italy through the CSR-SC Project, and that companies are offered tax relief. Lastly, partnership has made little impression up to now.

Italy: CSR as reporting and social commitment

Focus and discourse

The Italian government started to implement its CSR strategy in 2002, in the wake of the publication of the Green Paper by the European Commission. In

2001, this government had still not responded to the public consultation opened by the European Commission with this document. However, in the context of the European CSR debate, CSR became an important issue for the Italian government, under the leadership of the Ministry of Labour and Social Affairs.

The public impetus given to CSR in this country was directly linked to the fact that the Italian government took over the rotating presidency of the EU in the second semester of 2003. During its tenure it organized, with the support of the EU Directorate-General for Employment and Social Affairs, the III European Conference on CSR, entitled 'The role of public policies in promoting CSR' (Venice, 14 November 2003). The labour ministers of six member states, members of the EC and the European Parliament, representatives of corporations and business organizations, and key European and national stakeholders were among the participants.

The Italian government has been one of the most active in the Mediterranean region in governmental CSR strategy development. Furthermore, Italy was the fastest of the four countries we include in the agora model at setting forth a specific governmental CSR project. Nevertheless, the evolution of CSR policy has been influenced by the governmental change that Italy has undergone in recent years.

The Italian government embraces the definition of voluntary compliance with CSR as presented by the EC in the Green Paper: 'To increase the degree of enterprises' awareness of social, environmental and sustainability issues, by promoting the spreading of a culture of responsibility within the industrial system' (Ministero del Lavoro e delle Politiche Sociali, 2003:22). Thus, its vision is based on the voluntary action of companies. However, the discourse developed by the Ministry of Labour and Social Affairs stresses that action must be taken with companies in a common framework and using a common language.

The Italian government presents CSR as a competitive advantage for companies and fixes its strategy on conducting in-depth analysis of the possible correlation between CSR, economic and financial compensation and win-win situations. CSR is conceived as a corporate management and behaviour practice that depends on several intangibles that are valued for their capacity for innovation, stakeholder consensus, reputation and ability to contribute to the welfare of the community. Companies should not see CSR as a cost, but as an element that is integrated into the governability of the company, constitutes a positive conditioning factor for its economic and financial performance and its competitiveness, and minimises risk.

However, the Italian government's discourse on CSR also recognises that business plays an important part in the development of the country and society. Companies are expected not only to adopt socially responsible behaviour, but also to participate actively in local welfare. Hence the action of the government was based on two strategic goals: first, CSR should be

incorporated into corporate strategy; and second, companies are invited to make a social commitment by participating actively in local welfare. These two goals gave rise to the government CSR project: the CSR-Social Commitment Project.

In this conceptual framework, the specific elements of public policy focus mainly on the need to generate tools and mechanisms for accountability and reporting. The weight carried by social reporting standards and certifications is one of the most characteristic features of the CSR framework in this country, and not only in the government sphere. The design of standards and certifications by various organizations and audit firms proliferates in Italy. The government has attempted to set a common standard, in order to provide the issue with clarity and transparency. However, this has meant that accountability and reporting carry much more weight as topics in its CSR policy than is the case in other governments.

CSR public policy in Italy is conceived as a support for business action through the definition of a standard for CSR indicators and their evaluation mechanism that at the same time is a model for social reporting and stakeholder communication.

The role of the Italian government in the field of CSR is that of:

- **Promoting:** Through the advancement of the CSR-SC Project and its offices, safeguarding the transparency and credibility of communication standards and reporting instruments, and favouring the adaptation of CSR to the field of action of SMEs, the awarding of prizes and the organisation of conferences on CSR.
- **Facilitating:** Through the creation of a fiscal framework favourable to companies that adopt the CSR-SC standard and commit themselves voluntarily to project funding and social welfare policies.
- **Partnering:** Through the promotion and facilitation of public-private partnership projects by means of the SC fund, for the funding of social welfare policies and projects and the creation of a multilateral Italian forum.

For the Italian government, CSR has obvious connections with the concept of sustainable development, and it says as much in its discourse. However, the issue of sustainability has not been developed in practice; moreover, from the operational point of view, the two elements have not been linked. The central government is more interested in CSR, and it has focused on transparency and reporting, while local authorities are concerned primarily with sustainable development and the state of the local environment and resources. In most cases, social issues and environmental ones are dealt with separately: there are firms and public administrations that issue social reports and others that issue environmental reports, and the criteria they use to evaluate and present their results are different. Ultimately, CSR has not been assimilated as a unitary topic within sustainable development as in the triple bottom line.

Government structure and public policy design process

The Italian government established responsibilities over CSR within the framework of the Ministry of Labour and Social Affairs, with the creation of a Directorate-General for the Family, Social Rights and CSR.¹ Nevertheless, there are other departments that collaborate, such as the Ministry for the Environment, the Ministry of Industry and Trade, the Ministry of Foreign Affairs and the Ministry for the Public Administration.

With the aim of designing the public policy, the government incorporated into the design process a working party formed by experts from several private institutions, notably the business associations Assindustria and Unioncamere (the Italian national association of chambers of commerce) and Bocconi University in Milan. Bocconi University designed the CSR-SC standard, and Unioncamere, who conducted the research on CSR in Italian companies, has contributed to its implementation.

The implementation structure for CSR public policies and programmes is centralised: the Ministry of Labour and Social Affairs is the only ministry that deals with the topic, even though it does so in collaboration with a large number of organizations and stakeholders.

Regarding the application of the CSR-SC standard, the Ministry has undertaken to promote the reporting standard among businesses, and within the Ministry, the Civil Service Department is promoting it within the public sector.

However, some regional governments are carrying out CSR practices independently from central government, and likewise several local authorities are promoting CSR projects. Not for nothing is Italy one of the countries with the most regional and local initiatives, some of them even predating the appearance of the national strategy.

Strategy and measures implemented in CSR policy

The political strategy on CSR was officially presented by the Ministry of Labour and Social Affairs on 13 December 2002 at a conference organized at Bocconi University in Milan. It is a political strategy that is akin to and coherent with the framework presented by the EC, and stresses the voluntary approach.

The strategy of the Italian government² on CSR consists in:

- Promoting CR culture and best practices exchange among businesses;
- Guaranteeing citizens that the reporting of corporate social commitment by companies is true and not misleading;
- Defining a simple and modular standard – a list of key performance indicators – that firms can adopt on a voluntary basis in order to identify socially responsible behaviour;

- Supporting SMEs in developing CR strategies and policies;
- Fostering experiences exchange among countries in order to identify and implement the best practices at international level.

CSR policy: programmes and instruments

The Italian government has developed a large number of policies at national, regional and local level. The objective of these initiatives is to combine stronger competitiveness with enhanced social cohesion from a sustainability perspective:

- Increasing the degree of enterprises' awareness of social, environmental and sustainability issues;
- Promoting CR culture and best practices exchange among businesses;
- Supporting small and medium-sized enterprises in identifying and developing CR strategies and policies;
- Defining a simple and modular standard with a list of key performance indicators that firms can adopt on a voluntary basis in order to identify, assess and also communicate socially responsible behaviour;
- Promoting voluntary agreements with industrial organizations;
- Funding streams, especially supported by regions, to foster the adoption of quality (ISO 9001), social accountability (SA8000), and occupational health and safety and environmental (ISO 14001 and EMAS) management systems;
- Fiscal and administrative incentives to support the adoption of management systems;
- Fostering experiences exchange among countries in order to identify and implement the best practices at international level;
- Promoting labelling schemes, especially at regional and local levels.

This strategy of the Italian government regarding CSR takes the form of a series of public initiatives: the CSR-SC Project; promotion of CSR through national CSR conferences, prizes and institutional advertising; the Italian multi-stakeholder forum on CSR; CSR practices for the public administration; and a CSR agreement between the Italian and UK governments.

The CSR-SC project

The Italian Minister of Labour and Social Affairs presented the CSR-SC project in the framework of the Council of Ministers of Labour and Social Affairs of the EU, in December 2003, coinciding with the Italian presidency.

The objectives of the CSR-SC project (Ministero del Lavoro e delle Politiche Sociali, 2003) are:

- promoting CR culture and best practices exchange among businesses;
- guaranteeing citizens that the reporting of corporate social commitment by companies is true and not misleading;

- defining a simple and modular standard – a list of key performance indicators – that firms can adopt on a voluntary basis in order to identify socially responsible behaviour;
- supporting SMEs in developing CR strategies and policies;
- fostering experiences exchange among countries in order to identify and implement the best practices at international level.

In accordance with this option, the main objective of the government is to disseminate CSR by publishing a Social Statement together with a set of indicators, as a way of standardising the CSR reporting methods used by companies in Italy. The government seeks to encourage all Italian businesses to report on their CSR performance using this standard of measurement and communication. Once they have drawn up their social report, companies can, if they wish, follow an assessment process.

According to the original scheme, the project envisaged three steps:

1. Dissemination of a socially responsible culture among companies through training, information activities and so on;

2. The CSR level: companies, which voluntarily agree to participate in the CSR-SC project, adopt a Social Statement according to pre-defined guidelines and a set of indicators. The Social Statement allows companies to report on their CSR initiatives. In particular, the Social Statement is based on a specific set of key performance indicators, covering a wide range of CSR issues (i.e. social, environmental and economic issues) according to a stakeholder framework that goes beyond the traditional triple bottom line approach. Moreover, the Social Statement represents a concrete attempt to translate into practice those indications on CSR implementation and companies' involvement.

3. The Social Commitment (SC) level: companies deciding to go beyond the CSR level actively participate in social actions by financing a SC Fund. According to this participation, they could qualify for fiscal and financial benefits.³

It is also organized on two levels: the CSR level and the SC level. The first takes a voluntary approach to CSR practices.

The Social Statement consists of a list of categories, aspects and indicators of performance from which each company must choose. This series of indicators is based on the ISO management system and the sectoral model Responsible Care. It is a modular and flexible series of CSR performance indicators that can be adapted to the size of the company. The indicators measure various aspects of the company's performance qualitatively and quantitatively. The general categories into which the indicators fall are as follows: human resources; shareholders/partners and financial community; customers; suppliers; financial partners; government, local and public authorities and institutions;

community; and environment. The government provides a guide⁴ to the Social Statement.

In order to be able to evaluate CSR practices on the basis of the Social Statement made by companies, the Italian government defines in its initial CSR-SC Project the creation of an ad hoc body called the *CSR Forum*. Companies decide voluntarily whether they wish to be assessed by this body. If they pass the evaluation, they will be incorporated into an official register, or database, of CSR companies; if they fail the evaluation or audit, they will have the chance to improve their negative aspects.

With a view to implementing and promoting the CSR-SC standard, the government plans to open several promotion offices. The first of these offices was inaugurated on 15 March 2004 in Milan, with the collaboration of Unioncamere. It provides consultancy services to companies interested in carrying out CSR actions or evaluating their performance using the CSR-SC standard.

The Italian Centre for Corporate Social Responsibility (I-CSR)

The Italian Centre for Corporate Social Responsibility (I-CSR) was established by the Finance Act 2005.⁵ I-CSR was founded by the Ministry of Labour and Social Affairs, Bocconi University, INAIL (Italian Workers' Compensation Authority) and the Italian Union of Chambers of Commerce (Unioncamere). The aim of the centre is to promote knowledge of CSR and to develop research on social responsibility. The intention is to facilitate dialogue among public institutions, private companies, universities and other relevant stakeholders.

The Italian Multi-Stakeholder Forum on CSR

The Ministry of Labour and Social Affairs created the *Forum Italiano Multi-Stakeholder per la Responsabilità Sociale delle Imprese (CSR Forum)* in the framework of the III European Conference on CSR, held in Venice on 14 November 2003. The initiative draws inspiration from the model of the EC Forum, and its main objectives are to spread CSR, promote transparency and standardise CSR instruments. These goals tie in with the general objectives of the government regarding CSR. The Forum seeks to facilitate the exchange of experience and good practice, promote transparency and instruments, and disseminate partnership experiences between enterprise and civil society.

It works through a General Assembly, convened by the Ministry and four technical roundtables, focused on specific issues.

CSR practices implemented by public administrations

The central government has developed regulations and initiatives in order to promote the accountability of public administrations, anti-fraud and

corruption policies, occupational health and safety policies, and green purchasing practices. One key point is the growing role of regional and local authorities in the field of CSR and sustainability-related interventions.

CSR at regional and local level

In addition to the initiatives promoted by central government, regional, provincial and local authorities have carried out public initiatives in support of the implementation of CSR practices, most of which are actually prior to the action of the central government. Not for nothing are Italy's regional governments among Europe's most active as far as CSR policy development is concerned. Unlike central government policy, which is more all-encompassing, local policies tend to be sectoral and aimed explicitly at certifications and accountability and reporting mechanisms. Among the regional governments taking initiatives, the governments of Tuscany, Emilia-Romagna, Umbria, Marche, Sicily and Campania play a leading role.

We also find CSR initiatives promoted at other levels, such as the province of Chieti, the province of Lecce and the Palermo area. These initiatives tend to be performed in collaboration with the local business sector or other institutions from abroad. They provide funding, support and dissemination of good business practice in CSR, definition of standards and models for local good conduct, etc.

In addition to the above, more than 300 local authorities, including municipalities, provinces and regions, are developing their Local Agenda 21 and Local Forums for sustainable development, whereby they attempt to comply with the sustainability principles defined in the United Nations Earth Summit held in Rio de Janeiro. There is a long tradition of welfare provision in Italian local government, and the recent reform of the Constitution and the law defining the function and organisation of local government have reinforced this trend. More than 200 territorial agreements called '*patti territoriali*' have been developed to promote collaboration between private and public players with the purpose of supporting business initiatives and employment from a sustainability-oriented perspective.

Final considerations

The initiative of the Italian government forms part of the agora model adopted by the Mediterranean countries and emphasises the creation of working groups to design CSR policies. In this case, the government opened the debate to the business sector through employers' associations (Assindustria), chambers of commerce (Unioncamere) and Bocconi University. The last of these institutions also worked in collaboration with the government to develop the CSR-SC Project. The Italian CSR Multi-Stakeholder Forum was established in May 2004, based on the similar experience led by

the European Commission, and aims at promoting a shared vision and approaches to CR policies in Italy among the business sector, trade unions and civil society organizations.

The strategy of the Italian government stands out for the importance it attaches to the development of mechanisms and instruments for accountability and reporting. The main aim of this public intervention is to achieve greater standardisation of the reporting and evaluation tools used by Italian companies and to disseminate CSR among SMEs.

Another notable feature of the government strategy is the low connection between CSR and sustainable development. Social and environmental issues seem to be treated separately by the government: social reporting and environmental reporting tend to be done according to different assessment criteria. As we have already indicated, this is not usually the case in local government: local Agenda 21 projects constitute a first attempt to implement a unified CSR and sustainable development policy.

It is important to bear in mind the initiatives taken by regional governments, some of which were actually started up before those of the Italian government.

Spain: CSR and social issues

Discourse among the social actors

In Spain,⁶ the debate on the framework of public opinion has been driven by various CSR promotion organizations, research networks and centres, and the activity of the business sector itself. In addition, the publication by the EC of the Green Paper (European Commission, 2001a) and the Communication (European Commission, 2002) on CSR constituted a decisive catalyst in the process of incorporating CSR into the political agenda.

Business initiative has played an important part in the construction of the discourse on CSR in Spain. Since 2001, a significant number of companies, especially listed corporations, have incorporated CSR policies into their management and reporting practices, in many cases creating specific departments or managerial posts. These large companies have done much to enhance the public presence of CSR. Many of them have progressively adopted the Global Reporting Initiative (GRI) guidelines to issue their sustainability reports and also they have been included in the Dow Jones Sustainability Index. Spain is also one of the world's countries in which most companies have signed the Global Compact.

CSR in the political arena

As far as the rest of the elements that make up the CSR discourse in Spain are concerned, it is important to distinguish two distinct legislative periods: first, the period spanning from 2002 to April 2004, under the government

led by the People's Party (*Partido Popular* or PP), and second, that starting in April 2004, with the coming to power of the Spanish Socialist Workers' Party (*Partido Socialista Obrero Español* or PSOE).

In the first period, during 2001–2004, we found few public statements and documents on the issue, and in practice government action at that time was incipient. For the PP government, CSR was a concept for companies to apply voluntarily. Hence not only did they not entertain the possibility of legislating on the issue, but they actually considered that such a move would be inappropriate and counter-productive: CSR should be taken on board voluntarily and flexibly, otherwise it could become a negative incentive for the entrepreneur. In this context, the role of the government was to debate, motivate and promote.⁷

During this period, the debate was primarily concerned with the appropriateness or otherwise of regulating CSR. Parallel to this, some political parties presented initiatives on the subject in parliament. The most important proposal was presented on 25 November 2002 by the ruling political party to the Congress of Deputies as a motion⁸ urging the government to create a technical expert committee to prepare a report on CSR. This motion was passed on 13 December 2002.⁹ At the same time, during the same period, the Spanish Socialist Workers' Party, then in opposition, presented a different proposition to the Congress of Deputies: first, a motion on measures to promote CSR on 14 February 2002, and second, a CSR bill on 10 May 2002. These proposals were rejected by Congress and have had very little impact on subsequent developments.

In the second legislative period, under the Socialist government, CSR has begun to appear more insistently in some speeches and public statements made by leading politicians, but in general, as has occurred throughout Europe, the option of legislative initiatives has lost impetus in the political debate.

Government approach

In Spain, as in other Mediterranean countries that fall within the agora model, the government did not respond to the public consultation that followed the publication of the Green Paper on CSR. The debate on Spain's position with regard to CSR started after the appearance of the Green Paper. In Spain, the public discourse on CSR presents some peculiarities, especially because of the importance attached to social and labour issues, the work-life balance, gender equality and the relationship between business and responsible consumption, responsible investment and social action, channelled through civil society organizations.

The governmental approach to CSR is one of voluntary compliance, complemented with emphasis on transparent business behaviour¹⁰ 'Corporate social responsibility constitutes a commitment to the voluntary integration

of the management of regulatory and conventional requirements into a good practice framework that reconciles the interests of various stakeholders in an overall approach of quality and viability. [...] The concept of social responsibility is applied with respect for social dialogue, employability, skills acquisition, equal opportunities, and the anticipation and management of change. It represents a commitment to voluntary behaviour beyond immediate economic profitability, but it can have direct economic value and should therefore be regarded as an investment rather than an expense.' On the subject of government action, the bill states 'Public authorities should promote the establishment of CSR best practices, and justify their intervention by identifying their most notable aspects and offering the necessary encouragement for their development in our economic structure, defining a uniform environment for the development of socially responsible practices.'¹¹

During the present period, the government has taken CSR-related initiatives, but has failed to transfer them to a CSR policy. Parallel to this, a process has been initiated to incorporate CSR into the framework of social dialogue between trade unions and employers (business organizations), which the government has supported by virtue of its involvement in the issue.

Regarding the relationship between CSR and sustainability, the government approach to CSR is linked to social issues, and tends not to be linked to the Sustainable Development Strategy.

Government structure and public policy design process

The Spanish government has entrusted responsibility for CSR to the Directorate-General of the Social Economy. It is a structure that is based in the Ministry of Labour, the other ministerial offices having less involvement. This government structure is coherent with the weight given to social issues in CSR in Spain.

The most important institutional initiative taken by the government has been the creation of committees or groups of experts linked both to the government and to the various social actors involved, in order to establish a framework of consensus in which to build CSR policy in Spain.

Technical Expert Committee on CSR (2002–2003)

On 25 November 2002, the ruling parliamentary group presented a motion¹² urging the government to create a technical expert committee to prepare a report on CSR. The motion, which was passed by parliament on 13 December 2002, proposed the creation of this committee with a view to the possible adoption of future measures. The committee, which was to be set up within the Ministry of Labour and Social Affairs, was to comprise several social players interested in CSR. Its purpose was to study the various possibilities and the mechanisms for assessing CSR and to foster the adoption of good practice.

During this legislative period, the Ministry of Labour and Social Affairs adopted some measures relating to this framework for multi-stakeholder dialogue: firstly, the creation of a forum of experts on CSR,¹³ and secondly, the government committed to take into account the incorporation of CSR into the Social Dialogue Commission, with a dialogue among government, trade unions and business organizations, which has yet to be convened.

Government initiatives

Forum of Experts on CSR (2005)

On 17 March 2005, under the auspices of the Directorate-General of the Social Economy at the Ministry of Labour and Social Affairs, the Forum of Experts on Corporate Social Responsibility was set up to debate, possible measures to encourage social and environmental ethical practices within the framework of sustainable development as defined by European Union institutions.

The Forum is made up of more than 50 representatives of several relevant ministries, together with experts from civil society organizations, business foundations and groups of enterprises engaged in CSR activities, and universities. However, neither trade unions nor employers' associations are represented, as they declined to take part.

The Forum is due to issue a final report during the first quarter of 2007. To date,¹⁴ the main conclusions reached by the Forum of Experts are that the object of CSR is sustainability and that it should combine voluntary and compulsory aspects. The Forum adopted the following consensus definition of CSR: 'Corporate social responsibility is, in addition to strict compliance with the legal obligations currently in force, the voluntary integration into the company's governance and management, into its strategy, policies and procedures, of social, labour, environmental and human rights concerns that arise from relations and transparent dialogue with interest groups, thus taking responsibility for the consequences and impacts derived from its actions.'

Congress of Deputies initiative

Congress of Deputies Subcommittee to foster and promote CSR (2005–2006)

Parallel to the government initiative, the Congress of Deputies has also taken steps to promote and empower the role of the public administration in the CSR framework.

At the end of 2004, the Congress of Deputies set up a Subcommittee to foster and promote CSR. The Subcommittee worked from February 2005 to September 2006. The Subcommittee summoned before Congress a total of

59 experts and representatives of the social, labour and economic world (enterprises, trade unions, business organizations, consumer organizations, conservationist organizations, human rights and solidarity organizations, the media, universities, autonomous governments and central government). Each expounded his or her vision of CSR, its content, legislative aspects, practices, transparency and accountability.

On 27 June 2006, the Congress of Deputies Task Force unanimously passed the report issue by the Subcommittee, which was presented publicly on 14 December 2006. The report comprised three sections with recommendations for all the social actors: businesses, public administrations and social organizations.

The main conclusions are that CSR is an essential requirement, considering economic globalisation and the role of business in the national and international economy. It emphasises the voluntary nature of CSR, but it also stresses that the intervention of the public administration is a necessary ingredient in promoting and establishing clear and transparent standards from within the public sphere, regardless of whether CSR should or should not be a legal obligation. In this respect, promotional policies are a necessity, because CSR favours the sustainable global competitiveness of companies and because it favours social cohesion, taking into account the weight carried by small and medium-sized enterprises in Spain. It also highlights the importance international initiatives and the role of trade unions, NGOs, business associations, the media, consumer organizations and university training.

The purpose of this document is to promote CSR and to lay the foundations for the government to build its CSR policy in the future. This explains the emphasis on certain recommendations to the public administrations, such as promoting socially responsible investment, fiscal frameworks and social clauses favourable to CSR, corporate governance practices, improvements in the legislative framework for the employment of the disabled and those with a risk of social exclusion, and the creation of a government structure to coordinate and develop CSR at autonomous and local level.

CSR at the autonomous and local level

In Spain, some autonomous communities undertook initiatives related to aspects of CSR before central government did, while others have done so subsequently. Among the autonomous governments that have taken initiatives we can single out those of Aragon, Andalusia, the Community of Madrid, Castile-La Mancha, and Catalonia, and also Biscay Provincial Council.

Portugal: CSR and organisational social responsibility

Focus and discourse

In Portugal, CSR generally falls within the framework of organisational social responsibility (*responsabilidade social das organizações*), as it is seen as

affecting social organizations, public authorities, the scientific community and other key players just as much as it affects corporations.

The dissemination of CSR activities among public opinion started in 2002, after the publication of the Green Paper by the EC. Like the other Mediterranean governments, the Portuguese government did not respond to the public consultation that followed the appearance of this document in 2001. Nevertheless, since then there has been considerable progress in the social debate on CSR, both in the business world and in government.

Following the *modus operandi* adopted elsewhere in the Mediterranean, the Portuguese government promoted the issue through a public debate (agora) in which all the social actors – the business sector, trade unions, universities and civil society – were invited to participate, from a multi-stakeholder perspective. However, the government plays a fundamental part in the development of the government strategy and the public implementation of CSR in that country.

In 2002, the Economic and Social Council (*Conselho Económico e Social* or CES)¹⁵ of Portugal set up a working group on CSR and introduced the topic into its annual programme. In the framework of this programme, the CES organized a first CSR seminar in Lisbon in May 2002, the aim of which was to spread awareness of the issue and present it to the social actors. In 2003, the CES presented a CSR report based on the debate initiated at this conference.

The government has been developing a mainstream policy of social responsibility as far as national public policies are concerned. This area is under the responsibility of both the Ministry of Labour and Social Solidarity and the Ministry of Economy and Innovation.

The Portuguese government defends a voluntary approach to CSR that goes beyond legislation: actors' compliance with existing social and labour legislation is seen as fundamental, and therefore CSR is regarded as complementary. In Portugal the culture of CSR is one of consensus; in this regard, motivation through incentives and social recognition are decisive.

To date, the government's role in implementing CSR has been to promote it in the business sector, with a view to increasing social awareness and acquaintance of the issue among the various social actors. The Portuguese government understands CSR as a concept of a voluntary nature that integrates social and environmental issues. Beyond social regulation, it considers that it should act as a catalyst for CSR action by business, in cooperation with all the social actors. In this context, the government is convinced that CSR must be implemented from a position of social consensus: the commercialisation and marketing of CSR should be avoided. The CES is also of the opinion that CSR is complementary to legislation. From this perspective, additional legislation would obviously be of little use, although it is considered necessary to create control mechanisms and incentives to ensure that companies comply with current legislation and have the opportunity to go beyond it.

The government's CSR initiatives have focused on promoting CSR, raising awareness, developing public-private partnerships and developing business incentives.

The Ministry of Labour and Social Solidarity is carrying out most of the public initiatives through several public institutions, including the Portuguese Labour Inspectorate (IGT). In addition, the Ministry of Economy and Innovation is working with various business organizations to promote CSR, especially among SMEs.

We also find a large number of public-private partnership projects under the Ministry of Labour and Social Solidarity on a national level and on a local level alike. Most of them focus on issues such as business start-up, employee training, gender integration, working conditions, and SMEs.

The Institute for the Development and Inspection of Working Conditions (*Instituto de Desenvolvimento e Inspeção das Condições de Trabalho* or IDICT) of the Ministry of Labour and Social Solidarity has been playing a leadership role to promote CSR in Portugal. The IDICT declared CSR to be one of its main activities in 2003, and in this framework it coordinated several events. One of its most important tasks is to organize working groups to discuss the concept and the national strategy of CSR with the whole range of social actors: government, business, trade unions, social organizations and universities. On 7 and 8 May 2003 the IDICT organized a first working group on CSR with the aim of reaching an initial consensus definition of CSR. The various social agents were invited, and the first experiences in CSR in Portugal were presented. These working groups have continued to carry out activities up to the present time.

The working groups set up by the IDICT have gradually shaped the idea of social responsibility as something 'immanent and inherent in the activities of companies, trade unions, business associations and public administrations'. This means that social responsibility is not limited to corporations, and is characterised precisely by its inclusive approach, which involves all organizations and should be integrated into all corporate sustainable strategies. The framework of social responsibility encompasses the most fundamental issues: sustainable development, value creation, job creation, job quality and working conditions, and health and safety at work.

With regard to the measures that can be taken in the government strategy, the IDICT determined a number of ways of giving shape to social responsibility: legislation, codes of conduct (public and transparent), social dialogue and negotiation among economic actors and social partners (beyond bargaining about salaries and benefits). The working groups organized by the IDICT have also proposed the creation of awards and other instruments, such as various assessment tools (audits and indexes) and certifications. The government considers it to be important for the future to promote the creation of these instruments. The list of priority issues includes social dialogue (especially with SMEs), occupational skills, health and safety at work, labour market integration of young people, responsible recruitment practices, and human resources administration.

The IDICT is engaged in various initiatives promoting organisational social responsibility in the framework of European projects and national initiatives in the areas of health and safety at work, working conditions, and the promotion of good practice.

CSR at regional and local level

In Portugal, regional governments have shown little activity to date in this field. The first project in which local public authorities are involved was created at the end of 2004 in the region of Évora. It is the *Empresa-Cidadã* prize, which rewards social responsibility in SMEs and micro-businesses, provides public recognition for corporate practices that develop socially responsible behaviour, supports companies in adopting attitudes of citizenship and social quality, and raises community awareness of the importance of CSR.

Greece: employment and CSR

As in the other Mediterranean countries, government initiative has arrived much later than the publication of the Green Paper, and again the government failed to respond to the public consultation on that document. It should be noted that, as in other countries, the process has begun with the preparation of a study on CSR by the Economic and Social Commission. The study includes a definition of CSR and various proposals to promote CSR in the country. The Greek government is examining the concept in order to be able to apply and develop it. CSR actions are voluntary, and the ministry is attempting to promote the issue in the business world and encourage private actions by other stakeholders.

The Ministry of Labour and Social Affairs has taken responsibility for coordinating government action on CSR but it is still in first stage of the development of a government approach and CSR public policy. The ministry is working in two main areas:

1. Practices concerned with the internal dimension of CSR (human resources, health and safety at work and adaptation to change).
2. Linking CSR to the initiatives of the National Action Plan for Employment 2002, reinforcing, encouraging and promoting CSR beyond the limits of legal duties.

Regarding what topics are associated with CSR, in Greece it is related mainly to social and labour issues. These topics are implicit in policies that are related, through laws, projects and initiatives to the National Action Plan for Employment. Thus, for example, a law has been passed that introduces new actions to implement in agreement with the workers concerning human resources recruitment and employment (flexible working).¹⁶ Another key aspect in the employment sphere is that of actions towards reconciling

workers' family life with their professional life. The government also organizes training schemes each year for employees in SMEs, in order to enable them to contribute actively to the development and growth of the firms in which they work.

In addition, a permanent forum on employment has been created in which the Ministry of Labour and Social Affairs discusses the possible measures to introduce improvements into the field of employment with the whole range of social actors and representatives.

Lastly, the ministry has sponsored, with the cooperation of the social partners, the creation of the Institute of Hygiene and Safety at Work, which among other activities grants an annual award for best practices in the labour field.

Notes

1. <http://www.welfare.gov.it/eachannel/menuistituzionale/ministero/direzionigeneraleuffici/dgfamiglia.htm> (1/7/2006).
2. <http://www.welfare.gov.it> (30/12/2006).
3. This part of the report has not been implemented yet because of a lack of general consensus (30/12/2006).
4. <http://www.welfare.gov.it> (30/12/2006).
5. Finance Act 2005 (Art. 1, paragraph 160 of Law 30 December 2004, n. 311).
6. The text of this chapter, like the rest of the book, was finalised in December 2006.
7. Europa Press-Responsabilidad Social Corporativa: 'Trabajo considera que la RSC debe ser voluntaria y flexible para que no se convierta en un desincentivo' (20 January 2004).
8. Motion 162/000607, BOE No. 455, 13 December 2002.
9. The Spanish Socialist Workers' Party, then in opposition, presented a different proposition to the Congress of Deputies: first, a motion on measures to promote CSR on 14 February 2002, and second, a CSR bill on 10 May 2002.
10. Europa Press-Responsabilidad Social Corporativa: 'EL PSOE propone obligar por ley a las empresas cotizadas a informar sobre aspectos sustantivos de rsc' (9 January 2004).
11. Bill 122/000210, No. 235-1, VII Legislature, 10 May 2002, p. 2.
12. Motion 162/000607, BOE, No. 455, 13 December 2002.
13. Europa Press-Responsabilidad Social Corporativa: 'El gobierno abandona el formato de comité cuatripartito de RSC y creará un "foro de expertos"' (29 November 2004).
14. December 2006.
15. The CES is a Portuguese government institution comprising representatives of central government, trade unions, economic organizations, and regional and local authorities. Its aim is to promote the participation of economic and social actors in the decision-making process on socioeconomic issues. The CES must be consulted by the government for the implementation of social and economic policies, participates in the design of economic and implementation of social and economic policies, participates in the design of economic and social development plans, and has the right to present recommendations in this area.
16. OAED: promotion of employment and restructuring of the Organisation for the Employment of the Workforce.

8

The Role of International and Intermediary Organizations

When we pose the debate on public policies and CSR, it is very usual to start from the assumption that this is a matter that affects the relationship between corporations, governments and social organizations. However, a closer look at what is happening in the various states of Europe reveals that a crucial part in the implementation of these public policies is played by *international organizations* that promote the development of CSR on a global scale and the *intermediary organizations* that have appeared in some countries and whose activity lies midway between government and business. Both have a very important part to play in the development of CSR public policies, as governments seek frameworks of legitimation and mediation for the implementation of their policies.

The legitimising role of international organizations

In recent years, there has been a growing acceptance of CSR principles by international (intergovernmental) organizations. A number of international organizations have put in motion initiatives to promote and develop CSR. Some of these initiatives are undertaken directly with companies, while others are linked to state action. Among the contributions made by international organizations in relation to CSR we find the principles, standards and guidelines they have developed on the basic elements for applying CSR.

These international principles, standards and guidelines have an important legitimising role for the various actors involved. In the field of CSR, we have detected that the various international principles, standards and guidelines exert a great deal of influence on the acceptance of CSR and its procedures by the actors, especially enterprise.

At the same time, these principles and standards have become one of the ways for governments to strengthen and legitimise national CSR policies. They pave the way for the reception of these policies in national frameworks, and furthermore governments have the possibility of participating in

international forums to have their say in the direction in which these principles and standards develop.

Among the international organizations that have developed CSR principles, standards and guidelines the following are particularly important:

The United Nations and corporate citizenship

The UN is one of the most active international organizations in promoting CSR. It is involved in several initiatives, the most important one being the UN Global Compact. Another is the debate generated in the Human Rights Council. The interim report of the UN Secretary-General's special representative, Mr. John G. Ruggie, establishes a set of proposed global norms on human rights for multinational corporations and their related business enterprises.

UN Global Compact

At the Davos summit, on 31 January 1999, the Secretary-General of the United Nations challenged business leaders to join an initiative generated within the framework of the UN called the Global Compact.

The purpose of the Global Compact is to promote business practices and policies based on ten principles divided into the areas of human rights, labour, the environment and anti-corruption. It is a common consensus framework based on a set of documents belonging to international law: the Universal Declaration of Human Rights, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

The United Nations Global Compact is an initiative of ethical commitment earmarked to encouraging enterprises worldwide to adopt as an integral part of their strategies and operations the ten principles of conduct.

The Compact can be freely adopted by businesses and labour and civil organizations. In this sense, it is not a regulatory instrument that sets up legal codes of conduct for all companies, or grants certifications to businesses that comply with certain requirements. The companies that participate in the Compact take up the responsibility of implementing the principles in their daily operations. Furthermore, they commit to ensure accountability to society, with publicity and transparency, regarding progress made in the process of implementing the ten principles.

The International Labour Organisation

The International Labour Organisation (ILO) is a United Nations specialised agency which seeks to foster social justice and internationally recognised human and labour rights. It was founded in 1919, and in 1946 became the first specialised agency of the United Nations.

The ILO formulates international labour standards in the form of Conventions and Recommendations setting minimum standards of basic labour rights, together with other standards regulating conditions across the entire spectrum of work-related issues. The eight most important Conventions are those concerning: Freedom of Association and Protection of the Right to Organize; Collective Bargaining; Abolition of Forced Labour; Equal Remuneration; Equality of Treatment; Discrimination (Employment and Occupation); Minimum Age; and Worst Forms of Child Labour.

In 1998 the ILO adopted the Declaration on Fundamental Principles and Rights at Work, an expression of commitment by governments, employers' associations and workers' organizations to respect and uphold basic human values. The Declaration covers four areas: freedom of association and the right to collective bargaining; the elimination of forced and compulsory labour; the abolition of child labour; and the elimination of discrimination in the workplace.

Recognition of the principles and rights enshrined in the Declaration is increasingly widespread among organizations, communities and enterprises. These principles and rights provide benchmarks for responsible business conduct and are incorporated into the ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

The organisation for economic cooperation and development and the guidelines for multinational enterprises

The OECD groups together a number of member states that share a commitment to democracy and the market economy. The work of the member states nurtures a relationship with civil society, business and non-governmental organizations. One of the contributions of the OECD is to produce documents with voluntary principles and standards for responsible corporate behaviour, including the Guidelines for Multinational Enterprises, created in 1976 and last revised in 2000. The Guidelines constitute a set of recommendations by the governments of the OECD member states to multinational enterprises on issues such as information disclosure, employment and industrial relations, the environment, corruption, consumer interests, science and technology, competition and taxation, in coordination with existing legislation. The Guidelines aim to bring business operations in harmony with government policies, by promoting consensus and dialogue between corporations and the societies in which they operate. They also deal with the improvement of foreign investment by corporations in order to contribute to sustainable development.

The European Union

The European Union has developed, through the action of the European Commission, several documents and initiatives¹ aimed at promoting CSR

among European enterprises and between all the social actors involved, including government and civil society. We dealt with the contribution of the Commission in Chapter 3.

Other initiatives

Among other initiatives we can highlight that taken by the International Finance Corporation (IFC) as a World Bank institution, which in May 2006 put into effect the IFC Performance Standards defining clients' roles and responsibilities for managing their projects and the requirements for receiving and retaining IFC support. These standards are labour and environmental standards covering the investment lines pursued by the private sector all over the world.

Nevertheless, there are a number of debates initiated in the framework of several international organizations, such as the World Trade Organisation and the World Bank, concerning the role that should be played by these intergovernmental organizations in promoting and developing the principles of CSR, especially on topics such as trade and foreign investment in developing countries.

Intermediary organizations: roles and examples

However, international organizations are not the only ones to have a significant impact on CSR public policies. At individual Member State level, a multitude of different (semi)-public actors is engaged in the field of CSR. This is due to the fact that CSR covers a transversal field of activities resulting in a shared responsibility of the government, the private sector (and its organisational bodies) as well as society/consumers (Mandl, 2005). On analyzing the various countries and grouping them according to the models they follow, we become aware of the importance of a series of organizations that stand midway between the administrations and the private sector, oiling the cogs of the public-private relationship and providing spaces for dialogue, understanding, proposals, exchange of opinions, dissemination of good practice, and research and the dissemination of its results. We call these bodies *intermediary organizations*, insofar as they are structures that facilitate communication and contact between the two sectors.

In addition to acting as facilitators, they also act as pressure or interest groups. The perspective of collaboration between administrations, corporations and social organizations is strengthened if we take into account the number of intermediary groups dedicated to studying and furthering these interactions. These intermediary groups seek to promote activities of this sort in different ways. There are multilateral programmes and round tables for discussion, and there are coalitions or associations of companies. There are also numerous research and teaching groups studying this topic.

We therefore feel that it is important to analyse these intermediary organizations and their role in the planning and implementation of CSR public policies. These intermediary organizations have a variety of characteristics, and act as catalysts and mediators in defining the concept of CSR, its development and the implementation of CSR public policies.

Following the systemic analysis proposed by Dunn, we can differentiate the following stages in the process of drawing up a public policy.

Significantly, in each and every one of these stages we can find the support of institutions to help governments develop CSR promotion policies.

On the basis of our analysis of some of the more important intermediary organizations in the EU-15, we can say that basically they find themselves at three moments of the devising of CSR public policy: planning, implementation and evaluation.

The role of intermediary organizations in planning and implementing CSR policies: UK and Italy

The planning stage of a policy encompasses problem identification, solution formulation and public decision-making (see Figure 8.1). The intermediary organizations that participate in the first stage of designing CSR policy focus their activity on the following actions and responsibilities: they bring together the various interests involved in the issue, they organize the demand and, if the initiative does not come from the government, they act as representatives before the public authorities, requesting that public action be taken and getting the issue onto the agenda. When they are proactive, they also provide alternatives, by preparing studies and proposed solutions. At this stage they also collaborate in the formulation of the policy, thus generating a coalition of actors involved in this formulation. This facilitates its subsequent implementation, since it envelops the decision in a halo of legitimacy as a result of the commitment of a range of actors.

The intermediary organizations that are involved in this stage are those that have the greatest capacity to influence the eventual development of the policy, because they affect how the problem is determined and defined, and therefore how the possible solutions are staked out in order to tackle the issue when it gets onto the public agenda. In CSR policies, we have been able to identify two groups of organizations that operate at this policy planning

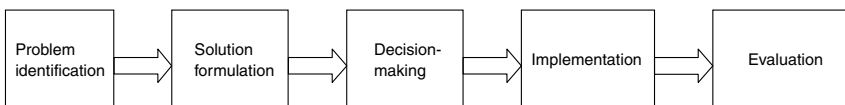


Figure 8.1 Stages of the process of analysing public policies

Source: Dunn(1981)

stage: the case of the Institute for Public Policy Research (IPPR) in the UK and the combination of Unioncamere and Bocconi University in Italy.

United Kingdom

In the UK, these intermediary institutions have played a particularly important role. In order to design its CSR policy, the Labour government enlisted the support of a think tank: the Institute for Public Policy Research (IPPR), a private social science research institute.

The IPPR was set up in 1988 as an independent progressive think tank. The discourse of the Labour government with regard to CSR is based on the report 'Promoting prosperity: a business agenda for Britain', conducted by the Commission on Public Policy and British Business within the framework of the IPPR and issued in 1997. Later, another report was prepared on small and medium-sized enterprises and their commitment to the CSR agenda, entitled 'A welcome engagement' (Joseph, 2000).

The objective of the 1997 report was to reform national economic policy by incorporating progressive initiatives and developing a common economic agenda for the government and the private sector. This report had an important influence on Labour economic policy as of 1997.

One of the newly incorporated topics on the government's economic agenda was the development, in conjunction with enterprise, of the concept of CSR. In the report, the concept of CSR was developed with the aim of drawing up, from the position of the public administration, a strategy of reconciliation between business and the public sector, especially considering their involvement in collective interests.

These reports influenced the shaping of the British government's public policy on CSR, generating the agenda of topics that the Department of Trade and Industry incorporated into the Ministry for CSR when the latter was created in 1999.

In its report 'A new business agenda for government' (Joseph, 2003), the IPPR defended a totally voluntary perspective based on public-private commitment, thus avoiding direct legislation. The IPPR focused on government intervention based on soft forms, i.e., reporting and voluntary initiatives were encouraged, using the experience of non-governmental organizations to establish and implement a framework fostering socially responsible corporate practices. Consequently, regulation was discouraged and fiscal policies and the promotion of tools creating CSR attitudes were applauded. The pressure already exerted on the market for companies to take on social and environmental measures was not to be stepped up further. This policy of soft intervention had been used previously by the British government in the Sustainable Development Strategy and in policies for preventing social exclusion.

These intermediary institutions which have had a strong influence on the *design* of the policy are generally articulated through third parties, or in

collaboration with them, for the *implementation* stage of the policy designed. In the case of the UK, once the strategy was determined on the basis of the initial ideas of the IPPR (through the reports mentioned above) and the British government, the latter relied on a large number of CSR projects developed by CSR business organizations and networks to increase the impact of its strategy. Government action tends to be built on public-private partnership initiatives. Among the intermediary organizations with which the government works, Business in the Community-UK (BITC-UK), AccountAbility and Forum for the Future are some of the most outstanding. Organizations of this type are business yardsticks in the context of CSR and community action in these countries.

For example, Business in the Community-UK was created in 1982 as a response from the business sector to the high levels of unemployment and urban unrest. In this way, the large British corporations began to take on a fundamental role. The ultimate aim was for businesses to become an integral part of the socioeconomic development of communities. Today this initiative is made up of more than 750 companies. It operates through partnerships led by companies that try to improve the impact of business on society. It is the UK's top business network for CSR.

The figure below shows how intermediary institutions operate.

The CSR strategy formulated by the IPPR is ultimately that adopted by the government. And for its implementation, the government relies on partnerships with CSR business networks or organizations to achieve greater impact, capacity of access to public objectives, funding and better implementation. In short, it is an approach that stresses co-responsibility.

Examples of this sort of collaboration between the government and BITC-UK are the Corporate Responsibility Index and the Annual Awards for Excellence. The Department of Trade and Industry (DTI) has sponsored both

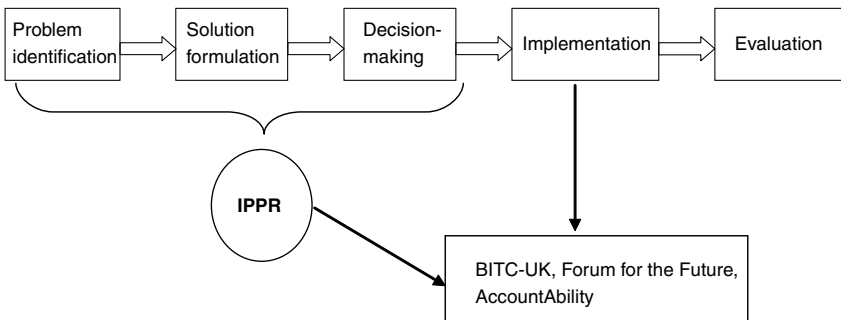


Figure 8.2 How intermediary organizations work in the UK

Source: Ysa, ESADE

programmes. The awards provide public recognition for enterprises with CSR best practices in the UK. The origin of this collaboration can be traced to 2001, with the compilation work done by BITC-UK through the CSR good practice expert working group. Through this work, the government fostered the image of Britain's most innovative companies in CSR terms. In 2002, BITC created the Corporate Responsibility Index as a benchmark for companies applying CSR policies. A third example is the Business Broker pilot, which ran for three years from April 2002 to March 2005. The Department of Communities and Local Government, the Home Office and the Department of Trade and Industry part-funded 10 Business Brokers connected to Local Strategic Partnerships in a range of Neighbourhood Renewal Funded Areas. The programme focused on five key areas: health, crime, education, employment and housing/the environment.

Within the framework of corporate good practice, the British government has worked in collaboration since 1994 with the Forum for the Future and AccountAbility in the project 'The Business Case for CSR'. This project seeks to create a better understanding of the potential benefits of CSR for the competitiveness of companies. The cases described show that businesses can increase profits by acting responsibly towards their stakeholders, and that this directly affects competitiveness and business reputation.

Italy

Another country that has opted to incorporate other actors into the policy design stage is Italy. As we explained in the chapter on the agora model, the working party was made up of experts from private organizations, notably the Italian National Association of Chambers of Commerce (Unioncamere) and Bocconi University in Milan. Unioncamere carried out a preliminary study (Unioncamere, 2003) to sound out the situation of CSR in Italy, and Bocconi University designed the CSR-SC standard.

In order to get to know the context in which the government was to act, the Ministry of Labour and Social Affairs accepted Unioncamere's proposal to carry out a study on the Italian business fabric. The aim of this was to gain insight into the situation and the development of CSR business practices and to provide the government with a reference framework for government action towards CSR in the future. In this way, the main objective of the Italian government's CSR strategy was linked to the public debate on CSR.

In Italy, since the second half of the 1990s, one of the most important issues in the CSR debate has been the development of accountability and reporting tools, especially social reporting standards and CSR certifications. Unioncamere conducted a field survey to compile the vision Italian companies have of CSR and detect their main practices in this respect. It also gathered together all the actions undertaken by regional and provincial authorities in Italy: Tuscany, Umbria, Emilia-Romagna, Marche, Campania, Chieti and Lecce. Most of these projects were aimed at gaining public

support for businesses to adopt accountability measures: social and environmental certifications, social labels, sustainability reports, etc. With regard to corporate action, the report concluded that there was considerable CSR activity in large and medium-sized enterprises, whereas small businesses, although they showed some interest, had not made significant steps in this direction. According to the report, companies had adopted a variety of instruments that can be grouped into four categories: a) accountability and reporting initiatives (accountability through the publication of sustainability reports) taken by companies that promoted CSR action on their own account; b) adoption of CSR management systems and social certification initiatives according to international social and environmental standards; c) experiences in the context of socially responsible investment; and d) initiatives to promote social projects in collaboration with international institutions both in the public (local and regional government) and in the private sphere.

The report showed that the large number of standards and other tools in existence in Italy had led to confusion and lack of transparency for businesses, and had done nothing but undermine their actions, especially those of SMEs, and disconcert the stakeholders. Thus, the government could contribute to the development of CSR by drawing up a common reporting and certification standard that could provide a response to the lack of clarity and become a tool for across-the-board understanding.

As in the British case, we can distinguish two stages and two types of organizations with which the government collaborates: design, which was shared between the government, Unioncamere and Bocconi; and the implementation of specific programmes, for which the government relies on a different sort of organisation, either purpose-built or with experience in implementing public programmes and partnerships. Whereas in the UK the government enlisted the support of Business in the Community, in Italy it was the government itself that presented, within the framework of the CSR-SC project, the creation of a new institution: the CSR Forum.

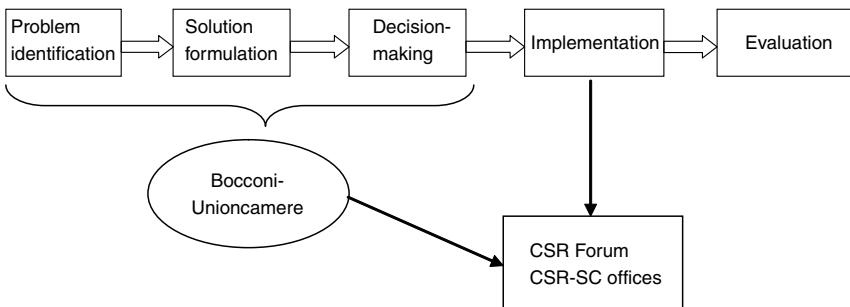


Figure 8.3 How intermediary organizations work in Italy

Source: Ysa, ESADE

Bocconi designed the methodology for companies to draw up their Social Statement; Unioncamere contributed to the design and supported its application in companies, especially SMEs; and the Italian government presented, in the framework of the CSR-SC project, the creation of an ad hoc body, the CSR Forum, for evaluating the practices reflected in the Social Statements. Companies decide voluntarily whether to go to evaluation, for which they are given information as to how to improve on their weak points. In addition to this evaluation body, there are plans to open offices, again in collaboration with Unioncamere, operating as contact points to offer CSR consultancy services and facilitating the application of the CSR-SC standard (Figure 8.3).

A series of future actions have been designed beyond this point. The most notable of these future projects are the development of the Italian multilateral forum and the creation of a CSR development centre (*Centro Italiano per lo Sviluppo della CSR*) along the lines of the Danish model exemplified by the Copenhagen Centre. This centre is expected to become a European benchmark in research on CSR and the promotion of public-private partnerships.

The role of intermediary organizations in implementing CSR policies: Denmark, the Netherlands and Austria

There is another group of countries that has opted to concentrate collaboration between the public and private sectors essentially in the implementation stage. Once the government has integrated CSR into its public agenda and developed a strategy, it focuses on dialogue with and through other sectors in order to apply it. This collaboration is usually with business organizations that represent companies and their networked action in the framework of CSR.

This space is sometimes occupied by organizations created or supported by the government itself. Among these organizations we find two models: a multi-stakeholder model that encourages social debate – this is the case of the Copenhagen Centre in Denmark – and a model based on an organisation from the business sector that deals with these issues – such as CSR Austria – with which the government collaborates in order to implement its CSR public policies.

These networks usually operate as a platform for the social actors, although frequently they are dedicated to studying and researching key CSR-related issues and promoting some of them, for example the adoption of CSR by SMEs. In addition, their mission often consists in helping companies and NGOs to put CSR-related activities into practice. In some countries, the general opinion is that these organizations are set to grow significantly owing to their great activity as promoters of the multilateral approach to CSR. Furthermore, the fact that they can act more independently than any specific social group makes them a magnificent forum on CSR. And lastly, their practical experience has served to gather together the necessary knowledge to help in implementing CSR.

These experiences confirm the need to create an intermediate space in this new dialogue between governments and enterprises, and even with society. This space, not always formalised, has a multi-stakeholder component that aims to generate public debates between the actors involved in order to obtain answers to the challenges of CSR. The purpose of these forums is to define the topics of CSR in many countries, and at the same time to legitimise and collaborate in the definition of CSR policies.

Denmark

The Copenhagen Centre (TCC) is an independent institution founded in 1998 on the initiative of the Danish government, or more exactly the Ministry of Social Affairs, in the framework of the campaign 'Our Common Concern – The Social Responsibility of the Corporate Sector' and taking into consideration the recommendations that arose from the United Nations Summit on Social Development, held in Copenhagen in 1995. The Ministry of Social Affairs – together with the Ministry of Employment, the Ministry of Foreign Affairs, the Ministry of the Interior and the Prime Minister's Office – was among the key founders of the Copenhagen Centre. Its principal function is to create social partnerships through intersectoral collaboration. With its close ties to researchers and key decision-makers in Denmark and in Europe, the Centre is well-positioned to function as a platform for bridging business and societal interests and for disseminating practical knowledge about CSR initiatives.

The objective of TCC was to become an independent centre integrating the whole range of social actors, companies, civil society and the public sector, with the aim of generating new partnerships in order to carry out joint CSR projects, from both a national and an international perspective. TCC acts as an intermediary, and therefore takes care of organising meetings, networks and working groups in which companies, public administrations and NGOs come into contact. It is also responsible for publications, seminars, surveys, reports and exchange of experience both nationally and internationally. TCC has become a European benchmark institution in the construction of public-private partnership projects. One of the most notable activities carried out by TCC has been the creation of an informal network of governments (Netherlands, Ireland, UK and Denmark) focusing on CSR and new partnerships. The Copenhagen Centre has published the document 'Government as Partners', a survey of seven European countries that examines the role of central government in developing partnerships with enterprises, local and regional authorities, and civil society organizations.

At present the Centre performs work on the area of sustainable competitiveness in global value chains, from the small business perspective, reflecting on the competitive reality of small firms in a global market place, and the role of partnerships in the new economy.

The Netherlands

In 2004, the Dutch government set up an independent knowledge and information centre on corporate social responsibility, MVO Nederland (CSR Netherlands), which seeks to bring together all relevant stakeholders, enabling them to share knowledge and information. It has a focus on small to medium-sized enterprises and funding mainly comes from the Ministry of Economic Affairs. The purpose of the knowledge centre is to promote the transfer of knowledge and information on CSR, in both the national and the international context. In this regard, the centre is responsible for promoting dialogue between businesses, NGOs, (local) governments and citizens. The knowledge and information centre on CSR offers the following services:

- Providing information on CSR to SMEs and intermediary organizations, including practical real examples. In 2006 six online toolkits were launched, which help companies planning to invest or already established in Brazil, China, India, Indonesia, Russia and South Africa. Each toolkit is tailored to doing business in one of these countries, and more toolkits will be available in the future.
- Creation of instruments elaborated by specialist researchers and information suppliers dealing with steps that need to be taken to run business in a socially responsible way; gathering and disseminating good practices and not so good practices to identify success and failure factors.
- Initiating and fostering collaborative multi-stakeholder partnerships targeted at sectors and international product chains, primarily on inter-company issues, thus providing a platform for stakeholder dialogue to promote mutual understanding between parties. Also, organising events and providing facilities for theme-based discussions on specific issues on which the various players (enterprises and relevant NGOs) may disagree.

Austria

The mission of CSR Europe an association that brings together businesses and the European Commission, is to help companies to combine profitability, sustainable growth and human progress by integrating social responsibility into business practice. Previously known as the Business Network for Social Cohesion (BNSC), it was built up to respond to the appeal of Jacques Delors in 1993 to businesses to contribute to public authorities' efforts in combating unemployment. The organisation has chapters in several countries. In the case of CSR Austria, the organisation focuses all CSR-related activity that goes on in the country, and also keeps a very exhaustive list of actions taken in Austria and abroad. CSR Austria is a joint initiative between the business sector and the Austrian government, and is promoted by the former. The CSR Austria initiative constitutes the centre of action and point

of reference in that country for everything to do with CSR. It is of relevance here because it is a joint initiative of the Federation of Austrian Industry, the Federal Ministry for Economics and Labour and the Austrian Chamber of Commerce.

The origin of CSR Austria can be traced to a series of conferences and debates that took place in 2002 between stakeholder representatives. The aim was to discuss the possibilities of tackling the problems posed by society's lack of trust in the business world. The Austrian government played an active part in these encounters, understanding from the start the importance of the issue under discussion (perhaps also because of the publication of the Green Paper by the European Commission in July 2001), and offered firm support. Shortly after, the Federal Ministry for Economics and Labour joined CSR Austria.

This initiative responds to a multi-stakeholder approach that seeks to achieve the greatest possible acceptance among the actors involved, and constitutes the focal point from which all Austria's CSR-related activities radiate. CSR Austria views CSR as a concept of global business management designed to implement sustainable development, but also as a concept for dialogue between the economic, political and social actors. The principle of social responsibility was set forth in depth in the 16 principles reached on the basis of a process of dialogue between various stakeholders and presented in CSR Austria's 'Guiding Vision' initiative.

The guiding vision entitled *Economic Success. Responsible Action* is a response from the Austrian business sector to the globalisation and continuous change our world is undergoing. The priority of CSR Austria in this respect was to re-establish society's trust and business competitiveness, which had suffered considerably due to the corporate governance scandals that had occurred in Austria and elsewhere. Its goals also included raising awareness in business and society alike of what was being done and what could be done in the future in the field of CSR, and helping enterprises to find applicable CSR models and put them into practice. In 2005, the CSR Austria initiative, together with the Austrian Business Council for Sustainable Development, became the platform 'respACT Austria'.

Implementation: intermediation carried out by public bodies

Germany, Portugal and Ireland

At the implementation stage too we find cases in which intermediation comes from public bodies that take on the specific mission of spreading CSR and strengthening other institutions (whether public or private), which take care of part of the implementation. This is the case in Germany, Portugal and Ireland, all dealt with in earlier chapters.

In Germany, the authorities have supported the creation of institutions such as the respective subcommittee (since 2003) of the parliamentary

committee dedicated to family affairs, senior citizens, women and youth, and the National Advisory Committee of the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth, which is the main government actor in the area of volunteering. This National Advisory Committee later became the BBE, a civil network for civic engagement. The BBE is now a nationwide network, with 171 members, linking organizations and associations from the third sector (non-profit organizations) and civil society, from the business and labour sphere and federal and community institutions. Cooperation within the network is based on partnership, relying on dialogue, collaboration and practical stimuli for the promotion of commitment and civic involvement.

In Portugal, in the sphere of government, the Institute for the Development and Inspection of Working Conditions (IDICT) of the Ministry of Social Security and Labour has concentrated the leadership of, and powers over, CSR. In 2003 the IDICT organized an international conference entitled *A Responsabilidade Social das Empresas* (CSR). The IDICT pitched the discussion at a European level, inviting international representatives. One of the conclusions of the conference was that future debates on the development of CSR in business strategy should incorporate the role of the state and public authorities in the issue, especially with regard to whether companies should self-regulate or should be audited by accredited bodies.

Lastly, in Ireland, the National Centre for Partnership and Performance was established by the government in 2001 with the aim of promoting the relationship between the public and private sectors with a view to carrying out volunteer projects and improving collective behaviour in the areas of working conditions and job creation. In 2007, the NCPP was placed on a statutory footing as part of the new National Economic and Social Development Office (NESDO). The NCPP's new Strategy for 2007–2010 was entitled 'Irish Workplaces: A Strategy for Change, Innovation and Partnership'. The Strategy is focused on three priority themes: strengthening commitment to workplace innovation, developing capacity for change and improving the quality of work and employment.

Each government department deals with CSR from its own particular perspective. The Department of Community, Rural and Gaeltacht Affairs has promoted the development of numerous partnership projects between public authorities, civil society and enterprises to generate strategies and initiatives of economic development and job creation. In this framework, the government has supported the creation of the Community Development Programme. This Programme provides financial assistance to fund community development projects in disadvantaged areas. It also provides support for self-help work in specific target groups that experience disadvantage – disadvantaged women and men, lone parents, travellers, etc. – in order to help them articulate their point of view and participate in a process of personal and community development. The Programme is included in the

National Development Plan as a sub-measure in the social inclusion measures in the Regional Operational Programmes.

Beyond government-enterprise bilateral relations

On the basis of the above list, which makes no claim to be complete, we can reasonably say that these intermediary organizations are of crucial importance for the implementation of CSR policies, and that they fall into two main categories: that of the Copenhagen Centre, with an organisational model of public-private collaboration in which the government has a very active role in its creation and subsequent promotion; and that of CSR Austria, which despite its origins operates as a business organisation, with a clear focus on advancement and lobbying in CSR.

Thus, it appears to be very important for the development of CSR public policies to have a collective player that takes responsibility for these matters in the face of society and acts as a valid interlocutor and mediator between the public and the private (both for-profit and non-profit organizations): an intermediary body between the state and business. In some cases it can be the public organisation that performs these functions, more from a position of leadership.

Organizations that are involved in the design stage of the policy have more influence because they generate the agenda of issues that the minister in charge decides to take on board as a definition of CSR for that state,

Table 8.1 The involvement of intermediary organizations in the stages of policy-making

Design of the policy	Implementation	Evaluation
IPPR (UK)	Business in the Community (UK)	
Unioncamere-Bocconi (Italy)	<i>Centro Italiano per lo Sviluppo della CSR</i> (Italy)	
	The Copenhagen Centre (Denmark)	
	CSR Austria	
<i>Conselho Económico e Social</i> (Portugal)	IDICT (Portugal)	
	National Advisory Committee and BBE (Germany)	
	National Centre for Partnership and Performance (Ireland)	
	MVO Nederland (the Netherlands)	
		Social Label (Belgium)
		FinnWatch (Finland)

together with the perspective and the strategy of government action (for example, the option of voluntary compliance and the use of incentives in the UK). Most of the organizations that take part in the implementation of CSR public policy focus on action – the execution of the policy – through the management and administration of programmes and projects, producing effects and generating impact on the ground. And therein lies their source of influence: in their direct contact with the stakeholders, and hence their knowledge of their needs and of how to adapt planning to reality.

There are fewer examples of organizations involved in the final stage of public policies, that of evaluation. We believe that this is so basically for two reasons: the youth of CSR public policies, and the lack of a tradition of policy evaluation in some countries. Organizations operating at this stage concentrate on reporting: evaluating and improving reports, as is the case with FinnWatch (which has monitored the operations of Finnish companies abroad since 2002), and controlling excellence in order to highlight best practice, as is the case with the social label in Belgium.

The figure 8.4 depicts governments' possible areas of action, considering the combination of the influence and legitimation of international organizations and intermediary actors.

Government action is legitimized and strengthened by the provisions of the documents drawn up by international organizations: the OECD Guidelines for Multinational Enterprises, the ILO Conventions, the principles of the Global Compact and the initiatives of the European Commission, to name only the most important. However, we have also seen how government action for CSR is supported in some of its stages by what we have called *intermediary organizations*. These are CSR organizations that have helped governments at some stage of the development of public policies. In this con-

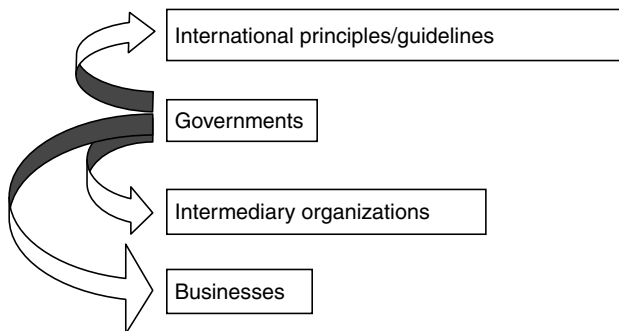


Figure 8.4 Multilevel governance in CSR policies

Source: Ysa, Albareda and Lozano, ESADE

text, these organizations are crucially important. As a result, we feel that the definition of a CSR public policy requires that the government that wishes to implement it must incorporate into its perspective specific attention to taking on and disseminating international guidelines, and encourage the existence of intermediary institutions to strengthen the process of drawing up the policy.

This evolution reflects a maturing of the field, demonstrating that business/government efforts on CSR go far beyond the sometimes sterile debate about the relative merits of voluntary vs. mandatory initiatives. There is little appetite for remaining neutral on whether to engage with government (Cramer, 2007).

Note

1. europa.eu.int/comm/employment_social/soc-dial/csr/csr_index.htm (12/6/2004).

Conclusions: Keys to Understanding Public Policies on Corporate Social Responsibility in Europe

What role should governments play in the development of public policies on CSR? The main aim of our research has been to answer this question. To this end, we have devised an interpretative key that has enabled us to analyse the various models for action employed by European governments and identify the basic elements to analyse and understand government action on CSR.

Reference frameworks

Firstly, the reference framework from which we start – and at the same time the reference framework for European governments, be they national, regional or even municipal ones – is formed by the European Commission (EC) publications on CSR: the Green Paper (July 2001), the Communication (July 2002), the final report of the European Multi-Stakeholder Forum on CSR and the most recent Communication (March 2006). The EC Green Paper and Communication on CSR establish the basic elements of the CSR agenda, link it to social governance and sustainability, and introduce the fundamental tools for developing political strategies on CSR. Lastly, the recent Communication (March 2006) linked CSR to sustainable economic growth, competitiveness and job creation, and gives the European business sector a formal space to discuss and promote the business approach together in the framework of the ‘European Alliance for CSR’.

On the basis of these texts, a common language and a context have been generated that encourage the development of entrepreneurial, social and political responses to the new social and environmental challenges we face in the new context of economic globalisation. It is also very important to bear in mind that the EC itself situates CSR within the strategic goal set at the European Council of Heads of State and Government held in Lisbon in March 2000: for the European Union, by 2010, ‘to become the most

competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion'. In order to be able to fulfil this European Council mandate, the EC establishes that it is necessary to combine the efforts of all social actors with new forms of relationship, collaboration and partnership.

From this perspective, CSR can be understood as a fundamental element of sustainable economic growth and job creation, social governance, the business contribution to sustainable development and the construction of a socially cohesive Europe. Considering this point of departure, the EC urges European governments to encourage the development of CSR in their national territories, as a component of sustainable economic and social development. This is the key that we have used to try to interpret the EC proposal and the development of the public debate on CSR. Of course, it is not a matter of replacing or directing the role and the actions of businesses, but rather of recognising the need to incorporate CSR into the agenda both of political institutions and of other institutions related to economic and business activity, including the organizations of civil society. Fundamentally, we believe that putting CSR on the European political, economic and business agenda does not correspond to any intention to prevent businesses from being businesses, or to make them take on functions that do not belong to them, but rather to get them to fully become the businesses that Europe and the globalized economy require.

Secondly, we work from the assumption (which is sometimes not as obvious as it might seem) that CSR is clearly a business issue, and should be built and developed from the world of enterprise. Nevertheless, in exercising its social and environmental responsibility, enterprise constructs relationships and establishes frameworks of dialogue with other social actors, and especially with its stakeholders. In our view, it is a case of understanding responsibility in terms of interdependence.

Corporate responsibility today cannot be reduced simply to the consequences of what companies do, but refers to how companies stand and act within the network of relationships to which they belong. Local, national and international networks. As a result, CSR is reflected in the values and criteria that guide companies in all their relationships. It lies not at the edge but at the very core of their activity. Therefore, we have argued that CSR is not just a new agenda that incorporates new social and environmental practices, but rather constitutes a new framework for understanding and viewing the company in a globalized context.

Thirdly, CSR is linked directly to new forms of social governance, in the framework of new interdependences, as the UK government was quick to observe. We believe that the governance of our complex societies will not be possible unless we transform the responsibility of the various social actors into an awareness of co-responsibility. And for this to happen, trust and

complicity have to be generated. This reading links CSR to new governance models, beyond the traditional role adopted by nation-state governments. However, neither social co-responsibility nor the construction of a public economic, political and social agenda on CSR are possible without a vision for the nation; without asking ourselves what sort of society we want to become and what sort of world we want to build.

For this reason we have stressed that putting CSR on the public agenda serves to remind us that without a shared business vision and vision for the nation, each in its own particular register, it is impossible to build a CSR public policy. Because, inevitably, the CSR debate is also a debate on the society we want to build and how enterprise should contribute to the process. In this context, a debate is also necessary on what sort of enterprise we want and need, and what we need socially and culturally in order to achieve it. These three initial reference frameworks have enabled us to analyse the action taken by European governments with regard to CSR in terms of agenda, understanding and vision.

One of the fundamental defining elements of our research is that we have taken a progressive and increasingly complex approach to the analysis of government strategies. To this end, the theoretical framework we have built deals with the analysis of government action in three approaches that fit together like Russian dolls, going from lesser to greater complexity. These three approaches allow us to consider government action on CSR on three levels.

The first approach has to do with the *themes and instruments* used by governments in their initiatives to promote CSR. This perspective is intended to provide as complete a list as possible of themes, policies and instruments applied by governments in order to promote and develop CSR.

The second approach focuses on *actors and contexts*. This perspective takes into account the relationship between the actors involved, and the interrelations and co-responsibilities that are created. It also incorporates the analysis of the milieu and the cultural context, and the socioeconomic tradition of the country in which the governmental framework for CSR is being developed.

The third and final approach focuses on *relational and strategic* aspects, and assumes the need to devise models for government action that incorporate the development of discourse and strategy on CSR and the design of public policies. Here CSR becomes an important component of political strategy, and takes into special consideration the spaces in which the social actors – government, business and society – interrelate, in a governance context.

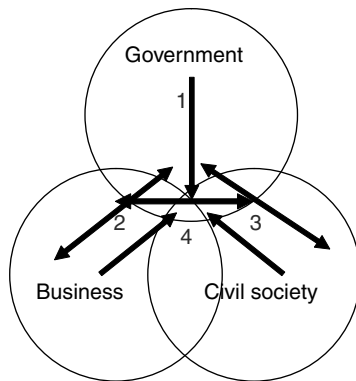
Taking these levels into account, we have applied the relational model theorised by Mendoza (1991, 1996), in the framework of the debate on the crisis of the welfare state, to the evaluation of public CSR promotion policies. This model of analysis enables us to understand in relational terms which

actors are involved in developing CSR policy and what relations may be established between them. The relational model provides the theoretical framework with a comparative advantage that allows us to take one step further in the thesis put forward by the European Commission, as it takes into account the role played by the three actors mentioned above (government, business and civil society) and their interrelations.

This scheme enables us to identify four areas in which governments can develop CSR public policies, as shown in the figure below (Figure C.1).

Thus, our scheme enables us to ask ourselves whether the CSR public policies applied by governments are aimed at any of these interrelations. This provides an analytical key with which we can go beyond the thematic and instrumental approach and contextualise better the analysis of the actors involved.

Furthermore, this focus avoids the trap of setting voluntary compliance against regulation. First, because it shows that there are more areas of action than those provided by a unidirectional relationship from government towards business. And secondly, because regulations only allow us to act on aspects of CSR that affect its explicit, negative dimensions, leaving us powerless with regard to its tacit, propo-sitive dimensions (Figure C.2).



1. CSR in public administration
2. CSR in administration–business sector relationships
3. CSR in administration–society relationships
4. Relational CSR

Figure C.1 Relational model for analysis of public policies on CSR

Source: Albareda, Ysa and Lozano, 2004

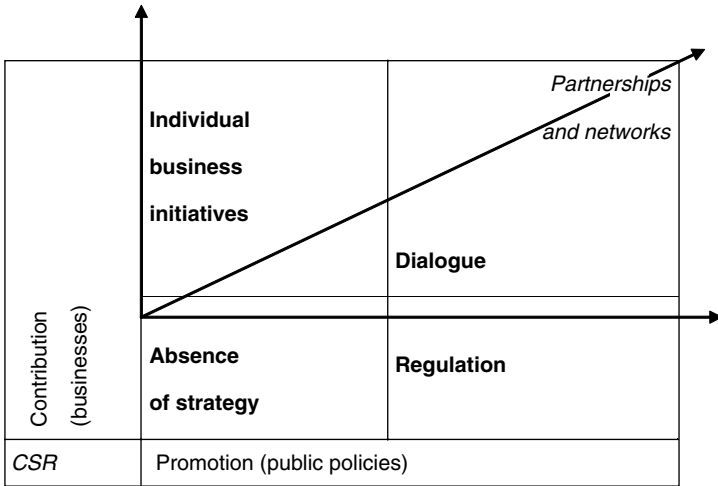
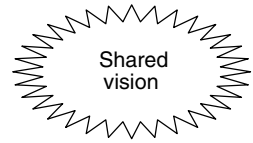


Figure C.2 Action in CSR

Source: Lozano, ESADE

Models of public policies and CSR

This relational and strategic approach has enabled us to identify *four models of action by European governments in the development of public policies on CSR*. To this end, we have taken into account the elements that define government strategy on CSR and how it takes shape in the discourse, institutional structure, governmental responsibilities and interrelationships between actors. Each model of government action encompasses the following: the state policy on CSR (vision, objectives, strategies and priorities); the name given to the policy in that country, the origin of the political discourse, and the chronological evolution of the policy; the government CR structure (departments that have taken on responsibility for the CSR policy); CR responsibilities at different levels of government (cross-cutting policies, regional/decentralised government, local government); scope of CR policy (domestic versus international, cross-sector, centralised or decentralised); CR role of other organizations (government agencies, intermediary organizations, multi-stakeholder organizations, international organizations); actors and other features such as the milieu (socioeconomic, political and cultural

Table C.1 Models of government action in the development of public policies for endorsing CSR in the EU-15

Model	Characteristics	Countries
Partnership	Partnership as strategy shared between sectors to meet socio-employment challenges.	Denmark, Finland, the Netherlands, Sweden.
Business in the Community	Soft intervention policies to encourage company involvement in governance challenges affecting the community (entrepreneurship and voluntary service).	Ireland, the United Kingdom.
Sustainability and Citizenship	Updated version of the existing social agreement and emphasis on a strategy of sustainable development.	Austria, Belgium, Germany, Luxembourg.
Agora	Regulating. Creation of discussion groups for the different social actors to achieve public consensus on CSR.	France. Greece, Italy, Spain, Portugal.

Source: Albareda, Ysa and Lozano, ESADE

context and administrative tradition). This allows us to analyse their similarities and differences.

We propose the following names for the models we have identified: Partnership, Business in the Community, Sustainability and Citizenship, and Agora (Table C.1).

Each model stresses a dominant perspective, which nevertheless does not exclude the others, as we find certain similar components linked to CSR in all the models. However, the basic issues that provide the structure of each model justify the names we have given them here.

The Partnership model includes Denmark, Finland, Sweden and also the Netherlands. These are countries with a strong welfare state tradition, the governments of which have spent decades developing public-private partnership strategies aimed at solving social problems. They are also countries with a historical tradition of social dialogue, in which the relationship between government and business has a large component of cooperation. In these countries, the more pioneering governments started to talk about CSR with a view to solving social issues in the last decades of the twentieth century. Public policies of collective commitment between the government and the private sector were put forward in the context of socioeconomic and employment challenges, particularly in response to high unemployment

rates and job creation. Involvement is very intense at the level of local government, which channels the formation of partnerships, thus fostering the concept of social co-responsibility between administrations, businesses and social organizations.

The Business in the Community model comprises Ireland and the UK. These countries were pioneers in the development of CSR policies. In the 1990s, their governments sought to respond to the state's crisis of legitimacy and the need for new forms of social governance to meet the social deficits faced by the welfare state (unemployment, social exclusion, destructuring of less-favoured areas). In these countries, government action is conceived more as facilitative or mediatory action, and CSR policies are designed from a strategy of soft intervention. Government policy is focused on supporting the private sector in order to encourage it to get involved in the development of underprivileged communities.

The Sustainability and Citizenship model includes the countries of continental Europe: Germany, Austria, Belgium, France and Luxembourg. We have divided it into two submodels: the Citizenship submodel, which comprises Germany, Austria, Belgium and Luxembourg, and the Regulating submodel, which consists of France. The governments of these countries took on CSR around the time of the publication of the Green Paper by the European Commission. Their initial vision of CSR focuses generically on encouraging enterprise to play an active role in policies grouped under sustainable development strategies. The idea is to generate businesses that also work for a sustainable future in the countries where they operate. In this way, CSR also incorporates issues linked to enterprise as a creator of social capital: working conditions and standards, worker participation in community issues, the contribution of business to the community and economic development, social problems and lack of jobs, international action by businesses, new technologies and equal opportunities. The countries that follow this model have a long tradition of social and workers' rights and a historical background of dialogue between trade unions and companies. Thus businesses act in a highly developed legal and tax framework with a very clear guarantee of social rights, as a driving force for the social and economic development of society. Businesses are expected to adopt the role of citizens, with the duties and rights that that entails.

The Agora model groups together the Mediterranean countries: Greece, Italy, Portugal and Spain. They are all countries that adopted the concept later on, after the Green Paper. The European Commission's initiative acted as a catalyst for the governmental development of CSR in these countries. The process of drafting their national strategies is characterised by the creation of committees and working groups, which often incorporate the multi-stakeholder approach to discuss the concept of CSR and the design of CSR public policies. This perspective of participation in public discussion is linked to the development of government frameworks for action, and

several social actors participate in it. The government has invited companies and other social actors (employers' organizations, trade unions, etc.) to deliberate on what action should be taken.

On identifying these models, we detect a symptomatic familiarity between the different models of government development of public CSR promotion policies and the various welfare state development models in Europe. We consider that this correspondence poses a political and entrepreneurial challenge: it tells us that in the debates on CSR sometimes more elements converge than are explicitly stated. It is not just another issue that arises out of a concern for reputation or the latest trend.

Ultimately, we believe that CSR is to be seen in the framework of the new forms of social governance that our complex and interdependent society require. It provides a new vision of the contribution of business to society, a new relationship between political, business and social actors, and the opportunity to develop a diagnosis and a shared perspective as to what challenges are most important for our complex societies.

We have also found that governments do not act as creators of CSR public policies solely through their measures aimed at businesses. The incorporation of the principles, standards and guidelines for CSR promoted by international organizations into the various national contexts plays a very important part in the legitimation of the development of CSR policies. Moreover, within each country the role of organizations that stand between governments and businesses, which we have called intermediary organizations, is decisive. This structure of action is shown in the table below. (Figure C.3)

The action of governments is legitimated in the guidelines established in the documents drafted by international organizations: the OECD guidelines for multinational enterprises, the ILO conventions and the ILO Declaration

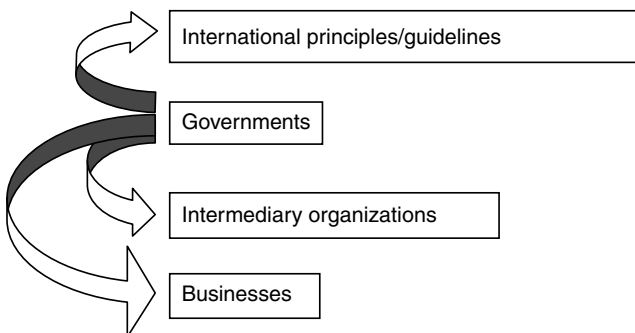


Figure C.3 Multi-level governance in CSR policies

Source: Ysa, Albareda and Lozano, ESADE

on Fundamental Principles and Rights at Work, together with the principles of the Global Compact, to mention some of the most important. However, we have also observed that the action of governments receives, at some of its stages, the support of what we have called *intermediary CSR organizations*. These are CSR organizations that have aided governments at some stage of the construction of public policies. In this framework, intermediary organizations are of crucial importance.

If we cross refer the available information on the profile of each state with the relational model applied to CSR public policies, we can construct the map of public policies and their consequent programmes related to the development of CSR: CSR in public administrations, CSR in administration–company relationships, CSR in administration–society relationships and CSR in administration–company–society interrelationships (relational CSR) (Figure C.4).

We have classified government policies and programmes according to the relational model. From this perspective, the thematic and instrumental approach is totally integrated into a relational and strategic approach.

On the basis of this assumption, we believe that it is possible to identify more clearly the fundamental aspects of the political debate on the development of CSR:

- The debate on the *themes and instruments* inherent in a CSR policy
- The debate on the *actors who should participate* in the design of a CSR policy, how they should be involved in this process and the interests of each of them in the process
- The debate on *how CSR should be understood* (and the policy that matches it best), considering the economic, social and cultural context of each country

We would like to stress that these three debates are not mutually exclusive. In fact, it is possible and indeed desirable to conduct them in an integrated

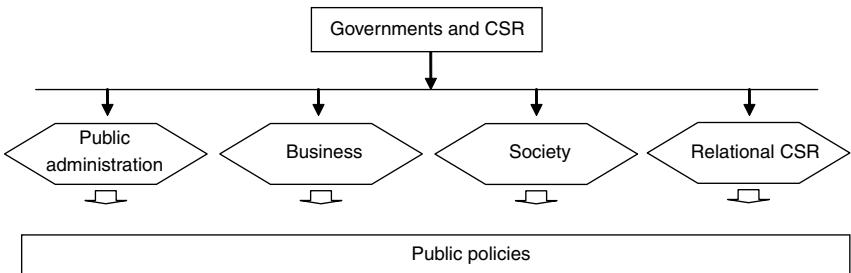


Figure C.4 Conceptual matrix of the analysis of public policies on CSR

Source: Albareda and Ysa, ESADE

fashion. But it is important to note that each of them stands alone, with its own logic, criteria and priorities. Therefore, the debate on public policies and CSR may likewise be difficult to piece together and to solve when interlocutors focus on their own aspect of the debates, to the exclusion of those of the others. And all the more so when the various actors involved do not coincide in the priorities of their respective agendas and/or do not share some basic element in their respective ways of understanding CSR.

In the course of this book, we start with the drafting of the *agenda* of political themes and instruments adopted by governments and we advance towards an approach that provides us with an *understanding* of government action, with the incorporation of the key for reading the relational model in the framework of CSR public policies, and the perspective focused on the relationship between actors (government, business and society) and their socioeconomic context. And lastly, the interrelation between the socioeconomic context and the relational model applied to public policies on CSR has enabled us to identify models of government approach.

In this way, we have been able to analyse the government discourse on CSR, the governmental structure, the strategy and the public policies developed in an analytical key that moves forward in the new interconnection between actors and new ways of generating CSR public policies in the framework of social governance.

Thus, our basic conclusion is that the devising of a public policy on CSR that takes into account the various actors involved is one of the main challenges that face governments, if we consider the political, economic and social changes that characterise the time in which we live. More than an epoch of change, this is a change of epoch. And this change of epoch is the real ecosystem of CSR.

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