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André Habisch · Jan Jonker
Martina Wegner · René Schmidpeter
Editors

Corporate Social Responsibility Across Europe

DISCOVERING
NATIONAL PERSPECTIVES
OF CORPORATE
CITIZENSHIP

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Corporate Social Responsibility Across Europe

With 7 Figures and 18 Tables

 Springer

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Foreword

Corporate Social Responsibility, or CSR, helps businesses to build up credibility and trust which are the key to hiring – and retaining – the best and brightest staff, and to a reputation which consumers and investors can identify with.

For the public at large, CSR plays another role. The impact of trade liberalisation and technological change brings concern about globalisation, economic restructuring and the ever growing power of multinationals. If corporations demonstrate a sense of social and environmental responsibility, they help to ease the transition towards the new economic order.

But why are governments interested in CSR? – Their task is to make sure that the process of global economic and social change is managed properly and fairly. Let me give you a simple but striking example. The ILO estimates that two hundred and fifty million children are currently working world wide in dangerous or degrading conditions. This can only be changed if the countries concerned ratify and apply the ILO instrument outlawing such practices. With proper CSR, we can at least ensure that European companies commit to respecting children's rights in all their global operations and thus send out a signal to others.

Moreover, CSR is a major contributor to Europe's employment and social agenda – the pursuit of more and better jobs. It is also an important driver of better global governance, reinforcing existing policy tools such as legislation and social dialogue.

For these reasons, the European Commission decided to launch a consultative paper on Corporate Social Responsibility in July 2001 and a policy paper in July 2002. In this paper we prepared the ground for a European CSR strategy, showing that the “agenda” of business and the “agenda” of public policy-makers can coincide. The policy paper aims to promote CSR practices, to ensure the credibility of CSR claims as well as coherence in public policy on CSR.

To respond to these challenges, a Multi-Stakeholder Forum was set up bringing together European representative organisations of employers, business networks, NGOs and Trade Unions. The Forum aimed first and foremost to raise awareness of CSR and secondly to promote innovation, convergence and transparency in the use of existing CSR practices and tools such as codes of conduct. The Forum also tackled the question of legal recognition of CSR benchmarks, such as labelling, both in individual jurisdictions and across borders. Public authorities at all levels are seeing CSR as a tool of government. More and more, CSR criteria are included in market regulation, the provision of grants, or tax incentives. However, unless

government proceeds in an orderly way, it runs the risk of introducing new barriers to trade in the EU's internal market. Extreme vigilance will be needed here.

But ultimately, the EU's success in promoting CSR will depend on ensuring widespread "ownership" of CSR – by business, social partners, civil society and public authorities. We hope that the information included in this volume will help deepen all stakeholders understanding of each others' role and thus contribute to a European approach towards CSR.

Anna Diamantopoulou

Athens, August 2004

*Member of the Greek Parliament
Former European Commissioner
for Employment and Social Affairs*

Foreword

Over recent years the debate about Corporate Social Responsibility (CSR) has spread very rapidly across Europe as part of the intense discussion about sustainability and globalisation. CSR, a virtually unknown concept a decade ago, is today a topic for discussion not only for business people but also for politicians, trade-unionists, consumers, NGOs as well as researchers.

Europe is the most active and most vocal region when it comes to CSR. This could also be observed on the occasion of the CSR Colloquium in Wildbad-Kreuth in January 2004, where researchers from all over Europe presented national perceptions of CSR and where I had the pleasure to contribute the European Commission's view of CSR. Being based on this event, this book helps clarify whether Europe will be able to develop its own unique and distinctive model of CSR against a diversity of national concepts of CSR.

As this unique overview of 23 countries proves, CSR comes with different national characteristics resulting from diverse cultural traditions as well as heterogeneous social and economic backgrounds. Until recently ethical concerns played a dominant role in Anglo-Saxon countries. While environmental preoccupations ruled the CSR agenda in the north of Europe, CSR was perceived as a means to advance social issues in the south. Expectations from CSR have been less tangible in Eastern Europe. As approaches towards CSR are being taken further in the context of a globalised world, they are expected to increasingly bring together these social, environmental and ethical ingredients, shaping them into an ever more uniform European concept of CSR.

The dominant traits of this emerging European concept of CSR are its links with sustainability and governance. CSR is defined as a way of doing business which contributes to sustainable development, reinforcing competitiveness, social cohesion and environmental protection. CSR is therefore much more than philanthropy or ethics. Already today there is a wide consensus on this definition.

Corporate Governance, as the second common denominator, is more controversial. While the development of CSR initially was – and to some extent still is – based on unilateral company initiatives responding to market pressures, today multi-stakeholder approaches are clearly showing the way forward. This corresponds to the 2002 definition of the European Commission, stating that CSR is implemented in dialogue with stakeholders. However, the stakeholder approach raises political, regulatory and organisational challenges. Despite the recent European Parliament resolution on company law and corporate governance which points to the essential role to be played by stakeholders, there is still a wide gap between the actual prac-

tices of corporate governance and the CSR debate. Furthermore, the question of how to involve legitimate stakeholders' representatives is still an unresolved issue.

CSR is driven by market actors such as consumers, investors, as well as opinion leaders and reputation makers such as NGOs and the media. As CSR is about action taken by companies in reaction to market pressures, it also needs market rules to develop in a sustainable manner. So while CSR is essentially taking place at firm level, it is increasingly affected by national, European and international policies. Today CSR is becoming an established policy tool and most European governments are developing policies aiming at shaping CSR. It is important for businesses and their stakeholders that these policies be consistent with the CSR objectives of sustainable development and better governance.

The present volume illustrates twenty-three national CSR approaches discussing also the above mentioned objectives, and it is my conviction that it will thus contribute to strengthening and shaping a European understanding of CSR.

Dominique Bé

Brussels, August 2004

*Directorate General
Employment & Social Affairs
European Commission*

Foreword

One of the most important tasks in our globalised world is to find an equilibrium between economic success and social welfare. It is obvious that such a complex task requires all players on the market to reconsider their roles. Many players, such as NGOs and not-for-profit organisations, but also politicians ask especially companies to take on more social responsibility.

But why should a company do so? Such an approach only incurs cost and does not increase profitability – and this means that competitiveness is at stake.

This often quoted statement of economic hard-liners does not hold true. In the first place, companies were founded to serve people. As the Managing Director of be-tapharm I am convinced of this idea and this is why we are committed to social projects in the health care area. But companies will only assume social responsibility if their executives have the required mindset. Since they are responsible for the well-being of their companies, they will only commit themselves to community projects if this helps their organisations at the same time. And this is neither unethical nor an abuse of social commitment for profit reasons, but simply the above mentioned combination of the two crucial needs: economic success and social welfare.

Secondly, CSR has a key effect on the inside of companies. Employees do not only want to earn money: In an increasingly networked world without a set value structure they need an emotional platform, jobs with additional value. CSR is such a platform. As such it is able to motivate people. Socially responsible companies are more competitive, as they have highly motivated staff and as they are attractive employers for committed and qualified people.

Entrepreneurs deciding in favour of CSR need to be visionaries and have to understand that the assumption of corporate responsibility is more than advertising. However, at present many approaches towards CSR fail because the public and the consumer do not reward the efforts undertaken by socially responsible companies. This has to change. And this can only be done on the political level. Socially responsible and successful companies must not be punished but have to be recognised as organisations of special importance. Politicians have to make sure that these companies gain a superior image in public.

I am convinced that the social development, the increasing problems worldwide will force us to get involved in CSR – and it will bring benefits for all players, for society and the company itself: due to a better image, higher reputation of the

brand, staff motivation and a competitive edge. Companies which excel due to their social commitment will win in competition – and this will be to the advantage of all of us.

Peter Walter

Augsburg, August 2004

*Managing Director of
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André Habisch
Jan Jonker
Martina Wegner
René Schmidpeter

Eichstätt, August 2004



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