

CSR, Sustainability, Ethics & Governance

Series Editors: Samuel O. Idowu · René Schmidpeter

Samuel O. Idowu

René Schmidpeter

Matthias S. Fifka *Editors*

Corporate Social Responsibility in Europe

United in Sustainable Diversity

 Springer

CSR, Sustainability, Ethics & Governance

Series Editors

Samuel O. Idowu, London Metropolitan University, United Kingdom

René Schmidpeter, Cologne Business School, Germany

More information about this series at
<http://www.springer.com/series/11565>

Samuel O. Idowu • René Schmidpeter •
Matthias S. Fifka
Editors

Corporate Social Responsibility in Europe

United in Sustainable Diversity

 Springer

Editors

Samuel O. Idowu
London Guildhall Faculty of
Business & Law
London Metropolitan University
London
United Kingdom

René Schmidpeter
Cologne Business School
Cologne
Germany

Matthias S. Fifka
Institute of Economics
Friedrich-Alexander-University Erlangen-Nürnberg
Erlangen
Germany

ISSN 2196-7075

ISBN 978-3-319-13565-6

DOI 10.1007/978-3-319-13566-3

Springer Cham Heidelberg New York Dordrecht London

ISSN 2196-7083 (electronic)

ISBN 978-3-319-13566-3 (eBook)

Library of Congress Control Number: 2015932081

© Springer International Publishing Switzerland 2015

This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed. Exempted from this legal reservation are brief excerpts in connection with reviews or scholarly analysis or material supplied specifically for the purpose of being entered and executed on a computer system, for exclusive use by the purchaser of the work. Duplication of this publication or parts thereof is permitted only under the provisions of the Copyright Law of the Publisher's location, in its current version, and permission for use must always be obtained from Springer. Permissions for use may be obtained through RightsLink at the Copyright Clearance Center. Violations are liable to prosecution under the respective Copyright Law.

The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

While the advice and information in this book are believed to be true and accurate at the date of publication, neither the authors nor the editors nor the publisher can accept any legal responsibility for any errors or omissions that may be made. The publisher makes no warranty, express or implied, with respect to the material contained herein.

Printed on acid-free paper

Springer is part of Springer Science+Business Media (www.springer.com)

Foreword by Nicholas Capaldi

CSR is a concept that has been around for a long time. But post 1989, we entered a new era. Marxist theory had predicted the inevitable collapse of capitalism or market economies. Not only did this not occur but market economies provided models for the reconstruction of the failed economies of the socialist world. All around the world, thinkers have begun to rethink the relationship among markets, government, NGOs, think tanks, and academe in general and business school education in particular.

Instead of focusing exclusively on the sins of Trans National Corporations (TNCs), scholars began to recognise the superior ability of corporations in market economies to create resources and innovative approaches to a wide variety of social issues. In this less confrontational environment, many corporate executives welcomed the opportunity to contribute to the solution of a wide variety of economic and social problems. This has certainly been reflected in changes in the curriculum of business schools and the rising prominence of business ethics.

As a consequence, CSR is generally recognised as a policy adopted voluntarily by corporations and without external regulation by the state. The European Union's (EU) Green Paper Promoting a European framework for Corporate Social Responsibility (2001) described corporate social responsibility as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

In *Corporate Social Responsibility in Europe: United in Sustainable Diversity*, edited by Samuel O. Idowu, René Schmidpeter, and Matthias S. Fifka, we have a remarkably rich collection of essays discussing the progress that has been made in various parts of Europe in addressing these issues and in the positive symbiosis that is being actively achieved. This collection will be extremely valuable both to those operating in Europe who can learn from their peers and as a model that will be useful to those organisations in market economies in other parts of the world who struggle with similar issues.

New Orleans, LA, USA

Nicholas Capaldi

Foreword by Michael Hopkins

It is brave indeed to try and cover what is meant by CSR in one country, let alone 24 countries across Europe. I have often been asked in my travels how does CSR compare in, say, between China and USA. People normally don't want the long description of well, "what do you mean by CSR", do you wish to cover all institutions or only companies, and China is a big country what parts would you be interested in and what economic sectors or size? My reply has usually been "do you want the long version?" or would my 5 min "back of the envelope" snapshot do as presented in the graphic below?

In a world view of CSR, I have created the following "stylised facts" diagram which remains true today as when I first created it in 2011. It is simply based upon my impressions and thus easy to do and understand, which was the aim.

Essentially, Fig. 1 shows that Europe is ahead of most countries, followed by USA while emerging market economies (also known as developing countries) are on the first rungs of CSR with few having a complete systematic approach to CSR. In fact, right now, most developing countries—and the USA to a certain extent—focus on CSR as charitable giving.

In fact in my first book in the mid 1990s (*The Planetary Bargain*), I tried to cover CSR in different countries and as you can see found it much easier then than now since CSR was then hardly referred to in any detail.

Thus the editors of this book have been brave in putting together a useful compendium to dip into and find out a little what may be happening in one country or another and who might be the key players. Perhaps I may be forgiven one quibble and that is, it would be useful for the authors to put together a comparative table of all the chapters according to an acceptable definition—the one I use mostly is simple enough—"CSR is treating stakeholders in a responsible or ethical manner".

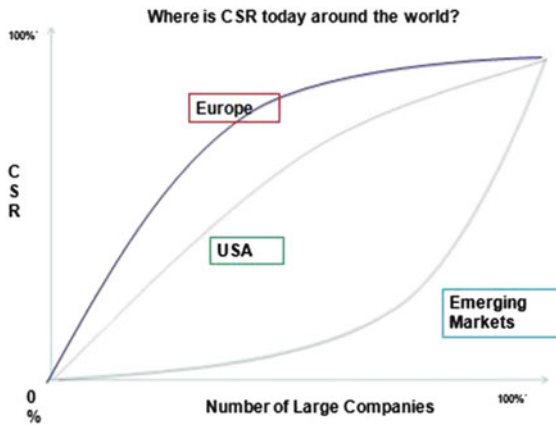


Fig. 1 A depiction of where CSR is in the global context (Created by Michael Hopkins June 2011)

While in the various chapters the definition or interpretation of CSR varies, Bulgaria for instance uses the old EU definition of “. . . the positive and negative impacts that companies have *on* society (European Commission, 2011)”. The implication of the definition means that the interpretation is very much “on” society but less on internal stakeholder issues such as governance and links to the business case of companies (or efficiency of non-private institutions).

Turning to the detail in each of the chapters, the reader will not be disappointed. Many chapters are excellent such as the UK and Netherlands chapter and most trace the fascinating history of CSR in their countries. Again one can quibble about what is becoming common practice these days and that is the interchangeable between CSR and Sustainability with, for instance, the fascinating Swiss chapter using CSR/Sustainability but, then, that is what is used in practice in Swiss Government circles in any case.

While not to be out done by the mature markets, many of the newer entrants into the EU provide fascinating stories of socio-economic development linked to their past. The chapter on Turkey, for instance, has a wonderful chart on “Specific Events in the Evolution of CSR” going as far back as the Ottoman Empire and brings us up to today.

Anyone venturing into any of these 24 countries for intellectual pursuits would be well advised to have a quick look at the relevant chapter . . . including, may I suggest, Trip Advisor!

Preface

Europe has contributed immensely to developments in the field of corporate social responsibility (CSR) as we know it today. One cannot forget the many activities of the 8th President of the European Commission, Jacques Delors, in the field of CSR in the 1990s and those EU Presidents who came after him. As a result, these editors believe that a book which provides up-to-date information on the current state of CSR in individual European countries at this stage of the twenty-first century using the expertise of scholars working in the field of corporate social responsibility in these countries is desirable. The book has focused attention on different EU and non-EU states within the continent of Europe with the hope that it would provide a balanced view of how CSR continues to evolve and add to people's understanding of how CSR has continued to develop and transform economies in these countries. Needless to say, these countries in Europe are at different economic, political and cultural settings; consequently, it should be expected that the way they perceive and practise the field of corporate social responsibility should also be different. Not only that, not all European countries are members of the EU, but some of those that are members in fact do things differently in many respects; for instance, not all of them use the euro as their currency. It therefore became important for us to include both the EU and non-EU member states since CSR is now a global business concept used worldwide. Besides, a book on CSR Europe cannot only be about CSR in the EU countries. Interestingly, many former communist states which are now members of the EU are proactively ensuring that businesses within their borders are socially responsible as defined by those activities stemming from the triple bottom line and those issues they understand to fall under the CSR umbrella; chapters in the book from these countries should hopefully testify to that.

We believe that as our world continues to become more globalised, so too would businesses operating in a globalised world become more proficient in terms of their CSR activities and other ethical issues that are socially acceptable to our world. Multinational corporations of this era operating in both advanced and emerging economies have a lot to contend with in terms of what modern capitalism expects from them. Some countries are still shying away from signing international agreements and codes on labour and human rights, reducing the adverse effects of their

carbon footprints, etc., “because they are unwilling to offend governments of other countries they trade with” or “because they believe that some of the actions required of them are bad for business and detrimental to their economies”, etc.; these countries would need to reassess their stance on these issues and voluntarily do the right things.

Governments, corporate entities and individual citizens in Europe, we believe, are better placed to lead the crusade on social, environmental and economic responsibilities, in order to ensure that countries around the world are protected from reoccurrences of avoidable global financial and economic crises; the 25 chapters of this book which have explored how corporate social responsibility is shaping up around Europe are probably good evidence of that.

London, UK
Cologne, Germany
Erlangen, Germany

Samuel O. Idowu
René Schmidpeter
Matthias S. Fifka

Acknowledgements

We are grateful to a host of fine scholars spread around the continent of Europe for honouring our call to participate in this wholly European CSR book. Many of them despite their busy schedules felt obliged to help in putting together this concise edition of CSR in Europe; to them these three editors are eternally grateful, the lead editor in particular.

We would also especially like to express our personal thank you to a few people starting with the former Vice Chancellor and Chief Executive of London Metropolitan University, Professor Malcolm Gillies, the Dean of London Guildhall Faculty of Business and Law, Professor Stephen J Perkins, and the Subject Group Team Leader for Accounting courses, Ken Reid, for their support all the time of the lead editor's research and publishing activities. We also wish to thank some of our friends who have continued to assist us in many of our professional activities: Nicholas Capaldi, John O Okpara, Richard Ennals, Stephen Vertigans, Una McMahon Beattie, Michael Hopkins, Liangrong Zu, Ron Cambridge, Bonnie Lewtas, David Ogunlaja, Samuel Ogunlaja, Christopher Soyinka, Timothy Ogunyale, Julius Olanrewaju, Michael Soda, Samson Nejo, Samson Odugbesi and Akin Sotikare. The lead editor is also grateful to his brother Michael A. Idowu and sister Elizabeth A. Lawal. Finally, he is eternally grateful to those who are always on the scene of many of these activities: his wife Olufunmilola O. Idowu and children Josiah Opeyemi Idowu and Hannah Ayomide Idowu. God Bless you all.

The three Editors would like to thank their publishing team at Springer headed by the Senior Editor, Christian Rauscher, Barbara Bethke and other members of the publishing team who have supported this project and all our other projects.

Finally, we apologise for any errors or omissions that may appear anywhere in the book; no harm was intended to anybody.

Contents

Corporate Social Responsibility in Europe: An Introduction	1
Samuel O. Idowu and René Schmidpeter	
Part I Western and Central Europe	
Corporate Social Responsibility in Ireland: A Snapshot	17
Anne Burke	
Corporate Social Responsibility in the United Kingdom	37
Stephen Vertigans	
CSR Implementation in Belgium: Institutional Context, the Role of CSR Managers and Stakeholder Involvement	57
An Hutjens, Nikolay A. Dentchev, and Elvira Haezendonck	
Commanded Aspirations and Half-Hearted Enactment: The (Yet) Unfulfilled Promises of French-Style CSR	81
François Maon	
Corporate Social Responsibility in the Netherlands	93
Joop H.M. Remmé	
Corporate Social Responsibility in Between Governmental Regulation and Voluntary Initiative: The Case of Germany	125
Matthias S. Fifka and Dirk Reiser	
CSR in Austria: Exemplary Social and Environmental Practice or Compliance-Driven Corporate Responsibility?	137
Christina Keinert-Kisin	
Insights into the CSR Approach of Switzerland and CSR Practices of Swiss Companies	153
Katharina Hetze and Herbert Winistörfer	

Part II Northern Europe

The Historical Development of Corporate Social Responsibility in Norway	177
Caroline D. Ditlev-Simonsen, Heidi von Weltzien Hoivik, and Øyvind Ihlen	
Political Institutions and Corporate Social Responsibility: A Nordic Welfare State Perspective from Denmark	197
Morten Ebbe Juul Nielsen and Claus Strue Frederiksen	
Corporate Social Responsibility in Finland: From Local Movements to Global Responsibility	209
Mirja Mikkilä, Virgilio Panapanaan, and Lassi Linnanen	

Part III Eastern and Central Europe

Corporate Social Responsibility in Croatia: From Historical Development to Practice	231
Petra Eterović, Borna Jalšenjak, and Kristijan Krkač	
Corporate Social Responsibility in Poland: From Theory to Practice	245
Tomasz Potocki	
Corporate Social Responsibility in Poland: From the Perspective of Listed Companies	271
Maria Aluchna	
Corporate Social Responsibility in Estonia: Moving Towards a More Strategic Approach	291
Mari Kooskora	
Corporate Social Responsibility in Bulgaria: The Current State of the Field	313
Samuil Simeonov and Marina Stefanova	
Corporate Social Responsibility in Serbia: Between Corporate Philanthropy and Standards	333
Ivana Mijatovic, Slobodan Miladinovic, and Dusan Stokic	
Whether and When: Corporate Social Responsibility as a Nationally Embraced Concept in Slovenia	351
Urša Golob	
Corporate Social Responsibility in Lithuania: Fragmented Attempts to Respond to External Pressure	365
Raminta Pučėtaitė and Rasa Pušinaitė	
Corporate Social Responsibility in Romania: Evolution, Trends and Perspectives	381
Catalina Sitnikov	

Part IV Southern Europe

CSR in Portugal: From a Paternalistic Approach to Lacking Contribution to Sustainable Development 399

Manuel Castelo Branco

Corporate Social Responsibility: Current and Future Perspectives in Spain 413

Belén Díaz Díaz and Rebeca García Ramos

A State of the Art of Corporate Social Responsibility Diffusion in Italy: Limits and Potentials 435

Mara Del Baldo

Corporate Social Responsibility in Times of Crisis: The Case of Greece 469

Nicholas Harkiolakis

An Analysis of Corporate Social Responsibility in the Turkish Business Context 483

Duygu Turker

Part V Summary

Corporate Social Responsibility in Europe: United in Sustainable Diversity – a Summary 503

René Schmidpeter and Samuel O Idowu

Index 509

About the Editors

Matthias S. Fifka is a Professor for Business Administration and Business Ethics at the University Erlangen-Nuernberg. He is also a Visiting Professor at the University of Dallas (USA), the Nanjing University of Finance and Economics and the Shanghai Jiao Tong University (China), the École Supérieure des Sciences Commerciales d'Angers (ESSCA) (France), and the Maastricht School of Management (Netherlands). He serves as external evaluator at the Maastricht School of Management and the Hamburg University of Applied Sciences. From 2011 until September 2013 he held the Dr. Juergen Meyer Endowed Chair for International Business Ethics and Sustainability at Cologne Business School (CBS).

His research and teaching focuses on issues of strategic management—especially the strategic implementation of sustainability and corporate social responsibility—business ethics, corporate governance, international management as well as the American political and economic system.

He is and has been a member of several scientific commissions and boards, e.g., for the European Union, the Federal Ministry of Labor and Social Affairs, and the German Association of Environmental Management (B.A.U.M. e.V.). Moreover, since 2008, he has been serving as the deputy director of the German American Institute in Nuernberg. He also advises different types of organisations on management and CSR issues.

Matthias S. Fifka earned his doctorate in 2004 with a dissertation on business associations in the United States. In 2011, he completed his *Habilitation* with a large study on corporate citizenship in Germany and the United States.

Among his publications are:

CSR and Sustainability Reporting (ed.) (Heidelberg: Springer, 2014)

Managing Corporate Social and Environmental Responsibility—From Strategies to Implementation; Special Issue of Corporate Social Responsibility and Environmental Management, Vol. 21, No. 3 (edited with Nicola Berg) (Wiley, 2014)

Corruption in International Perspective (edited with Andreas Falke) (Berlin: Erich Schmidt Verlag, 2012)

Moreover, he has published more than 40 articles in renowned journals (e.g. *Business Strategy and the Environment*, *Corporate Social Responsibility and Environmental Management*, *Business Ethics: A European Review*) and books, and serves as member of the editorial board and reviewer for several journals. He frequently contributes articles and interviews to a variety of national and international media. Matthias Fifka speaks German, English, Spanish, Portuguese and French.

Samuel O. Idowu is a Senior Lecturer in Accounting and Corporate Social Responsibility at the London Guildhall Faculty of Business and Law, London Metropolitan University, where he was course organiser for Accounting Joint degrees, Course Leader/Personal Academic Adviser (PAA) for students taking Accounting Major/Minor and Accounting Joint degrees and currently Course Leader for Accounting and Banking degree. Samuel is a Professor of CSR and Sustainability at Nanjing University of Finance and Economics, China. He is a fellow member of the Institute of Chartered Secretaries and Administrators, a fellow of the Royal Society of Arts, a Liveryman of the Worshipful Company of Chartered Secretaries and Administrators and a named freeman of the City of London. Samuel has published about 50 articles in both professional and academic journals and contributed chapters in edited books and is the Editor-in-Chief of two major global reference books by Springer—the *Encyclopedia of Corporate Social Responsibility* (ECSR) and the *Dictionary of Corporate Social Responsibility* (DCSR), and he is a Series Editor for Springer's CSR, Sustainability, Ethics and Governance books. Samuel has been in academia for 27 years winning one of the Highly Commended Awards of Emerald Literati Network Awards for Excellence in 2008 and 2014. In 2010, one of his edited books was placed in 18th position out of 40 top Sustainability books by Cambridge University Programme for Sustainability Leadership. He has examined for the following professional bodies: the Chartered Institute of Bankers (CIB) and the Chartered Institute of Marketing (CIM) and has marked examination papers for the Association of Chartered Certified Accountants (ACCA). His teaching career started in November 1987 at Merton College, Morden, Surrey; he was a Lecturer/Senior Lecturer at North East Surrey College of Technology (Nescot) for 13 years where he was the Course Leader for B.A. (Hons) Business Studies, ACCA and CIMA courses. He has also held visiting lectureship posts at Croydon College and Kingston University. He was a Senior Lecturer at London Guildhall University prior to its merger with the University of North London, when London Metropolitan University was created in August 2002. He has served as an external examiner to a number of UK Universities including the University of Sunderland, the University of Ulster, Belfast and Coleraine, Northern Ireland and Anglia Ruskin University, Chelmsford. He is currently an External Examiner at the University of Plymouth, Robert Gordon University, Aberdeen, Scotland and Teesside University, Middlesbrough, UK. He was also the Treasurer and a Trustee of *Age Concern*, Hackney, East London from January 2008 to September 2011. He is a member of the Committee of the Corporate Governance Special Interest Group, of the British Academy of Management (BAM). Samuel is

on the Editorial Advisory Boards of the *Management of Environmental Quality Journal*, *International Journal of Business Administration* and *Amfiteatru Economic Journal*. He has been researching in the field of CSR since 1983 and has attended and presented papers at several national and international conferences and workshops on CSR. Samuel has made a number of keynote speeches at international conferences and workshops.

René Schmidpeter holds the Dr. Juergen Meyer Endowed Chair of International Business Ethics and Corporate Social Responsibility at Cologne Business School (CBS). He is also a professor at the Nanjing University of Finance and Economics as well as academic head of the Centre for Humane Market Economy in Salzburg, Austria. He is a series editor for Springer's *CSR, Sustainability, Ethics and Governance* books, a section editor of the *Encyclopedia of Corporate Social Responsibility (ECSR)* and an editor of the *Dictionary of Corporate Social Responsibility (DCSR)*. His research and teaching activities focus on the management of Corporate Social Responsibility, international perspectives on CSR, Social Innovation and Sustainable Entrepreneurship as well as the relationship between business and society. He has published widely and is the editor of the German *management series on Corporate Social Responsibility* at Springer Gabler. His latest international and national publications include:

Sustainable Entrepreneurship (2014), Springer, together with C. Weidinger and F. Fischler

Social Innovation (2013), Springer, together with T. Osburg

Corporate Social Responsibility (2012), Springer, together with A. Schneider

Schmidpeter serves as an expert jury for the Sustainable Entrepreneurship Award (SEA) in Vienna, Austria and has been a member of many academic, economic and political steering committees as well as advisory boards. He has conducted research for the Federal Ministry of Education and Research, the European Union, the Bavarian Ministry of Social Affairs, the Anglo-German Foundation, the Bertelsmann Foundation as well as the Deutsche Forschungsgesellschaft (DFG). He works closely with chambers of commerce and businesses in Germany and Austria in order to further build up regional knowledge in the field of sustainability and CSR.

List of Contributors

Maria Aluchna Associate Professor at Department of Management Theory, Warsaw School of Economics (SGH), Poland; Academic Director of CEMS MIM at SGH. She studied marketing and management at the Warsaw School of Economics where she graduated in 1998 with a M.A. (Econ) degree. She specialises in corporate governance (ownership structure, board, executive compensation, transition economies) as well as in strategic management and corporate social responsibility. She was awarded Deutscher Akademischer Austauschdienst (DAAD) scholarship for research stay at Universität Passau and Polish-American Fulbright Commission scholarship for the research stay at Columbia University. She received Polish Science Foundation award for young researchers (2004, 2005). Since 1998 she has been working at the Department of Management Theory, at the Warsaw School of Economics, obtaining Ph.D. degree (2004) and completing habilitation procedure (2011). Currently Maria Aluchna teaches “Corporate governance” (both in Polish and English for CEMS programme), “Transition in Central and Eastern Europe” (in English in cooperation with the University of Illinois, Springfield) and “Strategic management” (in English). She also serves as the faculty advisor for case competition of Warsaw School of Economics student teams and is the lecturer of the Summer University Warsaw. She is the member of the editorial team of *Journal of Knowledge Globalization* and *European Journal of Economics and Management* as well as of the Polish journals—“*Przegląd Organizacji* [Organization Review] and *e-Mentor*. Maria Aluchna is the member of European Corporate Governance Institute (ECGI), European Academy of Management (EURAM), the editorial teams of *Journal of Knowledge Globalization* and of the Polish journals—“*Przegląd Organizacji* [Organization Review] and *e-Mentor*. She is also the Academic Director of the Community of European Management Schools (CEMS) programme at Warsaw School of Economics. She is the team member at the law firm Głuchowski, Siemiątkowski i Zwara.

Mara Del Baldo is an Assistant Professor of Entrepreneurship and Small Business Management and of Financial Accounting at the University of Urbino (Italy), Department of Economics, Society and Politics. Mara is a visiting professor to

the University of Vigo (Spain), at the Jurai Dobrila University of Pula (Croatia) and the New Bulgarian University of Sofia (Bulgaria). She is a member of the European Council for Small Business, the Centre for Social and Environmental Accounting Research (CSEAR) and the European Business Ethics Network (EBEN) Italia, as well of different Italian scientific associations. She is board member and reviewer of different international journals. Her main research interests include: Entrepreneurship and small businesses; Corporate Social Responsibility, Sustainability and small entrepreneurs/SMEs' business ethics; SMEs strategies of qualitative development and networking strategies; financial reporting; ethical, social and environmental accounting and accountability (SEAR); integrated reporting. She published in different Italian and foreign journals as well as in national and international conference proceedings and books.

Manuel Castelo Branco is an Assistant Professor at the Faculty of Economics, University of Porto (FEP.UP), Portugal; he researches in the fields of corporate social responsibility and the reporting thereof, corporate corruption and accounting and the public interest. Before joining FEP.UP in September 2004, he taught at the University of Aveiro, Portugal. He received his Ph.D. in Management Sciences from the University of Minho, Portugal, in 2007 (thesis title: "Essays on Corporate Social Responsibility and Disclosure"). His teaching focus is in the areas of accounting and corporate social responsibility. His academic work has been published in journals such as the *Journal of Business Ethics*, the *Journal of Cleaner Production*, the *British Accounting Review* and the *Spanish Journal of Finance and Accounting*.

Anne Burke is a Lecturer at the School of Business, Letterkenny Institute of Technology. Her main teaching areas are auditing and corporate governance. She is a fellow of the Association of Chartered Certified Accountants and has a first class Honours M.Sc. degree from Dublin City University. She is currently pursuing a Ph.D. through Trinity College Dublin in the area of strategic alignment in the public sector.

Nikolay A. Dentchev is an Assistant Professor of Entrepreneurship and Corporate Social Responsibility at the University of Brussels (VUB) and at KULeuven, Belgium. Currently, his research interests are related to business growth, business planning, sustainable business models, sustainable innovations, and the implementation of CSR strategies.

Belén Díaz Díaz obtained her Ph.D. in Economics and Business Sciences from the University of Cantabria (UC) in 2000. In 1996, she was awarded a National Research Fellowship by the Ministry of Education and Culture of the Spanish Government to begin her research and academic career at the UC. Since 2005 to the present day, she has worked as an Associate Professor of Financial Economics at the University of Cantabria. She was the Vice Dean of the Faculty of Business and Economics at the UC from 2004 to 2006; ERASMUS Coordinator of the

Faculty of Business and Economics in the UC from 2002 to 2006 and the Director of the Area of Campus and Social Development of the UC from 2008 to 2010 reporting to the Vice Chancellor of Campus and Social Development responsible for the social responsibility policies at the UC.

She mainly teaches in the Faculty of Economics and Business at the UC, teaching subjects about stock markets, corporate finance and business valuation to undergraduates and postgraduate students.

She is a visiting professor of the “International Master in Banking and Financial Markets” (organised jointly by UC and Santander Bank), the course is taught in Spain, Morocco and Brazil; “Master in Management Accounting and Management Control” (organised by the University of Oviedo, Spain); “Official Master in Business Administration (MBA)” in the UC; “Iberoamerican Master in International Development and Cooperation” in the UC and “Master in Accounting and Auditing” in the UC, among others.

She has served as a visiting scholar/researcher at universities in the United States (University of Berkeley), Australia (University of Technology of Sydney), England (London School of Economics and Political Science and Staffordshire University), Argentina (Universidad Nacional de Jujuy) and Chile (Universidad Internacional SEK).

Her research focuses on Corporate Finance, mergers and acquisitions and Corporate Social Responsibility. She has published scientific articles in relevant Spanish and international journals (Social Review of Politics, Quarterly Journal of Finance and Accounting, International Journal of Banking, Accounting and Finance, Journal of Economics and Business, Journal of Corporate Ownership and Control, Journal of Management and Governance, among others). Also, she has published books and she has participated in more than 30 national and international conferences showing the results of her research. The quality of her research was recognised with the “Sanchis Alcover Award”, awarded by the Scientific Association of Economy and Management in 2006.

Since 1996, she has written several reports and developed Research and Development projects about different financial and economic issues commissioned by different public and private entities.

Caroline Dale Ditlev-Simonsen holds a Bachelors degree in Business Administration (Simon Fraser University, Vancouver), a Master’s degree in Energy and Environmental Studies (Boston University) and a Ph.D. in Leadership and Organisation (BI Norwegian Business School). Ditlev-Simonsen has international and comprehensive business and organisational experience in the areas of corporate responsibility, corporate citizenship and environmental and ethical issues. Previous work experience includes Project Manager, World Industry Council for the Environment, New York; Executive Officer, Norwegian Pollution Control Authority; Advisor, Kværner ASA and Vice President, Head of Community Contact, Storebrand ASA. She has varied board experience and was a board member of WWF-Norway (World Wide Fund for Nature) from 2002 to 2008. Ditlev-Simonsen is also Co-Director at the BI Centre for Corporate Responsibility www.bi.no/ccr

and Associate Dean for Customised programme. Her research areas are Corporate Social Responsibility (CSR), non-financial reporting, attitudes, behaviour, change, leadership and communication. In 2011, her article “From corporate social responsibility awareness to action?” was chosen as an Outstanding Paper Award Winner at the Emerald Literati Network Award for Excellence 2011. Ditlev-Simonsen teaches CSR at Master level classes and is responsible for the CSR module of the BI-Fudan University MBA programme in Shanghai, China. In addition, she lectures and gives courses in CSR for corporations and organisations.

Petra Eterović Student assistant Petra Eterović, B.A. was born in 1989. She studies philosophy at the Faculty of Philosophy of the Society of Jesus, University of Zagreb. She works as a Student Assistant at Zagreb School of Economics and Management on courses “Introduction to philosophy” and “Business ethics and CSR” and also as a Student Assistant of “History of Ancient Philosophy” and “History of Medieval Philosophy” at the Faculty of Philosophy of the Society of Jesus in Zagreb. Her research interests are in business ethics and CSR and Ancient philosophy. She has published papers in Croatian philosophical journals.

Claus Strue Frederiksen, Ph.D. is a postdoctoral fellow at the University of Copenhagen (philosophy unit). Frederiksen has published several articles about moral philosophy and business ethics in international journals and books. His current line of research is corporate social responsibility reporting.

Rebeca García Ramos, Ph.D. holds a degree in Economics and Doctor of Business Administration from the University of Cantabria (UC). Since 2007, she has served as a Professor of Financial Economics and Accounting at the University of Cantabria. Previously, during the period 2005–2007, she was a researcher in Economics at the Research Team for Sustainable Development of Primary Sector of the UC, where she developed and coordinated Research and Development reports and projects about different economic issues requested by both public and private companies.

She teaches at the Faculty of Economics and Business of the UC in the following subject areas Analysis of Stock Markets, Analysis and Evaluation of Investments, Financial System, Theory of Finance, on various degrees in Business and Economics. Also she teaches in other areas of Higher Education: she is a Professor of the Official Master’s Degree in Businesses Administration (MBA) and of the Official Master’s Degree in Businesses and Information Technology (IT) of the UC.

She has been a visiting researcher to the *Business School* of the University of Essex (UK) and the University of Oviedo (Spain).

Her research activities focus in the field of Finance and the Business Administration, being the author of several chapters in edited books and national and international prestigious scientific journals in her fields. The results of her research papers have been presented at numerous national and international conferences. She has also acted as a referee to scientific journals in her field and has served on several organising committees of international conferences.

She has received several awards for her research excellence, amongst them are “Special Prize for the Best Communications”, awarded by the Spanish Association of Accounting and Business Administration (Valladolid, Spain, 2009); “Mention of Quality in Research Conferences about Small and Medium-sized Enterprises Businesses and Entrepreneurship”, awarded by the Chairmen of the Bureau and members of the Editorial Board of the International Journal of the Small and Medium-sized Enterprise (Madrid, Spain, 2009); research award “Jeff Rothstein Award for the Most Creative Paper”, granted by the Family Firm Institute (FFI) and Hubler Family Business Consultants (Chicago, USA, 2010); “Research Award of the Section of Family Business” granted by the Scientific Association of Economy and Business Management (Granada, Spain, 2010); and finalist to the research award “University of Alberta Best Research Paper Award” of the International Family Enterprise Research Academy (Lancaster, United Kingdom, 2010).

Urša Golob holds a Ph.D. in Communication Studies and is an Associate Professor and Head of the Chair for Marketing Communication and Public Relations, Department of Communication, Faculty of Social Sciences, University of Ljubljana. She is also a coordinator for M.Sc. Public Relations Programme and a course leader for Corporate Social Responsibility (M.Sc. Strategic Marketing Communication Programme).

Her main research interests are in various areas of CSR including CSR communication and marketing aspects. Her work is published in several international journals such as: *Journal of Business Research*, *European Journal of Marketing*, *Public Relations Review*, *Business Ethics: A European Review*, *Corporate Communications: An International Journal*, *Journal of Marketing Communications* and *Journal of Public Policy and Marketing*.

She is the editor of AMM—the Slovene Academic Journal for Marketing and serves as a reviewer for several international journals. In 2013 she received the Outstanding Reviewer Award from *Corporate Communication: An International Journal*, *Emerald* and the Award for Scientific Excellence awarded by the Faculty of Social Sciences.

Urša is actively involved in the development of CSR in Slovenia; she is a member of the Experts Board of the Network for Corporate Social Responsibility Slovenia (MDOS), a meeting point of companies and other organisations whose common purpose is to promote social responsibility. She also serves in jury boards for two national and EU CSR awards. She is a member of organising/expert boards for several conferences—International CSR Communication Conference, IRDO International Conference on CSR as well as BledCom International Public Relations Symposium.

Elvira Haezendonck is an Associate Professor at the University of Brussels (VUB) and Visiting Professor at the University of Antwerp (UA), and at Erasmus University of Rotterdam. Her research covers various topics in the field of management, strategy and policy: complex project evaluation, CSR, environmental strategy, competitive analysis and stakeholder management. Since 2010 she holds

a 5-year Research Chair on Public–Private Partnerships at VUB sponsored by Deloitte, Laga and Grontmij. She teaches courses on Management, (Competitive) Strategy and Project Management, mostly on master level. She has published various articles, books and book chapters in these domains, and since 1998, she has been involved in over 30 national and EU research projects on, for example, long-term strategy analyses and impact assessments.

Nicholas Harkiolakis, Ph.D. is presently Senior Vice President and Director of Research of Executing Coaching Consultants as well as adjunct faculty at Business School of Athens, Greece, and Liverpool University. He has been through all academic ranks, including as a Associate Dean of Business and Information Technology at Higher Colleges of Technology in Abu Dhabi, UAE. Nicholas has over 25 years experience in the areas of software application development, academic administration, entrepreneurship and e-Business. His research interests extend to the areas of entrepreneurship, business information systems, artificial intelligence, and social networks mining. He has over 50 peer-reviewed research publications, and he is Editor of *International Journal of Teaching and Case Study* and Associate Editor of *International Journal of Social Entrepreneurship and Innovation*. He is the author of “e-Negotiations: Networking and Cross-Cultural Business Transactions” and “Multipreneurship: Diversification in Times of Crisis”. He has also been involved at the executive level in technology, educational start-ups and consulting in the IS/IT area and grant writing in the United States and Europe.

Katharina Hetze is a research associate in the field of corporate responsibility at the Department of International Business, School of Management and Law of Zurich University of Applied Sciences in Switzerland. Her research interests include corporate responsibility management and communication. Since 2009, she has been pursuing a Ph.D. in corporate sustainability communication at Leuphana University of Lüneburg (Germany). Her main research focus so far has been on CSR reporting in the context of communication management.

Heidi von Weltzien Høivik is a Professor Emeritus of Business Ethics and Leadership at the Norwegian School of Management. She is a Fellow of the Harvard Executive Program of the Institute of Education Management, and a Fellow of the Harvard Program of International Negotiations. She has served as executive member of the Caux Round Table, of Transparency International Norway and of the International Society for Business, Ethics and Economics (ISBEE). For 8 years she was president of the European Business Ethics Network and was honoured for her work with an honorary doctorate degree. Among her publications her book *Moral Leadership in Action, Building and Sustaining Moral Competence in European Organizations (2002) stands out.*

An Hutjens is a Ph.D. student and teaching assistant at the University of Brussels (VUB). Her research interests cover the governance and implementation of CSR.

Øyvind Ihlen, dr.art. is a Professor at the Department of Media and Communication at the University of Oslo. He was previously Professor of Communication and Management at the Norwegian School of Management and at Hedmark University College. Ihlen has edited, written and co-written eight books, among them *Public Relations and Social Theory* (Routledge, 2009) and *Handbook of Communication and Corporate Social Responsibility* (Wiley Blackwell, 2011). His award winning research has appeared in numerous anthologies and in journals such as *Journal of Public Relations Research*, *Public Relations Review*, *Journal of Public Affairs*, *International Journal of Strategic Communication*, *Journal of Communication Management*, *Corporate Communications*, *Management Communication Quarterly*, *International Journal of Organizational Analysis*, *Environmental Communication*, *Sustainable Development*, *Business Strategy and the Environment* and *European Journal of Communication*. He is on the editorial board of nine journals and has reviewed for an additional 20 journals and publishing houses. Ihlen is Executive Director of The European Public Relations Education and Research Association (EUPRERA) and has been vice chair of the Public Relations Division of the International Communication Association (ICA). His research focuses on strategic communication and journalism, using theories of rhetoric and sociology on issues such as the environment, immigration and corporate social responsibility.

Borna Jalšenjak, Ph.D. was born in 1984 in Zagreb, Republic of Croatia. He holds a doctorate degree in philosophy from the University of Zagreb. He lectures in the fields “Business Ethics and Corporate Social Responsibility”, “Leadership” and “Introduction to Philosophy” at Zagreb School of Economics and Management; he is also a part-time Lecturer of “History of Modern Philosophy” at the Faculty of Philosophy of the Society of Jesus in Zagreb, at the University of Zagreb.

His research interests are in business ethics and CSR and the cross-section between management science (especially theories of motivation) and philosophy (especially philosophical anthropology). He has been a visiting Researcher at St. Ambrose University in the College of Business and with the Master of Organizational Leadership programme. He has published in both domestic and international journals and books. He has co-authored with Kristijan Krkač, a textbook on Corporate Social Responsibility.

He was a member of the scientific committee and a chair at the “9th International Conference on Corporate Social Responsibility—CSR and global governance” (SRRNet) and serves on the editorial board of the “Multidisciplinary Journal of Applied Ethics” (www.maejournal.org).

Christina Keinert-Kisin holds a doctorate in economic and social sciences of the [Faculty of Business, Economics and Statistics](#) of the University of Vienna, Austria, and a Master’s degree in Law, also of the University of Vienna. Keinert-Kisin has published articles and contributions in the fields of CSR, corporate compliance, white-collar crime, equal opportunity, diversity, gender discrimination and human rights. She is the author of “Corporate Social Responsibility as an International

Strategy” and “Human Rights of Women in Turkey 2006” (German language publication). She also studied “Management” at the Grande Ecole de Commerce ESCP-EAP in Paris, worked for the United Nations and an Austrian Federal Ministry before committing to research and teaching at the University of Vienna, Vienna University of Technology and Babes-Bolyai University, Cluj Napoca, Romania. She has collected five awards for scientific excellence for her work on CSR and on gender discrimination in recruitment. Keinert-Kisin also is a law practitioner as Junior Associate at international law firm Baker and McKenzie in Vienna in the field compliance, white-collar crime and internal investigations.

Mari Kooskora, Ph.D. is an Associate Professor at Estonian Business School. She is also Head of the EBS Centre for Business Ethics, Executive Editor of the Journal of Management and Change, researcher at EBS and visiting Lecturer at the International School of Management in Kaunas, Lithuania, the University of Ljubljana, Slovenia, and Grenoble L’Ecole de Management, France. She earned her Ph.D. in Business and Economics at the University of Jyväskylä in Finland, and her main research interests are ethics and responsibility in business and leadership, sustainability and women in leadership. She has written several articles and delivered conference presentations on related fields of research. In 2009, she was elected as a board member of Transparency International Estonia; she is a member of European Business Ethics Network (EBEN) and several other international networks.

Kristijan Krkač, Ph.D. teaches Business ethics and CSR and Introduction to philosophy at the Zagreb School of Economics and Management, Croatia, since 2003. He has also been responsible for teaching students on both undergraduate and graduate courses in Analytic philosophy and Epistemology at Faculty of Philosophy of The Society of Jesus in Zagreb, Croatia (since 1996), at undergraduate, graduate, and doctoral studies, and Introduction to ethics and CSR at Sciences Po—Institut d’Études Politiques de Lille, France (since 2010), at undergraduate studies. He is a co-author and editor of a high-school and a university textbook on CSR.

He served as a scientific organiser of various international conferences on CSR, as an ethical advisor for private companies and as a member of various ethical committees. He serves as a member of editorial board and as a reviewer for various journals in philosophy and CSR. His main research interests in economics and business administration are: business ethics, CSR, social irresponsibility and marketing ethics and in philosophy: philosophy of Ludwig Wittgenstein, epistemology and popular philosophy. His published works include 10 books as an author and five books, conference proceedings and an issue of a *Social Responsibility Journal* as an editor and co-editor. He published more than 80 scientific, professional and popular papers in various journals and book chapters, entries, discussion notes, and book reviews.

His recent publications include books: *A Custodian of Grammar. Essays on Wittgenstein’s Philosophical morphology* (2012), *Corporate Social Responsibility* [in Croatian, high-school textbook] (2012), *Cow on the Moon, Philosophy of Science-fiction/Horror films* [in Croatian] (2013), and papers: *Know-how, Part 1:*

Wittgenstein and practical certainty, [with Josip Lukin and Damir Mladić] (2013), *Culture, business, and global CSR*, encyclopedia entry, (2013) and *Bribery and Corruption*, encyclopedia entry (2013). His recent work includes research and papers on Wittgenstein and practical certainty in philosophy and on marketing ethics and morphology of inventions and innovations in economics and philosophy of inventions.

Lassi Linnanen, D.Sc. (Econ.) is a Professor of Environmental Economics and Management at Lappeenranta University of Technology (LUT). He is also Head of Department of Environmental Technology and Member of Management Team of LUT Energy, the largest university level energy research institute in Finland. His fields of expertise include: sustainability of energy and food systems, transition management, sustainable innovations, corporate responsibility strategies, life cycle assessment, as well as environmental and energy policy. He has published over 50 scientific publications. Professor Linnanen has been an invited Lecturer at several universities globally. Before joining academia, he was the CEO and co-founder of Gaia Group Ltd, a leading Finnish energy and environmental consultancy.

François Maon received his Ph.D. in 2010 from the *Louvain School of Management* at *Université catholique de Louvain* in Belgium. After a visiting scholarship at the *University of California*, Berkeley, he now works as an Associate Professor at *IESEG School of Management*, in Lille, France, where he teaches Strategy, Business Ethics and Corporate Sustainability/Corporate Social Responsibility (CSR). In his research, Dr. Maon mainly focuses on topics linked to CSR implementation and change-related processes, responsible organisational cultures, stakeholder influence processes and anti-corporate movements. He has published articles in international peer-reviewed journals such as the *Journal of Business Ethics*, the *California Management Review* or the *International Journal of Management Reviews*. He also has co-edited several special issues of international peer-reviewed journals and books on CSR-related topics, including “*A stakeholder approach to corporate social responsibility: Pressures, conflicts, and reconciliation*”. He lives in Brussels and loves music, literature and traveling.

Ivana Mijatović is an Assistant Professor at Faculty of Organizational Sciences, University of Belgrade—Department of Quality management and Standardization. She earned B.Sc. in Mechanical Engineering at Faculty of Mechanical Engineering (University of Belgrade), M.Sc. and Ph.D. at Faculty of Organizational Sciences at University of Belgrade. For much of her academic career, she has focused on quality management and standardisation. She is a passionate teacher; on bachelor studies she teaches Quality Management Technologies, Quality Engineering (Six Sigma) and Quality Planning, and on master’s studies and Ph.D. studies she teaches Standardisation. She serves on the boards of the *European Academy for Standardization (EURAS)* as a vice president, since 2012, and of the *Balkan Coordinating Committee for Standardization, Prototypes and Quality*, since 2006. She is member of National Technical committee *II/07 Software engineering, IT for education and*

Internet at Institute for standardization of Serbia. Ivana has published more than 80 scientific articles in journals and conference proceedings; she is author of several textbooks and editor of several conference proceedings. Her current academic work addresses the question of ethical, social, economical and technological implications of standardisation, teaching and education about standardisation as well as effects of standards implementation in companies that operate in developing countries.

Mirja Mikkilä, D.Sc. (Agr. & For.) is an Associate Professor at the Department of Energy and Environmental Technology in Lappeenranta University of Technology. She is also Adjunct Professor of Forest Economics and Marketing of Forest Products at the University of Helsinki. Mirja has both researched academically and worked with practical questions related to corporate responsibility, financial and environmental profitability of natural resource management and utilisation, land use valuation and development of operational management tools for bioeconomy business since the early 1990s. The experiences gathered from numerous long- and short-term assignments within international forest operations on several continents are reflected in her research findings and teaching approaches. In addition to some 20 scientific publications, Mirja has published a number of conference papers, technical reports and guidelines, as well as newspaper articles in order to share the research and practical findings for a larger audience. Mirja's recent research interest has focused on resilience of ecoservices, such as food, water and energy, and related globally equal sustainable development.

Slobodan Miladinović, Ph.D. in Sociology is a Professor at the Faculty of Organizational Sciences, University of Belgrade. He graduated in Sociology at the Faculty of Philosophy, University of Niš (1983), and earned Ph.D. degree at the Faculty of Philosophy, University of Belgrade (1999). He started professional career at Institute for Sociology and Psychology of Work (1985–1989). Since 1989, he has been working at the Faculty of Organizational Sciences, University of Belgrade. He was a Visiting Professor at several universities and colleges in Serbia and Bosnia and Herzegovina during this period. He is member of the editorial board of *The Sociological review (Sociološki pregled)* and *The New Serbian Political Thought (Nova srpska politička misao)*. He has published six books and over 100 articles in journals and anthologies. Major works: *Elite raspada (Elites of disintegration)*, Službeni glasnik, Belgrade, 2009; *Etnički odnosi i identiteti (Ethnic relations and identities)*, FON, Belgrade, 2008; *Društvo u raskoraku (Society in discrepancy)*, Nova srpska politička misao, Belgrade, 2008; *Osnovi sociologije organizacije (Fundamentals of sociology of organization)*, FON, Belgrade, 2007; *Uvod u sociologiju organizacije (Introduction to the sociology of organization)*, FON, Belgrade, 2003.

Morten Ebbe Juul Nielsen, Ph.D. Associate Professor in applied philosophy, Copenhagen University (philosophy, The Humanities Department, and the Institute for Food and Resource Economics, Science Faculty). Morten Ebbe Juul Nielsen has published in applied ethics, political philosophy, bioethics and business ethics. He is associated with two interdisciplinary research projects, "Governing Obesity" and "Global Genes, Local Concerns", at Copenhagen University.

Virgilio Panapanaan, D.Sc. (Tech) is a Senior Researcher and Lecturer at the Department of Energy and Environmental Technology in Lappeenranta University of Technology (LUT), Finland. Virgilio conducts research on various issues of sustainable development particularly on environmental and social sustainability. Currently, his research projects and involvements are on sustainable innovations (eco-innovations and social innovations), sustainable value creation at the Base of the Pyramid (BoP), and corporate social responsibility (CSR). He has published several papers on these issues in peer-reviewed international journals. As a Lecturer, Virgilio teaches courses on Sustainability Studies, Environmental Management and Economics, Corporate Responsibility Management and Climate Finance and Carbon Market.

Tomasz Potocki, Ph.D. is an Assistant Professor at the University of Rzeszów, Poland, as well as lecturer at Faculty of Economic Science at the University of Warsaw, Poland. His research interests focus on banking responsibility, financial capabilities and welfare and happiness economics. He is author and co-author of more than 40 research papers and articles. He has more than 10 years of professional experience in business consulting and projects execution.

Raminta Pučėtaitė is an Associate Professor of Business Ethics and Corporate Social Responsibility at Kaunas Faculty of Humanities, Vilnius University in Lithuania, and an Adjunct Professor of Organizational Ethics and Human Resource Management at Jyväskylä University School of Business and Economics, Finland. She has carried out research in business ethics since 1999. She holds a doctoral degree in management from Vilnius University since 2007. In her dissertation, she explored the role of ethics management tools and sophisticated human resource management practices in solving ethical problems that were determined by a post-soviet socio-cultural context.

R. Pučėtaitė has taught in a number of international intensive courses such as *Cases in Organizational Ethics* (financed by Nordplus Higher Education programme) and *Development of Ethical and Environmental Competence in Leadership and Management* (financed by the European Commission, Life-long Learning programme) that are based on innovative problem-based learning methods. Beside business ethics, she teaches Human Resource Management and Arts Organizations Management. Her research focuses on ethical issues in human resource management, research and academic ethics, values management and organisational innovativeness in a post-soviet context. R. Pučėtaitė acted as an expert in a national ad-hoc group appointed by the Ministry of Environment of the Republic of Lithuania for developing and translating ISO 26000 standard in 2010–2011 and participated in the researchers' exchange programme under Framework Programme 7 project *Pro-Ecological Restructuring for Job* (PRORES) in Ukraine in 2012. Her latest research project (2013–2015, financed by Research Council of Lithuania under Global Grant scheme) is meant to explore the relationships between ethical organisational culture, ethical leadership, organisational trust and sustainable innovations. She has published in national and international volumes, including international journals such as

Journal of Business Ethics, *Business Ethics: a European Review*, *Baltic Journal of Management* and collective monographs such as *Business Ethics: World Tendencies and Post-Socialist Realities* (ed. N. Vasiljeviene, Vilnius University, 2001), *Issues of Management Philosophy and Business Ethics* (ed. J. Kubka, Politechika Gdańska, 2005), *Corporate Social Responsibility and Trade Unions: Perspectives across Europe* (eds L. Preuss, M. Gold, C. Rees, Routledge, 2014). In 2011, her co-authored paper *Building Organizational Trust in a Low-Trust Societal Context* in *Journal of Business Ethics* was announced Highly Commended Award Winner in Emerald Literati Network Awards for Excellence 2011 competition.

Rasa Pušnaitė is Associate Professor at Vilnius University. Since 2008, she has given lectures on Microeconomics, Cultural Economics, Culture Management, Environmental Economics, Business and Environment. Her background is management and business administration from Kaunas University of Technology, Lithuania. She holds a doctoral degree in economics from Vilnius University (2008). In her doctoral dissertation, *Internalization of External Costs of Electricity Generation*, R. Pušnaitė analysed the impact of sustainable development on electricity industry and tested a model of internalisation of external costs in Lithuania. She has experience in the fields of corporate social responsibility, environmental management and sustainable development. She worked in the ad hoc group appointed by the Ministry of Environment of the Republic of Lithuania for adaptation of CSR standard (ISO 26000) and participated in international research projects which tackle environmental management and ecological issues, for example, COST action IS 0802 project *The Transformation of Global Environmental Governance: Risks and Opportunities*, FP7 project *Pro-Ecological Restructuring for Jobs*, Nordplus Higher Education projects *Development of Environmental and Ethical Competence in Leadership and Management* and *Developing Moral Competence in Leadership and Management*, Erasmus Socrates project *Enhancing Ethical and Environmental Competence in Leadership and Management for Sustainable Development* and EU structural funds projects. Since 2013, she is a researcher in the project *Impact of Organizational Ethics on Transformation of Organizational Innovativeness to Sustainable Innovations*. R. Pušnaitė has published about 20 articles on sustainable development and energy economics in international journals such as *Transformations in Business and Economics*, *Natural Resources Forum* and books.

Dirk Reiser is a Professor of Sustainable Tourism Management at the Cologne Business School (CBS) in Germany. He is also an honorary senior lecturer at the University of Tasmania in Australia and visiting lecturer at the Overseas Campus of the University of Flensburg in Bali, Indonesia, and at the Rhine-Waal University of Applied Sciences in Kleve, Germany. Dirk holds a Master's degree in Social Sciences from the University of Wuppertal, Germany, a Postgraduate Diploma and a Ph.D. in tourism from the University of Otago, New Zealand, as well as a Certificate of Tertiary Teaching from the University of Canberra, Australia.

He has extensive teaching experience in a variety of cultural backgrounds such as Australia, New Zealand, Germany and Indonesia. His main research interests are

related to sustainable tourism, especially with regards to its linkages with zoos and wildlife parks, events, ethics, CSR, eco-labelling and climate change. For more information, please visit the following website <http://www.cbs.de/de/cbs/team/dirk-reiser/>

Joop Remmé is a specialist in corporate education and corporate responsibility. He has a dual background, with 20 years experience as a faculty member of the Maastricht School of Management of many years (MSM), The Netherlands. At MSM he has taught Business Ethics, Leadership and Culture and was the course developer for the “Leadership, Change, Responsibility” course. He has taught this course and Managing Cultural Diversity course in dozens of countries in Africa, Asia and Latin America, as well as in Maastricht (main campus). He has also organised at MSM a yearly CSR event, in which managers from major companies sit with students in small scale dialogues and discuss the realities of corporate responsibility.

He is experienced as a consultant to major corporations on management development. His most recent endeavour is to organise a masterclass on Stakeholder Management, to further the skills and develop the knowledge of experienced managers.

He has published on corporate responsibility and especially stakeholder management. He is also a member of several professional organisations, on several of which he has served in Board positions, met notably the Netherlands Business Ethics Network. He is located in The Netherlands.

Samuil Simeonov leads the international module of the “Business in Society” programme of the Bertelsmann Stiftung (Germany). His areas of expertise include CSR in Europe, in particular the role of government, sector-specific CSR, multi-stakeholder collaboration and global governance. Samuil is an associated member of the European Sustainable Development Network (ESDN) and a fellow of the Salzburg Global Seminar. He has recently co-authored a book on sector-specific CSR in Europe. Samuil holds an M.A. in Political Science, Economics and Law from the University of Darmstadt (Germany) and the University of Salamanca (Spain). He is currently pursuing an MBA in Sustainability Management at the Leuphana University, Lüneburg (Germany).

Catalina Soriana Sitnikov was born in Craiova, Romania. She obtained her degree in 1995 from the Faculty of Economics, University of Craiova, Romania, majoring in Informatics applied to Economy. In 1996, she obtained her Master’s degree in Human Resources from the same university and a Ph.D. in Management in 2000.

She started her teaching and research career in 1995 in the Faculty of Economics and Business Administration, University of Craiova. Her teaching and research activities have focused on topics such as Quality Management, Strategic Management, Management and Corporate Social Responsibility. She has remained a staff of the University since 1994 up till this present moment.

Between 2001 and 2003 she was a Visiting lecturer and researcher to Helsinki University Lahti Center, Finland, teaching Benchmarking and involvement in research projects on lifelong learning education and the use of IT technologies in teaching and learning.

Catalina has co-operated with others in projects in national and international universities and organisations from countries such as Japan, China, USA, Spain, Portugal, France, Finland, Greece and Scotland, publishing books in national and international publishing houses, and articles in national and international journals and reviews.

Marina Stefanova is Executive Director of the UN Global Compact Network Bulgaria. In this position, she is actively involved in international projects as an author, expert, speaker and auditor in the area of CSR. Since 2007, she has been a certified consultant in corporate social responsibility for the United Nations Industrial Development Organization (UNIDO). Marina was a member of the Mirroring Committee for the draft of ISO 26000 as well as of the Working Group 13 in the Bulgarian Ministry of Labour and Social Policy responsible for developing and implementing the country's CSR strategy. Marina is currently completing her Ph.D. in Social Management and Corporate Social Responsibility. She holds an M.A. in Law from Sofia University "St. Kliment Ohridski" and additional qualifications in management, public policy and British and European law.

Dušan Stokić, M.Sc. (Mech. Eng.) is a Secretary of the Environmental Protection and Sustainable Development Committee in Chamber of Commerce and Industry of Serbia (CCIS). He earned his B.Sc. degree in 1992 and a M.Sc. degree in 1997 in Thermal science and Cryogenic engineering, respectively, at the Faculty for Mechanical Engineering, Belgrade University. He worked at the VINČA Institute of Nuclear Sciences, Laboratory for Nuclear and Plasma Physics (1993–2000), where his main activities were: production and maintenance of liquid helium (LHe) cryogenic plant, research on minimisation of LHe losses, delivery of LHe to medical devices (NMR), etc. Later, for 1 year (2001), he has been working on the advisory and consultancy services for business community (Business plans, Training seminars, etc.) in the Institute for SMEs. Since 2001, he has been working (and still works) in CCIS on different positions—Secretary of the Committee for R&D and restructuring, Director of Centre for Development, Restructuring and Privatization; Executive Director of the Sector for Economic Development. He is a: President of National Commission KS A207 (mirror committee ISO/TC207) for ISO 14000 series of standards, National expert for social responsibility and member of National working group for ISO 26000, Member of the Commission for National Eco-labeling system, Coordinator of the CCIS Team for National Award for CSR, Member of the Supervisory board of the Institute for standardization of Serbia. Also, he is a teaching assistant (associate fellow) at the Faculty for Organizational Sciences of Belgrade University, on the course: "EU norms and regulations in quality—CE marking" (2006–present). He has published more than 60 articles, and

he is a co-author of one book and one handbook for the University course: CE marking of industrial products.

Duygu Turker is an Assistant Professor in the Department of Business Administration at Yasar University, Izmir, Turkey. She has a B.A. in Business Administration from Dokuz Eylul University, Izmir, a M.Sc. in Environmental Sciences from Ankara University, a MBA from Dokuz Eylul University, and she received her Ph. D. from Dokuz Eylul University in Public Administration. She has been involved in various projects as either a researcher or an administrator. Her research interests include CSR, business ethics, inter-organisational relations and entrepreneurship.

Stephen Vertigans is Head of School of Applied Social Studies, Robert Gordon University, Aberdeen, UK. His academic background is in sociology and he is particularly interested in applying sociological ways of thinking to the construction, implementation and consequences of corporate social responsibility programmes. He has published widely on a range of subjects ranging from CSR activities in different parts of the world to forms of political militancy. In 2012, Stephen led the introduction of CSR in Energy MSc. At present, he is researching into CSR associated policies and actions and the energy sector.

Herbert Winistoerfer is a Senior Lecturer in corporate responsibility and Head of the Corporate Responsibility Competence Team at the School of Management and Law of Zurich University of Applied Sciences in Switzerland. His main fields of work are corporate responsibility, corporate sustainability, corporate environmental management, and corporate social management. Since 2007, he has been the Head of Studies of the CAS Corporate Responsibility/Social Management certificate programme.

Corporate Social Responsibility in Europe: An Introduction

Samuel O. Idowu and René Schmidpeter

In an article in the Journal of the Royal Society of Arts (RSA) Issue No. 2, 2014, in the United Kingdom, Michael Townsend notes that “Capitalism is suffering a crisis of liquidity, reliability and confidence because it stands accused of failing to create shared wealth, of neglecting the planet, of generating an ever-widening gap in our society and even of failing the shareholders”. Townsend’s comments have actually identified some of the core failings of yesterday’s capitalism and we all can resonate with many of the issues he touched on. These issues have led to many of the challenges and difficulties we have around us today, which through CSR and Sustainable Development we are now able to break down many of them into addressable pieces. They are economic and social illnesses which modern corporate social responsibility advocates should no longer exist in societies around the world, simply because they lead to preventable social, economic and environmental difficulties which hold back the planet *Earth* from moving forward.

Old capitalism with all its uncaring and destructive faces, Idowu (2012) notes has passed its sell by date and it is now nothing in today’s world but history. It was based on some wrong economic assumptions and model which assumed that our resources were inexhaustible and the planet Earth had the capacity to easily process and cope with our wastes. We now understand that these are clearly wrong and unsustainable assumptions. In yesterday’s *capitalism*, the interest of the providers of capital was wrongly perceived to be the *only* issue that mattered which limited liability companies should focus on. In fact there was no notion of *stakeholders* and no room existed to inculcate their needs into corporate strategies; these were assumed either to be unnecessary or fall outside the confines of what should be strategized. That was then! CSR has improved our understanding of many of these

S.O. Idowu (✉)

London Guildhall Faculty of Business & Law, London Metropolitan University, London, UK
e-mail: s.idowu@londonmet.ac.uk

R. Schmidpeter

Cologne Business School, Cologne, Germany

issues. The resulting benefits that could flow from them to corporate entities, their stakeholders and society in general are clear to us. Similarly, the enormous problems they could create for everyone are equally clear to us, thus we now know better! Of course, Nicholas Capaldi in the very first foreword to the book above notes that the ‘Marxist theory had predicted the inevitable collapse of capitalism or market economies’. Capaldi further notes, ‘not only did this not occur but market economies provided models for the reconstruction of the failed economies of the socialist world’, it is this reconstruction that has continued to transform our world through Corporate Social Responsibility and Sustainability and have equally helped to repair *capitalism* and make it into what is now appearing to be the way of life in every economy around the globe, see what is happening today in economic terms in places like China and even Russia.

The European Union has taken the forefront in the drive towards embedding corporate social responsibility in business operational practices; see for example the agreement reached at the Lisbon European Council of 23–24 March, 2000 on what was then described as “a new strategic goal for the Union in order to strengthen employment, economic reform and social cohesion as part of the knowledge based economy”. Not only that, see also the European Commission CSR Consultative paper of July 2001 and the Policy Paper of 2002 which documented the Commission’s CSR agenda, what about the setting up of a Multi-stakeholder Forum for CSR and many other issues and activities that could make up a number of books if one were to continue to enumerate them. Many of these actions took place more than 10 years ago, but Europe indeed has continued to move forward and innovate in the field of CSR and Sustainability. As recently as 2014, there are many citable examples of these actions taken by the EU to support this claim, see for instance; the European Social Dialogue, the Social Agenda Number 36—Youth Employment and the Social Agenda Number 37—The New European Social Fund, these are examples of some of these Corporate Social Responsibility and Sustainable Development related actions taken in Europe. In addition to the aforementioned actions, Europe has continued to stress that those businesses which are perceived as being socially responsible stand to derive immeasurable benefits from being so; this is because CSR is a tool which could be used by them to build credibility and trust with all their stakeholders. Credibility and trust are two invaluable tools needed by businesses all over the world, with the two in place; a corporate entity that is perceived to be credible and trustworthy, Idowu and Leal Filho (2008) note stands to derive several benefits. Many commentators, researchers and advocates of the field of CSR have similarly argued that several value adding benefits could be derived if an entity were perceived by its stakeholders and the general public as being socially responsible. The following are a few of the value adding benefits often cited:

- Improvement in its shareholder value
- Increased customer loyalty
- Ability to form beneficial strategic alliances
- Ability to attract motivated and committed workforce

- Sympathetic media at critical times
- Cost savings due to more eco-efficiency
- Ability to attract top class employees from top class universities
- Tax incentives could be given by tax authorities

Indeed, it is a win-win situation to that particular corporate entity and all those stakeholders who are associated with it. There are therefore many lessons which could be learnt globally from Europe's CSR and Sustainability activities, Europe can also learn a few lessons from our partners from around the world in this area too. Figure 1, of the second foreword above by Michael Hopkins also notes that since 2011 Europe has been at the forefront of many continents and nations with regard to CSR actions and practices, there are several compelling evidence around to back up all these assertions, for instance the United Kingdom was the very first country in the world to appoint a Minister for Corporate Social Responsibility in March 2000, which demonstrates the serious view taken on CSR in Europe.

As Hopkins and Idowu (2015) argue 'we now fortunately or perhaps unfortunately for a few, live in a globalized world'; CSR has played many roles in globalization and trade liberalization. Globalization has meant that companies now trade globally, recruit globally, strategize globally, and have access to global capital markets and many other issues which companies take on board in their operational activities from the global dimension. Talking about recruiting globally, the case of the 120th Governor of the Bank of England (the UK Central Bank)—Dr. Mark Carney—a Canadian citizen, immediately comes to mind, as far as we know, he is the first non-British governor of this great British institution since 1694. Out of all the 120 incumbents of the post our research reveals that Dr. Carney is the very first non-British to hold the post, there are many other similar examples like that from around the world where a non-citizen of a country holds a key post either in the public or private sector because of their expertise. In any event, skilled labour now moves freely around the world. This was not the case some 40 or so years ago. Globalization has thus contributed to free movement of labour and capital. In terms of trade liberalization, the World Trade Organization (WTO) (headquartered in Geneva, Switzerland) is actually one of the key catalysts to trade liberalization globally. The WTO website notes that there are many benefits derivable from the WTO trading system, some of these benefits they argue are obvious to people but many of them, they also note are not so obvious. The WTO have identified the following ten benefits of their trading system amongst many others which have helped to transform the way nation states trade with each other and thus make our world better for everyone:

- The system helps promote peace {WTO notes that a country is unlikely to be at war with another trading nation of theirs}.
- The system enables disputes to be handled constructively {Parties to a dispute over trade issues can resolve this amicably through the WTO}.
- WTO trade rules make life easier for all {WTO notes that the availability of trade rules reduce inequalities among nation states, give smaller countries more voice and free bigger nations from having to negotiate trade agreements with individual trading nation states}.

- Freer trade cuts the costs of living {Protectionism, the WTO notes is expensive and makes all our purchases costly}.
- It gives the consumer more choice of products, services and qualities to choose from {Free movement of goods and services between nations provide consumers the opportunity to choose what they believe is best for them}.
- Lowering trade barriers increases incomes {Free movement of goods between nations increases trade and consequently increases both national and personal incomes}.
- Increase in trade stimulates economic growth {By increasing trade, more jobs will be created which will hopefully increase the spending power of citizens and thrive economic growth}.
- The system encourages specialization which reduces products prices {Countries that are more efficient—comparative advantage in producing different products would specialize in these products and which will hopefully reduce the cost of production and result in cheaper prices to all buyers of the world wide}.
- The system shields governments from engaging in narrow interests {WTO system enables governments around the world to avoid narrow mindedness when formulating their trade policies}.
- The system encourages good government {The system discourages a range of unwise government policies which could adversely affect the economy of a government which embarks on such unwise policies}.

1 Source: WTO—The Ten Benefits

There is no doubt that, in totality our world is now a better place for everyone barring a few still pressing issues we all still need to continue to work on. One cannot attribute all the successes we have made and continue to make globally in all ramifications to CSR but it has played some parts in improving how we run business, use resources, treat people, handle waste and treat the environment, Europe also deserves some credit in many of these issues as depicted by some corporate actions and activities explored in all the 27 chapters of the book—“Corporate Social Responsibility: United in Sustainable Diversity” things can only get better as we look forward to the future with a better understanding of what is expected from us. Habisch, Jonker, Wegner and Schmidpeter (2004) in a sister book on *CSR Across Europe* attempted in 2004 to codify in a book the issue of CSR in Europe from 23 countries, we have gone a country further than that with this 10 years younger exploration of CSR in the continent.

This book provides an insight into how corporate social responsibility is perceived, practiced and engaged within the participating 24 nations in Europe. Society now demands that we should all behave responsibly by demonstrating that those issues that are at the core of CSR and Sustainability are embedded in all we do or hope to do. The consequences of ignoring this expectation are serious and dire; we have evidence to back up that assertion in terms of many of the social,

economic and environmental challenges that continue to face our world. The book has been fortunate in the sense that its contributors, who are based in 24 European countries featured in the book, have first hand information of CSR in these countries. They are all CSR scholars and have worked in the field for a number of years. The views many of them have expressed in their chapters are the results of their research studies on CSR in the relevant countries featured in the book.

The book has been divided into five parts, each part focusing on some geographical region in Europe, these countries have been grouped together to enable readers to decipher the state of CSR in general in each of these European regions. Part I—Western and Central Europe—encompasses European countries in eight chapters, Part II—Northern Europe—which contains three Scandinavian countries in three chapters, Part III—Eastern and Central Europe—constitutes eight European countries in nine chapters, Part IV—Southern Europe—consists five of these countries in five chapters and Part V—The final part of the book sums up all the chapters of the book by two of the book’s Editor Rene Schmidpeter and Samuel O Idowu.

In the chapter from Ireland entitled “Corporate Social Responsibility in Ireland: A Snapshot” which Anne Burke describes as the ‘facets of CSR in Ireland’, the chapter reviews Ireland’s own unique perspective on CSR. It provides an overview of where the Irish corporate community and government are today in relation to their commitment, adoption and enforcement of socially responsible practices. The chapter examines various initiatives that promote CSR in the Republic of Ireland exploring some of the influences from organisations such as trade unions, which have helped to transform CSR in the Republic.

In chapter “Corporate Social Responsibility in the United Kingdom”, Stephen Vertigan, a philosophy scholar traces back the history of CSR in the UK from the time of early British industrial philanthropists and discusses many of the actions taken by these industrialists in terms of what we now refer to as corporate social responsibility bringing in some of the contributions the CSR history have made in what Vertigans notes ‘as the effects of the United Kingdom CSR actions across large swathes of the world through colonial and post-colonial periods’. The chapter also explores the roots of contemporary policies and actions being implemented in the name of CSR. Having reviewed the UK’s fluctuating profile and practices over the last 200 years, it goes on to concentrate on the post 1980 period when CSR became a more widely recognised concept to differing degrees within British based Transnational Corporations (TNCs) and Small Medium Enterprises (SMEs), a valuable contribution indeed.

In the chapter “Corporate Social Responsibility Implementation in Belgium: Institutional Context, the Role of CSR Managers and Stakeholder Involvement” by three Belgian scholars—Hutjens, Dentchev and Haezendonck, note that CSR implementation in Belgium reveals a variety of knowledge gaps in the field of research, especially in terms of well contextualized and in-depth analysis of the phenomenon. Hutjens et al. examine CSR implementation practices in Belgian organisations using triangulation of research methods and analysing the results of three distinct studies they carried out. In their first study, they performed an exploratory research with Belgian CSR managers. Then, they went of to conduct

in-depth interviews in both private and public sector organisations with the objective to investigate the extent to which different stakeholders are involved in implementing corporate social activities (CSAs). Their results show that the level of CSR managers' involvement in CSAs is quite diverse, depending on the specific CSA in view and on the need for CSR expertise. In the second and third study point, they note a limited structured involvement of both internal and external stakeholders in the context of CSR implementation in private and public sector organizations.

François Maon an excellent French scholar of repute in chapter "Commanded Aspirations and Half-Hearted Enactment: The (Yet) Unfulfilled Promises of French-Style CSR", notes that although France came rather late to the corporate social responsibility (CSR) gathering, but its strong political will to address the CSR notion emerged around the turn of the twenty-first century, materializing in a substantial and pioneering body of legislation. This French scholar argues that the country's political aspirations and associated legislative efforts have not always led to the expected changes in the way French companies address CSR-related issues in practice. The seeds of CSR progress and evolution may have been planted by key political and business actors in the past two decades, but French-style CSR remains, to a certain extent, an unfulfilled promise, Maon notes.

In chapter "Corporate Social Responsibility in the Netherlands" by a Dutch scholar—Joop Remmé, notes that corporate social responsibility in the Netherlands has a somewhat unique character due to the characteristics of the country's culture and business climate albeit, many developments which have taken shape are comparable to how the field has developed in other Western European countries. Remmé argues that the development of CSR, despite its roots in the early twentieth century, largely took off in Holland in the 1970s and gained momentum with the development of the sustainability movement in the 1990s. Societal developments and trends in the business world are the main contributors to this, Remmé notes. For different types of organisations, the awareness of CSR manifested itself in different ways and this was strengthened by the activities of Non-Government Organizations (NGOs), which exceptionally receive support from Netherlands' society, and by the active involvement of the Netherlands government, which founded and kept supporting a separate organisation for encouraging CSR in the Netherlands business community the chapter argues.

Matthias S. Fifka and Dirk Reiser in the chapter "Corporate Social Responsibility in Between Governmental Regulation and Voluntary Initiative: The Case of Germany" argues that in general, the discussion on corporate social responsibility (CSR) is relatively new in Germany. Fifka and Reiser note that the drive towards CSR in this economically great nation gathered speed in the early 1990s for a number of reasons. Firstly, the question arose on how private actors could be involved in order to fill the gap left behind by the shrinking welfare system. Secondly, the rapidly progressing globalization process demonstrated the difficulty of regulating multinational corporations (MNCs), which led to calls for more self-governance. Thirdly, civil society organizations in turn considered pure self-governance as insufficient and, thus, began to pressure companies to act in more

socially responsible manner. However, business only partly reacted to these developments, as it perceived the basic societal expectations of CSR namely; the paying of taxes, obeying the law and occasional donations to good causes as sufficient for assuming social responsibilities. Unfortunately, CSR did not find a nourishing breeding ground in Germany, Fifka and Reiser note. To these two scholars, they believe that, German companies will have to develop an understanding that CSR goes far beyond being lawful and charitable activities as it essentially should be part of their core business of any modern business. This is the only way CSR can create a substantial benefit for society and business, they conclude. The chapter goes on to explore some of the derivable value adding benefits of CSR to companies everywhere, not just in Germany.

In chapter “CSR in Austria: Exemplary Social and Environmental Practices or Compliance-Driven Corporate Responsibility?” by Christina Keinert-Kisin an Austrian law and human rights scholar, affirms the unique position of Austria as being in the heart of Europe, and also as being a small country of good quality of living, with stable economic development and social cohesion, which are all the necessary ingredients for CSR to thrive. Corporations and organized workforce, Keinert-Kisin notes form part of a centralized social partnership organized in federations. A welfare state provides a social safety net, she argues. Austria is also known as a country that does well in terms of environmental protection, green energy and sustainable development. When viewing CSR as a concept that is concerned with the protection of social and environmental interests in private business activity, Keinert-Kisin notes, it might appear as if Austria excelled in it. Like many other countries in Europe, Keinert-Kisin argues that the concept of CSR has relatively of late gained a foothold in Austrian public discourse. The chapter puts forward a deliberation on how Austrian institutions and regulators may shape CSR practice toward compliance-driven engagement; whereas more advanced forms of CSR engagement may remain rare in the Austrian context. This author goes on, in the chapter to contrast and complement with the findings of the only available empirical study on CSR practice by Austrian companies, and takes an outlook on the future of CSR in Austria.

Hertze and Winistörfer, two Swiss scholars in chapter “Insights into the CSR Approach of Switzerland and CSR Practices of Swiss Companies” argues that Switzerland like the United Kingdom can be said to have a long tradition of corporate social responsibility which dates back to industrialization in the nineteenth Century and the introduction of the Federal Factory Law on working conditions in 1877. But they note that on environmental legislation, the country only started enacting laws in the 1950s and with regard to ‘sustainability’, they argue that was established after the year 2000. The Swiss economy being based on the concept of a liberal economic system means that there is a policy of a minimalist state establishing the necessary framework—effective environmental legislation and protective social and labor laws. The state thus plays a minor role in regulating CSR, which is seen as business-driven. Compared to other European countries, the Swiss have fewer statutory requirements for CSR activities (e.g. reporting). However, the government promotes moderate CSR by providing guidelines and

incentives for appropriate behavior (State Secretariat for Economic Affairs [SECO], 2009). In addition, Switzerland's economy is seen as highly globalized with a strong export orientation. Hence, most Swiss companies operate in an international context where they depend on, and at the same time profit from, globalized supply chains. Hertze and Winistörfer note the following as key CSR issues for Swiss companies: energy efficiency and the reduction of CO₂ emissions (environmental), employee health, gender equality and human rights in the supply chain (social) as well as tax evasion and excessive executives' salaries (governance).

In chapter "The Historical Development of Corporate Social Responsibility in Norway" of the book on CSR in Norway, by Caroline D. Ditlev-Simonsen, Heidi von Weltzien Hoivik and Øyvind Ihlen, the chapter begins with the history of CSR in Norway. The chapter provides practical examples of how Norwegian companies have addressed CSR together with key regulatory changes and milestones. It also provides the extent to which the Norwegian wealth which is based on oil resources has impacted the country's CSR engagement. Ditlev-Simonsen et al. note that Norwegian politicians and companies have been visible and active actors on the global CSR scene—these scholars are certainly correct when one thinks about *Brundtland Sustainable Development* report of 1987. Interestingly, they were also quick to affirm that on the other side of the coin, the average Norwegian negative footprint is one of the largest worldwide.

In chapter "Political Institutions and Corporate Social Responsibility: A Nordic Welfare State Perspective from Denmark", by Morten Ebbe Juul Nielsen and Claus Strue Frederiksen two respected Danish philosophers who present an overview of the characteristics of the Danish approach to Corporate Social Responsibility, highlighting Danish companies' CSR commitment and how this commitment has been influenced by the political and institutional environment in the country. The chapter provides information on the Danish welfare state and its business environment, how and why Danish companies are engaged in CSR and the relationship between the Danish welfare state and Danish companies CSR commitment. The chapter also discusses whether CSR should be seen as extra-legal activities, i.e. something that goes beyond the demands of the state and the law. Nielsen and Frederiksen went on in the chapter to present some future perspective on CSR in their country, with their suggestion on how to address the "new pathologies" affiliated with contemporary work life that is the collapse of the work/life balance, stress, and similar issues.

In chapter "Corporate Social Responsibility in Finland: From Local Movements to Global Responsibility" by Mirja Mikkilä, Virgilio Panapanaan, Lassi Linnanen argue that the focus of the responsibility debate in Finland has varied in time covering the three dimensions of corporate responsibility, namely economic, environmental and social responsibility. They note three phases in the development of corporate responsibility in Finland the first phase in terms of the *social movement* by the industrial and agrarian labor claiming for more reasonable working conditions started the series of movements in the early twentieth century. The second phase in terms of *environmental dimension* dominated the debate at the time of the

rise of public environmental awareness from the 1960s until the 1990s. The final phase which they note happened through intensive *globalization*, which turned the focus on the global social and environmental responsibility in the late 1990s and onwards.

According to Mikkilä et al. the diversity of corporate responsibility concepts shows up within the three Finnish business types in 2000s: large-scale industries, traditional small and medium-scale enterprises and newly established innovative enterprises. A few large-scale, globally or nationally but within the international sector operating companies, face global responsibility challenges when expanding their operations to new, emerging markets, commonly with inadequate social and environmental legislations. The companies have adopted international environmental and social management systems and responsibility reporting in order to strengthen the operations, but also to concretize the responsibility of the operations for various national and global stakeholders.

The chapter “Corporate Social Responsibility in Croatia: From Historical Development to Practice” by Petra Eterović, Borna Jalšenjak, Kristijan Krkač addresses CSR in Croatia from five perspectives namely, its historical development from the Renaissance times to contemporary times focusing on Higher Education Institutions (HEIs), state agencies, professional societies (such as CSR Croatia or DOP. HR), a number of key initiatives to promote CSR in the country, some specific socio-economic factors contributing to the present state of CSR in Croatia, namely specific market structures, the Roman Catholic church, trade unions, media, and especially civic societies (associations such as *Whistleblower* or *Consumer*), the practice of CSR by Croatian companies and based on the analysis of history and its relevance to the present state of CSR in Croatia, some notes on its future development in the country and provides some recommendations on how to implement and promote it more authentically.

Tomasz Potoki takes the first chapter on CSR in Poland with his chapter “Corporate Social Responsibility in Poland: From Theory to Practice”. The chapter focuses on the theoretical and practical aspects of Corporate Responsibility in this old Eastern Bloc nation now a key member of the EU. The chapter discusses the influence of systemic transformation on the definition and perception of CR, the role of social capital in CR’s creation and also main trends in developing the ethical infrastructure in Poland. From the practical dimension, the chapter takes the form of exploring the implications CR to Poland.

In a second chapter on CSR in Poland, Maria Aluchna in chapter “Corporate Social Responsibility in Poland: From the Perspective of Listed Companies” refers to the European Commission’s 2001 definition of CSR when she argues that the practical dimensions of CSR range from the regulatory framework and stakeholders activity to corporate programs and initiatives. The chapter presents the results of a qualitative research study by the author on the CSR practices implemented in Polish companies listed on the Warsaw Stock Exchange. The author based her research on the case studies of policies and programs adopted by those companies included in a Polish CSR rating known as RESPECT Index which Aluchna compared with their peers operating in the same industries not covered by the benchmark. Aluchna notes

that the objectives of the research as to identify main differences in the two sample groups of companies (if there are any) with respect to CSR initiatives, reporting and stakeholder dialogue as well as to trace the changes in the CSR policies observed within a 5 year period from 2007 to 2011.

Mari Kooskora an Estonian scholar in chapter “Corporate Social Responsibility in Estonia: Moving Towards a More Strategic Approach” notes that since the publication of the sister book to this one on CSR Across Europe 10 years ago in which Kooskora provided an account of the happenings in Estonia CSR scene, several positive changes have taken place and a more active approach to ethics and responsibility in business has also been effected. Kooskora argues that more recent studies in Estonia show that although companies may not publicly claim to be aware of the concept and may not realise how their activities are related to CSR, much more is actually being done in practice. Besides that the number of organisations which have realised that being ethical and responsible in business contributes to long-term sustainable success is growing every year. These organisations are not asking the question why they should be ethical and responsible in business, but the focus has been directed to how they should do things better. This particular paper according to Kooskora discusses the developments in ethical and responsible business in Estonia since the 1995. The chapter sets out to establish whether the approach to ethics and responsibility has become more strategic among Estonian organisational leaders during last two decades. Basing its results on several studies conducted by this scholar and her colleagues over 10 years the chapter analyses CSR in the country using two integrated development models, describing the stages of corporate moral development and strategical corporate responsibility. The chapter focuses on CSR awareness and activities of those organisations that are part of the Responsible Business Index study in Estonia between 2009 and 2012. The recent changes and developments in the business world, following the recent global financial and economic crisis that hit Estonia rather hard, made several of the country’s most influential organizational leaders to understand the importance of different stakeholders and societal expectations of social responsibility, Kooskora notes.

In chapter “Corporate Social Responsibility in Bulgaria: The Current State of the Field”, by Samuil Simeonov and Marina Stefanova who argue that the role of business in society has dramatically changed in Bulgaria over the last two decades. Whereas the initial impetus for CSR came from abroad, in recent years, domestic actors have been pushing and setting the CSR agenda, they also argue. The Bulgarian government has launched a National Strategy for CSR, but all indication is suggesting that the Bulgarian government is following rather than leading the CSR agenda since business actors can be regarded as the main drivers of CSR. Despite the ongoing change from philanthropy to a more strategy-based approach to CSR, most Bulgarian companies still lack the systematic knowledge and know-how about CSR, Simeonov and Stefanova have argued. For this reason, businesses can only take the lead on CSR if they collaborate with politics and civil society, they conclude.

The chapter “Corporate Social Responsibility in Serbia: Between Corporate Philanthropy and Standards” by three Serbian scholars—Mijatovic, Slobodan and Stokic, delves into CSR in Serbia through its political, socio-economic and historical development lens exploring initiatives that promoted CSR and the practice of CSR by businesses in the country. Like many countries around the world, Mijatovic et al. note that CSR became popularized in Serbia through corporate philanthropy and it has a long and continuous tradition in the country. Historically, the nineteenth and twentieth centuries helped the development of CSR in Serbia, because the author of the chapter note that until the Second World War, many citizens, business people and traders, shared their wealth with wider community. After the Second World War in socialism, social responsibility was initiated by the government, ideologically defended by concern for interests of workers and was focused internally and externally. Social responsibility in areas of employees’ relation as well as women equality has roots in the past, but social responsibility in areas of customer protection, environment and ethical business came into the limelight much later in Serbia. However, CSR in Serbia is still more about financial and non financial philanthropy and charity and is primarily considered external to a business. Awareness of CSR concepts differ from company to company, they note.

Urša Golob, a Slovenian scholar in the chapter “Whether and When: Corporate Social Responsibility as a Nationally Embraced Concept in Slovenia” argues that CSR in Slovenia is still not a widely recognised and embraced concept among all relevant political and business actors or even in civil society. Golob notes that the reasons for this can be found in the social, economic and cultural roots where, according to the institutionalist approach, the informal institutions such as norms, values and past experiences are those that matter the most and have the power to dictate the rate of CSR diffusion in a particular society. But she notes that an overview of CSR development in Slovenia nonetheless shows that some important steps towards a wider recognition of CSR in Slovenia have been made in the last few years. The strongest initiators of these changes according to this author are some non-governmental organisations that have been very active in promoting CSR, both in the business community and in Slovenian society.

Raminta Pučėtėitė and Rasa Pušinaitė in chapter “Corporate Social Responsibility in Lithuania: Fragmented Attempts to Respond to External Pressure” argue that the development of CSR in Lithuania is closely related to the European Union harmonisation processes and other external pressures such as those exerted by western business contractors, which demand social and environmental standards from their suppliers. They further argued that the country’s CSR is dominated by large often foreign companies operating in service industries such as telecommunications and banking that bring considerable expertise and investments in CSR programmes as a part of their reputation and brand management. They believe that small and medium sized companies (SMCs) lack the motivation and resources to implement CSR, which in any event is the case in many countries around the globe. To them they believe that in Lithuania, CSR still remains an aspiration rather than a reality, but there is room for things to move on positively in the field in the future.

Catalina Sitnikov, a Romanian scholar's chapter "Corporate Social Responsibility in Romania: Evolution, Trends and Perspectives" completes Part III of the book. In the chapter, Sitnikov notes that in the country, responsible corporate behavior was initially evaluated on the basis of commercial considerations in terms of corporate image and reputation, and not in terms of sustainable development or stakeholders needs. But recently, there has been a shift towards the implementation of the second approach, responsible practices being associated with long-term success, directly proportional to community development, environmental welfare and practices and connections within companies' areas of influence. Despite the significant progress on the integration of responsible practices in organizations core business since EU accession, Sitnikov notes that a number of challenges continue to exist, which she argues must be addressed by all stakeholders, she went on in the chapter to provide a few examples of them. Lately, this author notes that several actors in CSR arena in Romania have identified action areas they consider fundamental in defining the tools that enhance social responsibility like CSR in the area of human resources; Social entrepreneurship; Fostering social responsibility through public procurement system; CSR in SMEs; CSR Reporting; Responsible Consumption; Social responsibility in schools and universities. In each of these areas, the chapter presents possible problems and barriers which require a coherent CSR practice and potential solutions for dealing with them, the author believes that creating a structure for future development of the concept in Romania is certainly the way forward.

In chapter "CSR in Portugal: From a Paternalistic Approach to Lacking Contribution to Sustainable Development" of the fourth part of the book on corporate social responsibility in Portugal, *Manuel Castelo Branco*, a prolific author/scholar argues that Portugal, although a high-income country, it is one of the less developed European countries and social issues he notes are deemed very important, even today and consequently CSR in the country still focuses on such issues. Branco argues in the wake of social intervention tradition, under the dictatorship regime which lasted for 48 years (1926–1974), some of the larger companies developed a paternalistic approach towards their employees. The 1974 revolution brought an end to that. Since then and until recently CSR divulgation in Portugal could be characterized as "incipient" Branco argues. At the beginning of the twenty-first century, there was a change as the urge to promote the concept and socially responsible practices increased in the country. The chapter notes that in 2013, four large Portuguese companies (PT, EDP, BES and Galp Energia) were included in the Dow Jones Sustainability Index, a very important milestone. On the other hand, CSR is now noticeably present within Portuguese SMEs' and is deemed an important internal management resource. Notwithstanding, there are still major weaknesses to be addressed, such as those of the fight against corruption, tax behaviour and corporate political connections, concludes Branco.

In chapter "Corporate Social Responsibility: Current and Future Perspectives in Spain" by the two Spanish scholars—Belén Díaz Díaz and Rebeca García Ramos, proudly notes that their country was ranked seventh in the world for CSR implementation in a KPMG publication in 2011 the field having reached Spain later than

it did with public and private sector institutions in some European countries in the north. They also espoused that the Spanish Association of Investment and Pension Funds (INVERCO) in 1999, in their attempt to respond to the global CSR trend, introduced the concept of Socially Responsible Investment (SRI) in Spain. It is now a tradition in Spain that companies that wish to be included in socially responsible indices must provide their CSR profiles in order to meet ethical and transparency requirements, Díaz Díaz and García Ramos note. They also note that several Spanish companies have had to sign international codes and agreements on issues like human rights, labor, environment and anti-corruption.

Mara Del Baldo, an excellent Italian scholar looks at corporate social responsibility in Italy in the chapter “A State of the Art of Corporate Social Responsibility Diffusion in Italy: Limits and Potentials”. Del Baldo delves into the framework on the evolution and future prospects of the spread of CSR in her native Italy, taking into account the specificities of the socio-economic fabric of Italy which she notes, consists primarily of small and medium-sized enterprises and the country’s cultural factors that have led to the widespread entrepreneurial development in its different regions. The chapter is an excellent piece which like all others in the book is recommended to all our readers.

In chapter “Corporate Social Responsibility in Times of Crisis: The Case of Greece” Nicholas Harkiolakis notes that corporate social responsibility for businesses in Greece has gone through the stages of adaptation for catching up to the EU and international regulations and practice to a second level consideration under the suppressive and difficult economic conditions of our times. Although the CSR contributions of big Greek corporations with major holdings in external markets remained unaffected but the smaller ones that mainly relied on the Greek market for their business have understandably shifted their focus to their own survival and to a much lesser extent their contribution to CSR activities. Harkiolakis chapter presents an overview of the CSR field in Greece and the perspective of effective CSR contributors through selected brief case studies.

In chapter “An Analysis of Corporate Social Responsibility in the Turkish Business Context”, Duygu Turker a young Turkish scholar argues corporate social responsibility has been promoted by both national and international bodies to achieve the principles of sustainable development at the organizational level. Turker notes that a series of social, economic and environmental events which took place around the world have meant that the actions taken by corporate entities can be particularly crucial in dealing with the problems in the context of an emerging country like Turkey. Turker thus sets out to stress the importance of understanding how CSR is adopted and practiced by the organizations which operate in such countries to improve the overall quality and quantity of their CSR involvement. The chapter analyses the evolution of CSR conception in Turkey bearing in mind that the country is a gateway between East and West, Turker argues that it was important to provide a different political, economic, social and cultural context for CSR conception than other European countries. The concept has been built on the philanthropic heritage of the Ottoman period and then evolved in line

with the dependency relationship between business and state during the Republican period.

A careful read through of all the issues highlighted in this introductory chapter to each of the 26 chapters that comprise this book should hopefully reveal that these chapters have one common theme and message; that CSR is now an important business language of our era. It must be spoken with clarity, not by words of mouth but by visible actions which we believe would continue to transform our social, economic and environmental world for the better. We have all understood that sitting back and hoping that things would change for the better is no longer an option, individual citizens, corporate entities, non-governmental organizations, governments and international organizations have a lot to contend with in the crusade for global social responsibility; that is what would make the desired difference to our planet and make it habitable for tomorrow's generation and those after them.

References

- Habisch, A., Jonker, J., Wegner, M., & Schmidpeter, R. (2004). *Corporate social responsibility across Europe*. Berlin: Springer.
- Hopkins, M., & Idowu, S. O. (2015). *Corporate social responsibility: A text book*. Heidelberg: Springer.
- Idowu, S. O. (2012). Corporate social responsibility: A capitalist ideology? *Journal of Social Entrepreneurship and Innovation*, 1(3), 239–259.
- Idowu, S. O., & Leal Filho, W. (2008). Global practices of CSR in context. In S. O. Idowu & W. Leal Filho (Eds.), *Global practices of corporate social responsibility*. Berlin: Springer.
- Townsend, M. (2014). Life beyond capitalism. *RSA Journal*, 2, 44–45.
- State Secretariat for Economic Affairs [SECO]. (2009). *CSR-Konzept des SECO* (PDF-Dokument). Bern, Switzerland: SECO. Retrieved from <http://www.seco.admin.ch/themen/00645/04008/index.html?lang=de>
- WTO. 10 benefits of WTO trading system. Accessed 2 September, 2014, http://www.wto.org/english/thewto_e/whatis_e/10ben_e/10b00_e.htm

Part I

Western and Central Europe

Ireland
United Kingdom
Belgium
France
The Netherland
Germany
Austria
Switzerland

Corporate Social Responsibility in Ireland: A Snapshot

Anne Burke

1 Introduction

Before one can begin discussing CSR in Ireland, it is first necessary to explore what is Corporate Social Responsibility (CSR). There are many perceptions of what CSR means, with no single definition as of yet been agreed upon. If you type CSR into the search engine for Google Scholar, over a million items are returned. In a study carried out in 2004 it was concluded that majority of CSR research is “*focused on four main aspects: (1) meeting objectives that produce long-term profits, (2) using business power in a responsible way, (3) integrating social demands and (4) contributing to a good society by doing what is ethically correct*”(Garriga & Melé, 2004, p. 65).

The popularity of CSR has evolved in recent times and it can be argued that every organisation impacts in some way on society, and the environment. With an increasing emphasis on CSR practices, organisations are becoming more aware of their responsibilities to society. Now more than ever it is an extremely broad topic and includes not only elements of giving back in terms of time and money but has recently strayed into the realm of how socially responsible you are in running your business and investments. The demand for CSR has penetrated the entire ecosystem of an organisation and particularly the very complex global supply chain. No longer can organisations who wish to maintain their positive brand abdicate responsibility for the actions of their sub suppliers or outsourcers. There is an increasing expectation that those super brands who are selling customers the overall experience and promise will have programmes in place to ensure the environment is protected, workers are not exploited and conditions are safe. The level of transparency required nowadays is of an extremely high standard and the modern consumer

A. Burke (✉)
Letterkenny Institute of Technology, Donegal, Ireland
e-mail: anne.burke@lyit.ie

has never been as empowered to make choices that could damage a brand overnight for poor practice.

The operation of organisations in general has received a large amount of media attention in Ireland due to the financial and economic meltdown, which started to manifest itself in 2007 through 2008. Property prices began to see significant falls, leading financial institutes were exposed due to undercapitalisation. In extreme cases these institutes were confirmed insolvent, due to the levels of unregulated investment in high risk markets. Studies and debate have centred on how Ireland failed to avoid such a catastrophic failure in regulation and national and corporate governance (Regling & Watson, 2010). Ireland, with an economy once the envy of many European neighbours, has much to do to restore confidence in its ability to implement a culture, which promotes both good corporate governance and CSR.

In Ireland CSR is seen as the domain of large organisations, mainly multinational corporations (MNCs). Definition of the difference between SME's and large organisations is generally agreed to be based on number of Full Time Employees and, a SME is typically defined at a level of 250 employees.

CSR in Ireland has received very little attention academically for such a topical area. Stohs and Brannick (1999) and O'Dwyer, Unerman, and Bradley (2005) have also expressed concerns about lack of CSR research in Ireland.

2 Corporate Social Responsibility in an Irish Context

Whilst there is little written academically on CSR in an Irish context and it is perceived as only a relatively recent activity aligned to the most recent economic boom and the large scale benefits from foreign direct investment the practice of CSR is not new to Irish society. For example, as far back as the 1870s Arthur Guinness provided social housing for his workers and their families (Mansfield, 2009). In addition there is evidence of organisations contributing to their communities in Ireland pre the "Celtic Tiger" era and the arrival of MNCs. One strong example of this is in relation to the Gaelic Athletic Association (GAA). The GAA is an amateur sporting organisation run professionally with a rich history in social responsibility in terms of both giving and receiving. Its unique club volunteer culture has spanned over 125 years and it has a special place in Irish history (Duncan, 2010). The GAA is made up predominantly of volunteers, with only a few paid positions at provincial level usually organised around games or youth development. In Ireland until relatively recently people simply did not have the wealth to contribute to their local GAA club financially. Indeed Ireland did not have the institutional or individual wealth, which generated a philanthropic society. Instead, people donated their time, skill and expertise, building or maintaining facilities, administration and or coaching. What little resources GAA clubs had available went to buying equipment and team kits. The GAA also attempted to get business people involved in the running of the club; this had two very specific objectives. The first objective was to provide some business acumen in the general

day-to-day running of the club and the second to seek funding from other business owners when the time came for a new set of sports kit for a particular team.

This novel approach to supporting of GAA clubs in terms of CSR is the approach many large and medium organisations are still taking today. However, in the last quarter of the twentieth century to-date, there has been a dramatic change in societal values, which came about because of the rejection of ruthlessness in business conduct, concerning poor treatment of employees, consumers, suppliers, and the environment. Furthermore, other factors including the labour movement (McGuinness, Kelly, & O'Connell, 2010), rapid economic growth in the 1990s as well as the fact Ireland is host to many MNCs has seen more adaption of CSR best practices by large and medium organisations (these best practices being adopted from the MNCs that have established in Ireland). However there is still confusion over the subject of CSR in Ireland and while many organisations have taken to reporting their activities some organisations are still unsure or unclear about why should they implement it and how they implement it (Whooly, 2011).

In the past, Ireland did not have the institutional or individual wealth, to generate a philanthropic society, but this has changed in recent years. A global survey by Grant Thornton (2011) reveals that Ireland ranks highly in promoting CSR, showing that 88 % of Irish companies donate to charity, compared to 62 % in Europe. The survey also revealed that 81 % of Irish organisations promoted diversity and equality in the workplace, compared to 50 % globally (Grant Thornton, 2011). An Accenture commissioned study by the Economic Intelligence Unit (EIU) of organisations based in Ireland split roughly equally between large organisations (51 % from organisations with over US\$500 m in annual global revenue) and small organisations (49 % from organisations with annual global revenue below US\$500 m) revealed that 73 % of these organisations are going to increase investment on CSR activities in the coming years (Economist Intelligence Unit, 2012). Historically there was little recognition by the Irish Government of the need or power of CSR. However, there has been recognition within government in recent times and this is discussed in the next section.

3 Government Handling and Promotion of CSR

This section will look at how policy makers handle CSR and what has been done to promote it. Whilst historically there was little understanding or recognition within Government of the need or power of CSR Ireland has made good progress at government level to develop CSR. Ireland is at the top of the leader board within the European Union in relation to developing and promoting CSR. This fact has been highlighted in various reports and surveys conducted by different departments of the European Commission. Ireland and Spain have the highest number of initiatives in place to promote awareness of CSR at government level (Steurer, Hametner, Berger, & Rametsteiner, 2008) and it is among the top five European

countries to integrate CSR into national strategy documents (Martinuzzi, Krumay, & Pisano, 2011).

An objective of the Programme for Government 2011–2016 is that Ireland will “*be recognised as a modern, fair, socially inclusive and equal society supported by a productive and prosperous economy*” (Department of the Taoiseach, 2011, p. 3). In its 2013 Action Plan for Jobs, the Government undertook to publish a National Plan on Corporate Social Responsibility, highlighting the role that organisations can play in supporting employment and local communities. This plan (the first ever National Plan on CSR for Ireland) was approved on the 9 April, 2014 (Department of Jobs Employment and Innovation, 2014a) with the Department of Jobs, Enterprise and Innovation (DJEI) having the responsibility for coordinating CSR policy in Ireland. Among the measures contained in the plan are:

- Establish a Stakeholder Forum on CSR to support the development of CSR in Ireland, in the first half of 2014
- Establish a baseline of CSR activity in Ireland, through the National Standards Association of Ireland
- Work with stakeholders to raise awareness of CSR and support best practice CSR
- Explore how IDA and Enterprise Ireland can promote CSR with their client organisations
- Support programmes to develop CSR in the SME sector

The plan also seeks to communicate a common understanding of CSR by outlining five Pillars on which CSR is to be based in Ireland. The Pillars are: Workplace, Environment, Marketplace, Community and the Public sector. In conjunction with the National Standards Authority Ireland (NSAI), Waterford Institute of Technology (WIT) and Business in the Community Ireland (BITCI) surveys are currently being carried out on CSR issues. As part of this plan, the DJEI in conjunction with other stakeholders is seeking to establish an indicative baseline of CSR activity in Ireland. The results of this survey will be collated and will be used to impart information on CSR practices in Ireland such as publications and articles (Department of Jobs Employment and Innovation, 2014b).

While the DJEI has responsibility for co-coordinating policy in relation to CSR, the Department of the Environment, Community and Local Government (DECLG) contributes to the development of CSR in a community and local development context through a range of supports and structures such as partnerships, community development projects (Martinuzzi et al., 2011). For example, the DECLG offers funding to Chambers Ireland (CI), a business network engaged in CSR, to support the CSR Awards (Department of the Environment, Community and Local Government 2007). In 2004 CI established their CSR Awards to recognise and promote the CSR initiatives of Irish and MNC’s. The awards recognise an organisation’s CSR efforts in seeking to improve the lives of their employees and to enhance the civic environment in which they operate. The award categories cover CSR excellence in community, environment, marketplace, workplace, CSR communication, international and CSR by an SME. There is also an outstanding achievement in CSR,

where all shortlisted candidates are eligible. The award categories are by MNC and large indigenous companies (LIC), with one specifically for SME's (Chambers Ireland, 2014). As the government in Ireland "*views corporate responsibility as a voluntary approach*", these awards have led to an increase in awareness of CSR throughout the country and highlights businesses, which are making a conscious effort to give something back to society. This would also have put pressure on other businesses to follow their example by integrating CSR best practices into their daily activities in order to compete with their competitors.

CI also hosts the Excellence in Local Government (ELG) Awards. These awards "*showcase best practice in local government and highlight some of the great projects that local authorities are undertaking*" (Chambers Ireland, 2014). The ELG Awards 2013 were divided into 17 categories such as Joint Local Authority Initiative and Sustainable Environment. These awards encourage local government to take part in initiatives, which promote CSR and best practices in the local community. It is important for government to be involved in such initiatives as it sets a good example for the wider community and organisations. These initiatives highlight how local government projects can make local communities more sustainable and have a positive impact on society as a whole. This also highlights that CSR practices are not just the responsibility of businesses but of the government and local communities too (Chambers Ireland, 2014). This partnership between the DECLG and CI is similar to what has been happening in other countries over the last two decades where there has been a proliferation of partnerships between business and government, multilateral bodies, and/or social actors such as NGOs and local community organisations engaged in promoting CSR development (Reed & Reed, 2009). It has been suggested that re-embedding the economy of a country with the government as a strategic partner both through interplay with socio-economic processes in civil society and through media amplification, re-injects social responsibility in industry (Midttun, 2005) which would seem to be the aim of the DECLG in its funding of CI and their CSR awards. However, research also suggests that careful consideration should be given to the framework of thought underlying this policy paradigm (Richter, 2004).

Other local initiatives sponsored by the DECLG in conjunction with the EU are the South West Regional Authority (SWRA), which is a statutory public body with responsibility for strategic planning in the counties of Cork and Kerry. It is involved in a project called DESUR (Developing Sustainable Regions through Responsible SME's). This is an EU funded project and its objective is "*to improve regional policies in order to promote responsible innovation in SMEs throughout the exchange of experiences among all the partners, based on the triple bottom line: PEOPLE-PROFIT-PLANET*". It highlights difficulties SMEs face when trying to incorporate social responsibility into their business models. Many SMEs do not have sufficient resources to implement CSR and are not aware of sustainable business practices. In a study carried out by Sweeney (2007) the main barrier noted by SMEs in Ireland to CSR were financial constraints. In that same study SMEs felt the opportunities experienced by SMEs in relation to CSR are: (1) SMEs are closer to their stakeholders and can more easily build relationships, and

(2) SMEs are considered more flexible and can quickly respond to stakeholder demands and implement stakeholder policies (Sweeney, 2007). This project aims to establish policies which will allow SMEs to integrate CSR into their daily activities (South West Regional Authority, 2013). This in line with research which suggests that, expecting social involvement solely from MNCs overlooks an important role that can be played by SMEs, which account for about 60 % of employment worldwide (Luetkenhorst, 2004). Scholars also point to the predominantly informal/implicit approach or “silent CSR”/“sunken CSR” practiced by SMEs, suggesting that SMEs are often “unknowingly socially responsible” (Jamali, Zanhour, & Keshishian, 2009). In contrast MNCs increasingly develop worldwide CSR strategies that apply across their global business, primarily through the creation of their own codes and policies, or their explicit statements of CSR (Matten & Moon, 2008).

In July 2013, CI in conjunction with the SWRA launched a CSR guide targeted at the SME sector, “The Sustainability Factor—Corporate Social Responsibility and SME’s” (South West Regional Authority, 2013). The guide highlights easy ways for SME’s to engage with CSR and simultaneously contribute to their bottom line profits, helping to make CSR a core part of an SME’s business strategy.

In 2008, the government introduced new legislation (Credit Institutions (Financial Support) Scheme 2008) that made “*promotion of the highest standards of corporate social responsibility in the banking system overall*” a condition for the basis of support to financial institutions (Irish Government, 2008, p. 19).

Reports published by ESDN (European Sustainable Development Network) also show that Ireland is at the forefront of developing and promoting CSR. In their survey of 27 EU countries, Steurer et al. (2008) stated that Ireland and the UK promoted CSR most actively.

Having reviewed government promotion of CSR in Ireland the next section looks at Irish organisations involvement with CSR worldwide.

4 Irish Organisation Participating in Worldwide CSR Initiatives

The United Nations Global Compact (UNGC) is the world’s largest corporate citizenship and sustainability initiative, with over 10,000 participants, including 7,000 organisations in 145 countries. However, Ireland has only 15 participating companies in the UNGC, with 7 of these only joining since April 2012 (United Nations, 2014). The UNGC partners companies with United Nations agencies in an effort to preserve or promote human rights and the environment. In Ireland, 15 organisations have taken up their standards.

The problem with the UNGC is that the United Nations does not prescribe how the participant adheres to the standards. This is up to the subscribers, so there is a chance that organisations can sign up just to window dress their websites. Another

international standard for companies to adopt would be those of the Global Reporting Initiative (GRI). It is a non-profit organisation with headquarters in Amsterdam. It acts in partnership with businesses, government and non-governmental organisations which include the Organisation for Economic Co-operation and Development (OECD), UNGC. GRI is the best-known and most complete framework for voluntary reporting of environmental and social performance by organisations worldwide (Camargos, 2014). The components of GRI reporting framework are the Guidelines for Sustainability Reporting, the Performance Indicators, the GRI Application Levels and the Sector Supplements (GRI, 2006). There are currently 29 companies from Ireland listed on the sustainability disclosure database (GRI, 2014). These standards are very useful and through bench marking, they can help an organisations improve their sustainability activities. However, due to the informal nature of the guidelines and the allowance for additional information to be included means in reality organisations select which information will be disclosed which can lead to an inaccurate representation of an organisation's activities (Camargos, 2014).

The next section looks at other organisations promoting CSR in Ireland.

5 Organisations Promoting CSR in Ireland

BITCI was founded in 2000 as a national non-profit organisation, with a vision “*to make Ireland the most responsible place to do business*”. Their mission is to utilise the power of Irish business to maximise its impact on all its stakeholders and society. BITCI works with Irish organisations, helping them develop, manage and measure their CSR activities (BITCI, 2014). BITCI has just over 60 plus members, mostly LIC and MNCs. With over 700 US organisations based in Ireland and over 80,000 organisations listed in Ireland, the membership listing of BITCI of just over 60 members does appear somewhat meagre and none of these organisations are SMEs. However, BITCI “*is currently working on developing a programme to support the development of CSR in SMEs*” (Department of Jobs Employment and Innovation, 2014a, p. 9).

In 2011, BITCI launched the Business Working Responsibly Mark, which is based on the International Standards Organisation (ISO) 26000 and is audited by the NSAI. This is the only certification in Ireland for responsible and sustainable business practices. It is a premier standard for organisations to work towards in terms of good business practices (BITCI, 2014). This Mark allows organisations to be evaluated in terms of their CSR strategies and aims to help them achieve a satisfactory standard. This certification helps businesses benchmark where they are in terms of CSR and allows them to make adjustments to ensure CSR is embedded into all aspects of their business. This is important as it communicates what is expected of businesses in terms of CSR. Organisations who successfully meet the criteria are awarded the certification mark for 2 years. To date the organisations (all MNC/LIC) certified are (Business in the Community Ireland (BITCI), 2014):

- Microsoft Ireland
- ESB
- CRH Ireland
- Intel Ireland
- Transdev Ireland
- EirGrid
- Accenture in Ireland
- Pfizer Healthcare Ireland
- Boots Retail Ireland
- Bord Gáis Networks
- Deloitte Ireland

The next section gives a brief over of the influence of the trade union influence on CSR.

6 Trade Union Influence on CSR

Trade unions in Ireland also have significant power to influence CSR with the existence of for example the Irish Congress of Trade (ICTU) and Services Industrial Professional and Technical Union (SIPTU). These play an active role in promoting CSR in their organisations of interest and ensure that they meet the standards set out in their codes of conduct or by standards that the organisations use. Their main focus is the welfare of the employees and they prefer to talk of Corporate Social Accountability (Irish Congress of Trade Unions (ICTU), 2006).

Trade unions have the ability to, not only campaign to the government for new laws, but to negotiate with businesses to ensure equality in the workplace. These negotiations have the ability to influence the CSR decisions made in businesses. An example of this is the CSR scheme called Fair Hotels Ireland which was implemented in 2010 by SIPTU. This scheme included 48 Irish hotels that shared a similar mission which was to provide fair and safe workplaces for their employees and a forum to voice their opinions and collectively market their hotels (Boluk, 2013). The strength of SIPTU in Ireland allowed them to improve staff relations and thus CSR in Irish hotels (SIPTU, 2010).

Trade unions primary concern is how firms treat employees. Since the development and increased application of CSR activities, unions have campaigned for employees to be central to any CSR efforts. Such efforts can take various forms for example, flexible working hours, childcare subsidiary, and free health care or paid study leave. In addition ICTU has set up ICTU Global Solidarity as part of ICAN, a network of organisations including the NGOs Oxfam Ireland, Trocaire, Amnesty, Fairtrade Mark Ireland, Comhlamh and Christian Aid Ireland. ICAN is committed to promoting an international framework to govern corporate activity and to encourage voluntary action by corporations to enhance their contribution to sustainable development. It aims to raise awareness of, debate about, engagement

with and support for initiatives devised to enforce international human rights, labour and environmental standards in corporate behaviour and facilitate social dialogue and best practices (Irish Congress of Trade Unions (ICTU), 2006).

The next section looks at other factors influencing CSR in companies in Ireland.

7 Factors Influencing CSR in Companies in Ireland

In Ireland attracting a skilled workforce and new customers are motives for companies to engage in CSR (80 % of companies surveyed by Chambers Ireland agree) (Chambers Ireland, 2013).

In the CEO Responsible Ireland Survey 2012 carried out by BITCI, over 70 % of CEOs have stated that responsible business practices have a positive impact on their bottom line. The research also found that one in two CEOs believe that CSR policies and practices have given them a direct competitive advantage ranging from tender acquisition and staff retention to general improved reputation. (Business in the Community Ireland (BITCI), 2012). Clearly, these are strong motives for pursuing CSR.

The idea behind CSR is a good one. However, for many of these large organisations their motives are questionable, as it seems to have been turned into a huge public relations exercise. It can even be argued that it is no more than just a competition strategy, for the main aim of businesses is to make money for its shareholders. By engaging in seemingly socially responsible activities, the image of the company is boosted and so are profits. However, as a result of a plethora of CSR claims and many reported incidents of corporate misconduct, there is some doubt as to the extent to which companies live up to their professed standards, and consumer scepticism toward corporate social involvement is on the increase (Skarmas & Leonidou, 2013) Unfortunately, for those organisations committed to genuine change, a number of organisation have been accused of exaggerating the degree to which their products and services are environmentally friendly and “*greenwashing*,” as this practice has come to be known, is a serious problem (Chun & Giebelhausen, 2012).

In addition a point of contention in Ireland is the fact that many MNCs based in Ireland avail of considerable tax benefits—a point that is not lost by the media. “*You can publish all the glossy CSR reports you want, you can buy as much green energy as you can find and you can recycle the water in the canteen 50 times, but if you don’t pay tax it’s very hard to argue these days that you are a good corporate citizen*” (McManus, 2013).

In Irish terms, three of the industries that have been under scrutiny for some time could be broadly referred to as alcohol, energy and tobacco. The sector response in each of these cases has been marketed different in terms of approach and return.

The Government heavily regulates notably each of these industries either directly or through an independent agency. The main motivation of this heavy regulation is twofold, one in terms of each of the industries potential and actual

impact to people's health and secondly the revenue generating opportunity of taxing what are often referred to as 'the old reliables'.

These industries have invested substantial resources in promoting a culture of responsibility within their brands and focusing on the consumer who 'chooses' to use them and in the case of energy the cost associated with imported energy, gas and oil. However while there has been a diverse approach in terms of the medium and platforms utilised to promote their CSR there is a common theme at least in an Irish sense which most organisations leverage which is partnership with NGO's, Sporting Bodies or Semi State organisations. The pursuit of legitimacy in terms of their approach seems to be very important to the large organisations that have a CSR footprint in Ireland. The focus is so that it attempts to remove the element of cynicism around the organisation's motivations, secondly state and semi state organisations are happy to collaborate on these initiatives as it provides necessary funding and organisational depth and strength that may not be otherwise available.

To look at alcohol specifically there are a number of company campaigns, which promote responsible drinking. Recently an organisation funded by the alcohol industry has emerged called MEAS (Mature Enjoyment of Alcohol in Society). This organisation funds the drinkware.ie website and media campaign and have ran a number of national campaigns about responsible drinking specifically targeting at young people. This is matched up with sponsorship with alcohol organisations increasingly focusing on sports sponsorship. Guinness currently sponsors the GAA hurling championship; Heineken sponsors the Rugby and various brands like Carlsberg support soccer and other niche sports as well. The focus on aligning their brand with healthy activities is central in terms of consumer perception. Over the last 2 years, a debate has been raised in Ireland about banning alcohol sponsorship in sport. The rationale is that young people are being introduced to alcohol too early and aligning it with the teams they support is dangerous in terms of encouraging underage drinking. The debate is ongoing with the government recently not ruling out a total ban on alcohol sports sponsorship but no doubt a compromise solution will be found with the alcohol industry heavily leaning on their extensive CSR in an attempt to soften any blow from increased regulation (Irish Examiner, 2013).

An example of a company is Diageo, which produces and sell alcohol, which is a cause of many problems in society, but through social activities, their image can be masked or softened by highlighting all the good work they do, by hiring locally, sponsorships and donating to charity. Diageo has recently extended its reach from pure CSR to social investing as well through the ArthurGuinnessProjects programme, which aims to attract people across Ireland to apply for funding to inspire the next generation of talent in sports, art, food and music. In 2012, Diageo donated more than 1 million euros to charities in Ireland alone. The company CSR programme encompasses three pillars namely alcohol in the society, environment and community investment (Diageo, 2013).

It is worth noting that the investment in CSR in most contexts is relative to the scale and profitability, which is clearly aligned with the level of regulation and business threats that an organisation perceives in this space.

In terms of Energy Ireland again while immature in the larger context of CSR in Gas and Oil production internationally it has its own unique example with the Shell and the Corrib gas field of the coast of the West of Ireland. Shell in Ireland has built a very comprehensive CSR portfolio driven by the need to appease the on-going protests in Mayo (in the West of Ireland) about the potential environmental impact of the on shoring of gas from the Corrib field. They have focused on the direct and indirect economic benefits for such a rural and disadvantaged region. Furthermore, they have developed a direct aid CSR programme, which has seen the Belmullet GAA awarded 450,000 euros towards its ongoing redevelopment efforts. That kind of money donated to such an influential organisation has the power to change perceptions about the overall project (O'Donnell, 2011). Shell also advertises the direct benefits to the economy in terms of job creation during both the construction and on-going operations phase. Furthermore Shell attempts to connect Ireland's dependency on foreign fossil fuels at nearly 90 % as a key driver in making the Corrib gas field a success (Frynas, 2010).

Tobacco companies sponsoring cultural events have not met with much positivity. A Sinn Féin MEP was off the view a major tobacco organisation's sponsorship of the City of Culture (Derry) events undermined the success of the year. The MEP stated that as tobacco products kill 7,000 people across Ireland each year she *"did not believe that this is the type of 'culture' we should be promoting and, reflecting on all of the tremendously enjoyable events that have portrayed this city in a positive light, I don't believe that this sponsorship from JTI was necessary"* (Derry Journal, 2013).

Outside these three major industries, there was a notable exception in 2006 with the chewing gum industry. Rumours had surfaced that the Irish environment minister was planning a ban or tax on chewing gum. This was in an attempt to reduce the cost associated with its clean up around Ireland. Wrigley's in fear of an all-out assault on their business worked with other manufacturers to lobby hard against any ban. What emerged from the process was a multimillion Euro contribution to the ongoing clean-up costs and the launch of a national education program in partnership with An Taisce called 'neat streets'. Furthermore Wrigley's agreed to advertise on all national media platforms with its 'bin it your way campaign' in an attempt to influence consumers to dispose of their product correctly (Taisce, 2013). It is a tangible example of regulation motivating the development and promotion of sustainability within an organisation. The press release regarding each of the initiatives and the agreements were published on the NYSE and released on Wrigley's website. While this was a drastic step in terms of avoiding the implementation of government policy which would have essentially wiped out their business it definitely got the desired reaction from a global organisation (Travers, 2011).

The next section will compare SMEs with Large Enterprises in terms of CSR.

8 CSR in SMEs Versus Large Organisations

Irish SMEs account for approximately 99.8 % of businesses in Ireland (Irish Times, 2013). The Central Statistics Office highlighted in their report last year that the Irish SME's due to their numbers impact society and the environment as much as the larger companies therefore CSR must be embedded within their business model (Central Statistics Office (CSO), 2013).

Tyrell, (2006) in an article for Chartered Accountants Ireland refers to a survey in which 70 % of Irish consumers expressed their belief that an organisation's CSR commitment is important when making their purchase decisions. In the same survey 60 % agreed that Irish organisations do not give enough attention to their social responsibilities (Tyrell, 2006). Additionally owner managers may understandably be sceptical of the supposed benefits of CSR as there is a lack of accurate measurement in Ireland currently, with nearly 40 % of companies having no formal measurement in place for their CSR practices (Business in the Community Ireland (BITCI), 2012).

Unlike listed companies, SMEs in Ireland are now realising the merits of CSR (Rothery, 2013) which has been adjudged a core component of business strategy, nevertheless, lack of resources such as finance, time, and manpower are some of the potential barriers (Sweeney, 2007) that somewhat affect SMEs full commitment to CSR.

The way in which CSR has been regarded has changed over time. It has evolved from being regarded as a nuisance created by visionaries to being integrated into the corporate strategy of the majority of organisations. Both large and small organisations have an impact on their respective communities and so both have a necessity for CSR. A one-size fits all policy cannot be adopted for CSR, as there are some significant contrasts between SME's and large organisations. Within larger organisations, there may be a number of staff or even a whole section with the specific responsibility for its corporate reputation. While in contrast many small entities do not have the resources, which can mean the more long term focus of CSR, may be put on the back burner in favour of short-term gains. With many smaller SME's being owner managed the amount of emphasis placed on CSR would be heavily reliant on the owner/managers views and opinions. *“Thus, control remains in the hands of the owners, potentially enabling him or her to make personal choices about the allocation of resources, the acceptance of CSR is largely a factor of the personal attitudes of the owner/manager”*(Sweeney, 2007, p. 517)

Therefore it is the owners that determine level of involvement and choice of CSR activities (Sweeney, 2007). In general, most SMEs practice CSR on ad hoc basis; however, there is a growing formal approach to CSR lately. Although SMEs are at a disadvantage on size and resources, because of their size they are more likely to have a closer relationship with their stakeholders which allow them to respond quicker to stakeholder demands (Sweeney, 2007).

Large firms operating in Ireland defined CSR along the four main stakeholders: employees, customers, community and environment. Sweeney notes that SMEs tend to define CSR as conducting business in a responsible manner and in particular contributing to their local community. (Sweeney, 2007, p. 520)

According to a survey carried out by the Irish Small and Medium Enterprises Association (ISME), 92 % of Irish SMEs give voluntary monetary contributions to charities (ISME, 2014). Mark Fielding CEO of ISME said that: “*CSR contributions of SMEs are usually informal and are considered to be a normal part of business life*” “*The CSR activities of large businesses tend to be well documented and published as part of their reputation building strategies*” (Irish Small and Medium Enterprises Association (ISME), 2014)

The understanding of what CSR is, or what it is perceived to be, can also vary between SME’s and larger organisations. In doctoral research carried out by Sweeney (2009) Irish SME’s and large organisation quoted SME respondents as stating the term was ‘*grandiose*’, ‘*daunting*’ or ‘*confusing*’ (Sweeney, 2009). She cites literature arguing CSR may not be an appropriate term for SME’s, with the word ‘*corporate*’, in particular, alienating smaller organisations (Sweeney, 2009). In contrast, she found larger organisations struggling with the word ‘*social*’ as it put too much emphasis on an organisation’s social activities and not enough on business practices they attributed to CSR.

CSR practices that promote open communications with stakeholders and transparency can aid society improve trust in business and increase social capital (Boulouta & Pitelis, 2014). Social capital, generally, refers to social networks, the mutual benefit that arises from them and their value within the business environment (Sen & Cowley, 2013). Indeed, SMEs see engagement in CSR as an obligation towards the local community who trust them, and an opportunity to show how the organisation shares the social values (Sen & Cowley, 2013) that is not as prevalent in larger organisations. There are motivational differences between larger organisations and SMEs when it comes to implementing CSR. Larger organisations may be driven by profit, image, reputation, and government policy. Evidence suggests that this is not the case with SMEs, which are primarily driven by ethical aspects of CSR. Many small firms do a lot of good in their communities, but it is usually done in an instinctive way, influenced by the values of the owner/director and usually not externally reported as would be the case in large organisations (Killian, 2012).

The following responsibilities need to be looked at when implanting CSR in any organisation whether small or large. In summary, these are (Killian, 2012):

1. economic responsibilities—safe trading, re-payment of debts;
2. consideration for environment—pollution sensitivity, carbon reduction;
3. welfare of local community;
4. observance of staff, supplier, and human rights;
5. good corporate governance—corruption prevention, on-time tax payments;
6. health & safety, and quality management;
7. good supply chain management; and
8. supporting worthy causes—supporting charities.

It is clear that the concept of CSR has become clearer and more evident in Ireland. However, larger organisations seem to be a step ahead of SMEs in terms of integrating CSR into their businesses. In order to promote understanding and adaptability of CSR, SME's need to be continuously supported and assisted with CSR through government initiatives like DESUR.

The next section discusses the level of disclosure of CSR.

9 CSR Disclosure

While the disclosure of CSR is less popular in Ireland than in other European countries (O'Dwyer et al., 2005), reporting by Irish organisations of their CSR activities is slowly increasing (Sweeney, 2008) with nearly all LIC and MNCs operating out of Ireland having CSR statements on their website. In contrast, the results of a survey conducted in the third quarter of 2013 by ISME, show that while Irish SMEs make a significant contribution to their local communities through financial, time and goods donations, these activities are usually not reported or documented in company literature and so tend to go unnoticed and unacknowledged (Irish Small and Medium Enterprises Association (ISME), 2013).

Although CSR disclosure allows the company to enhance the creditability of their activities some Irish organisations are still reluctant to publicise their CSR activities. Research has shown that Irish organisations that fail to meet social expectations run the risk of losing their legitimacy and survival (Douglas, Doris, & Johnson, 2004).

Examples of Irish companies that issue CSR reports are Togher Oil, Irish Life and Permanent, RTE and the ESB (Quinn, 2007). The most common type of disclosures related to employees, health and safety, community involvement, the environment, customers and corporate governance. However, the CSR disclosure of many organisations is qualitative, with many organisations simply reporting their CSR policies (Sweeney, 2008). In addition, there is no evidence of CSR reports being audited by an external auditor. Hence, it is difficult to ascertain if organisations are putting into practice what they are claiming. Organisations may be tempted to over-report on CSR for a number of reasons, for example to enhance their image and to improve customer and employee loyalty.

The mandatory disclosure requirements in relation to reporting CSR data in Ireland are minimal (Sweeney, 2008). On the 16th April 2013, the European Commission put forward a proposal for a directive, which would increase EU companies "*transparency and performance on environmental and social matters*". The directive would require large organisations to disclose non-financial information relating to CSR in their annual reports. This would include information relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters (Ambrose, 2013). This directive would also affect

CSR reporting in Ireland. If this directive was adopted it would take a few years to be implemented and for Irish organisations to make the necessary changes to their CSR policies. It would be a positive development in CSR, as those large organisations would be obliged to report on their CSR activities and provide reasons why they do not have certain policies in place. This would also highlight organisations, which are not making a conscious effort to improve their sustainability. This directive would be beneficial for consumers so they can become informed about what organisations are doing in relation to CSR and it would create more awareness and understanding about CSR. The directive would also mean that organisations would be more likely to implement minimum CSR practices, as it is a requirement of the directive. This would ensure that more organisations (including SMEs) are doing business in a responsible and sustainable way and they are integrating CSR into their business models.

10 Conclusion

There are a number of trends in terms of a unique Irish approach to CSR, firstly Ireland is not a naturally philanthropic society, while individually generous with their contributions high net worth individuals do not engage in personal or adoptive CSR as they do in the United States. Secondly, professional comprehensive CSR is typically a reaction to a business threat as opposed to a proactive investment in doing good (i.e. the tobacco, energy, alcohol, chewing gum industries).

However, that is not to say that CSR is not practiced in Ireland. CSR has been practiced by organisations large and small, throughout Ireland for many years. The breadth of CSR activity in Ireland is constantly increasing and is recognised through programmes such as BITCI's "Business Working Responsibly Mark" and CI's Annual CSR Awards.

However, specifically in an Irish context there seems to be a number of very distinct approaches to CSR. Large typically U.S. organisations tend to have very proactive formal inclusive employee led programmes backed with financial resources, technical capability and management support. Large regulated industries tend to act in a reactionary mode when their business model is at threat and then swing into full CSR mode usually through a very slick public relations methodology. The majority of CSR contributions of SMEs are usually informal and are considered to be a normal part of business life. In many cases, the business owner does not recognise the term CSR but believes that playing an active role in the community is their responsibility. When asked if their organisation participates in CSR they might think they are not, without realising that their actions often amount to excellent, but unrecorded, CSR i.e. sunken or silent CSR. The informal nature of these activities makes them more difficult to record and quantify.

Therefore one of the main challenges related to CSR in Ireland, particularly in relation to SMEs, is around reporting and communications of responsible business practice and the overall integration of CSR into business strategies. The recently

launched first ever national plan on CSR articulates a vision for Ireland to be recognised as a centre of excellence for responsible and sustainable business practices. It is to be hoped that this plan will continue to raise the profile of CSR in Ireland. There is an ongoing challenge to develop solutions for SMEs on CSR from an SME perspective, demonstrating the link between responsible business practice and business benefit.

Carroll (2008) notes that it is sometimes challenging to differentiate between what organisations are doing for business reasons and what they are doing for social reasons. In Ireland as elsewhere, it can be difficult to understand the motivation for an organisation to develop a formal CSR programme. Often people are led by a deep sense of responsibility to do good for society specifically if they themselves have been successful. However, others can define that cynically as a public relations exercise exaggerating an organisation's CSR practices for the purposes of generating and securing customer loyalty (i.e. greenwashing).

References

- Ambrose, P. (2013). Shift in EU's attitude to CSR. *Accountancy Ireland*, 45(6), 36–37.
- Boluk, K. (2013). Using CSR as a tool for development: An investigation of the fair hotels scheme in Ireland. *Journal of Quality Assurance in Hospitality & Tourism*, 14(1), 49–65.
- Boulouta, I., & Pitelis, C. N. (2014). Who needs CSR? The impact of corporate social responsibility on national competitiveness. *Journal of Business Ethics*, 119(3), 349–364.
- Business in the Community Ireland (BITCI). (2012). CEO survey shows responsible business practice positive impact bottom line. *Business in the Community Ireland*. Retrieved February 10, 2014.
- Business in the Community Ireland (BITCI). (2014). *Business working responsibly mark corporate social responsibility: Certified-companies*. Retrieved from <http://www.bitc.ie/business-working-responsibly-mark-corporate-social-responsibility/certified-companies/>
- Camargos, M. R. (2014). Analysis of the sustainability reporting initiatives of electric utilities in Brazil. *Industria*, 42(1), 127–147.
- Carroll, A. (Ed.). (2008). *A history of corporate social responsibility: Concepts and practices*. Oxford: Oxford University Press.
- Central Statistics Office (CSO). (2013). Retrieved February 8, 2014 from <http://www.cso.ie/en/media/csoie/releasespublications/documents/multisectoral/2011/businessinireland2011.pdf>
- Chambers Ireland. (2013). *Corporate social responsibility awards*. Retrieved from <http://www.chambers.ie/events/corporate-social-responsibility-awards/2013-csr-awards/csr-shortlist-2013/excellence-in-csr-by-an-sme.html>.
- Chambers Ireland (Producer). (2014). *Chambers Ireland*. Retrieved from <http://www.chambers.ie/events/excellence-in-local-government-awards/>
- Chun, H. H., & Giebelhausen, M. (2012). Reversing the green backlash in services: Credible competitors help large companies go green. *Journal of Service Management*, 23(3), 400–415.
- Department of the Environment Community and Local Government. (2007). *Supports for volunteering, Philanthropy/Corporate Social Responsibility (CSR)*. Department of the Environment Community and Local Government.
- Department of Jobs Employment and Innovation. (2014a). Good for business: Good for the community Ireland's national plan on corporate social responsibility 2014–2016. Retrieved from http://www.djei.ie/publications/enterprise/2014/National_Plan_CSR.pdf

- Department of Jobs Employment and Innovation. (2014b). Retrieved from http://www.enterprise.gov.ie/en/News/Agency-News/Corporate_Social_Responsibility_Survey.html
- Department of the Taoiseach. (2011). *Programme for government 2011–2016*. Dublin. Retrieved from http://www.taoiseach.gov.ie/eng/Work_Of_The_Department/Programme_for_Government/Programme_for_Government_2011-2016.pdf
- Derry Journal. (2013). Tobacco sponsorship ‘undermines’ City of Culture success – Anderson. *Derry Journal*. Retrieved from <http://www.derryjournal.com/news/business/tobacco-sponsorship-undermines-city-of-culture-success-anderson-1-5683210>
- Diageo. (2013). Retrieved February 6, 2014 from <http://www.diageo.com/en-ie/csr/pages/csr-in-ireland.aspx>
- Douglas, A., Doris, J., & Johnson, B. (2004). Corporate social reporting in Irish financial institutions. *The TQM Magazine*, 16(6), 387–395.
- Duncan, M., et al. (2010). *The GAA: A people's history*. Cork: Collins.
- Economist Intelligence Unit. (2012). *The global consumer opportunity: Are Irish organisations ready?* Dublin: Accenture.
- Frynas, J. G. (2010). *Beyond corporate social responsibility: Oil multinationals and social challenges*. Cambridge: Cambridge University Press.
- Garriga, E., & Melé, D. (2004). Corporate social responsibility theories: Mapping the territory. *Journal of Business Ethics*, 53(1–2), 51–71.
- Global Reporting Initiative (GRI). (2006). *Sustainability reporting guidelines*. Amsterdam: Global Reporting Initiative.
- Global Reporting Initiative (GRI). (2014). Retrieved from <http://database.globalreporting.org/search>
- Grant Thornton. (2011). *Corporate social responsibility: The power of perception*. Retrieved from http://www.granthornton.se/Global/Dokument/Publikationer/GT-unders%C3%B6kning/2011/IBR_2011_CSR_Report%20Final.pdf
- Irish Congress of Trade Unions (ICTU). (2006). *Corporate social responsibility: A guide for trade unionists*. Accessed January 31, 2014, from http://www.ictu.ie/download/pdf/ictu_csr_report_2005.pdf
- Irish Examiner. (2013, July 28). Report: Govt to approve ban on alcohol sponsorship of sports events. *Irish Examiner*
- Irish Government (2008). S.I. No. 411/2008 - Credit Institutions (Financial Support) Scheme 2008. Office of the Attorney General, Irish Statue Book.
- Irish Small and Medium Enterprises Association (ISME). (2013). SMEs and CSR assessing the level of corporate social responsibility activities by Irish small and medium enterprises. Retrieved from <http://isme.ie/assets/SMEs-and-CSR-Assessing-the-Level-of-CSR-by-Irish-Small-and-Medium-Enterprises.pdf>
- Irish Small and Medium Enterprises Association (ISME). (2014). *SMEs continue to support local communities despite economic downturn*. Retrieved from http://isme.ie/wp-content/files_mf/138961163614013CSRPR.pdf
- Jamali, D., Zanhour, M., & Keshishian, T. (2009). Peculiar strengths and relational attributes of SMEs in the context of CSR. *Journal of Business Ethics*, 87(3), 355–377.
- Killian, S. (2012). *Corporate social responsibility – A guide, with Irish experiences* (1st ed.). Dublin: Chartered Accountants Ireland.
- Luetkenhorst, W. (2004). Corporate social responsibility and the development agenda. *Intereconomics*, 39(3), 157–166.
- Mansfield, S. (2009). *The search for god and guinness: A biography of the beer that changed the world*. Nashville, TN: Thomas Nelson, Inc.
- Martinuzzi, A., Krumay, B., & Pisano, U. (2011). *Focus CSR: The new communication of the EU commission on CSR and national CSR strategies and action plans, ESDN quarterly reports*. Vienna: Research Institute for Managing Sustainability.

- Matten, D., & Moon, J. (2008). "Implicit" and "explicit" CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of management Review*, 33(2), 404–424.
- McGuinness, S., Kelly, E., & O'Connell, P. J. (2010). The impact of wage bargaining regime on firm-level competitiveness and wage inequality: The case of Ireland. *Industrial Relations*, 49(4), 593–613.
- McManus, T. (2013). Want to be seen as socially responsible? Pay more tax. *Irish Times*. Retrieved from <http://www.irishtimes.com/Want-To-Be-Seen-As-Socially-Responsible-Pay-More-Tax.htm>
- Middun, A. (2005). Realigning business, government and civil society: Emerging embedded relational governance beyond the (neo) liberal and welfare state models. *Corporate Governance*, 5(3), 159–174.
- O'Donnell, F. (2011). *Corporate social responsibility and shell in Ireland: A thin veneer*. Newcastle upon Tyne: Cambridge Scholars Publishing.
- O'Dwyer, B., Unerman, J., & Bradley, J. (2005). Perceptions on the emergence and future development of corporate social disclosure in Ireland: Engaging the voices of non-governmental organisations. *Accounting, Auditing & Accountability Journal*, 18(1), 14–43.
- Quinn, P. (2007). Reporting CSR: Who is, who isn't and some insights into why. *Accountancy Ireland*, 39(1), 81–83.
- Reed, A. M., & Reed, D. (2009). Partnerships for development: Four models of business involvement. *Journal of Business Ethics*, 90(1), 3–37.
- Regling, K., & Watson, M. (2010). *A preliminary report on the sources of Ireland's banking crisis*. Dublin: Government Publications Sale Office.
- Richter, J. (2004). Public–private partnerships for health: A trend with no alternatives? *Development*, 47(2), 43–48.
- Rothery, G. (2013, July 6). Guide to CSR for SMEs launched. *Business & Leadership*. <http://businessandleadership.com/leadership/item/41943-guide-to-csr-for-smes-launc>
- S.I. No. 411/2008 – Credit Institutions (Financial Support) Scheme 2008 (2008)
- Sen, S., & Cowley, J. (2013). The relevance of stakeholder theory and social capital theory in the context of CSR in SMEs: An Australian perspective. *Journal of Business Ethics*, 118(2), 413–427.
- SIPTU. (2010). *Services industrial professional and technical union*. Retrieved from <http://www.siptu.ie/campaigns/siptuorganisingcampaigns/fairhotels/>
- Skarmeas, D., & Leonidou, C. N. (2013). When consumers doubt, watch out! The role of CSR skepticism. *Journal of Business Research*, 66(10), 1831–1838.
- South West Regional Authority. (2013). The sustainability factor corporate social responsibility and SMEs. *Chambers Ireland*. Retrieved from <http://www.swra.ie/contentFiles/newsFiles/Final%20CSR%20Guide.pdf>
- Steurer, R., Hametner, M., Berger, G., & Rametsteiner, E. (2008). *Public policies on CSR in EU member states: Overview of government initiatives and selected cases on awareness raising for CSR, sustainable public procurement and socially responsible investment*. Vienna: Research Institute for Managing Sustainability.
- Stohs, J. H., & Brannick, T. (1999). Code and conduct: Predictors of Irish managers' ethical reasoning. *Journal of Business Ethics*, 22(4), 311–326.
- Sweeney, L. (2007). Corporate social responsibility in Ireland: Barriers and opportunities experienced by SMEs when undertaking CSR. *Corporate Governance*, 7(4), 516–523.
- Sweeney, L. (2008). European Sustainability Reporting Association report for Ireland. Retrieved from <http://www.sustainablereporting.eu/ireland>
- Sweeney, L. (2009). *A study of current practice of corporate social responsibility (CSR) and an examination of the relationship between CSR and financial performance using structural equation modelling (SEM)*. Unpublished thesis (PhD), Dublin Institute of Technology, Dublin.
- Taisce. (2013). Retrieved from <http://www.nationalspringclean.org/>

- Travers, J. (2011). *Green & gold: Ireland a clean energy world leader?* Cork: Collins.
- Tyrell, A. (Producer). (2006, December). Chartered accountants Ireland. www.accountancyireland.ie. Retrieved from <http://www.accountancyireland.ie/Archive/2006/February-2006/Corporate-Social-Responsibility---Whats-your-view/>
- United Nations. (2014). Retrieved from <http://www.unglobalcompact.org/ParticipantsAndStakeholders/index.html>
- Whooley, N. (2011). Responsible business conduct: There's nothing 'fluffy' about CSR. *Accountancy Ireland*, 37(2), 74–85.

Corporate Social Responsibility in the United Kingdom

Stephen Vertigans

1 Introduction

Commencing from the early phases of the industrial revolution, circa 1750, what we today describe as, corporate social responsibility has played an important role in the development of social opportunities, justice and welfare within the United Kingdom. The UK's global dominance, that was to last well into the twentieth century, was to be instrumental in the prominence of CSR related behaviour both within the Union and across the Empire. Although British colonial power ended in the aftermath of the Second World War and subsequent campaigns for national independence, the UK has continued to play a leading role in the development and implementation of CSR programmes (Gond, Kang, & Moon, 2014; Moon, 2004; Riess & Welzel, 2006). This chapter explores the literature outlining the trajectory of CSR in the UK, commencing with activities of early industrialists such as Cadbury, Lever, Rowntrees and Saltaire through to contemporary approaches across the private, public and third sectors. In some regards, the associated behaviour has undergone something of a resurgence stemming from radical political and economic shifts during the 1980s through to today's budget deficit led reductions and contraction of the public sector. The impact of these national and related international changes on CSR are considered before concluding with a tentative assessment of what the future may hold for CSR in the UK. In essence, the aim of the chapter is to position the trajectory of CSR in the UK within shifting political, economic and social processes. The aim is to be achieved through exploration of corporate, government and third sector policies, acts and website releases supplemented by academic books, articles and chapters.

S. Vertigans (✉)
Robert Gordon University, Aberdeen, Scotland, UK
e-mail: s.vertigans@rgu.ac.uk

2 CSR Within the UK: Local, National and International Influences

Within the UK CSR has numerous alternative terms. These include citizenship, community development or relations, corporate citizenship and sustainable development. Ostensibly the behaviour being described fits within popular definitions of CSR which orientate around voluntary actions across the triple bottom line of economics, environment and social. For instance, the UK Government's Department for Business, Innovation and Skills (BIS, 2009) defined CSR as 'how companies address the social, environmental and economic impacts of their operations and so help to meet our sustainable development goals'. Emphasis upon voluntarism is important for a number of reasons, not least it enables companies to become socially involved in locations where weak governance arrangements contribute to porous legal frameworks. By committing to greater responsibilities, companies are able to evidence a moral ethical stance that goes beyond compulsion. And in the process, as Idowu and Towler (2004) note, organisations may potentially undermine national and international campaigns to regulate associated business activities.

Like most nation-states, perceptions of corporate social responsibility in the UK tend to be dominated by the activities and policies of large corporations. In part this stems from the high numbers of the UK's top companies listed on the Financial Times Stock Exchange (FTSE) which both now commit to, and publicly report upon, CSR related programmes. Consequently these companies, often Transnational Corporations (TNCs) are the focal point for raising levels of awareness and critical appraisal. That the social programmes are not subjected to the rigorous auditing and reporting procedures as financial, and to a lesser extent, environmental, has become a growing course of criticism (Duff, 2011; Duff & Guo, 2010).

Such organisations tend to be owned by shareholders and managed by employees. Consequently CSR approaches are developed and delivered by employees. At first glance, the separation of ownership and control may create opportunities for CSR approaches which accord with requirements from a range of stakeholders. However, although some corporations do engage with extensive consultation, the power of ownership often leads to perceptions that shareholders' interests take precedence. Hence CSR in the UK is often viewed as a cynical tool of 'greenwash' utilised by influential sectors such as finance, telecommunications and energy. The CSR intentions of corporations are viewed as self-serving, designed to strengthen business opportunities and/or distract attention away from less socially responsible activities. The debate echoes the long standing debate about the purpose of organisations documented within the CSR literature around Milton's (2008) claim that profit is the primary purpose of business. For example, Lenssen and Vorobey (2004) suggest that the main question about the Anglo-Saxon model concerns the connection between CSR, profitability and competitiveness. However the question neglects the growing range of activities which large companies are undertaking and the multi-layered motivations and outcomes. For instance, a

corporate objective to improve the local supply chain can benefit both the TNC and local community. In other words, the interests of company and community are often in accord and there appears to be a growing realisation within leading TNCs that being open about 'win-win' situations helps to position CSR as part of a wider, credible strategic approach.

Moreover policies of small medium enterprises (SMEs) are often marginalised within national perspectives. There are a number of reasons for this, not least because SMEs are often privately owned and are less inclined to publicly report their CSR related activities. Instead the closer nature of their, frequently localised, relationships means that suppliers, contractors, customers and other stakeholders become familiar with the SME's CSR plans through working relationships. There is a certain irony in that TNCs tend to be criticised because they report on their activities, thereby reinforcing the interwoven connections between CSR and PR.

Connections between SMEs and TNCs are becoming more interwoven within the developing social enterprise sector. Social enterprise became a widely used term in the UK around the mid 1990s. Ostensibly these are smaller organisations which aim to address social problems, directly deliver social impact with, and for, communities improving life chances and local environments. Their business model is based upon selling their goods and services in the chosen marketplace. Profits are then reinvested in the business and chosen social projects. The services and products delivered by the sector are increasing, ranging from leisure activities to catering and financial services to transport. Today, the most high profile of the recent social enterprises are probably the Big Issue magazine, Jamie Oliver's 'Fifteen' restaurant chain and the Eden Project. The clear overlap in shared interests has been recognised by some TNCs who contribute support and funding and sometimes work alongside enterprises to provide training, employment opportunities and services for disadvantaged groups such as prisoners and young people (Brammall, 2014; Social Enterprise UK).

Recently, CSR related terms are being adopted by the public sector. At first glance this might appear surprising. These are not for profit organisations spread across such social sectors as criminal justice, education, health and social care. Yet these sectors are not immune from the pressures being placed upon the private sector. Indeed as I explain below, in some respects the contraction of the public sector has increased pressures both upon the constituent parts and the private sector who are increasingly being asked to step into the emergent gap in resources and service expectations. Facing some similar issues over environmentally friendly practices, community engagement, sustainable supply chains and accountability with a more explicitly socially responsible remit organisations like the National Health Service, universities and local authorities are introducing policies that connect more directly with CSR agendas. Idowu's (2009) research into universities in the UK discovered emphasis being placed upon areas that hitherto have been associated more with the private sector. These included development and communication on sustainable development, managing economic, social and environmental impacts, social needs and widening participation, more effective community service, to sustain and add value to the wider culture, economy and natural

environment. Although the public and private sectors may have different approaches, Idowu explains how both have to be less reactive and more responsive to social and environmental issues that arise within the nature of the organisations activities.

And through membership of the European Commission, the UK is also subjected to, and affected by, continental developments such as the 2011 CSR Strategy (Commission of the European Communities, 2011). Moreover the global nature of the larger UK companies also means that socially responsible behaviour is also influenced by legislative, political, economic and competitive development across the world. Within these spheres, the roles of the third sector, non-government organisations (NGOs), become more pronounced. NGOs critically explore the impacts of TNC activities, seeking to hold them civilly accountable in regions where governance may be relatively weak. For instance, the involvement of NGOs such as Greenpeace and Amnesty International in disputes surrounding oil and gas companies operating in Nigeria was instrumental in changing corporate approaches, not least as they raised international awareness about flaring, oil leaks and human rights abuses. The companies have been subjected both to local and international criticism which in turn impacted upon their portrayal within the UK. Whether for pragmatic or well intentioned reasons, TNCs in the UK are increasingly incorporating NGOs within their socially responsible programmes. The nature of these relationships has, in turn, been subjected to criticism, not least the impact upon the partiality of the NGO. Nevertheless the engagement of NGOs is indicative of more inclusive approaches being adopted by UK based TNCs. In turn, the growing profile of the larger NGOs contributes to them being placed under closer scrutiny. Consequently NGOs are increasingly expected to socially audit their agendas and report meaningful, transparent outcome based criteria. Through the greater critical analysis, awareness raising and engagements, NGOs have been instrumental in focussing on socially responsible issues and corporate responses which become formulated within the CSR framework. This interrelationship between NGO and corporate activities is prominent within the history of CSR in the UK.

3 History of CSR in the UK

Tracing the historical origins of behaviour associated with CSR across the world could commence with a study of the major religions and earlier formations. Although such tracking is beyond the remit of this chapter, religious influence is noticeable within the emergence of modern forms of socially responsible behaviour in the UK. As was explained above, the more explicit forms arose in the eighteenth century and became more dominant across the nineteenth century. This was followed by what Moon (2005, p. 51) described 'as a more implicit role during most of the twentieth century as government increased its direct responsibility for the social impacts of business and for citizenship rights'. The contraction of the

state in the 1980s contributed to the subsequent return to more explicit forms as business-society relations were transformed and continue to be so in the ongoing period of austerity.

The industrial revolution was to transform not only the UK economy but the locations and ways of living for the majority of the population. Huge swathes of the population were to migrate from rural to urban areas. People were attracted by opportunities in the newly emergent industries such as textiles at a time when situations in the countryside were significantly reduced through the removal of common land for grazing and gradually agricultural mechanisation. The migrants were to live in environments that were grossly ill-prepared for the huge expansion in the urban population. Consequently, considerable overcrowding, epidemics, pollution and rising levels of socially 'problematic' behaviour became prevalent as individuals struggled to cope with the change in environment and the lack of localised, ethical, regulatory frameworks that existed in rural areas. With forms of national governance lacking breadth and depth, urban regions became associated with high levels of crime, morbidity and mortality. Workers were ill-disciplined, unreliable and, as a consequence, frequently absent. Levels of absenteeism were also heavily influenced by the rates of disease and very low life expectancy (Ashton & Seymour, 1988; Peterson & Lupton, 1996).

With the state still barely recognisable from the vast infrastructure it was to become and entrepreneurs and industrialists focussed overwhelming on short term profit throughout the initial surge of the revolution, there was little political or economic will to begin the process of addressing the social and environmental consequences. Nevertheless as Idowu (2009) identifies, some industrialists stood out as early CSR pioneers. For instance, in the Midlands by 1775 Richard Arkwright made the connection between treating their employees as human assets whom required responsible treatment in order to improve productivity. To help achieve this improvement, workers' houses were built close to the factory. In the same part of the UK and in the latter part of the nineteenth century the Cadbury family developed Bournville which remains a model village and also provided medical services and washhouses. Other industrialists such as Sir Robert Peel were instrumental in the early part of the nineteenth century in advocating against child labour; a practice which his cotton mills had previously relied upon. And around the same time that Arkwright's homes for workers were being built, Sir William Wilberforce was leading one of the early and still most influential NGOs. The Abolitionists opposition to the European led African slave trade which had at that point, been in operation for 300 years, was to result in the Abolition of the Slave Trade Act (1807) and Slavery Abolition Act (1833) which made slavery illegal. By raising awareness and changing public opinion and ultimately national legislation, the Abolitionists were themselves pioneers for civil society to bring about corporate socially responsible behaviour.

Moreover even at this early stage, pioneers also sought to address environmental concerns, most notably around the mid nineteenth century. Idowu (2009) refers to the prominent nineteenth century industrialist and philanthropist, Titus Salt, as the 'pioneer of modern environmentalism'. The description stems from Salt's concerns

about Bradford being the most polluted town. Sulphurous smoke dominated the atmosphere and factory effluent and sewage were directly pumped into the local source of drinking water (Smith, 2014). Resultant cholera and typhoid epidemics contributed to a life expectancy of 20 years of age. Seeking new premises and reacting to Bradford's conditions, Salt's relocated his mill to what became Saltaire. This housing community provided workers with homes, fresh water, church, school, park, hospital and library. In so doing, Salt combined environmental and social intentions within the company's provision while simultaneously enhancing productivity and providing protection against the political tensions and militant unrest which were adversely affecting sections of Bradford (ibid.).

Legislative changes in the mid nineteenth century were to be instrumental in codifying the framework which was to provide the bedrock for subsequent CSR activities and accompanying reputation. For instance, laws, standards and infrastructure were developed which provided basic protection around working hours, sewerage and social welfare. The changes incorporated large swathes of the population improving life expectancy and levels of security (Ashton & Seymour, 1988; Peterson & Lupton, 1996). Perceptions of labour, childhood and government services were to become integral to new ways of working and regulation. These state led initiatives were accompanied by increased philanthropic activity from industrialists. A number of the prominent philanthropists such as Cadbury, Lever and Salt were paternalist capitalists whose Christian religious values influenced the nature of the projects they invested in and behaviour they aimed to change. For instance, some industrialists and related institutions sought to directly address issues which were underpinned by morality around alcoholism, juvenile delinquency and sexual promiscuity. By comparison, the more extensive social infrastructure described above, included housing, education and hygiene and was subsequently to be adopted by national government and local authorities. Importantly for today's debate about the purpose and motivation of CSR, Cannon (1994) and Smith (2014) explain how modern brands such as Boots, Cadbury's, Lever Brothers and Rowntree's became synonymous with corporate philanthropy. These companies sought to combine the owners' social values with an assessment of the likely impact upon the loyalty and productivity of their workforces. In other words, approaches that are today lauded as an example of CSR from an altruistic golden age, were in reality driven by a 'win-win' approach.

For the first part of the twentieth century, there was a growth of state provision and accompanying public sector employment which improved levels of social mobility. Sickness and unemployment benefits and old age insurance systems were introduced (Idowu, 2012; Moon, 2005). From the 1930s onwards the further expansion of welfare, housing and educational programmes within professional regulatory frameworks meant some of the voluntary nature of social responsibilities became mandatory or had been subsumed within the public sector. Business responsibilities surrounding products, procurement, health and safety and workforce demographics were to become subjected to what McBarnet (2007) described as 'CSR through law', a situation which is of course contrary to definitions which declare that CSR should be voluntary. However rigorous regulation did not extend

to the financial system which tended to be self-regulating: the legacy of which became apparent in the 2007/2008 crash. Corporate philanthropy was largely removed from core business activities and with it the strategic interweaving which had been noticeable in the nineteenth century. In its wake, senior managers would make donations to their preferred charities on behalf of their corporations or through business associations.

Although the 1970s were notable for the raft of socially responsible legislation such as Equal Pay Act 1970, Health and Safety at Work Act 1974, Sex Discrimination Act 1975 and Race Relation Act 1974 (Idowu & Towler, 2004), the period is more immediately recognised for the governance crisis. This stemmed from diverse causes such as the 1973 oil crisis, industrial action, political weakness and economic stagnation. With both Conservative and Labour governments lacking sufficiently popular mandates to address the increasingly embedded crisis, the role of government became subjected to close scrutiny. In particular, the inability to address high rates of inflation, public debt and unemployment and failure to address industrial unrest and poor economic performance contributed to a perception, among the right-wing in particular, that the state was ill equipped to respond to the changing commercial and political environment. Consequently following election in 1979 and in particular after re-election in 1983, the Conservative government reduced state responsibility for social provision and sold utility organisations into the private sector. Hence fuel, communications, transport and housing were to become products for profit rather than primarily being about social provisions. The blurring of the provision/profit boundaries was to create gaps in welfare arrangements into which NGOs emerged and which the companies had to respond to. Following civil pressures gradually TNCs in these industries have acknowledged the centrality of some of their services to social well-being. For instance, the concept of fuel poverty is now incorporated within the energy sector with more inclusive procedures in place to assist consumers who struggle to meet rising fuel prices. Moreover the liberalisation of the financial market resulted in the sector becoming more influential across business activities than most other European nations (Moon, 2004). The contraction of the public sector was also accompanied by greater political emphasis upon shifting responsibilities to the private sphere in the form of business and at the level of individual and familial responsibility. Reducing social provision costs has required individuals to commit to alternative self-funding arrangements such as private pensions, savings, healthcare and education. The flipside of this shift has been that responsibility for social problems is increasingly blamed by populist media and politicians upon anti-social individuals and problematic families.

Alongside the shifting boundaries for responsibility, the earlier stages of the 1980s were also associated with mass unemployment and social unrest which culminated in riots and rising political and industrial tensions. Facing growing community dislocation, the government encouraged business engagement as part of what Moon (2002) refers to as the 'first wave' of present day CSR. In so doing, the government acknowledged its reduced remit and societal governance deficits while drawing upon private sector involvement in the nineteenth century as a

reference point. Moon and Richardson (1985) outline how collaborations between government and business resulted in initiatives such as the Business in the Community group and the government led Youth Training Scheme. The latter programme sought to provide training and work experience for unemployed young people and 350,000 participated in the first year. Enabling the programme to be rolled out across the UK's employment sectors required senior corporate support and coordination and the Confederation of British Industry (CBI) were to be instrumental in raising awareness and deploying resources.

Business collaborations continue to be heavily involved in CSR activities and providing guidance across businesses. Thirty years after forming, Business in the Community (BITC) continues to position itself as a forum between business and society 'in order to secure a fairer society and more sustainable future' (Business in the Community, 2013). Considerable emphasis is placed upon local, national and international collaboration, retaining the original focus upon unemployment, inequality and skills shortages. Thematically this translates into collaborative relationships around: education and young people; enterprise and culture; tackling unemployment; marketplace sustainability and workplace and employees. To enable this, BITC aims to 'work with business to drive change' with 'local, national and international programmes . . . to achieve more thorough collaboration . . . to develop with members an integrated approach to running a responsible business' and to 'encourage action by publicly recognising those businesses that are bringing about change'. By promoting socially responsible behaviour, BITC seeks to contribute towards changing perceptions of their members' commitment and contributions to society. However as mentioned earlier, this can be a difficult balancing act between raising awareness and perceptions of self-promotion.

To help assist in the dissemination of best practice and improve levels of guidance, the Corporate Responsibility Group which was formed in 1987 by community associated professionals working for companies such as Marks & Spencers, Shell and Legal & General has since grown to include over 80 member companies. The initial purpose was to provide each other with support 'in the new and growing field of corporate community investment, and to develop joint programmes to benefit society' (Corporate Responsibility Group, 2014).

Arguably the development of collaborative corporate arrangements has been influenced by greater appreciation of mutual support and the benefits of sharing from lessons learnt; both good and bad. There is also an argument that corporate behaviour is also strongly influenced by the active British civil society.

4 CSR in UK Society

Stemming from the early phases of the industrial revolution and public protest against the associated consequences, there has been consistent civilian monitoring of corporate activities from localised production through to the international slave trade and contemporary processes of globalisation. Today the liberalisation of

trade, investment and technological barriers have been instrumental in processes of globalisation and have contributed to the growing profile of TNCs who operate around the ambiguous boundaries (Detomasi, 2008; McBarnet, 2007; Voegtlin, Patzer, & Scherer, 2012). Concerns around connecting weak international governance, political interference, economic exploitation, environmental disasters and social unrest have contributed to greater scrutiny of UK based TNCs, most vociferously by populist media, by civil society more generally, and NGOs in particular (Brown & Knudsen, 2012). For instance, the 1980s saw the rise of religious and social groups motivated by the contraction of government services which businesses were encouraged to fill (as discussed above).

During the 1990s and the prominence of environmental NGOs, Greenpeace actions in the North Sea were instrumental in convincing Royal Dutch Shell to change their intention to dispose of the Brent Spar oil platform at sea. Arguably the decision was to influence subsequent contemporary plans for de-commissioning of offshore installations. The example highlighted Greenpeace's effectiveness at raising public awareness to such an extent that consumer boycotts ensued, Shell's reputation was undermined and corporate behaviour changed (Detomasi, 2008). Subsequent campaigns against the use of child labour by companies such as Nike led to similar cycles of boycott and change. Again there are much earlier precedents such as ways in which protests against slavery mobilised to confront the sugar industry.

Other CSR aspects of civilian interest include director earnings, especially in the former public sector organisations, corruption, pension plans, factory farming, most notably salmonella in eggs and 'mad' cows, the food chain, recently focussed around horse meat and genetically modified products, staff bonuses, especially within the post-crash financial sector. The recent near collapse of the Co-operative Bank in 2013 exemplified ongoing concerns with banking regulations and judgement. That the bank had positioned itself as an ethical bank which avoided unethical investments extenuated the bad publicity. Public protest to these issues has often preceded and informed reactive political and corporate policies. Organisations such as CORE (2014), a network of NGOs, academics, trade unions and legal experts, monitor negative human right and environmental impacts of UK based companies. On discovering corporate malpractice CORE demand justice for affected peoples and lobby the UK Government to reshape corporate culture. At present, CORE has proposed that the UK Government sets binding standards for UK companies operating abroad, creates a forum to investigate, and where appropriate, remedy allegations of corporate damage as an alternative to legal action. Considerable attention is also placed upon the need for greater transparency and accountability which CORE argues could be created by laws which require companies to report on their social and environmental impacts.

The success of such NGOs, and frequently interrelated media reporting, is in part due to their effective campaigns. However campaigns' effectiveness would be limited without connecting into the history of social awareness and a strong civil society where values such as justice, welfare, equality, labour rights and individual freedom are deeply embedded. Moreover the history of morality and activism

means that the theoretical underpinning of CSR accords with societal norms and values. And of course, media and NGOs can only investigate because of they are afforded the opportunities to do so. For the media, this has enabled particular organisations and magnates such as the multi-national Rupert Murdoch and his once bitter rival Robert Maxwell, to have a huge influence upon news reporting. These examples are indicative of far-reaching media power which characterises the ostensibly British form of Anglo-Saxon model which differs from the French and German (Lenssen & Vorobey, 2004) and raises wider concern about the impact upon British concepts such as equality and justice when particular individuals and institutions are shaping political and social agendas.

The strong overlap of the civil and corporate helps to explain the prominence of CSR within top FTSE companies and the appeal of related activities to present and prospective employees, to the extent that many are willing to volunteer to be involved in projects in their leisure time (Voegtlin et al., 2012). Existing connections between corporate and social values will also feature in CSR approaches that UK based companies adopt. Hofstede's (1991) analysis of the nature of companies and national cultures is drawn upon by both Lenssen and Vorobey (2004) and Roome (2005, p. 323). The latter explains that,

the CSR agenda, followed by leading companies in a country, is influenced by many context-specific factors, but, specifically by the cultural norms, traditions, rules and formal institution of the country within which the company has its headquarters and by the historical development of societal governance operating in that country.

Similar reasoning is provided for industrial innovation which is contextually influenced and which helps to explain different capabilities and capacities. For Roome (2005) and Dosi, Freeman, Nelson, Silverberg, and Soete (1988) locally specific systems and inter-relationships help to explain why regions become associated with particular forms of industry. For instance, the south of England is strongly associated with financial services and associated capabilities, experience and leadership (Roome, 2005). Applying this understanding to CSR, Roome (ibid.) argues that national systems and agendas affect companies. In the UK, the potentially critical nature of civilians and the values they hold have to be considered within the balancing of stakeholders' interests and their governance role. Roome (2005, p. 324) points out that,

The way that stakeholders in civil society and the non-governmental sector are organised and their position in society will affect the governance of CSR because it influences the ease of engagement between firms and stakeholders that is a key part of CSR.

The civil agenda is driven by the present, future and past. For instance, the long standing history of wildlife and nature conservation in the UK is reflected within schooling. The inclusion of natural phenomena in the curriculum encourages an appreciation of the environment and a knowledge and interest base which transforms into pressure group membership (ibid.). In other words, NGOs such as Greenpeace and Wildlife Trust already share common sentiments with their prospective members that makes recruitment easier. Consequently the historical evolution of social processes and activities helps to explain continental distinctions

such as those identified in Scandinavian countries (Brown & Knudsen, 2012; Gond et al., 2014; Riess & Welzel, 2006), Germany (Lenssen and Vorobey, 2004; Roome, 2005), Netherlands (Riess & Welzel, 2006) and France (Lenssen & Vorobey, 2004; Riess & Welzel, 2006) and of course as outlined within other chapters within this collection. Conversely declining levels of public trust in corporate and political leaders raises levels of cynicism over TNC intentions and creates credibility barriers between declared motivations and outcomes (Voegtlin et al., 2012) and places business under greater pressure for transparency.

5 Twenty-first Century Political CSR

Within UK politics, CSR recently became prominent following on from the then Prime Minister, Tony Blair's launch of 'A New Vision for Business' (1999) which emphasised promoting responsible business practices. The Vision drew together the business case for social responsibility. Motivation for engagement was connected to local, national and international competitiveness and reputational impact. In the following year a minister for CSR was appointed who was located in the Department of Trade and Industry (DTI). The positioning of the post was intended to stress the integral nature of CSR to business. This intent was evident in the DTI's declaration in 2002 that 'The [Labour] Government has an ambitious vision for corporate social responsibility: to see private, voluntary, and public sector organizations in the U.K. take account of their economic, social and environmental impacts, and take complementary action to address key challenges based on their core competences—locally, regionally, nationally and internationally' (UK Government Department of Trade and Industry, 2002).

Outcomes from the Labour Government's approach to CSR have been variable. Brown and Knudsen (2012) explain that there were seven Ministers of CSR within the first 10 years of the millennium. These changes hindered a sense of direction which often lacked coherence and strategic, decisive policy making. Despite this, a number of initiatives were introduced, beginning at the level of local employment and regional development. Freeman's (2001) review of the early approach refers to the recognition of global supply chains. However the focus was more UK based, namely employees, thriving communities and local initiatives. In 2002 social exclusion, promoting communities and employee involvement were more explicitly raised. From 2004 the later stages of the Labour Government, national initiatives were often collected under a priority area of 'communities' and the promotion of regional and community development. The same year also saw greater attention being placed upon the global arena and in particular, competitiveness through the introduction of an international strategy for CSR (Brown & Knudsen, 2012). Regulations were also introduced within the Companies Act which compelled UK companies to publish sustainability reports and added a directors' duty of care for society and the environment. And to enable better informed comparative analysis and to further raise awareness, the Corporate Responsibility Index was

jointly established by the BITC and Department of Trade. Reporting was not restricted to UK based activities. Consistent with the global intention, companies were now held liable for overseas human rights and environmental abuses (Riess & Welzel, 2006).

Subsequent initiatives included policies around sustainable development with all Ministries obliged to compile a development strategy (UK Government 2005 as outlined in Riess & Welzel, 2006) and Socially Responsible Investing and globalisation (UK Government 2009 discussed in Brown & Knudsen, 2012). Reflecting the different emphasis, the Department for International Development (DFID) became directly involved and in so doing linked CSR with poverty reduction and international human rights. Connections spread beyond the DFID to international standards and initiatives such as Extractive Industries Transparency Initiative (EITI), which emphasised transparency and accountability to help all citizens to benefit from a country's natural resources, Ethical Trading Initiative (ETI), which was partly funded by DFID, Global Compact and ISO26000. Comparisons have included higher standards in the corporate value added chains and improved transparency in the natural resources sector. By comparison, UK based emphasis was reduced, concentrating on local partnerships in community planning and employment, responsible gambling and a business brokerage scheme.

The arrival of the 2010 Conservative/Liberal Democrat coalition government resulted in a surge of rapid public sector cutbacks with families, civil society and business increasingly expected to fill in the gaps. The Conservative's short lived 'Big Society' concept was ostensibly about local community empowerment with corporations expected to contribute significantly. Crane, Matten, and Spence (2014) suggest that this approach is formalising the recent uptake in corporations leading on addressing unemployment and educational programmes while also improving public accountability and transparency. The Department of Business and Innovation (BIS) launched a consultation on 'corporate responsibility' in summer 2013. Hence CR appears to be in the process of replacing CSR on the grounds that is 'the increasingly more acknowledged term for corporate social responsibility (Department for Business Innovation and Skills, 2013, p. 3). In the call for views, the government suggests that CR has become much more prominent and widespread. Moreover responsible business is central to the government's priorities 'to achieve sustainable and balanced economic growth, as well as building a stronger, fairer society' (ibid.). Attention is therefore placed both upon international settings and local development initiatives before focussing upon career development and consumer trust towards the later part of the document.

The consultation programme asks how the government can stimulate and support businesses' positive contributions to social and environmental impact, including supply chains, while reducing negative consequences. Following the consultation the 'Framework of Action on Corporate Responsibility' was to be published by the end of 2013 which would establish the vision, ambitions and priorities. The framework, it is claimed, would enable a common understanding of CR and responsible supply chain management to emerge and for greater adoption of CR principles across international principles and guidelines. Small and medium

enterprise contributions are acknowledged and are to be further encouraged. There is also the intention that business reporting of their CR activities can be achieved in a consistent manner to enable more meaningful contributions with other organisations. However it is unclear how the BIS 'light touch' approach and references to voluntary commitment would result in significant changes in the levels of practice, relationships and reporting. At the time of writing the document has not appeared.

Throughout recent history as reported earlier, CSR in the UK has continued to be influenced by membership of the European Union (Gond et al., 2014). The EU seeks to promote higher standards and greater commitments across partner countries. However as Roome (2005) points out the diversity of policies across the EU hinder a pan European approach that formulates a benchmark. In the case of the UK, Idowu (2009) draws attention to the impact of EU directives which resulted in parliamentary acts such as Disability Discrimination Act 1995, Human Rights Act 1998 and Public Information Act 1998. Although this contributed to a higher European profile, UK based TNCs comparisons are subjected to international comparisons with rivals from other parts of the world and soft and self-regulation through various inter-government initiatives such as the UN's Global Compact, the Dow Jones Sustainability Index and OECD's Guidelines for Multi-National Companies. And at a local level Roome (2005) notes that companies are influenced by stakeholders opinions and requirements which will vary across the continent, for reasons explained below. In turn this will influence corporate approaches within national boundaries thereby hindering the likelihood for continental universalism. Finally, the UK's ambivalent relationship with Europe and populist opposition to perceived interference in matters of national sovereignty would restrict any attempt to introduce a benchmark and European regulatory framework.

International socially responsible interests continue to be prominent within the DFID's agenda to end extreme poverty and the need for aid. It is intended that this will be achieved by creating jobs, enhancing girls and women's potential and through support during humanitarian emergencies. Particular actions include improving levels of transparency and openness surrounding aid, targeted international policy on economic growth and wealth creation, encouraging fair and ethical business operations, fairer global and regional trade, providing debt relief, supporting better education and family planning and helping to prevent climate changes (Gov.uk 2014). Recently as part of its 'Helping developing countries' economies to grow' policy, UK's leading accountancy institutions have been deployed to advise 'developing' countries on their financial management and improving business environments. The intention is to contribute to the creation of an infrastructure for growth (Gov.uk 2014).

6 CSR Today

The UK has been considered to be a global leader in voluntary CSR with considerable international profile, in part through utilisation of the original, extensive colonial links. Associated frameworks and policies have not necessarily translated into improved performance (Ward & Smith, 2006). Nevertheless large British corporations continue to be increasingly connected with CSR related developments. For instance, KPMG's (2011) International Corporate Responsibility Reporting Survey detailed the percentages of companies reporting their CSR initiatives (reported in White, 2012). Between 2008 and 2011, the rate for top businesses rose from 91 % to 100 %. By comparison Europe is 70 % and USA was at 83 %. Pilot (2011) explores the establishment of the International Integrated Reporting Committee which aims for integrated reporting within an international framework and shift towards greater emphasis on value creation. Non-financial information is available to stakeholders to enable comparable assessment of organisations. This development ties into a recent shift among FTSE 100 companies. Between 2010 and 2011 Pilot (ibid) reports on an increase from 36 % to 56 % of the companies integrating corporate responsibility into group strategy. Although the data alone is not sufficient evidence of a fundamental shift, Pilot suggests that the growth is indicative of corporations increasing awareness of integrating corporate responsibility into their operations across strategy, governance, risk, performance and opportunities. There are also signs albeit from a low base, of companies providing greater external assurance (now 7 % up from 4 % in the preceding year). Nevertheless alongside signs of optimism, there are continuing parallel concerns about unethical policies of financial services sector such as post-crash dramatic downturn in the fortunes of the Coop-operative Bank stemming from poor governance and risky financial products such as Payment Protection Insurance schemes which were massively mis-sold, resulting in over eight billion pounds being paid out in compensation to claimants.

Alongside these developments, Randles (2013) observes that against the backdrop of long standing criticism of companies reporting on problems and associated spending, there are signs that some companies are beginning to analyse connected impacts. For instance, drawing upon the Lloyds Banking Group's Community Fund programme, Randles (ibid) explains how the approach aims to examine the consequences of their investments in much greater depth. In-depth analysis will enable the Community Fund to establish the extent to which their involvement was responsible for changes, how their involvement could improve and how better use can be made of their resources.

Greater emphasis within top FTSE companies is also reflected within the FTSE Group which is wholly owned by the London Stock Exchange Group. FTSE has its own corporate responsibility programme which includes managing business impacts and activities in the wider community. Particular emphasis is placed upon employees, clients, communities, environment, suppliers and shareholders

(FTSE). The precise, and therefore restrictive, naming of stakeholders is however notable.

The FTSE has also introduced the FTSE4Good Index Series which aims to 'objectively measure the performance of companies that meet globally recognised corporate responsibility standards' (FTSE, 2010). Although suggesting that environmental and social impacts of FTSE are 'minimal' when compared to other sectors, the Group argues that its position as a global index provider enables markets to be influenced to recognise better practice through responsible indices and products. The tools are intended to help in investment, research, referencing and benchmarking and are designed for consultants, asset owners, fund managers, investment banks, stock exchanges and brokers. Companies can fit within five categories: environmental sustainability; human rights; countering bribery; supply chain labour standards and; climate change. Sectors such as tobacco, arms and nuclear power are excluded.

These changes are reflected within many top companies incorporating CSR at board and senior levels. Activities and policies are developed and reported across the organisation and within stakeholder relations. However Moon's (2005) observation remains, namely that the organisation of CSR through marketing and public relations departments continues to raise questions about whether CSR is part of a corporate branding or constitutes a shift in new types of business practice. The debate becomes more salient when positioned within changing political parameters and the post-crash realignment and contraction of public services. Consequently the demands for greater transparency have heightened resonance because they apply to insights into levels of commitment to welfare and justice that connect into demands that extend beyond the short term and narrowly defined geographically locations.

Unsurprisingly the rise of socially responsible behaviour has been accompanied by the growth of related professions. There has been an increase both in designated roles and within other functions such as public relations, which tends to unintentionally provide support for the critics who view CSR as a PR exercise, human resources and with specific responsibilities allocated at board level downwards. The emergence of CSR related specialisms within companies and inter business guidance is indicative of the shift in attention and requirement for greater levels of expertise with which to advise on related activities and strategies. Similarly in related areas such as sustainability, as Bader (2014) reports, professionals in the field are gaining higher level positions and are better resourced. Despite the rise in related experts, there remains a shortage within fundamental aspects within the UK economy. Alongside internal resourcing, to help meet the growing demand for socially responsible expertise, numerous consultancies have emerged such as AccountAbility and SustainAbility which stress their values, ethics, integrity and contributions to sustainable development. AccountAbility has been one of the most notable. Since forming in 1995, the company has been a global organisation 'providing innovative solutions to the most critical challenges in corporate responsibility and sustainable development' (AccountAbility, 2012). SustainAbility aims to 'fully integrate sustainability into core [client] business in order to achieve the transformative changes in operations, products and business models that are

necessary to solve our global challenges (SustainAbility, 2010). Outcomes are measured in terms both of benefits to business and society. The existence of consultancies working across corporate, third sector and government sectors is a useful measure of demand within the UK and beyond. Their continuation is presumably also an indicator of satisfied customers. However, the international scale of their ambition and in particular solutions for the dominant global challenges seems unrealistically ambitious. Unless dealing with unified global players, and not disparate clients, with the power and resources to implement the fundamental changes to overcome the huge social and environmental issues such organisations are ill equipped to deliver global solutions.

Educational programmes have been introduced to help improve levels of knowledge and understanding across professions. Increasingly undergraduate programmes including accounting, business studies, communications, engineering, environmental sciences, health sciences, law and social sciences provide modules that feature CSR in various forms. At postgraduate level, there are a number of Masters programmes that examine CSR. Courses from business perspectives include those at De Montfort and London Metropolitan, the Open University also incorporates human rights while Birkbeck College and the University of York include sustainability and environmental management. Courses at the University of Nottingham and Robert Gordon University, Aberdeen adopt multi-disciplinary approaches, with the latter institution also applying to the energy sector.

Within accounting, Duff and Guo (2010, p. 3) have reported on the lack of CSR approaches across services and a 'paucity of knowledge within the profession with regard to environmental reporting and assurance. Consequently, CSR provides both a challenge and an opportunity for firms'. Duff's (2011) research into UK accounting firms discovered that adoption of CSR actions and motivations varied across the profession. For some companies, CSR was ostensibly a cost to be based onto customers. Other companies sought to make CSR an integral part of how they operated. Perhaps surprisingly, the level of commitment was not related to size of organisation with both large and small companies willingly allocating resources and expertise. Smaller companies' approaches were evolving from periodic commitments to tasks for local welfare related centres to promotion of the company as a 'brains trust' to the local communities. Large organisations had introduced more extensive programmes with 'more sophisticated and imaginative initiatives' often around cultural impetus and change (Duff, 2011, p. 18).

Hence today CSR has become more prevalent across and between organisations and industries during a period when state provision is contracting. Despite this increase, cynicism remains about political and corporate intent, transparency and values. The acceleration of social enterprises is an important and innovative development that helps to deliver social impacts with community support and engagement. Although TNCs are often involved in providing staffing, financial and expertise resources, the positioning of social enterprises within a more intimate and intermediary capacity helps to improve levels of local expertise, commitment and representativeness while reducing cynicism concerning motivations for corporate involvement.

7 Concluding: Future of CSR Related Activities in UK

Political shifting emphasis that has seen CSR replaced by corporate responsibility, in part one suspects as Idowu (2009, p. 32) suggests, ‘*Social* does not connote an impression that it is something to be taken seriously!’ Semantics aside, there are serious grounds for concern about level of political support. Within the UK, the weakening of CSR/CR representation at Ministerial level allied to the long delayed publication of the consultation outcome suggests reduced support. Similarly at the level of the European Union, attempts to strengthen CSR reporting for larger companies across Europe have been limited, lacking in widespread support. The failure to reach agreement for reporting mechanisms suggests that the development of Europe wide measures and standards remains unlikely for the foreseeable future.

Against the diminishing political backdrop, there are more promising signs across corporate and civilian sectors, as detailed above. Consequently considerable gaps in social provision emerged and accelerated as part of the austerity measures that have been introduced by the Conservative/Liberal Democrat coalition government in the post 2007–2008 financial crash period. The holes in provision may well widen over the next couple of generations as the UK faces considerable demographic pressures and a diminishing appetite for commensurate levels of public taxation. Addressing the issues is likely to be beyond the capacity of government. Hence companies and the third sector, including social enterprises, will be expected to become further involved both financially and socially. For instance, the UK’s ageing demographic will have huge ramifications across the population generally and CSR suppliers and funders in particular over the next few decades. Rising life expectancy being experienced by the baby boom generation means that there will be a disproportionately elderly population with pension entitlements, increasing health and housing requirements. For the remainder of the population there will be issues over levels of taxation, funding for pensions and healthcare and shortage of accommodation. These are areas in which corporations will be expected to become involved both for employees and public behaviour.

Conversely allied to the ageing population, there is a shifting emphasis on public health as a means of containing expenditure on healthcare and the reduction of premature deaths. ‘Killers’ are no longer the direct causes of death, hearts, lungs, brains and cancerous cells. Instead the killers shift to one step removed, to cigarettes, alcohol, sugar and lack of exercise. Corporate approaches to healthy lifestyles become a central plank of public healthcare incorporating opportunities for employee exercise through to food producers and distributors changing the ingredients while seeking to deter (over) consumption of the fatal products. Increasingly companies must balance their intention to sell items which are now considered to be unhealthy to consumers who want their product with their newly established responsibility for their consumers’ well-being.

At the international level, British TNCs will continue to play prominent roles and will be subjected to the critical stakeholder evaluation that accompanies global

activities, particularly within the energy sector. With enforceable global regulations unlikely, the extent to which companies continue to increase levels of social investment, accountability and transparency is uncertain. However there are signs that there is genuine commitment across many TNCs and growing awareness of ‘win-win’ scenarios that more rigorous and strategic CSR can bring companies and stakeholders. The contraction of the British state will also mean that expectations about organisations’ contributions to issues will also be subjected to more critical analysis. Consequently parallels can probably be drawn to the nationalist rhetoric that the international focus of charities has aroused and which has led to a re-emphasis on British projects. In this regard, and despite over 250 years of industrial development, the future suggests there will be further and greater demand for CSR in the UK for the foreseeable future.

References

- AccountAbility. (2012). *About Us*. <http://www.accountability.org/about-us/index.html>
- Ashton, J., & Seymour, H. (1988). *The new public health: The liverpool experience*. Abingdon: Routledge.
- Bader, C. (2014). Beyond sustainability reports: The state of play in CSR. *The Guardian*. Last Accessed March 4, 2014, from <http://www.theguardian.com/sustainable-business/blog/sustainability-reports-state-of-play-in-csr>
- BIS. (2009). Department for Business Innovation and Skills, Corporate Responsibility Report. Available at <http://bis.gov.uk/policies/business-sectors/low-carbon-business-opportunities/sustainable-development/corporate-responsibility>
- Brammall, S. (2014). *CSR or social enterprise: Which has more social impact*. Last Accessed July 1, 2014, from <http://www.theguardian.com/social-enterprise-network/2014/mar/25/corporate-social>.
- Brown, D., & Knudsen, J. (2012). *Visible hands: Government policies on corporate social responsibility in Denmark and the UK*. Paper presented to the CES Conference 23 March.
- Business in the Community. (2013). *What we do*. Last Accessed February 7, 2014, from <http://www.bitc.org.uk/about-us/what-we-do>.
- Cannon, T. (1994). *Corporate responsibility*. Harlow: Pearson Education.
- Commission of the European Communities. (2011). *Corporate Social Responsibility*. Available at: http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm
- CORE. (2014). *What we do*. Last Accessed February 9, 2014, from <http://corporate-responsibility.org/about-core/what-we-do-2>.
- Corporate Responsibility Group. (2014). *About us*. Last Accessed February 6, 2014, from http://www.crguk.org/about_us.
- Crane, A., Matten, D., & Spence, L. (2014). Corporate social responsibility: In a global context. In A. Crane, D. Matten, & L. Spence (Eds.), *Corporate social responsibility: Readings and cases in a global context* (pp. 516–544). Abingdon: Routledge.
- Department for Business Innovation and Skills. (2013, June). *Corporate responsibility: A call for views*. Available at <http://www.gov.uk/government/consultations/corporate-responsibility-call-for-views>

- Detomasi, D. (2008). The political roots of corporate social responsibility. *Journal of Business Ethics*, 82, 807–819.
- Dosi, G., Freeman, C., Nelson, R., Silverberg, G., & Soete, L. (1988). *Technical change and economic theory*. London: Francis Pinter.
- Duff, A. (2011). *The Corporate Social Responsibility of UK accounting firms: Meeting stakeholders' needs?* London: Centre for Business Performance.
- Duff, A., & Guo, X. (2010). *The corporate social responsibility and the professional accounting firm: Insights into firms' disclosures*. London: Centre for Business Performance.
- Freeman, G. (2001, February 9). View from the top: Spread the responsibility message—Kim Howell talks to Gidom Freeman. *PR Week UK*
- FTSE. (2010). FTSE4 Good Series Index. Available at: <http://www.ftse.com/products/indices/FTSE4Good>
- Gond, J. P., Kang, N., & Moon, J. (2014). The government of self-regulation: On the comparative dynamics of corporate social responsibility. In A. Crane, D. Matten, & L. Spence (Eds.), *Corporate social responsibility: Readings and cases in a global context* (pp. 516–544). Abingdon: Routledge.
- Gov.uk. (2014). *Helping developing countries' economies to grow*. Last Accessed February 7, 2014, from <https://www.gov.uk/government/policies/helping-developing-countries-economies>
- Hofstede, G. (1991). *Cultures and organizations: Software of the mind*. New York: McGraw-Hill.
- Idowu, S. O. (2009). *The United Kingdom of Great Britain and Northern Ireland*. In S. Idowu & W. L. Filho, *Global practices of corporate social responsibility*. Berlin/London: Springer.
- Idowu, S. O. (2012). Corporate social responsibility: A capitalist ideology? *International Journal of Social Entrepreneurship and Innovation*, 1(3), 239–254.
- Idowu, S. O., & Towler, B. A. (2004). A comparative study of the contents of corporate social responsibility reports of UK companies. *Management of Environmental Quality: An International Journal*, 15(4), 420–437.
- Lenssen, G., & Vorobey, V. (2004). The role of business in Society in Europe. In A. Habisch et al. (Eds.), *Corporate social responsibility across Europe*. Berlin/London: Springer.
- McBarnet, D. (2007). Corporate social responsibility beyond law, through law, for law: The new corporate accountability. In D. McBarnet et al. (Eds.), *The new accountability: Corporate social responsibility and the law* (pp. 9–56). Cambridge: Cambridge University Press.
- Moon, J. (2002). *Corporate social responsibility: An overview*. *International Directory of Corporate Philanthropy*. London: Europa Publications.
- Moon, J. (2004). Government as a driver of corporate social responsibility. *Research Paper Series International Centre for Corporate Social Responsibility*. ISSN 1479-5124.
- Moon, J. (2005). An explicit model of business-society relations. In A. Habisch et al. (Eds.), *Corporate Social Responsibility in Europe*. Berlin/London: Springer.
- Moon, J., & Richardson, J. (1985). *Unemployment in the UK: Politics and policies*. Aldershot: Gower Publications.
- Peterson, A., & Lupton, D. (1996). *The New Public Health: Health and Self in an Age of Risk*. London: Sage.
- Pilot, S. (2011). Corporate Responsibility, Black Sun. Available at: <http://www.blacksunplc.com/corporate/177e609057867983abc4487a520bb0f5/trends/sources/index-27.html>
- Randles, G. (2013). Do CSR reports really tell us anything about businesses' social impact? *The Guardian*. Last Accessed November 17, 2013, from <http://www.theguardian.com/voluntary-sector-network/2013/oct/04/corporate-social-responsibility>
- Riess, B., & Welzel, C. (2006). *Government as partner? CSR policy in Europe*. Gutersloh, Germany: The Bertelsmann Stiftung.
- Roome, N. (2005). Some implications of national agendas for CSR. In A. Habisch et al. (Eds.), *Corporate social responsibility in Europe*. Berlin/London: Springer.

- Smith, N. (2014). Corporate social responsibility: Whether or how? In A. Crane, D. Matten, & L. Spence (Eds.), *Corporate Social Responsibility: Readings and cases in a global context* (pp. 35–60). Abingdon: Routledge.
- Social Enterprise UK. (2014). *What are social enterprises*. Last Accessed July 2, 2014, from <http://www.socialenterprise.org.uk/about/about-social-enterprise>
- SustainAbility. (2010). *Visions and values*. Last Accessed November 17, 2013, from <http://www.sustainability.com/vision-and-values>
- UK Government Department of Trade and Industry. (2002). *Business and society: Corporate social responsibility report*. www.dti.gov.uk
- Voegtlin, C., Patzer, M., & Scherer, A. (2012). Responsible leadership in global business: A new approach to leadership and its multi-level outcomes. *Journal of Business Ethics*, 105, 1–16.
- Ward, H., & Smith, C. (2006). *Corporate social responsibility at a crossroads: Futures for CSR in the UK to 2015*. London: International Institute for Environment and Development.
- White, S. (2012). *The rising global interest in sustainability and corporate social responsibility reporting*. Last Accessed December 20, 2013, from <http://sustainability.thomsonreuters.com/2012/10/05/the-rising-global-interest-in-sustainability>

CSR Implementation in Belgium: Institutional Context, the Role of CSR Managers and Stakeholder Involvement

An Hutjens, Nikolay A. Dentchev, and Elvira Haezendonck

1 Introduction

Substantial attention in the CSR research agenda is attached to the implementation of corporate social responsibility (Lindgreen, Swaen, & Maon, 2009; Maon, Lindgreen, & Swaen, 2009, 2010; Werre, 2003). Although many firms are motivated to implement CSR (Dentchev, 2004), they are at the same time struggling with how to transform this motivation into an actual business practice (Cramer, 2005; Porter & Kramer, 2006). The implementation of CSR involves a great deal of change throughout the firm (Dentchev, Heene, & Gosselin, 2011; Maon et al., 2010; Mirvis & Googins, 2006), requiring the selection and implementation of separate corporate social actions (CSAs) (Husted, 2003). Overall, the research field of CSR implementation could be strengthened with a specific knowledge of the institutional context (Habisch, Jonker, Wegner, & Schmidpeter, 2005; Matten & Moon, 2008) and of the organizational context (Smith, 2003) of CSR implementation. Such a focus contributes to an in-depth insight of how a variety of CSR initiatives are implemented, and promises to provide a rather rich inquiry, as opposed to the superfluous and high level aggregated link between CSR and financial performance (Margolis & Walsh, 2003).

A. Hutjens
Vrije Universiteit Brussel, Brussels, Belgium

N.A. Dentchev (✉)
Vrije Universiteit Brussel, Brussels, Belgium

KU Leuven, Leuven, Belgium
e-mail: nikolay.dentchev@vub.ac.be

E. Haezendonck
Vrije Universiteit Brussel, Brussels, Belgium
Universiteit Antwerpen, Antwerpen, Belgium

We address this knowledge gap with a focus on CSR implementation in the context of Belgian organizations. Our focus on Belgium follows several authors, who assert that the implementation of CSR differs in a great extent between different countries, because of different political, economic, social and cultural contexts (Doh & Guay, 2006; Jackson & Apostolakou, 2010; Matten & Moon, 2008). Within the institutional context of Belgium, we mainly focus on two aspects of CSR implementation, i.e. CSR management and stakeholder involvement. With such a focus, we aim at an in-depth understanding of the phenomenon, and hence we triangulate our research methods by presenting the results of three distinct studies. These include a survey amongst 19 CSR managers, in-depth interviews in both a SME and a MNE, and in-depth interviews in five public organizations. The first study focuses on the role of CSR managers in implementing different CSAs. The second and third study look at the extent to which this CSR manager involves other internal and external stakeholders in CSR implementation, both in private (the second study) and public organizations (the third study). Consequently, through each of the three studies, we focus on one particular aspect of CSR implementation: the internal and external stakeholders that are actually involved in implementing CSAs. We do this by examining the specific role of CSR managers regarding different CSAs. Moreover, we look at how this CSR manager communicates with the firm's constituencies and thus focus on CSR implementation from a co-constructive perspective, through actual stakeholder involvement.

The remainder of this paper is structured in four sections. In the first section, we provide an overview of the existing governmental initiatives to promote CSR. In the second section, we argue the importance of stakeholder involvement in CSR implementation and present a variety of multi-stakeholder initiatives on CSR in Belgium. Third, the methodology section provides details on the selected data collection methods in each of the three studies. Fourth, actual results are being presented and conclusions are set forth in the final section.

2 The Belgian Institutional Context for CSR

Belgium is situated at the heart of Europe and has approximately 11 million inhabitants. Catholicism is its main religion. Belgium is a constitutional monarchy, where the Prime Minister is the head of government in a Federal system (Deschouwer, 2012). It has three official languages (Dutch, French and German) and the according cultural diversity has led to a complex and very unique institutional structure. Constitutional power is divided between the Federal government, governments in each of the three communities (the French, Flemish and German community) and each of the three regions (Brussels, Flanders and Wallonia). These three regions have each their own institutions (incl. their own parliament), and different political, social and economic dynamics. For the matter of consistency, we will discuss in this paper CSR initiatives related to the federal level and to the Flanders region, while focusing on CSR implementation in Flemish organizations. According to the Regional Innovation Monitor of the European Commission,

Flanders (i) counts ca. 6.4 millions inhabitants in 2012 (11 millions in Belgium), (ii) generates about 58 % of the country's GDP, (iii) has rather low unemployment rate of 4.5 % (vs. 7.5 % in Belgium and 10.5 % in EU 28), (iv) delivers more than 80 % of the Belgian export, and (v) the most important logistic hubs are situated in Flanders. With these figures in mind, one could argue that the strong economic position of Flanders makes it relevant for a study on CSR in the Belgian context. Interestingly, Belgium and in particular Flanders is situated at the intersection of Northern and Southern Europe with their respective cultural characteristics.

Overall, the Belgian economy is characterized by high exports and is composed out of a rather limited number of MNE affiliates and a very high density of SMEs (Buyse & Verbeke, 2003). SMEs account for 98 % of total business activity and 67.4 % of total employment in Belgium (European Commission, 2012). Furthermore, the Belgian economy is characterized by a high number of family businesses, accounting for up to 70 % of all business and 55 % of GNP (Naudts & Lambrecht, 2008).

The basis for CSR in Belgium was laid through the emergence of an institutionalized dialogue between employees and employers in the unions (Heene, Langenberg, & Dentchev, 2005). Even now, the role of these unions and the according attention for employee rights and conditions can hardly be minimized and are anchored in the law. CSR management and stakeholder involvement in Belgium needs to be framed within this context of strong government intervening, as governments intend to build legal frameworks for CSR as well (Louche et al., 2009). In 2006, the CSR concept in Belgium indeed has been consolidated through the development of the "Belgian CSR reference framework" and the "Federal CSR action plan" (ICDO, 2006). Belgium is one of the few countries in which such a legal framework for CSR exists (Louche et al., 2009). Specifically, the CSR action plan specifies 11 initiatives to stimulate firm-level CSR implementation and simultaneously promote the uptake of social responsibility by public organizations. Hence, it is expected that not only private, but also public organizations attach importance to CSR management and stakeholder involvement. The development of this framework forms the culmination of a decade in which CSR was mainstreamed through an increasing number of public initiatives (Louche et al., 2009). Table 1 offers an overview of key CSR milestones at both the Federal and Flemish regional level. Our attention to the federal and regional level of government initiatives should not surprise, since Flanders is strongly influenced by the national level of governance.

The term "CSR" did not found its entrance in Belgium until after the year 2000 (SERV, 2007). Yet, this does not mean that the concept of social responsibility was unknown in Belgium before that. In the nineties the focus lays upon "sustainable entrepreneurship" with a strong reference to the environment and the development of a number of Flemish, environmental laws such as Vlarem I, II and Vlarebo (SERV, 2007). Vlarem refers to the Flemish regulation concerning environmental permits, including some provisions related to noise pollution. In the first part of this law (Vlarem I) the companies are listed which need to comply with these environmental conditions. In the second part (Vlarem II), the actual conditions are being described. After the UN conference in RIO, a first legal framework for sustainable development was adopted in 1997 with the act on the coordination for the "Federal Sustainable Development Policy" (Louche et al., 2009). As of this moment in time,

Table 1 Governmental initiatives

Year	Initiative	Initiator	Content	Sources
1991, 1995	Vlarem I, II, Vlarebo	The Flemish Government	Environmental laws	SERV (2007)
1997	The act of 1997 on the coordination for Federal Sustainable Development Policy	The Federal Government	– Legal framework for sustainability – A quadrennial Federal plan for sustainable development	http://www.frd0.be
2000	Trivisi	Flemish Minister of Employment and Tourism	Initiative aimed at stimulating CSR, continuous learning and diversity	SERV (2007)
2001	First conference on CSR in the European Social Policy Agenda	The Belgian Presidency of the European Union	Debate on the role of public authorities in CSR (with particular focus on employee-related issues)	Heene et al., 2005
2002	Introduction of the “Belgian social label”	Ministry for Economic Affairs	A label for products that adhere to criteria, recognized by the International Labour Organization	Aaronson and Reeves (2002)
2005	Establishment of the “Digital Knowledge Center for CSR” and 7 CSR learning networks	The Flemish Government (Department of Work and Social Economy)	Focus is on informing, networking and providing tools	SERV (2007)
2006	A CSR Reference Framework and a federal CSR action plan	The Federal Government	A common CSR framework for governments, firms and stakeholders with 13 specific actions for the promotion of CSR	ICDO (2006)
2009	Project: “Encouraging sustainable and transparent entrepreneurship in Flanders”	Department for Work and Social Economy (WSE)	Developing instruments and methods for firms to put their sustainable engagement into practice and communicate about it	http://werk.be/beleidsthemas/maatschappelijk-verantwoord-ondernemen/
2011	A study on “Making sustainable entrepreneurship visible and workable in Flanders”	Flemish Government	Translation of ISO 26000 and GRI to the Flemish practice	http://werk.be/beleidsthemas/maatschappelijk-verantwoord-ondernemen/

a “Federal plan for Sustainable Development” needs to be developed and implemented every 4 years. This act also led to the establishment of a “Federal Council” and an “Interdepartmental Commission for Sustainable Development”. The first being an advisory body for the federal government, the second being responsible for the drafting of the quadrennial Federal plan.

Only as of 2000, the CSR concept gets internalized in Belgium and even gets consolidated in 2006 in the context of the already mentioned “Belgian CSR reference framework”. During this period the Flemish government is a real driver of CSR implementation. First, in 2000, the Flemish minister of Employment and Tourism establishes “Trivisi”, in order to create general awareness for the triple bottom line vision and to aid the development of several CSR manuals and tools (SERV, 2007). Furthermore, the organization assisted with the elaboration of the “Belgian social label” and, in the context of the Belgian presidency of the EC, helped setting up a first conference on CSR in the European Social Policy Agenda. In 2004, the Flemish government drives the foundation of the Digital Knowledge Center for CSR and of seven accompanying learning networks. Furthermore, as a government’s CSR policy “needs to be consistent with the behavior they are promoting in the business sector” (Albareda, Lozano, Tencati, Midttun, & Perrini, 2008, p. 360), the Federal and Flemish government gradually have started to implement CSR principles as well, e.g. through a national action plan on “Sustainable Public Procurement” and the implementation of sustainability at the level of the Flemish cities and municipalities as well. Finally, in 2006, the Flemish government develops its first strategy for sustainable development (SERV, 2007). This strategy offers a general policy framework and more specifically formulates a number of goals in seven domains: poverty, population ageing, climate change, mobility, spatial ordering, management of natural resources and public health. The different departments of the Flemish government remain responsible for the realization of these specific goals.

3 Stakeholder Involvement and CSR

Parallel to the government initiatives, there has grown a number of “multi-stakeholder” initiatives, which are presented in Table 2. Instead of being fully government imposed, these CSR initiatives arose from a dialogue with the impacted stakeholders. For instance, the “Treaty of Vilvoorde” forms a joint agreement of the Flemish government, the social partners and environmental movements which specifies 21 objectives, some of which explicitly related to CSR, aimed at making of Flanders one of the best performing regions in Europe (SERV, 2007). In 2010, in cooperation with these same partners, “Flanders in action” similarly stipulates several objectives for 2020 (“Pact 2020”) in order to increase innovativeness, and stimulate an increasing level of sustainability as well.

The first non-profit network organizations, such as BENSC (currently “Business and Society Belgium”), Kauri or the Flemish Network for Business Ethics (VNZE), are examples of a multi-stakeholder platform as well. Furthermore, as of 2000, employers’ organizations such as Unizo (Flemish organization for the self-employed and SMEs), VOKA (the Flemish network of enterprises) or the Federation of Belgian Chambers of Commerce started to engage in the CSR debate. Unizo developed a CSR guideline for SMEs, after a series of debates with their members

Table 2 Multi-stakeholder initiatives and networks

Year	Initiative	Initiator	Content	Source
1997	The foundation of BENSOC (Belgian Network for Social Cohesion), currently known as “Business and Society Belgium”	The EC president Jacques Delors and the “ European Manifesto of Businesses against Social Exclusion ”	Business network to advance CSR implementation in Belgian firms	http://www.businessandsociety.be/
1994	Establishment of the “Flemish Network for Business Ethics” (VNZE)	Private initiators (not-for-profit organization)	An academic network to promote business ethics	SERV (2007)
1997	Establishment of “Kauri”	Private initiators (not-for-profit organization)	A multi-stakeholder network and knowledge center	www.kauri.be
2000	CSR is introduced in VOKA’s central strategy	VOKA	First employer organization to participate in the CSR debate	SERV (2007)
2001	The treaty of Vilvoorde	Joint agreement of the Flemish government, the social partners & environmental movements	21 objectives in order to make of Flanders a strong performing region, some of which explicitly related to CSR	SERV (2007)
2004	Quadrant	The Federation of Belgian Chambers of Commerce	A learning network specifically aimed at SMEs	http://www.quadrantplatform.be/
2005	Publication of “The CSR guideline for SMEs”	Unizo and Business and Society Belgium	Following a debate on CSR and SMEs, a report was filed up with specific guidelines for SMEs regarding CSR	SERV (2007)
2005-2007	Centre of Excellence CSR and SMEs	Cooperation between Unizo and VOSEC (Collective Support Social Economy)	CSR knowledge center for SMEs: creating awareness, training, monitoring	www.vosec.be
2006	The publication of a practical guide on sustainability	Three main Belgian unions (ABVV, ACV and ACLVB)	Aimed at introducing CSR in the social dialogue	SERV (2007)
2010	“Flanders in Action” + Pact 2020	The Flemish Government, social partners and environmental groupings	A pact to make of Flanders in 2020 an economically innovative, sustainable and socially warm society	http://www.vlaandereninactie.be

between 2003 and 2005 (Louche et al., 2009). In 2000 however, VOKA was the first employer organization to participate in the CSR debate, through the introduction of CSR in its central strategy. The Federation of Belgian Chambers of Commerce introduced “Quadrant”, a learning network specifically aimed at SMEs. In addition to the employers’ organizations, the 3 Flemish unions joined forces (ABVV, ACV and ACLVB) and together realized a publication of a practical guide on sustainability (SERV, 2007).

In each of the mentioned examples a multi-stakeholder dialogue is apparent, shaping the national or regional CSR initiative through the involvement of several relevant stakeholders. According to the “Belgian CSR reference framework” (ICDO, 2006), firm-level CSR implementation should take place in consultation with the firm’s stakeholders as well. This perspective makes the link between CSR management and stakeholder involvement. Through a targeted discussion of the stakeholders’ expectations in a dialogue, firms can express their commitment, reach an agreement and can develop CSAs in accordance (Kapstein and Van Tulder, 2003; Morsing & Schultz, 2006). In this context, Morsing and Schultz (2006) describe three possible CSR communication strategies and attach most value to the ‘stakeholder involvement strategy’. Instead of merely communicating the results of already implemented in their CSAs to stakeholders in a one-way (i.e. a ‘stakeholder information strategy’), or two-way (i.e. a ‘stakeholder response strategy’) communication feeding exercise, stakeholders are being involved in a systematic, structured and proactive dialogue. The proactive *involvement* of stakeholders assures that the company keeps better abreast “not only of its stakeholders’ concurrent expectations but also of its potential influence on those expectations” (Morsing & Schultz, 2006, p. 328). Given this observation, this chapter will examine to what extent Belgian firms and their CSR managers actually involve their stakeholders, prior to taking CSR investment decisions.

4 Methodology

As already mentioned in the introduction, the aim of this paper is to study CSR management and stakeholder involvement within the Belgian institutional context. Hence, we first would like to focus on the particular role and responsibilities of CSR managers in Belgian firms. In this context, we share the view that CSR managers could be seen as ‘internal CSR voices’ (Werther & Chandler, 2005), ‘CSR experts’, ‘cross-functional CSR integrators’ (Molteni & Pedrini, 2009) or even ‘CSR multipliers’ (Wolfe, 2013). The results of our first study will contribute to this general profile by examining the specific characteristics of Belgian CSR managers and by specifying their responsibilities with regard to a number of distinct CSAs. Second, we study in the context of one SME and MNE whether their respective CSR managers succeed in involving the firm’s stakeholders in the CSR implementation process. Third, we explored the CSR management, communication strategies and stakeholder involvement in public organizations. In this way, we studied CSR

Table 3 Research methodology in each of the three studies

	Research question	Data collection	Sample		Theoretical framework
			Respondents	Firms	
1	What is the role of CSR managers in implementing specific CSAs?	Survey	19 CSR managers	19 firms from different sectors and sizes (see Table 4)	Pedriani and Ferri (2011)
2	To what extent are other internal and external stakeholder being involved in private firm-CSR implementation?	Interviews	4 CSR managers	1 SME (1 interviewee), 1 MNE (3 interviewees)	Morsing and Schultz (2006)
3	To what extent do public organizations involve their internal and external stakeholders in CSR implementation?	Interviews and group discussions	26 civil servants (with CSR expertise)	5 public organizations, the Department of Work and Social Economy and its four agencies	Morsing and Schultz (2006)

management and stakeholder involvement in a variety of organizations, following the Belgian government advocacy for social responsibility in both the private and public sector. Table 3 provides a detailed insight into the used research methodology for each of the three studies. Based on a triangulation of these research methods and attention to a variety of organizations, both small and large, and private and public, we intend to provide rich and varied data on CSR implementation practices in Belgium. However, as all three studies use qualitative methods, with a limited number of respondents, the external validity of our results remain limited.

The first study includes an explorative research conducted in an online, self-reporting survey, examining 19 Belgian CSR managers (see Appendix 1 for an overview of survey questions). In fact, this study is part of a larger study with a non-random sample of 107 CSR managers, of which 19 Belgian and 88 Dutch. To ensure a certain level of diversity, the surveyed CSR managers accounted for a wide variety of firms, from different sectors and of different sizes (see Table 4). Specifically, a scale was used, based on earlier empirical work (Pedriani & Ferri, 2011), distinguishing between five different responsibility levels, depending on the managerial tasks of the CSR manager; i.e. whether specifying objectives, coordinating activities and resources or measuring and communicating performance were part of his or her tasks. The first and lowest degree (1: 'none') represents a total lack of CSR manager involvement. The second level (2: 'account') refers to the mere involvement in the measurement and communication of CSAs. A 'support' (3) responsibility means CSR managers supervise other firm divisions with direct responsibility for the CSA concerned and provide them with CSR expertise. The fourth value, 'co-direct' (4), corresponds to a CSR manager who is sharing full responsibility with one or multiple other firm divisions. The fifth, 'direct' responsibility (5) finally indicates that the CSR manager has full, non-shared, responsibility for the CSA.

Table 4 The CSR manager and its organizational position

	#
<i>Firm size</i>	
< 249	3
250–499	1
500–999	5
1,000–4,999	3
> 5,000	7
<i>Firm sector</i>	5
Industrial	5
Financial	4
Consulting and research	3
Information and communication	2
Retail and wholesale	2
Energy	2
Transport	2
<i>Additional CSR managers</i>	
None	1
1–2	5
3–5	3
6–10	4
11–20	2
More than 20	4
<i>Fulltime/part time</i>	
100 % (fulltime)	7
> 50 % (not fulltime)	2
50 % (part time)	2
< 50 %	8
<i>Department</i>	
CSR	7
Communications	5
SHE	3
Strategy	2
Other	2
<i>Organizational tenure</i>	
Less than 1 year	1
1–5 year	8
6–10 year	4
11–20 year	5
More than 20 years	1
<i>CSR/job experience</i>	
Less than 1 year	3
1–2 year	3
3–5 year	11

(continued)

Table 4 (continued)

	#
MV	2
<i>Reporting level</i>	
To the CEO (n)	8
To n – 1	7
To n – 2	1
To n – 3	0
To a lower level	2
MV	1

In both the second and third study, we use Morsing and Schultz' framework (2006, p. 326) and their division into three stakeholder communication strategies (information, response and involve) to organize the organizations' different approaches and their according communication tools, based on a number of interviews. To frame this analysis, we will first discuss the general features of how each organization has implemented CSR. In each case the respondents received a letter in advance, stating the aim and research questions of the study, in order to better prepare them for the interview. In these interviews, questions were asked about the entities' CSR implementation decisions, their decision criteria, their most important stakeholders, and the extent to which both these internal and external stakeholders are being involved, prior to taking CSR decisions. In addition, when interviewing the private firm CSR managers, we asked for their opinion on the Belgian institutional context for CSR: its initiatives, impact and possible improvements.

In the second study, we specifically selected two firms which are both active in the graphics and printing industry. The first firm, once a family owned enterprise, is now a multinational with over 11,000 employees, and over 2 billions euros of turnover as a chemical production firm, operating in three main business divisions. We interviewed three CSR managers (on 13/12/2013): the corporate environmental coordinator, the manager responsible for Safety, Health and Environment (SHE) within one of the business divisions, and the head of purchasing (responsible for the corporate responsibility requirements for the firm's suppliers). The second firm is an SME with 140 employees and almost 20 millions euros turnover as a service providing, communication firm. Within this SME, we interviewed the single person responsible for coordinating sustainability (on 16/12/2013). Each interview was recorded and lasted respectively 81 and 63 min and together resulted into 31 pages of data. Although the external validity of our results will be limited, as we only looked into two cases, by examining both a service-providing SME and a production-oriented MNE, we were targeting typical Belgian firms for our study. Furthermore, as CSR in SMEs is far more informal and unsystematic as compared to MNEs (Jenkins, 2006; Murillo & Lozano, 2006; Perrini, Russo, & Tencati, 2007) and is more motivated by the values and conviction of the owner-manager (Hammann, Habisch, & Pechlaner, 2009; Jenkins, 2006), it is crucial to not only give attention to large, multinational firms.

In the third study, we present the results of a qualitative research within the “Department of Work and Social Economy” (WSE) of the Flemish Government, and its four agencies (Syntra, VDAB, VSA and ESF). The department of Work and Social Economy is responsible for policy coordination and development and oversees the monitoring and preservation of the Flemish employment policy. This department has four agencies. First, VDAB is the Flemish bureau for vocational training and job placements. Second, Syntra is a network of education centers for competency development of entrepreneurs and their employees. Third, the ESF agency is the Flemish program manager of the European Social, Integration and Globalization Fund. Fourth and last, the VSA contributes to the consolidation of the social economy through the recognition of organizations and the prolonging of employment related subsidies. Specifically, 26 individual interviews with civil servants were conducted. As only one department (VDAB) had specialized CSR managers, this study equally focused on other civil servants with knowledge in this context (mostly the leading officer, HR and communication manager). Again, each of the interviews was recorded (and lasted on average 1 h), and together with the material from four group discussions (with an average duration of 3 h) they resulted in 279 pages of data. This research design ensures that the studied phenomenon is investigated until its knowledge saturation point, normally reached at about 20 observations (Sandberg, 2000). Furthermore, in order to correct for individual interpretations, based on different personal interests (Dutton, 1988) or experience (Daft & Weick, 1984), each of the respondents had a different function (see Appendix 2 for more information on the profile of the respondents). Please note that this study was conducted in 2009 by Dentchev, Heene, and Neus (2011), thanks to the financing of the Flemish government. The goal of this research was to get an overview of which CSAs are currently being implemented by the government agencies and to consecutively develop an overarching strategy and framework for CSR in the government.

5 Results

5.1 *The Belgian CSR Manager*

The surveyed CSR managers are active in both large and smaller sized firms (cf. Table 4). Though our sample is limited, this finding thus seems in contradiction with what some authors suggest (Perrini et al., 2007; Spence, 2007), namely that only large firms would use the formal appointment of CSR managers for the implementation of their CSR strategies. Furthermore, we note that in the majority of firms (except one) there are multiple persons with CSR responsibilities. In six cases, managers even indicate their firm employs more than 10 additional individuals, responsible for CSR management. On the other hand, we equally observe that in more than half of our sample the CSR management position is a part-time

position (i.e. 12 out of 19 respondents). Looking at the department of the CSR managers, we observe that only seven of them operate within a specific CSR dedicated division. 5 CSR managers are based in the communications division within their firm, suggesting that, in our sample, CSR is still quite associated with communication and reputation management.

When it comes to ‘job experience’, we note that no CSR manager has more than 5 years of experience in their CSR management duties. However, it is worth mentioning that 10 of the 19 surveyed CSR managers have more than 5 years of organizational tenure, of which 6 of them even have tenure of more than 10 years. This observation is important given the possible positive impact of organizational tenure upon the decision power and influence of these managers. Furthermore, 8 CSR managers directly report to the CEO, and seven to just one level lower than the CEO. Though our results might have limited external validity, this tentative finding seems to contrast with the critique of some authors, arguing that CSR managers do not receive sufficient top management support (e.g. Elkington, Emerson, & Beloe, 2006; Visser, 2010).

In Table 5, we then present data on the specific responsibility (going from 1: no responsibility, to 5: full, ‘direct’ responsibility) of the surveyed CSR managers with regard to 33 CSAs. Looking into this table, we observe quite divergent levels of CSR manager involvement. The CSR managers show the highest level of involvement with regard to transparency and accountability actions, actions for which a strong legal framework exists in Belgium and which get implemented in most firms of our sample. Likewise, for CSAs on charity or corporate governance, a large part of the CSR managers is situated at the right half of the presented scale, as there is high need for specialist, CSR related knowledge. On the other hand, we observe low responsibility levels for stakeholder and HR related CSAs, especially regarding employee and customer satisfaction surveys, safety and work-life balance. Finally, in case of procurement, logistics and operations related CSAs, the majority of CSR managers has a ‘support’ or ‘co-direct’ responsibility. For these CSAs, the environmental expertise of the CSR manager is being complemented with the functional competencies of the affected functional managers, changing the CSR manager’s role into a co-directing or supportive one.

Following this analysis of the CSR manager’s involvement with regard to different CSAs, in the next two studies, we will look at whether and how this manager involves other stakeholders in the CSR implementation process as well.

5.2 CSR in the Private Sector

5.2.1 CSR Implementation

In the MNE we have studied, CSR is not an explicit part of the firm’s mission or vision. The SHE manager within one division clearly states that, because of high levels of regulation and legislation, the firm chooses to adhere to these rules and

Table 5 CSAs and the CSR manager’s level of responsibility

	Implemented	1	2	3	4	5
Transparency and Accountability						
1. Sustainability/social report	15	1	2	2	6	4
2. Website section on CSR	18	0	2	4	5	7
Average	16.5	0.5	2	3	5.5	5.5
Corporate governance						
3. Public ethical policy	19	3	4	3	8	1
4. Public environmental policy	18	2	3	2	9	2
5. Public charity policy	13	2	2	2	5	2
Average	16.7	2.3	3	2.3	7.3	1.7
Management systems						
6. Human rights management system (i.e. SA8000)	3	0	2	1	0	0
7. Health and safety management system	6	2	2	1	1	0
8. Environmental management certification (i.e. Iso14001)	13	2	3	4	1	3
9. Anti-corruption management system	12	5	3	2	2	0
10. Social and/of environmental risk management system	12	1	2	3	5	1
Average	9.2	2	2.4	2.2	1.8	0.8
Stakeholder dialogue						
11. Public stakeholder engagement policy	16	3	3	3	7	0
12. Public customer satisfaction survey	16	5	4	3	1	3
13. Public employee satisfaction survey	16	5	4	4	1	2
Average	16	4.3	3.7	3.3	3	1.7
Charity						
14. Annual program of social charities	14	1	3	2	4	4
15. Annual program of environmental charities	11	2	1	0	6	2
Average	12.5	1.5	2	1	5	3
HR management						
16. Enterprise voluntarism program	7	1	2	2	0	2
17. Safe working program	16	6	3	0	5	2
18. Diversity & discrimination program	14	2	5	2	4	1
19. Work-life balance program	12	5	2	2	3	0
20. CSR education & job training program	15	1	3	1	8	2
21. Social and/or environmental aspects in HR evaluation	8	2	2	2	2	0
Average	12	2.8	2.8	1.5	3.7	1.2
Procurement						
22. Social and/or environmental criteria in suppliers selection	13	1	2	6	3	1
23. Social and/or environmental criteria in suppliers assessment	11	2	1	5	3	0
24. Use of social and/or environmental inputs	11	1	1	3	6	0
Average	11.7	1.3	1.3	4.7	4	0.3

(continued)

Table 5 (continued)

	Implemented	1	2	3	4	5
Logistics						
25. Mobility management program	10	2	1	4	3	0
26. Transportation environmental impact reduction program	16	2	2	5	7	0
27. Packaging environmental program	8	1	2	2	3	0
Average	11.3	1.7	1.7	3.7	4.3	0
Operations						
28. Energy & water efficiency program	16	1	4	7	4	0
29. Program on reducing carbon emissions	17	2	3	5	7	0
30. Waste reduction program	16	3	3	5	5	0
Average	16.3	2	3.3	5.7	5.3	0
Marketing and sales						
31. Program to develop social-friendly products	4	1	1	2	0	0
32. Program to develop environmental-friendly products	11	1	4	3	3	0
33. Cause-related marketing initiatives	10	1	3	3	3	0
Average	8.3	1	2.7	2.7	2	0

laws, but limits initiatives that go beyond. In addition, when considering new CSAs, cost considerations are central and focus is often on so-called quick wins: “It must always be economically justifiable” (notes the corporate environmental coordinator of this firm).

Given its production activities, there is an almost exclusive focus on the firm’s environmental impact and the protection of the health and safety of its employees and clients. Initiated by its introduction on the Brussels stock exchange, the firm publishes its first environmental report in 1999. Only as of 2005 the company starts to gather social data as well and has changed its environmental report into a sustainability report accordingly. As indicated by the SHE manager in one of the MNE business divisions, sustainability matters are quite embedded within the company. They are spread over different divisions and each business group develops its own practices and imposes its own emphases. Hence, although the company recently has enlarged its focus to the wider concept of sustainability, there is no central sustainability vision or overarching strategy yet. Except for the already existing formal environmental policy, there is no central coordination or audit of other CSR practices. Initiatives focused on the social aspect of CSR (and not aimed at staff safety) therefore are limited in number and remain rather ad hoc. As indicated by all three of our respondents, focus is still very much on the SHE concerns of the firm’s production activities. In addition, there has not arisen a new sustainability-enabling management structure yet, with currently only environmental and SHE managers being appointed.

In the SME we have studied, the interviewee describes CSR as a voluntary, long-term policy that constitutes an explicit part of the firms’ mission and vision.

Currently it is being defined in terms of an equilibrium between people, planet and profit, although initially there was a mere focus on environmental management as well. After following a CSR training program (organized by “The Federation of Belgian Chambers of Commerce”) by the firm’s owner-manager, attention widened to the broader concept of CSR. Accordingly, the CSR manager, which was first exclusively focused on the environment, recently evolved into a general sustainability coordinator. Individual CSAs get initiated in a very organic way though, “often initiated by the owner-manager” and again without there being an overarching strategy. Hence, as typical for SMEs, it is the owner-manager who drives CSR implementation (Hammann et al., 2009; Jenkins, 2006), which is typically more informal and less structured as compared with MNEs (Jenkins, 2006), despite the explicit link to the overall strategy of the firm.

5.2.2 Stakeholder Involvement in CSR Implementation

In Table 6 we provide an overview of the tools, used by both the MNE and SME’s CSR managers to guide CSR stakeholder communication, ranging from information sharing and response to involvement.

Our studies indicate that communication toward internal and external stakeholders mainly takes place once CSAs have been implemented. The focus, in these cases, seems to *inform* stakeholders about the achieved results (e.g. through a sustainability report, the corporate website, the Intranet, newsletters and employee information moments). In a more limited number of cases, the SME and MNE ask for a stakeholder *response* (although not necessarily CSR focused), e.g. through a client satisfaction survey (in the SME) or a neighborhood committee (in the MNE).

In both firms, internal and external stakeholder *involvement* is limited and CSAs are being controlled, prioritized and decided “top-down”. The SME’s CSR manager indicates to struggle with the practical execution hereof and points at the difficulty of speaking with stakeholder representatives that are aware of the CSR concept and can give valuable input in accordance. On the other hand, the company has taken a step in the right direction by involving stakeholders during the development of the sustainability report. More precisely, a first draft of this report has been presented to both internal and external stakeholders (employees, clients, suppliers and the local government). A number of CSAs were then suggested, listed, evaluated and some of them even implemented. This initiative however was once only: there is no structural co-construction of the CSR policy yet. Furthermore, in the MNE, there exists a platform in which best practices with regard to sustainability and energy rationalization are being shared between different plants and where input also comes from the factory floor. Finally, in one business group there is an additional initiative where workers themselves can give input regarding quality improvement, which occasionally may involve an environmental initiative.

Table 6 CSR stakeholder communication strategy in the private sector

	Strategy	Information	Response	Involvement
	Stakeholder			
MNE	Internal	– Sustainability report – The Intranet	None	A platform for employees to give input with regard to energy and quality improvements
	External	– Sustainability report – Supplier code of conduct – Safety data and article information sheets – Corporate website	Neighborhood committee ^a	None
SME	Internal	– Sustainability report – Newsletter, brochures – Employee information moments	None	Involvement of internal and external stakeholders in preparing the sustainability report
	External	Sustainability report	Client satisfaction survey ^a	Involvement of internal and external stakeholders in preparing the sustainability report

^aThese tools sometimes lead to new CSAs, although they are not specifically CSR focused

5.3 CSR in Public Organizations

5.3.1 CSR Implementation

Each of the researched entities (WSE, VDAB, Syntra, ESF and VSA) is involved in employment policy and as such, CSR forms a natural part of their core business. But, as indicated by several respondents, a real CSR engagement includes going beyond this core assignment. Most CSAs however remained related to the entity's core business and were therefore linked to the social pillar of CSR (e.g. competence management, diversity policy, work-life balance and transport), complemented with a number of small and cost saving, environmental actions (e.g. double-sided printing or turning off the lights).

In general, we ascertain that, based on the rich information provided through the 26 interviews, CSR in each entity was, at that moment in time, still very ad-hoc and project-based. Even within the most progressive entity (VDAB), one has signaled a lack of clear guidance, and a high number of isolated actions: “These [a fair trade action, a sustainability week and a tree planting action] are all separate actions. [. . .] It is not being systematically structured.” (dixit the Department Head of Quality Services, VDAB). In addition, no single entity had decision criteria available for

selecting appropriate CSAs. Actions therefore were being selected based on the mere “gut feeling” of the responsible persons, notes the General Director of ESF. Off course, all of these results need to be nuanced by the fact that the actual aim of the initial research into the WSE department and its agencies, was to formulate an overarching CSR strategy. Hence, the Flemish government was rather proactive at that time with regard to CSR, and showed a strong willingness and commitment to develop a solid CSR implementation strategy for its entities.

5.3.2 Stakeholder Involvement in CSR Implementation

In general, the respondents expressed a lot of attention for the involvement of the stakeholders of their respective public organization. As indicated by the General Director of ESF, “Everything is developed in partnership with the stakeholders.” Different tools were hereby mentioned: staff meetings, network events, information sessions, commissions, policy councils, advisory committees with external stakeholders, a stakeholder forum, customer satisfaction surveys, stakeholder surveys and reciprocal learning with stakeholders.

Although there is a lot of stakeholder involvement in general policy making, this is not necessarily true within the context of CSR implementation. Table 7 contains a summary of the CSR stakeholder communication strategies and the according tools, used by each of the different entities. Related to the absence of a CSR strategy, four entities (ESF, VSA, Syntra and VDAB) explicitly indicated a bottleneck with regard to internal and external CSR communication. In each entity, CSR-related decisions were ultimately taken by the leaders of the organization, excluding in advance a full-blown stakeholder involvement strategy. One respondent (employee department sectoral cooperation, Syntra) adds to this: “That [CSR] is being implemented and you should just accept it.” Employees seem to have been only *informed* in an ad-hoc way about already taken decisions (e.g. through staff meetings, the intranet or newsletters). Only within one entity (VDAB), this CSR employee communication was made structured through specialized CSR teams, trainings for newly appointed staff and a social annual report.

On the other hand, a number of respondents in different entities (ESF, VSA, Syntra and VDAB) highlighted that employees sometimes themselves came up with new CSAs. Furthermore, within 3 entities (ESF, Syntra, VDAB), respondents mentioned the employee satisfaction survey. Although this survey was not specifically focused on CSR, sometimes it led to the identification of new CSAs. However, final decision-making always remained at the top of the organization and there was no actual and frequent dialogue yet. Hence, most internal CSR communication still remained limited to stakeholder information and response giving. Only within one entity again (VDAB), employee *involvement* was being structurally promoted through a central CSR e-mail address and specialized CSR teams, which had the assignment to survey employees for new actions.

With regard to the external stakeholders, CSR communication was mainly limited towards one-way *information* as well. As indicated by two respondents

Table 7 CSR stakeholder communication strategy in the government

	Strategy	Information	Response	Involvement
	Stakeholder			
VDAB	Internal	<ul style="list-style-type: none"> – Social report – Trough CSR teams – Training for new staff 	Employee satisfaction survey ^a	Employees are able to suggest CSAs: <ul style="list-style-type: none"> – through a central CSR e-mail address; – or through CSR teams
	External	<ul style="list-style-type: none"> – Social report – Informal communication through existing channels 	Client & student satisfaction survey ^a	None
WSE	Internal	Limited communication through mail, and staff meetings	None	None
	External	Limited communication through the website and informal channels	None	None
ESF	Internal	Limited communication through staff meetings and newsletters	<ul style="list-style-type: none"> – Employees sometimes suggest CSAs (but this is not structurally promoted) – Employee satisfaction survey^a – “Critical incidents card”^a 	None
	External	Little to no formal CSR communication	Client satisfaction survey ^a	None
Syntra	Internal	Little to no formal CSR communication	Employee satisfaction survey ^a	None
	External	Little to no formal CSR communication	None	None
VSA	Internal	Very limited communication through staff meetings and the internal website	Employees sometimes suggest CSAs (but this is not structurally promoted)	None
	External	Very limited CSR communication through the website	None	None

^aThese tools sometimes lead to new CSAs, although they are not specifically CSR focused

(ESF and VSA): “External stakeholders should not be involved in actual decision making, but should merely be informed.” Only in a small number of cases, external stakeholders were being more closely addressed: e.g. through a client (ESF and VDAB) and student (VDAB) satisfaction survey or a critical incidents card through which stakeholders could signal certain complaints or positive experiences (ESF). Although each of those initiatives was not specifically focused on evaluating CSAs, respondents indicated they sometimes gave valuable input.

6 Conclusions

In this chapter, results of three distinct studies were presented in order to provide rich insights into CSR management and stakeholder involvement in the Belgian context and within several types of Belgian companies. Following the arguments that the institutional context determines CSR implementation at the organizational level (Jackson & Apostolakou, 2010; Matten & Moon, 2008), our study started with a presentation of the Belgian institutional context for CSR. Given this overview of both government and multi-stakeholder initiatives to promote CSR, it becomes clear that the Belgian and Flemish governments use a broad variety of initiatives, including regulation, in support of CSR implementation. In this context, Jackson and Apostolakou (2010) argue that Belgium, because of high levels of regulation and institutionalized stakeholder involvement, scores lower on the social and environmental dimensions of CSR. These authors argue that there is simply less scope for individual firms in these countries to develop a high number of explicit CSR actions that go beyond the law. Similarly, a recent international comparative study of Crutzen and Hoerisch (2013) shows that large Belgian firms are often performing below the international average, in terms of sustainability management. Results of a study of the Belgian national employers’ organizations (VBO, 2007), seem to confirm the implicit character of CSR in Belgium as well. The surveyed Belgian firms do recognize the importance of CSR, but do not seem to go beyond what is prescribed by law. This study, which was initiated by the Strategic Committee for Sustainable Development of the VBO, was performed amongst a representative sample of 250 Belgian firms, both small, medium and large firms.

Our qualitative studies, and our limited samples, do not allow the generalization of the above observations. However, we can tentatively infer that the regulatory framework for CSR in Belgium helps defining and delimiting the private firm’s CSR practices. CSR managers seem to be most involved into those issues for which a legal framework exists in Belgium, i.e. accountability and transparency issues and corporate governance. Also with regard to environment related CSAs (related to procurement, operations and logistics), the CSR manager is highly involved. Though in these cases, as there is need for other functional knowledge and skills as well, the CSR manager needs to share his responsibility and acts as a ‘cross-functional integrator’ (as mentioned by Molteni & Pedrini, 2009).

Furthermore, both SME and MNE respondents have indicated they are opponent of too many CSR related rules and laws. One of the interviewed CSR managers of a Belgian MNE clearly stated that because of high levels of regulation, the firm chooses to adhere to these rules and laws, but limits initiatives that go beyond. This is further confirmed by the fact that, except for the employees, no other stakeholders were being involved in CSR related decision making in this firm. The SME on the other hand showed a high willingness to involve its stakeholders, but at the same time indicated that it lacks clear, practical government guidance within this context. Again, this implies that Belgian firms mainly look at what the government prescribes when willing to implement CSR practices.

In fact, both private firms gave several recommendations on how to improve the government's role in driving CSR. For instance, the CSR manager of the SME claims for more government best practice examples and more CSR instruments specifically focused on SMEs. Furthermore, one MNE respondent (the Safety-Health-Environment manager) emphasizes the value of giving more incentives, and of entering into more partnerships with private firms, in order to set the example. Over the last decade, government agencies have been assigned a great variety of roles in "providing an enabling environment for CSR" (Fox, Ward, & Howard, 2002, p. iii). However, as suggested by our respondents, and next to imposing hard and soft regulation, the government should also lead by example. However, looking at the investigated government entities, we observed that, at the moment of the study, they were struggling with regard to CSR stakeholder communication as well. Both towards internal and external stakeholders, communication was mainly focused on ad-hoc information feeding towards stakeholders, and almost nowhere stakeholders were being involved in CSR decision making, thus contextualizing our private firm results. On the other hand, we need to add that, as we only looked into formal communication tools, we are not able to deduct anything regarding the probable existence of any informal ways to inform, respond to or involve stakeholders in the context of CSR. This is a possible interesting future research inquiry.

Overall, in each of the examined government entities, stakeholder dialogue and partnerships form a central part of the overall business, and general policy decisions are seldom being taken alone. Probably, this is a strong indication that the implementation of a more proactive stakeholder involvement strategy with regard to CSR, is only a small step away for these entities, thus setting a good example for private firms as well. In this context, it might be interesting to analyze the impact of the CSR action plan and government initiatives alike, on the exemplary role of public organizations. Furthermore, as argued by Albareda, Lozano, and Ysa (2007), the existence of particular CSR departments and specialized managers can be valuable within the government as well. This statement indeed seems to be demonstrated by the observed differences in CSR proactivity and stakeholder involvement between the VDAB and the other public entities, but needs future research.

Appendix 1

Questions of CSR manager survey

Firm profile	1. In which sector is your firm active?
	2. How many employees does your firm have?
CSR manager profile	3. How many CSR managers are active in your firm?
	4. How much time do you spend on the CSR related part of your job description?
	5. To which firm department do you belong, as a CSR manager?
	6. How many years of function-specific, job experience do you have?
	7. How much organizational tenure do you have?
	8. To whom do you report?
CSR manager responsibility	9. Which CSAs are implemented in your firm?
	10. What is your responsibility level with regard to these CSAs? (going from 1: no responsibility, to 5: full, 'direct')

Appendix 2

Respondents public organizations

Entity	Function
ESF	General director
	Project manager
	Communication employee
	Team leader office-management
MOD ^a	Facility management
VSA	HR manager
	Leading officer
	Webmaster/archive manager
	Employee social economy
	Communication officer
	Organization management, quality
Syntra	Advisor (projects and SH-management)
	Head of communication
	Head of HR management
	Staff of the managing director
	Head of logistics
	Staff of department sectorial cooperation
VDAB	Environmental coordinator
	Integrity manager
	CSR coordinator
	Head of quality
	Diversity manager

(continued)

Entity	Function
WSE	Policy support
	Leading officer
	ICT and organization
	Communication manager

^aMOD refers to Management Support Services

Acknowledgements We are grateful to the book editors and to the anonymous reviewer for the insightful comments and suggestion that helped us to improve this chapter.

References

- Aaronson, S., & Reeves, J. (2002). *The European response to public demands for global corporate responsibility*. Washington, DC: National Policy Association.
- Albareda, L., Lozano, J. M., Tencati, A., Midttun, A., & Perrini, F. (2008). The changing role of governments in corporate social responsibility: Drivers and responses. *Business Ethics: A European Review*, 17(4), 347–363.
- Albareda, L., Lozano, J. M., & Ysa, T. (2007). Public policies on corporate social responsibility: The role of governments in Europe. *Journal of Business Ethics*, 74(4), 391–407.
- Buysse, K., & Verbeke, A. (2003). Proactive environmental strategies: A stakeholder management perspective. *Strategic Management Journal*, 24(5), 453–470.
- Cramer, J. (2005). Experiences with structuring corporate social responsibility in Dutch industry. *Journal of Cleaner Production*, 13, 583–592.
- Crutzen, N., & Hoerisch, J. (2013). *Is Belgium lagging behind in sustainability management? An international comparative analysis*. Paper presented at the 27th British Academy of Management Conference, Liverpool, 10–12 September.
- Daft, R. L., & Weick, K. E. (1984). Toward a model of organizations as interpretation systems. *Academy of Management Review*, 9(2), 284–295.
- Dentchev, N. A. (2004). Corporate social performance as a business strategy. *Journal of Business Ethics*, 55, 395–410.
- Dentchev, N. A., Heene, A., & Gosselin, D. P. (2011). Integrating corporate social responsibility in business models. In D. von der Oelsnitz, & W. Güttel (Eds.), *Jahrbuch Strategisches Kompetenz-Management Band 5: Kooperationsorientierte Kompetenzen* (pp. 79–101). Germany: Rainer Rampp Verlag.
- Dentchev, N., Heene, A., & Neus, F. (2011). CSR implementation at the Flemish government [published in Dutch: MVO implementatie bij de Vlaamse overheid]. *Accountancy and Bedrijfskunde*, 31(4), 15–28.
- Deschouwer, K. (2012). *The politics of Belgium* (2nd ed.). London: Palgrave Macmillan.
- Doh, J. P., & Guay, T. R. (2006). Corporate Social Responsibility, Public Policy, and NGO Activism in Europe and the United States: An Institutional-Stakeholder Perspective. *Journal of Management Studies*, 43(1), 47–73.
- Dutton, J. E. (1988). Patterns of interest around issues: The role of uncertainty and feasibility. *Academy of Management Journal*, 31(3), 663–675.
- Elkington, J., Emerson, J., & Beloe, S. (2006). The value palette: A tool for full spectrum strategy. *California Management Review*, 48(2), 6–28.
- European Commission. (2012). *SBA Factsheet 2012*. Belgium: European Commission. Retrieved November, 5, 2013, from http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2012/belgium_en.pdf.

- Fox, T., Ward, H., & Howard, B. (2002). *Public sector roles in strengthening corporate social responsibility: A baseline study*. Washington, DC: World Bank.
- Habisch, A., Jonker, J., Wegner, M., & Schmidpeter, R. (2005). *Corporate social responsibility across Europe*. Berlin: Springer.
- Hammann, E. M., Habisch, A., & Pechlaner, H. (2009). Values that create value: Socially responsible business practices in SMEs—empirical evidence from German companies. *Business Ethics: A European Review*, 18(1), 37–51.
- Heene, A., Langenberg, S., & Dentchev, N. (2005). A hot topic in contemporary management. In A. Habisch, J. Jonker, M. Wegner, & R. Schmidpeter (Eds.), *Corporate social responsibility across Europe* (pp. 77–86). Heidelberg, Berlin: Springer.
- Husted, B. W. (2003). Governance choices for corporate social responsibility: To contribute, collaborate or internalize? *Long Range Planning*, 36(5), 481–498.
- ICDO. (2006). *Referentiekader: maatschappelijk verantwoord ondernemen in België*. Retrieved October 30, 2013, from http://www.mi-is.be/sites/default/files/doc/publicatie_MVORefKader.pdf.
- Jackson, G., & Apostolou, A. (2010). Corporate social responsibility in Western Europe: An institutional mirror or substitute? *Journal of Business Ethics*, 94(3), 371–394.
- Jenkins, H. (2006). Small business champions for corporate social responsibility. *Journal of Business Ethics*, 67(3), 241–256.
- Kaptein, M., and Van Tulder, R. (2003). Toward effective stakeholder dialogue. *Business and Society Review*, 108(2), 203–224.
- Lindgreen, A., Swaen, V., & Maon, F. (2009). Introduction: corporate social responsibility implementation. *Journal of Business Ethics*, 85, 251–256.
- Louche, C., Van Liedekerke, L., Everaert, P., LeRoy, D., Rossy, A., & d’Huart, M. (2009). Belgium. In S. O. Idowu & W. L. Filho (Eds.), *Global practices of corporate social responsibility* (pp. 125–147). Heidelberg, Berlin: Springer.
- Maon, F., Lindgreen, A., & Swaen, V. (2009). Designing and implementing corporate social responsibility: An integrative framework grounded in theory and practice. *Journal of Business Ethics*, 87, 71–89.
- Maon, F., Lindgreen, A., & Swaen, V. (2010). Organizational stages and cultural phases: A critical review and a consolidative model of corporate social development. *International Journal of Management Reviews*, 12, 20–38.
- Margolis, J. D., & Walsh, J. P. (2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, 48, 268–305.
- Matten, D., & Moon, J. (2008). “Implicit” and “explicit” CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review*, 33(2), 404–424.
- Mirvis, P., & Googins, B. (2006). Stages of corporate citizenship: A developmental framework. *California Management Review*, 48(2), 104–126.
- Molteni, M., & Pedrini, M. (2009). The Corporate Social Responsibility Manager Map. *Corporate Ownership and Control*, 6(3), 26–37.
- Morsing, M., & Schultz, M. (2006). Corporate social responsibility communication: Stakeholder information, response and involvement strategies. *Business Ethics: A European Review*, 15(4), 323–338.
- Murillo, D., & Lozano, J. M. (2006). SMEs and CSR: An approach to CSR in their own words. *Journal of Business Ethics*, 67(3), 227–240.
- Naudts, W., & Lambrecht, J. (2008). *Overview of family business relevant issues. Country fiche Belgium*. Brussels: European Commission.
- Pedrini, M., & Ferri, M. L. (2011). Implementing corporate social responsibility: An exploratory study of strategy integration and CSR officers’ duty. *Economia Aziendale Online*, 2, 175–187.
- Perrini, F., Russo, A., & Tencati, A. (2007). CSR strategies of SMEs and large firms. Evidence from Italy. *Journal of Business Ethics*, 74(3), 285–300.

- Porter, M. E., & Kramer, M. R. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78–92.
- Sandberg, J. (2000). Understanding human competence at work: An interpretative approach. *Academy of Management Journal*, 43(1), 9–25.
- SERV. (2007). *Maatschappelijk verantwoord ondernemen: van goede indruk maken naar duurzame indruk achterlaten*. Brussels: Social Economic Council Flanders. Retrieved October 30, 2013, from <http://www.serv.be/serv/page/maatschappelijk-verantwoord-ondernemen-campagne-2007>
- Smith, N. C. (2003). Corporate social responsibility: Whether or how? *California Management Review*, 45(4), 52–76.
- Spence, L. (2007). CSR and small business in a European policy context: The five “c’s” of CSR and small business research agenda 2007. *Business and Society Review*, 112, 533–552.
- Visser, W. (2010). CSR 2.0: The evolution and revolution of corporate social responsibility. In M. Pohl & N. Tolhurst (Eds.), *Responsible business: How to manage a CSR strategy successfully*. West-Sussex: Wiley.
- VBO. (2007). *Focus: Corporate social responsibility* [original in Dutch, with title–Focus: Maatschappelijk Verantwoord Ondernemen]. Appendix in Infor VBO, Nr. 17.
- Werre, M. (2003). Implementing corporate responsibility—The Chiquita case. *Journal of Business Ethics*, 44, 247–260.
- Werther, W. B., & Chandler, D. (2005). Strategic corporate social responsibility as global brand insurance. *Business Horizons*, 48, 317–324.
- Wolfe, J. (2013). Improving the sustainable development of firms: The role of employees. *Business Strategy and the Environment*, 22, 92–108.

Commanded Aspirations and Half-Hearted Enactment: The (Yet) Unfulfilled Promises of French-Style CSR

François Maon

We are all full of discourses that we only half understand and half mean.

—Rae Armantrout, poet

1 Introduction

Only fairly recently have questions pertaining to business and society relationships been examined or addressed from a corporate social responsibility (CSR) lens among European actors. However, in a relatively short period of time, CSR has rapidly gained momentum across European industry, politics, and academia, to the extent that it is now seen by many European business actors as an idea whose time has come (Matten & Moon, 2004; Moon et al., 2012; Steurer, Martinuzzi, & Margula, 2012).

Historically, Europe has exhibited mostly cynicism toward the moral merits of private enterprise (Vogel, 1992) and the CSR idea in particular. Originating in the North American business environment, CSR was considered exemplary of “the reliance of America on private institutions, such as the corporation, in supplying a wide range of services that in Europe were traditionally delivered by governments” (Vogel, 2006, p. 11). The capitalistic environments of Western and Northern Europe constituted more socially embedded systems, in which conceptions of corporate social and environmental responsibilities were already entrenched in broader regulations and norms, and where stakeholders, other than shareholders, traditionally exerted strong influences on economic processes and activities (Fiss & Zajac, 2004; Hartman, Rubin, & Dhanda, 2007; Matten & Moon, 2008). In referring to these systems, Matten and Moon (2008) use the notion of “implicit CSR,” which relates to “values, norms and rules, which result in (mostly) mandatory requirements for corporations to address issues, which social, political and economic interests consider a proper and reasonable obligation upon corporate actors” (Matten & Moon, 2005, p. 342).

F. Maon (✉)

IESEG School of Management – LEM CNRS, Université Catholique de Lille, Lille, France
e-mail: f.maon@ieseg.fr

In this “implicit CSR” realm, it seems particularly interesting to consider the case of France and its recent, active embrace of the CSR idea. That is, France was late to acknowledge CSR, but a strong political will to address CSR issues arose, in the form of a substantial body of legislation that evolved rapidly at the turn of the twenty-first century. These political aspirations in turn triggered significant shifts in the CSR-related behaviors of French corporate actors; more than half of French companies with at least 50 employees in 2012 claimed to be involved in CSR (Ernst & Honoré-Rougé, 2012). In line with the legal obligation to report on their social and environmental performance, 99 of the 100 largest French companies publicly detailed their CSR or sustainability-related activities in 2013 (KPMG 2013). Furthermore, with more than 700 members, the French network of the United Nations Global Compact is one of the most prevalent in the world.

Nevertheless, moving beyond symbolic pledges, reporting obligations, and declarative commitments, French political aspirations and associated legislative efforts have not always produced significant changes in the way French companies approach CSR-related issues in practice (Baratin, Helias, Le Quentrec, Moreau, & Vilchien, 2007; Cotentin & Duval, 2009). The CSR reporting practices of French companies often appear to lack thoroughness or substance (KPMG 2013). Moreover, failure to comply with extra-financial reporting obligations progressively imposed by French law to an increasing number of companies has up to now hardly lead to serious sanctions. Accordingly, we argue in this chapter that French-style CSR represents an unfulfilled promise: Although the seeds of CSR have been and continue to be planted by political and business actors, the combination of national traditions and regulations and international influences characterizing French-style CSR have kept it from fully spouting (Berthoin Antal & Sobczak, 2007). It has not reached its potential in terms of fostering a deep integration of social and environmental concerns into actual corporate decision-making processes and operations.

In the remainder of this chapter, we first describe some key characteristics of the approach to CSR in France’s business and political environments. Next, in outlining the historical evolution of France’s CSR-related regulatory efforts and government-led initiatives, we pay particular attention to reporting obligations imposed on certain categories of French companies by the 2010 law, “National Environmental Commitment,” and the associated 2012 administrative decree that details these obligations. Finally, we discuss what we consider central challenges for the development and progress of CSR in the French business landscape.

2 CSR, Historical Skepticism, and the Role of the State

As do many Western and Nordic European countries, France to a certain extent still considers CSR a corollary of financial capitalism, tending toward social disembodiment. This view combines with a long history of French mistrust of private actors’ ability to provide general good and skepticism toward corporate transparency (Berthoin Antal & Sobczak, 2007). Thus, we find skeptical attitudes

toward CSR among many French actors, including consumers, nongovernmental organizations (NGOs), trade unions, corporate executives, and corporate boards. A recent global study of CSR-related perceptions suggests that though their ardor for certain CSR issues has intensified in recent years, French citizens still remain relatively unengaged when it comes to CSR (Cone Communications, 2013). For example, 93 % of surveyed French people want companies to tell them how they engage in CSR, but they would not work very hard to obtain that information. A director of advisory services for a social responsibility consultancy in Paris argues though that French citizens' low engagement in CSR "may not be a result of lack of interest, but rather a reflection of the high degree of trust in the government and society. There's less of a need for consumers to actively engage with companies on 'responsibility' because there's a sense that it's already taken care of, or that it's not in their purview" (Cone Communications, 2013, p. 47).

Such Jacobean assumptions—which imply that the State, beyond civil society or the market, can and should define rationally what should be provided for the general interest of society—continue to characterize the general French mindset. Yet the important role of public authorities in French capitalism also has evolved, such that France has "moved from 'State-led' capitalism to a kind of 'State-enhanced' capitalism" (Schmidt, 2003, p. 526), in which the State still plays an active but much reduced role. The progressive liberalization of financial markets, deregulation, privatization, and labor-market reorganization all have fundamentally altered the role of the State in France's economy by limiting its interventionist policy instruments. Similarly, developments of the French social welfare system mainly have been characterized by decentralization and deconcentration of previously State-provided competencies to public authorities at regional, departmental, and local levels (Blasco & Zolner, 2010).

Even as it has become less interventionist, "the State did not entirely give up on seeking to influence business or labor where it saw fit" (Schmidt, 2003, p. 536), and CSR is a key facet of the business environment in which the State actively has endeavored to maintain a somewhat centralist orientation (Albareda, Lozano, & Ysa, 2007) and foster change and adaptation. Voluntary approaches to CSR historically appear a poor fit with French culture, where "most of the social partners still expect that social well-being will come from public authorities rather than private firms" (Beaujolin & Capron, 2005, p. 107). Therefore, CSR has been a seemingly obvious object of regulation, though these regulations often lack the same binding character that more traditional, formal economic rules (e.g., fiscal legislation) exert, including binding laws that make clear threats of sanctions.

3 Mandating CSR by Law

With the economic turmoil of the 1970s, France first exhibited some willingness to impose social and then societal regulations, aimed at countering the overriding power of industrial and financial actors. In this context, formalized texts

progressively started to result in CSR-related norms and regulations. According to Mangematin (2013), three interconnected CSR-related laws effectively illustrate how France progressively and formally addressed CSR concerns in the past four decades: (1) the 1977 Law on Social Reporting (*Loi Relative au Bilan Social Social de l'Entreprise*, n° 77-769, July 12, 1977); (2) the 2001 New Economic Regulations (*Loi Relative aux Nouvelles Régulations Economiques*, n° 2001-420, May 15, 2001), which supplemented the 1977 law; and (3) the 2010 National Environmental Commitment (*Loi Portant Engagement National pour l'Environnement* or *Loi Grenelle 2*, n° 2010-788, July 12, 2010).

3.1 1977 Law on Social Reporting

The 1977 legislation positioned France as a pioneer, because it required annual social reporting from companies. To ensure comparability, the law stipulated that companies that employed more than 300 people had to provide reports on a comprehensive list of more than 130 indicators relating to employees and the workplace (e.g., health and safety, working conditions, training, salaries). To encourage transparency, the law specified that this 'social balance' sheet should be discussed formally with employee representatives, as well as submitted to the opinion of the work council (i.e., company-level versions of national trade unions) before being released.

This detailed approach and the constricted focus on employment-related matters limited the potential impact of this law on actual corporate practices though. It is unclear whether the results of these reports enhanced corporate social performance; the law required companies to submit their social reports to a government agency, so they were not made publicly available (Berthoin Antal & Sobczak, 2007). However, the 'social balance sheets' represented a first step toward mandated CSR-related reporting practices in France.

3.2 2001 Law on New Economic Regulations

France sought to learn from its early experience and expanded its requirements in a 2001 law that extended the scope of corporate nonfinancial disclosures. This law obliged all companies listed on the Paris Stock Exchange's Primary Market (the largest market capitalizations) to report on their social and environmental impacts annually. An administrative decree in 2002 clarified the nature of the required corporate disclosures and introduced indicators for environmental performance, community involvement, impacts on local development, relations with suppliers and subcontractors, and the respect of human rights in foreign subsidiaries. The law mandated the publication of the results with the companies' annual reports, rendering the CSR data publicly available to investors and the public. This effort was

complemented by the establishment of a National Council for Sustainable Development in January 2003, followed that same year by the development of an initial national strategy for sustainable development, targeting the period 2003–2008. The national strategy sought to define government actions that could ensure economic development, social equity, and environmental protection; it also provided a reference framework for private actors.

Early assessments of the 2001 law revealed the limitations of such a formal approach imposed by regulation (e.g. Groupe Alpha, 2004, 2005; SustainAbility, Utopies, & UNEP, 2003), mainly by highlighting the difficulties of creating a uniform legal definition of CSR-related criteria that was appropriate for all companies and could establish clear borders for each company and its subcontractors (Berthoin Antal & Sobczak, 2004). In this context, “without sanctions or specifications on form, length, or depth, the reporting performance of French companies has varied greatly” (Lydenberg & Grace, 2008, p. 16), leading observers to suggest that “French corporate leaders are only carrying out the law and would rather run the risk of penalties than include CSR activities in their business strategies” (Riess & Welzel, 2006, p. 18). Although most CAC 40 corporations made “some efforts to accomplish their duty,” the quality of corporate reports from companies within the enlarged SBF 120 (i.e., 120 most actively traded stocks listed in Paris, including all 40 stocks in the CAC 40 index plus 80 additional stocks listed on Euronext Paris) was questionable. Other firms, mainly medium-sized or subsidiary companies, simply did not follow the law (Beaujolin & Capron, 2005, p. 104).

Nine years after the legislation passed, a study ordered by the General Confederation of Labour (CGT, a national trade union center) on the extra-financial reporting practices of 26 CAC 40 listed companies did not produce optimism (Groupe Alpha, 2012). The study highlighted that though most large French companies had developed procedural and technical reporting virtuosity, they tended to consider the legally imposed reporting exercise as a mere formality. According to the study criteria, fewer than half of the surveyed companies conformed with the legal requirements and reported on all indicators. In addition, the reports made it difficult for readers to understand how and where companies set the boundaries of their responsibilities; corporate actors did not always include all their group entities or supply chain practices in their reporting. Even the quality of the disclosed information was uncertain, lacking substance and often not reflecting the spirit of the law, despite some notable exceptions such as LVMH, Sanofi, Suez, and Veolia that significantly enhanced the quality of their reporting practices.

In contrast with the 1977 law, which imposed consultations with the works council (limited as it was at the time), the 2001 law did not have any provision for stakeholder dialogues, which “would have certainly enhanced the legitimacy, credibility and use of the information given in the annual report” (Berthoin Antal & Sobczak, 2007, p. 17). As a result, few internal or external stakeholders used the extra-financial information available in the published report. In addition, corporate actors who had not waited for the 2001 law already engaged in extra-financial reporting practices, using different criteria that seemed more adapted to their own organization than those specified by the 2001 regulatory framework.

In addition, the French parliament introduced in 2001 two socially responsible investment (SRI) laws, one shortly after the other, in an effort to increase consumer confidence in SRI and the development of such investments. The February 2001 law (*Loi sur l'Épargne Salariale*, n° 2001-152, February 19, 2001) applied SRI criteria to employee savings schemes and introduced an obligation that a fund's internal rules must specify the social, environmental, and governance (ESG) considerations the fund's management company would be required to take into account. The second law required the management board of a 16 billion euros Retirement Reserve Fund (*Loi Instituant le Fonds de Réserve pour les Retraites*, n° 2001-624, July 17, 2001) to report regularly to a supervisory board regarding how its investment policy guidelines reflected ESG considerations.

3.3 2010 Law on the National Environmental Commitment, or Grenelle 2 Act

After an open, multi-stakeholder debate in the *Grenelle de l'Environnement* forum (which included government, local authorities, trade unions, business, and voluntary sectors and sought to create a plan of action for tackling sustainable development and environmental concerns), instigated in the summer of 2007, the French government presented a second national strategy for sustainable development for 2010–2013. In 2010, a new, comprehensive legislative act, containing 257 articles and affecting more than 30 legal codes, set out measures to fight climate change, protect biodiversity, and improve overall energy efficiency. It mandated a new, integrated reporting policy that expanded CSR reporting requirements to more companies, with the goal of generating a new culture of governance. The act was quickly cited as “one of the most comprehensive reporting laws yet written” (Morris & Baddache, 2012, p. 2). The professional services firm Ernst and Young (2012, p. 1) even considered it, at the time, the “strongest stance yet taken by any country to require transparency from businesses on the environmental, social and governance front.”

The law had a threefold aim: (1) expand and deepen the non-financial information included in annual reports, (2) extend the application of the requirement to large non-public companies, and (3) strengthen the credibility of CSR-related information by requiring third-party verification of corporate reporting. Stakeholders, in dialogue with companies, could comment on the CSR practices of those companies, as well as the proposed indicators. In addition, Article 224 of the law extended asset managers' reporting obligations to include ESG criteria.

An administrative decree published in May 2012 detailed the types of companies currently subject to these reporting obligations and the nature of the information they must report. In particular, the new CSR-related reporting requirements applied to companies listed on regulated markets and non-listed companies that employed more than 500 permanent workers, with a turnover or balance sheet total of more

than 500,000 €. The decree also introduced 29 topics for non-listed companies to report and 13 additional topics for listed companies. The topics reflected three themes: social, environmental, and societal commitments related to sustainable development. For each required topic, the companies had the freedom to select the most relevant indicators for their situation.

During the 2 years of negotiations that separated the adoption of the law and the publishing of the administrative decree, the influence of (corporate) pressure groups led to some alterations to the original commitments, which largely denatured the spirit of the original 2010 law (FCRSE 2011, 2012; Mangematin, 2013). In response, various civil society actors claimed that the implementation decree paradoxically was a step backward from the situation generated by the 2001 law, instead of advancing it (FCRSE 2012). Among other concerns, the size and type definitions in the 2012 decree of companies subject to the CSR-related reporting obligations excluded close to 99 % of companies active in France, according to Mangematin (2013). The means for unions and civil society organizations to formally express their views on the reports also was suppressed in October 2010, through the adoption of the Law on Banking and Financial Regulation (*Loi de Régulation Bancaire et Financière*, n° 2010-1249, October 22, 2010). A 2011 Law for the Simplification and Improvement of the Quality of The Law (*Loi de Simplification et d'amélioration de la qualité du droit*, n° 2011-525, May 17, 2011) then “removed the requirement for subsidiaries to publish information about the social and environmental impact of their activities, while most violations are committed precisely at the level of subsidiaries of French companies abroad” (FCRSE 2012, p. 1). The 2012 administrative decree introduced a double list of indicators and conditions, for listed and non-listed companies, thereby disrupting the potential for concurrence and *de facto* limiting the possibility of CSR performance comparisons across companies. Finally, none of the texts provided for direct sanctions due to non-compliance. The explanatory memorandum of the law argued that its purpose was not to punish but rather to initiate constructive discussions among the boards of directors and with companies’ associates.¹

In May 2013, a Deloitte study of the extent of CSR reporting by 110 companies of the SBF 120 after the introduction of the administrative decree in 2012 showed that 92 % referred to the new (amended) regulatory framework and dedicated part of their annual report to it. Among the 42 CSR-related themes to be addressed, under the new regulatory framework, 35 were covered in some manner by at least 80 % of the companies. In addition, 73 % of surveyed companies underwent an audit process by a third-party organization, even before the specific requirements associated with this dimension of the regulation came into being, representing a 51 % increase over a year. This first impact assessment thus suggested reasonable consideration of the new law among corporate actors.

¹ The possibility of sanctions is not excluded though; administrative and monetary penalties can be imposed by financial market authorities, and the provision of false, misleading, or incomplete information is punishable under criminal law and may be subject to civil penalties.

In July 2012, noting their disillusionment after the publication of the 2012 administrative decree, 16 organizations (i.e., representatives of employers, multi-party stakeholders, NGOs) formally called on the French Prime Minister to create a national initiative to promote CSR. Following an environmental conference in September 2012, the government officially created a French platform for promoting global action on CSR, launched by the Prime Minister in June 2013. The novel platform aimed to create room for dialogue and coordination and thereby contribute to a more ambitious development of CSR in France. It seeks to draw proposals for improving the integration and implementation of CSR in businesses, to prepare for the creation of “a new boost for CSR” in France.

In this process, the platform likely will rely on the 2013 inter-ministerial report on the responsibility and performance of organizations (see Brovelli et al., 2013), which presented 20 proposals for strengthening the integration of CSR considerations in the French business landscape. These proposals were organized around four CSR-related improvement areas: developing a culture of overall performance, improving the reliability of non-financial information, further promoting SRI, and strengthening France’s CSR voice and position at the international level.

4 The CSR Road Ahead: Challenges and Opportunities

A growing number of French companies seem to be demonstrating improved quality and transparency in their reporting on CSR issues (Deloitte France, 2013; Young & Marais, 2012) and assimilating CSR into their business operations, such that they appear “in one way or another very concerned about CSR and have integrated it in a voluntarist fashion into their strategy” (Eberhard Harribey, 2009, p. 45). Bocquet and Mothe (2011) advocate that large and small French companies can and increasingly do engage in creating value through innovation, driven by strategic CSR. Such considerations tend to highlight how legislative actions, government-led initiatives, and their outcomes—in combination with international standards and schemes, such as Global Reporting Initiative or ISO 26000 guidelines; directives arising from the European Union; and the actions of rating agencies such as VIGEO and Ethifinance—have contributed to the development of constructive CSR practices in France. This foundation for potentially fruitful future CSR progress and evolution reflects Ioannou and Serafeim’s (2011, p. 3) assertion that mandatory CSR reporting frameworks (MCSR) significantly affect managerial decision making “by promoting socially responsible practices,” such that “after the enactment of MCSR laws and regulations in a focal country, aggregate perceptions regarding the social responsibility of business leaders improve.”

However, this analysis of the CSR landscape also tends to suggest that France continues to ideologize the CSR question, instead of turning it into a shared and pragmatic basis for dynamic social and environmental progress. In accordance with D’Humières (2013), we contend that even though France should not be classified as

either late or advanced, in terms of the level of adoption and integration of CSR by companies compared with other major developed countries, CSR in France features three paradoxical characteristics that constitute central challenges for the future development of CSR in the French business system.

First, CSR-related behaviors in France, especially reporting practices, are stimulated and framed by policy documents and frameworks that are increasingly ambitious and comprehensive. Yet their administration tends to be disorganized, without a clear doctrine. Over the years, strong initiatives have lost some of their spirit and substance through legislative processes and often been enforced to only a limited extent. Consistent with research that emphasizes the importance of enforcement (Hail & Leuz, 2006; La Porta, Lopez-De-Silanes, & Shleifer, 2006), Ioannou and Serafeim (2011) argue that the strength of government enforcement decisions likely moderates the impact of mandatory CSR reporting frameworks on actual business practices. Their effects appear stronger in countries in which third-party appraisals of reports are more widespread. From this perspective, constructive mechanisms for developing more enforcement of the mandatory reporting frameworks in France are needed to make CSR a priority for French business actors. In addition, extending the obligation of third-party verification of extra-financial reporting practices to more companies would enhance the credibility of the reported numbers, which should increase the trust that stakeholders place in corporate disclosures, as well as the benefits companies could gain.

Second, France's economic and business communities praise and boast about CSR but also appear to equate CSR with some kind of social and environmental benevolence. That is, the CSR notion in France is still "subject to a lot of confusion and misunderstanding, even in large corporations" (CSR Europe, 2010, p. 16). In addition, companies do not always actively engage with the notion of CSR. The prevailing role of the State may have prevented sound, resourceful CSR commitments by companies, especially smaller ones. To some extent, the government-led and regulatory dimension of CSR has contributed to business leaders' belief that CSR mainly is associated with legal constraints and administrative annoyance. In this context, the legal implications of CSR and its voluntary character still are "more prevalent in discussions in France than in other countries in which such discussions are generally limited to the community of lawyers" (Berthoin Antal & Sobczak, 2007, p. 12). The dominance of the State also contributes the continued conception among French economic and business actors that it is the role of public authorities to organize and structure CSR-related stakeholder dialogues. Such elements, both indirectly and implicitly, prevent corporate proactivity toward CSR issues, as business and economic actors value "stringent standards and rules over soft laws that leave a high margin of interpretation to their users" (Leblanc, 2013, p. 1). Beyond declaratory commitments by many and practices adopted by a few CSR-proactive companies (e.g., Bocquet & Mothe, 2011), CSR is too rarely approached from a social and environmental progress perspective and from an integrated strategic and innovation viewpoint, as a potential source business opportunity.

Third, civil society increasingly pushes business communities to engage with the CSR idea and expects companies to progress quickly on all fronts. The relatively recent emergence of NGOs into the French business–society nexus and the parallel, progressive enlargement of the CSR agenda beyond traditional labor-related concerns, to include wider social and environmental issues, has marked “a significant shift in the politics of stakeholder relations in France” (Berthoin Antal & Sobczak, 2007, p. 22; Sobczak & Martins Coelho, 2010). Nonetheless, even as CSR-oriented cross-sector collaborations have emerged, few civil society actors assign sufficient credit to companies for their CSR-related progress (D’Humières, 2013). With this approach, these actors fail to contribute to boost the necessary adaptation of classical management models and risk-taking on the corporate side. Yet CSR as a strategic, integrated, multi-stakeholder commitment to social and environmental progress almost unavoidably involves new ways of working and risk-taking, on all sides of the business and society nexus. In line with a certain culture-based inertia, this conservative cautiousness that still characterizes economic and business actors may represent the greatest challenge to the French CSR landscape today.

References

- Albareda, L., Lozano, J., & Ysa, T. (2007). Public policies on corporate social responsibility: The role of governments in Europe. *Journal of Business Ethics*, 74(4), 391–407.
- Baratin, F., Helias, A., Le Quentrec, M., Moreau, R., & Vilchien, D. (2007). *Mise en œuvre par les entreprises françaises cotées de l’obligation de publier des informations sociales et environnementales*. Paris: Inspection générale de l’environnement, Conseil général des mines and Inspection générale des affaires sociales.
- Beaujolin, F., & Capron, M. (2005). France – Balancing between constructive harassment and virtuous intentions. In A. Habisch, J. Jonker, M. Wegner, & R. Schmidpeter (Eds.), *Corporate social responsibility across Europe* (pp. 97–108). Berlin: Springer.
- Berthoin Antal, A., & Sobczak, A. (2004). Beyond CSR: Organizational learning for global responsibility. *Journal of General Management*, 30(2), 77–98.
- Berthoin Antal, A., & Sobczak, A. (2007). Corporate social responsibility in France: A mix of national traditions and international influences. *Business and Society*, 46(1), 9–32.
- Blasco, M., & Zolner, M. (2010). Corporate social responsibility in Mexico and France: Exploring the role of normative institutions. *Business and Society*, 49(2), 216–251.
- Bocquet, R., & Mothe, C. (2011). Exploring the relationship between CSR and innovation: A comparison between small and large sized French companies. *Revue Sciences de Gestion*, 80, 101–119.
- Brovelli, L., Drago, X., Molinié, E., Fribourg, M., Lenoir, C., Le Divenah, J.-P., et al. (2013). *Responsabilité et performance des organisations*. Paris: Ministère de l’Economie et des Finances; Ministère du Commerce Extérieur; Ministère de l’Ecologie, du Développement Durable et de l’Energie; Ministère du Travail, de l’Emploi, de la Formation Professionnelle et du Dialogue Social.
- Cone Communications. (2013). *Global CSR study*. Boston, MA: Cone Communications.
- Cotentin, C., & Duval, G. (2009). Editorial: Le chemin est encore long. *Alternatives Economiques, Special Issue 41*, 5.
- CSR Europe. (2010). *A guide to CSR in Europe: Country insights by CSR Europe’s national partner organizations*. Brussels: CSR Europe.

- D'Humières, P. (2013). *Où en est la RSE en France, à la veille d'initiatives publiques nouvelles?* Blog of the Institut RSE. Available at <http://www.reporting-rse.com/EasyBlog/ou-en-est-la-rse-en-france-a-la-veille-dinitiatives-publiques-nouvelles.html>, last accessed on March 25, 2014.
- Deloitte France. (2013). *Reporting RSE selon l'article 225 de la loi 'Grenelle 2' – Bilan de la première année d'application*. Neuilly-sur-Seine: Deloitte & Associates.
- Eberhard Harribey, L. (2009). France. In S. O. Idowu & W. Leal Filho (Eds.), *Global practices of corporate social responsibility* (pp. 37–60). Berlin: Springer. Chapter 2.
- Ernst, E., & Honoré-Rougé, Y. (2012). La responsabilité sociétale des entreprises: Une démarche déjà répandue. *INSEE Première*, 1421 (November).
- Ernst & Young. (2012). *How France's new sustainability reporting law impacts US companies*. London: Ernst & Young.
- FCRSE. (2011). *Le FCRSE exige du gouvernement qu'il respecte ses engagements en matière de transparence des entreprises*. Paris: Forum Citoyen pour la Responsabilité Sociale des Entreprises. Press Release (March 4).
- FCRSE. (2012). *Parution du décret d'application de l'article 225: le tour de passe-passe*. Paris: Forum Citoyen pour la Responsabilité Sociale des Entreprises. Press Release (May 2).
- Fiss, P., & Zajac, E. (2004). The diffusion of ideas over contested terrain: The (non)adoption of a shareholder value orientation among German firms. *Administrative Science Quarterly*, 49(4), 501–534.
- Groupe Alpha. (2004). *Les informations sociales dans les rapports annuels: Deuxième année d'application de la loi NRE*. Marseille: Groupe Alpha.
- Groupe Alpha. (2005). *Les informations sociales dans les rapports annuels: Troisième année d'application de la loi NRE*. Marseille: Groupe Alpha.
- Groupe Alpha. (2012). *Bilan de neuf années d'application de la loi NRE en matière de reporting social*. Marseille: Groupe Alpha.
- Hail, L., & Leuz, C. (2006). International differences in the cost of equity capital: Do legal institutions and securities regulation matter? *Journal of Accounting Research*, 44(3), 485–531.
- Hartman, L., Rubin, R., & Dhanda, K. (2007). The communication of corporate social responsibility: United States and European Union multinational corporations. *Journal of Business Ethics*, 74(4), 373–389.
- Ioannou, I., & Serafeim, G. (2011). *The consequences of mandatory corporate sustainability reporting*. HBS Working Paper Series 11-100.
- KPMG. (2013). *The KPMG survey of corporate responsibility reporting 2013*. Zug: KPMG International Cooperative.
- La Porta, R., Lopez-De-Silanes, F., & Shleifer, A. (2006). What works in securities laws? *Journal of Finance*, 61(1), 1–32.
- Leblanc, S. (2013). *Is there a 'CSR made in France'?* Business for Social Responsibility (BSR) – Our insights. Available at <http://www.bsr.org/fr/our-insights/blog-view/is-there-a-csr-made-in-france>, last accessed on March 16, 2014.
- Lydenberg, S., & Grace, K. (2008). *Innovations in social and environmental disclosure outside the United States*. New York, NY: Domini Social Investments and Social Investment Forum.
- Mangematin, Y. (2013). *Management et lois RSE: Vers un droit impératif et une opportunité stratégique*. CEREFIGE Working Paper Series 2013-06.
- Matten, D., & Moon, J. (2004). Corporate social responsibility education in Europe. *Journal of Business Ethics*, 54(4), 323–337.
- Matten, D., & Moon, J. (2005). A conceptual framework for understanding CSR. In A. Habisch, J. Jonker, M. Wegner, & R. Schmidpeter (Eds.), *Corporate social responsibility across Europe* (pp. 335–356). Berlin: Springer.
- Matten, D., & Moon, J. (2008). “Implicit” and “explicit” CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review*, 33(2), 404–424.

- Moon, J., Slager, R., Anastasiadis, S., Hardi, P., Bartz, R., & Knudsen, J. S. (2012). *Analysis of the national and EU policies supporting corporate social responsibility and impact*. IMPACT Working Paper Series 2.
- Morris, J., & Baddache, F. (2012). *The five W's of France's CSR reporting law*. San Francisco, CA: Business for Social Responsibility (BSR).
- Riess, B., & Welzel, C. (2006). *Government as partner? CSR policy in Europe*. Gütersloh: Bertelsmann Stiftung.
- Schmidt, V. (2003). French capitalism transformed, yet still a third variety of capitalism. *Economy and Society*, 32(4), 526–554.
- Sobczak, A., & Martins Coelho, L. (2010). The impact and interplay of national and global CSR discourses: Insights from France and Brazil. *Corporate Governance*, 10(4), 445–455.
- Steurer, R., Martinuzzi, R.-A., & Margula, S. (2012). Public policies on CSR in Europe: Themes, instruments and regional differences. *Corporate Social Responsibility and Environmental Management*, 19(4), 206–227.
- SustainAbility, Utopies, & UNEP. (2003). *Etat du reporting sur le développement durable*. Paris: Utopies.
- Vogel, D. (1992). The globalization of business ethics: Why America remains different. *California Management Review*, 35(1), 30–49.
- Vogel, D. (2006). *The market for virtue: The potential and limits for corporate social responsibility*. Washington, DC: Brookings Institution Press.
- Young, S., & Marais, M. (2012). A multi-level perspective of CSR reporting: The implications of national institutions and industry risk characteristics. *Corporate Governance*, 20(5), 432–450.

Corporate Social Responsibility in the Netherlands

Joop H.M. Remmé

1 Introduction

The expression for ‘corporate social responsibility’ in the Dutch language is ‘maatschappelijk verantwoord ondernemen’, which literally means ‘conducting socially responsible business’. This means that in the Dutch understanding of the concept, the notion ‘corporate’ does not play a prominent role (also, the concept has become a verb, not a noun). This may help explain why in The Netherlands ‘MVO’ is just as applicable to small companies and freelance service providers as it is to large companies.

The precursor of ‘CSR’/‘MVO’ was business ethics (‘bedrijfsethiek’), which in The Netherlands was mainly an academic endeavour, only to be taken seriously in the business community when in the late 1990s it could develop along with the notion of ‘duurzaamheid’ (‘sustainability’). It could even be said that CSR became widely accepted in the Netherlands’ business community because of the developing concern about sustainability (Mathis, p. 9).¹ One important reason for this that appears to play a role for most companies is the ability to attract the best staff, having noticed that a poor sustainability/CSR record limits the chances of doing so (Mathis, p. 9). However, at least half of the companies claim to have a long tradition of CSR, even when they have only become very explicit about it in the past 15 years (Mathis, p. 8). The notion then entered the business world under its new name: “Maatschappelijk Verantwoord Ondernemen”.

¹To give only one example: Vodafone Netherlands presents its stakeholder activities on its website, but then specifically links them to sustainability issues (<http://over.vodafone.nl/duurzaam/strategie-management/stakeholder-betrokkenheid>).

J.H.M. Remmé (✉)
Maastricht School of Management, Maastricht, The Netherlands
e-mail: remme@msm.nl

Most of the developments that are described below are very similar to what happened in other European countries. Still, certain aspects indicate a particular Dutch dimension to them. What may well be stronger in The Netherlands than in some other European countries is the commitment to protecting the natural environment, coupled with a strong activist mentality amongst the population.

2 CSR

As is often the case, thinking about CSR has several sources of inspiration and drivers. One such driver is found in the early twentieth century, and later, in the personal motivation of certain founders of industries, who were motivated to “do good” for society or for certain sectors of society (Netherlands’ society was until well into the 1980s divided into sectors, with their own schools, political parties, sports clubs etc.).² Initially, ‘CSR’, before that term or the term ‘MVO’ was coined, mostly took the shape of charity. To those who engaged in this, it was often motivated by religious and/or social involvement. It was largely a matter of personal commitment and not always embedded in the culture and strategy of the organisation. This personal commitment meant that certain business leaders also accepted a leadership role in how they were benefitting society.³

This changed, as did the whole of Western civilisation, in the 1970s, when the protest-generation of the late 1960s gained sufficient influence to make an impact on society. As we saw the development of a more critical attitude in the population as a whole, business organisations were not spared from that attitude. The growing awareness of environmental concerns and of the potential scarcity of resources⁴ fed the distrust of business organisations; especially those that were polluting the natural environment, of which the average citizen increasingly realised to be dependant for its future survival.

² This aspect of Dutch culture is called ‘verzuiling’ (dividing society into ‘pillars’, or ‘zuilen’). It meant that for most of the twentieth century there were Protestant, Catholic, Socialist and neutral ‘pillars’, next to a few smaller ones, such as the Jewish ‘pillar’. Each ‘pillar’ had its own sportsclubs, housing societies, charities, hospitals, schools, unions and sometimes also businesses. This meant that until the late twentieth century, most people in The Netherlands did not so much relate to society as such, but to his or her own ‘pillar’ of society. These days, the main ‘pillars’ are gone, leaving only a small Jewish ‘pillar’ and a growing Muslim ‘pillar’, which do not have the same impact as what we saw in the past, when each ‘pillar’ almost locked its part of society in a situation of near-segregation.

³ Kolk/Van Tulder (p. 8) call this the “stewardship principle”, which they together with the “charity principle” see as the roots of CSR in the early twentieth century.

⁴ There was an energy crisis shortly after the Yom Kippoor war in 1973 in the Middle East, when The Netherlands government proclaimed its solidarity with Israël and certain Arab countries then decreased the supply of oil.

3 The Netherlands

The Netherlands' business environment has certain characteristics that may be expected to be relevant to CSR and the issues associated with it. It stands to reason that the characteristics of The Netherlands as a country and as a society have an impact on the relationships between business and society, including the responsibilities and expectations in those relationships.

The Netherlands is a small and densely populated country (not counting the vast colonies that once were part of the Kingdom of the Netherlands, of which a few islands in the Caribbean remain today). This means that certain sectors of Dutch society and its business world are so limited in size and resources that discerning and engaging with stakeholders becomes more manageable, while on the other hand 'cronyism' becomes more possible, considering that in many sectors of business and society the most important people know each other.

The culture in the part of Europe now called "The Netherlands" has been egalitarian since ancient times (already Roman travelers noticed this characteristic). This has evolved in two ways: top-down, as the differences between the rich and powerful and the common people have always been much smaller than in most other countries, and in terms of male-female relations. This is also noticeable in Netherlands' companies, where there is a custom for employees to treat each other as colleagues, being careful to show respect at all levels of the organizational hierarchy (e.g., a police commissioner will call a young policeman "colleague"). The egalitarian streak in Dutch culture contributed to a certain distrust of anything or anyone holding power, such as large corporations.

The culture is also strongly individualistic. Dutch people are quite protective of what they see as their private life sphere (by comparison: US culture is also quite individualistic, but US citizens often have no problem discussing their private lives, even incomes, while Dutch people will not so easily do that). For the organisational context this, in combination with the egalitarian characteristic, means that it is difficult to utter criticism, even for managers, whose job entails uttering criticism, as criticism might be perceived as jeopardizing egalitarian relationships.

One characteristic of Dutch culture is the tendency for everyone to be involved; at least potentially. Within their own country, but also abroad, Dutch people tend to be 'opinionated'. This gives us one paradox within Netherlands' culture: everyone wants to be left alone while at the same time they have opinions about other people.

Geographically speaking, The Netherlands is a river estuary. This has given it an international orientation, open to the rest of Europe through the rivers and to the world at large via the sea. This contributed to the development of a large colonial empire, over the span of several centuries. This orientation and the small scale of the country have also resulted in a disproportionate large number of multinational companies of varying sizes.⁵

⁵ Supported by internet and modern logistics, a multinational company does not have to be big in size and scope. For instance, many relatively small companies in the flower industry in The

This has also resulted in a culture with an international focus. Traditionally, Dutch people have been aware, although not always well-informed, of situations in other countries; at least sufficiently aware to be skeptical of the activities of companies in those countries. This means that issues concerning work-situations (for instance child labor) and pollution connected with those activities are generally receiving wide attention.

4 The History of CSR in The Netherlands

As is true elsewhere, the development of the Netherlands' business world since the nineteenth century took place in combination with the developments in society at large.

One such issue was trade with the Dutch colonies, such as Surinam and Indonesia, as that trade was connected with many social issues. One social issue of importance was the imposition of certain agricultural policies by Dutch traders on their business partners in Indonesia, which policies were disrupting to local agriculture, resulting in famine (Bosma, p. 4). This caused concern within the Netherlands and contributed to a critical attitude towards business and trade. A particularly sensitive aspect of this criticism was that much of the trade was conducted by the trading company that had been founded by King Willem I. This gave the criticism of the trade an extra political dimension. One of the most important literary writings of Dutch nineteenth century culture, the *Max Havelaar*, was written by a former colonial inspector, Eduard Douwes Dekker. Its publication led to nationwide criticism and became a monument for the anti-colonial movement up to the independence of Indonesia in 1949 (see: Zook).

Another important issue connected to colonization was slavery. Most notably trade in slaves from Africa in the seventeenth, eighteenth and early nineteenth centuries was done by Dutch companies, primarily the West Indies Company. This consisted mainly of the buying of slaves in Ghana from local traders and the transportation to the Americas, where the slaves were then sold. In the nineteenth century, the trade in slaves and ownership of slaves became in The Netherlands, as in many other countries, controversial (Winter, pp. 99–128), after which it was abolished in 1814, while slavery as such was abandoned in 1848 (Sint Maarten), 1860 (Indonesia) and 1863 (Surinam and the Antilles).

Another important issue revolved around working conditions, especially in industry. In Western Europe and the United States, the nineteenth century witnessed an industrial revolution, characterized by rapidly growing industrial business-organisations and equally rapidly growing working class neighbourhoods in the cities, fed by a move away from the countryside. The Netherlands was no

Netherlands have set up facilities in tropical countries, such as Tanzania. As a result, the largest flower auction in the country, in Aalsmeer, located just outside of Schiphol/Amsterdam Airport, has developed into an international hub for flowers.

exception to this. The working conditions in those industries were still unregulated and exploitation was often the result, leading to underpayment and dangerous working conditions. This led to societal concern and criticism. This criticism sometimes led to riots, for example the infamous Amsterdam eel riot of 1886.⁶ This example highlighted the rise of two different and conflicting social concerns: animal welfare and the working and living conditions of the working class. At that time, a balance between these concerns was not possible, as animal welfare was an issue with the middle classes, who had the right to vote, and working class living conditions was a concern for the working classes, that had not yet obtained the right to vote.

Yet another important issue was the concern over working conditions in factories and specifically the widespread use of child labor in industry in the nineteenth and early twentieth centuries. This was a new kind of child labor, compared to what had for the longest time been the practice on farms. Child labor in factories was characterized by unhealthy and dangerous working conditions, underpayment and exploitation, while it also kept children from attending school and receiving an education. The introduction of social laws in the early twentieth century largely put an end to child labor in industry, while it remained in some form on farms. However, child labor came back as an issue in the public's mind in more recent years, with a focus on the activities of Dutch companies in developing economies and rising awareness amongst consumers on the production methods connected to certain products, such as textiles and chocolate.

During the second half of the twentieth century a new issue arose, concern over the natural environment. As was the case in most other industrialized societies, the past half-century has been characterized in The Netherlands by a growing awareness of the importance of the natural environment. This started in the 1970s with concern over pollution, for which there was good cause. To give but one example, the river Rhine, which can be called the lifeblood of the Netherlands, became in the 1960s, 1970s and 1980s increasingly polluted. This was caused by various industries along the more than 1,200-km long river, located upstream from its stretch in The Netherlands. Especially petrochemical industries in the German Ruhr-district were dumping chemical waste in the river. There was very little legislation and supervision to prevent them from doing that. The result was that the river became nearly dead to all life forms and that cities that depended on the river for their drinking water suffered more and more difficulty in their efforts to provide drinking-water, up to the point that in Rotterdam they had to transport into the city enormous quantities of bottled water. The result was that governments worked together on legislation and supervision, which increasingly became an EU concern. It also saw the founding of a separate NGO for the river, the foundation 'Reinwater'

⁶ In a working class neighborhood of Amsterdam there was a yearly event, in which teams from different streets were fighting over a live eel hanging from a rope over a canal, which caused concern amongst the middle classes, after which the city government banned the event and the working class population revolted (Moelker, p. 177).

(a play on the name of the river, ‘Rijn’, and the Dutch word for ‘clean’, ‘rein’). It would continually test the quality of the water in the river, the state of its ecosystems and the practices of relevant industries, and it brought this effectively to the attention of the public and the authorities. Today the water-quality has much improved and fish have returned to the river. EU policies, changing strategies in the industries and pressure from the public have contributed to this improvement.

More recently, environmental issues have been rephrased in terms of sustainable development. When John Elkington published his *Cannibals with Forks* in 1997, most people in The Netherlands (and elsewhere) were still thinking about pollution as an isolated problem. In the years since then, the awareness has rapidly spread that pollution is only one aspect of an imbalance between the elements that determine the long-term survival of companies and societies. Elkington described how the human (people), natural (planet) and economical (profit) elements of any future have to be in balance, lest they damage each other (the phrase “cannibals with forks” referred to a reality in which humankind in a very sophisticated way devours itself) and the future becomes unsustainable. This required a whole new way of thinking about organizing, doing business and using resources. Since then, more and more companies have adopted ‘PPP-thinking’.⁷ This ‘PPP-approach’ has offered managers and other decision-makers tools for working in terms of the most important definition of ‘sustainability’—“the ability to take care of the needs of today without jeopardizing the options for future generations to satisfy their own needs”, phrased in 1987 by the UN committee chaired by the former Norwegian prime minister Gro Harlem Brundtland.⁸ This is the definition of ‘sustainability’ that has become widely accepted within the business world in The Netherlands.

A particular development within the developing awareness on sustainability is thinking in terms of cradle to cradle (or ‘C2C’) (W: Cradle to Cradle). This approach started with a design-philosophy developed by the chemist Michael Braungart and the designer William McDonough. It focuses on one particular aspect of sustainability, the efficient use of resources, and envisions a “circular economy”, in which all waste is a resource. This is not merely a matter of recycling, which Braungart and McDonough regard as ‘down cycling’, because it involves lower levels of quality; they developed ways of ‘up cycling’, whereby new use of a resource is paired to a new quality. The idea behind Cradle to Cradle is going as far as possible in giving back to nature what came out of nature. In this way, C2C goes beyond sustainability as defined by the Brundtland definition, because it claims to provide future generations with options that the current generation does not yet have.

⁷Not to be confused with the ‘PPP’ of marketing: Product, Placement, Price. An important example of a company adopting the ‘P, P, P’ of sustainability is Shell: see: corporateregister.com.

⁸The UN committee [World Commission on Environment and Development](#) became groundbreaking with its report “Our Common Future” of 1987. Brundtland/Starke (1990).

The first application would be in agriculture (De Wolf), where waste can literally be “plowed back in” and where options for sustainable energy generation and its use are feasible. But the idea has spread to other domains as well, such as construction (the town-hall of Venlo is build according to C2C, for instance; W: Duurzaam Gebouwd).

In The Netherlands, C2C has been gaining support. There is an increasing number of companies, governmental bodies, consultants and especially designers who are inspired by the C2C approach. Most of them are united in a platform. Remarkable perhaps is that this development happened without much pressure from society, as it is driven by professionals in the business arena.

5 Global Developments and the Impact on The Netherlands

Like elsewhere, ever since the 1960’s organizations have moved away from the original bureaucratic model of organising to new forms, such as team based production, flatter organisations/empowerment and virtual teams. In terms of management, more and more attention was given to “people issues” (sometimes called “soft issues”). At the same time, many organisations became involved in fighting over the best talents. The overall result was that the input from employees became more and more valuable to organisations. With that input was a stronger impact from concerns originating in their personal lives and their societal contexts. This also, perhaps especially, happened in The Netherlands, where participation of the average citizen was already favoured.

Since the middle of the twentieth century, more and more attention has been paid to the human element in the organisation’s processes. More attention was paid to motivation and to new forms of management. What also changed as a consequence was the role of the organisation in society. In the old model, there had been a clear line between ‘inside’ and ‘outside’ of the organisation. That was not only a line between who belonged to the organisation and who did not, but also within the lives of the employees, who were expected to be a different person when in the organisation than they were at home. With the increasing attention to human realities within the organisation this changed. As organisations became flatter and employees became more involved in decision-making (employees are in all organisation with more than 50 employees organised in “ondernemingsraden” (“employee councils”), which have quite a lot of influence), especially within the processes connected to their specific jobs (“empowerment”), the concerns of society at large became more and more heard within the organisation. This effect was amplified by another development, concerning outsourcing and in-sourcing of staff. In the old type of organisation, all those working in the organisation were employees of that organisation. These days many of them have a different employer, with whom the organisation has a contract, and also we see, especially in The Netherlands, the increasing use of self-employed temporary workers. They especially bring the issues of the organisation with them into the organisation.

Another important development is globalisation. The Internet and the availability of travel have made it easier to do business across borders and to feel the impact of business from other countries. Competition has increased, not only because of the international arena, but also because in more and more fields of business competition is not longer between companies of the same size. Also, the wider availability of information and the gradual rise of the level of education have made customers and citizens in general much more demanding.

6 Codes of Conduct and Corporate Value Statements

Over the past decades the Dutch business world has seen a steady growth in the number of organisations that develop and use a code of conduct, a ‘gedragscode’. It has been said with good cause (Kolk/Van Tulder, p. 11), that the rationale for a code of conduct is in the interaction of the corporation with society. We have seen in The Netherlands a development from the ‘old’ rule based codes to the more behavior and ambition oriented codes, similar to developments elsewhere.

A special case is the Code Tabaksblat. This is the work of a committee, chaired by former Unilever CEO Morris Tabaksblat that was brought together after consultation by the government with financial institutions, such as the Amsterdam stock exchange, to update the rules for all publicly listed Dutch companies. This was done after wide criticism in society over perceived lack of integrity in the upper echelons of Dutch companies. The committee worked from 2003 to 2009 and produced a Code that is now generally adhered to by publicly listed companies in The Netherlands. The Code forces companies to disclose its payments to top managers, including bonuses and stock options (Commissiecorporategovernance; Ioannou, p. 43).

The Code Tabaksblat is only the most well-known example of industry-wide codes in The Netherlands. Several sectors now have a Code (‘gedragscode’) these days, ranging from the construction industry (Bouwend Nederland) to a platform of patients (W: Platform of ALS Patients), including a Code for Journalists (drafted by the “Genootschap van Hoofdredacteuren”, Society for Newspaper Editors: W: Genootschap van Hoofdredacteuren) and a Code for the mortgage industry (W: Mortgage Industry). For the Netherlands Bar Association (see: Nederlandse Orde van Advocaten) the Code was a direct consequence of the law regulating the profession (W: Advocatenwet).

7 Developments and Events that Left a Mark

We have seen in the past 20 years many events in the business world, both in The Netherlands and internationally, that may be assumed to have had an impact on how managers and business owners deal with their responsibilities towards society.

Although in recent studies most representatives of companies claim to not be affected by those events themselves, they do indicate that they respond to society and the impact of those events on society has arguably been quite severe (Mathis, p. 8).

7.1 The Development of the European Union

A significant development was that of the European Union, which impacts in several ways on business in the EU member states and certainly also in The Netherlands, as EU rules were codified into Dutch Law (Ioannou, p. 44). This impact can be distinguished into two sectors: (1) regulating business within the EU and (2) regulating international trade with EU members and companies from EU member states.

The EU has striven to make business within the EU fairer and transparent, aiming for healthy and balanced competition. It also enforces policies that are in the interest of all EU citizens on especially work relations, food safety and the environment (W: AsserInstitute). It assumes a monitoring role for these issues and enforces EU law on firms and even member governments. This has made the force of topics that can be associated with CSR on companies more noticeable and had an impact on the strategies and actions of companies.

The second impact, on international trade, is especially felt in The Netherlands, which for its economy to a large extent depends on international trade. The European Union negotiates trade treaties, notably with the United States. Often, those treaties contain CSR elements desired by the public. Examples are the ban by the EU Commission on meat treated with hormones, which was included in trade treaties with the United States (see: European Commission Trade). Another example is the trade in genetically modified foods and seeds (W: European Commission Agriculture); something that is far more controversial amongst the European population, and certainly the Netherlands population, than it is amongst US citizens.

7.2 National Government

Traditionally,⁹ the Netherlands government has had a “hands off” attitude towards business. Still, as elsewhere in Europe laws were made regarding child labor, work

⁹One of the causes of the decline of Dutch commercial power after the “golden age” of the seventeenth century was the fact that the government was weak and offered little support to business, certainly compared to what was the case in France and the UK; this was largely the wish of the Dutch business community (e.g. Indonesia became a kind of colony of a commercial entity, the East Indies Company, and only came under control of the Netherlands’ government in the early nineteenth century).

hours and –conditions, and, later, minimum wage. The introduction of universal suffrage in 1921 has since forced the government to pay more attention to social needs. And as elsewhere in Europe, the 1930s and the decades after World War II saw increased activity from the government in The Netherlands.

What contributed to the “hands off” attitude of the Netherlands government was the traditional tendency to let societal forces together achieve compromises, preferably without interference from the government. Especially labor issues are usually arranged between unions and employer associations, with little interference from the government. This is called the “poldermodel”; a reference to how in the past on a local scale such compromises were sought. At the national level, employers and unions meet in the “Stichting van de Arbeid” (“Labour Foundation”); a private foundation, which was founded by the employers and unions directly after World War II to ensure stability in the years of reconstruction (W: Stichting van de Arbeid) and still plays a central role in organising labour.

The “hands off” approach of the Netherlands national government is also noticeable in the reluctance to develop a national industry agenda. With the rise of the European Union, this is defended by referring to the European fair play agenda. However, some surrounding countries are less reluctant to support their own industry, which gives the Netherlands’ business world a relative disadvantage.

This does not deny that on certain topics the Netherlands government has been much more active. When it comes to CSR, the Netherlands government has initiated the founding and subsequent activities of a separate CSR NGO, called “MVO Nederland” (discussed below). It was also one of the first countries, with Finland in 1997, to enact Mandatory CSR reporting (ReportingCSR; Ioannou, p. 13).¹⁰ We already mentioned the proactive approach of the Netherlands government in stimulating the development of a national Corporate Governance Code, the Code Tabaksblat. The Netherlands has also been proactive in enacting environmental laws, partly in transposing EU legislation, (for an overview, see: Practical Law).

7.3 Society

There were also societal developments in the second half of the twentieth century and the beginning of the twenty-first century. The average level of education rose considerably in the second half of the twentieth century and the combination of rising prosperity and modern forms of transport also resulted in a much larger percentage of the Dutch population acquiring some international experience; to put it simply, at the start of the twentieth century, vacation, for the happy few, meant

¹⁰ Shortly thereafter, The Netherlands government drafted Guidelines for CSR Reporting (see: Reporting CSR).

going to the North Sea beaches, while ever since the 1960s it meant, for almost everyone, either the beaches of Tijuana/Mexico or the beaches of Phuket/Thailand.

All over the Western world, a more critical attitude towards business developed in the 1960s, when a much more critical attitude arose amongst especially younger generations. This resulted in much more critical attitudes towards authorities and institutions, including business organisations.

Concerns about pollution and the state of the environment have given rise to a widely supported environmental movement. Judging alone from the numbers of people donating money to NGOs, the most popular are by far the environmental NGOs, led by the WWF and Greenpeace.

Concerns about developing economies grew in the decades after World War II, when decolonisation happened in many countries, often resulting in conflict and even genocide. As was the case in other countries as well, the rapid development of mass media shortly after World War II, especially the television, brought developments abroad into every home. In recent decades the even faster development of internet has done that to an even higher scale.

7.4 The Rise of Stakeholder Thinking

In the business world in The Netherlands, stakeholder thinking is a relatively new phenomenon, with the possible exception of companies like Shell, but its use is spreading rapidly, both in business organizations and in government and semi-government organisations. One factor contributing to that spread is the Dutch mentality and legislation about corporate governance. All Dutch public companies have by law, unlike what is common in the Anglo-Saxon world, a Supervisory Board, which is appointed by the shareholders, which controls the Managing Board, and an arrangement for employee representation in “*ondernemingsraden*” (“employee councils”). It is also characteristic of the Dutch business world that all deals between companies and unions are made at sector level; not at company level. This means that a company in, for instance, the electronics industry, has to abide by the contracts made by the network of electronics companies with the unions, while the each union can make its own deal with that network.

Even before ‘stakeholder thinking’ became an accepted concept in the business community of The Netherlands, managers and companies had become more sensitive to signals from outside the company; initially investors and employees, who within stakeholder thinking are called “primary stakeholders”, but soon also from other voices within society, who are usually called “secondary stakeholders”. Also in The Netherlands managers have learned that secondary stakeholders can have a noticeable impact on the operations and success of a company, for instance by influencing primary stakeholders, such as clients. In more and more companies, managers came to realize that responding to ‘outside voices’ is becoming a structural concern for them. They increasingly involved stakeholder considerations in

their strategy development, noticing the strategic value of structuring the relationships with stakeholders.

The next step then was the development of 'stakeholder panels'. As managers increasingly discovered that pleasing all stakeholders would be impossible (and also not all stakeholders had an equally legitimate claim to be heard), they became increasingly skilled at selecting the stakeholders to talk with on the basis of the interests represented by them and the impact they have or might have on the company's processes. A factor was also that some stakeholders preferred to not engage in communication with the company, thinking that they might be more effective by being confrontational (often, although not always, this is the approach chosen by Greenpeace). Subsequently we saw the development of stakeholder panels. However, this is all under development. As Mathis (p. 10) remarks, stakeholder thinking has not yet been fully accepted in the business world in The Netherlands.

For instance, already in the late 1990s, the general manager of Shell's largest refinery, Pernis (near Rotterdam), developed a stakeholder panel specifically for the project of the modernisation of the refinery; a project called "Per+". This manager, Jeroen van der Veer, who would later become the CEO of the Shell Group, selected which stakeholders would be primarily affected by the refinery in its modernized form and by the change process leading up to that. The background for this was a legal procedure, that also had an impact on stakeholder thinking in many other companies: according to Netherlands law, any major development, whether coming from a governmental body, a private person or a company, that affects others has to be published in detail, giving all concerned a period of 2 months to bring in their suggestions and/or concerns. During those 2 months, the project has to be put on hold, apart from certain preparatory and supportive activities. Complaints brought in during those 2 months have to be addressed and may cause further delay. Many managers have become used to such delays, calculating the financial implications in when they make the budget for the project. Mr. Van der Veer considered, at a time when Shell was responding to the events in the Brent Spar crisis (described below), that stakeholders would have to become involved more proactively. He invited stakeholders, varying from a local environmental NGO to neighbours and many others, into a panel. This panel became involved in every step of the preparations for and final development of the project. Certain ideas from members of the panel were adopted into the project plan and during the entire project the Shell people responded to concerns raised by stakeholders in the panel. The result was that the project was designed to the satisfaction of both Shell-Pernis and its stakeholders, which meant that by the time it had to be published there were hardly any complains registered and the project could go ahead without much delay. Since then, the use of stakeholder panels in Netherlands' companies has grown considerably.

7.5 *Bouwfraude: The Netherlands Face of Corruption*

Paying attention to issues around corruption is another development that we have seen since the last decade of the twentieth century. According to Transparency International, the Berlin based NGO that addresses corruption with chapters all over the world, in Western European societies the problem of corruption is underestimated by the population at large. This was partly caused by misunderstandings of the nature of corruption. Most people see it as the payment of bribes, which in some countries is customary for services such as medical attention or protection by the police. Such corruption is rare in The Netherlands (although there is the ongoing discussion about how medical doctors are incentivised by pharmaceutical companies). Corruption may also take the form of nepotism and cronyism; something that in The Netherlands is far more likely to take place, given the size and structure of Dutch society.

But awareness of this issue is growing in the business community. This began, understandably, in companies that do business in countries where the threat of corruption is a clear business risk to their success, but issues closer to home have increasingly also come on the agenda. One factor in that development was the expansion of the European Union with countries, which, according to the European Committee, were only allowed to join on the promise of dealing with their corruption-risks.

Awareness in the Netherlands grew with the coming to light of certain scandals, of which the 'bouwfraude' is the most well known in recent history. For years there had from time to time been corruption-cases on a local level, in which, for instance, a local administrator 'sold' a particular project to a local contractor, often paid in kind (to make it less visible to the tax office), such as with exotic vacations or extravagant parties. But the 'bouwfraude-scandal' was of a different scale. It came to light after the publication of documents by a whistleblower, which led to a scandal in the press and, in 2002, a parliamentary enquiry. The fraudulent activities that came to light through this enquiry involved no less than 344 construction companies. One issue that came to light was that the major construction companies, officially competing with each other for large infrastructure projects from the government, had colluded against the government,¹¹ thus undermining the control of quality and safety by the government and costing the taxpayer vast amounts of money. Other issues that came to light involve the bribing or otherwise influencing

¹¹ Officially they were supposed to each bid on a project in secret, after which the government body, such as the ministry of public works ("Ministerie van Verkeer en Waterstaat"), would choose the various offers, whereby often the cost-aspects are the determining factor. This gave the construction companies some risk, as they all had to invest into designing detailed proposals, while only one of them would see a return on that investment. What the companies did in response is meet before sending in their proposals and deciding by themselves who would get the deal, after which they would make the other proposals so unattractive that their candidate was certain to win the bid. The victim of this arrangement was the government, and thereby the public, as many large scale projects had become far more expensive, while quality standards could not be assured.

of public officials. The bouwfraude scandal was concluded formally in 2005, when the government made a deal with the construction industry, involving compensation to the government of 70 million euros. The damage to the reputation of the construction industry lasted far longer than that and can even be noticed today.

7.6 Case Studies on Companies

As is illustrated in the cases given below, large companies in The Netherlands place different emphases on CSR than do small and medium sized companies (Graafland, c.s., p. 1). On the whole, it appears to be that larger companies emphasize integrity and control, whereas smaller companies put more faith in dialogue and stakeholder consultation.

7.6.1 RABO

The RABO bank is a unique organisation within the Dutch business world, with vast power, especially amongst small and medium sized businesses and homeowners. The history of RABO is related to that of the cooperative business movement, which started in England in the late eighteenth century. It saw factories owned by the employees and later building societies owned by members. In The Netherlands the movement was primarily a matter of agriculture. Most dairy-companies in The Netherlands and auction houses for agricultural products are, or have been, cooperatives. In those cooperatives farmers would join forces on logistics and marketing, on the use of resources (from land to equipment) and also on financing. This led to the rise of banks that were owned by farmers and operated for the interests of farmers. The inspiration came from the initiative of Friedrich Wilhelm Raiffeisen, a German mayor who in the middle of the nineteenth century responded to the poverty he saw in the countryside. He then founded a bank to provide loans to farmers and was owned by those same farmers. This idea was followed in several other countries, such as The Netherlands.

The history of RABO starts with the rise of local banks from local initiatives, especially amongst the agricultural population. They eventually merged into two structures of local cooperatives, the Raiffaisenbank, based in Utrecht, and the Boerenleenbank, based in Eindhoven. The merger between the *Coöperatieve Centrale Raiffeisen-Bank* and the *Coöperatieve Centrale Boerenleenbank* to the *Coöperatieve Centrale Raiffeisen-Boerenleenbank*, which was shortened as “RABO”, happened in 1972. It is still a cooperative, not owned by shareholders, but by members. For most of its history those members were business owners, originally farmers, but later also other entrepreneurs, and membership was even mandatory for entrepreneurs using the services of the bank; retail clients were welcome and even came in large numbers, but they could not be members of the cooperative. At the time when the bank celebrated its 100 year anniversary in 1998,

it was decided to open up membership to all clients and the bank then sought to expand its membership base, which in the following years grew fourfold.

The organisational structure shows its history from local banks, as it still is made up of 136 separate Rabobanks (each having its own banking-license from the supervising authority, the Nederlandse Bank), with 802 branches and 2,735 ATM's, Membership, however, is no longer local, but in the overall organisation.

The cooperative nature of RABO can be found in its mission to work for its members and the benefit of society ("we do not work for shareholders"), which gives it a unique culture. Another important aspect of its culture and a starting point for its CSR approach is its local history, having come forth from local banks with strong ties to their local communities. This made the bank traditionally responsive to the issues of those communities.

RABO has seen quite a lot of development, from a cluster of local banks serving local communities to an internationally operating financial consortium. At the same time, it remains true to its roots, as it in its international operations focuses on the food- and agro-business, related to the agricultural background of the bank.

RABO has an Ethics Office. Its purpose is to offer support to any employee or department that faces questions regarding the moral nature of certain decisions or operations. Despite the explicit CSR policies, there may still be from time to time dilemmas around certain issues. RABO encourages its people to take the moral nature of those dilemmas seriously and seek the support of the Ethics Office if those dilemmas seem unsurpassable.

RABO has a RABO Foundation, which aspires to empower people and groups, both in The Netherlands and in developing economies. This means that the Foundation invests in The Netherlands mainly in institutions that contribute to society, while in developing economies it invests mainly in cooperatives. Thus, RABO remains loyal to its own history and identity.

RABO was arguably the most trusted financial institution in The Netherlands throughout most of its history (especially during the banking crisis of 2008), but this trust suffered markedly when in 2013 the Libor scandal came to light (W: Libor). The scandal is named after the London Interbank Offered Rate. It is a system under the authority of the British Bankers Association, by which major banks together determine the most realistic interest rates. It came to light in 2013 that several banks had together fraudulently determined rates to further their own interests. When it came out that RABO was one of the banks involved this was a shock to many; especially since it came out that RABO had already in 2008 fired employees who had been involved in the affair, but kept this hidden from regulatory authorities, such as the Nederlandse Bank (the national regulatory bank). It had to pay a fine of 337 million euro; mostly to foreign regulatory authorities, which upset many members of the Netherlands public.

7.6.2 Triodos and ASN

The Netherlands has two banks that have “ethical investing” as their primary focus, Triodos and ASN. They offer savings accounts, mortgages and “green investing”, to mention only the most distinctive of their activities. They have earned a firm place within The Netherlands society over the past decades. They are relatively small and on the whole limited to The Netherlands in their operations, although they have shown steady growth and popularity.

The two banks have pioneered “ethical investing”. This means that they guarantee to their savings clients that the money they entrust to the bank is invested in a responsible way. They offer their clients several ways of doing so.

7.6.3 ING

The largest bank in The Netherlands is ING. Within this bank, the attention paid to CSR and sustainability has grown markedly over the past years and continues to grow. Just as we see in Shell, CSR is treated as an element within sustainability, which is together labeled as “responsible finance”.

Reporting on sustainability performance is done separately and also as an element in all other reporting processes, thus sending a signal that both material and immaterial parameters are important to ING. The CSR and sustainability agenda has the full support from both managing Board and Supervisory Board, and the Sustainability Department reports directly to the CEO. This is expressed also at the shareholders meetings, where the Board demonstrates its commitment to CSR and sustainability. ING invites and uses the interaction with NGOs, who are consulted on a regular basis and welcomed at its shareholder meetings as shareholders. Those NGOs include Greenpeace, Friends of the Earth and Oxfam, to mention only the most well-known. The input from NGOs and other representatives of society is invited and taken into account, in a sustained effort to be transparent towards and get feedback from society.

The approach towards CSR and sustainability at ING has two sides, which are risk and opportunity. Regarding risk, ING uses an instrument called the Environmental and Social Risk (ESR) framework, which is based on the company’s commitment to protecting the environment and upholding human rights. Regarding the opportunities side, ING established a Sustainable Lending team that has a global mandate within Commercial Banking pursuing sustainable business. We can conclude from this that CSR and sustainability are for ING a part of the strategic agenda. Clients of ING interested in asset management services are presented with various investment strategies. “Responsible investment funds” are always amongst those choices. This sets it apart from Triodos and ASN, which exclusively offer “sustainable investments”. While with those banks, the “sustainable investments” are often the reason why someone wants to be a client, for ING, which is a much larger financial institution; the situation is that clients come for various reasons,

after which the “sustainable investments” are actively presented to them, leaving the choice with the clients.

At ING, they realize that the CSR and Sustainability impact is not so much a matter of their own processes, but mainly a matter of their investments and lending practices; in other words, of the companies ING invests in and lends to. Still, the primary processes of ING have raised questions in March 2014, when it came out that ING is planning a pilot aimed at analyzing payment details to allow “relevant and tailored advertisements from third parties”. Although the pilot is to be amongst a small group of clients that must give their explicit consent for their payment details to be analysed, the initiative was by many clients perceived as a violation of their privacy, despite the safeguards built in by ING, and also led to criticism from politicians and the media. This may indicate that sensitivities in society—in The Netherlands and in many other countries, there is growing concern about data-gathering and privacy—may have an impact on what a company such as ING is doing.

7.6.4 Pension Funds

Within the financial industry, CSR has also become an important concern for most pension funds. What sets pension funds apart within the financial industry is not only that they typically invest very prudently and with a long-term perspective, but also that they invest for the pensions of employees and retirees, and are for that reason typically held more accountable for their decisions than other financial institutions are.

The largest pension fund in The Netherlands is ABP (‘Algemeen Burgerlijk Pensioenfond’s’), which handles the pensions and pension payments for all government employees and also for those in education who are not government employees. It recognizes its responsibility to those employees and pensioners by having an elected committee represent them, in which both groups are represented and chosen through elections. But it does not present itself as interested in “ethical investing”. It seems that pension funds in general are reluctant to go in that direction, but they are facing pressure from the government¹² and the general public to do so.

7.6.5 Heineken

Heineken started out as an Amsterdam based family business around a brewery—still today the Heineken family has a controlling block of shares—, while over the

¹² In 2008 junior minister Van Heemskerck made an appeal to a meeting of pensionfund-boards to consider the CSR policies of the companies that they invest in W: Pensionfunds.

years it has expanded globally in its presence and it has diversified its product portfolio. Brewing and selling beer remain the core activities.

Heineken has for decades, and long before it was so forced by the government, advocated the responsible use of alcohol. This stemmed from a proper understanding of its long-term interests, considering that an irresponsible attitude towards alcohol would endanger its acceptance by society in the long run. This goes far beyond public relations. In its human resource operations, Heineken monitors the responsible use of alcohol of its employees, to the extent that it offers mentoring where there may be a problem and in extreme cases fires employees for transgressions. Those measures are taken on the basis of a monitoring process developed and maintained by the HR department.

The emphasis on the responsible enjoyment of alcohol can be discerned also in its advertising strategies. Apart from countries with a Muslim majority, where Heineken advertises only non-alcoholic beer, it advertises in line with its policy of enjoying alcoholic beverages, but in a responsible manner. For instance, in the holiday season it places large advertisements in newspapers in The Netherlands in which it wishes everyone a good time, while warning for driving under the influence.

These days, most of the revenue for Heineken comes from outside of Europe. As a result, Heineken has come to understand that the needs of employees in African and Asian breweries are very different from the needs of employees in Europe. This means, for instance, that Heineken has developed a whole range of health care services for the employees of its breweries in Africa, extending those services to whole communities around the breweries, where this does not happen in its facilities in Europe.

A special case is the operating of a brewery in Egypt, where only non-alcoholic beer is produced (despite the fact that alcohol is not banned in Egypt), in coordination with religious authorities. This may testify to Heineken's efforts of trying to win the trust of the societies in which it is active.

7.6.6 Shell

8.6.1 Arguably, the most famous company associated with The Netherlands is The Royal Dutch Shell Group of Companies. This is a Netherlands/British company, which came forth from the merger in 1907 of Koninklijke Nederlandsche Maatschappij voor de Exploitatie van Petroleumbronnen ("Royal Dutch Society for the Exploration of Petroleum-assets") with the British Shell Transport & Trading Company.

Within Shell, the concerns and issues within the concept of CSR have a long history. However, since several years, Shell does not use the concept of 'CSR' explicitly. The reason is that Shell regards the issues behind it as part of the sustainability agenda and therefore approaches them from the perspective of sustainability. Also, Shell prefers to not use the concept of 'stakeholder management', but uses instead the concept of 'stakeholder engagement'. The difference is that

‘stakeholder engagement’ recognizes the realisation that stakeholders cannot be ‘managed’, but rather have to be met and interacted with.

Shell is active in many parts of the world and it often faces political and social circumstances that can be problematic. This involves making agreements with governments whose authority is sometimes disputed and also achieving acceptance from groups in society that are at odds with each other, sometimes to the point of engaging in violence.

The CSR/Sustainability issues that are addressed by Shell are part of the risk assessment that determines whether the Shell Group of Companies shall engage in a certain endeavour or whether it shall continue existing business.

Controversies over the regions in which it operates, and the governments it works with, have shown how complicated stakeholder engagement can be for Shell: it is being criticized for its activities in Nigeria, and appreciated by certain parts of Nigerian society, while it is also criticized for those activities by stakeholders in other parts of the world. This showed itself, for instance, in the controversy around the death of the Nigerian activist Ken Saro Wiwa, in 1995.

An important element in Shells business development is the concept of ‘license to operate’. This concept does not pertain to legal licenses for conducting business, which Shell of course also takes care of, but it is about acceptance by local society for its operations. For Shell, it is essential to achieve such acceptance, both in countries like Oman and Nigeria, and in European countries.¹³ Such acceptance is typically achieved after intense stakeholder discussions. For instance, in The Netherlands it was planning, in cooperation with the government of The Netherlands, to store CO₂ underground in a certain part of the country and it backed away from that plan after stakeholder processes did not result in license to operate from the local population.

7.6.7 Shell in South Africa Case

In the past, Shell was criticized in many countries because it operated facilities in South Africa in the days of the apartheid regime. In the Netherlands, several NGOs campaigned fiercely against Shells presence in South Africa. However, it did have quite a lot of history there. In fact, it was represented there as British Shell Transport & Trading Company 5 years before the merger that created the Shell company. It traded all over South Africa in paraffin for cooking and heating, long before there was a market for the petroleum used in vehicles. Its presence and offerings in South Africa grew steadily after that, with a rapid increase after World War II, when the number of vehicles grew exponentially.

¹³ For instance, in 2012 it was working with the Netherlands’ government on a project to stow CO₂ in geological layers deep under the surface in an area near Rotterdam and it abandoned this plan when it became clear that the population in that part of the country could not be convinced about its safety.

While South Africa had been a part of the British Commonwealth, it became independent in 1961. This also saw the start of apartheid, which came to mean the institutional discrimination of South Africans black people in terms of their places to live, public transport and restaurants and parks. More institutionally it meant that only white people were allowed to vote and that laws applied differently to white people and black people (the large Asian presence in the country forming a separate case). For employers it meant that they were ordered to pay white people more than coloured people for the same work.

All over the world companies were criticized by NGO's, politicians and the media for their presence in South Africa, accused of supporting the apartheid regime by their presence. Shell was no exception. While some companies decided to disinvest from South Africa, Shell declined to do so, despite vehement campaigns by activists. Shell claimed that doing so would hurt the interests of their many South African employees, as it violated apartheid law by not letting ethnicity be a factor in how employees are paid; had it sold its facilities, the new owner would probably not have had enough power to withstand pressure from the government and would have acted according to apartheid laws. Also, Shell's position was that it had been active in South Africa long before apartheid and it would be active there long after apartheid, seeing apartheid as merely a temporary abhorrence. Such a long-term perspective may be regarded as typical of the Shell way of doing business.

7.6.8 Code of Business Principles

With its Code of Business Principles, Shell is one of the first companies in The Netherlands to design and actively use a code of ethics, which it formalised in 1976; a time when the developments around codes of conduct started, while most companies would join in later than this (Kolk/Van Tulder, p. 1). The Code was updated shortly after the Brent Spar crisis (see below). It is clear that this is not a code for the sake of "having a code", but a practical text that serves as a guideline on rules, principles and expected behaviors. As such it combines the benefits of a border code with those of an aspiration code,¹⁴ stating very clear and enforceable rules with shared ambitions.

An important element of the Code is that it is binding for all employees of Shell, all employees of joint ventures in which Shell is involved and all contract workers (all are addressed in a rather personal tone by 'you' in the style of the Code). This means that the impact of the Code reaches far beyond the circle of Shell employees. It covers the following categories of concerns: (1) people and safety, (2) fighting

¹⁴ Originally, most codes of conduct were border codes, which were drafted as legal documents and clearly indicated which lines employees were not to cross. Alternatively, aspiration codes developed, expressing which ambitions employees were expected to honour. They are often seen as vague and for that reason 'hybrid' codes are these days more the norm.

corrupt practices, (3) national and international trade, (4) safeguarding information and assets, (5) communications and (6) Shell's general business principles.

Most of the rules and principles in the Code testify to the fact that Shell-people often operate under difficult circumstances, in countries where corruption is a daily threat and unfair business practices distort much of the business community. Working within those circumstances can be complex and confusing. Therefore the Code is offered as a guideline, being very strict on some issues (e. g. "you must not pay for non-business travel and hospitality for any government official.") and more principle-based in others (e.g. "you must not allow gifts and hospitality ("G&H") to influence your business decisions, or cause others to perceive an influence").

The Corporate Values, on which the Code of Business Principles is based, mentioned in the paragraph on general business principles, are honesty, integrity and respect for people. Yet, a value that is not mentioned as a core value, but nonetheless present throughout the Code is safety. That value shows how the Code of Business Principles reflects elements of the Shell culture that are actually being reinforced by the employees of Shell themselves. The value 'safety' makes sense when you are on an oil rig, especially as many Shell people are familiar with the things that can go terribly wrong when safety is at stake, but that value is also noticeable in the behaviors of Shell people within the offices and even in personal lives (e.g. Shell employees are not allowed to use their cell phone while driving, even when using a hand free kit). Its adherence leads to guidelines as diverse as not using certain local airlines to not walking up the stairs without a free hand to hold the rail. The Code of Business Principles contains in the section on "People and Safety" a paragraph on Human Rights, which was included in 1997 when the Code was redrafted after the Brent Spar crisis (Kolk/Van Tulder, p. 7). It contains a powerful statement: "all employees must understand the human rights issues where they work and follow Shell's commitments, standards and policies on this topic". It also states that Shell adheres to the values of inclusiveness and diversity (how serious this is may be concluded from the fact that Shell Netherlands won the Diversity Award of VNO/NCW, the largest employers-board, in 2003 (W: Duurzaam Ondernemen).

Shell, as one of the pioneers in the adoption of a code of conduct, shows that having a code is not enough; an organisation also has to be able to use it. The Code is used in human resource processes and it also plays a role in major business decisions, such as joint ventures, as the inability to uphold the content of the Code is considered a major part of the risk assessment that is done for every business opportunity. Important is also that the Code is also audited by an independent agency and that non-adherence to it is connected to sanctions.¹⁵

¹⁵ As Kolk/Van Tulder point out, it is essential for the implementation of a Code that it is monitored and that sanctions are imposed in the case of transgressions.

More recently, Shell has added a Code of Ethics, which has to be signed by top managers. It has been designed to meet the requirements regarding executives as stipulated in the Sarbanes-Oxley law of 2002.¹⁶

7.6.9 Pollution

A CSR issue that is inherent to Shell's activities is the risk of pollution. On its websites, press statements and in the Code of Business Principles Shell goes to great lengths to assure to the public that it does what it can to limit and fight pollution, admitting that this is always a risk connected to its business operations. Still, complaints are brought by NGO's on a regular basis, such as on pollution in the Niger delta.

7.6.10 The Brent Spar Crisis

In 1995, Shell experienced a controversy over a facility it operated, co-owning it with Esso, in the middle of the Brent field, in the North Sea. The facility was a buoy, built in 1975 (at a time when wars in the Middle East had prompted oil companies and governments to become less dependent on oil from that region), located amongst various drilling sites to collect the crude Brent oil from smaller tankers that came from those sites to have a large tanker later bring the oil to Shells refineries, such as the one in Aberdeen. As this involved many ship movements with risk being involved, Shell had studied for many years on a safer alternative, deciding on a pipeline on the floor of the North Sea from Bergen/Norway to Aberdeen/Scotland, connecting the various facilities in the Brent field. As pointed out by Fifka, the case can be understood in four phase: (1) preparation, (2) "bipolar phase", (3) "multi-polar phase" and (4) aftermath (Fifka, pp. 60–68).¹⁷

Preparation: Over the course of 10 years, several teams of engineers worked on the design and the project of building the pipeline, analyzing every aspect of it. Shell professionals also researched how best to retire the Brent Spar facility, studying the political, legal, financial environmental and various other dimensions of the project.

¹⁶ After the corporate scandals of the later 1990s, such as those involving Worldcom and Enron, the US senator Paul Sarbanes and representative Michael G. Oxley initiated and got accepted by US Congress a law regulating the behaviors of public companies and their executives. It applies not only to US companies, but also to all companies doing business with the US, which gives it a near global reach.

¹⁷ Fifka divides the bulk of the case in a "bipolar phase" and a "multipolar phase", because initially the issue was largely between Shell UK and its most important stakeholder, the UK government, while later other parts of Shell became involved and many other stakeholders had also become involved.

Bipolar phase: Finally it was decided by the top management of Shell UK, which had operational responsibility and coordinated with the UK government, to release the facility from its anchors and tow it to the Atlantic Ocean, where it would then be sunk in the deepest part of the ocean. This was considered by Shell's engineers and scientists to be also the most environmentally responsible solution. However, soon after the towboats had fixed their lines to the facility they were accompanied by activists from Greenpeace, who had brought various representatives from the media with them. Within days the newspapers came with headlines like "Shell is polluting the ocean" and television stations showed footage of heroic-looking Greenpeace activists who had climbed the facility and chained themselves to it.

Multi-polar phase: The "uni-polar" stakeholder approach became complicated when Greenpeace entered the scene, which also mobilized other stakeholders. Greenpeace tried to prevent the towing away and sinking of the Brent Spar with the argument that the facility still contained tons of pollutants, especially mercury and cadmium. Greenpeace was also aware that more facilities in the Brent field were about to be dismantled and feared that the dumping of the Brent Spar would be the first of many; indeed, something similar had already occurred in the Gulf of Mexico. However, the remaining pollutants on the Brent Spar were later analysed by an independent environmental research institution, Det Norske Veritas, which then showed that Greenpeace had exaggerated thousand fold. Greenpeace had also given photographs to the media, which showed a "Greenpeace activist being drowned by Shell employees", while that activist later admitted that he had in fact been saved by Shell after having fallen into the sea.

The issue dominated the news in several European countries for more than a week. It leads to protests in several European countries, even resulting in sabotage to Shell stations. It also led to concern with politicians (a few years later this resulted in a new version of the OSPAR treaty between the countries around the North Sea, about the responsible use of the sea). The issue resulted after more than a week in a decision room the executive CEO of the Shell Group, Mr. Herkströter, to order the tow boats to turn around and rethink the dismantling of the Brent Spar; a revolutionary decision, as until that moment the boards of the companies within Shell had had a large degree of autonomy in their decision-making. What was probably the most important reason for Mr. Herkströter to take this unusual step was the damage to Shells reputation; a reputation that Shell has always been proud of and strived to protect. The structure was later towed to Norway and taken apart, to function as part of new harbour works.

Aftermath: Several lessons were drawn by Shell, and by other oil companies that had closely paid attention, from the Brent Spar controversy. One lesson was that public perception may count stronger than the facts in the reports of scientists; the scientists were probably right, but that does not mean that society will think in their terms. Another lesson was that Shell has to look after many more stakeholders than just the few that had been considered initially by Shell UK.

7.6.11 TNT

TNT is the result of the merger of the privatised Netherlands Postal Service with the logistics company TNT. It addresses in its corporate social responsibility efforts both the responsibilities that stem from its own processes, such as CO2 emissions, as well as activities that are external to them.

TNT does projects that look like charity, but are in fact linked to its core competences and therefore far more strategic than charity usually is. It considers, for instance, logistics to be one of the main problems of Africa, while its competences in that field allow it to do a lot of good. Having those competences in the face of needs in that domain is regarded as an appeal, to which it answers. Thus, CSR at TNT may look like charity, but it is actually connected to its core processes and reinforces those.

8 Small and Medium Sized Companies: The Case of Vebege

An interesting example of how a SME company is affected by corporate social responsibility and sustainability is found in Vebege. This is a family-owned company. As is often the case with family-owned businesses, the vision that drives its strategy and operations originates largely in the minds of the family members who own the company. This is also noticeable in the CSR approach of Vebege. It has a CSR Steering Committee, of which the chairman of the Managing Board is a member and it has a senior manager appointed as “CSR manager”, whose task it is to assist and inspire the various Vebege companies to operate within the Vebege guidelines. The CSR vision of Vebege focuses on the following issues: 1) being a decent employer, 2) being a decent employee, 3) diversity, 4) participation from the workforce and 5) responsible purchasing. These are all elements that are connected with the core processes of Vebege, which means that the Vebege Board is willing to be held accountable, internally and externally, for the CSR quality of its operations.

Vebege operates in several European countries; while it's home based in The Netherlands, offering services in facility management and staffing. It has evolved as a cluster of companies, while policies, such as those on CSR and sustainability, are valid company-wide. It regards CSR as strategic, involving CSR considerations in its strategic decision-making. That means that the CSR issues it focuses on are connected to its primary processes: how it treats its many employees and clients, energy-efficiency, the use of chemicals and responsible sourcing. For all those issues it has developed parameters, against which it measures the performance of each of its companies on a yearly basis, just as other elements of operations are measured and audited.

A noteworthy element in what CSR means for Vebege, apart from its significance within the core processes, is the founding of the Vebege Foundation in 2004.

This was the time when a tsunami hit large parts of Asia and even Eastern Africa, hitting especially Indonesia very hard. When this led to initiatives by Vebege employees in several of the Vebege companies, the Board decided to adopt those initiatives and bring them together into a foundation. The Foundation supports activities not only financially, but also through the energy of its volunteering employees. It does this both in The Netherlands and in developing economies; towards the latter it organizes “bouwreizen” (“construction trips”), which consist of teams of volunteering employees going to places in Africa and Asia where they both build structures, like classrooms, and engage in dialogues with the local communities.

9 Small and Medium Sized Companies: The Case of Friesland Campina

The largest dairy company in The Netherlands is FrieslandCampina, which is the result of the mergers of several cooperative organisations of dairy farmers. The first were formed around 1870 for practical reasons (as refrigeration was not yet an option, the farmers needed to work together to create very fast logistics, lest the milk would go bad before it would reach the market). Although the company is formally a public company, it is relevant to note that only the members of the cooperative own shares. They are organised in a system of councils, up to the supervisory Board.

CSR is important in FrieslandCampina. It is, as we also see elsewhere, placed under the banner of “duurzaamheid” (“sustainability”) and discussed in combination with the company’s strategy and mission. In line with the company’s core processes, CSR focuses on health and responsible processes of production and logistics. In a manner that is somewhat comparable to what TNT does, the company also offers its competences to developing responsible dairy farming in Africa and Asia through its Dairy Development Programme. It offers public-private partnerships, consultancy services and other assets towards helping farmers in Africa and Asia raise their income and provide their societies with safe dairy products.

10 CSR in the Service Industry

As is the case in many Western European countries, the business world has in the course of the twentieth century seen the rise of the service industry; from accounting to advertising, from IT to engineering, from law firms to consultancies. This is certainly also the case in The Netherlands. Also in that industry, CSR has received more and more attention.

Also in the service industry, a distinction can be made between the responsibilities from the core processes and the responsibilities from the impact on other companies. In both respects, CSR has been receiving more attention. For instance, in the major accountancy firms, often the employees are the drivers behind a more responsible and sustainable internal performance. Regarding the impact on other companies, many accountancy firms and consultancies have developed services aimed at better CSR and sustainability performance with their clients, realizing the development of a market around issues of CSR and sustainability.

11 CSR in the Construction Industry

In The Netherlands, the large construction companies were not the first to engage in CSR, but over the past decades much has changed also in that industry. We can see this when we look into the case of one of them, Ballast Nedam. Two recent developments affected the company, as well as other major construction companies. The first is that the image of the industry had suffered considerably with the ‘bouwfraude’ scandal. The second is that especially governmental bodies increasingly involve sustainability and CSR consideration into their decisions of which supplier ((not only in construction) it wants to do business with; this development has forced construction companies to meet the demands from their largest client, the government, regarding sustainability and CSR.

A mid-sized firm in the construction industry is Van Wijnen, with a history of more than a century and some 1,500 employees. It too is the result of several mergers, which gave it a presence all over the country. As we see with other companies, it places CSR under sustainability. That is, understandably, seen in terms of issues that are relevant to Van Wijnen’s core activities: both the processes of Van Wijnen and the products of Van Wijnen are characterized by the ambition to be as much as possible sustainable. This has implications for the use of resources, such as energy, for preventing pollution and for monitoring CO₂ output. For one of its most recent projects, Van Wijnen has received the BREEAM award; an award for sustainability in the Dutch construction industry. One factor behind that achievement is probably that the sustainability efforts at Van Wijnen receive wide support from employees.

12 Other Developments

12.1 *Developments in Academic Research and Teaching in The Netherlands*

The person who pioneered the academic discipline in The Netherlands was Henk van Luijk, who was first a professor at Groningen University and later at Nyenrode Business University, where in 1994 he founded the European Institute for Business Ethics. He would develop to be the nester of business ethics education in The Netherlands, being one of the founders of the Netherlands Business Ethics Network. He would inspire also far beyond Dutch borders, as one of the founders of the European Business Ethics Network in 1986. He also had an impact on the business world in The Netherlands, introducing concepts into the management vocabulary as ‘dilemma training’; and ‘integrity as professional responsibility. Since the pioneering work of Henk van Luijk, business ethics has found its place in the curricula of most universities and also those of vocational schools, where it can be found under different titles, such as “corporate social responsibility”, “Green Business” or “Responsible Business”.

It has been remarked before that CSR in the Netherlands only really received attention when it became part of the sustainability agenda. This also had an impact on teaching, which developed from business ethics to corporate social responsibility and then increasingly took place under the header of “sustainability”. This was reflected in the people who were teaching on the subject. Originally, the courses were taught by teachers with backgrounds in philosophy or religious studies, while later increasingly teachers with a marketing background and teachers with a background in the sciences joined in.

12.2 *NGOs*

The Netherlands has a relatively large percentage of the population involved in or supporting non-governmental organisations, ranging from Amnesty International to Greenpeace, from large international NGOs, even belonging to the UN network, such as the World Wildlife Fund,¹⁸ to small neighborhood oriented groups. Some of those NGOs are international and address international issues, while others are local. This means that business organisations are dealing with, for instance, both

¹⁸ As communicated by the press service of World Wildlife Fund Netherlands, of the five million members of WWF worldwide, 826,000 are in The Netherlands, which makes the Netherlands section the fourth largest (after the USA, the UK and Germany; countries with much larger populations; according to Indexmundi their populations are 316,668,567, 63,395,574 and 81,147,265 compared to 16,805,037 for The Netherlands) and shows that compared to the size of the population WWF is much more supported in The Netherlands than in most other countries.

Greenpeace and a small NGO located near a refinery. As a result many Dutch companies have developed strategies that specify specific approaches for specific NGOs; some they may include in stakeholder processes, while others are only seen in lawsuits, to give just an example.¹⁹ This may also vary over time and depend on context. For instance, a company like Shell may talk with one particular NGO over a particular issue, but chooses to talk with other NGO's when it deals with other issues. Also, which NGO to talk with may be influenced by the initiatives of those NGOs themselves.

12.2.1 Greenpeace

Greenpeace has its headquarters in Amsterdam and is widely accepted in The Netherlands, where it is one of the NGOs with the strongest network of donors. It is worldwide one of the most well-known NGOs, partly because it often campaigns by seeking the confrontation with companies and governments. This approach is often successful, but it also means that it is often by its own choice not involved in stakeholder processes.

12.2.2 NBN

The Network Business ethics Netherlands was originally a largely academic network, as it has been founded by professors such as Henk van Luijk and Eduard Kimman, to stimulate the teaching of and research in business ethics. It developed in the 1990s and early twenty-first century as a much wider network, including also consultants and managers. It has become a chapter of the European Business Ethics Network ("EBEN").

12.2.3 MVO Nederland

An important NGO for CSR in The Netherlands is called "MVO Nederland". It was founded in 2003 by some leading business ethics experts and, formally, by the Ministry of Economic Affairs. In the 10 years since it has grown exponentially. Today it is the largest CSR network in Europe, with over 2000 affiliated members, ranging from self-employed individuals to multinationals, and a staff of 60. It has organised its many partners in circles, such as a circle dedicated to the cement business, a circle dedicated to healthcare and a circle characterized by pioneering "circular economy".

¹⁹ While Mathis (p. 10) points at research that seems to indicate that NGOs have relatively little influence on companies, it would seem that more and more companies like to treat them as having or acquiring a significant role.

MVO Nederland has two divisions, a public and a private division. The public division works largely for government institutions and brings in funds on a project basis. The private division consists of a network of partners and is funded through membership fees.

MVO Nederland has published in 2013 a vision, called “Ambitie 2020”. The ambition expressed in it is the development of a circular economy for the Netherlands by 2020. It was associated with a trend report (W: MVO Nederland), which lists the following 10 trends: (1) “CSR is becoming serious business”, (2) “the company of the future is made of glass”, (3) “developing economies are a growing market for Dutch companies”, (4) “non-financial values are becoming valuable”, (5) “small is the new big”, (6) “companies lead the way on mission zero” (on climate agenda), (7) “(Dutch) society is ready for the circular economy”, (8) “Due to developments in the labor market, the relationships between employer and employee are changing”, (9) “‘healthy’ companies are making headway” and (10) “sustainable innovative competence from The Netherlands will one day feed the world”. These are trends where the researchers have perceived continued progress and growing support in the business community; reasons for speaking of “trends”.

13 Conclusion

From what has been demonstrated above, we can conclude that CSR has quite a lot of history within The Netherlands, which some organisations express more than others, but it only really became a steady development with the nationwide adoption of the sustainability challenge. The characteristics of the Netherlands as a country and the nature of its culture are relevant. Especially the inclination of Dutch people to have a critical attitude towards organisations and to be individually active plays a role in this regard. We have seen many business organisations respond to the attitudes in society, especially as that society entered the company through employees and other stakeholders.

However, this is still under development and much is in its early stages. On the other hand, we may see the support for CSR efforts amongst the employees of many companies as an indication that a trend within Netherlands’ society is having a lasting impact on the business world in The Netherlands. We can also see the management of many companies including developments around CSR and sustainability into their strategies and operations.

Another conclusion that we can draw is that CSR has gained wide acceptance in Netherlands society and its business community; probably more than is the case in other European countries. This includes issues in The Netherlands itself and in other countries, in which Dutch companies are active. It would appear that the managers in most Dutch companies are aware of this trend in Dutch society, represented amongst their employees and clients, and are becoming more and more responsive to it in their strategies and operations.

References

- Bosma, U. (2005). Het cultuurstelsel en zijn buitenlandse ondernemers. Java tussen oud en nieuw kolonialisme. *Tijdschrift voor sociale en economische geschiedenis*, 2
- Brundtland, G. H., & Starke, L. (1990). Signs of hope: Working towards our common future. Oxford.
- de Wolf, P. (2011). *Samenwerken aan duurzame regionale ontwikkeling in de Noordoostpolder: rapportage C2C Agropark Flevoland, Lelystad*
- Fifka, M. S. (2012, forthcoming). Brent spar revisited: Conflict and cooperation from a stakeholder perspective. In A. Lindgreen, Ph. Kotler, J. Vanhamme, & F. Maon (Eds.), *A stakeholder approach to corporate social responsibility—Pressures, conflicts and reconciliation*.
- Graafland, J., van de Ven, B., & Stoffele, N. (2003). Strategies and instruments for organising CSR by small and large businesses in the Netherlands. *Journal of Business Ethics*, 47(1), 45–60.
- Ioannou, I., & Serafeim, G. (2012, October 26). *The consequences of mandatory corporate sustainability reporting* (Harvard Business School Working Paper).
- Kolk, A., van Tulder, R., & Welters, C. (1999). International codes of conduct and corporate social responsibility: Can transnational corporations regulate themselves? *Transnational Corporations*, 8(1), 143–180.
- Mathis, A. (2004). Corporate social responsibility in the UK, the Netherlands and Germany: Theory and forerunners. In *12th International Conference of Greening of Industry Network*, November 7–10, 2004, Hong Kong.
- Moelker, R. (2006). 12 Military unions in the Netherlands. *Military Unionism In The Post-Cold War Era: A Future Reality?*.
- Winter, J. V. (1982). Public opinion in the Netherlands on the abolition of slavery. Dutch authors on West Indian history: A historiographical selection. In M.A.P. Meilink-Roelofs (Eds.), *The Hague*. The Netherlands: M. Nijhoff

Websites (as of March 25, 2014)

- Advocatenwet: http://wetten.overheid.nl/BWBR0002093/geldigheidsdatum_08-05-2014
- AsserInstitute: http://www.asser.nl/default.aspx?site_id=7
- <http://www.bouwendnederland.nl/organisatie/statuten-en-gedragscode>
- <http://commissiecorporategovernance.nl/dutch-corporate-governance-code>
- Corporate Register: <http://www.corporateregister.com/a10723/shell01-suss-uk.pdf>
- Cradle to Cradle: <http://www.cradletocradle.nl/>
- Duurzaam Gebouwd: <http://www.duurzaamgebouwd.nl/visies/20080919-cradle-to-cradle-in-de-bouw-wat-voegt-het-toe-deel-2>
- Duurzaam Ondernemen: <http://www.duurzaam-ondernemen.nl/meld-u-aan-voor-de-diversity-award-2006/>
- European Commission Agriculture: http://ec.europa.eu/agriculture/gmo/index_en.htm
- European Commission Trade: <http://trade.ec.europa.eu/doclib/press/index.cfm?id=128>
- Genootschap van Hoofdredacteuren: <http://www.genootschapvanhoofdredacteuren.nl/het-genootschap/code-voor-de-journalistiek/toelichting-bij-de-code-voor-de-journalistiek-1-van-3.html>
- Libor: <http://www.economist.com/node/21558281>
- Mortgage Industry: http://www.mkb-benefits.nl/gedragscode_hypothecaire_%20financieringen.pdf
- MVO Nederland: <http://www.mvonederland.nl/trends>
- Nederlandse Orde van Advocaten (Netherlands Bar Association): <https://www.advocatenorde.nl/616/consumenten/regels-voor-advocaten>

Platform of LS Patients: <http://www.stichting-als.nl/de-stichting/gedragscode/>

Pensionfunds: (<http://www.rijksoverheid.nl/nieuws/2008/09/02/meer-invloed-pensioenfondsen-op-mvo-beleid-bedrijven.html>).

Practical Law: <http://us.practicallaw.com/5-503-4243>

http://www.reportingcsr.org/_the_netherlands-p-48.html

Searching for Max Havelaar, By Zook, D. <https://muse.jhu.edu/login?auth=0&type=summary&url=/journals/mln/v121/121.5zook.pdf>

Stichting van de Arbeid: <http://www.stvda.nl/en/home.aspx>

<http://www.indexmundi.com/factbook/countries>

Corporate Social Responsibility in Between Governmental Regulation and Voluntary Initiative: The Case of Germany

Matthias S. Fifka and Dirk Reiser

1 Introduction

The discussion on corporate social responsibility (CSR) is relatively new in Germany. It has only garnered significant attention after the turn of the millennium due to several factors. First, the fiscal capabilities of the German welfare state had begun to decline in the mid-1990s because of the costly reunification process, global competition and more social security expenditures resulting from demographic change. Thus, the question arose on how private actors could be involved in order to fill the gap left behind by the shrinking welfare system. Second, as in most western countries, the rapidly progressing globalization process demonstrated the increasing difficulty of regulating multinational corporations (MNCs). This led to the call for more self-governance on the side of business, and CSR was seen as one potential form to do so. Moreover, the influence of Anglo-Saxon business culture also created more attention for CSR, however, not always in a positive sense, as it was seen as a consequence of “laissez-faire capitalism”. Third, a growing civil society, which had been largely absent in Germany for the entire twentieth century, put more pressure on business to behave socially responsible.

Business itself was far from embracing CSR, because it was seen to place an additional financial burden on companies that already complained because of high taxes and social security contributions as a perceived disadvantage in global competition. Due to this perception, the attitude was prevalent that paying taxes

M.S. Fifka (✉)

Institute of Economics, Friedrich-Alexander-University Erlangen-Nürnberg, Erlangen, Germany

Satish and Yasmin Gupta College of Business, University of Dallas, Irving, TX 75062, USA
e-mail: matthias.fifka@fau.de

D. Reiser
Cologne Business School, Cologne, Germany

and social benefits, following the law, and making occasional donations was sufficient for meeting one's social responsibilities. Overall, CSR did not find a nourishing breeding ground in Germany.

Based on these preliminary thoughts, our paper will first examine the socio-economic and political environment for CSR in Germany and its historic development in more depth. We consider this institutional framework necessary to better understand the status quo of CSR in Germany that we examine in the second part. Our paper terminates with recommending conclusions on how to foster the development of CSR in Europe's largest economy.

2 The Political and Socio-Cultural Environment for CSR

The model of capitalism to be found in Germany is usually branded as a form of "Rhenish Capitalism", a term coined by French economist Michel Albert (1991). He compared this form of capitalism, which is prevalent in countries that border the river Rhine (Switzerland, Austria, Germany, France, and The Netherlands), to the "neoliberal Anglo-American model" primarily represented by the United States (U.S.) and the United Kingdom. Among the key elements that are commonly attributed to "Rhenish Capitalism" are a strong social partnership between employers and unions, governmental involvement in and regulation of markets, extensive social security systems maintained through taxes and related payments, and an emphasis of equality and solidarity as core values, which could be described as societal institutionalization (Wieland, 2012). Hall and Soskice in their famous work on *Varieties of Capitalism* (2003) described this system as a "coordinated market economy", in which coordination is exercised by the government. Esping-Andersen (1990) in turn spoke of a "corporatist-statist" system that focuses on securing the economic status through negotiations between the government, employers, and unions. This tri-partite system, which has extensively been discussed by Schmitter and Lehbruch (1979), is the foundation for socio-economic decisions made on the political level until today.

3 The Political Environment

All of these classifications emphasize a strong role of the government, which has been characteristic for much of Germany's political history—irrespective of the form of government: monarchy, dictatorship, and democracy. What is central with respect to CSR is that the government has not only tried to steer social and economic affairs, but also to direct civic participation and engagement of private actors. As early as 1807, the Prussian statesman Heinrich Friedrich Karl vom und zum Stein called for the concerted alignment of civic and governmental interest in his *Nassauer Memorials*. Dettling (2008, p. 514) has pointedly described this mantra of governmental dominance: "In the beginning, there was government—as expression and epitome of moral and public reason."

Due to Germany's rapid economic development in the second half of the nineteenth century, which created more governmental revenues, and with the aim to preserve social peace, the government continuously expanded the social system. Thus, Chancellor Bismarck—primarily out of political calculations—created health and accident insurance in the 1880s (Fifka, 2013a). As the government took over more and more aspects of social security, which previously had been within the citizens' own responsibility, the need for voluntary social engagement by private actors was reduced. This development continued in the first half of the nineteenth century, when semi-governmental welfare organizations such as the German Salvation Army (1919), the German Red Cross (1921), and the Paritätischer Wohlfahrtsverband (1924) were established. They professionalized the provision of social services further, rendering voluntary engagement by individuals more and more unneeded.

As just pointed out, the enlarged social security systems were partly funded through mandatory financial contributions made by business. Companies were increasingly required to pay social services for their employees in specific, but also contributed to the provision of services for the population as a whole through taxation and redistribution (Fifka, 2013a). Today, public social services account for 29 % of Germany's GDP, while in the United States as an example of a liberal market-economy they only amount to 18.1 % (OECD, 2009). The continuous expansion of social security systems was also enabled by the guaranteed participation of employees, mostly through unions, in the respective political decision making process. Employees certainly were in favor of expanding these systems, as they benefited from increasing services.

However, employees have not only been given representation on a wider political level, also on the company level they can participate in decision-making. Beginning in the 1950s, so-called "co-determination", which is also referred to as *Mitbestimmung*, has gradually been introduced in Germany. Co-determination means that workers have a say on the factory level through works councils, and on company level—in case of incorporated companies with more than 500 employees—through representation on the supervisory board (Fifka, 2013b).

Due to this strong position of employees, Germany is usually classified as a "stakeholder democracy", whereas Anglo-Saxon countries are described as "shareholder democracies" (e.g., Aguilera & Jackson, 2003; Crane, Driver, Kaler, Parker, & Parkinson, 2005; O'Dwyer, 2005). Reflecting this perception, Denis and McConnell (2003, p. 6) state that "in many European countries shareholder wealth maximization has not been the only—or even necessarily the primary—goal of the board of directors." Allen, Carletti, and Marquez (2009) have proven this notion empirically. They asked managers whether a company exists for the interests of all stakeholders or if shareholders enjoy a priority position. 83 % of the German managers surveyed responded that a company is to serve all stakeholders' interests, while 76 % and 71 % of the American and British managers, respectively, saw a priority for maximizing shareholder value.

However, it would be misleading to claim that Germany's "stakeholder democracy" is a product of the goodwill or enlightened consciousness of organizations

and their managers. While there might be a stronger notion of the necessity to also consider the interests of non-financial stakeholders, it is primarily the legal system that simply requires taking stakeholders into account (Fifka, 2012). This once again demonstrates the strong role of governmental regulation. Moreover, Germany is not necessarily a “broad” stakeholder democracy, as stakeholder representation is mostly limited to employees.

From a governmental perspective, the approach to ensuring social responsibility of business also was a regulatory one. Thus, government has focused on laws and regulations to “assign” and enforce specific social responsibilities on the side of business. However, the voluntary dimension of CSR that has recently been emphasized (van Marrewijk, 2003; Porter & Kramer, 2006; Fifka, 2009) has long been neglected by governmental actors, as voluntary assumption of social responsibilities by business was not encouraged. Only in 2010, the German government has passed a national action plan, which seeks “to bring about a change in attitude and instil an awareness of the fact that practising corporate social responsibility pays off for business and society” (Federal Ministry of Labour and Social Affairs, 2010). In specific, the government points out the following objectives:

- “Improve embedding of CSR into public and business administration
 - Increase participation by small and medium-sized enterprises (SMEs) in CSR
 - Heighten visibility and credibility of CSR
 - Optimise political conditions for CSR
- Contribute to the social and environmental composition of globalization” (Federal Ministry of Labour and Social Affairs, 2012, p. 8)

Considering that the European Commission already passed a green paper to promote CSR in Europe in 2001, Germany definitely is a late starter with regard to governmental promotion of CSR. Moreover, the action plan designed must be considered a rather weak and cosmetic initiative that is lacking the strategic character it claims to have. Somewhat ironically, the awareness for CSR among business that the government seeks to raise needs to be generated among governmental actors themselves in the first place. The traditional regulatory approach that is prevalent in Germany clearly hampers a change of attitude here.

4 The Socio-Cultural Environment

The socio-cultural system certainly shows close interdependencies with the political environment. What is most important in our context is that voluntary social initiative has traditionally been rather weak in Germany, as Germans have tended to rely on the government for addressing social issues through much of the country’s more recent history. It could therefore be argued that it is expected that companies have a societal responsibility, but that this responsibility is primarily institutionalized, and not voluntary in nature (Wieland, 2012). As pointed out in the introduction, the state through the rapid expansion of the welfare system in the early

twentieth century indirectly promoted this absence of civil activity or at least tried to canalize it (Fifka, 2011).

Canalization or—better said—control of any civil activity became a major objective for the Nazis after their rise to power from 1933 on. Undirected civic engagement was seen as a threat to government control and, thus, eradicated. After the end of the Second World War, this policy, though under a different glossary, was seamlessly continued by the communist regime in the former German Democratic Republic. Putnam has correctly observed that National Socialism and Communism in Germany eventually created a socio-political culture characterized by a “without me attitude” (2001, p. 762), signifying a substantial disinterest in becoming involved in social issues.

However, also in West Germany, civic engagement was not fostered after the war. The rapid and extensive (re)construction of the welfare state as well as the professionalization of social work made civic participation once again rather unnecessary. When citizens became engaged, they mostly did so within the tight framework of organizations such as the Red Cross or in one of the many associations (*Vereine*). As a consequence, as Anheier and Toepler point out, those actively engaged were seen as “well intending amateurs [. . .], as relicts of a distant past that should be replaced with well-paid professionals, who are able to carry out social work more effectively and efficiently” (2003, p. 21). The resulting weakness of civic engagement can once again be demonstrated by numbers in transatlantic comparison. In the U.S., 44.2 % of the people regularly serve as volunteers for civic purposes (Toppe, Kirsch, & Michel, 2002), whereas in Germany only 34 % do so (Gensicke, Picot, & Geiss, 2006). Also with regard to donations, there are considerable differences. In 2008, private donations in the U.S.—including households and businesses—amounted to 2.2 % of GDP (GivingUSA Foundation, 2009), while the number in Germany stood at a meager 0.2 % (CAF, 2006).

The reluctance—resulting from the lacking necessity—to assume social responsibilities voluntarily cannot only be observed for citizens, but also for corporate citizens. For decades, business in Germany did not see any need to assume social responsibilities voluntarily on a larger scale, except for charitable activities on a local level, because of the extensive welfare state and regulation. This is not to say that business acted irresponsibly, but initiatives to proactively search for addressing social problems outside of the regulatory framework could hardly be observed.

Overall, the political and socio-cultural environment created a prevailing attitude that dominated the German perception of CSR for decades. The three sectors of society—government, private business, and civil society—were each assumed to carry out their specific roles without overlap. Addressing social problems was seen to be a governmental issue with business and citizens merely providing the financial means to do so by paying taxes. Gaehtgens has pointedly described this attitude by saying that the German citizen simply expected “to be served by his government in all areas of interest to him” (2004, p. 12).

This notion, as pointed out above, only began to change with a changing socio-political environment in the 1990s, when it became obvious that the government was not able any longer to play the role of “universal care-taker”. As a reaction, a

careful call for more voluntary assumption of social responsibility by business began to resonate, but it was widely met with criticism. CSR and related concepts such as corporate citizenship were portrayed as excrescences of Anglo-Saxon capitalism or reduced to marketing gimmicks. Peter Ulrich called them “empty terms” used by public relations strategists to “somehow describe what companies are doing for society in addition to their profit aspirations” (2008, p. 94). It is interesting to note that social service providers also often opposed social activities by business, such as corporate volunteering, discrediting it as “social tourism” that would be done by companies only to provide a distraction for their employees, but not do to something good for society.

Therefore, CSR has only slowly developed in Germany. In the next section, we will describe its current state of affairs.

5 The Status Quo of CSR in Germany

Early studies on social responsibility by companies in Germany focused on charitable activities—often referred to as corporate citizenship—and their forms (Bertelsmann Stiftung, 2006; Forsa 2005; Maaß, 2005; Seitz, 2002). These studies demonstrated that German companies of all sizes conducted charitable activities, but that these were mostly consisting of donations and sponsoring. Also later studies (Center for Corporate Citizenship Deutschland, 2007; Fifka, 2011) demonstrate that until today more modern forms of corporate citizenship, such as corporate volunteering or cause related marketing—are hardly applied by German companies. Even large corporations limit their activities to donations, sponsoring, and foundations. A study by Fifka (2011) shows that out of the 100 largest German companies 60 % make donations, while only 27 % operate a corporate volunteering program and a mere 7 % make use of cause related marketing.

What is also striking about corporate citizenship is that it mostly takes place in areas in which governmental activity is low, such as culture or sports. In fields where services are provided by the government, e.g., infrastructure and health care, corporate citizenship hardly takes place (Fifka, 2011). This once again underlines the notion described that the government as service provider crowds out private initiative.

With regard to a more comprehensive CSR that exceeds charitable activities and is concerned with responsibility in the core business, Windolph, Harms, and Schaltegger (2013) have found in a study of 109 German companies that CSR is seen to be strongly related to public relations. 89 % of the companies surveyed saw public relations/communications as a functional area promoting sustainability management, where finance, logistics, and production were hardly seen to play a role. Moreover, the awareness for the need to develop social and environmental management tools is rather limited. On average, less than 20 % of the companies see the need for designing CSR management tools. One of the important

conclusions to be derived from this study is that German companies do not see a necessity for strategic CSR implementation.

This lacking strategic approach also becomes evident when looking at the motives for why Germany companies pursue CSR that have also been examined by Windolph et al. (2013). They have shown that maintaining legitimacy is the strongest motive for German companies. Thus, they aim at fulfilling social expectations through CSR. Market-orientation is a much weaker motive among the companies surveyed. Thus, it can be said that CSR in Germany is rather defensive, and not used strategically to obtain a competitive advantage in the market.

However, pressure by consumers who are showing a growing ‘consumer social responsibility leading to a ‘moralisation of the markets’ and ‘strategic consumption’ is increasing (Kloos, 2012). This is closely linked to the development of a sustainable economy (Repnik, 2012) that expands beyond national boundaries to demand the implementation of environmental and social standards (e.g. International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work, Universal Declaration of Human Rights) throughout international supply chains (Federal Ministry of Labour and Social Affairs, 2012). Thus, there is a development towards a culture of sustainability (Kloos, 2012) that will pressure German companies further to fulfill certain expectations by society.

6 Concluding Recommendations

As we have just shown, CSR has undergone a considerable development in Germany in recent years. However, there is still much room for improvement on various levels. The biggest challenge is one that does not only concern business itself. In order to provide a more fertile ground for CSR, the traditional German notion that each sector of society has its specific functions, which it carries out mostly in isolation, needs to be overcome. Government, business, and civil society will have to search for cross-sectoral approaches of cooperation in order to successfully address the social, economic, and environmental challenges of the twenty-first century. This does not mean, however, that business should simply provide services that previously were provided by the government. This is not the function of business, and turning companies into quasi-social organizations is an approach that is doomed to fail. In a market economy, a business will have to remain a profit-oriented organization.

Government, business, and civil society will have to look for models of cooperation, to which they can each contribute their respective strengths. These strengths can also vary from business to business. A “one-size-fits-all” approach is not suitable. In order to identify how a company can use its individual strengths, it needs to communicate more closely with its stakeholders, especially its clients and suppliers. As pointed out above, stakeholder dialogue in Germany is strongly focused on political institutions as well as on employees and unions (Fifka, 2013b), and business will have to improve the exchange with other stakeholders.

However, the prerequisite for increased dialogue is also a change of perception on the side of business. All too often companies perceive CSR to be an additional burden that only leads to expenses but does not create a benefit for the company. This notion is cemented by the traditional German practice of voluntary CSR, which consisted primarily of making donations. A donation indeed is an outflow of money, and the business benefit is limited, consisting primarily of a short-termed improvement of reputation. However, donations and related forms of civic engagement, such as sponsoring, cause-related marketing, and foundations, will not be able to create a substantial benefit for business and for society.

Thus, an understanding will have to develop that CSR goes far beyond charitable activities and essentially has to be part of the core business. This is the only way CSR can create a substantial benefit for society and business. For companies these advantages can be manifold: an improved reputation, a differentiation from competitors through more responsible products, an opening of new markets and attraction of new customers, better supplier relations, cost savings due to more eco-efficiency, attracting, retaining and motivating employees, and better community relations. It becomes clear from these advantages that they can only be achieved through strategic implementation of CSR into the core business.

This potential of CSR to create a win-win-situation also requires a change of thinking of society. In Germany, companies were traditionally expected to assume social responsibilities that go beyond the law purely out of altruistic motives and a moral obligation to do so. If companies pursued an own interest with their social activities, this was seen as dishonest. For this reason, many German companies were very reluctant to report or talk about their activities, because they feared a reputational backlash. However, society will have to realize that companies also need to pursue an own interest with CSR, otherwise they will not be able to undertake activities on a larger scale and for a longer period of time. If CSR is limited to altruistic, charitable activities, it can only be sporadic and limited, because companies are not charitable organizations (Fifka, 2011).

In turn, companies will have to realize that CSR can only be successful if it is strategically implemented and not run as a marketing side-show. This requires an alignment of CSR and business strategy, which is especially challenging for SME because they often lack the financial resources and know-how to take the necessary steps. Moreover, SME in particular display a strong notion that social responsibility consists of philanthropic activity only. This is reflected by donations given to local associations and clubs (Fifka, 2013a). The only strategic aspect that can be found here at best is the local linkage and the attempted creation of goodwill among the geographically immediate stakeholders. However, what is missing is the linkage to the core activities of the company. To put it in a simple example: a manufacturing company that is a heavy polluter should put its focus on reducing its environmental impact on the community by increased eco-efficiency, which will also reduce costs, instead of emphasizing donations to the local soccer club. In recent years, a substantial body of literature on the strategic implementation of CSR has been created (Fifka & Berg, 2013; Galbreath, 2009; Hanke & Stark, 2009; Porter & Kramer, 2006; Sharp & Zaidman, 2010; Yuan, Bao, & Verbeke, 2011) in order to demonstrate approaches to a more strategic CSR.

Especially the difficulties that SMEs encounter with regard to a more profound integration of CSR into strategies and operations provide a potential opportunity for government to step in and to support the respective companies. So far, the support for SME has mostly been symbolic, consisting of awards and prizes. One significant initiative has to be mentioned, however. In 2011, the federal government started the ESF assistance program “Corporate Social Responsibility in SMEs”, which provided 35.6 million euros for CSR implementation projects in SME. Such efforts need to be maintained in order to provide a more fruitful ground for CSR in Germany.

References

- Aguilera, R., & Jackson, G. (2003). The cross-national diversity of corporate governance: Dimensions and determinants. *Academy of Management Review*, 28(3), 447–465.
- Albert, M. (1991). *Capitalisme Contre Capitalisme*. Paris: LeSeuil.
- Allen, F., Carletti, E., & Marquez, R. (2009). *Stakeholder capitalism, corporate governance and firm value*. EFA 2007 Ljubljana Meetings Paper. Accessed December 12, 2012, from <http://finance.wharton.upenn.edu/~allenf/download/Vita/JF-MS6731-Revision-corporate-governance-with-figures-16sep09-final.pdf>
- Anheier, H. K., & Toepler, S. (2003). Bürgerschaftliches Engagement zur Stärkung der Zivilgesellschaft im internationalen Vergleich. In Enquete-Kommission „Zukunft des Bürgerschaftlichen Engagements“ des Deutschen Bundestages (Ed.), *Bürgerschaftliches Engagement im internationalen Vergleich* (pp. 13–55). Opladen: Leske + Budrich
- Bertelsmann Stiftung. (2006). *Die gesellschaftliche Verantwortung von Unternehmen*. Gütersloh: Bertelsmann Stiftung
- CAF. (2006). *International comparisons of charitable giving*. Accessed November 22, 2011, from <http://www.cafonline.org/pdf/International%20Comparisons%20of%20Charitable%20Giving.pdf>.
- Center for Corporate Citizenship Deutschland. (2007). *Corporate Citizenship—Gesellschaftliches Engagement von Unternehmen in Deutschland und im transatlantischen Vergleich mit den USA*. Berlin: Center for Corporate Citizenship Deutschland
- Crane, A., Driver, C., Kaler, J., Parker, M., & Parkinson, M. (2005). Stakeholder democracy: Towards a multi-disciplinary view. *Business Ethics: A European Review*, 14(1), 67–75.
- Denis, D., & McConnell, J. (2003). International corporate governance. *Journal of Financial and Quantitative Analysis*, 38(1), 1–36.
- Dettling, W. (2008). *Wirtschaft als kulturelle Veranstaltung – Über die gesellschaftliche Verantwortung von Unternehmen*. In H. Backhaus-Maul, C. Biedermann, S. Naehrich (Eds.), *Corporate Citizenship in Deutschland—Bilanz und Perspektiven* (pp. 513–521). VS Verlag
- Esping-Andersen, G. (1990). *The three worlds of welfare capitalism*. Cambridge: Polity Press.
- Federal Ministry of Labour and Social Affairs. (2010). *National strategy for corporate social responsibility*. Accessed January 22, 2014, from <http://www.csr-in-deutschland.de/en/csr-in-germany/activities-pursued-by-the-german-government/federal-ministry-of-labour-and-social-affairs/german-governments-action-plan-for-csr.html>
- Federal Ministry of Labour and Social Affairs. (Eds.) (2012). *CSR—made in Germany*. Berlin: Federal Ministry of Labour and Social Affairs. Accessed March 29, 2014, from http://www.csr-in-deutschland.de/fileadmin/user_upload/Downloads/BMAS/CSR-IN-GERMANY_Broschuere_2012.pdf

- Fifka, M. S. (2009). Towards a more business-oriented definition of corporate social responsibility: Discussing the core controversies of a well-established concept. *Journal of Service Science and Management*, 2(4), 312–321.
- Fifka, M. S. (2011). *Corporate Citizenship in Deutschland und den USA—Gemeinsamkeiten und Unterschiede im gesellschaftlichen Engagement von Unternehmen und das Potential eines transatlantischen Transfers*. Wiesbaden: Gabler.
- Fifka, M. S. (2012). The integration of stakeholders through dialogue in Germany, France and the United States. In P. Kotler, A. Lindgreen, F. Maon, & J. Vanhamme (Eds.), *A stakeholder approach to corporate social responsibility: Pressures, conflicts, reconciliation* (pp. 3–22). Farnham: Gower.
- Fifka, M. S. (2013a). Corporate citizenship in Germany and the United States—Differing perceptions and practices in transatlantic comparison. *Business Ethics: A European Review*, 22(4), 341–356.
- Fifka, M. S. (2013b). The irony of stakeholder management in Germany—the difficulty of implementing an essential concept for CSR. *UmweltWirtschaftsForum*, 21(1), 113–118.
- Fifka, M. S., & Berg, N. (2013). Managing corporate social responsibility for the sake of business and society. *Corporate Social Responsibility and Environmental Management*. doi:10.1002/csr.1334.
- Forsa. (2005). *Corporate social responsibility in Deutschland*. Berlin: Forsa.
- Gaehgans, T. W. (2004). *Der Bürger als Mäzen—Amerikanische Tradition—Europäische Herausforderung?* (WZB-Vorlesungen No. 11). Berlin.
- Galbreath, J. (2009). Building corporate social responsibility into strategy. *European Business Review*, 21(2), 109–127.
- Gensicke, T., Picot, S., & Geiss, S. (2006). *Freiwilliges engagement in Deutschland 1999-2004. Repräsentative Erhebung im Auftrag des Bundesministeriums für Familie, Senioren, Frauen und Jugend*. Muenchen: TNS Infratest Sozialforschung
- GivingUSA Foundation. (2009). *U.S. charitable giving estimated to be \$307.65 billion in 2008*. Accessed November, 22, 2011, from http://www.givingusa.org/press_releases/gusa/GivingReaches300billion.pdf
- Hall, P. A., & Soskice, D. (2003). *Varieties of capitalism: The institutional foundations of comparative advantage*. New York: Oxford University Press.
- Hanke, T., & Stark, W. (2009). Strategy development: Conceptual framework on corporate social responsibility. *Journal of Business Ethics*, 85, 507–516.
- Kloos, R. (2012). CSR and consumers— a new culture of interaction. In Federal Ministry of Labour and Social Affairs (Eds.), *CSR—Made in Germany* (pp. 56–57). Berlin: Federal Ministry of Labour and Social Affairs
- Maaß, F. (2005). Corporate Citizenship als partnerschaftliche Maßnahme von Unternehmen und Institutionen. Eine Untersuchung der Erscheinungsformen und Determinanten von Kooperationen im zivilgesellschaftlichen Bereich. In Institut für Mittelstandsforschung Bonn (Ed.), *Jahrbuch zur Mittelstandsforschung 1/2005* (pp. 67–129). Wiesbaden: Deutscher Universitäts-Verlag.
- O'Dwyer, B. (2005). Stakeholder democracy: Challenges and contributions from social accounting. *Business Ethics: A European Review*, 14(1), 28–41.
- OECD. (2009). *Society at a Glance 2009—OECD Social Indicators*. Retrieved July 24, 2013, from http://www.oecd.org/document/24/0,3343,en_2649_34637_2671576_1_1_1_1,00.html
- Porter, M. E., & Kramer, M. R. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78–92.
- Putnam, R. D. (2001). *Gesellschaft und Gemeinsinn*. Gütersloh: Bertelsmann Stiftung.
- Repnik, H.-P. (2012). Rio 1992-2012: Looking back into the future. In Federal Ministry of Labour and Social Affairs (Eds.), *CSR—Made in Germany* (pp. 10–13). Berlin: Federal Ministry of Labour and Social Affairs.
- Schmitter, P., & Lehbruch, G. (Eds.). (1979). *Trends towards corporatist intermediation*. London/Beverly Hills: Sage.

- Seitz, B. (2002). Corporate Citizenship: Zwischen Idee und Geschäft—Auswertung und Ergebnisse einer bundesweit durchgeführten Studie im internationalen Vergleich. In J. Wieland & W. Conradi (Eds.), *Corporate Citizenship—Gesellschaftliches Engagement—unternehmerischer Nutzen* (pp. 23–194). Marburg: Metropolis-Verlag.
- Sharp, Z., & Zaidman, N. (2010). Strategization of CSR. *Journal of Business Ethics, 93*, 51–71.
- Toppe, C. M., Kirsch, A. D., & Michel, J. (2002). *Giving and volunteering in the United States*. Washington, DC: Independent Sector.
- Ulrich, P. (2008). Corporate citizenship oder: Das politische Moment guter Unternehmensführung in der Bürgergesellschaft. In H. Backhaus-Maul, C. Biedermann, & S. Naehrlich (Eds.), *Corporate citizenship in Deutschland—Bilanz und Perspektiven* (pp. 94–100). Wiesbaden: VS Verlag.
- Van Marrewijk, M. (2003). Concepts and definitions of CSR and corporate sustainability: Between agency and communion. *Journal of Business Ethics, 44*(2/3), 95–105.
- Wieland, J. (2012). CSR in Germany—tradition, topicality, and challenges. In Federal Ministry of Labour and Social Affairs (Eds.), *CSR—Made in Germany* (pp. 16–19). Berlin: Federal Ministry of Labour and Social Affairs.
- Windolph, S. E., Harms, D., & Schaltegger, S. (2013). *Motivations for corporate sustainability management: contrasting survey results and implementation*. Corporate Social Responsibility and Environmental Management. Accessed December 22, 2014. doi: [10.1002/csr.1337](https://doi.org/10.1002/csr.1337).
- Yuan, W., Bao, Y., & Verbeke, A. (2011). Integrating CSR initiatives in business: An organizing framework. *Journal of Business Ethics, 101*, 75–92.

CSR in Austria: Exemplary Social and Environmental Practice or Compliance-Driven Corporate Responsibility?

Christina Keinert-Kisin

1 Introduction

Austria is often portrayed as an island of the blissful regarding social and environmental status. It is located in the heart of Europe as one of the richest countries worldwide. Austria is characterized by high standards of security, environmental conservation, relatively little social inequality, good infrastructure, and it is a functioning welfare state. It is also a country that has prided itself in a middle way between socialism and unrestrained capitalism, a social market economy.

Perhaps surprisingly in this societal context, the initiation of the CSR discourse in Austria is often pinpointed to a rather late 2003. The way CSR was introduced to the public in Austria is characteristic for Austria: Through representatives of private business and industry and through workforce and stakeholder representatives, in distinctive initiatives each.

“CSR Austria” was created as a business platform for CSR in 2003, and later merged with another business initiative, the environmentally focused Austrian Business Council for Sustainable Development. Both eventually became RespACT. This association of business representatives soon published a mission statement of Austrian business on CSR. This mission statement was in favour of purely voluntary CSR engagement. In the same year, Austrian business actors for the first time awarded TRIGOS, an honour for exemplary CSR engagement to be awarded to companies of different size and in different engagement categories. Since 2013, it does so on the European level as part of the European CSR Award by the European Commission (RespACT).

Also in 2003, workforce representative associations formed a Network for Social Responsibility (NeSoVe) on the other side of the political spectrum. Its members are socially and environmentally engaged NGOs with the goal to advocate CSR

C. Keinert-Kisin (✉)
University of Vienna, Wien, Austria
e-mail: christina.keinert@univie.ac.at

from the perspective of employees, consumers and NGOs as representatives of civil society. On the World Day of Social Justice, NeSoVe distributes negative awards for irresponsible corporate conduct of the year. The network is also active on the supra-national level as a member of the European Coalition for Corporate Justice (Netzwerk Soziale Verantwortung, NeSoVe). Hence, the polar opposites private business representatives and workforce organizations first appropriated CSR in Austria, and integrated Austria in broader European CSR networks.

Considering the earlier development of CSR debates in Northern America, but also on the European level, an initiation in 2003 seems relatively late. This all the more since Austria is perceived as a country with concern and respect for social and environmental issues in public and private sectors. Here in the following, the image of Austria as a country where social and environmental interests are safeguarded by public and private actors will be scrutinized using publicly available national and European statistics, with a focus on the role of private economy and business representatives as actors of CSR. Then, publicly available information on instances of corporate or managerial malfeasance will be considered to put forward theses on the status of Austrian CSR. To round this picture, findings of the only so far conducted comprehensive CSR study amongst Austrian institutional and business actors will be used to complete and contrast the ideas put forward.

2 Social and Environmental Practice

To understand the status quo of social and environmental practice in Austria, a look at facts behind its frequently portrayed image appears appropriate:

As far as the natural environment is concerned, environmental preservation is a concept deeply rooted in the Austrian public conscience. Protest against the construction of power plants in the 1970s and 1980s gained considerable momentum within civil society across social classes and generations. It gave rise not only to comprehensive policies and regulations in favour of the natural environment, but also to the Austrian green movement. The concepts sustainability and social ecology gained further importance throughout the 1980s and 1990s (Pesendorfer, 2007). In a European comparison, Austria takes a leading rank after few Scandinavian and Baltic states with regard to railroad traffic as opposed to more environmentally challenging ways of transport. Austria also takes the fourth place after the leading countries Belgium, Denmark and Germany in exemplary waste management (EUROSTAT, 2012). National statistics show 11.2 billion euros were invested in environmental protection in the year 2011. These expenses were borne at a full at 65.9 % by private business. A further 24.5 % were invested by private households, 7.2 % by the public sector and 2.4 % by the EU. The fields that consumed most from these funds were waste management and water protection in the very water-rich country that Austria is (Pesendorfer, 2007).

From a social perspective, Austria has a long tradition of what once was referred to as “relief for the poor”, and later turned into a welfare state (“*Sozialstaat*” in German language diction). All-encompassing social insurance coverage has its

roots in the second half of the nineteenth century already. By the early twentieth century, coverage in pension and unemployment insurances had become all-encompassing as well. While regulatory density of employment and related social issues is relatively high in Austria (Raith, Korenjak, & Ungericht, 2009), leading to drawbacks on managerial flexibility to fire-and-hire, there is overall widespread societal consensus the welfare state and social market economy help effect just distribution of economic prosperity, high levels of employment and social cohesion (Hinrichs & Unger, 1990; Tálos, 2005). The Austrian welfare system is of contributive nature, where claims for the most part are tied to employment for minimum contribution periods, a characteristic that has sometimes drawn criticism due to its exclusion of particularly marginalized groups outside of paid employment (Tálos in: Dachs, 2006). Even if voices warning the “golden age of the [Austrian] welfare state” was over could be heard since the 1980s (Flora in: Flora, 1986), Austria still ranks high on its social benefit quota: With a quota of 28.8 %, it is above-average in an EU comparison, albeit behind countries like Sweden or France. As far as domestic poverty is concerned, Austria has the seventh lowest rate of materially deprived people, behind Scandinavian countries, but ranking better than Germany (EUROSTAT, 2012). Austria has also managed to keep unemployment, particularly of the youth, at lower levels than other EU countries during the Euro crisis (Austrian Federal Ministry of Labour, Social Affairs and Consumer Protection BMASK 2014).

A particular mechanism in place to ensure an institutional balance of interests between the economy and stakeholders affected by its business operations is the Austrian social partnership („*Sozialpartnerschaft*“). Established in the post-war period, aggregation of both employer and workforce representatives in federations was perceived as a way to uphold social justice, progress and peace: It was to constitute an outlet to achieve fair balance of interests between private business and societal stakeholders. At the same time, a system of checks-and-balances for national social and economic policy would be created. In this Austrian corporatist system, both employers and the workforce are organized in representative federations on the national level. This national trade union, with its industry sub-organizations, as well as the national federation of business actors are characterized by a high degree of organization, and rely on compulsory membership. Collective bargaining is highly centralized between the aggregate bodies on the national level. In a European comparison with other Central and Northern European countries, Austria has in fact been found to lie on the extreme end of highly centralized collective bargaining, and to be highly effective in the balancing of in principle naturally opposing employer and employee interests (Calmfors, Driffill, Honkapohja, & Giavazzi, 1988).

The social partnership relies on the idea through cooperation rather than labour conflict, win-win situations can be created for both sides. Rather than attempting to achieve short-sighted, single-sided maximization of interest realization at the expense of the other side, the centralized aggregate bodies with their bargaining power and weight have made it a priority to assume national economic responsibility and act in the best interest of the entire Austrian economy. The achievement of durably high levels of employment as a vehicle to balanced income and wealth

distribution as well as national welfare creation has consequentially been a priority of the social partnership (Nowotny in: Nowotny & Winckler, 1994).

The Austrian social partnership goes beyond collective bargaining on remuneration and employment conditions, though. The social partners have been represented and had their say in all socio-economic law and policy-making initiatives, and thus have negotiated the position and interests of civil society in its relation with the state in post-war Austria. The Austrian social partnership, its negotiation model and function as some sort of additional government is considered highly successful in the sense that it helped maintain social cohesion in Austria during the second half of the twentieth century and in this young millennium.

The social partnership is not instituted by law, but in place based on national political consensus and practice (Tálos, 2005). Whilst facing challenges by changes in the European institutional landscape through increasing European integration in a context of highly diverging national systems (Traxler in: Mesch, 1995), the social partnership must be considered a major pillar of Austrian economic success and social cohesion since the post-war reconstruction of the country.

All in all, social and environmental statistics present Austria as a country that is progressive in its achievements of high social and environmental standards. After WWII, Austria has innovated socio-economic relations between economic actors and other stakeholders in society concerned by business activity in the form of its social partnership. Relevant stakeholders in matters of business and society were brought together in an institutional manner. When considering the broader picture, Austrian private business was since WWII engaged in a factual, political framework where civil society stakeholders, in particular workers' representatives, joined them on a table with the aim of shaping the socio-economic landscape respecting the interests of all.

Considering Austria is relatively highly regulated in these fields according to the literature, one may put forward the idea while Austrian private business contributes substantially to high environmental and social standards, this may be due to regulation and institutional pressure. Where there is a high level of regulation, voluntary commitment to engage in CSR may suffer. This may be due a lack of need—if institutions within society ensure high social and environmental standards, additional voluntary CSR engagement may not be in demand by stakeholders at all. Another explanation could be private business, when highly regulated, may not be interested in furthering or pioneering social and environmental matters beyond what is required by law and political stakeholders.

3 A Look at Managerial Malpractice: Austrian Corporate and Managerial Scandals

Having perceived the Austrian context is one where private business is integrated in a system where key constituencies contribute to the furthering of social and environmental interests in the pursuit of business opportunity, a look at publicized

scandals promises insight into failures of this system. One would think in a societal context like the one described, economic actors would have internalized social and environmental responsibilities. Indeed, Austria has not witnessed scandals involving severe environmental degradation nor negligence for workers' life and health due to corporate irresponsibility. Still, Austria has witnessed a string of scandals involving business actors in the early twenty-first century.

The publicized scandals have a number of issues in common: They appeared to involve some form of corporate decision-maker corruption; naturally for corruption issues, they often happened at the intersection with political stakeholders; they were dealt with by prosecuting authorities, frequently indicted and led to court convictions.

The publicized cases can be grouped into roughly two pools and sets of potential crimes: Wrong-doing in the private sector and bribing of public officials by representatives of private firms.

As for managerial wrong-doing in the private sector, high-profile cases involved waste of corporate assets and overly risky business conduct by managers.

Regarding waste of corporate assets, a number of top-level corporate decision-makers were tried in courts and in part convicted for embezzlement. They had spent firm means in transactions where recipients' services in exchange for substantial payments, in particular consulting or lobbying services, were not justifiable in court.

Given the recent crisis of the financial sector from 2008 on, it is not surprising courts had to deal with excessive risk-taking by bank managers. For the Austrian banking sector, a peculiarity in the early 2000s was that its banks competed over rapid expansion in the Eastern and South-Eastern European countries in the years before the economic crisis. Managerial risk-taking in these countries brought a number of banks long-term harm and one bank on the verge of failure, which led to nationalization of the perceived system-relevant bank. In the aftermath of this nationalization and judicial accounting for its past, several executives faced criminal charges of embezzlement for decisions they had made for business transactions of particularly high risk. Prosecution argued these managers abused power they were given by the owners to a criminal extent. The Austrian Supreme Court ruled in 2012 that legitimate discretion of an agent ends where a business decision or transaction is "economically untenable", a label that was applied to credit transactions in question in Austria and the Balkans (Austrian Supreme Court OGH, August 21, 2012, 11 Os 19/12x). Guilty verdicts for embezzlement against several top bank executives appeared to tighten the grip on managers of private firms who assume risks so high that they cannot reasonably be maintained as business judgment (Kapsch & Grama, 2003; Schima, 2007; Torggler, 2009). The legal academic literature in recent years closely observed and commented on this development in the judiciary. Particularly the verdict on embezzlement through high-risk credit transactions generated attention in legal science and practice. Some business representatives and corporate law experts asserted the ever stricter embezzlement case-law rendered economic risk-taking virtually impossible (Torggler, 2009).

When closely examining the criminal convictions in question, it is not bad business decisions that were criminalized. The decisions that earned executives

criminal convictions cannot by any standard be considered as decisions in firm interests. In this sense, only excesses of risk-taking by professional managers with—essentially—“other people’s money”, as economists like Milton Friedman would have put (Friedman, 1970), became increasingly penalized by Austrian courts in recent years.

Whereas embezzlement by top executives harms the company and its internal stakeholders, the second cluster of publicized scandals of criminal nature concern corruption of public officials as actions against broader society. Austria recently witnessed a number of scandals where corporate decision-makers and public officials were tried and in part convicted for bribery, in Austria and abroad. Such actions by corporate managers from a CSR perspective harm political and civil society stakeholders by securing undue attention for their interests and creating an unequal playing field through unacceptable means. Additionally, whilst the exercise of a corrupting influence on officials may in some cases have been in the (short-term) financial interest of these business executives’ corporations, loss of reputation, public confidence and goodwill for these firms are also profound, harming the company itself and internal stakeholder groups in the longer run.

These publicized acts of malfeasance by Austrian corporate decision-makers have in common that they were illegal in nature. To be more specific, they breached criminal laws and thus violated a core layer of corporate legal compliance. Rooting these transgressions in CSR literature, Carroll’s pyramid views legal responsibilities as corporate social responsibilities at the bottom of the pyramid following economic responsibilities. Firms are bound to respect all applicable laws and regulations in the pursuit of profit aside their economic, ethical and philanthropic responsibilities (Carroll, 1991). Carroll does not portray a sequence of responsibilities, meaning legal responsibilities are not to be fulfilled after economic responsibilities have been attended to, nor do they take precedence over ethical or philanthropic responsibilities per se. There are degrees of responsibility, though. While economic responsibility “undergirds” all other corporate responsibilities, legal responsibilities are a “requirement”, and the attendance to ethical and philanthropic responsibilities is “expected” and “desired” (Carroll, 1991, 1999). This suggests compliance with laws for Carroll constitutes a particularly elementary part of corporate responsibility.

Considering another theoretical concept, the levels of CSR ambition portray corporations progressively growing in their CSR engagement on a spectrum. When companies that find themselves in a pre-CSR stage do not consider responsibilities toward society at all, compliance-driven firms accept and abide by laws and regulations set by rightful authorities, but engage in no more social responsibility than the legally required minimum. Further on the ambition continuum, firms engage in profit-driven or strategic CSR, before they start treating CSR as an end for itself (Van Marrewijk & Were, 2003).

Observing publicized scandals concerned breach of (criminal) laws, one notes Austrian companies publicly failing in CSR likely have not been able to complete nor move beyond the compliance-driven stage of CSR engagement.

4 CSR Practice in Austria: An Empirical Perspective

To understand CSR practice of business actors aside publicized scandals, a pivotal publicly funded study from 2008 empirically examined the state and status of CSR discourse and practice from two angles, from the institutional and business actors' perspective.

4.1 *Institutional Actors*

To develop an understanding of what positions leading actors from the Austrian institutional landscape hold on CSR, 15 actors identified as the totality of relevant experts in the field of CSR in Austria were interviewed. The identified key players came from the public and private sector. In line with Austrian corporatism, main actors in the Austrian CSR debate come from employer and workforce interest representation. A range of NGO/NPOs in sustainability and ethical business practice as well as functionally responsible public officials from federal ministries were equally identified by the study authors as key institutional players for CSR in Austria.

Institutional actors were found to be fundamentally divided into two camps labelled CSR "proponents" and "opponents".

Proponents of CSR predominantly originated from industry and employer interest groups, whereas opponents in the Austrian case were mostly from trade unions and labour chambers. NGOs, NPOs and public officials were part of either group. Both camps appeared to agree on a common CSR definition as used by the European Commission in its Green Paper. CSR was hence understood as "voluntary. . . commitments which go beyond regulatory and conventional requirements, which. . . have to [be] respect[ed] in any case" (European Commission, 2001; Raith et al., 2009).

Proponents of CSR advocated purely voluntary engagement and perceived CSR engagement as a business case, first and foremost. CSR programs were consequentially seen as an effective way to manage stakeholder relations. In "open dialogue" with key stakeholder groups, business actors were perceived to be able to gain information on pressing issues from relevant stakeholders, manage risks and solve problems. Pressure from the markets, particularly regarding transparency and quality management, was seen as a natural way to ensure more socially responsible business practices. Such pressure was perceived by CSR proponents to come from both consumers and investors. Particularly for business-to-business relations, market power was said to drive voluntary adaptation in the direction of increased CSR. In order to comply with such market demands, CSR engagement may and should therefore be actively marketed. In order to encourage more CSR engagement of private business, proponents advocated for incentives in the form of awards and competitions, but strongly opposed regulation of corporate CSR behaviour.

Opponents of CSR amongst Austrian institutional actors were sceptical about the business case for CSR. They doubted win-win situations could arise for all dilemmas between social responsibility and profits. Opponents perceived CSR engagement without mandatory standards, without accountability for information and communication, and without “systematic cooperation” with stakeholder groups as a fig leaf rather than sincere commitment. Measurability and comparability of current CSR efforts were cast into doubt. Opponents therefore requested transparent and comprehensive assessment of CSR activity in a framework of credible labels and certifications. In the absence of such external verifiability, current CSR efforts for them carried a suspicion of green-washing and window-dressing. Opponents propagated consistent application of existing laws and new regulation to cope with social and environmental challenges posed by business activity.

Aside a wish for credible certifications, opponents and proponents agreed public procurement policies could and should play a role to the benefit of CSR champions.

With the exception of limited common ground, the two polarized groups in the Austrian institutional landscape appeared to be in a stalemate. Proponents of voluntary CSR representing a view that markets would regulate themselves, and only positive incentives should be provided to support these market mechanisms for CSR. Opponents of CSR on the other hand opposed voluntary practice, and missed sincere corporate commitment so far (Raith et al., 2009; Schmidpeter, 2008).

4.2 Business Actors

Austrian companies were also examined regarding their perspective and practice of CSR. For this aim, a representative random sample, stratified for company size categories, of 500 Austrian companies was drawn from the total sample of 290,000 registered Austrian companies; “micro” companies up to nine employees, “small” companies from 10 to 49 employees, “medium” companies from 50 to 249, and “large” companies with more than 250 employees. In a separate step, a sub-sample of CSR leaders was to be contrasted to the representative sample of Austrian companies. For this aim, over 150 indicators determining CSR leadership were developed from self-declaration of CSR engagement over verifiable external certification or listing to awards for exemplary CSR engagement. Indicators were assessed on global, national and regional levels, and the top 200 companies identified in a ranking were treated as the full sample of Austrian CSR leaders. 50 % of these were randomly drawn and included in the study as the CSR leader sample, which qualifies as a full census of this limited pool of CSR leading companies.

The totality of 600 companies answered a questionnaire survey.

Overall, 90 % of responding company representatives for CSR leaders and 30 % of other company representatives had heard of CSR. Regarding conceptual understanding of CSR, 49 % of CSR leaders understood CSR as a multi-dimensional concept with economic, environmental and social implications. 18 % of all Austrian companies shared this multi-dimensional idea. For 22 % of all companies, CSR was

an “abstract idea”. Overall, CSR leaders depicted a more nuanced conceptual understanding of CSR than other companies (Raith et al., 2009).

4.2.1 Characteristics of CSR Leaders

As for structural characteristics of CSR leaders, it was found whilst only 1 % of all Austrian firms surveyed were large (250 or more employees), almost half of Austrian CSR leaders were of large size. At the same time 88 % of Austrian firms were micro-sized (less than ten employees), but only 6 % of CSR leaders were of this size. Legal form was also related to the status of CSR leadership: When 21 % of all Austria companies were stock-traded corporations, 85 % of CSR leaders were. As for the interrelation between size and legal form, large corporations were found to be significantly more likely to be CSR leaders than smaller companies of different legal form. This finding is consistent with results in other national contexts. Large corporations are thought to be exposed to enhanced scrutiny, and therefore may engage more readily in CSR efforts. Also large corporations may more readily dispose of slack resources that enable such engagement (Elsayed, 2006).

For both medium and large-sized companies, the location of company headquarters played a role. Overall medium-sized companies with 50–249 employees had foreign headquarters in 9 % of cases, yet 21 % of medium-sized CSR leaders had their headquarters abroad. For large companies, CSR leaders were significantly more likely to be under foreign ownership than equally sized companies not positioned as CSR leaders.

Family ownership of businesses had an impact, too. Overall family-owned businesses were less likely to be CSR leaders than other Austrian companies. There were size effects, though: For medium-sized companies, the proportion of family-owned business was greater for CSR leaders (42 %) than for all Austrian firms (33 %).

Other significant differences arose between industry sectors. When 3 % of Austrian companies stemmed from the industrial sector, so did 30 % of CSR leaders. 66 % of all Austrian companies came from the service sector, but only 44 % of CSR leaders. A potential explanation for this finding is that the industrial sector produces externalities and exercises more invasive influences on surrounding communities and other stakeholder groups, which may drive them to be proactive in their engagement to a greater degree than firms from other sectors. Interestingly, CSR leaders were also more likely to come from fiercely competitive industrial contexts than average companies.

CSR leaders were also significantly more export-oriented than other firms across all size categories. Interestingly, there were interactions between structural characteristics: Amongst medium-sized companies, CSR leaders were more likely to procure globally than their counterparts of similar size. Also family-owned CSR leaders were more internationally oriented than other family-owned companies.

International procurement for CSR leaders was greater for all firm sizes and industry categories.

This means all forms of transnational orientation, be it a foreign company headquarter or transnational business operations, appear to foster CSR engagement.

Structural characteristics of consumer markets appear to also create incentives for CSR leadership when 56 % of CSR leaders catered to large single customers, especially other firms (24 % for the national average), and only 39 % sold to end users (71 % of all firms).

82 % of CSR leaders and only 67 % of all companies self-reported recently favourable economic development. Similarly, 60 % of CSR leaders and 23 % of all companies recorded recent employment creation. Differences between CSR leaders and all companies were significant for micro and small-sized enterprises, but not for medium and large-sized companies (Raith et al., 2009).

4.2.2 Business Actors' CSR Engagement and Motivation

The five most mentioned fields of CSR engagement for Austrian companies according to their self-reports were security and health in the workplace (71 %), educational and vocational development of employees on the job (65 %), reduction of harmful emissions (59 %), preference for regional suppliers (43 %), safety and security (41 %). Measured by self-reports on "high and durable" levels of activity, representatives of CSR leaders reported higher levels of engagement than representatives of other companies in all fields of activity with the exception of regional supplier preference. It is notable issues of work-life balance, equality and non-discrimination ranked low. Social charitable projects and sponsoring were even less relevant as CSR activity in Austria. For Austrian firms and their social and environmental engagement, it could overall be concluded activity is concentrated in areas where regulatory density was already high (Raith et al., 2009).

Instruments most frequently used by Austrian CSR leaders were codes of conduct and mission statements (84 %), workforce satisfaction analyses (83 %), and stakeholder dialogue (72 %). For all Austrian companies, stakeholder dialogue ranked highest (42 %), followed by workforce satisfaction analysis (39 %), and risk management (22 %).

In contrast to this, implementation-oriented instruments lag behind: Certified management systems were used by 64 % of CSR leaders and 11 % of Austrian companies overall. Ethical procurement policies were utilized by 40 % of internationally procuring companies, and by 23 % of all firms.

As for motivation to engage in CSR activities, 74 % of CSR leader and 46 % of all other company representatives perceived CSR to be of great importance in their own enterprise. Interestingly, both CSR leaders and all Austrian companies perceived CSR of only modest importance for politics and consumers. Average companies even assessed the relevance of CSR for consumers more highly than CSR leaders did (33 % vs. 26 %). Companies with international orientation perceived CSR to be of greater importance than regionally operating firms did.

While consumer interests apparently were not an important motivational factor for either company type, CSR leaders were motivated to act as pioneers (94 % of CSR leaders vs. 43 % of other companies). A full 43 % of average Austrian companies felt pressured by the public (only 6 % of CSR leaders). Overall, 62 % of CSR leaders were driven by values like responsibility for society, the workforce, by personal values of managers, or by corporate culture (58 % of all companies). Both CSR leaders and other Austrian companies were motivated by prospects of economic success when behaving socially responsibly (58 %).

As motivation to refrain from CSR, 43 % of CSR leaders in Austria cited competitive and cost pressure. 6 % of all companies (0 % of CSR leaders) thought CSR incurred competitive disadvantage, and were hence not motivated at all to engage in it. Perceptions of CSR as competitive disadvantage were significantly related to family ownership, economic distress, small size and regional procurement of firms (Raith et al., 2009).

4.2.3 Business Perspective: The Future of CSR in Austria

For private enterprises in Austria, considerable agreement to binding regulation on CSR was found. 95 % of CSR leaders (92 % of other companies) thought CSR advertising and communication should concretely be monitored. 89 % of CSR leaders (81 % of other companies) thought the Austrian state should tie public contracting to measurable CSR engagement and subsidize such engagement. 85 % of CSR leaders (77 % of other companies) in Austria advocated internationally binding social and economic minimum standards. A full 82 % of CSR leaders (77 % of others) wanted accountability along the value creation chain to be legally enforceable. Credible CSR labels were important goals to 77 % of CSR leaders and 71 % of all Austrian companies. “Soft” incentive strategies generated half the approval rates “hard” measures did. Regarding the national enterprise average, there was a highly significant relation between high levels of self-reported CSR engagement approval for binding regulatory measures to ensure legal compliance and “move beyond compliance”. Enterprises in highly competitive environments depicted significantly higher approval to binding and enforceable regulation (Raith et al., 2009).

5 Conclusions and Outlook

The Austrian context brings with it particularities: Private firms are integrated in an institution that effectively ensures the consideration of diverse stakeholder interests in business activity, and in legislation concerning economic, social and environmental issues, the *Sozialpartnerschaft*. Good practice in upholding of social and environmental interests all whilst ensuring sound economic development has been attributed to institutional practice in Austria. It was suggested that in a context

where institutional grip ensures private business takes part in a political system balancing stakeholder interests, voluntary engagement exceeding this level may be hindered. This could be either because it would not be needed or desired by stakeholders and the companies concerned due to already existing high levels of regulation in social and environmental matters. Complementing this proposition, publicized scandals involving Austrian private firms and their representatives in the twenty-first century were analysed from a CSR perspective. Since publicized scandals overwhelmingly were dealt with in (criminal) courts, it was suggested firms involved in irresponsibility might not have left the stage of compliance-driven CSR practice. They may thus have remained on a relatively low level of CSR ambition. Empirical studies could in the future examine these ideas to confirm whether Austrian companies are indeed rooted in relatively low levels of CSR ambition, and how they would compare to peers in other European countries.

A look at publicized scandals suggests a problem of enforcement of legal compliance. In recent years, the Austrian state has consequently passed tougher laws, and placed a focus on effective persecution and dissuasive sanctioning practice as a priority. Newly passed laws on corporate crime include stricter anti-corruption provisions for the public and private sector, principal witness and whistleblower provisions, a law on corporate criminal liability for decision-maker and employee crimes, and the institution of a specialized prosecuting authority for economic and corruption crimes. This development suggests an issue of lack of compliance with criminal laws by parts of private economy in Austria has been identified by state stakeholders, and measures to correct this development are being taken. This development might reinforce potentially existing tendencies for Austrian companies to focus on legal compliance, whilst it might create (further) disincentives to pioneering voluntary engagement for best practice on CSR in ethical matters, exceeding legal responsibilities as a minimum.

Existing empirical research on CSR in Austria has shown that instruments utilized most both by CSR leaders in Austria and all Austrian companies require relatively little resource utilization, nor commitment. The most common instruments are codes of conduct and mission statements. Other frequently used instruments like risk analyses and stakeholder dialogue serve corporate interests of early risk detection. There overall appears to be little voluntary implementation of CSR policies going beyond communication and self-serving measures in the Austrian business landscape.

It is also noteworthy that the vast majority of Austrian businesses perceive competitive disadvantage in CSR. In this light, the perhaps surprising call for more regulation, for measurable and binding social and environmental standards to be instituted by authorities for private business in Austria may constitute an expression of fundamental interest in CSR by business representatives. Before engaging more intensely, they appear to require a “level playing field” to rule out anticipated competitive disadvantage, though. As an alternative explanation, Austrian companies may be used to regulation in social and environmental matters, and prefer this structure and certainty to uncertainty in CSR engagement.

Overall, since companies of all sizes and legal forms oriented abroad engage more readily in CSR, Austria appears to not be on the forefront of social and environmental progressiveness any more. Taking into consideration that Austrian businesses perceive consumer and political interest to be relatively low, public decision-makers could increase efforts to provide the level playing field and real incentives Austrian businesses seem to expect of them on the national level. Progress regarding certifications for CSR engagement has been low in the past. In line with an identified need to ensure legal compliance first and foremost, Austrian Standards has recently developed a national standard for the certification of Compliance Management Systems (Austrian Standards ONR 192050, 2013). In the meantime, an Austrian CSR seal of approval, reporting duties and key performance indicators on CSR engagement in Austria still constitute projects for the future. Targeted incentive and subsidies policies of governmental bodies and the social partners—in line with Austrian firms' expressed wishes—appear necessary to place Austria in a more progressive position for the social and environmental innovation termed CSR.

5.1 Remark

Details on methodology and statistical tests used by the cited study on CSR in Austria were provided insofar as a publicly available report on results included them.

References

- Austrian Standards, ONR 192050, Compliance Management Systeme. (2013). Retrieved February 1, 2014, from <https://www.austrian-standards.at/infopedia-themecenter/specials/compliance/> (not available in free full text)
- Austrian Federal Ministry of Labour, Social Affairs and Consumer Protection. (2013/2014). *Jugend und Arbeit in Österreich Berichtsjahr 2013/14* (Trans. Youth and Employment in Austria Reporting Year 2013/2014). Retrieved December 16, 2014, from http://www.sozialministerium.at/cms/site/attachments/1/0/6/CH2124/CMS1402033052188/jugend_und_arbeit_in_oesterreich_berichtsjahr_2013_2014.pdf
- BMASK, Austrian Federal Ministry of Labour, Social Affairs and Consumer Protection. (2012a). *Total unemployment rate in European comparison labour market data*. Retrieved January 6, 2014, from http://www.bmask.gv.at/cms/siteEN/attachments/5/3/6/CH2474/CMS1327304667107/aminter_alqinter_jahr_en.pdf
- BMASK, Austrian Federal Ministry of Labour, Social Affairs and Consumer Protection. (2012b). *Youth unemployment*. Retrieved January 6, 2014, from http://www.bmask.gv.at/cms/siteEN/attachments/5/3/6/CH2474/CMS1327304667107/aminter_alqjugendinter_jahr_en.pdf
- Calmfors, L., Driffill, J., Honkapohja, S., & Giavazzi, F. (1988). Bargaining structure, corporatism and macroeconomic performance. *Economic Policy*, 3(6), 13–61.
- Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39–48.

- Carroll, A. B. (1999). Corporate social responsibility: Evolution of a definitional construct. *Business and Society*, 38(3), 268–295.
- Dachs, H. (2006). *Politik in Österreich. Das Handbuch*. Wien: Manz.
- Elsayed, K. (2006). Re-examining the expected effect of available resources and firm size on firm environmental orientation: An empirical study of UK firms. *Journal of Business Ethics*, 65, 297–308.
- European Commission. (2001). *Green paper: Promoting a European framework for corporate social responsibility*. Retrieved August 28, 2013, from http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0366en01.pdf
- European Commission. (2014). Report from the commission to the council and the European parliament: EU anti-corruption report. Retrieved January 28, 2014, from http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/organized-crime-and-human-trafficking/corruption/docs/acr_2014_en.pdf
- European Commission. *Sustainable development indicators*. Retrieved January 2, 2014, from <http://epp.eurostat.ec.europa.eu/portal/page/portal/sdi/indicators>
- EUROSTAT/European Commission. (2012). *Figures for the future – 20 years of sustainable development in Europe? A guide for citizens*. Retrieved January 21, 2014, from http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=KS-32-12-152
- Flora, P. (1986). In P. Flora (Ed.), *Growth to limits: The Western European welfare states since World War II: Germany, United Kingdom, Ireland, Italy* (p. Xliff). Berlin: Walter de Gruyter.
- Friedman M. (1970). Retrieved from the Ethics in Business website December 21, 2012. The social responsibility of business is to increase its profits, originally from The New York Times Magazine September 13, 1970. <http://www.ethicsinbusiness.net/case-studies/the-social-responsibility-of-business-is-to-increase-its-profits/>
- Hinrichs, K., & Unger, B. (1990). Das Ende der Sozialpartnerschaft? Ein Vierländervergleich. *Kurswechsel*, 1, 3–31.
- Kapsch, I., Grama, B. (2003). Business judgment rule: Pflichtwidrige oder bloß unglückliche Geschäftsentscheidung. *Ecolex*, 524–528.
- Knill, C., Heichel, S., & Arndt, D. (2012). Really a front-runner, really a straggler? Of environmental leaders and laggards in the European Union and beyond—A quantitative policy perspective. *Energy Policy*, 48, 36–45.
- Matten, D., & Moon, J. (2008). ‘Implicit’ and ‘Explicit’ CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review*, 33(2), 404–424.
- Mesch, M. (Ed.). (1995). *Sozialpartnerschaft und Arbeitsbeziehungen in Europa*. Wien: Manz.
- Mühlböck, M. (2012). *Wirtschaftspolitik und corporate citizenship in Österreich*. WKS: Edition Verantwortung.
- Netzwerk Soziale Verantwortung (NeSoVe). Retrieved January 23, 2014, from <http://www.netzwerksozialeverantwortung.at/pages/dasnetzwerk/kurzbeschreibung.php>
- Nowotny, E., & Winckler, G. (Eds.). (1994). *Grundzüge der Wirtschaftspolitik Österreich*. Wien: Manz.
- Pesendorfer, D. (2007). *Paradigmenwechsel in der Umweltpolitik: Von den Anfängen der Umwelt zu einer Nachhaltigkeitspolitik: Modellfall Österreich?* Wiesbaden: VS Verlag für Sozialwissenschaften.
- Raith, D., Korenjak, T., & Ungericht, B. (2009). *Corporate social responsibility in Österreich: Studie im Auftrag des Netzwerks Soziale Verantwortung (NeSoVe)*. Retrieved December 3, 2014, from http://www.bmask.gv.at/cms/site/attachments/0/0/9/CH2247/CMS1318326022365/csr_in_oesterreich.pdf
- RespACT/Austrian Business Council for Sustainable Development. Retrieved December 21, 2013, from <http://respect.at>
- Schima, G. (2007). Business judgment rule und Verankerung im österreichischen Recht. *GesRZ*, 93.

- Schmidpeter, R. (2008). *CSR-navigator: Österreich. Die Rolle der österreichischen Politik bei der Förderung von CSR*. Gütersloh: Bertelsmann Stiftung.
- Schmidpeter, R., & Neureiter, M. (2008). Corporate citizenship in Österreich – Unternehmen als organisierte Bürger. In H. Backhaus-Maul et al. (Eds.), *Corporate citizenship in Deutschland. Bilanz und Perspektiven*. Wiesbaden: VS Verlag.
- Schmidt, A. (2010). CSR – Austria. In W. Visser & N. Tolhurst (Eds.), *The world guide to CSR*. Sheffield, England: Greenleaf.
- Statistik Austria. (2011). *Umweltschutzausgaben*. Retrieved December 21, 2013, from http://www.statistik.at/web_de/statistiken/energie_und_umwelt/umwelt/umweltschutzausgaben/index.html
- Strigl, A. (2005). Austria – Concerted action towards sustainable development. In A. Habisch, J. Jonker, M. Wegner, & S. Rene (Eds.), *Corporate social responsibility across Europe*. New York: Springer.
- Tálos, E. (2005). *Vom Siegeszug zum Rückzug. Sozialstaat Österreich 1945–2005*. Innsbruck: StudienVerlag.
- Torggler, U. (2009). Von Schnellschüssen, nützlichen Gesetzesverletzungen und spendablen Aktiengesellschaften: Zum Ermessenspielraum bei der gesellschaftsrechtlichen Organhaftung. *Wirtschaftsrechtliche Blätter*, 23, 168–176.
- Trigos. Retrieved December 21, 2013, from <http://trigos.at/trigos/uebertrigos>
- Van Marrewijk, M., & Were, M. (2003). Multiple levels of corporate sustainability. *Journal of Business Ethics*, 44, 107–119.

Insights into the CSR Approach of Switzerland and CSR Practices of Swiss Companies

Katharina Hetze and Herbert Winistörfer

1 Socio-economic Factors in Switzerland and the General Conditions for CSR

Switzerland is comprised of 26 cantons subdivided into four language areas. In addition, there are three state levels: federal government (the highest political level), the canton, and the local municipality. The Swiss Federal Council is the nation's governing body. This is made up of seven members of equal status, voted for by the Federal Assembly (national parliament) to serve for 4 years. All the main language regions and political parties should be proportionately represented at the Federal Council in accordance with the principles of concordance. The tasks of the Federal Council are to govern, enact laws, implement parliamentary resolutions, and provide public information (Der Schweizerische Bundesrat, n.d.). Politics in Switzerland is characterized by the image of itself as a 'nation forged by the will of the people' in which national identity is based, among other things, on a common heritage and a liberal, fundamentally democratic, federal tradition, and at times on its perception of being a 'special case' as a small nation—neutral, multi-lingual, and essentially on its own (Oberholzer, 2011, p. 10). Its political system is based on federalism, elements of direct democracy, a neutral foreign policy, and a focus on consensus domestically, making Switzerland a consociational democracy, in which decisions are reached by means of consensus. Thus, Switzerland also has a long tradition of settling its industrial disputes peacefully. In general, conflicts between employers and employees are resolved at the negotiating table, making strikes a rare occurrence. Labor unions are principally involved in negotiating social

K. Hetze • H. Winistörfer (✉)

Department of International Business, ZHAW School of Management and Law, Winterthur, Switzerland

e-mail: winh@zhaw.ch

provisions for workers, such as unemployment, accident, and health insurance. They become involved on a political level when it concerns the protection of employees and the threat of reduced social provision (Presence Switzerland: High wages, long hours, n.d.). Nevertheless, between 2002 and 2011 labor union membership fell from 25 to 20.9 % (Schweizerischer Gewerkschaftsbund, 2012).

Switzerland is one of the wealthiest countries in the world. Gross Domestic Product (GDP) per capita in Switzerland in 2012 was US\$79,033—its highest value since 1990. According to the World Economic Forum Global Competitiveness Index, which measures the competitive position of nations, Switzerland was once again in #1 place in 2013 (Schwab, 2013). The majority of GDP is generated in the secondary and tertiary sectors, i.e. importing raw materials and turning them into high-value goods such as pharmaceuticals or luxury watches. With most people being employed in the tertiary sector (such as in banking and insurance), this forms an important part of the overall economy. Small and medium-size enterprises (SMEs) employ around two third of the entire working population (Presence Switzerland: The Swiss economy, n.d.). The Swiss economy has a liberal economic system, political stability, and close integration with foreign economies to thank for its high stage of development. The state creates the necessary framework and only intervenes when it is in the public interest to do so (Presence Switzerland: Dependence on trade, n.d.). In the Esping-Andersen (1990) typology with its three forms of welfare capitalism (the liberal Anglo-Saxon model, conservative Continental Europe model, and social democratic Scandinavian model), Switzerland conforms most closely to the conservative Continental Europe model despite a rather more liberal arrangement than in neighboring central European countries. However, it is necessary to differentiate between the various language areas. In the German-speaking Switzerland, the subsidiarity principle has greater significance, with tasks only being transferred to a higher federal level if they can clearly be carried out more effectively there than they would be at the subordinate federal level (Stellmacher, 2011). French-speaking Switzerland is more orientated towards France, where the welfare state has a more important role. Ultimately, the mass media as the “fourth power” in a democratic system play an integral part in Swiss society since they report on events all over the world and impart knowledge. Indeed, it could be argued that the nation has a long journalistic tradition characterized by pronounced international openness which rates highly in comparison with other countries. At the same time, the media landscape is undergoing a process of transformation as online content offers an increasingly popular alternative to traditional media sources; in 2010, 85 % of households had access to the Internet (Bundesamt für Statistik [BFS], 2014a; 2014c). Differences between German-speaking and French-speaking Switzerland with regard to the issue of sustainability/CSR can be identified. “There is a significant difference between the French-speaking media and the German speaking media. In the French-speaking part of Switzerland, the media (including the business media) communicate CSR information on a regular basis. It is, however, more difficult to motivate the media in the German-speaking part to invest in CSR-focused publications” (CSR Europe, 2010, p. 78).

Before going into sustainability and CSR in corporations and the context of Swiss sustainability policies and the green economy, the following chapter will discuss the historical development of the political framework for sustainability and CSR in Switzerland.

2 The Development of Political Frameworks for Sustainability and CSR in Switzerland

The beginnings of social sustainability in connection with the private sector date back to 1877 when the so-called “Factory Act” shortened the working day, provided special protection for women and children, and introduced safety standards. The Act signified the first intervention by the public authorities into regulations affecting the factory—a domain hitherto exclusively the private preserve of the owner. From then on, factory regulations were monitored by the cantonal authorities, who had the full weight of the law behind them. In addition to this, a Federal Factories Inspectorate was created whose task it was to oversee and ensure the law was enforced (Schiwoff, 1952). While forestry legislation in Switzerland provided protection for wooded areas from 1885 onwards, guaranteeing natural and sustainable forestry management (Amstutz, 2004), environmental legislation was only passed during the 1950s as a result of the economic boom which led to water and air pollution, environmental contamination, etc. (Presence Switzerland: Switzerland and the environment, n.d.). Among other things, and in reaction to a public debate about natural borders of economic growth (Meadows, Meadows, & Zahn, 1972), a constitutional article concerning environmental protection was adopted by Switzerland in 1971; in 1983, the Environmental Protection Act was passed into Swiss law. During the 1980s and 1990s, Switzerland enacted relatively progressive, corporate environmental protection legislation. The principal driving force behind this was poor air quality and the Schweizerhalle fire disaster, in which a major chemical spillage led to massive pollution of the Rhein River. These statutory requirements—relatively strict by international standards—triggered a wave of innovation in the field of environmental technology (Knoepfel & Varone, 2000), giving Switzerland, temporarily, a pioneering role in this sector of the economy.

In 1992, the Swiss population voted against joining the European Economic Area (EEA) in a landmark referendum but in favor of a “bilateral way” with regard to its European neighbor states. Since then, individual dossiers such as the freedom of movement of persons, transport, or trade have been regulated with the EU through bilateral agreements. In so doing, they uncoupled themselves from the European Union in the area of sustainability and CSR policy and followed their own path. At the same time, Switzerland became more strongly integrated into international regulations and treaties concerned with sustainability. In this respect, the Rio Conference of 1992 played a central role. Together with other participating countries, Switzerland committed itself to both national and international strategies

for the design and implementation of sustainable development and became signatory of the Rio Declaration on Environment and Development as well as the Agenda 21 (Interdepartementaler Ausschuss Nachhaltige Entwicklung [IDANE], 2012). In 1993, the Swiss Federal Council passed responsibility for the orientation and co-ordination of all follow-up work to a specially set up committee; 20 government offices were represented on the Interdepartmental Rio Committee (IDARio). Its presidency rotates each year between the Swiss State Secretariat for Economic Affairs (SECO), the Swiss Agency for Development and Cooperation (SDC), the Swiss Federal Office for the Environment (FOEN), and the Federal Office of Public Health (FOPH). In 1996, it submitted its report “Sustainable Development in Switzerland” to the Federal Council and as a result was charged with the task of developing a corresponding strategy, “Sustainable Development in Switzerland”, which was approved by the Federal Council in 1997 (Bundesverwaltung, 1997). In 1998, the Swiss government also created the “Swiss Council for Sustainable Development”. Its task is the implementation of sustainable development by means of new political approaches and legislation, supported by direct public communication (UVEK, 1998). The objective of sustainable development has also been embedded in the Federal Constitution since 1999; Article 2 declares that sustainable development is a state goal; Article 73 requires both state and canton to strive for a durable, balanced relationship between nature and its ability to regenerate on the one hand, and the demands placed on it by humans on the other. Switzerland is thus the first country in the world to have enshrined sustainability within its constitution (Spindler, n.d., p. 1). Sustainable development is therefore not an optional task for federal government or the cantons. A year after the CO₂ law came into force in 2000 (Federal Office for the Environment [FOEN], n.d.), the “Sustainable Development Forum” was established, which was to be the central platform for the implementation of sustainability policy in Switzerland (IDANE, 2012). Constitutional obligations to sustainable development are implemented by the Federal Council through strategies for sustainable development (latest strategy 2012–2015) (Federal Office for Spatial Development [ARE], n.d.). Alongside conceptional guidelines, the strategy contains a total of 22 performance-related measures in ten action areas. The role of the private sector is also referred to in the title “Responsible Corporate Leadership”: “‘Corporate social Responsibility’ (CSR) is a voluntary contribution by business to sustainable development. The state plays a complementary role here. The Federal Council fulfils this function by promoting corporate social responsibility in certain areas, for example in corporate awareness-raising campaigns, supporting the development of guidelines and standards for CSR, and encouraging CSR in developing and transitional economies” (Swiss Federal Council, 2012, p. 33). Thus many EU states have more far-reaching ideas and guidelines than Switzerland concerning individual sustainability issues and CSR as a cross-sectional function in corporations (Table 1).

The following section will take a closer look at current sustainability topics in Switzerland which are addressed by CSR approaches in corporations.

Table 1 Milestones of the development of CSR in Switzerland

Year	Milestones
1877	Factory act (social protection)
1950s	Environmental legislation
1983	Environmental protection act
1989	Founding of “öbu. works for sustainability”, a Swiss association for sustainability oriented companies
1992	Rio conference: Swiss commitment to national and international strategies of sustainable development
1993	Set-up of the interdepartmental sustainable development committee (IDARio) representing over 20 government offices in order to coordinate federal activities related to sustainable development
1996	Report “Sustainable Development in Switzerland”
1997	First strategy for sustainable development issued by the Swiss federal council (revised 2002, 2008 and 2012)
1999	Sustainable development is a state goal by constitution
2003	Introduction of the MONET indicator set to measure progress in sustainable development in Switzerland
2009	First CSR concept for the Swiss federal administration issued by State Secretariat for Economic Affairs SECO (to be revised 2014)

3 Sustainability Topics in Switzerland and in the Green Economy

Switzerland as a place of production creates relatively little environmental pollution compared with many other countries. The absence of fossil-fuelled power stations and large-scale mining means it has only a small amount of heavy industry and relies on a contrastingly large service sector. However the ecological footprint left by Switzerland measures five global hectares per person, making it average among west European countries. The nation’s bio-capacity is a mere 1.2 global hectares per head, meaning that for decades there has been an imbalance between ecological footprint and bio-capacity, which has had to be balanced through the import of natural resources. The fact that Switzerland, in so doing, consumes more environmental power and resources than are globally available is not sustainable (BFS, 2014b). The Swiss Federal Office for the Environment points out that pressure on natural resources in recent years has increased again. The main challenges to be addressed consist of air pollutant levels regularly exceeding threshold levels, micro-particle damage to the eco-system, an increasing sealing of the soil surface by constant expansion of residential areas and roads, the loss of biodiversity, and climate change (FOEN, 2013a, p. 7). Notwithstanding, the Swiss population considers environmental quality to be largely “very good” or “quite good”. Although environmental quality in Switzerland [in 2011] was rated by 92 % as very good or quite good, only 23 % of respondents gave the same rating concerning environmental quality worldwide (BFS, 2014e).

As in all places, Swiss corporations face both risks and opportunities in that their stakeholders expect them to accept responsibility for the economy. A particular concern—and therefore exposure to risk—in Switzerland are the large multinational corporations operating in the pharmacological, agricultural chemical, financial services, raw material trading, and comestible goods sectors. They are the focus of attention for the most important, Swiss-oriented, business-critical, non-governmental organizations: the “Berne Declaration” and the “Swiss Alliance of Development Organizations”: With regard to aspects of CSR, it is mainly patent protection and the pricing of drugs in developing regions which are controversial discussion topics with the pharmaceutical industry. To its critics, the agricultural chemical industry stands for genetic engineering, the undesirable effects of pesticides, and the marginalization of agricultural smallholdings. In the financial services industry—relevant to Switzerland since the beginning of the twentieth Century—important CSR topics in recent years have been salary policy, tax evasion services, the management of potentate funds, and its handling dormant assets dating back to the Second World War. While around 20 % of global raw material trade is conducted through corporations based in Switzerland (Berne Declaration, n.d.), the raw material trading industry has only been the subject of public attention since the turn of the century. It has been critically observed that Swiss raw material corporations have been both exploiting legal gray-areas as well as being active in fragile countries, with a spectrum of critical issues ranging from human rights abuses, precarious working conditions, and forced resettlement (social aspects of sustainability) through to enormous land use and the exceeding of limits on air and environmental pollution (ecological aspects of sustainability) (Berne Declaration, n.d.). The food industry has come in for particular criticism concerning the agricultural production of individual raw materials (e.g. cocoa, coffee) in developing regions, the privatization of drinking water, and the lack of protection for trade union activity.

On the other hand, CSR topics also offer opportunities for Swiss corporations. Ecologically-sound economic practices, ecological products and services, as well as their active promotion by the state are playing an increasingly important role. “Sales of resource-efficient and environmentally-friendly products and services in the areas of food production, construction, energy supply, water management, mobility, biotechnology and waste management, recycling, and environmental technology, in the narrow sense, grew by 6.3 % annually from 2001 to 2009” (WWF, 2011, quoted in: FOEN, 2013a, p. 27). In comparison with other countries, Switzerland has a high rate of growth and leads the way in the consumption of Fairtrade and organic produce (Max Havelaar-Stiftung, 2012), which is, if nothing else, the result of intensive marketing campaigns by the country’s two leading food retail giants (Coop and Migros). Between 2007 and 2011, there was a virtual stagnation in general turnover among food retailers while sales of organic products increased by 25 % (Brändle et al., 2013, p. 19). This state of affairs provided good opportunities for both the agriculture sector and for producers with a focus on sustainability. One of the most important economic themes is therefore the green economy. For this purpose, the Green Party launched an initiative and the Federal

Council an action plan both entitled “The Green Economy”; the Federal Council’s action plan includes 27 existing and new measures in four implementation areas (Consumption and Production; Waste and Raw Materials; Co-Ordinated Tools; and Goals, Measurements, Information, News Coverage) (Öbu – Netzwerk für nachhaltiges Wirtschaften, 2013). With the green economy, natural resources are protected—through a reduction in resource consumption on a nature-compatible level—and the Swiss economy is strengthened (FOEN, 2013b). Because the Federal Council welcomed the initiative while at the same time declaring it too ambitious, it wants to create general conditions to serve both the interests of the environment and the economy through its own plan of action which includes changes to environmental legislation as well as voluntary measures (FOEN, 2013b). The task of clearing the path to a green economy is seen as one which will occupy Switzerland across generations and for decades to come (Forster, 2013). The subject is therefore thought of as a priority in an international context which has led to Switzerland becoming engaged in initiatives for green economic growth/a green economy (FOEN, 2013b). Thus, environmentally-compatible, economic growth as a prerequisite for protecting the basic needs of people living in the poorest parts of the world has been placed at the center of international efforts to promote sustainable development (Lexikon der Nachhaltigkeit [LdN], 2014).

With regard to a green economy, resource-efficient and renewable energy sources in particular appear to play a key role in Switzerland. The “Cleantech Masterplan”—a joint collaboration between the Federal Department of Economic Affairs and the Federal Department of the Environment, Transport, Energy and Communications—comes into play here. “The Cleantech Masterplan serves as a situation analysis and should lead to greater coordination in terms of resource efficiency and renewable energies. By combining the forces of the federal government, the cantons, the private sector and academic actors, Switzerland should become a leading business location for resource efficient products, services and renewable energies by 2020. [...] This field includes technologies, manufacturing processes and services that help to preserve our natural resources and the environment” (Cleantech, n.d.). The objective is to build on Switzerland’s reputation for quality and to utilize the opportunity “to position the “Swiss” brand at international level as a guarantee of resource-efficient and environmentally-friendly technologies, products and services” (FOEN, 2013a, p. 28). State Secretariat for Economic Affairs (SECO) policy deals therefore in depth with measures in the environment and energy sectors of particular macro-economic relevance (SECO: Economic policy, n.d.). However, it must be noted here that the role of the state in respect of sustainability and CSR in Switzerland is seen only as a complementary one. In its CSR strategy, the State Secretariat for Economic Affairs points out the following main tasks for the Swiss government (SECO, 2009a, 2009b, 2014):

- Shape international framework conditions for CSR (by participating in international organizations and formulating and implementing national strategies and action plans)

- Sensitize and support Swiss companies (by communicating actively; by supporting companies with activities such as training, stakeholder dialogue, public-private-partnerships and best practice examples; by serving as a role model through its own activities)
- Promote CSR in developing and transition countries (by supporting key actors within development cooperation programs)
- Promote transparency (by promoting the international harmonization of non-financial reporting; by supporting the development of tools for non-financial reporting and other CSR transparency initiatives).

All in all, the Swiss government sees its own role within CSR as mainly complementary to the one of the companies who are considered to be the main actors. The government taking more influence than described above, i.e. by granting direct financial support or tax benefits to high performing companies is considered as an inappropriate encroachment onto the market economy by a majority of actors.

4 Corporate Sustainability and CSR Activities of Swiss Companies

A modern understanding of corporate responsibility includes every effect of its decisions and activities on society and the environment, the integration of the entire organization and supply chain, adherence to laws and international standards, as well as the active integration of interest groups (Schweizerische Normen-Vereinigung [SNV], 2011). Swiss corporations make greater use of the terms “sustainability” and “sustainability management” than of “CSR” and are traditionally more concerned with ecological than social issues (Berger et al., 2012). This may be related to the fact that the pursuit of sustainability issues in a corporate context has developed out of the handling of environmental issues. The two Swiss corporations Georg Fischer AG and Coop are both good cases in point. In 1992, the multi-national industrial concern Georg Fischer, active in the automotive, piping, and engineering sectors, committed itself to sustainable practices and 3 years later installed an in-house environmental management system which in the following years also included the establishment of environmental policies, ISO14001 certification of its environmental management system by the EMAS, and the construction of an operational environmental information system. In 2000, the corporation’s first environment report was published. In further developments, relevant sustainability performance was evaluated in 2004 and a first sustainability report was published in the corporate annual statement. Furthermore, in the following year a sustainable practices management system was constructed and the operational environmental information system extended to include social performance indicators, thus creating a sustainability information system. In 2007, the mission statement incorporating “social responsibility” was introduced. On the occasion of its 200th anniversary, the corporation founded the

Clean Water Foundation which, in keeping with one of its core competencies, focuses on philanthropic activities concerned with clean water supplies in developing regions (Georg Fischer AG, n.d.). The food retailer Coop embedded environmental protection in its statutes in 1973. Between 1989 and 1993, it introduced its own “Oecoplan” brand label, the Fairtrade label “Cooperación/Max Havelaar” along with other ecological own-label names. In 1992, the board of directors announced a policy of minimum requirements for the ecological, social, and ethical acquisition of all products for the Coop group (Coop: Coop Geschichte, n.d.).

The first sustainability report appeared in 2004. Since 2003, Coop has been providing financial support for sustainability projects in the fields of ecology and social welfare (Coop: Coop Sustainability, n.d.). In large Swiss corporations, such sustainable practice activities are usually decided at boardroom level. It is largely strategic and economic considerations motivating sustainable practice activities which together with ethical/moral ideas are integrated into a strategy for social engagement (Ryser, 2010, p. 165). Then there is the motive to strengthen customer loyalty (win trust), customer relationships, and consequently an improvement in the reputation of the corporation (Berger et al., 2012, p. 4; Ryser, 2010, p. 162). Socially responsible practices thus become an integral part of a corporate strategy oriented to the principles of sustainability, no longer standing in opposition to pure market logic (Ryser, 2010, p. 165), with long-term, social motives such as responsibility towards the next generation playing a much smaller role (Berger et al., 2012, p. 4; 20 et seq.).

However, a distinction must be made between large corporations and SMEs since in the case of the latter other motives sometimes play a role. Reasons for corporate involvement in these cases are due more to deeper personal involvement/responsibility on the part of the founder or manager and closer connections to socialization, individual values, and the integration of CSR than to a strategic orientation of the firm itself. The personal stamp of the organization’s founder is therefore frequently of relevance, while internal motives such as the economic benefits of sustainable practice activities and their match to corporate strategy are significant (Ryser, 2010, p. 162), so that sustainability constitutes a mixture of socially responsible and economically successful practices (Christen Jakob, 2012, p. 186). Here there is a particularly close connection between corporate sustainable practice strategy and the organizational structure if business operations are aligned with sustainability/CSR from the outset: When a corporation is established, CSR with an ecological and/or social responsibility is adopted into its strategic objectives and anchored in its mission statement or vision. In this way, corporations as a rule focus, within their area of business, on sustainable respectively responsibly-minded services or products and also transfer these concerns onto the shaping of the organization (Christen Jakob, 2012 p. 197). By contrast, sustainability/CSR can also be introduced into a corporation in stages if sustainability was not an issue at the time it was founded but has developed into one over the course of time. Such development can take place in particular when there is a change in corporate management (Christen Jakob, 2012). In this way, the introduction of sustainability/CSR within a corporation is viewed as an organizational development and exerts

an influence over the entire organization. Many of the measures introduced are not associated with the term sustainability/CSR, resulting in the literature talking of implicit CSR within SMEs (Christen Jakob, 2012, p. 183). In this case, the principal focus of in-house activity is directed towards and addressed in particular to employees. Included, therefore, are concrete activities such as continuing education and equality measures, initiatives to integrate disabled or unemployed persons, health promotion, and flexible retirement models (Christen Jakob, 2012, p. 188). This encourages a good working environment, raises personal identification with the corporation, and positively influences employee motivation. Alongside this, external corporate engagement by SMEs is directed in particular towards local areas of influence where philanthropic contributions and funding activities are widespread. Pronounced local CSR involvement is much more common in those corporations which are based in rural regions. Many employees reside in the local area, in some cases going back many generations, and this strengthens the connection (Christen Jakob, 2012, p. 191). Involvement in global/international areas of influence is more likely if the SME has a business-related link to a particular country (Christen Jakob, 2012).

Philanthropy is never paramount in Swiss corporate social responsibility because since the foundation of the Federation, social safeguarding has been seen as a primary function of the state. Nevertheless around 75 % of Swiss corporations are voluntarily committed to charitable concerns beyond those of responsible and sustainable corporate leadership (Gentile, Lorenz, & Wehner, 2009, p. 11; Von Schnurbein & Bethmann, 2010). For larger corporations, this also includes, for example, passive involvement in the form of donations and gifts (corporate giving), as well as actively through the promotion of social involvement by employees (corporate volunteering), making the corporate infrastructure available to outsiders, offering their services and training facilities more cheaply/free of charge to NGOs, or supporting development projects by offering their products more cheaply or at no charge (Gentile et al., 2009; Von Schnurbein & Bethmann, 2010). Conversely, the involvement of SMEs in charitable work normally takes place through social integration on a local or regional level (such as a local sports club) in order to provide benefits for the community living close to the company's base (Von Schnurbein & Bethmann, 2010, p. 42 et seq.). There are no figures available showing the extent to which charitable involvement is linked to corporate annual turnover/profit; however, the volume of corporate giving compared to philanthropic activity in Anglo-Saxon regions appears to be relatively small.

The following sub-sections will discuss in more detail selected aspects of sustainability management in Swiss corporations.

One of the most comprehensive studies of sustainability management in Swiss corporations is the Swiss Corporate Sustainability Survey 2012. This shows that sustainability management in Swiss corporations up to now has mainly taken place within the confines of employee management, production, acquisition, sales and marketing since these functions handle those tasks in which Swiss corporations are most frequently confronted directly with ecological or social issues, respectively (Berger et al., 2012, p. 33). Employees, suppliers, and customers all belong to the

group of stakeholders most relevant to the corporation (Berger et al., 2012, p. 4). Measures for sustainable practices already in place within a corporation relate in the ecological dimension mainly to “increasing the use of recycled materials” and a “reduction in waste produced”. In the social dimension, the topics of “employee advancement” and “job security/health protection” are especially emphasized since employees are among a corporation’s most important stakeholders (Berger et al., 2012, p. 4). Here the orientation towards voluntary international standards and guidelines plays an important role; worthy of special mention are the UN Global Compact, the OECD Guidelines for Multinational Corporations, and the ISO 26000 Standard, which are valid as comprehensive guidelines for CSR and sustainability management (Lang, 2011). There are 67 business participants from Switzerland in all sectors, with an active COP status who were accepted between 2000 and 2014 (UNGC, 2014). The core essence of the Swiss local network of the UN Global Compact is to practice a business driven approach in which the network “serves as a platform beneficial for exchanging information, best practice and learning experiences” (ICC, 2014). ISO 26000 has been recognized as an important and legitimate reference point for corporate responsibility, but only few companies use it to have their day-to-day practices guided by the standard. This is mainly due to missing opportunity of third party certification. By contrast, the certification according to quality, environmental and supply management or health and safety management system standards (ISO 9001, ISO14001 resp. OHSAS 18001) are among the common sustainable practice standards found among Swiss corporations (Berger et al., 2012, p. 34). However, there is neither a continuous evaluation of target achievements for sustainable practice measures (which would make it easier for corrections to be made), nor is there any responsibility undertaken for the substantiation of sustainability goals beyond adherence to legally applicable minimum standards. Also no benchmarking database is available, which could be used by companies to compare their sustainability performance data with peer companies [as it is used i.e. in Germany, see Berger et al., (2012, p. 8 et seq.)]. The ‘International Sustainability Barometer’ devised by Schaltegger et al. (2012) shows that Swiss corporations come off worse in many sustainability issues than corporations in other countries: “Sustainability management seems to be of little strategic relevance, since top management is not very involved. Yet, several sustainability management tools are frequently known and applied in the Swiss companies surveyed, of which a large share belongs to the finance and service sector. Compared to other country samples with a large share of service companies (France, Belgium, and Spain), the integration of sustainability into the core business is less pronounced in Switzerland.” (Schaltegger et al., 2012, p. 41).

Notwithstanding this, sustainability communication plays an important role in Swiss corporations. In 2012 the federal parliament voted against an obligation for companies listed at Swiss stock exchanges to disclose non-financial performance information according to the GRI standards (Schweizer Parlament, 2014). Nevertheless, figures for sustainability communication by Swiss corporations therefore show that communication activities among large corporations are widespread. In 2008, Birth et al. stated that 74 % of the large Swiss corporations they questioned

were engaged in communicating their sustainable practices (2008, p. 188 et seq.). The Swiss Corporate Sustainability Survey 2012 shows that only 7 % of the large corporations they interviewed carried out *no* communication activities (Berger et al., 2012, p. 27 et seq.). This high percentage of voluntary information is attributed by Stiller and Daub (2007, p. 479 et seq.) to the so-called “small-country effect”, whereby the public pressure persuades corporations to justify openly their practices and operations. In a direct democracy such as Switzerland where citizens play an active role in political affairs through the referendum system, there is a special need for information and the opportunity to form an opinion is highly rated—indeed it may actually be taken for granted. This state of affairs can be viewed as an important driving force for the development of communication of sustainable practices.

The communication of sustainable practices can thus be thought of as well established in large Swiss corporations and taken to be a win-win situation, contributing to the formation of a (positive) corporate image and thereby constituting an integral part of the corporate strategy. From the importance placed by a corporation on its public image expressed in terms of client loyalty and increased trust, and its associated reputation, it can be deduced that the communication of sustainable practices is directed to a large extent outwards (Berger et al., 2012, p. 20 et seq.). In this way, Birth, Illia, Lurati, and Zamparini (2008, p. 193) categorize corporate communication by the ‘Anglo-Saxon approach’, which is active and open. Issues covered include, among others, mission, vision and values, ethics and social engagement, as well as the ecological topic of the environment, the social issues of workers’ and human rights, and the economic topic of development in local business (Birth et al., 2008, p. 190). Large Swiss corporations as a whole do not see any risk inherent in the communication of sustainable practices; this is the case even when there is concern that such a communication might attract critical press coverage (Birth et al., 2008, p. 192). At the same time, employees also constitute an important stakeholder group, so communication of sustainable corporate practices is likewise directed internally (Birth et al., 2008, p. 190). However, it is sometimes felt that communication of sustainability activities serves image-building to a large extent and that this is reflected accordingly in communications which are aimed principally at employees and end users (Progress 5 CSR-Studies, 2012, quoted in Haufe, 2012).

Nevertheless, communication activities are mainly concerned with pure information activities while, by contrast, the dialogue with stakeholders still plays a subordinate role (Berger et al., 2012, p. 45; Schaltegger et al., 2012, p. 11). For example, this is also significant in relation to online communication activities. Although the Internet is technically capable of providing a platform for active exchanges with stakeholders (Isenmann, Bey, & Welter, 2007), most Swiss corporations have not yet exploited this potential: “Most Swiss companies fail to provide critical non-financial information online and miss the chance to build credibility

and dialogue through dynamic and engaging online CSR communications” (Osborne, 2011). Likewise, communicating sustainable practice activities in the social media has not been important for Swiss corporations up to now. The reasons given for this, apart from lack of knowledge about how to publish corporate activities in the social media, are also their perceived lack of relevance. Consequently, the application of social media for communicating with stakeholders about sustainability topics is still a rare occurrence (Berger et al., 2012, p. 27 et seqq.). Communication of sustainable practices is frequently a one-way process, for example in the form of regular updates to employees and external stakeholders through targeted information about the corporate website or sustainability reports.

From the year 2000 onwards, an increasing number of corporations took advantage of opportunity to publish their own sustainability reports, with sustainability reporting most common among publically listed organizations (Birth et al., 2008, p. 191). In 2011, 70 % of publically listed corporations (SMI Expanded) and 51 % of the 110 largest Swiss corporations published reports on sustainable practice activities (Ernst & Young, 2012). Here, in addition to publishing reports as hard copy, there was increased use of the corporate website. The reporting guidelines used by large Swiss corporations, as in international cases, are the guidelines issued by the Global Reporting Initiative (GRI). In June 2014 the GRI database lists 422 reports from Swiss corporations who are either at least GRI-oriented or report according to one of the GRI versions. The number of companies publishing reports has increased since the first generation of guidelines has been available (2001–2014). A peak in new registrations was reached in 2011 which 88 new reports from Swiss organizations entered into the data base (Global Reporting Initiative [GRI], n.d.). A reporting trend to that effect is seen with the orientation towards GRI having brought about a notable standardization in reporting practices. At the same time, greater integration of sustainability reporting (non-financial reporting) is taking place within financial reporting (in the corporate report), which can be justified by a clear savings potential and appears among the increasing number of integrated reports (Stiller & Daub, 2007, p. 484).

Sustainability reporting is not very widespread among SMEs and constitutes a significant financial outlay in the initial stages, with 22.5 % of the SMEs questioned in the Swiss Corporate Sustainability Survey dispensing with any form of communication activity. While the respective communication budget may play a role here, it is also possible that corporations are fearful of being accused of employing ‘green-washing’ tactics (Berger et al., 2012, p. 27 et seqq.).

Following this review of the development of political frameworks for CSR, sustainability topics in Switzerland, and the implementation of sustainable practices and CSR within Swiss corporations, the final chapter deals with what challenges exist at a corporate as well as an economic level with regard to further development.

5 The Further Development of Sustainability/CSR in Switzerland

At a corporate level, the Swiss Corporate Sustainability Study 2012 shows that the majority of Swiss corporations interviewed expect, with an eye on the future, that the significance of sustainability topics and a corporate leadership aligned with sustainability will increase either somewhat or very much (Berger et al., 2012, p. 4; 39). External challenges are perceived mainly in the adaptation of products to meet customer demands, the shortage and increasing cost of resources, and uncertainty about political decisions and the nature of their impact (Berger et al., 2012, p. 39). Internal challenges include, in particular, the utilization of sustainability as a driving force for innovation and profitability, the embedding of sustainability within corporate strategy, and the formulation and achievement of sustainability goals (Berger et al., 2012, p. 40). In addition to this, the weak points shown can be cited as challenges facing a broad sweep of sustainable practice managers in Swiss corporations concerned with adherence to legal minimum standards which go beyond the substantiation of sustainability targets and an ongoing evaluation of corporate sustainability performance by external accreditation and certification. In respect of the challenges which ought to be tackled in the future, the Swiss corporations in question maintain that changes in energy consumption, especially in relation to energy efficiency and renewable energy sources, define the most important trend. Challenges faced by raw material suppliers are addressed retrospectively, with future issues of concern being raw material acquisition and in this context the search for alternative materials, as well as the shortage and increasing cost of raw materials (Berger et al., 2012, p. 41 et seq.). Alongside this, the subjects of climate (climate change as well as environmental/climate protection) and water (reduction in water consumption) are seen as being particularly relevant for the future. The shortage of specialists is considered an economic challenge (Berger et al., 2012, p. 41). Since procurement and production activities for many Swiss corporations are focused on Switzerland and Europe, the issues of “human rights” and “corruption” have played less of a role up to now (Berger et al., 2012). It is debatable in what context they will gain more significance in the future. With regard to corporate communication of sustainable practices, there exist challenges concerning perceived weaknesses in stakeholder dialogue, the utilization of social media for communication of sustainable practices, and further developments in reporting. For SMEs in particular, there is development potential here.

With a view to the financial services and raw material supply industries, selected current and future exemplary challenges in relation to corporate responsibility should be outlined. In the financial services industry, international pressure with regard to greater transparency in the fight against tax evasion is increasing. Banking secrecy, embedded in Swiss law, which has given Switzerland a locational advantage for many years, is already being relaxed and by 2015 will be abandoned altogether in parts. However, the prerequisite for this, according to the Swiss Bankers Association, is that the same rules apply to other financial institutions

(Handelsblatt, 2013). Switzerland is one of the largest trading points for raw materials in the world. The significance of the raw material trade for the Swiss economy has grown enormously in recent years and since then thousands of dealers and finance specialists have been employed in this sector. Sales revenues from transit trade in 2011, which consisted almost entirely of trade in raw materials, totaled a sum of over CHF 700 billion compared to the Swiss GDP of around CHF 560 billion (FOEN, 2013a). The raw materials sector has a huge impact on global environmental pollution because as an importer and location of countless influential trading companies Switzerland shares responsibility for the way in which raw materials are won, processed, and marketed (FOEN, 2013a). In the same way, human rights are another issue which is certain to gain in significance in the industry in the future, in the same way that the subject of tax evasion plays an important role. Swissaid therefore requires, as it tackles tax evasion in this commercial area, raw material trading companies to declare their turnover, capital costs, and profits by means of “country-by-country reporting” (Swissaid, n.d.).

However, tax evasion not only concerns the raw materials sector but is a CSR issue affecting the whole of the Swiss economy. Corporations such as Apple, Google, Amazon, Starbucks, or Vale have all come in for criticism in this respect. The Swiss NGO—Berne Declaration, leveled criticisms against the Brazilian mining giant Vale, which was able to reduce its tax bill by operating through its Swiss subsidiaries in the canton of Vaud, thus enjoying the federal and cantonal tax privileges, while Brazil and other developing/emerging countries were being damaged by the corporation’s activities (Erklärung von Bern, 2013). Starbucks has been accused of evading taxation in Great Britain—among other things by claiming losses through a Swiss subsidiary while charging inflated prices for coffee (Wuhrer, 2012). In the meantime, SwissHoldings, the association of industrial corporations and service providers in Switzerland, points out that the country is now bringing the controversial cantonal tax rules into line and identifying itself with fair practices. The State Secretariat for International Financial Matters also welcomes the ongoing development of fair tax practice initiatives. It has also been pointed out that the same competition rules apply to everyone and that international tax competitiveness must be maintained. From a Swiss point of view, not only aspects of taxation but also state subsidies or other incentives for corporations should be addressed (NZZ, 2013c).

In addition to economic issues, other matters which will concern corporate Switzerland more greatly in the future are two ecological sustainability topics: energy efficiency and biodiversity.

Since 1990, total energy consumption has risen by 14 %, of which 55 % comes from fossil fuels and 23 % from nuclear power stations. In 2012, the largest single consumer was the transport sector at 35 %, followed by private households (28 %), industry (19 %), and service providers (16 %). 77 % of Swiss energy needs were generated outside the country (BFS, 2014d). The Swiss Federal Office of Energy points out “that in the next few years Switzerland will not only have to deal with the problem of greenhouse gas emissions, but will also have to overcome the threatening scarcity of available energy, is often pushed into the background” (Swiss

Federal Office of Energy [SFOE], 2013). A reduction in energy consumption together with action against global warming, energy shortages, and dependence on foreign energy supplies helps in this regard. An increase in energy efficiency in this context is the most important tool since greater energy efficiency enables the desired benefits to be achieved with lower energy consumption. The Swiss Federal Office of Energy lists three essential advantages which increased energy efficiency provides: increased economic efficiency, a reduction in energy shortages, and a fall in the emission of greenhouse gases. “The reduction of energy consumption by increasing the degree of energy efficiency also means that meeting a significant proportion of Switzerland’s energy requirements through the use of renewable forms of energy in the future will be a realistic option.” (SFOE, 2013).

However, efficiency in Switzerland also has to be more keenly debated in relation to the sufficiency of sustainable practice strategies. While sufficiency in the narrow sense is aligned with lower consumption of resources, in the broader sense it is understood to imply a change in values and a new relationship with prosperity (Aebi, 2012). Irrespective of various definitions, it can be concluded that sufficiency means moderation in the use of products, services, and resources. Such moderation and “making do” requires behavioral changes. The ultimate goal is to place less of a burden on the environment (Aebi, 2012, p. 5). In this way, efficiency is complemented by sufficiency, for example in the areas of energy and mobility (Mauch, North, & Pulli, 2001; Stadt Zürich, 2012). In addition to this, sufficiency is being discussed both as a new lifestyle and a new business model (Hildesheimer, 2012; IKAÖ, 2013). Critical voices point out that the growth-driven society could have reached its limits and a complete rethink is needed (Daum & Teuwsen, 2011; Linz, 2013; NZZ, 2013a). Such a rethink could possibly be beneficial for biodiversity in Switzerland as well.

Because biodiversity in Switzerland is in decline and corresponding benefits such as the sourcing of foodstuffs and raw materials or the fertility of the ground are now in danger, in 2012 the Federal Council adopted a Swiss biodiversity strategy (Bundesamt für Umwelt [BAFU], n.d.). This strategy contains ten objectives and makes the preservation of biodiversity a national goal which affects practically the whole of society, from commerce to agriculture, energy production, spatial development, research, and the people themselves (BAFU, n.d.). As the findings of the Swiss Corporate Sustainability Survey 2012 show, the issue of biodiversity remains unimportant to Swiss corporations, leading to the obvious question of whether the relevance of biodiversity in a corporate context is underrated. The issue of biodiversity presents corporations with both risks and opportunities. One positive effect might be that consumers become increasingly aware of the issue and take account of this when choosing what to buy (Berger et al., 2012, p. 25). As a consequence, the issue would become one which corporations would take greater notice of in the future.

In addition to ecological and economic issues, social sustainability topics will also gain prominence in the future. An example of such a social sustainability topic at corporate level is that of gender equality. Here it is a matter of so-called ‘gender mainstreaming’. Data about equality in Switzerland show that in comparison to

other European countries women have an above-average labor force participation rate; in 2012 this figure was 73.6 % (NZZ, 2013b; Schälín, 2008). However, in Switzerland, men generally enjoy a higher professional status than women and even with the same level of education and employment have considerably better opportunities to reach top positions, with the greatest gender discrimination taking place against women with university degrees (Bühler & Heye, 2005). Since 2014, there has been a target rate of 30 % participation of women on the supervisory boards of public bodies (Tagesanzeiger, 2013). The Swiss Business Federation *economiesuisse*, however, rejects fixed quotas for women as it would prefer to promote the issue through corporation-internal goals supported by simultaneous, family-friendly working conditions (Derrer & Vetter, 2012). In addition to equality in the workplace, other related topics include equal rates of pay, protection from sexual harassment, and balancing work with having a family (Federal Office for Gender Equality [FOGE], n.d.). The fact that this is still a matter of concern some 20 years after the introduction of gender equality legislation in Switzerland [Bundesgesetz über die Gleichstellung von Frau und Mann; see The Federal Authorities of the Swiss Confederation (2014)] is demonstrated by the reality that women earn on average 17.9 % less than men in Switzerland while the EU average is 16.2 % (NZZ, 2013b).

Another social sustainability topic facing Switzerland in the future will be 'mental health' with the subject receiving greater attention in recent years following the suicides of senior managers in Switzerland. An OECD report on psychological health and work in Switzerland shows that many OECD countries cannot but treat the increase in psychological disease among its workforce as a matter of concern to the labor market and to society, and therefore respond accordingly (OECD, 2014). At the same time, the Swiss system provides good opportunities to counter problems of psychological impairment in the workplace (OECD, 2014, p. 15).

6 Conclusion

In one of the wealthiest countries in the world with relatively few social, ecological, and economic problems, the expectations of interest groups towards corporations with regard to CSR are focused primarily on their integration in the global supply chain. For Swiss corporations, these are typically strong. Large transnational corporations have, without exception, the professional structure and resources to implement CSR at a high international standard. In the macro-economically significant group of SMEs, a modern approach to CSR is noticeably less widespread. Here individual pioneer companies have shown that a systematic, integrated application of sustainable practices can be very successful. At the same time, many others are still a long way from this position. One reason for this may be that from a political point of view there has, up to now, been very little in the way of a framework to encourage such activity, nor any support for CSR expansion, even among those corporations where it was originally launched. A much stronger

dynamic exists in the neighboring European countries. If this trend continues, there is a danger that Swiss corporations will lose any competitive edge in an international market. An important driving force for a stronger corporate focus may lie in Swiss consumers' greater willingness, in comparison with other countries, to pay for goods and services which have social or ecological added value.

References

- Aebi, S. (2012). *Suffizienz. Eine Literaturrecherche*. Bern, Switzerland: Bundesamt für Energie, Sektion EnergieSchweiz.
- Amstutz, U. (2004). Die Waldpolitik des Bundes und ihre Auswirkungen auf die schweizerische Waldwirtschaft. *Forum für Wissen, 2004*, 99–102.
- Berger, V., Winistörfer, H., Weissert, S., Heim, E., & Schüz, M. (2012). *Swiss corporate sustainability survey 2012. Nachhaltigkeit in Schweizer Unternehmen*. Winterthur, Switzerland: ZHAW School of Management and Law.
- Berne Declaration. (n.d.). *Commodities*. Retrieved from <http://www.bernedeclaration.ch/topics-background/trade/commodities/>
- Birth, G., Illia, L., Lurati, F., & Zamparini, A. (2008). Communicating CSR: practices among Switzerland's top 300 companies. *Corporate Communications, 13*(2), 182–196. doi:10.1108/13563280810869604.
- Brändle Schlegel, N., Künzi, D., Fuhrer, M., & Hotz, M. (2013). *Retail outlook 2013 – Fakten und Trends. Swiss Issues Branchen, Januar 2013*. Zurich, Switzerland: Credit Suisse Economic Research.
- Bühler, E., & Heye, C. (2005). *Eidgenössische Volkszählung 2000. Fortschritte und Stagnation in der Gleichstellung der Geschlechter 1970–2000*. Neuchâtel: Bundesamt für Statistik.
- Bundesamt für Statistik [BFS]. (2014a). *Medienindikatoren – Internet – Internetzugang der Haushalte*. Retrieved from <http://www.bfs.admin.ch/bfs/portal/de/index/themen/16/03/key/ind16.indicator.30109.160204.html>
- Bundesamt für Statistik [BFS]. (2014b). *Analyses – Switzerland's ecological footprint*. Retrieved from <http://www.bfs.admin.ch/bfs/portal/en/index/themen/21/03/01.html>
- Bundesamt für Statistik [BFS]. (2014c). *Medien*. Retrieved from <http://www.bfs.admin.ch/bfs/portal/de/index/themen/16/03.html>
- Bundesamt für Statistik [BFS]. (2014d). *Umwelt – Indikatoren: 1 Nutzung natürlicher Ressourcen – Energieverbrauch*. Retrieved from <http://www.bfs.admin.ch/bfs/portal/de/index/themen/02/06/ind17.indicator.1300105.13001.html>
- Bundesamt für Statistik [BFS]. (2014e). *Umwelt – Indikatoren: 3 Umweltzustand – Einschätzung der Umweltqualität*. Retrieved from <http://www.bfs.admin.ch/bfs/portal/de/index/themen/02/06/ind17.indicator.1300317.13003.html>
- Bundesamt für Umwelt [BAFU]. (n.d.). *Strategie Biodiversität Schweiz: Aktionsplan nimmt Gestalt an*. Retrieved from <http://www.news.admin.ch/message/index.html?lang=de&msg-id=50932>
- Bundesverwaltung. (1997). *Aktionsplan Nachhaltige Entwicklung: Die Schweiz soll nachhaltiger werden*. Retrieved from <https://www.news.admin.ch/message/index.html?lang=de&msg-id=3091>
- Christen Jakob, M. (2012). Corporate social responsibility in Schweizer KMU. In T. Wehner & G.-C. Gentile (Eds.), *Corporate volunteering: Unternehmen im Spannungsfeld von Effizienz und Ethik* (pp. 183–202). Wiesbaden, Germany: Springer Gabler.
- Cleantech. (n.d.). *Cleantech masterplan*. Retrieved from <http://www.cleantech.admin.ch/cleantech/index.html?lang=en>

- Coop. (n.d.). *Coop Geschichte*. Retrieved from <http://www.coop.ch/pb/site/uebercoop/node/64457812/Lde/index.html>
- Coop. (n.d.). *Coop sustainability*. Retrieved from <http://www.coop.ch/pb/site/nachhaltigkeit/node/64228018/Len/index.html>
- CSR Europe. (2010). *A guide to CSR in Europe. Country insights by CSR Europe's national partner organisations*. Brussels, Belgium: CSR Europe.
- Daum, M., & Teuwsen, P. (2011). Schweiz: Der Preis des Wohlstands. In *DIE ZEIT Nr. 34/2011*. Retrieved from <http://www.zeit.de/2011/34/CH-Preis-des-Wohlstands>
- Der Schweizer Bundesrat. (n.d.). *Aufgaben des Bundesrats*. Retrieved from <http://www.admin.ch/br/org/00074/index.html?lang=de>
- Derrer, B. R., & Vetter, M. (2012). *Mehr Frauen in Führungspositionen – Ziele statt Quoten! Dossierpolitik, Nummer 26a*. Zürich: Schweizerischer Arbeitgeberverband & economiesuisse, Verband der Schweizer Unternehmen.
- Erklärung von Bern. (2013). *Die Steuerpraktiken Vales*. Retrieved from http://www.evb.ch/cm_data/Die_Steuerpraktiken_Vales_130408_def.pdf
- Ernst & Young. (2012). *Transparenz im Visier. Nachhaltigkeitsberichterstattung der grössten Schweizer Unternehmen*. Basel, Switzerland: Ernst & Young AG.
- Esping-Andersen, G. (1990). *Three worlds of welfare capitalism*. New Jersey, USA: Princeton University Press.
- Federal Office for Gender Equality [FOGE]. (n.d.). *Work*. Retrieved from <http://www.ebg.admin.ch/themen/00008/index.html?lang=en>
- Federal Office for Spatial Development [ARE]. (n.d.). *Sustainable development strategy*. Retrieved from <http://www.are.admin.ch/themen/nachhaltig/00262/00528/index.html?lang=en>
- Federal Office for the Environment [FOEN]. (2013a). *Environment Switzerland 2013*. Bern, Switzerland: DETEC & FOEN.
- Federal Office for the Environment [FOEN]. (2013b). *Green economy*. Retrieved from <http://www.bafu.admin.ch/wirtschaft/11350/index.html?lang=en>
- Federal Office for the Environment [FOEN]. (n.d.). *Swiss climate policy until 2012: CO2 Act until 2012*. Retrieved from <http://www.bafu.admin.ch/klima/00493/00494/index.html?lang=en>
- Forster, C. (2013). Gegenvorschlag zur Initiative «Grüne Wirtschaft»: Ein breiter grüner Pinselstrich. In *NZZ 28.06.2013*. Retrieved from <http://www.nzz.ch/aktuell/schweiz/ein-breiter-gruener-pinselstrich-1.18107086>
- Gentile, G.-C., Lorenz, C., & Wehner, T. (2009). Unternehmen in der Schweiz übernehmen gesellschaftliche Verantwortung. Corporate Citizenship: Nachhaltig, autonom, krisenfest, *Schweizer Arbeitgeber*, 15/2009, pp. 10–13.
- Georg Fischer AG (n.d.). *History*. Retrieved from <http://www.georgfischer.com/content/gf/com/en/ueberGeorgFischer/geschichte.html?lang=en>
- Global Reporting Initiative. (n.d.). *Sustainability disclosure database*. Retrieved from <http://database.globalreporting.org>
- Handelsblatt. (2013). Schweiz will Gesprächen über Bankgeheimnis führen. In *Handelsblatt 23.04.2013*. Retrieved from <http://www.handelsblatt.com/politik/international/steueroase-schweiz-will-gespraechen-ueber-bankgeheimnis-fuehren/8112578.html>
- Haufe. (2012). *Corporate social responsibility*. Viel Kommunikation, wenig Messbarkeit. Retrieved from http://www.haufe.de/personal/hr-management/csr-viel-kommunikation-wenig-messbarkeit_80_123188.html
- Hildesheimer, G. (2012). Das Geschäftsmodell der Suffizienz, *Umwelt Perspektiven 2/2012*. Retrieved from http://www.oebu.ch/fileadmin/media/3_Ueber_uns/Medien/Umweltperspektiven/2012/UP_1_12_40-41.pdf
- IKAÖ. (2013). *Kurzbeschreibung des Projekts „Die Bedeutung suffizienter Lebensstile für ein gutes Leben“*. Bern: Universität Bern, Interfakultäre Koordinationsstelle für Allgemeine Ökologie (IKAÖ). Retrieved from http://www.ikaoe.unibe.ch/forschung/suffizienz/Kurzbeschrieb_Suffiziente_Lebensstile.pdf

- Interdepartementaler Ausschuss Nachhaltige Entwicklung [IDANE]. (2012). *Nachhaltige Entwicklung in der Schweiz – Ein Wegweiser*, Bern, Switzerland.
- Isemann, R., Bey, C., & Welter, M. (2007). Online reporting for sustainability issues. *Business Strategy and the Environment*, 16(7), 487–501. doi:10.1002/bse.597.
- Knoepfel, P., & Varone, F. (2000). Boden- und Luftreinhaltepolitiken: Rationalitätenwechsel in historischer Perspektive. UER: Politiques publiques et environnement. *Working paper de l'IDHEAP no 3/2000*. Retrieved from [http://www.idheap.ch/idheap.nsf/0/88695141d24b5747c1256b3e005ff819/\\$FILE/workingpaper3.pdf](http://www.idheap.ch/idheap.nsf/0/88695141d24b5747c1256b3e005ff819/$FILE/workingpaper3.pdf)
- Lang, C. (2011). Richtlinien ISO 26000 und GRI. Praktische Kompatibilität. *MQ Management und Qualität*, 12(2011), 8–10.
- Lexikon der Nachhaltigkeit [LdN]. (2014). *Europäische Politik: Schweiz*. Retrieved from http://www.nachhaltigkeit.info/artikel/schweiz_915.htm
- Linz, M. (2013). Gastkommentar zur Genügsamkeit: Suffizienz – Unentbehrlich für die Nachhaltigkeit. In *NZZ 23.12.2013*. Retrieved from <http://www.nzz.ch/meinung/debatte/suffizienz--unentbehrlich-fuer-die-nachhaltigkeit-1.18209665>
- Mauch, U., North, N., & Pulli, R. (2001). Between efficiency and sufficiency: The optimal combination of policy instruments in the mobility sector towards sustainable development. In R. Kaufmann-Hayoz & H. Gutscher (Eds.), *Changing things – Moving people. Strategies for promoting sustainable development at the local level* (pp. 133–150). Basel, Switzerland: Birkhäuser Verlag.
- Max Havelaar-Stiftung (2012). *Fairtrade international*. Retrieved from <http://www.maxhavelaar.ch/de/aktuell/newsroom/aktuell/fairtrade-international/>
- Meadows, D., Meadows, D. H., & Zahn, E. (1972). *Die Grenzen des Wachstums: Bericht des Club of Rome zur Lage der Menschheit*. Stuttgart, Germany: Deutsche Verlags-Anstalt.
- NZZ. (2013a). Gastkommentare zur Suffizienz: Die Provokation des Verzichtens. In *NZZ 23.12.2013*. Retrieved from <http://www.nzz.ch/meinung/debatte/die-provokation-des-verzichtens-1.18209663>
- NZZ. (2013b). Gleichstellung im Europa-Vergleich: Schweizer Frauen zeigen sich fleissig. In *NZZ 14.11.2013*. Retrieved from <http://www.nzz.ch/aktuell/schweiz/schweizerinnen-arbeiten-mehr-1.18185419>
- NZZ. (2013c). Aktionsplan verabschiedet: OECD gegen Steuervermeidung von Konzernen. In *NZZ 03.07.2013*. Retrieved from <http://www.nzz.ch/aktuell/wirtschaft/wirtschaftsnachrichten/oecd-gegen-steuervermeidung-von-konzernen-1.18109670>
- Oberholzer, P. (2011). *Das Einwanderungsland Schweiz. Europas Bevölkerungswanderung und die Subventionierung der Unternehmen durch das Volk*. Berlin, Germany: epubli GmbH.
- Öbu – Netzwerk für nachhaltiges Wirtschaften. (2013). *Aktionsplan grüne Wirtschaft liegt vor*. Retrieved from <http://www.oebu.ch/de/themen/politik/schweiz/gruene-wirtschaft.html>
- OECD. (2014). *Psychische Gesundheit und Beschäftigung: Schweiz*. Bericht im Rahmen des zweiten mehrjährigen Forschungsprogramms zu Invalidität und Behinderung (FoP2-IV). Bern, Switzerland: Eidgenössisches Departement des Inneren (EDI).
- Osborne, J. (2011). *Lundquist CSR online awards Switzerland 2011*. Retrieved from http://www.lundquist.it/media/files/CSR_Online_Awards_2011_Switzerland_Executive_Summary.pdf
- Presence Switzerland. (n.d.). *The Swiss economy*. Retrieved from <http://www.swissworld.org/en/economy>
- Presence Switzerland. (n.d.). *High wages, long hours*. Retrieved from http://www.swissworld.org/en/economy/workers_and_jobs/high_wages_long_hours
- Presence Switzerland. (n.d.). *Switzerland and the environment*. Retrieved from <http://www.swissworld.org/en/environment>
- Presence Switzerland. (n.d.). *Dependence on trade*. Retrieved from http://www.swissworld.org/en/economy/the_swiss_economy/dependence_on_trade
- Progress5. (2012). *Corporate social responsibility studie 2012*. München, Germany: progress5.
- Ryser, T. (2010). Der gesellschaftliche Beitrag von Schweizer Unternehmen – Leistungswirkungen einer strategisch motivierten Philanthropie. In B. Liebig (Ed.), *Corporate social*

- responsibility in der Schweiz. Massnahmen und Wirkungen* (pp. 155–214). Bern, Switzerland: Haupt.
- Schälin, S. (2008). *Gleichstellungspolitik in der Schweiz*. Retrieved from http://www.genderkompetenz.info/genderkompetenz-2003-2010/w/files/gkompzpdf/gkompz_gleichstellungspolitik_schweiz.pdf
- Schaltegger, S. et al. (2012). *International corporate sustainability barometer. A comparative analysis of 11 countries*. Lüneburg, Germany: CSM, Leuphana University Lüneburg.
- Schiwoff, V. (1952). *Die Beschränkung der Arbeitszeit durch die kant. Gesetzgebung und durch das erste eidg. Fabrikgesetz von 1877*. Berner rechts- und wirtschaftswissenschaftliche Abhandlungen. Bern: Haupt.
- Schwab, K. (2013). *The global competitiveness report 2013–2014. Full data edition*. Geneva, Switzerland: World Economic Forum.
- Schweizer Parlament. (2014). *Curia Vista – Geschäftsdatenbank. 10.3401 – Motion ‚Nachhaltigkeitsberichterstattung nach GRI in Schweizer Börsenreglemente integrieren* Retrieved from http://www.parlament.ch/d/suche/seiten/geschaefte.aspx?gesch_id=20103401
- Schweizerische Normen-Vereinigung [SNV]. (2011). *SNR ISO 26000 Leitfaden zur gesellschaftlichen Verantwortung, Ausgabe 2011-01*. Winterthur, Switzerland: Schweizerische Normen-Vereinigung.
- Schweizerischer Gewerkschaftsbund. (2012). *Zur Mitgliederentwicklung 2011*, Dossier Nr. 89. Bern, Switzerland: Schweizerischer Gewerkschaftsbund.
- Spindler, E. A. (n.d.). *Geschichte der Nachhaltigkeit. Vom Werden und Wirken eines beliebten Begriffes*. Retrieved from www.nachhaltigkeit.info/media/1326279587phpeJPyvC.pdf
- Stadt Zürich. (2012). *Grundlagen zu einem Suffizienzpfad Energie. Das Beispiel Wohnen*. Zürich, Switzerland: Stadt Zürich, Amt für Hochbauten, Fachstelle Nachhaltiges Bauen.
- State Secretariat for Economic Affairs [SECO]. (n.d.). *Economic policy*. Retrieved from <http://www.seco.admin.ch/themen/02860/index.html?lang=en>
- State Secretariat for Economic Affairs [SECO]. (2009). *CSR-Konzept des SECO* (PDF-Dokument). Bern, Switzerland: SECO. Retrieved from <http://www.seco.admin.ch/themen/00645/04008/index.html?lang=de>
- State Secretariat for Economic Affairs [SECO]. (2009). *CSR-Konzept des SECO*. Retrieved from http://www.seco.admin.ch/csr_d
- State Secretariat for Economic Affairs [SECO]. (2014). *CSR-Bundesstrategie, Verantwortungsvolle Wettbewerbsfähigkeit. Entwurf*. Bern, Switzerland: SECO.
- Stellmacher, F. (2011). *Subsidiaritätsprinzip*. Zürich, Switzerland: ETH Zürich.
- Stiller, Y., & Daub, C.-H. (2007). Paving the way for sustainability communication: Evidence from a Swiss study. *Business Strategy and the Environment*, 16(7), 474–486. doi:10.1002/bse.599.
- Swiss Federal Council. (2012). *Sustainable development strategy 2012–2015*. Bern, Switzerland: Swiss Federal Council. Retrieved from <http://www.are.admin.ch/themen/nachhaltig/00262/00528/index.html?lang=en>
- Swiss Federal Office of Energy SFOE. (2013). *Energy efficiency*. Retrieved from <http://www.bfe.admin.ch/themen/00507/index.html?lang=en>
- Swissaid. (n.d.). *Rohstoffplatz Schweiz wird zur Oase der Intransparenz*. Retrieved from <http://www.swissaid.ch/de/Rohstoffplatz%20Schweiz%20wird%20zur%20Oase>
- Switzerland International Chamber of Commerce [ICC]. (2014). *UN global compact network Switzerland*. Retrieved from <http://www.icc-schweiz.ch/de/un-global-compact>
- Tagesanzeiger. (2013). *Dossier: Die Frauenquote. Mehr Manager-Frauen für Post, SBB & Co*. Retrieved from http://www.tagesanzeiger.ch/wirtschaft/unternehmen-und-konjunktur/Mehr-ManagerFrauen-fuer-Post-SBB--Co/story/13164633?dossier_id=866
- The Federal Authorities of the Swiss Confederation. (2014). *Federal act on gender equality*. Retrieved from <http://www.admin.ch/opc/en/classified-compilation/19950082/index.html>
- United Nations Global Compact [UNGC]. (2014). *Participant search*. Retrieved from <http://www.unglobalcompact.org/participants/search>

- UVEK. (1998). *Strategie "Nachhaltige Entwicklung": Bundesrat beruft Rat für nachhaltige Entwicklung*. Retrieved from: <http://www.uvek.admin.ch/dokumentation/00474/00492/index.html?lang=de&msg-id=3030>
- Von Schnurbein, G., & Bethmann, S. (2010). *Philanthropie in der Schweiz. CEPS Forschung und Praxis – Band 01*. Basel, Switzerland: Centre for Philanthropy Studies (CEPS) Universität Basel.
- Wuhrer, P. (2012). Steuervermeidung in Britannien: Mit dem Schlafsack ins Starbucks. In *WOZ Nr. 49/2012 vom 06.12.2012*. Retrieved from <http://www.woz.ch/1249/steuervermeidung-in-britannien/mit-dem-schlafsack-ins-starbucks>
- WWF. (2011). *Umweltmärkte in der Schweiz, Perspektiven für Wirtschaft und Beschäftigung*. Bern, Switzerland: WWF.

Part II

Northern Europe

Norway
Denmark
Finland

The Historical Development of Corporate Social Responsibility in Norway

Caroline D. Ditlev-Simonsen, Heidi von Weltzien Hoivik, and Øyvind Ihlen

1 Introduction

CSR is “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (European Communities, 2001, p. 8). This seems to be the ruling definition for most CSR initiatives within Europe and best expressed by CSR Europe (<http://www.csreurope.org/history>).

However, concern for the planet’s limitations emerged already in the 1970s and 1980s. Many will argue that the book *Our Common Future*, also known as the **Brundtland Report**, was a milestone in this process when it was issued in 1987. The book was based on more than two years of thorough research assigned by the UN World Commission on Environment and Development, with the purpose of re-examining the critical issues of the environment, strengthening international cooperation and raising the level of understanding and commitment to action. The process involved a wide variety of stakeholders, including scientists, experts, industrialists, government representatives, NGOs and the public. The book is said to have introduced the term *sustainable development* “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on the Environment and Development, 1987, p. 43). To achieve sustainable development, companies have to change and contribute. From a business perspective, this approach to responsible behavior later has

C.D. Ditlev-Simonsen (✉)

Department of Accounting—Auditing and Law, BI Norwegian Business School, BI Centre for Corporate Responsibility, Oslo, Norway

e-mail: caroline.d.ditlev-simonsen@bi.no

H. von Weltzien Hoivik

Department of Strategy and Logistics, BI Norwegian Business School, Oslo, Norway

Ø. Ihlen

Department of Media and Communication, The University of Oslo, Oslo, Norway

been referred to as corporate social responsibility (CSR). In this respect the focus on sustainability and environmental responsibility was merged with social responsibility. In many respects this has led to some ambiguity of the term CSR.

The fact that the head of this UN commission, Gro Harlem Brundtland, was Norway's prime minister for three terms, and prior to that she was Minister for Environmental Affairs (from 1974 to 1979) made it necessary for Norway to be a good role model for other countries and a front-runner in CSR—with regards to the environment as well as to other social issues. Another example of the early CSR leadership role of the relatively small country of Norway, which still has only about five million inhabitants: The Norwegian Ministry of the Environment, formed in 1972, was the first of its kind worldwide.

The Brundtland Report laid the foundation for the 1992 Earth Summit in Rio, which in turn led to Agenda 21 and the Rio Declaration. In the process of developing the agenda, the Secretary General of the summit invited Stephan Schmidheiny, a Swiss entrepreneurial leader, to address those challenges from a business perspective. Through his initiative a group of CEOs of large international businesses like BP, Shell, DuPont, Alcan, Norsk Hydro, ABB and Volkswagen agreed on an agenda which resulted in 1992 in the book “Changing Course, A Global Business Perspective on Development and the Environment” and eventually the formation of the World Business Council for Sustainable Development (WBCSD).

The Norwegian company **Norsk Hydro** was a key member of the WBCSD and given the relative size of Norway, with respect to both population and total GDP, Norwegian industry had a significant role in the process of coupling environmental protection, early stakeholder engagement and economic growth (Hoivik, 1997). Norsk Hydro is a representative example of the sustainability frontrunners among the largest and most influential companies in Norway at the time. It is also relevant to keep in mind that the Norwegian Government was at that time a major shareholder of Norsk Hydro. The Government's interest in sustainability, which at that time primarily was concerned with the environmental impact of business, might have been a motivating factor.

The Rio conference, and the major companies mentioned above, clearly contributed to the international business focus on the environment and later social responsibility. However, in order to understand how Corporate Social Responsibility really is perceived by business and the public in Norway, we need to trace the historical roots of a rather special relationship between business and society which is different from such relationships in other countries in Europe (Ihlen & Hoivik, 2013).

CSR has been translated and interpreted in different ways in different countries depending on historical context (Carroll, Lipartito, Post, Werhane, 2012). Size, age and the legitimacy of business in society all play a role in defining CSR (Argandoña & Hoivik, 2009). We shall point out how in the case of Norway it is possible to locate early historical traces of a stakeholder perspective (Freeman, 1984; Rhenman, 1968) where financial and social values or concerns are seen as intertwined (Ihlen & Hoivik, 2013).

The first part of this chapter will give a brief overview of the historical development of early forms of CSR in Norway, the particular political measures or

initiatives, and the cultural and socio-economic factors which have influenced how CSR is understood and practiced today. The second part will highlight some more recent milestones, present reporting initiatives, consumer attitudes, and present the new challenges companies in Norway are facing, when operating in other parts of the world.

2 Historical Development

In the preindustrial period, the Norwegian economy was based on farming, hunting, fishing and timber. The small-scale of these operations meant that little wealth was amassed in comparison with the development in Europe and only a tiny nobility class was formed. In other words, Norway was a rather egalitarian society without the continental noblesse oblige tradition that is often tied to early CSR and philanthropic activities (Bjørkvik, 1998; Hodne & Grytten, 2000; Thue, 2008).

In the wake of the 1814 Norwegian constitution a market economy system was established at the initiative of public-sector employees, hence it has been called a publicly-staged capitalism. The first Norwegian prime minister called for a refinement of market liberalism that would incorporate the broader needs of society (Slagstad, 2001). Thus an early important CSR driver in Norway was present in the form of governmental directives, not the voluntarily efforts of business as seen in, for instance, the USA (Carroll et al., 2012).

Another important influence in Norwegian business was the pietistic Hauge¹ movement that advocated that business should serve a higher purpose—God. This also meant that employees should be treated well, as described by Hauge himself: “The employees are never subjects, but subordinates. . . . If the employer does not provide his subordinates with fair salaries, food and clothing in due time, the employer is a thief” [Author’s translation] (Hauge, 1804).

Through the great business success enjoyed by Hauge and his followers, such values had great influence in Norwegian business during the early portions of the nineteenth century (Gilje & Rasmussen, 2003; Sejersted, 1993). In certain parts of Norway, this tradition is still alive today and includes businesses like fishing, textile, wharf and furniture industries (Grytten, 2010). To illustrate this, we will describe two companies later on in greater detail.

While some philanthropic activities were undertaken by businesspeople, they were often met with scepticism and sometimes seen as a tool against redistribution of wealth and for suppression of the working class (Christensen, 2003). Some

¹ Preacher Hans Nielsen Hauge (1771–1824) and his followers chastised the conspicuous consumption of the rich. The movement’s followers instead expected trade and industry to have a higher purpose, beyond profit seeking—namely, to render service to God through hard work and by being good stewards of his creation. Hauge defined the responsibilities of employers in the following way: “The employees are never subjects, but subordinates. . . . If the employer does not provide his subordinates with fair salaries, food and clothing in due time, the employer is a thief” [Author’s translation] Hauge (1804).

business people did also warn against reliance on philanthropy. The CEO of the chocolate company Freia, instead argued for worker welfare already in 1914:

We cannot build the future of society on philanthropy. A sound society cannot be created based on gifts. On the contrary, such a foundation only can be created by practical idealism with a clear goal, using the strength of having created good living conditions for the workers. [Author's translation] (Throne Holst, 1914:6)

At the same time the perspective of this CEO and other colleagues could often be characterized as a form of paternalism. This paternalism could take the form of directives about how workers should spend their leisure time. *Now it is time to stop gardening and to paint the boat sheds. Use 610 Red* (Fossåskaret, 2009). While this type of paternalism survived for a long time in the typical factory towns, its anchor points were weakened by the introduction of social legislation in 1889 and onwards. In 1899 and 1900 a national workers' union and a national employers' federation were established. Following from this a certain type of corporatism grew. The basic idea was that conflicting and common interests needed to be balanced, a view that by and large has prevailed in Norwegian business since (Kjelstadli, 1998). In 1935 rules for conflict resolution were established in an agreement between the national workers' union and the national employers' federation (Ibsen, 1996). This gave business legitimacy and also functioned to hamper some of the radical tendencies among workers as the sides were seen as social partners. The Labour party had given up its revolutionary policies at this point and embraced Parliamentaryism (Kjelstadli, 1998; Sejersted, 2003). When the Labour party also gained political power in 1935 social renewal was signalled and new legislation and social welfare measures were introduced and institutionalized (Lange, 1998). Even today social laws regulating work and working conditions remain strong and leave little room for further voluntary initiatives by business like those often called for in the CSR agenda.

Cooperation was continued and took on new and more encompassing forms after World War II. The system has been characterized as "bargaining economy", "mixed administration", "the Labour Party state", and "democratic capitalism" (Hernes, 1978; Sejersted, 1993; Whitley, 1999). An important trait was that the government took on an active role, for instance by being the sole or majority owner of three of the largest Norwegian companies (Engelstad, Ekberg, Gulbrandsen, & Vatnaland, 2003). When oil was struck in the North Sea, a state owned oil-company, Statoil, was founded and favoured as an instrument for the public good.

Until the 1980s extensive public-private cooperation took place and the political culture of consultation and cooperation extended to, for instance, the development of environmental policies (Bull, 1995; Østerud et al., 2003; Sejersted, 1993; Slagstad, 2001). In sum, many social issues connected with CSR abroad are in Norway handled through public policies, legislation and collective agreements (Trygstad & Lismoen, 2008). Taken together with the tradition of dialogue, Norwegian businesses should be well positioned to address CSR as it has evolved in the globalized economy.

Given the economic expansion of Norwegian corporations abroad, global CSR topics also surfaced. The Norwegian oil company, Statoil, had business in Nigeria

when the military regime in 1995 executed environmental activists that had protested against Shell's activities in the country Criticism was also directed at Statoil for not having intervened. Incidents like this spurred the establishment of a forum for consulting between the government and business focussing on how to deal with ethical challenges for business operating abroad (Heradstveit, 1998).

The Ministry of Foreign Affairs published a white paper in 2000, asking businesses to take human rights into consideration. The government made it clear that it expected businesses to behave abroad as they would at home (Ministry of Foreign Affairs, 2000).

In 2009 the first white paper on CSR "Corporate Social Responsibility in a Global Economy," was published, again by the Ministry of Foreign Affairs. Here, among other things, the government signaled that it would expect state owned enterprises to lead the way concerning CSR. Furthermore, a peculiar translation of CSR was made public: *responsibility of business in/towards society* ('samfunnsansvar'). In Norway the adjective "social" has been replaced by "societal", thus adopting a macro perspective which is more in line with the traditional way of thinking as outlined above. The Norwegian legislation demands adherence to social laws, benefiting the individual, but companies still could differentiate themselves by being socially innovative and doing good in society. The white paper also asks corporations to do more, particularly beyond the national borders. Initiatives like these, however, clearly have been tied to internationally-oriented goals and the political agenda of promoting "global welfare-capitalism" (Midttun, Gautesen, & Gjolberg, 2006). This is in stark contrast to the other Scandinavian countries.

The major organisation for employers, The Confederation of Norwegian Enterprise (NHO), has actively embraced CSR. Nonetheless, several of the Labour unions have warned against replacing existing legislation with voluntary CSR. CSR has often been portrayed as a US phenomenon that suppresses union representation and political clout (Hodneland, 2009). In view of the historical roots traced above, this view is not a surprise.

One analysis of the history and development of CSR in Norway pointed to six important factors (Ihlen & Hoivik, 2013). These are:

1. The active Norwegian state is a hugely important political and socio-economic factor. In contrast to systems where the government is placed outside the CSR agenda (e.g. USA), the Norwegian government has taken on an active role. This is partly a function of how the Norwegian government is also involved in much of Norwegian business through direct and indirect ownership in many of the largest corporations.
2. Not only has Norway been characterized as a state-friendly society, it also separates itself, at least from the US, by seeing business as one of many important institutions in society, not as *the* most important (Byrkjeflot, 2003).
3. Norwegian businesses are often seen as arenas of negotiation, and cooperation, consensus, participation and where power sharing is valued in the Norwegian model (Grenness, 2003).

4. The distance between managers and employees is often small, and companies often perceive that they are embedded in their social communities. They respond to local needs without necessarily labelling such activities as CSR (Byrkjeflot, 2003).
5. Since business by and large has been made up of small companies, they have often lacked economic power, and no large-scale philanthropic tradition has developed. There are no tax incentives either.
6. Much of what falls under the CSR umbrella in other countries already falls under Norwegian legislation. This particularly relates to workers' rights, environmental issues, working conditions, and security matters (Grenness, 2003; Munkelien, Goyer, Fratzak, 2005). Companies thus can feel assured that they thanks to Norwegian law already fulfill CSR requirements.

Historians have argued that business has played the role of junior partner to the government, but that the roles now have been reversed (Sejersted, 2003). Just like in many other European countries, the state in Norway has been weakened as an institution. It does, however, have a strong presence as a capitalist actor and owner seeking a return on investments (Argandoña & Hoivik, 2009; Engelstad et al., 2003; Ihlen, 2011).

Like everywhere else, there is a growing global focus where the new drivers are no longer only local, but include international NGOs, Human Rights organizations, the OECD, the UN, and the Global Reporting Initiative, to name a few. Furthermore, the international financial system and more demanding customers and consumers are voicing concerns and executing their power.

2.1 *Examples of CSR Driven Strategies*

At the level of individual companies there are several examples of “CSR-driven strategies” since their choices are not legally required but clearly voluntary. We have chosen three examples of companies which have applied CSR as an important element of their overall strategy. In the first case, all production occurs locally in Norway, while in the second case only the design and retail take place in Norway, but all is produced in China. The third case, a family owned shipping company, from the very start was created as a global company with a clearly value based commitment.

The close relationship between employees and management seems to be a continuation of a typical Norwegian attitude, where local societal needs are embedded in the culture of the business, and even present in a global company.

Ekornes ASA² is the largest furniture manufacturer in the Nordic region and owns such brand names as Ekornes, Stressless and Svane. Stressless is one of the

² <http://www.ekornes.com/us/about-ekornes/this-is-ekornes/history> (accessed 27-11-13).

world's most famous furniture brands, and Ekornes and Svane are the best known brands in the Norwegian furniture market. Products are manufactured in Norway and marketed all over the world by a network of national and regional sales companies.

Production at the J.E. Ekornes Fjærfabrikk started in 1934, with three employees and machines made in Germany. Furniture manufacturing had just become established in Sunnmøre, and this provides the founder, Jens Ekornes, with his first customers.

The company had for many years continued success. In 1998 the annual general meeting on the 24th March approved a bonus scheme for all employees in the Ekornes group, not only for the leadership level.

By 2001 Ekornes had increased its turnover in the majority of its international markets. Group turnover was NOK 1,709.8 million. The company's most significant growth was in Central Europe, Southern Europe and the UK. There were 1,339 employees at the end of 2001.

In June 2008 Ekornes released an environmental document to help consumers, the press, dealers and others parties gain an insight into the company's environmental policy that had been established for some years.

The global financial crisis made its mark in the fourth quarter of 2008 in the form of reduced order receipts. In the middle of December Ekornes went over to a 4-day week at the six factories in Western Norway. The scheme was based on a voluntary agreement with the employee's representatives and lasted until February 2009. The annual turnover for 2008 was NOK 2,670.7 million. There were 1,632 employees in the group at the end of the year.

In 2009 the order situation had improved and gradually employees on leave or who had been dismissed returned. New employees were also taken on.

The above is a rather typical example of a mid-size company in Norway. The special close ties between owners, managers and employees reflect a long tradition. Local manufacturers and the community had established a strong interrelationship and dependency. This is exemplified by not only sharing wealth but also when offering support in rough times.

Stormberg A/S (Hoivik & Mele, 2009) is a Norwegian Clothing company producing and selling outdoor and sports clothing, founded in 1998 by Steinar Olsen. In 2012 the annual turnover was NOK 286 million.³ It manufacturers all its clothes in 14 factories in China, mostly in Shanghai and Ningbo but the designs of the collections are carried out in Norway. In Norway *Stormberg* has 50 stores and plans to open another 14 before the end of 2013.

From its very beginning, *Stormberg* had a clearly formulated value based mission statement—"vi bryr oss"—(we care), which has recently been extended to "vi skal gjøre verden til et bedre sted" (we want to make the world a better place). The four values chosen for the company are: honesty, courage, including, sustainable. In order to give work a deeper meaning, Olsen's strategy from the very

³ <https://www.stormberg.no/no/Om-Stormberg/> (accessed 27-11-13)

beginning has been to involve his employees in all major decision-making processes.

My employees and I don't believe we can change the world. We know we can change the world, or at least a small part of it. We know that through our caring, several hundred workers in Chinese factories have a better day at work, we know that by caring about safety in the children's clothing we produce, the accident rate in daycares has been reduced. We know that by caring for each other in Stormberg we have created a pleasant and safe workplace for everyone, including those who are otherwise on the outside.

Talking with Mr. Olsen, one arrives at the conclusion that he sincerely believes in people and in their ability to contribute with their own unique resources if only given the opportunity. Olsen's sense of caring is fundamental to his notion of understanding ethical and social responsibility. For him "social responsibility in companies is fundamentally simple. It is about caring, about having the courage to do things in a simple yet different way" (Hoivik & Melé, 2009). One example is his hiring policy, where he involves the employees in the recruitment and training process of former prisoners and drug addicts. This has had an impact on the organizational culture. This practice helps to create, build and strengthen positive capacities in others as well. The value added to the organization is heightened awareness of the need to care and a greater capacity to dare to be different. It fosters a shared set of understandings of how ethics and business can work together both inside and outside the company.

Olsen's view is in line with the Norwegian traditional understanding that business organizations need to engage in the development of society in which they want to do business, since business is influenced by the society in which it operates, and that societal problems often affect the efficiency and effectiveness of business activity (Freeman & Vea, 2003). Consequently, Olsen's view, based on justice and care, seems oriented to the common good, yet understanding the common good heuristically as the shared good in a free society.

Although in some sense *Stormberg's* approach to CSR is led by its visionary founder Mr. Olsen, he has been able to pass on his motivation to the employees by creating an organizational value based identity. He has been able to transfer and embed his motivation into the company and the employees by caring for employees and adopting a participatory decision making processes, thus sharing responsibility with the employees. Thus the company has both a top-down and bottom-up approaches to CSR with a focus on a consensus. The latter is a clear continuation of a historically grown understanding of business in society I Norway.

Wilhelmsen ASA (WW) is a global industry group operating in the maritime sector, providing shipping, logistics solutions and maritime services through a worldwide network consisting of 14,000 employees and over 330 offices in roughly 72 countries. The WW group has an annual turnover of USD 2.6 billion (2007) and is listed on the Oslo Stock Exchange.

It was founded in Tonsberg in 1861 and now has its head office at Lysaker, Oslo. Today Wilh. Wilhelmsen is one of the leading Norwegian centers for international

maritime expertise. Wilh. Wilhelmsen endorses these ethical values: openness, honesty, loyalty, cooperation and responsibility.⁴

The CSR practice in the company was initiated by the Wilhelmsen family and is continued today by the majority owner Mr. Wilhelmsen Jr. Wilhelmsen is committed to sustainable development using a corporate policy encouraging the triple bottom line (Hargett & Williams, 2009). It is evident that the company's CSR agenda is actively pursued by all leaders of the company and effectively implemented with the help of management tools and systems. A case study by Tonya R. Hargett and Marcia F. Williams (2009) shows quite clearly that there is an active will by top management to pursue and integrate the different aspects of sustainability and CSR into the daily activities of the company and to increase awareness among employees. Though the terms CSR, sustainability and 3BL are not widely known within the organization, the employees easily identify with the practices in the company and also identify this as being part of the Scandinavian culture of caring for others and the environment. These practices, including care for employees and the environment have been implicitly practiced over the years starting with the founder.

While the CSR focus can evolve in two ways: externally driven or imposed by government initiatives through regulations and legislation or both, it can also be internally based and voiced by charismatic leaders who inspire others, often using a participatory process. The latter is more traditional in the Norwegian context, as the brief overview of the historical background and the above cases have shown.

A survey conducted across Norway reveals that local businesses are perceived as having a much higher CSR status than large Norwegian multinational corporations (Midttun, 2012).

Growing demands to make CSR more explicit, are still viewed with skepticism because societal responsibility is part of being and should not defined by rules only (Hoivik, 2011). To what extent this will collide with and even change the Norwegian business culture, time will tell.

3 Milestones in the CSR Development

In the following sections we will describe how between 1993 and 2013 other political and civil society initiatives evolved with a focus on ethical business, corporate responsibility and accountability. As we shall see, Norway as a nation was becoming more international in its orientation, mainly thanks to the oil business bringing international companies to Norway. The increasing oil revenue also yielded more wealth within the country and allowed for investment abroad.

⁴ <http://www.wilhelmsen.com/about/companyinfo/Pages/CompanyInformation.aspx> (accessed 27-11-13)

Table 1 Extraction from the Norwegian General Penal Code

§ 276a. Corruption

Any person who

(a) for himself or other persons requests or receives an improper advantage or accepts an offer thereof in connection with a position, office or assignment, or

(b) gives or offers any person an improper advantage in connection with a position, office or assignment shall be liable to a penalty for corruption

Position, office or assignment in the first paragraph also mean a position, office or assignment in a foreign country.

The penalty for corruption shall be fines or imprisonment for a term not exceeding 3 years. Any person who aids and abets such an offence shall be liable to the same penalty.

§ 276b. Gross corruption

Gross corruption shall be punishable by imprisonment for a term not exceeding 10 years. Any person who aids and abets such an offence shall be liable to the same penalty.

In deciding whether the corruption is gross, importance shall be attached to, inter alia, whether the act has been committed by or in relation to a public official or any other person in breach of the special confidence placed in him by virtue of his position, office or assignment, whether it has resulted in a considerable economic advantage, whether there was any risk of considerable damage of an economic or other nature, or whether false accounting information has been recorded, or false accounting documents or false accounts have been prepared.

The Confederation of Norwegian Enterprise (NHO) established in 1993 an Ethical Advisory Committee encouraging companies to make their ethical policies explicit, thus following an international trend which started in the United States after the Lockheed corruption scandal of 1976 leading to the Foreign Corrupt Practice Act, signed by Jimmy Carter in 1977. Ethical codes had become mandatory in the US for all companies who wanted to secure contracts with the government. Below is a short list of some decisive events in the development of initiatives that have left a mark in Norway.

In 1999 Norway ratified the **OECD anti-corruption recommendations** and followed this with a law in 2003, which according to experts, is the most encompassing law compared to other countries in Table 1.

Similar to other countries, the first major corruption scandals were made public by the media. These had occurred both in major companies and firms (Statoil ASA, Siemens Business Solutions, the law firm BÄHR) and in municipal organizations (Romerike Vannverk, Oslo Undervisningsbygg, Bærum commune). Of particular interest is the fact that evidence was brought forward by individuals, who had tried to sound an alarm (whistleblow) within their organizations first, but were not heard and thus resorted going to the media. In all cases, the damage caused by corruption damaged society at large, and the companies eventually were fined and guilty individuals imprisoned.

In 2000 the OECD motivated all member countries to adopt the **OECD Guidelines for Multi National Corporations**. This was followed up by NHO as well and led to the signing of the **Global Compact** by major Norwegian companies in 2003.

In 2001 **Transparency International Norway (TI)** was launched by a group of concerned citizens who were inspired by the vision of Peter Eigen, who on the basis of his experiences in Africa in Latin America for the World Bank founded the Advisory Council of Transparency International in Berlin in 1993. TI Norway is a non-governmental organization; it is membership based and financed by major Norwegian corporations, including NORAD, the Norwegian Agency for Development Cooperation, a directorate under the Norwegian Ministry of Foreign Affairs.

In 2004 the **Council on Ethics**⁵ was established by a Royal Decree, and ethical criteria for the Norwegian Government Pension Fund Global were implemented. The reason why the fund was established in 1990 was to help to manage Norway's petroleum revenue. A policy for excluding companies according to the following criteria was implemented; companies that produce weapons that violate fundamental humanitarian principles through their normal use; companies that produce tobacco; companies that sell weapons or military material to states; serious or systematic human rights violations; serious violations of the rights of individuals in situations of war or conflict; practices that cause severe environmental damage; companies involved in gross corruption; and other particularly serious violations of fundamental ethical norms. Concrete examples of well-known companies currently excluded or that have been excluded from the fund are General Dynamics (produces weapons), Philip Morris Int. Inc. (produces tobacco) and Wal-Mart Stores Inc. (violation of human rights).

Since 2009 **The Working Environment Act** (Arbeidsmiljøloven) includes a new regulation protecting whistleblowers against retaliation. This initiative was a follow-up of the OECD anti-corruption recommendation of 1999. It was the first of its kind in Norway. Employers are obliged to inform their employees about the proper procedures when voicing concern or informing about wrongdoing.

An important approach to measure development in CSR is to investigate how companies report about their activities. In the following section we will therefore highlight how non-financial reporting changed from voluntary to mandatory. This change was due to international pressure, stock exchange requirements and the pressure to remain competitive.

⁵“The objective of good financial return is closely linked to the ambition to be a responsible investor. The Fund's role as a responsible investor is expressed, for example, in the Guidelines for Observation and Exclusion of companies which do not comply with minimum ethical standards. The Council on Ethics for the GPFG advises the Ministry on the observation and exclusion of companies based on these guidelines. Norges Bank manages the Fund's ownership interests and is mandated to integrate considerations of good corporate governance and environmental and social issues in investment activities in line with internationally recognised principles for responsible investment (RI), whilst bearing the purpose of the Fund in mind.” (St. Meld. 27 (2012–2013) The Management of the Government Pension Fund in 2012).

4 Non-financial Reporting in Norway

Initially, reporting about environmental and social issues in annual reports was a voluntary action. In 1996, as a follow-up to the previously mentioned Rio Conference in 1992, reporting regulations were revised and companies are obliged to report on environmental impact, gender equality, discrimination and working conditions. Still, many companies, especially larger ones with well-known brand names, decided to issue large environmental and later CSR reports. The Miljørapporteringspris—the annual prize for environmental reporting—was perhaps an important driver for this engagement (see Fig. 1 describing this prize).

The actual wording in the accounting law can be understood in different ways. Companies, accountants and researchers have disagreed as to how to understand the mandatory reporting requirements. Given that there was no regulatory penalty for *not* reporting, corporations are not motivated to report merely for the sake of reporting.

Several of the companies were criticized by NGOs for reporting only on the positive activities they undertook in the CSR area, and not on the more relevant—and maybe not as successful—activities with negative consequences for our planet and its inhabitants. One study that reviewed the non-financial reports of the 100 largest Norwegian companies found that only a minority of them met the established accounting requirements (Ruud, Jelsta, Ehrenclou, & Vormedal, 2005).

Based on the White paper [Stortingsmelding # 10 (2008–2009)], *Corporate social responsibility in a global economy*,⁶ a requirement for further social reporting was proposed. A report to the Ministry of Finance, “Requirements for reporting on CSR,” was issued in October 2010 and, starting with 2012 annual reports large companies are now required to report about CSR. The definition of “large companies” actually covers about 700 companies in Norway. According to this new accounting law, large companies are required to report on what they do with respect to CSR (curiously enough, this implies that companies that have not engaged in CSR-related activities do not have to report—and that is legally acceptable). Furthermore, if the company supports the UN Global Compact or reports in line with the Global Reporting Initiative (GRI) that is sufficient to fulfill the new accounting rule. Still, the regulations do not say anything about how many of the GRI indicators the companies have to meet in their reports.

Norway’s closest neighbors, Denmark and Sweden, implemented new CSR reporting requirements prior to Norway. Furthermore, in most areas, large companies in these two countries subscribe to and support principles, initiatives and guidelines to a larger degree than Norway. Compared to the European average,

⁶ White papers (St. Meld.) are drawn up when the Government wishes to present matters to the Storting that do not require a decision. White papers tend to be in the form of a report to the Storting on the work carried out in a particular field and future policy. These documents, and the subsequent discussion of them in the Storting, often form the basis of a draft resolution or bill at a later stage <http://www.regjeringen.no/en>.

The Norwegian Reporting Awards

The reporting awards in Norway were handed out by Econa (Norwegian Association of Masters of Science in Business and Administration), the Norwegian Society of Financial Analysts, GRIP (Green in Practice), Virke (the Enterprise Federation of Norway), The Confederation of Norwegian Enterprise (NHO), Norwegian Shipowners' Association, Finance Norway (FNO), and The Norwegian Institute of Public Accountants.

The organisations started out with an environmental reporting award for large companies and one for SMEs, aimed at two goals: Improving and promoting valuable environmental information to capital markets (investors, banks, insurance companies) and to the public. It was explicitly stated that this was not an award for environmental performance.

The reporting awards started in 1996 and lasted for a decade. From the beginning, the awards were for large and small companies. In later years, sustainability information was also awarded in two new categories.

In the beginning, reports increased in quality and quantity. After some time, this started to stabilize, so an evaluation of the reporting awards was conducted. The results showed that the awards were giving the companies incentives to produce reports, but very few were reading them, except perhaps the employees of the reporting companies. The financial service sector used a few indicators in their analysis (e.g. sick leave, turnover, etc), but this information was found in the annual reports. The documents were in little use by the general public, except some NGOs and neighbours reading reports of companies with known and large issues. In general, the reports were perceived as too glossy, describing some company projects but by and large poorly reflecting the difficult issues the businesses faced.

by Sigve J. Aasebø, former member of the Working Group, Coordinating Committee, and Jury for the Norwegian reporting awards and Norwegian Jury member for ESRA (European Sustainability Reporting Award).

Fig. 1 Norwegian reporting awards

however, Norway is far ahead. This is illustrated in Fig. 2. This figure is based on adding data from 20 of the 200 largest Norwegian companies to “An Analysis of Policy References made by large EU Companies to Internationally Recognised CSR Guidelines and Principles”, prepared by Caroline Schimanski for EU in 2013⁷ based on a study of 200 randomly selected large companies from 10 different EU Member states.

On December 6, 2013 Transparency International Norway released a report on how many Norwegian companies publish their anti-corruption measures. Of 50 companies listed on the stock exchange only 16 achieved an average score. In other words, there is room for improvement.⁸

⁷ European Commission (2013).

Tittel: An Analysis of Policy References made by large EU Companies to Internationally Recognised CSR Guidelines and Principles, March 2013.

The study was prepared by Caroline Schimanski for the European Commission (Directorate-General for Enterprise and Industry). Norwegian Data added by author Caroline Ditlev-Simonsen.

⁸ The study has gathered and analysed publicly available information based on company websites for the 50 largest companies with significant international operations, listed on Oslo Stock Exchange. Like the international study, *Transparency in Corporate Reporting: Assessing the* http://www.transparency.no/wp-content/uploads/sites/10/transparency-in-corporate-reporting_web.pdf (accessed 12-10-2013).

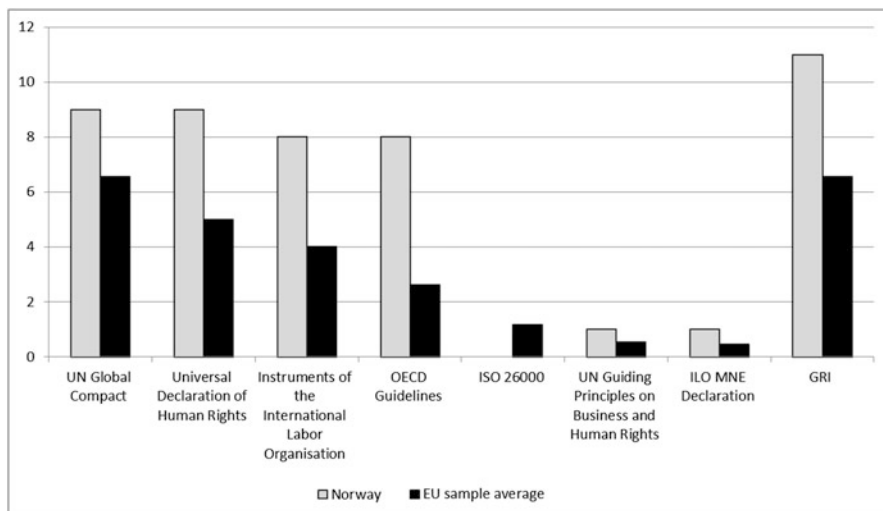


Fig. 2 Current status on reporting in Norway relative to EU on average

So far we have mainly focused on how large corporations are addressing CSR reporting. However, there are currently nearly 500,000 companies in Norway, and of these, fewer than 8,000—or less than 2 %—have 50 or more employees (SSB). The many small companies with few employees together comprise the majority of Norwegian industry. These small companies have also, since 1996 been required to report on environmental impact, gender equality, discrimination and working conditions in their board of directors report (The *Styreberetning* which is a required part of the annual report). However, the majority of Norwegian companies, the small and medium sized, have barely addressed the issues—and this has been accepted by accountants and reporting agencies. Sentences like the following are for example typical for addressing the company’s environmental impact:

“There are no known aspects of the business, including its inputs or products, which may have a significant impact on the environment.” “The company does not pollute the environment.” “The Board believes that its activities do not pollute the environment” [translated by author] (Ditlev-Simonsen, 2010).

As is evident, in response to required accounting requests, small- and medium-sized companies generally provided the minimum amount of information—and that has also been acceptable by accountants and auditors.

It is important to keep in mind, however, that not reporting on CSR issues does not necessarily imply that the company is a poor CSR performer. Many small companies can be very engaged in their local community without reporting about it. These examples however illustrate how large corporations are more concerned about communicating their CSR engagement than smaller companies are, or that they have more structured communication processes, where smaller companies

have more ad hoc and/or informal communication. Requirements of stock exchanges may be one of the drivers.

5 Global Challenges

As a small country, recently reaching a population of five million people, located in the “outskirts” of the rest of the world, engagement in international trade has been a challenge for Norway too. Issues related to cultural differences have been a challenge in the globalization process. This will be addressed in the following section.

While CSR issues like environmental pollution and working conditions in developing countries are closely related to the type of business or sector the company is part of, corruption technically can relate to all companies, so this is a good area to check the social “pulse” among the population.

A study conducted among managers in major Norwegian companies showed some of the major challenges they had faced. For example, two-thirds are convinced that they have lost a contract due to corruption, 32 % often find that there is a gap between how companies should behave and how they actually behave in the marketplace. 10 % admit to having accepted a request for what was probably a bribe (Søreide, 2004).

Many of these figures relate to companies doing business in other—particularly developing—countries. We also know that these countries often have quite different perceptions of what is acceptable. In some areas they are stricter than the Norwegians are accustomed to, while in other areas—especially when it comes to under-the-table payments—there is more flexibility. For Norwegian companies operating in such countries, it is difficult to comply with Norwegian regulations when competitors behave in accordance with local regulations. In such cases the problem is often that the management, which sits in Norway, prepares a Code of Conduct that deals with corruption without involving those who actually work in the countries where corruption is a part of daily operations. Here it becomes especially difficult to comply with the Code of Conduct developed for Norwegian operations.

In business practices related to corruption, the norm is constantly changing. Since 2003 such activities can lead to large penalties and 10 years imprisonment (see above).

Following are two examples of the steep learning curves for Norwegian companies in their process of establishing business in developing countries where social legislation is lagging behind. The first case involves **Telenor**, a large Norwegian telecom company, and the second case is about a small company, **Bern Sten**. These two cases illustrate both small and large companies can be caught by surprise and are then suddenly facing challenges they were not prepared to for poor behavior that was not intended.

6 The Telenor Case: Poor Working Conditions in Bangladesh

Telenor is the second-largest company in Norway and the fifth largest international telecom provider in 12 markets across Europe and Asia. For years, the company has built an image as a responsible company—including being on the FTSE4 Good and DJSI lists. Similar to Statoil (81.7 %), the Norwegian Government still is the largest shareholder (53.97 %) of Telenor.

When, in May 2008, reports emerged about one of Telenor's suppliers in Bangladesh operating under dangerous working conditions and using child labor, the surprise and disappointment were devastating. The scandal landed on the front page of the newspapers and remained there for several days, and top management attempted first to defend themselves before adopting a strategy of total surrender. An external consultant reviewed the conditions for which the company was criticized and major changes were implemented to ensure that acceptable conditions were met from now on. In the process, partners like **Save the Children Norway** cancelled their contracts with Telenor as they did not want to receive money from a company engaged in child labor.

Somewhat paradoxically, though, in spite of the negative media coverage, it was difficult to identify any impact on Telenor stock prices due to these major criticisms (Eidem, 2008). The same is true for the number of customers: relatively few cancelled their Telenor subscription as a result of the scandal. Still the Telenor-Bangladesh case had impact on other stakeholders, like the Norwegian population, politicians, media, company reputation and NGOs which is more complicated to measure.

7 The Beer Sten: Poor Working Conditions in India

The **Beer Sten** case shows that CSR scandals do not hit large companies only. Beer Sten is an old Norwegian company with more than 130 years of experience in the stone industry. Delivering granite to the Millennium site in the large Norwegian city of Stavanger in 2007, very poor working conditions were uncovered among the company's suppliers in India. The TV documentary "De fattiges plass" (The poor fit) portrayed the poor conditions for local employees working without contracts, with no unions, etc. This case also received front page coverage.

Not only private businesses and companies have seen scandals, municipalities have also been criticized for poor behavior and even corruption, as mentioned above.

There is, however, a positive effect of all these scandals: it has made other companies more concerned about their own CSR performance. The scandals were thus key drivers for other companies to monitor their standards among suppliers and review internal corruption standards—at least as a risk reduction maneuver.

The topic of the book and this chapter is about challenges of *corporate* social responsibility. However, it is not only companies that have responsibility when it comes to sustainable development. Companies can produce environmentally and socially responsible products—but unless consumers purchase such products, the effect is rather marginal. We will therefore include a brief section addressing challenges related to Norwegian consumer attitudes and behavior.

8 Consumers' Are Laggards

Norway is one of the richest countries in the world—and as has also been shown—one of most focused on CSR and sustainability. At the same time, the Norwegian consumption pattern is not very sustainable. In fact Norwegians are, on average, one of the least sustainable consumers in the world. According to the Happy Planet Index (www.happyplanetindex.org) the average Norwegian leaves a large ecological footprint. Norway is number 124 of 151 countries on this index.

Private consumption has increased dramatically even in recent years. In 2007, private consumption in Norway had increased by more than 6 %, the largest increase in any single year since 1985.⁹ Volume of waste has also increased. In 1992 the average Norwegian threw away 237 k, and in 2012 this number had almost doubled to 430 k (NTB, 2013).

Compared to their close neighbors like Denmark and Sweden, Norwegians are much less concerned about global environmental challenges and our own sustainable behavior. Even though the Norwegian government wants 15 % of the dairy products to be ecological (Landbruks- og matdepartementet, 2009), currently only 3 % of what farmers produce is. Furthermore, consumers only purchase 1 % of the ecological dairy products (Svartdal, 2007). In Denmark, in contrast, 35 % of the milk sold is ecologically produced.

The same is true with respect to biking, the environmentally friendly mode of transportation. Today, only 5 % bike; the corresponding figure is 12 % for Sweden and 17 % for Denmark. According to the Public Roads Administration, the goal for Norway is that cycling constitute 8 % of all trips (Statens vegvesen, 2007).

On a more positive note, it is relevant to mention that Norwegian development aid from the Norwegian Government is among the largest—if not the largest—in the world. Already in 1972 the Norwegian Government decided that development aid should represent 1 % of GNP (In 2013 the development aid was 1.07 % of BNI, SSB, 2014).

⁹ <http://www.framtiden.no/200811182431/rapporter/forbruk/okologiske-konsekvenser-av-norsk-forbruk.html> (accessed 12-8-2013).

9 Conclusion

A UNGC-Accenture CEO Study on Sustainability of 2013 found that CEOs are frustrated and we see a decline in the perceived importance of sustainability. CEOs are calling for government intervention to align public policy with sustainability.¹⁰ This implies that in order to get on a track, which would make CSR a path to sustainable development; it is more up to governments than companies. Real and substantial changes in corporate behavior will not happen unless resource prices reflect the real environmental impact—which will be the basis of a real consumption shift.

But maybe to rely on government intervention will not be received well either, as it is against the market logic, where differentiation and competition are a must. The Norwegian experience with its obvious link to historical roots can exemplify that a firm's social responsibility strategy, if genuinely and carefully developed in a process utilizing management and employees, should continue to be unique and not a mere copy of another firm's. It should match the characteristics of the industry, but represent and reflect the lived and experienced values of the company, its employees and even its major customers (Hoivik, 2011). Maybe the following quote from World Business Council for Social Development summarizes this well:

The essence of corporate social responsibility is to recognize the value of external stakeholder dialogue. Because of this, we place stakeholder engagement at the center of CSR activity. CSR means more than promulgating a company's own values and principles. It also depends on understanding the values and principles of those who have a stake in its operations. (WBCSD, 2000, p. 15)

If Norwegian companies become more aware of their historical roots and with it the long tradition for acknowledging the moral basis for obligations towards society and its stakeholders, they do not need more government regulations and laws.

References

- Argandoña, A., & Hoivik, H. v. W. (2009). Corporate social responsibility: One size does not fit all—Collecting evidence from Europe. *Journal of Business Ethics*, 89, 221–234.
- Bjørkvik, H. (1998). *Folketap og sammenbrudd: 1350–1520*. Oslo: Aschehoug.
- Bull, E. (1995). *Norge i den rike verden: Tiden etter 1945—Bind 14*. Oslo: Cappelen.
- Byrkjeflot, H. (2003). Nordic management: From functional socialism to shareholder value? In B. Czarniawska & G. Sevón (Eds.), *The northern lights: Organization theory in Scandinavia* (pp. 17–39). Malmö: Liber.
- Carroll, A. B., Lipartito, K. J., Post, J. E., & Werhane, P. H. (2012). *Corporate responsibility: The American experience*. London: Cambridge University Press.

¹⁰ http://www.accenture.com/Microsites/ungc-ceo-study/Documents/pdf/13-1731y_UNGC%20report_Final_FSC3.pdf (accessed 12-8-2013).

- Christensen, S. A. (2003). Statlig eierskap og nasjonal kontroll. In S. A. Christensen, H. Espeli, E. Larsen, & K. Sogner (Eds.), *Kapitalistisk demokrati? Norsk næringsliv gjennom 100 år* (pp. 67–148). Oslo: Gyldendal akademisk.
- Ditlev-Simonsen, C. (2010). Ikke finansiell rapportering i små- og mellomstore (SMB) bedrifter. W. paper. Handelshøyskolen BI, Handelshøyskolen BI.
- Eidem, M. (2008). En bagatell for Telenor. Dagens Næringsliv dn.no, Oslo. <http://www.dagensit.no/bransje/article1408110.ece>
- Engelstad, F., Ekberg, E., Gulbrandsen, T., & Vatnaland, J. (2003). *Næringslivet mellom marked og politikk* [Business between market and politics]. Oslo: Gyldendal akademisk.
- European Commission. (2001). Promoting a European framework for corporate social responsibility. Accessed September 10, http://ec.europa.eu/enterprise/csr/index_en.htm
- Fossåskaret, E. (2009). «... må jeg få lov å henvende mig til dem...»: Paternalistiske direktører som lokalpolitiske aktører [“... may I ask thee.”: Paternalistic directors as local political actors]. *Arr – Idehistorisk tidsskrift*, 20(2), 81–93.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston, MA: Pitman.
- Freeman, R. E., & Veal, J. M. (2003, November). *A stakeholder approach to management: The state of art*. Presentation to Flemish Network for Business Ethics, Louvain
- Gilje, N., & Rasmussen, T. (2003). *Tankeliv i den lutherske stat: Norsk idéhistorie bind II*. Oslo: Aschehoug.
- Grenness, T. (2003). Scandinavian managers on Scandinavian management. *International Journal of Value-Based Management*, 16, 9–21.
- Grytten, O. H. (2010). Protestantisk etikk og entreprenørskapens ånd [Protestant ethics and entrepreneurial spirit]. *Minerva*, 86(4), 68–73.
- Hargett, T. R., & Williams, M. F. (2009). Wilh. Wilhelmsen Shipping Company: Moving from CSR tradition to CSR leadership. *Emerald Journal*, 9(1), 73–82.
- Hauge, H. N. (1804). *Forklaring over Loven og Evangelium* [Explanations over the law and the scripture]. Christiansand: Hans Nielsen Hauge.
- Heradstveit, D. (Ed.). (1998). *Menneskerettigheter og norsk oljepolitikk*. Oslo: Norsk utenrikspolitisk institutt.
- Hernes, G. (Ed.). (1978). *Forhandlingsøkonomi og blandingsadministrasjon [Bargaining economy and mixed administration]*. Oslo: Universitetsforlaget.
- Hodne, F., & Grytten, O. H. (2000). *Norsk økonomi i det nittende århundre* [Norwegian economy in the 19th Century]. Bergen: Fagbokforlaget.
- Hodneland, B. (2009). *Næringslivets samfunnsansvar i en global økonomi: Juridiske forpliktelser eller moralske forkynnelser?* (Vol. 127). Mastergrad, Institutt for Administrasjon og Organisasjonsvitenskap Bergen, Universitetet i Bergen.
- Hoivik, H. v. W. (1997). A joint stakeholder learning process in participatory environmental ethics: A case study. *International Journal of Value-Based Management*, 10, 147–172.
- Hoivik, H. v. W. (2011). Embedding CSR as a learning and knowledge creating process: The case for SMEs in Norway. *Journal of Management Development*, 30(10), 1067–1084.
- Hoivik, H. v. W., & Mele, D. (2009). Can a SME become a global corporate citizen? Evidence from a case study. *Journal of Business Ethics*, 88(3), 551–562.
- Hoivik, H. v. W., & Melé, D. (2009). Can an SME become a global corporate citizen? Evidence from a case study. *Journal of Business Ethics*, 88(3), 551–563.
- Ibsen, H. (1996). *Mellom profit og moral: Bedriftsvelferd ved A/S Freia sjokoladefabrikk, J.L. Tiedemanns Tobaksfabrik og Christiania Portland Cementfabrik A/S 1910–1970* [Between profit and moral: Worker welfare at A/S Freia sjokoladefabrikk, J.L. Tiedemanns Tobaksfabrik og Christiania Portland Cementfabrik A/S 1910–1970] (320 s). Oslo: Tano Aschehoug.
- Ihlen, Ø. (2011). *Samfunnsansvar på norsk: Tradisjon og kommunikasjon* [Norwegian corporate social responsibility: Tradition and communication]. Bergen: Fagbokforlaget.
- Ihlen, Ø., & Hoivik, H. v. W. (2013). Ye olde CSR: The historic roots of corporate social responsibility in Norway. *Journal of Business Ethics*. doi:10.1007/s10551-013-1671-9, published online April 9, 2013

- Kjelstadli, K. (1998). *Et splittet samfunn: 1905–1935*. Oslo: Aschehoug.
- Landbruks- og matdepartementet. (2009). Handlingsplan for å nå målet om 15 pst. økologisk produksjon og forbruk i 2020 Økonomisk, agronomisk – økologisk!
- Lange, E. (1998). *Samling om felles mål: 1935–1970*. Oslo: Aschehoug.
- Midttun, A. (2012). *Folk flest om bedriftenes samfunnsansvar*. <http://www.forskning.no>
- Midttun, A., Gautesen, K., & Gjolberg, M. (2006). The political economy of CSR in Western Europe. *Corporate Governance*, 6(4), 369–385.
- Ministry of Foreign Affairs. (2000). *St. meld. nr. 21 (1999–2000) Menneskeverd i sentrum: Handlingsplan for menneskerettigheter* [Human dignity at the center: Action plan for human rights]. Oslo: Statens forvaltningstjeneste.
- Munkelien, E. B., Goyer, P. R., & Frateczak, I. (2005). CSR in the Scandinavian countries: A review of voluntary versus regulated. In I. Demirag (Ed.), *Corporate social responsibility, accountability and governance* (pp. 182–197). Sheffield: Greenleaf Publishing.
- NTB (2013). *Nordmenn kaster stadig mer søppel*. Aftenposten, Oslo. <http://www.aftenposten.no>
- Østerud, Ø. et al. (2003). *Makten og demokratiet: En sluttbok fra Makt- og demokratiutredningen* [The power and the democracy: A concluding book from the Power and Democracy project]. Oslo: Gyldendal Akademisk.
- Rhenman, E. (1968). *Industrial democracy and industrial management: A critical essay on the possible meanings and implications of industrial democracy*. London: Tavistock.
- Ruud, A., Jelsta, J., Ehrenclou, K., & Vormedal, I. (2005). Corporate responsibility reporting in Norway. P.-C. f. R. a. D. f. a. S. S. -. Oslo: Centre for Development and the Environment, University of Oslo.
- Sejersted, F. (1993). *Demokratisk kapitalisme* [Democratic capitalism]. Oslo: Universitetsforlaget.
- Sejersted, F. (2003). *Norsk idyll? Uvidet utgave* [Norwegian idyll]. Oslo: Pax.
- Slagstad, R. (2001). *De nasjonale strateger* [The national strategists]. Oslo: Pax.
- Søreide, T. (2004). *Corruption in international business transactions: The perspective of Norwegian firms*. Bergen: C. M. Institute. Project no. 21004.
- Statens vegvesen. (2007). *Nasjonal sykkelstrategi – Grunnlagsdokument for NTP 2010–2019 Vegdirektoratet*. Oslo: Statens vegvesen.
- Svartdal, T. (2007). *Økologisk mat – for dyrt?* Retrieved September 09, 2012, from <http://www.naturvernforbundet.no>
- Throne Holst, J. (1914). *Industri og industrielle problemer: Belyst ved erfaringer fra A/S Freia Chocolate Fabrik*. Kristiania: Aschehoug.
- Thue, L. (2008). Norway: A resource-based and democratic capitalism. In S. Fellman, M. Jes Iversen, H. Sjøgren, & L. Thue (Eds.), *Creating Nordic capitalism: The business history of a competitive periphery* (pp. 394–493). Basingstoke: Palgrave Macmillan.
- Trygstad, S., & Lismoen, H. (2008). *Fagbevegelsen og CSR* (Vol. 2008:04). Oslo: Fafo.
- WBCSD. (2000). *Corporate social responsibility: Making good business sense*. Geneva: WBCSD. ISBN 2-940240-078.
- Whitley, R. (1999). *Divergent capitalisms: The social structuring and change of business systems*. Oxford: Oxford University Press.
- World Commission on the Environment and Development. (1987). *Our common future*. Oxford: Oxford University Press.

Political Institutions and Corporate Social Responsibility: A Nordic Welfare State Perspective from Denmark

Morten Ebbe Juul Nielsen and Claus Strue Frederiksen

1 Introduction

In Denmark, CSR takes place in a highly regulated political, social and economic framework. Three issues stand out as special: first, various Danish governments have pressed forward various ambitious plans for CSR; in short, CSR is, at least relatively speaking, institutionalized and politicized in Denmark (Vallentin, 2013). Second, many issues that in other geographical contexts might fall under the umbrella of CSR—workplace safety, basic environmental concerns, gender equality etc—have long been regulated by law with less room for further improvements given considerations of competitive edge. Third, SMEs comprise more than half of the private sector employees and turnover.

The fact that much, or at least some, of the space available to “do CSR”—on the premise that CSR concerns initiatives with positive social and environmental impact that go beyond and above what is required by legislation—is already occupied by legislation and union agreements generates a seeming paradox: although government (s) have pressed forward ambitious CSR plans, and a majority of Danish businesses (according to some studies) report that they are engaged in CSR, it could be said that CSR plays only a very minor role in the actual practices of Danish businesses.

In the light of the previous, we aim in this article to go through at least the most important parts of the suggested political and institutional themes. Besides from this brief introduction and some concluding remarks in the end this paper consists of

M.E.J. Nielsen

Philosophy, Department of Media, Cognition and Communication & Department of Food and Resource Economics, University of Copenhagen, Copenhagen, Denmark
e-mail: mej@hum.ku.dk

C.S. Frederiksen (✉)

Department of Media, Cognition and Communication, philosophy unit, University of Copenhagen, Copenhagen, Denmark
e-mail: clausf@hum.ku.dk

three main parts. First, we present an introduction to CSR in Denmark, including how the Danish welfare state's influence on Danish companies approach to CSR. Second, we discuss whether CSR should be seen as extra-legal activities, i.e. something that goes beyond the demands of the state and the law. Third, we present some future perspective on CSR in Denmark.

2 CSR in Denmark

2.1 *The Danish Welfare State and Its Business Environment*

Denmark belongs—together, roughly, with the other Scandinavian countries and the Netherlands—to the group of market economy welfare states with a universal social model (Mogensen, 2010). A market economy welfare state allows for extensive rights of private property (Denmark ranks tenth in the world on the 2014 index of economic freedom made by the Heritage Foundation) and aims for efficiency in market exchanges while at the same time underscoring redistributive concerns in order to promote the wellbeing for the worst- and worse off. A universal social model puts less (or no) emphasis on insurance-based systems of social welfare provisions, whether they are primarily based on individual insurance (the so-called “liberal model” of, e.g., the US and UK) or on various more corporative models (the so-called “continental” model of, e.g., Germany and France.) In other words, provision of social security, health services etc. is predominantly independent of individual contribution (except, of course, in the forms of taxes) or insurance; it is “universal.”

With a system of progressive taxation and an emphasis on equality throughout a range of domains (economically, politically etc.), the GINI-coefficient is (in 2012) 28.1, indexing the country as the 11th-most equal country in terms of economic equality.

In comparison with neighbouring states Germany and Sweden, Denmark (not counting the independent unit of Greenland) has few natural resources (apart from agri- and aquaculture and some oil) and, especially, only a modest history of large industrial corporations. SMEs account for more than half of the employees and turnover.

Moreover, there is a strong culture of political consensus: a predominantly social-democratic majority (in various guises) of the public throughout most of the twentieth century has created a political culture where employer-organizations have been (forced to) accommodating worker's demands as concerns worker's rights, salaries etc. to a rather higher degree than many other places. On the other hand, businesses are less burdened by handling social issues themselves as concerns provision of health care, pensions etc.; this is taken care of by the universal model. The so-called “three parts negotiations” between unions, employers' organizations and the ministry of finances are pivotal for any major change of practices in the Danish labour market. It is in this specific context one must understand CSR in Denmark.

2.2 *Some Basics About CSR in Denmark*

In 2005 TNS Gallup conducted an extensive survey regarding the CSR engagement of SMEs in Denmark. The survey came up with a number of interesting results. Among other, it showed that three quarters of Danish SMEs had implemented CSR activities. Workforce-related CSR activities, including securing a safe and healthy working environment, was the most widespread (54 % claimed to have implemented CSR activities in this area) followed closely by environmental activities (51 %) (TNS Gallup, 2005). According to a more recent survey study done by the Danish Association of Managers and Executives (in Danish titled 'Lederne') these two topics were still on the top of Danish companies' CSR agenda, even though the percentage of companies that had implemented workforce-related CSR seem to have risen substantially from 2005. According to the more recent survey about 70 % of Danish companies engaged in CSR had implemented work-related CSR activities, whereas about 54 % of them had implemented environmental CSR activities, which is just a 3 % increase compared to 2005 (Lederne, 2009).

As concerns workforce-related activities the idea of the inclusive labour market, focusing on the inclusion of marginalized groups in the workforce, including religious minorities, people with disabilities etc., was considered to be one of the most important topics within the field of CSR (The Danish Government, 2008). In a survey done by Epinion on behalf of a forum for Danish business leaders, 76 % of the 403 companies participating in the survey informed that they had employees with reduced work ability e.g. people with disabilities or immigrants with very poor language skills (Epinion, 2011). Also, a survey done by the consultancy LG Insight on behalf of the (former) Danish Ministry of Refugee, Immigration and Integration Affairs indicates that Danish companies, at least when it comes to religious minorities, have a (fairly) positive attitude. Among others, the study shows that out of the 45 (mainly large) Danish companies participating in the survey about 90 % of them had a positive attitude toward letting Muslim employees wear a headscarf at work and all of them were willing to accommodate religious preferences such as special food in the workplace cafeteria. Notice, however, that not every kind of religious practice was welcomed. For instance, when asked about their attitude toward the Muslim niqab (which covers almost everything except the eyes) 95 % of the companies had a negative attitude (LG Insight, 2007).

When it came to reasons for implementing CSR activities the data in the survey conducted by TNS Gallup showed that as many as 69 % of the enterprises cited ethical and moral reasons, whereas "only" 56 % referred to the expected positive impact on the enterprise's financial result (TNS Gallup, 2005). That moral obligation was the main driver for engaging in CSR might come as a surprise to some. However it is important to notice that Danish SMEs in this respect does not stand out when compared to European companies in general. A study done by Arlbjörn, Warming-Rasmussen, Liempd, and Mikkelsen (2008) shows that the most prevailing driver for CSR in European companies is ethical and moral considerations, which means that the Danish SMEs are actually just following the trend of

European companies when it comes to motives for implementing CSR activities, at least as concerns the self-reported motivation of companies.

Now, if 75 % of Danish SMEs were engaged in CSR activities in 2005, then it might seem reasonable to expect that today an even larger part of Danish companies (maybe as high as 80 or 90 %) have implemented CSR activities. The reason for this optimistic estimate is that we have data which indicates that since 2005 CSR is becoming more and not less widespread. One example of this trend is stated in an action plan for CSR presented by the Danish government in 2012. Here it is stated that: “The number of Danish companies that have adopted the UN Global Compact has increased steadily from 38 companies in 2008 to 200 today” (The Danish Government, 2012, p. 4).

Hence, The Danish Government’s objective—stated in the 2008 action plan for CSR—of encouraging Danish companies to engage in CSR (see more about the Danish Governments plans for CSR below) almost seems to be fulfilled before getting off the ground. However, it is worth to notice that other and more recent surveys reach different conclusions as concerns the CSR commitment of Danish Companies. First, a survey by the Danish consulting firm Succes med CSR and the newspaper Berlingske Tidende conducted among 650 of the 1,000 largest Danish Companies, conclude that almost two-thirds of Danish companies have not implemented any CSR policy (Springborg & Ostrynski, 2009). This survey is in line with a survey conducted by the Danish Association of Managers and Executives which showed that only about 40 % of Danish companies are working actively and systematically with CSR (Lederne, 2009). It is difficult to say which survey that hit the mark, and we do not want to go into a long debate about that here—however, it is important to notice that the different results might be due to a difference in opinion regarding what it implies to be working with CSR. As noted in a report by the Danish Council for Corporate Responsibility, more than three quarters of Danish companies are working with CSR-related areas (including social and environmental areas), but at the same time two out of three of the Danish companies did not have any strategy or policy in regards to CSR, meaning that a lot of Danish companies seem to be working with CSR but without defining it as CSR (Rådet for Samfundsansvar, 2010).

As a final note on the level of CSR engagement it is worth to notice a survey conducted by the British think-tank *Accountability* in 2007 regarding responsible business operations in 108 countries. In this regard Denmark came in second (behind Sweden) in the “Responsible Competitiveness Index” (The Danish Government, 2008). Also, in a more recent survey presented by the world economic Forum Denmark is number 7 (out of 148 countries) when it comes to the ethical behaviour of firms (World Economic Forum, 2013).

One leading CSR consultant (Christian Honore of KPMG Denmark) emphasized two issues that preoccupy Danish companies engaged in CSR in the recent years. First, a focus on “materiality”, which can be seen as a concept pertaining to the instrumentally driven value for the company e.g. in terms of boosted brand value or improved/sustained stakeholder relations etc. of CSR engagements; as a normative concept about the value or relative importance of various CSR activities; or both.

Naturally, the focus on prioritization and “value for money” (either literally or metaphorically) goes hand in hand with the less favourable business environments of the financial crisis of the late 2000s and early 2010s. Second, most companies heavily involved in international transactions has been focusing on anti-corruption, which probably reflects the ever increasing focus on business relations with the BRIC countries.

2.3 *The Relation Between Government and CSR in Denmark*

According to Vallentin’s analysis (see Vallentin, 2013), one can tease out three different overall aims or “governmentalities” associated with the Danish state’s engagement with CSR. From the early to mid-1990s an onwards an *inclusiveness regime*, focusing on “the inclusive labour market”; a *competitiveness regime*, associated with the instrumental value of CSR from the early to late 2000s, followed by a (partly emerging) *accountability regime*, with a more mixed focus on both classic CSR issues and competitive edge (see below). It is instructive to spell out a bit of the details associated with each of these phases:

The inclusiveness regime focused, as mentioned, on the inclusive labour market: “...inclusion of weak and marginalized groups (immigrants, disabled and long-term unemployed people etc.), the campaign was about *preventing* unemployment, *retaining* employees through reassignment after illness or accidents, and *integrating* people into the workforce. . .” (Vallentin, 2013, p. 6). Even though the specific focus on inclusiveness is only superficially manifest in current government initiatives, one should not underestimate the continued impact of this first phase of state—business cooperation: CSR is still very much associated with businesses effort to make an “extra” contribution vis-à-vis in terms of important social goals in the labour market in Denmark.

The competitiveness regime focused on CSR as a means to profit and competitive advantage, and emerged partly as the result of a political shift from the 1990s, where governments were dominated by various alliances led by the social democratic party, to a liberal-conservative domination throughout the first decade of the 2000s. However, clearly, this shift reflected similar moves in the CSR literature with increased focus on “shared value” and, in broad terms, the strategic business potential of CSR.

2.4 *The Government’s Current Action Plans for CSR and the Accountability Regime*

In 2008 the Danish Government presented its first official action plan for CSR (The Danish Government, 2008). The aim was to support Danish businesses in their work

with CSR, and the government emphasized that the action plan focused on business-driven CSR. In this regard, the Danish Government stated that “the action plan aims to help Danish businesses reap more benefit from being a global frontrunner in the matter of corporate social responsibility” (The Danish Government, 2008, p. 7). The governmental action plan contained 30 concrete CSR-related initiatives in the following four key areas: (1) propagating business-driven CSR; (2) promoting businesses’ social responsibility through Government activities; (3) corporate sector’s climate responsibility; (4) marketing Denmark for responsible growth. One of the concrete initiatives was the Government’s plan to make CSR reporting mandatory for large business operating in Denmark. In this regards the Danish Government stated:

The duty to report will encourage more openness, thus strengthening shareholders’, customers’ and members’ opportunities to take a stance on businesses’ and investors’ CSR work. Another objective of the duty to report lies in the fact that the more businesses and investors who actively decide on CSR and communicate their decision to the public, the stronger a position Denmark will enjoy internationally as a country known for responsible growth. The cumulative effect can bolster Danish businesses’ market shares (The Danish Government, 2008, p. 21).

The mandatory reporting initiative would thus, according to the Danish Government, not just be a win-win situation but a triple win situation, benefitting first the stakeholders (due to increased transparency), second Denmark as a nation and third the Danish businesses’ (both benefitting from the positive publicity that the mandatory CSR reporting was expected to have). The reporting initiative, which was later supported by the Danish parliament (since 2009 large companies operating in Denmark has been obligated to report about their CSR activities), is a good example of the Danish Government’s view on CSR as something benefitting society as a whole (and sometimes in addition specific stakeholder groups) as well as the corporate sector. The potential (and not completely unrealistic) conflict between maximizing profit and benefitting society is totally absent in the 2008 action plan. This hardly being a big surprise since, as noted above, the Danish Government explicitly declared that it focused exclusively on business-driven CSR.

In 2012 the Danish Government presented its second official action plan for CSR (The Danish Government, 2012). In this plan the focus is still on business-driven CSR, however some might find that the tone has (slightly) changed when, for instance, the Danish Government in the beginning of its report states:

This action plan does not only look at the companies and their business interests in implementing social responsibility. It is the Government’s ambition that both human and natural resources in Denmark should be used in a way that is both sustainable and competitive. This applies nationally as well as internationally. Social responsibility is therefore about ensuring that growth and responsibility go hand in hand, creating shared value for both companies and society (The Danish Government, 2012, p. 3).

At first sight this seems to indicate that the Danish Government this time around acknowledges the potential conflict between business and society. The need to ensure that growth and responsibility go hand in hand seems to imply that potentially growth and responsibility could conflict. However, later in the report the

Danish Government seem to deny any such potential conflict when it states that “Responsible conduct and growth should not be regarded as conflicting goals. Responsible conduct and growth go hand in hand, (...)” (The Danish Government, 2012, p. 4). Now, we are not claiming that the Danish Government denies that business and society can have conflicting interests. Such a position would be downright foolish—some companies would (and some do) benefit financially if (or because) they do not behave socially responsible e.g. by paying bribes or polluting (notice, the motive for paying bribes, polluting and violating other international recognized CSR codes seems to be a financial one, strongly indicating that CSR and maximizing profit sometimes conflict). What we are claiming, and what the quotes above (in our view) clearly illustrate is that the Danish Government, like so many others dealing with CSR, disregards or downplays the potential conflict between maximizing profit and acting socially responsible.

3 Government and CSR: CSR as Extra-Legal Activities?

In many respects, the state is a very active player in the Danish practice of CSR. One might call the present state of affairs a form of “government CSR”. As pointed out by Vallentin (2011) the fact that the Danish welfare state is highly regulated when it comes to classical CSR-related issues, including the labour market, environmental issues etc. means that the Danish companies are starting at a very high level compared to companies from less regulated countries. To many, the notion of government CSR probably sounds wrong or conceptually distorted. CSR, it might be said, is precisely voluntary actions, undertaken by businesses, that go *beyond* what is mandated or enforced by the state through its laws. CSR, many maintain, is “extra-legal”, and a distinction must be made between activities that are regulated and mandated by the law on one hand, and the area of voluntary actions that go beyond the demands of the state and law (the area of CSR) on the other.

However, we believe that this is an unfortunate, untenable distinction. In essence, there are two problems: First, law is not only enforcing, demanding, or restricting. It has *enabling* functions as well, and many voluntary (i.e., non-enforced, non-mandatory) actions undertaken by businesses in the name of CSR rely on the enabling character of the law. Secondly, on the premise that CSR has an ethical dimension that is not wholly reducible to instrumental considerations—in other words, on the premise that CSR is not simply some sort of marketing or branding tool—it becomes unclear *why* we should distinguish between legal and extra-legal activities. If the point of CSR activities is to pursue some ethical desirable state of affairs—or fulfil some moral obligation—then whether or not something is demanded by law or not seems to be wholly irrelevant. Allow us to elaborate:

The enabling features of law. In CSR and in business studies in general, there seems to be a very restricted view of the function of law: Law demands, restricts, and mandates enforcement in cases of non-compliance. However, reflection soon

reveals that law plays other, more positive roles. Law does not only assign duties and liabilities; it also gives privileges, assigns immunities, and creates opportunities and institutions. There is a host of cherished institutions and practices that cannot (at least: cannot in the conventional sense) exist without the *enabling*, creative sense of law: marriages, contracts, practices that require some official recognition such as medical doctor or lawyer, and so on and so forth. One might, in a lawless society, occupy a special role such as “negotiator” or “arbiter”, but one could not be a lawyer, an accountant, a finance banker etc. These roles are *enabled* by law.

We maintain that if one is aware of the enabling feature of law, then the distinction between legally regulated actions on the one hand and “extra-legal” actions on the other becomes conceptually muddled. To take a very simple example: a company could not undertake the voluntary action of donating money to some local, CSR-related initiative if it weren’t for the law, which *enables* and supports a system of money. Law is essentially involved in any event. It is true that one might reconstruct the distinction, so that the operational difference is between legally *demand*ed actions on the one hand, and legally *enable*d actions on the other (rather than the cruder “legal” vs. “extra-legal” distinction), and then maintain that “true” CSR-activities are “merely” enabled by law as opposed to demanded by law. Hence, “true” CSR is definable in terms of “voluntary,” actions, including such that are legally enabled. However, it becomes unclear why one would want to fixate on CSR’s relation to the law once one pays attention to the ethical underpinnings of CSR, to which we now turn.

3.1 *CSR and Ethics*

Assume that the *point* of CSR—why we think it is a valuable activity—is not wholly reducible to instrumental considerations of profit maximizing, branding etc., but that CSR (at least *also*) involves a moral dimension. This is not the right place to go into a lengthy debate about *which* normative theory is the best as a foundation for CSR. We claim, nevertheless, that adopting any *plausible* normative theory as a basis for reasoning about CSR undermines the distinction necessary for the proponents of the thesis that only “extra-legal” or “voluntary, including legally enabled” actions are “true” CSR:

Imagine two quite similar companies, A and B, that operate in two separate jurisdictions, a and b. The relevant main differences of a and b pertains to some CSR-relevant legal regulation, say, of environmental impact (“ecological footprint”). In a, the state does not enforce any strict regulation of pollution or use of natural resources, whereas in b, the state enforces some rather demanding restrictions. Imagine, now, that the actual practices of both companies are exactly the same: Even though company A *could* pollute on a much higher level without any legal repercussions due to the lax regime of a, they do in fact live up to all the demands and standards imposed by regime b (and company B lives up to the exact demands of jurisdiction b).

Upholding the distinction between extra-legal (or voluntary, legally enabled) actions and legally mandatory actions seems *simply irrelevant* for any ethical assessment of the actions of the two companies, yet, if one sticks to the distinction, one has to say that company A (since they undertake voluntary, and, *ex hypothesis* socially or environmentally desirable actions) is somehow morally superior to B. But why? The environmental impact of the two companies is the same. Moreover, imagine that company A does not engage in any voluntary actions to reduce pollution, and B still fulfils their (legal) obligations. One would then say that, as concerns CSR, these companies are on the same level (since both A and B “merely” fulfil their legal obligations). But that, of course, also seems wrong: surely, company B is superior in a CSR-relevant way by having a lighter ecological impact than A.

Some might protest and say that there is *something* morally praiseworthy in the actions of company A: after all, they *voluntarily* engage in environmentally beneficial practices. However, it is hard to come up with any robust rationale why this should earn any special moral praise for the company. Imagine, again, two jurisdictions where a does not disallow husbands to beat their wives whereas b does impose legal sanctions on such brutality. If a husband in a does not beat his wife, it seems almost childish to insist that his (in-)actions are more morally praiseworthy than his counterpart in b who also abstains from violence. Morality does not include cookie-points; at least we cannot think of any serious moral philosopher or variant of normative ethics that would justify such a conclusion.

We have engaged in this rather lengthy detour to make the point that one cannot conclude that companies in highly regulated legal circumstances are *any less involved* in CSR when they perform in ways that in other jurisdictions with less regulation would count as archetypical CSR-activities. However, one should not generalize this point too broadly. Surely, in some circumstances, voluntarily adopting codes of conducts or standards that are more ethically exacting than those demanded of relevant jurisdictions means that the company in question fights on an uneven playing field (e.g. if local competitors win a competitive edge in not adopting the higher standard). Voluntarily accepting such a burden might in special cases give reasonable grounds for praising a company for special moral courage or zeal. This, however, does not pertain to the key claim: that there are no good reasons to focus on the legal/extra-legal distinction in conceptualizing CSR.

This last point is, to some extent, in line with the new definition of CSR adopted by the European Commission. Notice, however, that previously the Commission endorsed an understanding of CSR emphasising its voluntary aspect, which is also noted by the Commission:

The European Commission has previously defined Corporate Social Responsibility (CSR) as ‘a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis’ (EU Commission, 2011, p. 2).

However, as per 2011, the Commission puts forward a new proposal for understanding CSR: “The Commission puts forward a new definition of CSR as ‘the

responsibility of enterprises for their impacts on society’ (EU Commission, 2011, p. 6). Surely, moving from an definition that underscores voluntary action to a much broader conception emphasising “responsibility for impacts” is in line with our considerations in the above.

However, neither “impacts” nor “responsibility” is defined in any clear and precise terms (perhaps a rather daunting task in the first place). Specifically, there are no attempts to define mandatory action (apart from the obvious reminder that companies should follow the law). It follows that there is still room for (much) diversity and interpretation of when some policy or action is legal or extralegal, even if in principle the definition which is proposed by the Commission could encompass all of the actions of companies. Moreover, despite the statement from the Commission, we aver that many scholars and a lot of companies still associate CSR primarily with actions that, somehow, go beyond the mere letter of law.

In sum: If we are right that Danish companies *in general* work in a relatively more regulated and “ethically demanding” environment, *and* one insists that only extra-legal activities are CSR-activities, it should follow that, *ceteris paribus*, the *scope* of possible CSR-actions for Danish companies is more restricted, given considerations of international competition. However, looking at the relative *impact* vis-à-vis social and environmental issues of Danish companies, it does not seem reasonable to claim that Danish companies should score especially low on any CSR-index—and, as we have noted earlier, this is indeed not the case.

4 Some Future Issues and Perspectives

In this section, we wish to put forward to conjectures about the shape of CSR in Denmark in the coming years. We focus on two issues: work/life balance (and related themes) and inclusion of workers on the fringe of the labour market.

There is a strong tradition in Denmark for prioritizing workplace issues and worker’s rights in CSR practices. However, only few sustained attempts to address the “new pathologies” affiliated with contemporary work life—collapse of the work/life balance, stress, and so on—have been made. However, especially as concerns knowledge heavy workplaces, where transaction costs of replacing an employee can be extremely high, there seems to be the basis for a “win-win” scenario when it comes to more focus on protection of the workforce against stress etc. Of course, it is probably harder to formalize many aspects of this problem—how do one measure how much of an employee’s thoughts are devoted to his or her work in his or her spare time?—And so the problem does not lend itself to clear cut measures and benchmarks. This might partly explain the lack of effort in the area. But we conjecture that this could be an upcoming CSR issue.

As indicated in the above, unions and employers’ organizations play a very important role in the Danish labour market. While this has created a state of affairs in which “proper” workers (roughly: full time employed organized workers) enjoy a relatively desirable range of benefits and protections, it has not been to the benefit of

the so-called “precariat” (Standing, 2011), the class of persons on the fringe of the organized labour market with part time and/or short time contracts—free lancers, “burger flippers” etc. An ambitious future CSR policy will have to face up to the fact that more and more people work on this fringe—voluntarily or otherwise, and again, we foresee that this will begin to emerge as a CSR issue in the coming years.

5 Conclusion

If one takes outset in a standard definition of CSR as “voluntary actions with positive social/or and environmental impact that go beyond and above what is required by legislation”, one could argue that businesses and organizations in Denmark are in fact *not* especially engaged in CSR! However, we have argued that this is a wrongheaded notion of CSR: We should not identify CSR or CSR-policies with actions that go beyond and above that what is required by legislation; rather, we need to compare the actual social and environmental impact—positive or negative—of businesses in an assessment of their CSR engagement, whether or not this is legally regulated or not.

This should not read as an apology for Danish businesses and organizations. Even though the field of possibilities for undertaking CSR activities—for contributing positively to social and environmental issues—is *different* in a highly regulated context such as the Danish, the conclusions that “we have nothing left to do” or “we are already burdened by so much government intervention that it is impossible for us to undertake any further responsibilities” are, we believe, poor excuses.

Acknowledgements We wish to acknowledge the help of Steen Vallentin, Copenhagen Business School, and Christian Honore KPMG Denmark, and thank them for their generous sharing of knowledge.

References

- Arlbjørn, J. S., Warming-Rasmussen, B., Liempd, D. V., & Mikkelsen, O. S. (2008). *A European survey on corporate social responsibility*. Kolding, Denmark: Department of Entrepreneurship and Relation Management, University of Southern Denmark.
- Epinion. (2011). *Virksomheders sociale ansvar. 403 interviews med virksomheder*. Copenhagen: Virksomhedsforum for Socialt Ansvar.
- EU Commission. (2011). *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the committee of the regions – A renewed EU strategy 2011–14 for corporate social responsibility*. Brussels, Belgium.
- Gallup, T. N. S. (2005). *People and profit phase 2. Mapping of CSR activities among small and medium-sized enterprises*. Copenhagen: Danish Commerce and Companies Agency.
- Insight, L. G. (2007). *Undersøgelse af Religion på det Danske Arbejdsmarked. Hvordan håndterer Danske Virksomheder Religiøse Medarbejderes Interesser og Behov?* Copenhagen: Danish Ministry of Refugee, Immigration and Integration Affairs.

- Lederne. (2009). *CSR. Hvordan arbejder virksomheders ledere med samfundsansvar?* Copenhagen: Lederne.
- Mogensen, G. V. (2010). *Det Danske Velfærdssamfunds Historie*. Copenhagen: Gyldendal.
- Rådet for Samfundsansvar. (2010). *Rapport om Dansk erhvervslivs indsats inden for samfundsansvar*. Copenhagen: Rådet for Samfundsansvar.
- Springborg, S., & Ostrynski, N. (2009, October 15). Virksomheder er blanke på CSR. *Berlingske Tidende*, pp. 14–15.
- Standing, G. (2011). *The Precariat: The new dangerous class*. London: Bloomsbury Academic.
- The Danish Government. (2008). *Action plan for corporate social responsibility*. Copenhagen: The Danish Government.
- The Danish Government. (2012). *Responsible growth. Action plan for corporate social responsibility*. Copenhagen: The Danish Government.
- Vallentin, S. (2011). *Afkastet og anstændigheden – social ansvarlighed i kritiks belysning*. Frederiksberg, Denmark: Samfundslitteratur.
- Vallentin, S. (2013). Governmentalities of CSR: Danish government policy as a reflection of political difference. *Journal of Business Ethics*, 1–15. doi:10.1007/s10551-013-1703-5.
- World Economic Forum. (2013). *The global competitive report 2013–2014*. Switzerland: SRO-Kundig.

Corporate Social Responsibility in Finland: From Local Movements to Global Responsibility

Mirja Mikkilä, Virgilio Panapanaan, and Lassi Linnanen

1 The Blurred Concept of Corporate (Social) Responsibility

The public have been preoccupied with the ethics of economic activities ever since the market economy began to emerge over 750 years ago (de George, 1987; Vogel, 1991). Business enterprises have always had to consider responsibility issues in their relations with the surrounding society, although the content of that responsibility has altered, as it inevitably reflects changes in the societal situation and debate with time and place.

The debate and research around the concept of corporate responsibility are lively, but the content of the terminology used often remains blurred for many people, whether they represent political affiliations, business or research. Responsibility in business has been described since the 1970s with various concepts such as corporate social responsibility, corporate responsibility, responsible business and sustainability, and the definitions of these concepts have been diverse.

In Finland, the business related responsibility focus has varied in time covering all three dimensions, originating from the definition of Sustainable development by Brundlandt's committee in the late 1980s, namely economic, social and environmental responsibility. Hence, "corporate responsibility" (CR) was considered here the most applicable concept covering the diversity of responsibility and providing a comprehensive understanding of the phenomenon in a Nordic state.

M. Mikkilä (✉) • V. Panapanaan • L. Linnanen
Lappeenranta University of Technology, Lappeenranta, Finland
e-mail: Mirja.Mikkila@lut.fi

2 Historical Development of Corporate Responsibility

2.1 *From Industrialization to the Welfare State: From the Late Nineteenth Century to 1950s*

The historical development of corporate responsibility in Finland can be divided into three phases: industrialization, emerging of environmental awareness and globalization. In this regard, Finland has followed much the practices of the Nordic and Central European countries.

The economic development of the industrializing Europe in the nineteenth century was based, to a great extent, on low labor costs and abundant natural resources in addition to the new available technologies. This led to the first criticism of industries in the late nineteenth century, when industrial workers and impoverished rural population started to claim their rights (Mikkilä, Kolehmainen, & Pukkala, 2005).

Few open-minded industrial owners and landlords carried their responsibility towards industrial and agrarian workers by establishing simple social services for the employees and their families. In Finland, the trade union was born in 1907 when workers demanded to limit the daily working time to 8 h. In those days, for example, a pulp and paper producer, Kymi Oy signed an agreement with Finnish Paper Workers' Union on 8 h working time in three shifts in 1907, although 14 or even 16 h working time per day was a common practice (Ala-Kapee & Valkonen, 1982).

Simultaneously with the industrialization and related social debate, Finland unified the forces into the movement for Finland's independence after the revolution in Russia in the end of the First World War. After Finland's declaration of independence from the Russian Republic in 1917, the 8 h working time was ratified by a law in the same year (SAK, 2014). Regardless of this step, a significant share of industrial and agrarian workers complained on overall working conditions and related rights. The contradictions between the labor movement or the socialists and the upper and middle class culminated in the civil war in 1918.

The representatives of labor side lost the traumatic war, but the value of labor in terms of steady production and productivity became concrete. As a consequence, larger number of industry owners increased their voluntary social responsibilities towards the labor and surrounding societies. An era of stable industrial development started when the owners demonstrated comprehensive social responsibility by building churches, schools and houses; borrowing money; providing health care and establishing various sport clubs for the industrial societies between the two World Wars.

The building of the so-called Nordic welfare society started after the Second World War. The position of the trade unions was strengthened. The social legislation and labor code were developed leading to the further development of working time and conditions. The public sector developed and took a larger responsibility of arranging and guaranteeing equal social services for all citizens (Harmaala &

Jallinoja, 2012; Juutinen & Steiner, 2010). The expectations on the social responsibility of the private sector were clearly lower compared to the pre-war era, even though the companies still had a significant role in providing employees' health services and other benefits as a part of their human resource policy and responsibility as employers (Juholin, 2004).

2.2 The Rise of Environmental Concern: The Period Between 1960s and 1980s

The industrialization boosted the economic growth, but it had its side-effects on the operation environment. The use of machineries and building of factories led to mass production, which in turn led to numerous environmental impacts, such as pollution of water and air systems. Many of these impacts were relatively local, and the effects on the environment could only be seen clearly years later. The industrial working places and options to become wealth were appreciated higher than the relatively invisible industrial environmental impact. Additionally, scientific knowledge about these problems was limited and long term effects of pollution were not yet well understood at that time (Harmaala & Jallinoja, 2012; *The Industrial Revolution and Its Impact on Our Environment*, 2012).

The public became aware of global environmental limitations in the 1960s, partly as a consequence of Rachel Carson's well-known novel "Silent Spring" in 1962. Another milestone for the modern environmental movement was the book "Limits to growth" by the Club of Rome Club in 1972, which emphasized the connection between the economic growth, population and environmental degradation. The start of the environmental movement was reflected also in Finland by the establishment of the first environmental non-governmental organization, WWF Finland in 1972 (WWF, 2014).

The first and most visible environmental criticism was targeted at the pulp and paper industry and related forestry in the late 1970s until the early 1980s due to its visibility of the operations to a large number of people. The industry has been among the cornerstones of the Finnish economy since the beginning of industrialization. Historically, commercial centers and wood processing plants were established along good water transport routes, both inland and by the seaside. Due to this, majority of the production units were located at the close proximity of communities. In addition, raw materials, like roundwood, were produced in large land areas of land.

The increased environmental awareness and economic welfare led to intensive public movements by the local people and representatives of the environmental non-governmental organization and consequent media visibility. The industry was criticized for the utilization of indigenous forests as industrial raw material and intensive forest fertilizations in state owned forests. Also, the production techniques were subjected to criticism on account of their pollution effects.

2.3 Globalization and Corporate Social Responsibility: From the 1990s up to Today

The United Nations Conference on Environment and Development (UNCED), also known as the Earth Summit in Rio de Janeiro in 1992 turned the focus of the environmental debate to the sustainability and biological diversity related to the industrial utilization of natural resources in the early 1990s (Hellström, 2001).

The environmental criticism led to the tightening of environmental norms and later the legislation in Finland. Various industries were forced to invest in environmental technologies (Harmaala and Jallinoja, 2012). Simultaneously with the environmental techniques, the general production technological development strengthened the productivity in addition to the decreasing environmental impacts to land, water and air.

The industries recognized that proper governance of environmental issues is part of their responsibility, which may even have positive economic consequences in terms of better quality production, efficient use of inputs and capacity, as well as good stakeholder relationships. The industries started to apply environmental management systems, for example ISO 14001 (Juutinen & Steiner, 2010) and related environmental management tools and reports. Environmental reporting started to become a common practice in the 1990s. For example, a grocery chain, Kesko and a pulp and paper producer, Stora Enso published their first reports in 1998 (Kesko, 2014; Stora Enso, 2014). The environmental reports were developed into the form of more comprehensive responsibility or sustainability reports covering both environmental and social issues in the early 2000s. Among other Nordic and Central European countries, Finland has been a forerunner both in qualitative and quantitative terms of responsibility reporting (Kuisma & Temmes, 2011).

The debate returned to economic and social responsibilities in the early 2000s. The first initiative in the post-modern context of corporate responsibility was taken by Confederation of Finnish Industries (2009) by stating to its member industries the business idea of “taking care of the values concerning the welfare on the environment and people is a prerequisite for a success of the company as well as for long-term profitability”. The Confederation printed also its first primer and various promotional materials on CR which outlined the fundamental pillars and requisites of a sustainable corporation.

Three phenomena, globalization, a crisis of the welfare state and some norm hazards by a few large-scale companies, determined the relevance of corporate responsibility for the industries. Globalization started already in the 1970s when the pulp and paper sector purchased the first production units outside Europe, but the intensive period of globalization was the phenomenon of the 1990s and onwards. The large-scale industries expanded their operations to new, emerging markets. Consequently, the globally operating industries were forced to consider the social conditions of the host countries in addition to the norms of the home country. They needed to take a stance on how they arrange the employee-related issues and whether they need to provide wider social services, such as health care or leisure

time activities, for their sent and local employees and their family members. Commonly the companies were committed to arrange conditions that were comparable with those in the production units in the home country.

Globalization led the expanding industries to the same questions which the industry owners had met during the pre-war era when arranging social services for their employees and surrounding societies in order to motivate people to work efficiently. Especially, natural resource-based industries, such as pulp and paper industries, have met the demands to provide larger social services to the employees, as host-country operations are commonly located in peripheries, far away from reasonable, public health care and education.

The Nordic welfare state provides equal services for all citizens, but its reverse side is the relative high costs. The public sector has incurred debts in 2000s, which sets its challenges to keep the current social service level and quality. This has increased the pressure towards the private sector to participate more intensively in the production of social services and take a more active role in maintaining the societal issues. Related to this, the recent social debate has highlighted also the responsibility of the private sector as an employer, both in terms of working conditions and number of working places.

The debate around CR has been active since the beginning of 2000s also due to legal offences, corruptions and high remunerations of high executives, even though the general numbers of economic offences are reasonable and Finland has ranked among the world's least corrupted countries (Transparency International, 2014).

2.4 Academic Research and Debate Around CR

Regardless of the long roots of practices around social responsibility, the formal academic debate and research around the concept is clearly younger following much the corresponding development in other European countries. Tuomo Takala was among the Finnish forerunner scholars when publishing his work "Discourse on the social responsibility of the firm in Finland, 1930–1940 and 1972–1982" in 1989, but the majority of the research focused on environmental management in 1980s and 1990s reflecting the social debate around industrial environmental impacts at the time.

The European debate among scholars and practitioners speeded up in the 1990s. This was reflected in the academic research that boosted also in Finland in the early 2000s. From early 2000 onwards, academic research in Finland has also proliferated among universities and research institutes. As pointed out by Kourula (2010), institutions with larger programs on CSR both in teaching and research include Aalto University, Hanken School of Economics, Turku School of Economics, University of Tampere and the University of Jyväskylä. Table 1 summarizes some of the recent academic research works among Finnish universities. As noted, research works around CR revolve around the themes: theoretical and conceptual development, stakeholders' perceptions on CR, ethics and responsibility

Table 1 Examples of research on corporate responsibility in Finland

Theme	Author(s)	Classification
Theoretical and conceptual development	Halme and Laurila (2009)	Journal article
	Ketola (2009, 2010a, 2010b)	Journal articles
	Mäkinen and Kourula (2012)	Journal article
	Takala (1989)	Journal article
Stakeholders' perceptions on CSR in Finland and other countries	Juholin (2004)	Journal article
	Kourula and Halme (2008)	Journal article
	Panapanaan (2006)	Doctoral dissertation (monograph), incl. one journal art
	Wang (2011)	Doctoral dissertation, incl. four journal articles
Ethics and responsibility within large-scale business	Hartman, Rubin, and Dhanda (2007)	Journal article
	Joutsenvirta (2011)	Journal article
	Lindfelt (2004)	Doctoral dissertation
	Lämsä et al. (2008)	Journal article
	Mattila (2005)	Journal article
	Mikkilä (2006)	Doctoral dissertation, incl. three journal articles
	Mikkilä and Toppinen (2008)	Journal article
	Strand (2009)	Journal article
	Toppinen, Li, Tuppura, and Xiong (2012)	Journal article
SME's responsibility	Hakala (2012)	Bachelor thesis
	Katila (2012)	Bachelor thesis
	Korpela (2010)	Master thesis
	Lähdesmäki (2005)	Bachelor thesis
	Nippala (2014)	Master thesis

within large-scale business, and small- and medium-scale enterprises' responsibility.

A few scholars had interest in the theoretical development of the corporate responsibility concept. However, the recent responsibility research has much fulfilled the needs of business focusing on stakeholders' perceptions and the application and adoption of the responsibility practices within large-scale, commonly globally operating companies. This can be explained well because of the strong linkage between the academic institutions and industries in Finland. On the other side, few theses have dealt with the responsibility within SME business, and probably very few journal articles have been published with this focus.

In addition to universities, some special institutes and centers research and promote corporate responsibility as a social and business issue. The focus of their research, however, is more on policy analysis and business implications of CR in the Finnish society. Leading organization is the Finnish Business and Policy Forum which conducts or contracts out research on social issues and publishes the results and analyses in the form of reports. Other organizations doing similar research activities in the field of CR are the likes of Finnish Business and Society (FiBS) and Central Chamber of Commerce (ICC).

Public debate around CR is relatively smooth in Finland, and although some discourses are arising and getting seasonal attention, for example economic downturn, election and closure, open discussion or forum is a conventional and preferred approach in the Finnish corporate world. The discussions about CSR have been going on since the early 2000 and were a bit intensified by the European Commission's Green Paper in 2001 (Hietanen, 2002). However, most of the discussions have been steered by the Finnish Business and Society (FiBS) CSR Network, which is a part of CSR Europe. Through FiBS, various social partners can actively join and participate in the so called "ethical forum", which promotes the development of CR ideas and practices in Finland.

Accordingly, Hietanen (2002) pointed out that the main discussion agenda pertaining to CR in Finland are the current linkages between the public and private sectors because many perceived these sectors to be distant from each other despite the various existing links, for example companies financing public services. Other issues of discussion in the recent past are on the questions about mandatory CR reporting of Finnish companies, CR practices of small companies that lack sufficient resources or will, and various workplace issues, such as shortage of labor or ageing workforce. Hietanen (2002) furthered that by way of addressing these issues, the FiBS network plays a steering role in creating partnership between companies, the public sectors, citizens and consumers in order to achieve socially and economically sustainable development in Finland. FiBS therefore seeks to find new perspectives, allowing companies by networking, to compare effectively their experiences and share good practices.

3 Policy Initiatives that Promote Corporate Responsibility

The European Union has considered corporate social responsibility (CSR) as a public policy issue ever since the publication of its 2001 Green Paper 7 and the establishment of the European Multi-stakeholder Forum on CSR, defining CSR as companies' voluntarism to go beyond what the law requires to achieve social and environmental objectives during the course of their daily business activities (European Commission, 2014).

Regardless of the intensive responsibility debate in the society in the 2000s, the documentation of the Finnish Parliament debates (Parliament of Finland, 2014) indicated that there is no corresponding policy on corporate responsibility at the

national level unlike in the European Union. The main reason for this might be the welfare state status and advanced social legislation that have created an adequate framework guaranteeing minimum social services to the citizens and reasonable business environment for the private sectors. Also the free-willing status of corporate responsibility as a set of actions that go beyond the legal obligations explained the low number of policy initiatives during the last decade.

The first policy initiatives concerned the state role as a major shareholder and related corporate governance of a few listed companies. The Parliament discussed especially the role of the State in the cases that have led to social or environmental problems. For example, the State owns shares of the two world's largest pulp and paper companies, namely Stora Enso and UPM-Kymmene, as well as the telecommunication giant, Nokia. All these global actors closed several production units in Finland owing to the low financial profitability incurred in 2000s. Simultaneously, new production units were established closer to the raw material sources and markets, mainly in Asia and South America.

The Finnish Government joined the international responsibility mainstream in June 2012 by launching its decision to support initiatives to strengthen international norms and guidelines related to corporate responsibility. Furthermore, the Government promised to promote the consideration of responsibility issues in the industry, development and trade policy as well as in public purchases. The declaration aims at making the Finnish business sector and the administration as forerunners in dealing with responsibility issues (Ministry of Employment and the Economy, 2012).

Regardless of some social debates and environmental problems, the non-governmental sector seems to trust in the legal framework in guaranteeing a reasonable level of national business operations. Non-governmental organizations focus mainly on the responsibility within international operations of the Finnish companies. A few representatives listed tax avoidance, hiding behind subcontract chains and the origin of raw materials as the most crucial themes of responsibility debate and implementation (Yle, 2013). The Government declaration and official initiatives to handle these challenges were considered inadequate.

4 Socio-economic Factors that Influence Corporate Responsibility

4.1 Democratic Decision-Making

The long democratic history, welfare state status, wide freedom of speech and well-established and functioning legislation and administration are the legal and social cornerstones for the legitimacy of the Finnish business sector. Freedom of speech and assembly has been the citizen's rights from the beginning of independency for

nearly a 100 years already. The rights set the basis for an active civic society, which has been reflected throughout the history of corporate responsibility in Finland.

4.2 Limited Home Market

The public is still interested in the social and environmental consequences of domestic operations, but the heightened internationalization and globalization in the recent past decades have brought the global responsibility agenda to the scene. The limited home market of a total of five million people together with highly considered production costs boosted several direct or indirect international operations by the Finnish industries. For example, clothing and grocery industries like Marimekko and Iittala have outsourced their production to the countries with lower production costs. Large-scale pulp and paper industries have expanded closer to the market and raw material sources. Recently, small and medium-scale business, especially those operating with clean tech and new innovations, has become interested in the business opportunities in the emerging market economies.

The specific character of the Finnish business is the participation of international civic society and media in the responsibility debate. Some non-governmental organizations (e.g. FinnWatch) monitor the operations of Finnish-based companies and their counterparts outside Europe. The observed faults and misconducts are oftentimes reported in the Finnish media. People's trust in media in Finland is considerably high compared to many other European countries.

Finnish companies have recognized the relevance of good media reputation to their business operations both at home and in host countries. The large-scale industries export a significant share of their products. Consequently, conscious Central European customers and non-governmental organizations observe the production processes of the products delivered to the European market. The Upper Lapland case in the early 2000s was a case example of this where protection of indigenous people (Samis), animals and forest ecosystems were blown up in the media, when a pulp and paper company, Stora Enso, purchased round wood from Metsähallitus (Finnish Forest and Park Services).

Greenpeace launched a campaign to inform the European paper consumers that valuable indigenous forests were being logged, and the rights of indigenous Sami people were being violated in the area, as the logging took place on the historical winter pasture of reindeers. European consumers required the company to resolve the conflict between its stakeholders, local reindeer herders, and Metsähallitus. The company passed the decision over to the Finnish government. Finally it had to decide not to purchase wood from the old, indigenous forests concerned, as to do so would have been too great a risk to its reputation as an environmentally responsible company (Yle, 2010).

Regardless of or in particular due to the active civic society and despite Finland's limited market, the country still provides a socially and politically stable operating environment for the existing production units in the long-term. Obviously, the

active civic society together with well-established legislation creates the atmosphere of trust in the society both from the citizens' and business perspective. This can explain the relatively marginal role of the Government in the official corporate responsibility debate.

5 The Practice of Corporate Responsibility by Businesses

5.1 Focus Area

The Finnish business sector can be categorized into three types: export-oriented large-scale industries, traditional or home-market operating small and medium-scale enterprises (SME) and newly established SMEs based on the commercialization of an innovative business idea. The financial, social and environmental operating environments of these actors varies significantly from each other, leading to various responsibility focuses.

A significant number of the large-scale industries was founded before the time of the intensive corporate responsibility debate. Thus, these industries have grown together with the debate, but nowadays applying globally applied forms of corporate responsibility practices. The companies have recognized that the application of corporate responsibility is a useful tool to standardize the operations and strengthen the communication with their stakeholders. The focus is more on the integration of corporate responsibility in the existing operation—not that much on the adjustment of the operation towards a new, responsible-business-idea based path.

The traditional SMEs may be the most hesitant towards corporate responsibility among the business groups. The Finnish legislation sets a profound ground for the business related social and environmental issues. When operating at the home market, it is challenging to observe potential benefits of the wider responsibility application compared to the additional costs and required time for the adjustment of responsibility as a part of daily operations.

The business idea of the innovative SMEs rises often from the internalization of responsibility and turning the issues of sustainable development into business opportunities. This is manifested by their drive for innovations and approaches such as clean technology, recycling, new renewable materials, etc. Thus, the focus is on responsibility based value creation, which is often referred to as CR-driven innovation.

5.2 Strategic Integration

Strategic integration can take place and be applied in the compliance with legislation and regulations, recognition and management of risks and strategic business

opportunities (Juutinen & Steiner, 2010). By this strategic integration, the three categories of businesses in Finland can be characterized accordingly.

The Finnish large-scale companies integrate corporate responsibility dimensions in the operations through environmental and social management systems. The application of the systems is typically accredited through international standards, such as the ISO 14001 (environmental management systems), OHSAS 18001 (health and safety standard) and FSC (Forest Stewardship Council certificate). The application of the management systems and other social and environmental programs and initiatives have been observed as a part of annual report or as an independent responsibility report.

Global Finnish companies have started to standardize their responsibility reporting in the mid-2000s by adopting the Global Reporting Initiative (GRI) reporting format (GRI 2014). The industrial sector started to adopt the GRI first followed by the banking and insurance companies later in the 2000s (Harmaala & Jallinoja, 2012).

The reporting practices vary significantly both in terms of quantity and quality. A few non-governmental organizations, for example, the Service Centre for Development Cooperation (KEPA, 2011) and Finnwatch (2011) promote the mandatory corporate responsibility reporting in order to ensure the quality and transparency of reporting. The Ministry of Employment and the Economy (2010) recognized also in its recent study that corporate responsibility reporting is obligatory in the countries like Denmark, France and the United Kingdom, but so far this has led no corresponding actions at the governmental level in Finland.

For the time being, Finland follows the practice of the majority of the other European Union countries in the voluntary corporate responsibility reporting. The listed companies have the legal obligation to publish the financial key figures in the annual report, but the Parliament has not initiated to enlarge the legal demand of annual reporting to cover also a larger set of social and environmental indicators. However, a significant share of the listed companies published this kind of information already, especially when operating outside Finland. Corporate responsibility reporting is a sort of risk management tool for many companies in the large, socially and environmentally diverse operating environment.

In addition to the standardized reporting, the strategic integration requires communication on daily operations on the companies' homepages and readiness for ad-hoc-type share of information related to possible social and environmental problems. Relatively seldom companies report free-willingly problems that can be classified as crimes according to the Finnish legislation, such as corruption, embezzlement, sexual harassment or negligent homicide. They rather react on media debate through their crises communication. Minor social and environmental problems seem to be easier to announce spontaneously. Obviously, the companies count that such a spontaneous communication strengthens their legitimacy in the society while the silence can be a risk for the reputation. The criminal charges and official processes are treated somehow beyond the local media debate, not as a direct tool to strengthen legitimacy—even though honesty is considered one of the basic values of the Finnish society.

Few large-scale companies have looked actively for opportunities in the strategic responsible business. The oil sector and pulp and paper industries integrated functions in the 2000s in order to produce biofuel from national and abundant forest biomass. However, the biofuel initiatives based on the imported palm oil have not reached high acceptability and have not been considered responsible.

Several small and medium-scale enterprises have been established during the last 10 years to create business based on recycling materials and nutrients, establishment of virtual bank for marketing of recycling materials or looking for new biomass sources for the bioenergy production. Along with this development, few innovative SMEs with responsible business ideas have grown to truly large-scale internationally operating companies, one of them being a top-design company, Globe Hope—an innovative company that designs and manufactures ecological products from recycled and discarded materials (Globe Hope, 2014).

5.3 Difference Between SME and Large Businesses

5.3.1 Small and Medium-Scale Enterprises

The Federation of Finnish Enterprises counted over 322,000 enterprises in Finland of which only 0.2 % or around 600 are classified as large-scale companies, i.e. employing more than 250 people. Nearly 94 % are micro enterprises, employing less than 10 people. The SMEs cover the sectors like fishery, agriculture and forestry, trade, traffic, service industries and contract labor works (Federation of Finnish Enterprises, Finnvera Oyj, Ministry of Employment and the Economy, 2014). The SME sector is divided into two sectors: the traditional home-market oriented enterprises and innovative, partly internationally oriented start-ups.

A few characters delineate the phenomenon of corporate responsibility within small and medium scale enterprises: legislation, limited human and financial resources and home market operations. The legislation provides a comprehensive framework for the SMEs that is respected by the enterprise owners. The handling of legal obligations may still be perceived an adequate way to demonstrate responsibility within SMEs. Furthermore, the majority of the SMEs employ a limited number of people whose main task is to work with the productive operations. The SMEs may also have scarce financial resources to be allocated for support functions, such as implementation and management of corporate responsibility management programs. Finally, the newest enterprise barometer indicates that the industrial entrepreneurs are export oriented selling some 40 % of the production in the international market while the majority of the remaining actors operate mainly on the home market (Federation of Finnish Enterprises, Finnvera Oyj, Ministry of Employment and the Economy, 2014).

At the time of increasing corporate responsibility debate in the early 2000s, the SMEs were not among the forerunners in launching corporate responsibility programs, but the concept became more concrete by the 2010s. Corporate

responsibility was often associated with the different kind of regulations and restrictions set to business activities somewhere from above the businesses, and it had somewhat negative tone for the entrepreneurs. Although small businesses may be lacking the exact knowledge of the content and applicability of the concept of corporate responsibility, their everyday business operations were viewed as responsible (Lähdesmäki, 2005). Family-owned companies were more responsible in the issues concerning employees, local operating area and environmental responsibility. With this, small business owners were primarily focused on the steady production processes and their legitimacy within the local societies (Katila, 2012).

The corporate responsibility management approaches of newly established startups have not been analyzed systematically so far. Modern businesses are often based, one way or another, on responsibility and new innovations. It can be construed that these companies have integrated responsibility into their business ideas and operations, even though they may not express it in the form of regular reporting yet. Within all types of SMEs, corporate responsibility is perceived as part of the business, even though its implementation may not yet be integrated very concretely throughout the production chain. For example, social responsibility reports are relatively rare so far.

5.3.2 Large-Scale Industries

Many of the large-scale companies operate globally; hence they need to apply a wider set of social and environmental indicators in their daily operations compared to the locally operating SMEs. For example, the questions of child labor or forced-labor are irrelevant in the Finnish context due to the advanced social legislation, but the companies face such issues in other countries particularly in the developing countries (Panapanaan, 2006). The large-scale, export oriented industries have developed their own management methods and principles to correspond with the requirements of various host countries since the 1990s, as the national legislations were commonly inappropriate compared to the international requirements (Mikkilä, 2006).

The two business world extremities and cornerstones of the Finnish national economy, natural resource-based industries and telecommunications have lived through very different paths when adopting today's corporate responsibility practices. The natural resource based industries, like mining or pulp and paper production, are among the most criticized branches in Finland because of the visibility of the operations, in that the exploitation and utilization of raw materials. Furthermore, the production plants of these industries are usually located at the close proximities of communities where their industrial environmental impacts, like effluents and emissions, are very concrete to the local populations.

Due to the importance to their reputation, the natural resource -based industries started to adopt various social and environmental management systems and report in the early phase of responsibility debate, even though this does not prove the implementation of corporate responsibility in practice yet (Mikkilä & Toppinen,

2008). The general reputation and legitimacy of operations can even be a stronger indicator of responsible operations than the reporting.

The telecommunication giant, Nokia Oyj, represents a branch with high legitimacy all over the world. During the active environmental debate, in the 1990s, Nokia Oyj had good operation conditions. Its production plants were new, quiet and clean delivering no emotional reaction by its local and international stakeholders. In addition, Nokia's acceptability rocketed in the mid-1990s when it was the key-business actor pulling the Finnish economy from the extremely deep depression to the period of economic growth. The part of the modern image was to adjust all modern managerial tools to the operations. Nokia's first corporate responsibility report was published in 2002 (Nokia, 2014). However, Nokia started to lose its dominant position among the world's leading mobile phone companies in the end of the 2000s. Due to the tough competition and worldwide economic depression, Nokia started to close its production units in Finland, which decreased its dream-team reputation. The Nokia story ended in 2013 when the mobile operations were sold to Microsoft.

These two cases demonstrate that the closer the industry interacts with the surrounding societies, the more essential tool corporate responsibility is for successful business operations. The industries with lower external pressure may see corporate responsibility as a managerial tool, but its connections to long-term profitability and competitiveness can be perceived to some extent invisible.

5.4 Drivers and Barriers of Corporate Responsibility

Their hesitation to address larger environmental and social duties of enterprises was conspicuous among the representatives of both large industries and SMEs at the early phase of the responsibility debate. The external pressure to improve environmental management was seen to lead to higher managerial costs and time consuming activities. The connection between the international pressure and financial profitability became clear in the quickly changing operational environment when the stakeholders, especially non-governmental organizations, arranged national and international campaigns against large-scale industries. Nationally operating SMEs have seldom been criticized due to their home-market operations within the national legislation.

The establishment of new environmental and social management systems required additional input, but its pay-off options have also been recognized recently in terms of more efficient managerial and operational activities in the daily operations. The installed systems facilitate the employees' daily work, as they can follow the standardized practice. The standardization improves also the health safety, especially in the production sector.

By the beginning of the 2010s, the standardization was widely understood as the application of environmental and social management systems and regular reporting within the large-scale business. Also, many SMEs have noticed the standardization

as a managerial tool that can boost operations instead of meaning only extra costs. Regardless of the existing models, the jungle of standards and measurement instruments can still be a problem within SMEs, like the situation was 10 years ago among the large-scale industries 10 years ago (Juholin, 2004).

It can be implied that the major barriers for corporate responsibility have throughout its history been the attitudes within industries and the fear of increasing costs. The same reasons motivate nowadays the companies to integrate corporate responsibility in their strategies and operations; the moral value of the responsibility to do the right things today and tomorrow and the opportunity to strengthen the financial outcome through responsible operations.

6 Furtherance and Prospects of CR

In Finland, CR has some characteristics that make it distinct and differ from the general view. The view is very much affected by the pattern of county's development and the formation of the welfare state. The recent development of CR is a resurrection of the historical social responsibility, but with a new form and broader and global scope. CR relates to the Finnish way of thinking that one should be responsible and behave ethically in business. Although a normative statement, such thinking is hinged on the Northern European high regard for ethics and good morals. This is reflected in many references by Finnish managers claiming the representatives of the company to act responsibly and behaving ethically in dealing with their employees as well as other stakeholders and community around them (Panapanaan, 2006). Based on this premise, it can be said that CR has come a long way, to be established and accepted in the Finnish modern business and society. Further development and prospect of CR is therefore seen in the increased importance and internalization of the CR issues in the activities of Finnish companies. With the continuing enforcement of strict domestic regulations and external pressures, for example from the European Union, Finnish companies are bound to be more serious in dealing with their CR. On the other hand, the role of social partnerships as steered by the FiBS networks is seen in the practical implementation of CR in the everyday lives of companies. Because of the social networks and well-functioning cooperation channels, CR in Finland is believed to progress more effectively (Hietanen, 2002).

With established CR corporate frameworks, regulatory measures and social networks, a three dimensional model of corporate responsibility has been institutionalized both in the public and private sectors by the second decade of the 2000s. In many cases, CR is adjusted to be a part of communication and reporting activities, although its application in organizational strategies varies according to the operational sector, business idea and size of business.

The CEO of one of the world's largest pulp and paper companies, UPM-Kymmene, summarized the key-elements of corporate responsibility in his

social network tweet: “*risk management, dialogue, eco-design, competitive advantage and environmental certificates*”.

Research-wise, Halme and Laurila (2009) developed a model of business integration of corporate responsibility types and the potential for expected financial and social benefits. Although, not specifically modelled with Finnish companies, such generic model may do locate Finnish companies as they do their CR strategically. The model outlines the three types of corporate responsibility: philanthropic CR, CR Integration and CR Innovation. Philanthropy tends to be the least integrated with the core business of the company, whereas the CR Integration and CR Innovation approaches are more tightly interwoven with the core business Fig. 1.

Philanthropically oriented enterprises implement their responsibility, for example by donating money for some socially or environmentally justified target. The CR Integration refers to the management of environmental and social performance of existing business operations by developing environmental management systems, applying certificates for the operations and products and reporting on the environmental and social performance. Various national and global social inequities and environmental challenges led to the development of the CR Innovation model. The target is to alleviate a social or environmental problem by turning the problem as a new, innovative business idea.

The model adjusts well to conclude the development of corporate responsibility and its future prospective in Finland. The industry owners practiced philanthropy up to the Second World War by providing social services to the employees and their families. Also the social CR Integration could be recognized during the pre-war era when the trade unions pushed forward reasonable working conditions, such as the 8-h working day. However, the increased environmental awareness and consequent tighter environmental and social norms and legislation made CR Integration a common practice in terms of the application of various certificates and launching of environmental and responsibility reports. CR Integration is becoming a part of

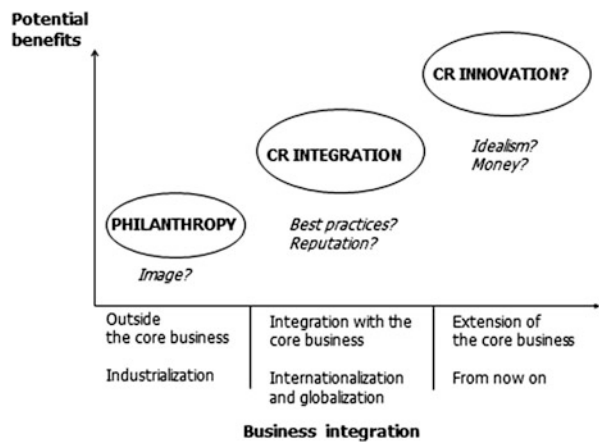


Fig. 1 CR in Finland within the three level framework. Adjusted according to Halme and Laurila (2009)

business as usual, especially among large-scale industries, even though it is not a strategic part of business planning yet.

Nowadays philanthropy is still a common way to show responsibility. For example, cause-related marketing has become relatively popular among the clothing stores. These enterprises promote some of their products by promising to donate a share of the price of each sold unit to a certain charity destination.

The division between Philanthropy and CR Innovation can be sometimes unclear. Some non-governmental organizations, like Finn Church Aid, promote philanthropy of citizens and business enterprises in terms of donating a price of a productive animal or a bag of agricultural crops for a person in a less developed country. With the donation the local farmer can improve the living standard and establish even a small scale business by selling eggs, dairy products or left-over harvest in the local market (Finn Church Aid, 2014).

CR Innovation is not only a form of foreign aid, but such business is becoming common in Finland, too. The Nordic welfare state model has been criticized for its incapability to guarantee their citizens the basic services. Especially, the Government is willing to cut off the social costs during the economic depression periods. This has created space and demand for private social enterprises that can, for example, provide services to senior citizens.

The environmentally innovative business ideas originate from the recognition of limited natural resources and long-term consequences of various industrial environmental impacts. For example, the operations of Biovakka (2014), which was founded in 2002 by a group of south-western farmers, are based on the principle of sustainable development. The company provides waste processing services for the needs of industry, communities and agriculture and produces renewable energy and safe recycled nutrients for various purposes.

The role of corporate responsibility as a managerial tool and basis of business will strengthen further in the future. Both the large-scale business and SME sector will continue integrating various responsible management systems, implementing the philanthropic project and developing sustainable technologies and commercializing responsible business ideas. Corporate responsibility in all its forms will continue strengthening its role in business as usual both in the home country and global operation environment.

References

- Ala-Kapee, P., & Valkonen, M. (1982). Yhdessä elämä turvalliseksi. SAK:laisen ammattiyhdistysliikkeen kehitys vuoteen 1930 [History of Finnish trade unions until 1930] (in Finnish). Helsinki: Suomen Ammattiliittojen Keskusjärjestö SAK ry.
- Biovakka. (2014). *The pioneer of recyclable nutrients*. Available at: <http://www.biovakka.fi/en>
- Carson, R. 1962. *Silent spring*. Reprinted in Penguin Classics 2000 (323 p). London-New York-Ringwood-Toronto-Auckland: Penguin Books.

- Confederation of Finnish Industries. (2009). Vastuullinen yritys kantaa huolta henkilöstön jaksamisesta [A responsible enterprise carries the responsibility of the people] (in Finnish). Available at: http://pda.ek.fi/www/fi/tyoelama/tyohyvinvointi/vastuullinen_yritys.php
- de George, R. T. (1987). The status of business ethics: Past and future. *Journal of Business Ethics*, 6, 201–211.
- European Commission. (2014). *Corporate social responsibility (CSR) in the EU*. Available at: <http://ec.europa.eu/social/main.jsp?catId=331>
- Federation of Finnish Enterprises, Finnvera Oyj, Ministry of Employment and the Economy. (2014). Pk-yritysbarametri, kevät 2014 [Small and medium-scale enterprise barometer] (in Finnish). Available at: http://www.yrittajat.fi/File/b67f021c-8d7f-49b9-87d5-233408f6d363/SY_pkbarometri_kevat_2014.pdf
- Finn Church Aid. (2014). Available at: <http://www.kirkonulkomaanapu.fi/fi/etusivu/?id=2>
- Finnwatch. (2011). Yritysten yhteiskuntavastuuraportointi tulossa pakolliseksi. Available at: <http://www.finnwatch.org/uutiset/54-yritysten-yhteiskuntavastuuraportointi-tulossa-pakolliseksi>
- Globe Hope. (2014). Globe Hope's story. Available at: <http://www.globehope.com/en/story/>
- GRI. (2014). What is GRI? Available at: <https://www.globalreporting.org/information/about-gri/what-is-GRI/Pages/default.aspx>
- Hakala, S. (2012). *Corporate social responsibility in micro and small companies in Southwest Finland—Involvement, contribution and benefits*. Bachelor's thesis, International Business Management, Turku University of Applied Sciences. Available at: <http://urn.fi/URN:NBN:fi:amk-201205087011>
- Halme, M., & Laurila, J. (2009). Philanthropy, integration or innovation? Exploring the financial and social outcomes of different types of corporate responsibility. *Journal of Business Ethics*, 84, 325–339. doi:10.1007/s10551-008-9712-5.
- Harmaala, M.-M., & Jallinoja, N. (2012). Yritysvastuu ja menestyvä liiketoiminta [Corporate responsibility and successful business] (in Finnish). Helsinki: Sanoma Pro Oy.
- Hartman, L. P., Rubin, R. S., & Dhanda, K. K. (2007). The communication of CR: United States and European Union multinational corporations. *Journal of Business Ethics*, 74, 373–389. doi:10.1007/s10551-007-9513-2.
- Hayter, R. (2004). Requiem for a 'Local' champion: Globalization, British Columbia's forest economy and MacMillan Bloedel. In A. A. Lehtinen, J. Donner-Amnell, & B. Saether (Eds.), *Politics of forests. Northern forest-industrial regimes in the age of globalisation* (pp. 33–61). Hants, England-Burlington, USA: Ashgate.
- Hellström, E. (2001). *Conflict cultures—Qualitative comparative analysis of environmental conflicts in forestry*. Doctoral dissertation, Silva Fennica (Monographs 2).
- Hietanen, J. (2002). *Corporate social responsibility becoming significant issue in working life*. Eurofound. Available at: <http://www.eurofound.europa.eu/eiro/2002/09/feature/fi0209104f.htm>
- Joutsenvirta, M. (2011). Setting boundaries for corporate social responsibility: Firm–NGO relationship as discursive legitimation struggle. *Journal of Business Ethics*, 102(1), 57–75. doi:10.1007/s10551-011-0775-3.
- Juholin, E. (2004). For business or for the good of all? A Finnish approach to corporate social responsibility. *Journal of Corporate Governance*, 4(3), 20–31. doi:10.1108/14720700410547477.
- Juutinen, S., & Steiner, M.-L. (2010). Strateginen yritysvastuu (315 pp) [Strategic corporate responsibility] (in Finnish). Helsinki: WSOYpro Oy.
- Katila, T. (2012). Yhteiskuntavastuu pk-yrityksissä [CR in SMEs] (in Finnish). Bachelor's thesis, Vaasa University of Applied Sciences. http://publications.theseus.fi/bitstream/handle/10024/45803/Katila_Tuomas.pdf?sequence=1
- KEPA. (2011). Suomalaiset edellyttävät suuryrityksiltä yhteiskuntavastuuraportointi [The Finns expect corporate responsibility reporting from large-scale corporations] (in Finnish). Available at: <https://www.kepa.fi/uutiset/8136>

- Kesko. (2014). Available at: <http://www.kesko.fi>
- Ketola, T. (2009). Potty-training companies: Applying Erik H. Erikson's stages of psychosocial development to CSR. *International Journal of Business Governance and Ethics*, 4(3), 250–263. doi:10.1504/IJBGE.2009.023331.
- Ketola, T. (2010a). Responsible leadership: Building blocks of individual, organizational and societal behavior. *Corporate Social Responsibility and Environmental Management*, 17(3), 173–184. doi:10.1002/csr.228.
- Ketola, T. (2010b). Five leaps to corporate sustainability through a corporate responsibility portfolio matrix. *Corporate Social Responsibility and Environmental Management*, 17(6), 320–336. doi:10.1002/csr.219.
- Korpela, M. (2010). Vastuulähtöiset innovaatiot pienissä ja keskisuurissa yrityksissä [CSR driven innovations in SMEs] (in Finnish). Master's thesis, Aalto University, School of Business. http://epub.lib.aalto.fi/ethesis/pdf/12460/hse_ethesis_12460.pdf
- Kourula, A. (2010). *CSR in Finland*. Guest Blog at CSR international. Available at: <http://csrinternational.blogspot.fi/2010/12/csr-in-finland-guest-blog.html>
- Kourula, A., & Halme, M. (2008). Types of corporate responsibility and engagement with NGOs: An exploration of business and societal outcomes. *Corporate Governance*, 8(4), 557–570. doi:10.1108/14720700810899275.
- Kuisma, M., & Temmes, A. (2011). Yritysten vastuuraaportointi (in Finnish: Responsibility reporting of corporations). In M. Joutsenvirta, M. Halme, M. Jalas, & J. Mäkinen (Eds.), *Vastuullinen liiketoiminta kansainvälisessä maailmassa* [Responsible business in the international world] (in Finnish). Helsinki: Gaudeamus.
- Lähdesmäki, M. (2005). Yrityksen yhteiskuntavastuun käsite pienyrityksissä – kilpailuvaltti vai kilpailun este [The concept of CR in small businesses — an asset or an obstacle] (in Finnish). Report No. 7. University of Helsinki, Ruralia Institute, Seinäjoki. <http://www.helsinki.fi/ruralia/julkaisut/pdf/raportteja7.pdf>
- Lämsä, A.-M., Vehkaperä, M., Puttonen, T., & Pesonen, H.-L. (2008). Effect of business education on women and men students' attitudes on corporate responsibility in society. *Journal of Business Ethics*, 82(1), 45–58. doi:10.1007/s10551-007-9561-7.
- Lindfelt, L.-L. (2004). *Ethics as a value creating strategy in industrial firms: A study of the Stora Enso business network*. Licentiate dissertation. Meddelanden från Ekonomisk-Statsvetenskapliga Fakulteten vid Åbo Akademi. Företagsekonomi Ser. A:540. 204 p.
- Mäkinen, J., & Kourula, A. (2012). Pluralism in political corporate social responsibility. *Business Ethics Quarterly*, 22(4), 649–678. doi:10.5840/beq201222443.
- Mattila, M. (2005). Studying CSR in Finland: Genuine gesture or pursuit of big(ger) profit? *Social Responsibility Journal*, 2(2), 159–164. doi:10.1108/eb059259.
- Mikkilä, M. (2006). *The many faces of responsibility: Acceptability of the global pulp and paper industry in various societies*. Dissertations Forestales 25. <http://www.metla.fi/dissertations/df25.pdf>
- Mikkilä, M., Kolehmainen, O., & Pukkala, T. (2005). Multi-attribute assessment of acceptability of operations in the pulp and paper industries. *Forest Policy and Economics*, 7, 227–243. doi:10.1016/S1389-9341(03)00062-6.
- Mikkilä, M., & Toppinen, A. (2008). A qualitative analysis of corporate responsibility reporting in the world's largest pulp and paper companies. *Forest Policy and Economics*, 8, 500–506. doi:10.1016/j.forpol.2008.05.002.
- Ministry of Employment and the Economy. (2010). Julkisen vallan CSR-järjestelmä eri maissa [Public CSR systems in various countries] (in Finnish). Report No. 41. Available at: http://www.tem.fi/files/27452/TEM_41_2010_netti.pdf
- Ministry of Employment and the Economy. (2012). Valtioneuvoston periaatepäätös yhteiskuntavastuusta 22.11.2012 [The Government's declaration on corporate responsibility on 22 November 2012] (in Finnish). Available at: http://www.tem.fi/files/35049/vnp_yhteiskuntavastuu_2012.pdf

- Nippala, J. (2014). *Corporate social responsibility and sustainability in North Carolina's small and medium-sized forest products companies*. Master's thesis, University of Helsinki, Faculty of Agriculture and Forestry. Available at: <http://repository.lib.ncsu.edu/ir/bitstream/1840.16/9042/1/etd.pdf>
- Nokia. (2014). Reports. Available at: <http://www.nokia.com/fi-fi/tietoa-nokiasta/ihmiset-jaymparisto/strategia/raportit/kestavyysraportit/>
- Panapanaan, V. (2006). *Exploration of the social dimension of corporate responsibility in a welfare state*. Acta Universitatis Lappeenrantaensis No. 245. Available at: <https://www.doria.fi/handle/10024/31157>
- Parliament of Finland. (2014). Documents of the parliament debates during the 2000s. Available at: <http://web.eduskunta.fi/Resource.phx/eduskunta/index.htx?lng=fi>
- SAK. (2014). Suomen ammattijärjestöjen historia [History of the Finnish trade unions] (in Finnish). Available at: <https://www.sak.fi/tama-on-sak/historia>
- Stora Enso. (2014). Available at: <http://www.storaenso.com>
- Strand, R. (2009). Corporate responsibility in Scandinavian supply chains. *Journal of Business Ethics*, 85, 179–185. doi:10.1007/s10551-008-9937-3.
- Takala, T. (1989). Discourse on the social responsibility of the firm in Finland, 1930–1940 and 1972–1982. *Scandinavian Journal of Management*, 5(1), 5–19. doi:10.1016/0956-5221(89)90003-1.
- The Industrial Revolution and Its Impact on Our Environment. (2012). Available at: <http://eco-issues.com/TheIndustrialRevolutionandItsImpactonOurEnvironment.html>
- Toppinen, A., Li, N., Tuppuru, A., & Xiong, Y. (2012). Corporate responsibility and strategic groups in the forest-based industry: Exploratory analysis based on the global reporting initiative (GRI) framework. *Corporate Social Responsibility and Environmental Management*, 19(4), 191–205. doi:10.1002/csr.256.
- Transparency International. (2014). Corruption perceptions index 2013. Available at: http://issuu.com/transparencyinternational/docs/cpi2013_brochure_single_pages?e=2496456/5813913
- Vogel, D. (1991). Business ethics: New perspectives to old problems. *California Management Review Summer*, 33, 101–117.
- Wang, L. (2011). *Factors affecting perceptions of corporate social responsibility implementation: an emphasis on values*. University of Helsinki, Department of Forest Sciences. Dissertations forestales 130. Available at: <http://www.metla.fi/dissertationes/df130.htm>.
- WWF. (2014). WWF Suomen historia [History of WWF Finland] (in Finnish). Available at: <http://wwf.fi/jarjesto/tietoja/suomi/historia/>
- Yle. (2010). Ylä-Lapin metsäriita on sovittu [The Upper Lapland forest conflict solved] (in Finnish). Available at: http://yle.fi/uutiset/yla-lapin_metsariita_on_sovittu/5684622
- Yle. (2013). Yritysvastuu—sanahelinää vai todellisia tekoja? [Corporate responsibility — rhetoric or deeds?] (in Finnish). Available at: http://yle.fi/uutiset/yritysvastuu_-_sanahelinää_vai_todellisia_tekoja/6479293

Part III

Eastern and Central Europe

Croatia
Poland
Estonia
Bulgaria
Serbia
Slovenia
Lithuania
Romania

Corporate Social Responsibility in Croatia: From Historical Development to Practice

Petra Eterović, Borna Jalšenjak, and Kristijan Krkač

1 Introduction

The nature of CSR in Croatia is somewhat confusing due various causes. There is a discrepancy between how the concepts of CSR are understood and how they are implemented. These discrepancies are related both to day-to-day business operations and strategic planning. Particular cases that often appear and are covered mostly by the media, (much less by companies reporting on these cases, and only by a few scientific papers) show that corporate social irresponsibility (CSI) is mostly not revealed either by the companies which performed them or by the scientific community or discussed by competing companies (see Debeljak, Krkač, & Bušljeta Banks, 2011; Županov, 1998). The only three groups that discuss CSI cases are journalists, various NGOs, and students (mostly of business schools and faculties of economics while they are preparing their case studies within business ethics and/or CSR courses).

One should be very cautious when estimating CSR of a business sector or of a particular company over a longer period, etc. because a series of cases show that a lot of companies are doing partial CSR and partial CSI at the same time. Most typical of which is CSI in terms of violating labour contracts and employees' rights, as well as CSR in terms of various sponsorships and philanthropic activities (for examples see: Haramija, 2012; Jergovski, Jalšenjak, & Krkač, 2012; Kauzlarić & Krkač, 2012). Cases such as this should be taken into account if one wants to get the complete picture about CSR in Croatia.

The purpose of this entry is to supply: short review of historical development of CSR in Croatia (Sect. 2), a description of CSR at HEI's in Croatia (Sect. 3), describe and review major CSR initiatives (Sect. 4), a note on specific socio-economic

P. Eterović • B. Jalšenjak • K. Krkač (✉)
Zagreb School of Economics and Management, Zagreb, Croatia
e-mail: kristian.krkač@gmail.com

factors contributing to the present state of CSR in Croatia (Sect. 5), and a short note on CSR actual practices and common routines (Sect. 6).

CSR in Croatia will be described in previously mentioned way, manner, and concerning the mentioned topics since its present state of the art and practices are quite complex due to various historical factors most of which will be mentioned and described hereafter.

2 Short Review of Historical Development of CSR in Croatia

The development and research of CSR in Croatia can be categorized according to historical periods starting from the Renaissance to the present day. The very beginning of CSR can be recognized during the Renaissance. Second major period can be sketched from the end of the WWI to the end of the twentieth century. Finally, third such period ranges from 1991 to the present. Between those categories it is possible to view the shift between purely individualistic philosophical research in CSR during the Renaissance to more formalized activities related to CSR in a modern period.

2.1 *Renaissance and Modernity: Benedikt Kotruljević and Nikola Vitov Gučetić*

It should be mentioned that the very idea of business ethics (henceforth abbreviated as BE) and of CSR was identified and researched in the fifteenth century by Croatian Renaissance philosopher, merchant, economist, scientist, and diplomat from Dubrovnik Benedikt Kotruljević (1416–1469). Kotruljević in his book “On Marketing and the Perfect Marketer” (“Della mercatura e del mercante perfetto”, written in Italian, 1458) he established the description and principles of BE, and defended the importance of BE for each core business (see Kotruljević, 1985/2005). In his teaching Kotruljević emphasizes the list of a marketer’s virtues which make the marketer perfect. A marketer should be dignified, prudent, trustworthy, upright, hardworking, nimble, tricky, stable, respected, generous and calm, but before any of these he should be righteous, just, and moderate (Kotruljević, 1985/2005, pp. 188–200, for commentary see Brčić, 2009, pp. 139–143; Schiffler, 1996, pp. 117–142). The following quotation is illustrative.

Justice, according to Augustine, consists in giving everybody what belongs to them. This virtue includes many other things. Therefore, a marketer must always give everybody what belongs to them, even if a marketer sees that other contract party was wrong on his own expense, or that a text of the contract can be interpreted ambiguously on other’s expense. When you are signing a contract you must demonstrate justice without thinking about it.” (...) “A marketer must be just not only in money management, but also acting as a judge.

Marketers often serve as judges at commercial courts. . .” (. . .) “. . . and you must take care only about the essence of the truth in question.” (. . .) “Since there are four ways in which a human judgment can be perverted, you must safeguard against them and these are the following: fear, greed, hatred, and bias. (Kotruljević, 1985, pp. 344–347, English translation from Croatian by authors)

In this conception stage of BE, Nikola Vitov Gučetić (1549–1610), another Croatian philosopher and statesman from Dubrovnik, should also be mentioned. His book “On Governing the Family” (originally in Italian “*Governo della famiglia*”, 1589) explicitly deals with important BE topics. His book is in fact an explicit economic thesis as it can be seen from the very title because economics comes from the old Greek word *oikonomia* which means management of the household (Gučetić, 1998).

From seventeenth to nineteenth century not so much was said and done concerning CSR in Croatia. Contributions can be categorized as notes on employee and employers duties, and virtues in parts of various books and textbook on general ethics. The topic of CSR was not separately discussed outside of general ethical issues, and outside of scope and limits of Catholic ethics. The last claim could seem a bit historiographically inconsistent, i.e. to claim such thing; however, this is consistent with the general development of Croatian philosophy and ethics throughout these centuries.

2.2 From the End of WWI to the End of the Twentieth Century: Catholic Church and Labour Unions

From the period 1918 to 1991, i.e. in the period of the Kingdom of Yugoslavia and later Socialist Federal Republic of Yugoslavia, the major factors towards lack of CSR were communist and socialist ideology as well as political and business corruption. In that period topics in CSR and BE were mostly discussed by Croatian ethicists and moral philosophers connected to the Catholic Church. It should be pointed out that in the period from 1945 to 1989 only two institutions were interested in particular issues of CSR and BE. They were labor unions and the Catholic Church. However, the first were under the strict control of the Communist party and the second was prohibited to influence the general public by means of major media (mainstream newspapers and TV). In addition, both of these institutions were mostly interested in BE and CSR concerning employees and didn't take any broader view on CSR. It was often mentioned in a series of Social Encyclical Letters by Popes that the Catholic Church didn't have an economic model to offer, see Pope John Paul II (1991). Strangely enough, both labour unions and the Catholic Church agreed on principles such as common good, solidarity, subsidiary, and other so called principles of social ethics.

In short, communist legacy combined with the Croatian Homeland war (1991–1995) slowed down all political and economic processes in Croatia and consequently the process of introducing CSR as well and heavily influenced the context in which CSR will be developed in the contemporary period.

2.3 CSR in Independent Croatia 1991–2013

Basically, the social teachings of the Catholic Church, and a series of courses entitled “Social Ethics” or “Social teaching of Catholic Church”, etc. between 1991 and 2013 had a significant impact on the student population, government, various associations, movements and initiatives that are engaged in promoting CSR, and on a relevant part of the public in Croatia and influenced further development of CSR (see Macan, 2002).

Notwithstanding the above, the real introduction of BE and CSR in Croatia started with its renewed independence, especially after 1995. CSR was introduced by all major institutions (educational institutions, various non-governmental associations and societies, various protection societies, etc.) almost at the same time. On the other hand, the government for political reasons and companies for profit reasons, intentionally or not, misunderstood and sometimes also misused the phenomenon and the concepts of BE and CSR. Many companies in this early period just implemented CSR on their websites essentially advertising themselves as moral, socially aware, and environmentally responsible private legal persons carrying activities for profits. In reality this was no more than window dressing.

3 CSR in Croatia at HEIs 1991–2013

HEIs in Croatia have all from their inception had courses on BE/CSR, some of them obligatory at both undergraduate and graduate level (such as ZSEM, see www.zsem.hr), some only at undergraduate level (such as VERN’, see www.vern.hr) and some as an obligatory course at undergraduate and as an elective course at graduate level (such as the Faculty of Economics and Business in Zagreb, see <http://www.efzg.unizg.hr>).

So, for almost a decade now students, cannot graduate from business schools and from some faculties of economics in Croatia without passing a course on BE and CSR. This also nowadays stands for almost all business HEIs in Croatia. In addition, there is an ongoing transfer of CSR knowledge, values, and experiences from HEIs toward the business community and vice versa (through conjunct projects, implementations, executive education programs, and similar).

Concerning education, textbooks and introductions on BE and CSR in period 1996–2013 include the following (all in Croatian except Njavro & Krkač, 2006): “Ethics in Market Relations” (Žitinski-Šoljić, 1996): “Honorably to Victory, Handbook for Socially Responsible Business” (Eterović, Kurešević, & Kocijan, 2003), “Business Ethics and CSR” (Njavro & Krkač, 2006), “Introduction to Business Ethics and CSR” (Krkač, 2007), “Business Ethics” (Bebek & Kolumbić, 2000), “Business Ethics” (Žitinski, 2006), “Business Ethics and Multiculture” (Vujić, Ivaniš, & Bojiš, 2012), and “Socially responsible business” (Jalšenjak & Krkač, 2012).

In addition, a series of conferences on CSR were held in Croatia and the proceedings published on various topics in CSR and BE (see Aras, Crowther, & Krkač, 2010; Beck & Koprek, 2009; Koprek, 2007, 2010, 2012, 2013; Njavro & Krkač, 2006). Also, a series of research papers were published by Croatian scientists working in the field of BE and CSR in notable international journals, encyclopaedias, companions, and conference proceedings (see Debeljak et al., 2011; Debeljak, Koričan, Krkač, & Mušura, 2007; Debeljak & Krkač, 2008; Krkač, 2011, 2013a, 2013b; Krkač & Debeljak, 2006, 2008; Krkač, Kagin, & Mušura, 2005; Krkač, Martinović, & Buzar, 2012; Krkač, Mladić, & Buzar, 2012; Leko Šimić & Štimac, 2010a, 2010b; Omazic & Vlahov, 2011; Županov, 1998).

Finally, from 2005 to 2010 a longitudinal research project on CSR was conducted by a team from ZSEM (results were annually reported; see Matthews Šulenta, Koričan, & Mušura, 2005a, 2005b; for other CSR researches in Croatia see Bačić, Škrabalo, & Narančić, 2009). Each year around 40 publicly traded companies and others with “a public nature” (such as public utilities) were included in the research. Companies’ websites and annual reports were checked for information crucial to stakeholders and compared annually with previous data and also data from other Central European countries. Although in this longitudinal survey Croatian companies showed progress in the number and the quality of information they were disclosing, still they compared less favourably with the other 10 countries of Central Europe.

This more or less covers the development of CSR as an academic discipline and a field of research in Croatia. However, the situation concerning implementation by institutions under is *not so encouraging* to put it mildly, especially in recent years due to the present economic crisis (2008–2013).

4 The Most Important CSR Initiatives Promoting, Implementing, and Measuring CSR in Croatia

The most important initiatives and organizations which promote CSR in Croatia are carried out by the companies themselves, by professional societies, by state agencies, by civic societies and movements, and by HEIs.

4.1 Initiatives that Promote CSR

There is a number of CSR promoting initiatives worth of note in Croatia. Two stand out for their scope and impact. Among the most important initiatives are the following: from 2003: UNDP Croatia, Corporate Social Responsibility Program (Eterović, Kurešević, & Kocijan, 2003); from 2005: Croatian Chamber of Economy (HGK) which has a series of ethical codes for its members and reports on implementation (Vidošević, 2005); from 2011: Index DOP-a (CSR Index), Croatian

Chamber of Economy and Croatian Business Council for Sustainable Development, DOP.HR, Project Socially Responsible Business in Croatia (Omazic & Vlahov, 2011).

UNDP Croatia is the first CSR promoting initiative and it is implemented with the collaboration of the Ministry of Economy, Labor and Entrepreneurship, and with financial assistance of the Ministry of Foreign Affairs of the Kingdom of Norway. UNDP Croatia principles are based on: The Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development and United Nations Convention against Corruption. UNDP Croatia stretches across following areas later operationalized in 10 different standards: human rights, rights at work, environment and fighting corruption. In order for companies to voluntarily include themselves in the initiative, the president or the head of the company should address the president of United Nations and profess their support of the CSR standards. By signing the contract the companies obligate themselves on abiding the standards, disseminating the information and submitting yearly progress reports. At the moment UNDP Croatia website (<http://www.drustvenadogovornost.undp.hr/show.jsp?page=78003>, accessed 18.05.2013) lists 80 companies who are members of the initiative.

Croatian Chamber of Economy (HGK) is an organization which facilitates the so called CSR Index (Croatian, *indeks DOP-a*). CSR Index is a methodology by which companies in Croatia are rated according to doing business in a responsible way. The methodology itself looks at six different categories in order to determine companies CSR: Economic sustainability, incorporating CSR on a strategic level, work environment, protection of the environment, market relations and relations with local community. These areas are then incorporated in a questioner which companies that choose to become a member have to fill out. At the moment the CSR Index website (<https://dop.hgk.hr/poduzeca/>, accessed 18.05.2013) for 2013 lists 89 companies who have become members. Interesting to note is that a large number of same companies are both members of UNDP Croatia initiative and CSR Index initiative.

These initiatives are responsible for promoting, implementing, and collecting the results of measurement of CSR by Croatian companies that voluntarily included themselves in these programs. Being a member of such programs was, at the beginning (1989–1996), an issue of these companies' presentation towards public and other stakeholders, but in time (1996–2012) it has become a serious and important issue that contributes to their overall business success. Nowadays (2013) it is common for leading Croatian companies to be included in at least some CSR initiatives on a national and/or international level.

4.2 NGOs that Promote CSR

Number of non-governmental organizations that are engaged in protecting various rights concerning CSR should also be mentioned since they implement and measure

various specific CSR and CSI elements. Among the most active are: UATUC (Union of Autonomous Trade Unions of Croatia); Association Whistleblower; Consumer, A Society for Consumer Protection; and a wide range of different environmental societies, associations, and NGOs that act mostly locally and are quite successful in promoting environmental protection.

Union of Autonomous Trade Unions of Croatia is an organization which protects basic employee rights in almost all business sectors in Croatia. It affiliates 18 trade unions from various sectors with the total of 110,000 members and additional 60,000 retired members. (<http://www.sssh.hr/en/static/uatuc-1>, accessed 05.18.2014) UATUC, probably the strongest trade union confederation in Croatia, is heavily engaged in activities for the advancement of employee rights and is an active participant in tripartite dialogue between employers, employees and the government.

Association Whistleblower protects whistleblowers and related activities. It's the association founded by Vesna Balenović who was the first major whistleblower in Croatia having exposed CSI activities in one of the biggest petroleum companies in Croatia. The association deals with all whistleblowing cases in Croatia not minding the sector or industry. From CSI activities by companies, to corruption cases related to politics, the association works on protection of whistleblowers.

Consumer is an association that actively protects consumers. It is a civic, unaffiliated NGO of citizens which aims to protect and enhance consumer rights. Its activities stem from the principles laid out in the UN Guidelines for consumer protection. And it is one of the NGOs that citizens can go to if their consumer rights have been breached.

5 A Note on Specific Socio-Economic Factors Contributing to the Present State of CSR in Croatia

Present state of CSR in Croatia is the result of many different factors. The historical development has already been sketched in the previous parts of this entry. Besides historical influence several factors are important. They are the following: socio economic factors and specific market structures; the Roman Catholic Church; unions; media; various associations; and especially civic societies. In the following text only a few major socio-economic factors are mentioned here.

The first specific factor is the transition from a socialist to a free-market economy. Experts dispute when it started, how it was conducted, and when it ended (e.g. some say that it started before 1991, namely in late 1980s, when the Yugoslav government allowed the state to do business with "private companies" which had been used by communist officials to "remove" money from the state to their private companies; others say that privatization during the early 1990s was semi-legal, even criminal, but surely immoral at its core, etc.). Nonetheless, in the 1990s the economic system was changed, at least in a formal way. Another side of

that coin was that the shift in the economic system was not accompanied with the shift in mentality of Croatian people. Namely, a market system was introduced but the people's mindset was still communist in its core with all the very well known characteristics such as not putting enough emphasis on personal freedom and corresponding duties. The subsequent cases of CSI can be easily traced back to such situation.

The second specific factor that must be correlated with the first one is the Homeland war (1991–1995) during which Croatia fought and won against the Yugoslav army and Serbian paramilitaries in Croatia. During the war Croatia managed to gain its independence but some of its parts were completely devastated. Although the hostilities stopped in 1995, Croatia was not fully reintegrated as late as 1998. The result of it all was that the war slowed the progress of Croatia (and neighboring countries as well) in many relevant ways: economically, politically, socially, culturally, etc.

The third socio-economic factor is the economic and social crisis in Croatia (2008–2013) that has severely (but hopefully not irreversibly) damaged major economic institutions, and whole business sectors. This crisis is important because it has causes not just in the last US and EU crises but also in the domestic economic crisis which is deeper due to the first and second factors and additionally due to very high level of corruption (see Krkač, 2013a, pp. 213–222).

The fourth factor is a series of mutually close interdependent features, or character traits (one could say virtues and vices), of Croatian managers, employees, workers, buyers, customers, etc. Due to the principles and practices of the communist regime, especially economically speaking, specific professional responsibilities, obligations, and even moral duties were generally neglected. Croatian managers were used to the fact that some major business decisions were going to be dictated by political elites, workers didn't care much about how they performed because they were heavily protected by laws, unions, and co-workers and it was quite unlikely that they would lose their jobs due to unprofessional or morally irresponsible conduct (however, they could lose it for political reasons and that remains the case even nowadays), and buyers and customers didn't care much about their rights, and responsibilities, etc. This situation, or in fact business culture, slightly changed when some more responsible foreign companies entered the Croatian market. Although some companies were at times quite CSI; e.g. the Karlovačka brewery that is owned by Heineken, or the HOTO Group involved in the construction business in the center of Zagreb, see Debeljak et al., 2011, pp. 5–22). However, responsible international companies doing business in Croatia raised the level of CSR and indirectly influenced major Croatian companies. Therefore, they have been an important factor in transforming the overall business culture in Croatia for the better.

6 Practice of CSR

Practice of CSR by some Croatian companies, in terms of explicating various CSR models and strategies (ranging from obvious deceptive CSR to real CSR strategically implemented and practiced on daily basis) can be described in different ways. Here, it is appropriate to just sketch out the most common cases of CSI and thus providing context for the reader.

Series of CSI cases still appear on a weekly basis in companies, regardless of whether they are private or state-owned. The list of particular cases of CSI can be arranged in the following groups of typical CSI activities according to the stakeholder/CSI practice criteria. In a taxonomical manner they are: various violations of free-market principles (by major players in almost all business sectors); corruption, nepotism, and bureaucratization (by state agencies and state-owned companies); various breaches of work contract (by all companies and especially contracts of employees); violations of professional rules that concern core business professions; violations of workplace safety and security standards; violations of customer rights; and violations of environmental protection laws, regulations, and ethical standards (for cases in marketing industry see Martinović, 2012).

However, some responsibility should be put on the side of citizens who don't display sufficient pressure on government, ministries, and local politicians to improve their actions. And also, on the side of employees who often misuse their work rights, don't engage in professional advancement and violate rules of their professions and on the side of buyers and customers who choose not to educate themselves on their own rights and duties. This is where previously mentioned CSR promoting initiatives can make a difference, in educating the population to be a responsible consumer.

7 Concluding Remarks

In conclusion some remarks concerning all aforementioned groups and institutions engaged in CSR can be supplied here. In the period from 1989 to 2013 CSR in Croatia reached quite a developed stage. From its origins in terms of window-dressing onto an understanding of the concept, principles, benefits to business and application (from 1989 to 2003). Subsequently Croatian CSR reached almost mature stages in terms of understanding strategic CSR, implementing, measuring, and reporting CSR from 2004 to 2013. However, a fully mature stage of CSR still hasn't been reached due to many influential cases of CSI (in quantity and quality) that appear on a weekly basis, no matter if comparatively speaking they appear much less in the period 2004–2013 than in the previous period (1989–2003).

Based on some positive and some negative aspects of CRS in Croatia a few suggestions can be made in terms of practical advice to all preparing for or actually doing business in Croatia. Concerning business schools, faculties of economics and management, and all other faculties and research institutes and similar, first of all a series of high quality textbooks is still needed and of course high quality research concerning the business sector. Also, establishing closer, more constant, and longer connections between educational institutions and companies is still needed since the lack of influence of scientific results of CSR research toward companies, and sometimes business realities toward scientific research as well. Concerning the Catholic Church and other religious institutions in Croatia (especially Islam, Orthodox, and Reformed churches), and concerning labor unions, and various agencies and NGOs that are doing CSR, closer connections with the business community is also needed. Concerning various state agencies and business guilds, chambers, societies and similar, the most important is that they show their results in terms of influencing companies and perhaps to serve as *a kind of glue* between the academic community and religious institutions, unions, and various NGOs on the one hand, and companies and their associations on the other. Finally, concerning companies, they should more consistently, and transparently measure and report their CSR activities, and additionally their eventual CSI activities as well since this can be to some degree counted as a real sign of completely authentic, integrated, and on a daily basis, practiced CSR.

The following two elements of CSR for real improvement in Croatia seem to be needed. Closer and much more relevant and measurable partnership and influence between the academic community, various institutions and NGOs engaged in promoting CSR, and media on the one hand, and the business community, companies, and various business bodies and guilds on the other. Much more critical and objective reporting on CSI events and incidents by all groups is required. Since this is no place for any kind of prediction or guesswork concerning the future, the authors of the present text can express, especially in view of the economic crisis that is ongoing in Croatia (2008–2013), some kind of hope that the present state of CSR will be preserved in next 5 years, and perhaps become slightly improved especially towards the research, measurement, and reporting on CSI.

Acknowledgement The Authors would like to thank Mr. Paul Norcross for proofreading the text and to anonymous reviewer of our paper due to which the paper is of much higher quality.

References

- Aras, G., Crowther, D., & Krkač, K. (2010). *CSR and global governance*. Papers of 9th International Conference on Corporate Social Responsibility. Zagreb: MATE/ZSEM.
- Bagić, A., Škrabalo, M., & Narančić, L. (2009). *An overview of corporate social responsibility in Croatia*. Zagreb: Academy for Educational Development (AED), MAP Consulting Inc.
- Bebek, B., & Kolumbić, A. (2000). *Business ethics*. Zagreb: Sinergija. (in Croatian).
- Beck, C., & Koprek, I. (Eds.). (2009). *Debt and mobbing*. Zagreb:FTI. (in Croatian).

- Brčić, M. (2009). Kotruljević's doctrine of just merchant: Analogies and differences to Aristotle's concept of justice. *Cris*, *XI*(1), 135–143. (in Croatian).
- Debeljak, J., Koričan, M., Krkač, K., & Mušura, A. (2007). Caring principle & practices in CSR. In A. M. D. Gomez & D. Crowther (Eds.), *Ethics, psyche and social responsibility* (pp. 129–143). Aldershot: Ashgate.
- Debeljak, J., & Krkač, K. (2008). Me, myself & I, practical egoism, selfishness, self – interest and business ethics. *Social Responsibility Journal*, *4*(1/2), 217–228.
- Debeljak, J., Krkač, K., & Bušljeta Banks, I. (2011). Acquiring CSR practices: From deception to authenticity. *Social Responsibility Journal*, *7*(1), 5–22.
- Eterović, H., Kurešević, E., & Kocijan, A. (2003). *Honorable to victory, handbook for socially responsible business*. Zagreb: UNDP. (in Croatian).
- Gučetić, N. (1998). *On governing the family*. Zagreb: Studia Croatica (Italian original text with Croatian translation).
- Haramija, P. (2012). INA and creating “green” image for the company: Corporate responsibility, green marketing or greenwashing? In M. Martinović (Ed.), *Marketing in Croatia 55 case studies* (pp. 508–517). Zagreb: MATE (in Croatian).
- Jalšenjak, B., & Krkač, K. (2012). *Social responsibility of business*. Zagreb: MATE d.o.o. (in Croatian).
- Jergovski, A., Jalšenjak, B., & Krkač, K. (2012). Employee corporate social irresponsibility. In I. Koprek (Ed.), *Does an employee deserves a just payment?* (pp. 189–203). Zagreb: FTIDI. (in Croatian).
- Kauzlarić, T., & Krkač, K. (2012). Karlovačko Brewery – Miracles happen. In M. Martinović (Ed.), *Marketing in Croatia 55 case studies* (pp. 477–484). Zagreb: MATE. (in Croatian).
- Koprek, I. (2007). *Business ethics and spirituality*. Zagreb: FTI (in Croatian).
- Koprek, I. (Ed.). (2010). *The recession and layoffs*. Zagreb: FTI (in Croatian).
- Koprek, I. (Ed.). (2012). *Does a worker deserve a just payment?* Zagreb: FTI (in Croatian).
- Koprek, I. (Ed.). (2013). *How to survive the crisis?* Zagreb: FTI (in Croatian).
- Kotruljević, B. (1985). On marketing and perfect marketer. Zagreb: JAZU. (Italian original text with Croatian translation).
- Krkač, K. (2007). *Introduction to business ethics and CSR*. Zagreb: MATE d.o.o (in Croatian).
- Krkač, K. (2011). Corporate social responsibility, a conceptual framework. *Social Responsibility Review*, (3), 78–89. Accessed June 29, 2013, <http://www.socialresponsibility.biz/2011-3.pdf>
- Krkač, K. (2013a). Bribery and corruption. In S. O. Idowu (Ed.), *Encyclopedia of corporate social responsibility* (pp. 215–222). Berlin: Springer.
- Krkač, K. (2013b). Culture, business and global CSR. In S. O. Idowu (Ed.), *Encyclopedia of corporate social responsibility* (pp. 730–739). Berlin: Springer.
- Krkač, K., & Debeljak, J. (2006). Influence of culture on European business, ethics, and business ethics. In D. Njavro & K. Krkač (Eds.), *Business ethics and corporate social responsibility* (pp. 110–125). Zagreb: ZSEM.
- Krkač, K., & Debeljak, J. (2008). Change management and CSR: An essay in the ontology and business ethics of change/process management. In D. Crowther & N. Capaldi (Eds.), *The Ashgate research companion to corporate social responsibility* (pp. 231–249). Aldershot: Ashgate.
- Krkač, K., Kagin, J., & Mušura, A. (2005). Time, credit & debt. An essay in philosophy of economics. In F. Stadler & M. Stölzner (Eds.), *Preproceedings of 28th international Wittgenstein symposium* (pp. 127–131). Kirchberg am Wechsel: ALWS.
- Krkač, K., Martinović, M., & Buzar, S. (2012). Fine young criminal's corporate social responsibility: On the virtues of the wicked and the common good performed by egoists. *American Journal of Sociological Research*, *2*(5), 98–106.
- Krkač, K., Mladić, D., & Buzar, S. (2012). Habitual lying re-examined. *American Journal of Sociological Research*, *2*(1), 1–10.

- Leko Šimić, M., & Čarapić, H. (2009). *Corporate social responsibility in Croatia: Nonprofit activities for profitable goals*. Presentation delivered at 8th International Congress AIMPN: New Approaches in Public and Nonprofit Marketing Research and Practice, Valencia, Spain.
- Leko Šimić, M., & Štimac, H. (2010a). *CSR: Croatian consumers' response*. In L. Matei & T. Dinu (Eds.), *Regulation and best practices in public and non profit marketing* (pp. 436–444). Bukurest: Editura Economica.
- Leko Šimić, M., & Štimac, H. (2010b, June). *Internal CSR – The perceptions and attitudes of Croatian employees*. Presentation delivered at 10th International Congress of the International Association on Public and Nonprofit Marketing, Porto, Portugal.
- Macan, I. (2002). *Social ethics and other studies*. Zagreb: FTI (in Croatian).
- Martinovic, M. (2012). *Marketing in Croatia–55 business cases*. Zagreb: MATE d.o.o (in Croatian).
- Matthews Šulenta, L., Koričan, M., & Mušura, A. (2005a). *Results of research: Reporting on corporate social responsibility by leading Croatian firms*. Zagreb: ZSEM.
- Matthews Šulenta, L., Koričan, M., & Mušura, A. (2005b). *Survey results: A survey of websites of leading Croatian companies 2005*. Zagreb: ZSEM.
- Njavro, D., & Krkač, K. (2006). *Business ethics and CSR*. Zagreb: ZSEM/MATE.
- Omazic, M. A., & Vlahov, R. D. (2011). CSR index as a strategic management tool in Croatia, phase one & two. *International Journal of Management Cases*, 13(2), 44–52.
- Pope John Paul II (1991) *Centesimus Annus-encyclical*. Zagreb: Krscanska sadasnjost. (in Croatian).
- Schiffler, L. (1996). Benedikt Kotruljević's ethical-humanist thought. *Prilozi za istraživanje hrvatske filozofske baštine*, 43–44, 117–142. (In Croatian.)
- Vidošević, N. (2005). Croatian chamber of economy. Code of business ethics. Accessed June 30, 2013, http://www.hgk.hr/wpcontent/blogs.dir/1/files_mf/1286188102Kodeks_poslovne_etike.pdf. (In Croatian).
- Vujić, V., Ivaniš, M., & Bojiš, B. (2012). *Business ethics and multicultural*. Zagreb: FTHM (in Croatian).
- Žitinski, M. (2006). *Business ethics*. Dubrovnik: Sveučilište u Dubrovniku. (in Croatian).
- Žitinski-Šoljić, M. (1996). *Ethics in market relations*. Dubrovnik: Pomorski fakultet. (in Croatian).
- Županov, J. (1998). Business ethics in Croatian economy. Accessed June 30, 2013, http://www.google.hr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=12&ved=0CC4QFjABOAO&url=http://www.efst.hr/management/Vol3No2-98/zupanov.doc&ei=CJTUUa_XM4Tc4QSe_oD4Bg&usq=AFQjCNEHUnCW5XSY3z7Qjwlt6H2IDEqABw&bvm=bv.48705608.d.bGE

Electronic Sources

- CEP, center for business ethics <http://www.cep.hr/>, site accessed on the 29th June 2013.
- Consumer, a society for consumer protection <http://www.potrosac.hr/>, site accessed on the 27th June 2013.
- Croatian employers' association <http://www.hup.hr/en/>, site accessed on the 28th June 2013.
- Dop.hr, project socially responsible business in Croatia <http://www.dop.hr/>, site accessed on the 27th June 2013.
- Faculty of economics and business Zagreb <http://www.efzg.unizg.hr/default.aspx?id=10692>, site accessed on the 30th June 2013.
- HGK, Croatian chamber of economy <http://www.hgk.hr/en>, site accessed on the 23rd June 2013.
- Index DOP-a (CSR index), HGK, Croatian chamber of economy and Croatian business council for sustainable development <http://dop.hgk.hr/>, site accessed on the 27th June 2013.
- Society whistleblower <http://hr.tealpages.com/HR/udruga-zvizardac.html>, site accessed on the 24th June 2013.

UATUC, union of autonomous trade unions of Croatia <http://www.sssh.hr/en>, site accessed on the 26th June 2013.

UNDP corporate social responsibility program Croatia <http://www.undp.hr/show.jsp?page=77975>, site accessed on the 30th June 2013. <http://www.drustvena-odgovornost.undp.hr/>, site accessed on 18th May 2013.

VERN' business school <http://www.vern.hr/>, site accessed on the 29th June 2013.

Zagreb school of economics and management, business ethics centre <http://www.zsem.hr/index.php?lang=en>, site accessed on the 29th June 2013.

Corporate Social Responsibility in Poland: From Theory to Practice

Tomasz Potocki

1 Introduction

In order to better understand the character of business culture and ethics in CEE countries like Poland one should get to know historical, cultural, religious and legal background as well as the profile of postcommunist economies and the level of their socio-economic development. It seems to be particularly significant considering the extension of EU and internationalization of trade, where business success depends very often on understanding organizational culture, level of trust and business ethics accepted in a given environment (the so called *unwritten rules*).

The following chapter contributes to “CSR in Europe” because it describes the current level of development of Corporate Responsibility¹ in Poland and focuses mainly on theoretical and practical aspects influencing the growth of CR. It includes comparative research and practical implications, and therefore may serve as recommendation for further research necessary to fill in the knowledge gap and solve the most urgent problems that CR is facing. According to the approach adopted in the world literature treating on CSR, the methodology and conclusions result from the Author’s professional experience—as a consultant, entrepreneur and manager (compare with Fassin, 2008). The research performed for the purpose of this paper involved the analysis of the literature on CSR (Polish and international), Polish legal acts, commercial and academic reports as well as personal interviews (in the form of informal and formal discussions with numerous companies’ stakeholders)

The aim of the chapter is to answer the following questions:

¹ Definition of Corporate Responsibility is broader than Corporate Social Responsibility and covers such issues as ecology, altruism, finances and key elements of the socio-economic situation (compare with Crane et al., 2008; Egri & Ralston, 2008; O’Riordan et al. 2015).

T. Potocki (✉)
University of Rzeszów, Rzeszów, Poland
e-mail: tpotocki@univ.rzeszow.pl

- How did the systemic transformation change the way companies understand CR?
- What is the role of social capital in creating ethical infrastructure?
- What are the most important measures undertaken in Poland within the last 20 years to support the creation of intellectual and material ethical infrastructure?
- What is the current level of understanding CR in Poland and what are the most significant elements of CR?
- What is the nature of main actions undertaken to develop CR in Poland?

The structure of this chapter follows the stated goals. First of all, the author presents the role of systemic transformation in CR development. Then the attention is directed to the role of social capital in building ethical infrastructure in Poland. After that, the Author presents key milestones of creation of ethical infrastructure in Poland as well as in understanding CR in the Polish reality. In the end, the chapter discusses practical implications and the role of government in the process of developing CR in Poland.

2 Transformation of Corporate and Social Responsibility in Poland

When Poland has been undergoing transformation from the state-based to the market-based economy, it was a country completely insensitive to social issues and devoid of structures supporting corporate responsibility (see and compare with: Dylus, 1997; Gasparski, 1994; Kozłowski, 1997). It resulted in the lack of business ethics and ethical organizational culture. The Polish society strongly believed that earning a living by running one's own business activity had to be done at somebody else's expense (Maciuszek, 1999, p. 73). The polls from the year 1993 showed that as much as 18 % of Polish respondents believed that the success of a company is closely connected with criminal activity (Gasparski, 2007, pp. 147–148). At that time no one applied any systems of effective and transparent management of Human Resources and Organizational Development. The terms *business* and *ethics* were understood completely different from the way they are perceived nowadays. In that reality the concept of CR was not only unknown but also ridiculous for people (compare with: Beaujolin, 2004). The whole situation resulted from the fact that the economic transformation stimulated the desire for freedom and economic independence, which was earlier stigmatized by the communist system, and therefore enhanced the competitiveness of companies on the free market (see broad discussion in: Ger & Belk, 1996; Shen, 1991) by the introduction of the so called *wild capitalism* (UNDP, 2007, p. 21). This process was initiated mainly by the liberation from ethical rules and social morality, which was a negative phenomenon (people behaved according to the principle: "Everything which is not forbidden is allowed"). Such business habits had considerable managerial implications and one could interpret the word *ethical* as *being in accordance with law* (see discussion in

Paine, 1994). Moreover, businessmen' awareness of the role played by external stakeholders was extremely limited at that time (UNDP, 2007) and most international reports showed that entrepreneurs believed that it was the government who was responsible for social responsibility, not the private institutions (see and compare with Mazurkiewicz, Crown, & Bartelli, 2005), and therefore they could feel excused from taking care of Corporate Responsibility. This approach was additionally accompanied with a myopic decision making and enhanced greed, which reinforced this unethical behaviour pattern. It is worth mentioning that, as indicated by Salomon, Poland adopted the so called *model of abstract greed* (as cited in Sójka, 1999, p. 337), which treats making considerable profit as a main objective of business activity.

Unlike Corporate Responsibility, the ethical behavior standards for individual and social choices have a long-established tradition.² Social responsibility and traits such as heroism, dignity, social justice and self-sacrifice were fundamental for the Solidarity Movement and social ethics (see analysis between Solidarity Movement and CSR in: Preuss, Haunschild, & Matten, 2006). Beyer precisely defined social responsibility saying that: "the ethic of solidarity was an ethic of hope, hope in the human person and the reality of human freedom" (Beyer, 2007, p. 221). What is more, social responsibility has been supported by the Christian religion—its role in the development of business ethics in Poland may be well observed on the example of John Paul II's encyclicals (see: Jan Paweł, 1981, 1991) and their influence on Poles' lives. It results from the fact that Christianity treats moral responsibility and sense of life very seriously. Therefore, people are supposed to meet requirements that are more demanding than those coming from the law, because the law itself stops functioning as the only prescriptive regulation affecting human relations. The responsibility for future generations acquires an even greater significance, which, from the perspective of *homo economicus*, is limited only to the earthly existence and not to the eternal one mentioned by Christianity (Woźniak, 2012, p. 127). The correlation between the religion and CR has solid foundations (see Senger, 1970), and considering the religious tradition in Poland and its significant role in the country's transformation, it cannot be forgotten in the discussion on CR (see also: UNDP, 2007, p. 17). The important role of religion has been also emphasized by Kneer, who says that the biggest value of religion is, on the one hand, that it is long-lasting and it does not change easily, whereas on the other hand, it serves as a factor dividing the society (Kleer 2012, p. 114). It does not mean that the relationship between economic development in Poland and Christian values cannot exist, because, as stated by Woźniak, sustainable development may well serve as such an example, particularly in the context of socio-economic cohesion (Woźniak, 2012, p. 144).

Moreover, religion ought to be mentioned at that point because people believing in God declare themselves to feel happier than the ones who do not believe in God (see research review in: Myers, 2008, pp. 324–338) and additionally they show greater involvement in social issues (see recent research for Poland: Czapiński & Panek, 2013; Przewłocka, 2011). The relationship between morality and happiness

² More on that in the next part of the chapter.

has been discussed in the Polish literature for many years (see Tatarkiewicz & Smoczyński, 1989). Tatarkiewicz indicates that eudaimonic well-being is close to moral life (see more in: Tatarkiewicz & Smoczyński, 1989, pp. 184–186).

Considering the above mentioned facts one can conclude that the post-communist period was a time of ethical identity crisis and ethical dualism. On the one hand there were no formal structures for Corporate Responsibility, on the other there were sound moral principles for it. The existence of dual ethical systems led to the conflict of norms and values accepted in private and business life (Gasparski, 2007, p. 94). The values promoted by the Solidarity Movement were completely rejected in business activity, where the dominating norms were: utilitarianism, materialism and selfishness. The economic objective of companies (i.e. profit maximization), which was marginalized by the communist economy, acquired greater significance and did not leave any space for social, ecological and corporate responsibility. One should not forget, however, that very often the reduction of social and cultural benefits was the only way to survive on the market (compare with OECD, 1999) and at least to some extent it justified the activities of companies in the early phase of economic transformation, when the country entered the recession, which was responsible for the financial situation deterioration of companies from the CEE region (compare with: Furrer et al., 2010, p. 391; Valentine, Godkin, Cyronand, & Fleischman, 2006, p. 81). As Klimczak points out, it was the recession which forced companies to apply the so called *marginal morality*, i.e. the lack of ethical and economic sensitivity and responsibility of an individual for their decisions (Klimczak 1999). Examples of such behavior have been mentioned in not numerous comparative research studies on the perception of Corporate Responsibility in Western and CEE countries. Furrer and others showed that the students and managers from CEE countries (Poland not included) believed that economic responsibility is the most important element of CR. This assumption has been also proved by the research performed by Steurer and Konrad, who claimed that the economic dimension is the most important part of Corporate Responsibility of companies in CEE region (Steurer & Konrad, 2009, p. 30), and the Polish research, according to which materialistic values are much more important for CEE countries than for Western countries and therefore the former ones attach more significance to the economic performance than to Corporate Responsibility (Gasparski, Lewicka-Strzałecka, Rok, & Szulczewski, 2004, p. 12).

Owing to the economic transformation the economic system has been adjusted to the market economy, however the changes of social, legal and political dimensions have been left aside. Gasparski indicates that business ethics is an element of culture whereas (Gasparski, 2007, p. 24). At the same time, system of values and morality accepted by an individual affect the way they perceive business norms and standards, and that is why “legal norms and rules of conduct should be deeply rooted in the system of values of a given society” (Gasparski, 1999, p. 24). It is of an even greater importance for countries undergoing transformation, where the economic growth triggered systemic changes in all of the above mentioned aspects of life (see discussion in: Inglehart & Welzel, 2005).

In the first years after the economic transformation the systemic changes in politics, law and socio-economic situation were responsible for the appearance of

culture shock (people who earlier did not have much influence on their lives were suddenly forced to make decision concerning every sphere of their life) and ethical confusion (see and compare with: Stachowski, 1999, p. 185). This ethical chaos affected all three dimensions: individual (also referred to as basic, micro), institutional (also referred to as central, mezzo) and systemic (also referred to as macro) (compare with Gasparski, 2013, pp. 80–85). It was intensified by a drastically decreasing level of socio-economic standard of living and increasing socio-economic inequality (Woźniak, 2012; Woźniak i Jabłoński, 2011).

The issues of social inequality and poverty are crucial from the perspective of Corporate Responsibility, because, as stated by Tarkowska, “values and assessments concerning wealth and poverty undergo changes with time, sometimes even radical ones. Nevertheless, they have always been accompanied with the relationship between values, assessments and ethical judgments” (Tarkowska, 2013, p. 45). After the economic transformation people associated poverty rather with external factors, whereas now it has been identified with the internal ones (Ibidem, p. 49). This syndrome seems fairly alarming considering the fact that the economic inequalities, particularly the frustrating ones, are increasing (Woźniak, 2012; Woźniak & Jabłoński, 2011) and the society is heading towards an increased social stratification and corresponding reduction of social capital and social trust levels. Therefore, the system modernization may not proceed without changes introduced in cultural systems (Kleer, 2012, p. 111). It shows that there is a great need for linking Corporate Responsibility with the reduction of poverty and inequality, particularly from the perspective of countries currently undergoing transformation or the ones which have recently experienced profound economic changes.

To conclude, although Poland has no longer been recognized as a transition country, the problems concerning economic, social and cultural dimensions occurring through the last several dozen years are still the reason for the lack of balance between the economic and ethical spheres. Undoubtedly, the key role in existence of this imbalance played the dictatorial political system of communist times, which was based on such practices as suspicion, permanent intimidation of citizens and omnipresent nepotism (Borkowski, 1999, s. 126). The Author of the Chapter is of the opinion that CSR’s definition formulated by Friedman, according to which CSR is all about profit maximization, has been taken too literally in Poland (compare with: Friedman, 1996). As Blaug indicates, people ignore the fact that the economy should pay attention to values it derives from (Blaug, 1995), especially in view of the fact that Social Responsibility is embodied in economy and societies (compare with: Fukuyama, 1995, 2000; Putnam, 1995, 2001; Sen, 1991, 1995, 1997). It seems to be even more important if one takes seriously Arrow’s statement that a sense of responsibility for others is an important factor in the survival of a society and the social system (see more in: Arrow, 1974, pp. 23–26).

3 Social Capital as a Prerequisite for Building Ethical Infrastructure in Poland

The growth of social capital (as defined in National Development Strategy 2030,³ compare with Czapiński & Panek, 2013; Fukuyama, 2000; Putnam, 1995) is a huge challenge for Poland, which has been taken on by National Development Strategy 2020 (GCSS/MoE, 2012). The distinctive features of the Polish state and Solidarity Movement present in times of communism turned out to be current maladies (compare with: Czapiński i Panek, 2013). The difficulty with tackling the problem is increased by the fact that corruption and bribery were the intrinsic elements of communism and systemic transformation. This situation has changed for the better during the last decade and the evidence for that may be found in numerous reports on the problem of corruption (see Transparency International Corruption Indexes). This change has supported the development of Corporate Responsibility in Poland, however, no data on the role of Corporate Responsibility in Polish companies has been available yet, because the literature on the analysis of social capital is limited mainly to the country or regional level, leaving aside the company level (Jones, Nyland, Ch, & Pollitt, 2004, p. 2). Only a few papers (see i.e.: Campbell, 2007), mainly these focusing on Western countries, describe the relationship between institutional factors and CR behavior of companies.

One of the fundamental elements of social capital is trust. In times of substantial economic uncertainty trust may serve as a tool used for its elimination and therefore also reduction of transactional costs of business activity (more on that in: Sztompka 1999, 2007). Poland is paying “high tax on mistrust”, which is the consequence of not having solid ethical structures (compare with Fukuyama, 1995; Helliwell, 2001; Knack & Keefer, 1997; Putnam, 1995, 2001; Sztompka, 2000, 2007; Woolcock, 1998).

For generations every business activity run in Poland has been based on trust, honesty and Social Responsibility. The current trend should be an attempt to restore the previous balance, which has always been a fundamental norm in business ethics, but unfortunately for sometime was displaced by values promoted by classical economics and economic rationality. This balance was a characteristic feature of the Polish prewar sociological and ethical thought (see more in: Tyburski, 1999, 2000), which was neglected in the communist system.

In case of Polish small and medium companies their infrastructure should be based on social responsibility in the form of family traditions, Christian religion and owners' conduct, which would enable to reduce the tax on mistrust. In case of large listed companies the ethical infrastructure should take the form of a set of rules, norms or corporate governance practices imposed by external institutions,

³ Social capital is a potential developed by societies and individuals in the form of norms, values, behavior patterns and institutions that serve as a basis for the creation of relations founded on trust, cooperation, creativity and exchange of knowledge. Such relations allow to accomplish aims that could not be achieved independently by individuals (GCSS/MoE, 2012, p. 130).

regulatory- and supervisory organs or owner supervision bodies. Therefore, it should be emphasized that the process of implementation of ethical structures in large enterprises constitutes in adjusting to the requirements of market competition, whereas in case of SMEs it takes the form of spontaneous and non-formalized operations (Gasparski, 2013, p. 223). One could think that the popularization of business ethics practices in SMEs is a less challenging process than in large companies, particularly in view of the fact, as stated by Boulding, that one of the institutions having a favourable effect on ethical infrastructure are the integrating institutions such as home, family, church or school (as cited in Gasparski, 2007, p. 150). Unfortunately, the reality proves the opposite and the difficulty is not only connected with the implementation of the practices to one's business, but also with their development, i.e. "creating and gaining acceptance by all stakeholders of a new framework for business ethics" (Puffer & McCarthy, 2008, p. 301).

Other key elements of social capital are social and civic activities manifested in the form of voluntary work. One could observe in Poland signs of pointless and ineffective cooperation, proved by some research on Poles' commitment to social activities (Przewłocka, 2011, p. 12). The truth is that not much more than one third of Poles is of the opinion that NGOs solve major social problems in their region, whereas half of the respondents is convinced that very often it is connected with serious malfeasance and self-interest (Przewłocka, 2011, p. 19).

According to the report—Volunteering in the European Union, Poland is among the countries with a low percentage of people participating in voluntary activities and small share of volunteering in GDP. Nevertheless, it is one of the countries which show an increasing trend of involvement in social activities (GHK, 2010, pp. 8, 11). The Polish law covers the definition of volunteerism (see: The Chancellery of the Prime Minister 2003), which is not a common phenomenon, particularly in post-communist countries. It should be emphasized that voluntary services practically did not exist in communism, therefore the fact that Poland (13.2 %) is ranked near countries like Ireland (16.4 %), Belgium (14.5 %) or Spain (12–13 %) should be considered positive, but it is still a far cry from volunteering top leaders, such as the Netherlands (42 %) Austria (43.8 %) Great Britain (44 %) or Germany (36 %) (GHK, 2010, pp. 59–63). The numbers discussed above are similar to the results Poland obtained in other research—Eurobarometer (16 %) and European Values Study (12 %)—what places it fourth and third from the end among other EU countries (GHK, 2011, pp. 63, 65).

One can observe a shortage of volunteers from the oldest age groups, which is a contradictory tendency in comparison with developed countries, and also the phenomenon that mainly educated people engage in voluntary work (GHK, 2010, pp. 68, 73, 74). Nonetheless, these situations may be explained by the fact that many people in Poland are committed to helping their children and raising grandchildren, or are forced to earn extra money to supplement their pensions, which, in comparison to other European countries, are fairly low.

The research carried out by Social Diagnosis (26,170 respondents) delivered surprising results, according to which the involvement of Poles in NGOs' activities stays on the same level within the space of the last 10 years (in 2013 it amounted to

13.7 % of the population). CBOS provided similar research results for Poland—20 % of Poles do voluntary work (CBOS as cited in GHK, 2011, p. 3). The level of commitment and the type of voluntary work is highly correlated with educational level, and the lower it gets, the greater passivity among respondents (Czapiński & Panek, 2013, pp. 292–293).

Another research on social commitment in Poland conducted by Klon/Jawor Association again supports the previously obtained results (the Authors of the research had access to three databases). They proved that 16 % of respondents devoted their time to voluntary work in 2010. Unfortunately, only 1 in 20 people spent at least 3 h a week on this activity (Przewłocka, 2011, p. 13). This study proves that church plays an influential role in social commitment because 1 in 10 people from this group was involved in some church or religious organisation and the indicator was twice as high for rural areas (15 % as opposed to 7–8 %).

There is also another research focused on corporate volunteering. It shows that the group of people involved in corporate volunteering consists of: mid-level managers, married but childless people (the research from 2012 shows mainly people with children), more often women than men, in the 30–40 age bracket (I All-Poland study on corporate volunteering 2009, p. 11, II All-Poland study on corporate volunteering 2012, p. 24). The drawback of the research is that it takes into consideration only employees from large companies and a very small representative sample (only 145 persons in the first research and 201 in the second).

As pointed out by Angermann, a significant shortcoming of the research on volunteering is the lack of uniform picture of volunteering behavior in the EU and only a limited possibility to empirically compare the data from different sources (Angermann, 2011, p. 3). This objection concerns also Poland, where the database is limited to fragmentary poll results (except for Social Diagnosis longitudinal database).

In conclusion, more and more people in Poland realize the necessity to build social capital and appreciate its role in socio-economic development (see GCSS/MoE, 2012). Nevertheless, as the above mentioned studies show, this fact does not translate into an increased trust, commitment to social activities or development of social networks triggering the economy. The growth of social capital must meet social awareness and cannot be implemented by the top-down approach. It is of particular importance because, as proved by the research performed by Bucar, Glas and Hisrich, there are considerable differences in perception of business ethics not only between the transition and developed countries, but also between the transition countries themselves (here Slovenia and Russia, Poland not included) (Bucar, Glas, & Hisrich, 2003, pp. 272–279). A fundamental role in the promotion of business ethics in transition economics are going to play “the level of development and stability of social institutions” (Bucar et al., 2003, p. 279) and the level of trust (Sójk, 1999, p. 231). It is of great significance from the perspective of ethical infrastructure, both the intellectual and material ones.

4 Intellectual and Material Ethical Infrastructure in Poland: History and Perspectives

The ethical infrastructure has been created in Poland and so far it mainly takes two forms—the intellectual and material one (Gasparski, 2013, p. 231). As stated by the Author in the previous section, the growth of social capital plays the principal role in the dynamic of its development.

The history of intellectual ethical infrastructure in Poland is mainly connected with humanities and sociology. Gasparski claims that there is an intellectual tradition of practical philosophy in Poland (for praxeology see Kotarbiński, 1990) and moreover one can observe a deeply ingrained knowledge of morality supported by the Christian religion (Gasparski, 1999, p. 34, see more in Karczewski, 2013; Hołówka, 2001; Filek, 2002). Both these sources should serve as the basis for interdisciplinary research and teaching of business ethics in Poland (Gasparski, 2007, p. 27).

As stated by Tyburski the tradition of business ethics dates back to medieval times (works by Mateusz from Kraków, Mikołaj Kopernik and Stanisław Skabimierz), the Renaissance (works by Andrzej Frycz Modrzewski, Piotr Skarga or Andrzej Fredro) and also to the Enlightenment with works written by outstanding personalities from that time, such as: Hugo Kołłątaj, Jan Śniadecki, Stanisław Konarski or Stanisław Staszic (Tyburski & Wiśniewski, 2013, pp. 366–394, see more in: Tyburski, 1999, 2000).

In the second half of the nineteenth century and the beginning of twentieth century one could encounter numerous eminent names, like Leopold Kronegerg, Hipolit Cegielski, Julian Różycki, Karol Stefan Habsburg or Adam Stadnicki, who combined successful careers with professional ethics (see more in: Jasiński, 2012, pp. 283–287). In the postwar times these traditions were replaced by the Marxist ideas, which did not contribute to the promotion of business ethics in Poland, just the opposite—they stopped it. It was only when the systemic transformation came that the tendency reversed once again and business ethics became a subject of scientific and practical discussion in Poland.

According to Gasparski, the VI Polish Philosophical Convention that took place in the year 1995 had a crucial role in the development and institutionalization of business ethics in Poland (this convention was a continuation of conventions initiated in the 1820s in Lviv). During this convention a Philosophy and Ethics section was created (Gasparski, 2007, p. 13), which showed that business ethics was recognized as the subdiscipline of applied ethics (Gasparski, 2013, p. 85). Moreover, it needs to be emphasized that in 1994 the Research team on Business Ethics and the All-Poland Seminar on Ethics in Business, Economy and Management were organized. The Centre for Business Ethics started functioning in 1999 and in the year 2000 the first NGO was established—Responsible Business Forum, which focused its activity on CSR. Another important organization was the Polish Association of Business Ethics formed in 2001 (Gasparski, 2013, p. 86).

The material ethical infrastructure may have two main scopes: the objective and subjective one. The basic document for the material infrastructure of an objective nature is the Polish Constitution (particularly the first two chapters) (Sejm RP, 1997, art. 5, 30, 31, 76). According to the Author of the following Chapter, it has also its reflection in the Act on Freedom of Business Activity from 2004 (art. 17, 18), which, as Gasparski holds, was written according to the idea: “Everything which is not forbidden is allowed” (Gasparski, 2013, p. 221). As Bernatt aptly states: “the entrepreneurs (...) are the social participants of economic processes, (...) social partners (...), and the adoption of social market economy allows people to assume that the entrepreneurs should act according to such values as: solidarity, dialogue and cooperation with entities influenced by their activity” (Bernatt, 2011, p. 33).⁴ The regulations, which allow a very broad interpretation, may favour the overuse of law for your own benefits and shifting the responsibility on to a State. Poland has been and still is (although to a lesser extent) an example of such situation.

The additional regulations, but mainly concerning non-profit organizations, come from the Act on Social Assistance and the Act on Employment Promotion and Labour Market Institutions from 2004 (currently being amended: see: The Chancellery of the Prime Minister 2014). As mentioned above, they refer to the NGOs’ sector, whose role in Poland is rather insignificant in comparison to other EU countries. Responsible Business Forum, CSRInfo.pl, Volunteer Centre Association, The National Chamber of Commerce, The Polish Confederation of Private Employers Lewiatan, the Foundation of Social Communication, the Partnership for Environment Foundation and the Academy for Philanthropy Development are one of the few examples of active Polish organizations. As one can see, there is a burning need for the reinforcement and development of this sector, so that it could support the socially responsible activities and become a more reliable and significant partner in this area. One of the first steps in this direction is signing the cooperation agreement on the creation of a platform for activities supporting sustainable development in Poland between the Ministry of Economy, the Responsible Business Forum and World Business Council for Sustainable Development (WBCSD).

Demand for the creation of ethical infrastructure in Poland resulted within the last 10 years in formulation of various codes, including: code for listed companies (Code of Best Practices for WSE Listed Companies), code for financial institutions (The Canon of Good Practices of Financial Market), code for banks (Good Banking Practices for enterprises (Ethical Entrepreneur’s Code), in which Gasparski expands entrepreneurs’ responsibility by stating that “it is illegal to (...) run business activity that threatens public morality” (Gasparski, 2007, p. 534), code for universities (The Code of Good Practices in Universities), code for the meeting of business and public administration (Public Integrity conducted by The Stefan Batory Foundation) (based on Gasparski, 2013, pp. 217–231, see more examples in

⁴ Author’s translation from Polish.

Gasparski, 2007, pp. 278–281). It proves that Poland has already transferred from the declaration phase to action phase. Even if these activities are only fragmentary they may be recognized as a strategic milestone in taking a holistic approach to building of the ethical infrastructure.

The activities supporting the objective scope of ethical infrastructure are supplemented by activities of the subjective scope. A crucial role play here international organizations, i.e. the International Business Leaders Forum, United Nations Development Programme (UNDP) and the World Bank, which promote projects implemented mainly by NGOs (see more in: UNDP, 2007, pp. 26–27).

Public administration has a vital part in the whole process. The government is responsible for institutional transfer of CSR ideas, practices, promotion and soft polices. The foundations for an increased commitment in CSR's promotion and development in Poland were laid in 2009 (the activities performed by the Office of Competition and Consumer Protection, Central Anti-Corruption Bureau and the Ministry of the Environment and projects: State Ecological Policy and Sustainable Production and Consumption Patterns). The Ministry of Economics appointed a CSR Team, which deals with producing recommendations, promoting good practices and entering into a dialogue with the key stakeholders. The CSR Team includes the following groups:

- Working Group on CSR Promotion System in Poland
- Working Group on Socially Responsible Investment
- Working Group on CSR and Education
- Working Group on CSR Sustainable Consumption

The above mentioned organizations determine the main trends in CSR development in Poland. According to the report, the conclusions from the groups' sessions have been taken into consideration in the guidelines of the National Development Strategy 2020 (Ministry of Economy of the Republic of Poland, 2011, p. 10).

Nevertheless, as indicated by the report issued by the team appointed in 2012, the government acts mainly as a patron: "one may identify organs of government administration which take initiatives aimed at CSR promotion; however, there is no leader that would coordinate them. Moreover, the advisory bodies and institutions promoting CSR are being appointed" (Ministry of Economy of the Republic of Poland, 2011, p. 6). In the Author's opinion, the fact that there is no leader means that no one can take responsibility for the institutional activities, which delays the already belated public administration's involvement in CSR practices.

The activities aimed at the development of material ethical infrastructure of a subjective nature are supported by the Warsaw Stock Exchange—not only in the form of codes adoption but also establishing in 2009 the Respect Index, which is the first index of companies respecting CSR rules in CEE region (see: <http://www.odpowiedzialni.gpw.pl/>, chapter "Corporate Social Responsibility in Poland: From the Perspective of Listed Companies"). Each company willing to participate in the index is supposed to meet the requirements included in the Code of Best Practices for WSE Listed Companies, i.e. ESG area. Moreover, it has to undergo a three-step verification and audit performed by a partnering company Deloitte. Participation in the project is voluntary. The companies included in the

index are mainly large companies, which take the leading positions in their sector. Despite the growth dynamics which substantially exceeded the rate of return on WSE index in years 2009–2013 (compare with Sroka, 2013, pp. 49–51), it seems that there is still time for their assessment, particularly in view of the fact that, as the research performed by SEG, GES and Credo Business Consulting on 865 WSE listed companies show that 711 companies do not publish any information on ecological responsibility and 793 on social responsibility (Ibidem, p. 12). According to the report's concluding part, "because of the lack of requirements for the environmental protection and social issues, and also lack of interest among Polish investors in sustainable development this subject is not an area of interest for Polish listed companies" (Sroka, 2013, p. 43). This phenomenon is proved by the tendency that has been lasting for the last several years, where the companies do not show any interest in implementing CSR practices (see The Gdansk Institute for Market Economics, 2003). Partial explanation to this situation is shown by the data provided by Deloitte, which indicate that almost 70 % of the questioned financial market participants do not take into consideration the ESG indicators when assessing company's investment opportunity, although they believe that their role will increase (Deloitte, 2011, p. 4).

Therefore, there is a clear indicator that there exists a necessity for the introduction of Corporate Responsibility rules and education programmes for investors. What is more, the legislative issues concerning the disclosure of ESG data need serious attention (Sroka indicates that an appropriate bill has been introduced by the Polish Accounting Standards Committee (Ibidem, p. 52).

Another significant role that the Respect Index may have is the SRI benchmark for SRI investments in Poland. Unfortunately, the SRI market barely exists in Poland (compare with Sroka, 2011). The situation will not change much unless appropriate legal regulations are introduced that would force pension funds to disclose the ESG data, requirements and standards concerning ESG reporting by WSE are specified and participants of financial market are appropriately educated (compare with Sroka, 2011, p. 21).

To sum up, the intellectual ethical infrastructure has a long tradition in Poland and the last 20 years enabled to make up for lost time from the communist period. A significant role in this process plays a group of people gathered around Gasparski, whose contribution to the new peak development of business ethics and corporate responsibility is undeniable.

The material ethical infrastructure of a subjective and objective nature in Poland is way behind the intellectual infrastructure. A key institution responsible for improving this situation should be the public administration. Unfortunately, the public administration acting as a patron and promoter of CSR and the state-owned companies in many occasions are not set a good example of CS actions. The Author of the following Chapter believes that it will be very difficult to introduce any institutional changes unless the subjects responsible for them gain ethical recognition and trust among the society. The ideal situation would be that the ethical norms took the form of legal regulations and an ethical ideal was defined, which is very difficult because there is a deficit of exemplary businessmen on the Polish political

arena. Without any doubts, John Paul II and Stefan Wyszyński were the ethical role models in communist times, whereas now the Polish society lacks such figures.

5 Current Understanding of Corporate Responsibility

The definition of business ethics proposed by Gasparski includes the so called 3E—efficiency, cost-effectiveness and ethics—which function as values dependent on each other and present the unlimited axiological context (Gasparski, 1999, p. 7). Additionally, Rok proposed a similar approach, by expressing the CSR definition in terms of three dimensions: economic, environmental and ethical (Rok, 2013, p. 423). Nevertheless, the first definition gained wide recognition among Polish academic environment and it is very often quoted in papers treating on CSR (see examples: Adamczyk, 2009; Bartkowiak, 2011; Paliwoda-Matilańska, 2009; Rybak, 2004). Its formulation initiated a deepened interest in CSR among economy, financial and management scholars. The UNDP analysis proves the above stated fact and defined the following periods in CSR development (choosing the year 1997 as the beginning of CSR history in Poland)

- Silence and Complete Lack of Interest Phase (1997–2000),
- Aversion and Objection Phase (2000–2002),
- Phase of expression of interest and public declarations (2002–2004),
- Phase of real though fragmentary activities (2004–2005),
- Strategic Activities Phase (2006—up till now) (UNDP, 2007, p. 22).

As presented above, the most crucial projects and activities promoting the development of CSR in Poland have been performed for the last 10 years (the fourth and fifth phase). The management literature has still been using the definition of corporate social responsibility, although it seems that its context is too narrow. Therefore, one may encounter in the western literature a term Corporate Responsibility more and more often (a problem pointed out by Gasparski et al., 2004)—it covers such issues as ecology, altruism, finances and key elements of the socio-economic situation (compare with Crane, McWilliams, Matten, Moon, & Siegel, 2008; Egri & Ralston, 2008; O’Riordan, Heinemann, & Żmuda, 2015). These conclusions have also been proved by comparative studies (in this article the Polish-German ones), which show that “just after the transformation the social functions (...) were perceived as obstacles that stood in the way to making profits and that is why companies and some people started to treat them in a different way”⁵ [Author’s comment: The Authors of that report mean CSR] (...) The terms “interests of society” or “sustainable development” cropping up in the literature on CSR may have negative connotations” (Bechert & Gorynia-Pfeffer, 2008, p. 10).

⁵ Author’s translation from Polish.

What is important, using the term Corporate Responsibility instead of Social Corporate Responsibility may help to challenge the stereotypes.

When looking at the Corporate Social Responsibility Pyramid proposed by Carroll (see Carroll, 1979, 1999) one has the impression that after more than 20 years from the transformation Polish companies, in particular SMEs, have still been struggling to enter the third phase, not to mention the fourth one, which is reached only rarely by some companies' owners. According to Ellington's terminology, this approach means the concentration on the profit from the perspective of a triple bottom line (see Ellington, 1997). Thus it seems that the managerial practices have more in common with the instrumental and private wealth creating models (terminology used by Garriga and Mele (Garriga & Mele, 2004).

The above stated facts have been confirmed in surveys, which show that the social commitment declared by large companies in 2010 takes in most cases the form of financial and material support (GoodBrand & RBF, 2010). Another important thing is the fact that large companies have no information on CR put on their web sites and even if they have, it is mainly focused on sponsorship (see research for largest Polish companies in: Mielechow & Piskalski, 2009, pp. 50–59). CSR.PL and DNV provide additional evidence by presenting the research, according to which, 75 % of 120 largest analyzed companies have sections dedicated to CSR or ecological responsibility, however, they are extremely vague and refer mainly to ecological responsibility (Krzemień & Piskalski, 2012). The research indicating an increasing CSR awareness among large companies may give a distorted picture of the market (compare with: RBF 2005-2012, GoodBrand & RBF 2010), particularly in view of the fact that most reports on case studies in Poland (compare with: RBF 2005-2012) present the situation in large international companies,⁶ with only few exceptions from the SMEs sector.⁷ The research conducted by PARP clearly indicates that the CSR awareness increases in direct proportion to company's size (PARP, 2012, p. 3). Other research did not prove this correlation (Nikodemaska-Wołowik, 2011, pp. 52–53), but on the other hand it showed that 57 % of 251 SMEs is familiar with the term CSR (Ibidem, p. 51). Nonetheless, the explanation for that could be the fact that people perceive CSR in a subjective way and associate it with "ethics of conduct, understood as responsibility for your decisions and activities, reliability, honesty and morality" (Ibidem, p. 52). It allows us to make a deduction that SMEs may perceive CSR as closer to moral standards than to systemic approach typical for business ethics. According to the reports performed by UNIDO, there are four main reasons why companies do not engage in CSR practices—lack of time, financial means, knowledge and direct benefits (see Luetkenhors, 2004). Because of that, as indicated by Bartkowiak's own research, no SME company included CSR regulations in their mission (Bartkowiak, 2011,

⁶ For CSR best practices for SMEs see: RBF reports (2005, 2006, 2007, 2008, 2009, 2010, 2011a, 2011b, 2012).

⁷ For CSR best practices see: UNDP (2007), RBF reports (2005, 2006, 2007, 2008, 2009, 2010, 2011a, 2011b, 2012), Respect index list and GRI reports database at csrinfo.org.

p. 81). Moreover, the respondents admitted that the only motivation for engaging in CSR activities were tax relieves (Ibidem, p. 82), which is another evidence for the fact that SMEs perceive CSR as another source of financial burden.

The level of CR awareness presented by the largest companies from the CEE region (Poland included) has been described in reports published by GRI. Steurer and Konrad indicate that only 6 out of 700 largest companies made their reports available for the general public (Steurer & Konrad, 2009, p. 26). The analysis of the available reports, as indicated by Fifka, is one of the research methods used to evaluate the level of CR development in a country (see Fifka, 2013, for Ecological Rationality see: Kroneberg & Bergier, 2012). It may result from the fact that the Environment Protection Law was introduced in 2011, which paternalistically encouraged companies to implement ISO14000 and EMAS standards. Unfortunately, despite a growing trend in Europe of reporting to the general public the information on CSR (compare with Martinuzzi, Krumay, & Pisano, 2011, pp. 10–11), Poland still stays behind because this issue has just recently arisen interest among the largest companies. The only way to accelerate this process is to introduce minimum legal requirements that would regulate corporate responsibility practices.

Another threat for CR practices is a common stereotype that they are equivalent to PR practices and corporate marketing. The evidence for this statement is the observation that Polish and foreign companies with increasing frequency use CSR practices to build their reputation (for International review see: Kurucz, Colbert, & Wheeler, 2008, pp. 190–191, for Polish examples see: Mazurkiewicz et al., 2005, p. 21, Responsible Business Forum and GoodBrand, 2007, 2010). The surveys performed by the Foundation for Social Communication confirm a fact of life that CSR practices are implemented only in order to promote a given company and develop its marketing strategy (Foundation for Social Communication, 2004). Gasparski suggests that an effective solution to that problem would be the development of ethical infrastructure which guarantees simultaneous development of corporate responsibility without its negative link to PR (Gasparski, 2013, p. 230).

To conclude, the main challenge that Poland has to face now is to break a common stereotype equating CR with promoting activities, increasing expenses and growing economic as well as legal responsibility. It requires the introduction of an extensive educational training based not only on surveys, but, first and foremost, on scientific investigation. It can be achieved by the development of experimental methods, which allow to understand which behavior is perceived as unfair in the social norm and when it will be punished (i.e. for the Tit for Tat Game see: Axelrod, 1984; Axelrod & Hamilton, 1981). The application of experimental tools enabling the evaluation of actual entrepreneurs' behaviour may narrow the gap between theory and practice of business ethics, which is a common problem concerning the research on CSR performed both by the Polish and world-class scientists. As indicated by Blowfield and Frynas "further progress in the area of CR outcomes requires that research is extended (...) since the overall effects of corporate responsibility actions on society remain at best fuzzy and blurred" (as cited in Halme, Roome, & Dobers, 2009, p. 3). Considering the fact that the relationship

between performance and Corporate Responsibility is an established research direction in Western countries (see review in: Halme et al., 2009), whereas in Poland it has just recently received sufficient attention, the circle of Polish scientists should make every effort to develop this research subject.

6 Conclusions and Implications

Corporate Responsibility is a complicated issue which requires the adoption of a complex approach based on the development of some strategic areas, namely: education, research, moral leaders and institutional solutions.

6.1 *Implications for Education–Shaping Future Moral Leaders*

The words uttered by Bardy, Drew and Kennedy perfectly suit the Polish reality: “CSR must meet social awareness” (Bardy, Drew, & Kennedy, 2012, p. 270). Jastrzębska and Legutko-Kobus reviewed the Polish research (five distinctive research) focusing on that subject and found out that most students are not familiarized with the concept of CSR, and even if they are, they identify it in most cases only with social aspect (Jastrzębska & Legutko-Kobus, 2011, pp. 201–202). The analysis of syllabuses from business studies run on four leading state economic universities in Poland provides reliable information in this field. It shows that both the bachelor and master studies in economics do not offer any subjects connected to business ethics and CSR (Ibidem, 2011, p. 203). The situation is slightly better on management studies, where students have such subjects mainly in the bachelor academic programme (Ibidem, 2011, pp. 203–204). There is no doubt that this status quo affects the approach to Corporate Responsibility and Business Ethics. International comparative research, which covered also Poland, has additionally confirmed this assumption. Padelford and White claim that the second year students from CEE region “become more accepting of the morality of profit making” in comparison to students in the first year of studies (see: Padelford & White, 2010, p. 112), which may prove the fact that the subjects taught in the first years have a powerful impact on students’ further development and that the taught subjects focus on the main-stream economics with the leading role of *homo economicus*.

Considering the above stated facts one may assume that students in Poland are not prepared to become leaders who are responsible not only for themselves but also for others. Especially that the importance of moral education is wildly known in Western Countries (see research review Reave, 2005). According to Ryan, the universities ought to specialize in teaching business ethics (. . .) and its status should at least be equal with the status of ethics itself. The Author of the Chapter is of the

opinion that it refers particularly to economic universities, which should increase the number of offered specialties and faculties related to ethics, social psychology and behavioral economics. The adoption of an interdisciplinary approach is equally important both for education and research.

6.2 Implications for the Research: The Role of Interdisciplinary and Comparative Research

The socio-economic situation in Poland has been undergoing permanent changes for the last 20 years and these changes have become more and more complex and risky. The systemic transformation and accession to the EU created a need for adjustment of ethical standards to the new economic reality. It triggered also the necessity for interdisciplinary research in philosophy, psychology, sociology and economics, which is not a simple thing to do. Kurucz, Colbert and Wheeler pointed out that problem by saying that research on CSR owing to its complexity and interdisciplinary nature may “be hard to measure with traditional quantitative approaches that have an ontological view of reality” (Kurucz et al., 2008, p. 109). On the other hand Barclay and Smith claim that “drawing upon sociological and socio-psychological models of human behaviour provides a means of comprehending the every-day pragmatic pressures which influence work place behaviour” (Barclay & Smith, 2003, p. 323). Such a role may have ethical codes determining standards of behavior, which apply for a given decision dilemma in an organization (especially for wicked problems). They may be effective only if rules included in these codes become second nature to the employees (the exogenous moral behaviors will transform into endogenous ones) and they will take the form of unconditional ethical habits occurring in decisions considering moral dilemmas. Decisions based on experience are of great significance for decisions connected with moral dilemmas, as pointed out by Tischner, “until now no one has ever gained wisdom basing only on experience (. . .) it needs to be supplemented by reason (. . .), which imposes new structures and order on experience” (Tischner, 2008, pp. 332–333). And at that point the promotion of the action learning techniques may play a leading role (for theory see i.e.: Revans, 1980, 1982, for practice see i.e.: Butler & Leach, 2011; Revans, 1998).

6.3 Implications for Enterprises: The Role of Moral Leaders

The role of moral leaders in the current situation on the market is invaluable. It seems that the presence of a model leader in SMEs is the main factor triggering the implementation of CR activities (Bartkowiak, 2012, p. 2012). Unfortunately, as Scharmer and Kaufer claim, “disconnect between institutional leadership and

people (...) collectively creating results that nobody wants” (Scharmer & Kaufer, 2013, p. 6). It means that the leaders cease to notice how their behavior affects their employees.

The role of individual’s morality from the perspective of business ethics has a long tradition in Poland (see i.e.: Gasparski, 1994; Kotarbiński, 1987, 1999; Ossowska, 1957; Szołtysek, 2007). Morality refers to an individual behavior, whereas ethics to social attitude. On account of that, as noticed by Gasparski, ethics should not be in contradiction with individual morality and therefore the lesser the morality in an organization, the greater the role of ethics should be (Gasparski, 2007, p. 530). Nevertheless, according to the research, the moral intransigence in business relations in Poland may “be connected with heroic conduct or even gullibility, and the necessity of its adoption results more from half-heartedness of respondents than real standards of behavior” (Gasparski et al., 2004, pp. 22, 23).⁸ It is still commonly believed that morality in business is an extravagance for the wealthy, who do not have to fight for survival because they have accumulated enough wealth (Żylicz & Wolniewicz, 2004, p. 182). The research performed by Gasparski proves the fact that companies with a more favourable financial situation attach more significance to CR rules (Gasparski et al., 2004, pp. 20–21).

Considering the above stated facts one may say that business leaders in Poland play a significant role in the process of cultural transformation, because, as Gajos claims “very often the process of values transformation starts in business (...) owing to the fact that this environment is perceived as reference group” (Gajos, 1999, p. 123).⁹ Moreover, other research show that entrepreneurial skills are aligned with moral reasoning and ethical decision making (see review in Harris, Sapienza, & Bowie, 2009, pp. 408–410). It would mean that contrary to a common belief in Poland that the implementation of CR practices increases expenses, the situation is reverse. Unfortunately, there is no research linking risk attitude with ethical behavior in transition dimension to prove this hypothesis, especially from the perspective of a SME owner (see Schminke, Ambrose, & Neubaum, 2005).

6.4 Implications for the Government: Understanding the Role of a Leader

In case of Poland the government should be responsible for supporting and regulating education programmes, providing access to knowledge and data as well as deciding between non-hierarchical and hierarchical regulating way (compare with Steurer, 2011, p. 279). The decision to introduce soft public policies may not be an easy way to change the way Polish companies act (compare with: Steurer, Martinuzzi, & Margula, 2011, p. 207). The Author of the Chapter believes that

⁸ Author’s translation from Polish.

⁹ Author’s translation from Polish.

implementing minimum but compulsory standards may bring immediate effects, particularly in case of SMEs, because the current governmental role of a patron does not favour any positive changes.

Before it happens, however, the government ought to become a model of ethical conduct and therefore transform into a trustworthy institution because otherwise its decisions and activities will never win social recognition. It mainly refers to strengthening the participatory, direct, distributed, digital and dialogic democracy (see more in: Scharmer & Kaufer, 2013, pp. 197–203) or as Kołodko stated “the best results in economic policy are provided by an appropriate mix of financial and social engineering, technocratic macroeconomic governance and genuine social dialogue, professional pragmatism and social sensitivity” (Kołodko, 2009, p. 344).

The cooperation with business associations may be of great significance in the above mentioned process. According to Valentine, Godkin, Cyrson and Fleischman, “the Polish government, by cooperating with professional business associations, needs to actively promote organizational ethics by developing and sponsoring legislation that supports socially responsible business” (Valentine et al., 2006, p. 81).

There exists a need for stimulating the changes in the perception of social economy, which currently focuses on NGOs sector and collective institutions, and should concentrate on integrating and supporting the socially innovative networks of institutions (see examples: Business Alliance for Local Living Economics, Global Alliance for Banking on Values, and read more in Scharmer & Kaufer, 2013).

The Polish society currently needs two things: satisfaction of their basic needs (as it happened under Communism) and also creation of conditions favouring the feeling of satisfaction with life. Bunge claims that if these conditions are not met, Poland will be a society of poverty (as cited in Gasparski, 2007, p. 392), where the poor blame the wealthy for their poverty and the wealthy accuse the poor of laziness. In such situation the growing socio-economic inequality may cause nostalgia for the centralised economy with job guarantee and high social security (see discussion in: Luthans, Patrick, & Luthans, 1995), particularly among people who started their professional career in communist times and show different attitude towards rules of work ethics (see for example: Alesina & Fuchs-Schuendeln, 2007). It may be the reason why the efforts put within the recent years into developing the ethical infrastructure may be thwart by negligence of socio-economic policies. Nevertheless, the research show that after adjusting labour law to the European standards there has been a considerable improvement of working conditions, in particular in SMEs (see Mecina, 2011, pp. 115–117).

To conclude, it should be emphasized that Poland has prerequisites to become a model country within the area of CR, and not only in CEE region but also the whole EU. A great number of corporate and social responsible activities derives from Christianity and Polish moral tradition, which are typical only for the daily life of Poles. It can be easily observed in poor and rural regions, where the social capital and mutual help are a norm. One should draw extensively from these traditions in order to shape moral standards of behavior applied in private and public life.

References

- Adamczyk, J. (2009). *Spoleczna odpowiedzialność przedsiębiorstw*. Warszawa: PWE.
- Alesina, A., & Fuchs-Schuendeln, N. (2007). Good bye Lenin (or not?): The effect of communism on people's preferences. *American Economic Review*, 97, 1507–1528.
- Angermann, A. (2011). Senior Citizens and Volunteering in the European Union. Background Paper of the Observatory for Sociopolitical Developments in Europe. Published by: German Association for Public and Private Welfare, Berlin.
- Arrow, K. J. (1974). *The limits of organization*. New York: W.W. Norton & Company.
- Axelrod, R. (1984). *The evolution of cooperation*. New York: Basic Books.
- Axelrod, R., & Hamilton, W. D. (1981). The evolution of cooperation. *Science*, 211, 1390–1396.
- Barclay, J., & Smith, K. (2003). Business ethics and the transitional economy: A tale of two modernities. *Journal of Business Ethics*, 47, 315–325.
- Bardy, R., Drew, S., & Kennedy, T. F. (2012). Foreign investment and ethics: How to contribute to social responsibility by doing business in less-developed countries. *Journal of Business Ethics*, 106, 267–282.
- Bartkowiak, G. (2011). *Spoleczna odpowiedzialność biznesu w aspekcie empirycznym*. Warszawa: Difin.
- Beaujolin, F. (2004). *European trade unions and corporate social responsibility: Final report to the European trade union confederation*. Brussels: ETUC.
- Bechert, S., & Gorynia-Pfeffer, N. (2008). *Polsko-niemieckie przedsiębiorstwa oraz wymagania ich Stakeholder*. Eschborn: RKW Rationalisierungs- und Innovations zentrum der deutschen Wirtschaft e.V.
- Bernatt, M. (2011). Społeczna odpowiedzialność biznesu – charakter prawny? In M. Bernatt, J. Bogdaniecka, & T. Skoczny (Eds.), *Spoleczna odpowiedzialność biznesu – krytyczna analiza* (pp. 29–49). Warszawa: Wydział Zarządzania Uniwersytetu Warszawskiego.
- Beyer, G. J. (2007). A theoretical appreciation of the ethic of solidarity in Poland twenty-five years after. *Journal of Religious Ethics*, 35(2), 207–232.
- Blaug, M. (1995). *Metodologia ekonomii*. Warszawa: Wydawnictwo Naukowe PWN.
- Borkowski, T. (1999). Przemiany w etyce biznesu w Polsce przed i po 1989 roku. In J. Dietl & W. Gasparski (Eds.), *Etyka biznesu* (pp. 124–140). Warszawa: Wydawnictwo Naukowe PWN.
- Bucar, B., Glas, M., & Hisrich, R. D. (2003). Ethics and entrepreneurs: An international comparative study. *Journal of Business Venturing*, 18, 261–281.
- Butler, L., & Leach, N. (2011). *Action learning for change*. Gloucestershire: Managements Book 2000 Ltd.
- Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *Academy of Management Review*, 32(3), 946–967.
- Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, 4(4), 497–505.
- Carroll, A. B. (1999). Corporate social responsibility – Evolution of a definitional construct. *Business & Society*, 38(3), 268–295.
- Crane, A., McWilliams, A., Matten, D., Moon, J., & Siegel, D. S. (2008). *The Oxford handbook of corporate social responsibility*. Oxford: Oxford University Press.
- Czapiński, J., & Panek, T. (Eds.). (2013). *Diagnoza społeczna 2013*. Retrieved from www.diagnoza.com
- Deloitte. (2011). *Decyzje inwestycyjne a społeczna odpowiedzialność firm*. Warszawa: Deloitte.
- Dylus, A. (1997). *Zmienność i ciągłość. Polskie transformacje ustrojowe w horyzoncie etycznym*. Toruń: UMK.
- Egri, C. P., & Ralston, D. A. (2008). Corporate responsibility: A review of international management research from 1998 to 2007. *Journal of International Management*, 14, 319–339.
- Ellington, J. (1997). *Cannibals with forks: The triple bottom line of 21st century business*. Oxford: Oxford University Press.

- Fassin, Y. (2008). SMEs and the fallacy of formalising CSR. *Business ethics. A European Review*, 17(4), 364–378.
- Fifka, M. S. (2013). Corporate responsibility reporting and its determinants in comparative perspective: A review of the empirical literature and a meta-analysis. *Business Strategy and the Environment*, 22, 1–35.
- Filek, J. (2002). *O wolności i odpowiedzialności podmiotu gospodarującego*. Kraków: Wydawnictwo AE.
- Friedman, M. (1996). Responsibility and business. In D. C. Chryssides & H. J. Kaler (Eds.), *Essentials of business ethics* (pp. 65–85). Berkshire: McGraw-Hill.
- Fukuyama, F. (1995). *Trust: The social virtues and the creation of prosperity*. New York: Free Press.
- Fukuyama, F. (2000). *The great disruption: Human nature and the reconstitution of social order*. New York: Free Press.
- Fundacja Komunikacji Społecznej. (2004). *Komunikowanie na rzecz CSR*. Warszawa: Fundacja Komunikacji Społecznej.
- Furrer, O., Egri, C. P., Ralston, D. A., Danis, W. M., Reynaud, E., Naoumova, I., et al. (2010). Attitudes toward corporate responsibilities in Western Europe and in Central and East Europe. *Managerial International Review*, 50, 379–298.
- Gajos, L. (1999). Etos ludzi biznesu. In J. Dietl & W. Gasparski (Eds.), *Etyka biznesu* (pp. 110–124). Warszawa: Wydawnictwo Naukowe PWN.
- Garriga, E., & Mele, D. (2004). Corporate social responsibility theories: Mapping the territory. *Journal of Business Ethics*, 53(1), 51–71.
- Gasparski, W. (1994). *Etyka biznesu. Wybór bibliograficzny*. Warszawa: Fundacja im. S.Batorego.
- Gasparski, W. (1999). Etyka biznesu – szkice do portretu. In J. Dietl & W. Gasparski (Eds.), *Etyka biznesu* (pp. 14–37). Warszawa: Wydawnictwo Naukowe PWN.
- Gasparski, W. (2007). *Wykłady z etyki biznesu*. Warszawa: Wydawnictwo WSPiZ.
- Gasparski, W. (Ed.). (2013). *Biznes, Etyka, Odpowiedzialność*. Warszawa: Wydawnictwo Profesjonalne PWN.
- Gasparski, W., Lewicka-Strzałecka, A., Rok, B., & Szulczewski, G. (2004). *Odpowiedzialność społeczna biznesu w polskim życiu gospodarczym*. Warszawa: Zespół Badawczy Etyki Życia Gospodarczego Instytutu Filozofii i Socjologii Polskiej Akademii Nauk, Centrum Etyki Biznesu.
- GCSS/MoE. (2012). *Polska 2030. Trzecia fala nowoczesności. Długookresowa Strategia Rozwoju Kraju*. Ministerstwo Administracji i Cyfryzacji. Retrieved from https://mac.gov.pl/files/wp-content/uploads/2011/12/Polska2030_final_november2012.pdf
- Ger, G., & Belk, R. W. (1996). Cross-cultural differences in materialism. *Journal of Economic Psychology*, 17(1), 55–78.
- GHK. (2010). *Volunteering in the European union*. Brussels: GHK.
- GoodBrand & RBF. (2010). *CSR w Polsce. Menadżerowie. Menadżerki 500. Lider/Liderka CSR*. Warszawa: GoodBrand & Company Polska.
- Halme, N., Roome, N., & Dobers, P. (2009). Corporate responsibility: Reflections on context and consequences. *Scandinavian Journal of Management*, 25, 1–9.
- Harris, J. D., Sapienza, H. J., & Bowie, N. (2009). Ethics and entrepreneurship. *Journal of Business Venturing*, 24(5), 407–418.
- Helliwell, J. (Ed.). (2001). *The role of human capital and social capital in economic growth and well-being*. Paris: OECD and Human Resources Development Canada.
- Hołówka, J. (2001). *Etyka w działaniu*. Warszawa: WFiS Uniwersytetu Warszawskiego.
- Inglehart, R., & Welzel, C. (2005). *Modernization, cultural change, and democracy: The human development sequence*. New York: Cambridge University Press.
- Jan Paweł II. (1981). *Laborem exercens*. Retrieved from http://www.nonpossumus.pl/encykliki/Jan_Pawel_II/laborem_exercens/
- Jan Paweł II. (1991). *Centesimus annus*. Retrieved from http://www.nonpossumus.pl/encykliki/Jan_Pawel_II/centesimus_annus/

- Jasiński, L. (2012). *Ekonomia i etyka*. Kraków: Wydawnictwo WAM.
- Jastrzębska, E., & Legutko-Kobus, P. (2011). Kształcenie na rzecz społecznej odpowiedzialności biznesu na uczelniach ekonomicznych. In M. Bernatt, J. Bogdaniecka, & T. Skoczny (Eds.), *Spółeczna odpowiedzialność biznesu – krytyczna analiza* (pp. 193–211). Warszawa: Wydział Zarządzania Uniwersytetu Warszawskiego.
- Jones, I. W., Nyland, Ch. M., Pollitt, G. (2004). *Multinationals developing communities: How EU multinationals build social capital in Poland* (Working Paper No. 285). ESRC Centre for Business Research: University of Cambridge.
- Karczewski, L. (2013). Religia i biznes. In W. Gasparski (Ed.), *Biznes, Etyka, Odpowiedzialność* (pp. 412–423). Warszawa: Wydawnictwo Profesjonalne PWN.
- Kleer, J. (2012). Kulturowe uwarunkowania modernizacji. In M. G. Woźniak (Ed.), *Gospodarka Polski 1990–2011. Tom 3 Droga do spójności społeczno-ekonomicznej* (pp. 103–127). Warszawa: Wydawnictwo Naukowe PWN.
- Klimczak, B. (1999). Jak uzasadnić potrzebę etyki w działalności gospodarczej? In J. Dietl & W. Gasparski (Eds.), *Etyka biznesu* (pp. 343–362). Warszawa: Wydawnictwo Naukowe PWN.
- Knack, S., & Keefer, P. (1997). Does social capital have an economic payoff? A cross-country investigation. *Quarterly Journal of Economics*, 112, 1251–1258.
- Kotodko, G. W. (2009). A two-thirds of success. Poland's post-communist transformation 1989–2009. *Communist and Post-Communist Studies*, 42, 325–351.
- Kotarbiński, T. (1987). *O istocie oceny etycznej*. Wrocław: Ossolineum.
- Kotarbiński, T. (1990). *Elementy teorii poznania, logiki formalnej i metodologii nauk*. Wrocław: Ossolineum.
- Kotarbiński, T. (1999). *Działa wszystkie. Prakseologia cz.1*. Wrocław: Ossolineum.
- Kozłowski, P. (1997). *Business ethics in East Central Europe*. Berlin/Warszawa: Springer/Centrum im. A. Smitha/Wyd. ATK.
- Kroneberg, J., & Bergier, T. (2012). Sustainable development in a transition economy: Business case studies from Poland. *Journal of Cleaner Production*, 26, 18–27.
- Krzemień, M., & Piskalski, G. (2012). *Największe polskie firmy a społeczna odpowiedzialność biznesu*. Warszawa: CentrumCSR.PL & DNV.
- Kurucz, E. C., Colbert, B. A., & Wheeler, D. (2008). The business case for corporate social responsibility. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. Seigel (Eds.), *The Oxford handbook on corporate social responsibility* (pp. 83–112). Oxford: Oxford University Press.
- Luetkenhors, W. (2004). *Corporate social responsibility (CSR) and the development agenda: Should SMEs care?* SME Technical Working Papers Series.
- Luthans, F., Patrick, R. R., & Luthans, B. C. (1995). Doing business in central and Eastern Europe: Political, Economic, and Cultural Diversity. *Business Horizons*, 38, 9–16.
- Maciuszek, J. (1999). Zarys problematyki etyki biznesu. In J. Dietl & W. Gasparski (Eds.), *Etyka biznesu* (pp. 73–83). Warszawa: Wydawnictwo Naukowe PWN.
- Martinuzzi, A., Krumay, B., & Pisano, U. (2011). Focus CSR: The new communication of the EU commission on CSR and national CSR strategies and action plans (ESDN Quarterly Report No. 23).
- Mazurkiewicz, P., Crown, R., & Bartelli, V. (2005). *What does business think about corporate social responsibility? Part II. A comparison of attitudes and practices in Hungary Poland and Slovakia*. Washington, DC: World Bank.
- Mecina, J. (2011). Standardy w stosunkach pracy i dialog społeczny a społeczna odpowiedzialność biznesu. In M. Bernatt, J. Bogdaniecka, & T. Skoczny (Eds.), *Spółeczna odpowiedzialność biznesu – krytyczna analiza* (pp. 107–136). Warszawa: Wydział Zarządzania Uniwersytetu Warszawskiego.
- Mielechow, P., & Piskalski, G. (2009). *CSR and polish business on foreign markets*. Warszawa: Friedrich-Ebert-Stiftung & CentrumCSR.PL.
- Ministerstwo Gospodarki RP. (2011). *Rekomendacje w zakresie wdrażania założeń koncepcji Społecznej Odpowiedzialności Przedsiębiorstw w Polsce*. Warszawa: Ministerstwo

- Gospodarki RP. Retrieved from http://www.mg.gov.pl/files/upload/13678/CSR_pol_podwojne.pdf
- Myers, D. G. (2008). Religion and human flourishing. In M. Eid & R. J. Larsen (Eds.), *The science of subjective well-being* (pp. 324–338). New York: Guilford Press.
- Nikodemka-Wołowik, A. M. (Ed.). (2011). *Polskie i Szwedzkie MŚP wobec CSR*. Warszawa: Respen Odpowiedzialna Przedsiębiorczość. Retrieved from www.responsiblesme.eu/public/files/pl_respen.pdf
- OECD. (1999). *Environment in the transition to a market economy: Progress in Central and Eastern Europe and the new independent states*. Paris: OECD.
- Ossowska, M. (1957). *Podstawy nauki o moralności*. Warszawa: PWN.
- Padelford, W., & White, D. W. (2010). The influence of historical socialism and communism on the shaping of a society's economic ethos: An exploratory study of Central and Eastern Europe. *Journal of Business Ethics*, 97, 109–117.
- Paine, L. S. (1994). Law, ethics, and managerial judgment. *Journal of Legal Studies Education*, 12 (2), 153–170.
- Paliwoda-Matilańska, A. (2009). *Odpowiedzialność społeczna w procesie zarządzania przedsiębiorstwem*. Warszawa: Wydawnictwo C.H.Beck.
- PARP. (2012). *Ocena stanu wdrażania standardów społecznej odpowiedzialności biznesu wraz z opracowaniem zestawu wskaźników społecznej odpowiedzialności w mikro, małych, średnich i dużych przedsiębiorstwach*. Warszawa: PARP. Retrieved from badania.parp.gov.pl/files/74/75/77/13078.pdf
- Preuss, L., Haunschild, A., & Matten, D. (2006). Trade unions and CSR: A European research agenda. *Journal of Public Affairs*, 6, 256–268.
- Przewłocka, J. (2011). *Zaangażowanie społeczne Polaków w roki 2010: Wolontariat, Filantropia, 1% Raport z badań*. Warszawa: Stowarzyszenie Klon/Jawor.
- Puffer, S. M., & McCarthy, D. J. (2008). Ethical turnarounds and transformational leadership: A global imperative for corporate social responsibility. *Thunderbird International Business Review*, 50(5), 303–314.
- Putnam, R. D. (1995). Bowling alone: America's declining social capital. *Journal of Democracy*, 6, 6–78.
- Putnam, R. D. (2001). *Bowling alone: The collapse and revival of American community*. New York: Simon & Schuster.
- The Chancellery of the Prime Minister. (2003). *Law on public benefits activity and volunteerism from 23 April 2003*. Retrieved from <http://legislationline.org/documents/action/popup/id/4594>
- The Chancellery of the Prime Minister. (2014). *Projekt założeń projektu ustawy o zmianie ustawy o promocji zatrudnienia i instytucjach rynku pracy oraz niektórych innych ustaw*. Retrieved from <http://legislacja.rcl.gov.pl/lista/1/projekt/139351/katalog/139356>
- RBF. (2005). *Odpowiedzialny biznes w Polsce 2005*. Warszawa: Forum Odpowiedzialnego Biznesu.
- RBF. (2006). *Odpowiedzialny biznes w Polsce 2006*. Warszawa: Forum Odpowiedzialnego Biznesu.
- RBF. (2007). *Odpowiedzialny biznes w Polsce 2007*. Warszawa: Forum Odpowiedzialnego Biznesu.
- RBF. (2008). *Odpowiedzialny biznes w Polsce 2008*. Warszawa: Forum Odpowiedzialnego Biznesu.
- RBF. (2009). *Odpowiedzialny biznes w Polsce 2009*. Warszawa: Forum Odpowiedzialnego Biznesu.
- RBF. (2010). *Odpowiedzialny biznes w Polsce 2010*. Warszawa: Forum Odpowiedzialnego Biznesu.
- RBF. (2011a). *Odpowiedzialny biznes w Polsce 2011*. Warszawa: Forum Odpowiedzialnego Biznesu.
- RBF. (2011b). *Jak uczyć o społecznej odpowiedzialności i zrównoważonym rozwoju*. Warszawa: Forum Odpowiedzialnego Biznesu.

- RBF. (2012). *Odpowiedzialny biznes w Polsce 2012*. Warszawa: Forum Odpowiedzialnego Biznesu.
- Reave, L. (2005). Spiritual values and practices related to leadership effectiveness. *The Leadership Quarterly*, 16, 655–687.
- Revans, R. (1980). *Action learning: New techniques for management*. London: Blond & Briggs.
- Revans, R. W. (1982). *The origin and growth of action learning*. Brickley: Chartwell-Bratt.
- Revans, R. W. (1998). *ABC of action learning*. London: Lemos and Crane.
- Riordan, L., Zmuda, P., & Heinemann, S. (Eds.). (2015). *New perspectives on corporate social responsibility: Locating the missing link*. Wiesbaden: Springer-Gabler.
- Rok, B. (2013). Społeczna odpowiedzialność biznesu. In W. Gasparski (Ed.), *Biznes, Etyka, Odpowiedzialność* (pp. 423–428). Warszawa: Wydawnictwo Naukowe PWN.
- Rybak, M. (2004). *Etyka menadżera – społeczna odpowiedzialność przedsiębiorstw*. Warszawa: Wydawnictwo Naukowe PWN.
- Scharmer, O., & Kaufer, K. (2013). *Leading from the emerging future*. San Francisco: Berrett-Koehler.
- Schminke, M., Ambrose, M. L., & Neubaum, D. (2005). The effects of leader moral development on ethical climate and employee attitudes. *Organizational Behavior and Human Decision Processes*, 97, 135–151.
- Sejm RP. (1997). *The constitution of the republic of Poland*. Retrieved from <http://www.sejm.gov.pl/prawo/konst/angielski/kon1.htm>
- Sen, A. (1991). *On ethics and economics*. New York: Wiley-Blackwell.
- Sen, A. (1995). *Inequality reexamined*. Harvard: Harvard University Press.
- Sen, A. (1997). *Choice, welfare and measurement*. Harvard: Harvard University Press.
- Senger, J. (1970). The religious manager. *Academy of Management Journal*, 13(2), 179–186.
- Shen, R. (1991). *The polish economy: Legacies from the past, prospects for the future*. New York: Pager.
- Sójka, J. (1999). The impact of trust on employee participation in Poland. *Journal of Business Ethics*, 21(2–3), 229–236.
- Sroka, R. (Ed.). (2011). *Odpowiedzialne inwestycje kapitałowe*. Pracodawcy RP, Warszawa. Retrieved from http://www.pracodawcyrp.pl/download/gfx/kpp/pl/defaultaktualnosci/14/707/1/odpowiedzialne_inwestycje_kapitalowe_pracodawcyrp.pdf
- Sroka, R. (Ed.). (2013). *Analiza ESG Spółek w Polsce*. Warszawa: Stowarzyszenie Inwestorów Indywidualnych, GES & Crido Business Consulting.
- Stachowski, B. (1999). Determinanty przedsiębiorczości w społeczeństwie polskim. In J. Dietl & W. Gasparski (Eds.), *Etyka biznesu* (pp. 176–187). Warszawa: Wydawnictwo Naukowe PWN.
- Steurer, R. (2011). Soft instruments, few networks: How ‘New Governance’ materializes in public policies on corporate social responsibility across Europe. *Environmental Policy and Governance*, 21, 270–290.
- Steurer, R., & Konrad, A. (2009). Business-society relations in Central-Eastern and Western Europe: How those who lead in sustainability reporting bridge the gap in corporate (social) responsibility. *Scandinavian Journal of Management*, 25, 23–36.
- Steurer, R., Martinuzzi, A., & Margula, S. (2011). Public policies on CSR in Europe: Themes, instruments, and regional differences. *Corporate Social Responsibility and Environmental Management*, 19, 206–227.
- Szołtysek, A. (2007). Społeczna odpowiedzialność biznesu. In R. Kozłowski & K. M. Cern (Eds.), *Etyka a współczesność* (pp. 109–144). Poznań: Wydawnictwo Naukowe UAM.
- Sztompka, P. (2000). *Trust: A sociological theory*. Cambridge: Cambridge Cultural Social Studies.
- Sztompka, P. (2007). *Zaufanie. Fundament społeczeństwa*. Kraków: Społeczny Instytut Wydawniczy Znak.
- Sztompka, P. (1999). *Trust. A Sociological Theory*. Cambridge: Cambridge University Press.
- Tarkowska, W. (2013). Bogactwo i ubóstwo jako problem etyczny. In W. Gasparski (Ed.), *Biznes, Etyka, Odpowiedzialność* (pp. 44–53). Warszawa: Wydawnictwo Naukowe PWN.

- Tatarkiewicz, W., & Smoczyński, P. J. (1989). *Dobro i oczywistość. Pisma etyczne*. Lublin: Wydawnictwo Lubelskie.
- TGIfME. (2003). *Reporting on corporate social responsibility by banks, financial institutions and listed companies in Poland*. Gdańsk: The Gdansk Institute for Market Economics.
- Tischner, J. (2008). *Etyka a Historia Filozofii*. Kraków: Instytut Myśli Józefa Tischnera.
- Tyburski, W. (1999). Polskie tradycje etyki życia gospodarczego (doba pozytywizmu). In J. Dietl & W. Gasparski (Eds.), *Etyka biznesu* (pp. 160–176). Warszawa: Wydawnictwo Naukowe PWN.
- Tyburski, W. (2000). *Myśl etyczna w Polsce: od XVI do XIX wieku*. Toruń: Wydawnictwo UMK.
- Tyburski, W., & Wiśniewski, R. (2013). Polskie tradycje etyki życia gospodarczego. In W. Gasparski (Ed.), *Biznes, Etyka, Odpowiedzialność* (pp. 366–394). Warszawa: Wydawnictwo Profesjonalne PWN.
- UNDP. (2007). *Corporate social responsibility in Poland. Baseline study*. Retrieved from <http://undp.iq.pl/O-nas/Biblioteka/Spoeczna-odpowiedzialnosc-biznesu-w-Polsce.-Wstepna-analiza>
- Valentine, S., Godkin, L., Cyrsonand, E., & Fleischman, G. (2006). Perceived ethical values and small business problems in Poland. *Business Ethics: A European Review*, 15(1), 76–85.
- Woolcock, M. (1998). Social capital and economic development: Toward a theoretical synthesis and policy framework. *Theory and Society*, 27(1), 151–208.
- Woźniak, M. G. (2012). Aksjologiczne wyznaczniki modernizacji zmierzającej do spójności społeczno-ekonomicznej. In M. G. Woźniak (Ed.), *Gospodarka Polski 1990–2011. Tom 3 Droga do spójności społeczno-ekonomicznej* (pp. 127–157). Warszawa: Wydawnictwo Naukowe PWN.
- Woźniak, M. G., & Jabłoński, Ł. (2011). Nierówności społeczne, kapitał ludzki a wzrost gospodarczy w krajach OECD. *Zeszyty Naukowe Uniwersytetu Ekonomicznego w Poznaniu*, 176.
- Żylicz, P. O., & Wolniewicz, J. (2004). Psycholog w trudnym świecie biznesu. In J. Brzeziński & M. Toeplitz-Wiśniewska (Eds.), *Praktyka psychologiczna w świetle standardów etycznych* (pp. 179–199). Warszawa: SWPS.

Corporate Social Responsibility in Poland: From the Perspective of Listed Companies

Maria Aluchna

1 Introduction

Corporate social responsibility (CSR) is one of the most dynamically developing theme in management literature as societies gain awareness on the social and environmental challenges and companies perceive addressing this concerns as a source of the competitive advantage (Crane & Matten, 2007; Idowu & Louche, 2011). The interest in CSR is accompanied by the understanding for the necessity of a more balanced measures of companies' success which incorporate the economic as well as environmental and social performance (Branco & Rodrigues, 2006; Lee, Fairhurst, & Wesley, 2009). The companies reactions to these changes driven by social pressure and regulatory regimes include the implementation of a set of various CSR initiatives, engagement in stakeholder management and social dialogue, improved reporting and disclosure (Bhattacharya, Korschun, & Sen, 2008; Moir, 2001).

The paper presents the results of the qualitative research of the CSR practice implemented in Polish companies listed on the Warsaw Stock Exchange according to selected criteria. The analysis is based on the case studies of policies and programs adopted by companies included the CSR rating known as RESPECT Index and compared to their peers operating in the same industries not covered by the benchmark. The goals of the research are to identify main differences in the two sample groups of companies (if there are any) with respect to CSR initiatives, reporting and stakeholder dialogue as well as to trace the changes in the CSR policies observed within the 5 years of 2007–2011. The paper presenting the Polish experience attempts to address the issues of CSR in emerging/transition economy where the state is weaker and its interventions appear to be rare suppressed by the corporate activities.

M. Aluchna (✉)
Warsaw School of Economics, Warsaw, Poland
e-mail: maria.aluchna@sgh.waw.pl

The paper is organized as follows. The first section outlines the concept of corporate social responsibility understood as a driving force for the changes of the role expected from companies and played in societies and economies. The second section addresses the practical dimensions of CSR pointing at set of possible programs and initiatives undertaken by companies which comply with the CSR concept assumptions. Additionally, using the degree of integration the CSR ideas into the strategy and operation the levels of a company social and environmental engagement are discussed. The description of research conducted in the sample of 44 companies listed at the Warsaw Stock Exchange with the reference to the methodology, sample construction and results are delivered in the third section. The collected evidence on differences between CSR practices adopted by RESPECT index companies and their peers that stay out of the benchmark are discussed referring the results to the typology of stages of companies' social and environmental engagement. Final remarks are presented in the conclusion section. The contribution of the paper is rooted in the attempt for the identification of CSR practices adopted by Polish listed companies as well as the analysis the companies' policies of the social and environmental engagement measured by the importance of CSR programs in the overall strategies and the integration of CSR assumption in their goals and operations.

2 Corporate Social Responsibility and Companies' Role in Society and Economy

Corporate social responsibility is defined as a concept "whereby companies integrate social and environmental concerns on their business operations and in their interaction with their stakeholders on a voluntary basis" (COM, 2002; Neal, 2008) to achieve long term sustainable growth and development. It serves as a crucial element of the dialogue between companies and their stakeholders (Bhattacharya et al., 2008; Hollender & Fenichell, 2004; Hopkins, 2007) and refers to the discretionary stakeholders' expectations that business should be accountable to (Robins, 2005). CSR is also understood as a method to address the social and environmental concerns involving the integration of environmental, social and economic considerations into an organization's corporate culture and strategy formulation (Hawkins, 2006). In the broader sense, CSR is perceived as the obligations which a business has to fulfill according to the societal expectations to be considered a good corporate citizen (Lee et al., 2009).

The concept of corporate social responsibility is placed within a range of relating terms and topics including business ethics, stakeholder theory, triple bottom line and sustainability which contribute to the development and understanding of the company's role in the society and economy as presented in Fig. 1

Figure 1 provides a framework of related topics including CSR, stakeholder management, TBL and sustainability which have impact on the dynamics changes of companies' role in business and societies. The interdependences between these

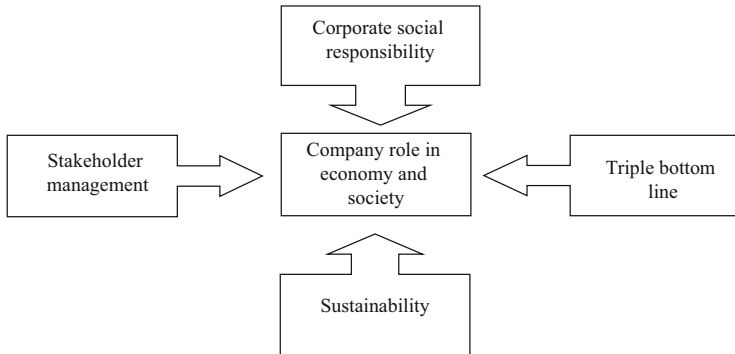


Fig. 1 Theoretical concepts shaping the company's role in society and business. *Source* own compilation

concepts lead to the development of the theoretical framework thereof and contribute to the debate on the purpose of the corporation and the understanding of the company's role in the society and economy. The emergence of stakeholder theory and the criticism of the primacy of shareholder interests motivated companies to widen the group they intend to satisfy within their operation and through the communication (Bonn & Fisher, 2011). The development of stakeholder theory opposed to the shareholder primacy and resulted in the evolvement of stakeholders' role and impact upon the company (Kemper & Martin, 2010). Thus, the stakeholder management implies the practical dimensions of their participation and impact on company's operation aiming at improving the relations between different stakeholder groups and the company. It also assumes that stakeholder contribution and experience may result in changes in the processes and systems of the company tailoring them to the stakeholders' expectations. The stakeholder management is suggested to develop through three main steps (Foster & Jonker, 2006) from the relations characterized by manipulation, non-participation and operational focus level of decision to the relations based on information, consultation and operational and instrumental level of decisions. The final stage of management with stakeholders assumes the mature relations characterized by partnership and participation and instrumental and strategic level of decision where stakeholder communication is carried out in the form of a dialogue and stakeholder engagement is transitive.

Triple bottom line (TBL) concept (Elkington, 1997; Slapper & Hall, 2011) proposes three Ps which stand for profit, people and planet (Fauzi, Svensson, & Rahman, 2010) and requires company to incorporate the expectations of stakeholders in its strategy and operations. The triple bottom line embraces the social, economic and environmental dimensions of corporate activity which targets fulfilling the requirements and considering the limitations of people, planet and profit (Robins, 2006; Slapper & Hall, 2011; Vanclay, 2005). With the influence of the TBL companies are required not longer to focus solely on financial performance but are suggested to address social and environmental challenges and enhance their social performance. The third approach presented in Fig. 1 is sustainable business viewed as a more complex and systemic approach which is targeted at the long term

perspective of operation and aims at shaping the future of the global economy (Sneirson, 2009). Meanwhile corporate social responsibility is understood as a reactive, reputation driven activity with limited reach into core business focusing mostly in current issues. Therefore some authors view sustainable development as the next stage, higher level of company's commitment to social and environmental performance (Mostovicz & Kakabadse, 2011). In result, these three concept remain significantly interdependent and enriching each other. And although for CSR the normative case assuming the moral obligations of a company for the society and the business case perceiving the concept as the element to success it embraces economic suitability, environmental sustainability and social sustainability (Branco & Rodrigues, 2006).

Undoubtedly, the development of the analytical regime and theoretical framework of CSR leads to significant re-conceptualization of the relationships between the state, business, and civil society, governance and policy (Fairbrass & Zueva-Owens, 2012). The framework discussing three challenges to CSR which include economic responsibility, public responsibility and social responsiveness provides the model for corporate social performance and leads to the emergence of a new paradigm (Wartick & Cochran, 1985). In the new paradigm social needs and financial motives do not contradict each other but appear to provide support and complementary outcomes. This implies the relations between social, environmental and financial performance (Cornelius, Todres, Janjuha-Jivraj, Woods, & Wallace, 2008). The changing dynamics of the leading paradigms represents the pattern and structure of governance both in the economic system and in the company and reveals the relationship between business, government and community. It also contributes to the key themes and decision support tools for risk management. Thus in the context of significant changes "the traditional decision making of the powerful bureaucracy and corporations of the industrial era is no longer either appropriate or acceptable (Benn & Dunphy, 2007). The traditional systems of democracy emerged upon the fundamentals of individual freedom and property rights, free enterprise and market fundamentalism and assumed the dominance of self-interest and the shift from the state authority to decentralized decision making (Benn & Dunphy, 2007). Then the deliberative democracy aimed at overcoming constrains of traditional system by replacing focus on votes by focus on processes of public deliberation. Radical pluralism rooted in postmodern concerns for identity introduced group interests as the framework for political decision making within non-hierarchical networks as a way of organizing relations between corporations and governments. New institutionalism addressed the problems of global impact of regional forces and the notion of common costs of externalities. This approach offered the governance mechanisms of horizontal interactions to reduce institutional resistance to change. The ecological modernization is based on the optimistic assumption that capitalist systems are not necessarily in the conflict with the natural environmental concerns. It underlines the business willingness to adopt new technologies and introduce innovations which limit and mitigate the potential conflict and address the expectations of stakeholders. And finally, the theory of ecological democracy focuses on "how to articulate the public interest though the development of civil society and on governance problems" (Benn & Dunphy, 2007). The

evolution of emergent management theory ranges from stakeholder interaction, narrative theory, leadership styles, cultural framing to bridging social capital and the emergence of reflexive management.

3 The Business Case for Corporate Social Responsibility

3.1 *The Practice of CSR*

The evolution of the concept of corporate social responsibility is not only noted in the academic studies with the emergence of theoretical framework, the development of methodological regime and the growing number of research and analysis. Although the concept has been developing since the 1950s of the twentieth century (Carroll, 1999), it is the recent years that see growing interest in the CSR initiative and programs both in the academic studies and corporate practice (Bhattacharya et al., 2008). With the growing number of studies the impact of CSR upon corporate reality and activities appears to be better explained and understood indicating the mutual links and interdependencies between business, society and policy (Jamali, 2008). They also show the positive influence of the concept both on companies and economies at the micro, mezzo and macro level. Although for some time, at the micro level, the research has been revealing the mixed evidence on relations between CSR and profitability (Aupperle, Carroll, & Hatfield, 1985; Waddock & Graves, 1997) with the address of the long term perspective more positive results were noted (Mackey, Mackey, & Barney, 2007). With the emergence of the so called business case for CSR (Barnett, 2007) and the adoption of resource based view internal and external benefits were identified (Branco & Rodrigues, 2006). In result, the CSR concept proved to serve as the source of competitive advantage improving the communication to stakeholders, enhancing image and reputation, leading to innovation and the development of new business models. It may also lower the negative impact of the recession or economic slowdown and protect the company from deteriorating the performance in such periods (Arevalo & Aravind, 2010; Charitoudi, Giannarakis, & Lazarides, 2011). Finally, adopting CSR by a company produces positive spillovers for the other aspects of company operation such as to business conduct, strategy, marketing and corporate governance (Jamali, Safieddine, & Rabbath, 2008; Tuan, 2012). Therefore at the mezzo level the evolution of CSR portrays the changes in social perception towards the most problematic global problems and emerging challenges and is perceived as a driving force to the changes of mutual relationships between different structures of governance as new pressures and challenges related to natural environment and global society and the risks and uncertainties attached emerge. The discussion also illustrates the changing dynamics in the hierarchy of key success factors in company's operation and the importance of different management approaches. Adoption of CSR concept for the business case leads to reorientation of corporate social performance model (Swanson, 1995). At the macro level CSR enhances social

and economic development (Blowfield, 2005) leading to the emergence of civic society, sustainability and innovation (Fairbrass & Zueva-Owens, 2012). In result, the concept of CSR appears to develop significantly also on the practical side with the emergence of the so called business case for corporate social responsibility. Companies realize the economic and environmental challenges as well as growing social awareness and perceive their active reactions to these concerns as the possible source for competitive advantage.

The character of CSR and the CSR communication rely on the corporate resources and competences which remain path dependent, causally ambiguous, socially complex (Branco & Rodrigues, 2006). These practices are heavily anchored in a number of aspects of institutional characteristics and organizational features (Schultz & Wehmeier, 2010). As Matten and Moon (2008) discuss the practice of CSR is rooted in the culture, values and norms which shape institutions and impact the discretionary behavior of companies. The different characteristics and constellation of these features result in the emergence of the explicit approach in which corporate activities assume such behavior per se and the implicit approach which perceives the role of a corporation within wider formal and informal institutions. The aspects of local knowledge, expected level of corporate responsibility, the consensus reached among stakeholders as well as the relationship to financial performance serve as the issues providing for legitimacy for institutionalizing CSR (Pava & Krausz, 1997). Additionally, the key organizational features referring to “cognitive, linguistic, and conative dimensions” and the interdependences between them also influence the orientation that guides CSR related activities (Basu & Palazzo, 2008). The research by Robertson and Nicholson (1996) proposed how the CSR institutionalization impacts how different stakeholders are addresses laid in the practice of communication and reporting. They provided the so called hierarchical model of disclosure which covers three main levels of communication from general rhetoric, to specific endeavors, to implementation and monitoring.

3.2 Levels of Corporate Engagement

The business case of corporate social responsibility offers a ground for different levels of corporate engagement and becomes a starting point for the emergence and development related concepts such as social marketing or corporate citizenship. In business practice corporate social responsibility laid foundations of other relates themes such as corporate cause promotions, cause-related marketing, corporate social marketing, corporate philanthropy, community volunteering and socially responsible business (Dunne, 2007). Additionally it gave rise to socially responsible investment and employee volunteering. Using an approach the levels of company engagement in CSR distinguish (Griffin, 2011):

- Philanthropy representing the charity and funds donation for selected purposes and activities which are not targeted for profit increase and improvement of market position,

Table 1 CR actions' characteristics

CR actions	Posture on CR demand	Competitive aim	Type of strategic activity
Passive	Complying with law	No competitive aim	Inactions
Reactive	Responding to CR demand	Maintaining competitive advantage	Instrumental actions (environment as means)
Proactive	Anticipating CR demand	Enhancing competitive advantage	
Entrepreneurial	Enhancing CR demand	Detecting new competitive advantage	Awareness actions (environment as ends)
Creative	Creating new CR demand	Creating new competitive advantage	

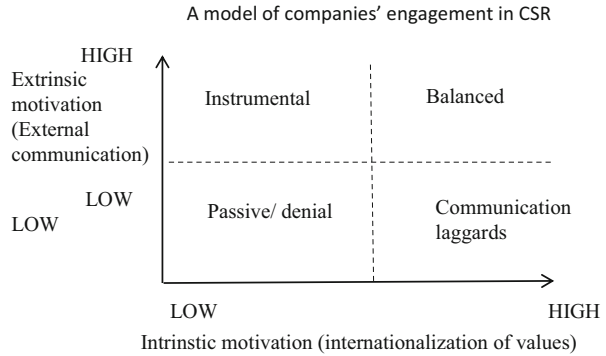
Source Heikkurinen (2006)

- Social marketing representing charity activities and engagement in social initiatives for the purpose of profit increase and improvement of market position,
- Social responsibility illustrating corporate activities directing at supporting and contributing to social initiatives or solving social problems,
- Corporate citizenship which stands for companies playing a role of responsible citizen, responsible member of the society (McIntosh, Thomas, Leipziger, & Coleman, 2003; Waddock, 2007),
- Social enterprise illustrating company which is able to solve social problems in business manners (Cornelius et al., 2008).

The typology proposed by Heikkurinen (2006) identified five different corporate responsibility actions depending on the posture on the activity demand, its competitive aim and reference to strategy. The scope of CR actions' with its characteristics is presented in Table 1.

As proposed by (Mostovicz & Kakabadse, 2011) companies adopting CSR principles may choose between various strategic approaches depending on the degree of two dimensions: widening organizational view (intrinsic) and widening social view (extrinsic). The four views include the so called micro view, macro view, wide view and the long term view. The micro view provides "the license to operate" and is limited to the shortened timeframe of economic stakeholders, while the macro view perceives CSR as the moral obligation to society. The goal of improving company reputation amongst stakeholders is proposed by the wide view. And finally the long term view of CSR encompasses the social and organizational view assuring for realization of the sustainable development. This model delivers a very useful framework to analyze the CSR strategy adopted by companies with the insights on their motivation to address this issue. The model proposed by Malan (2011) using two identifies four strategies resulting from interaction between two adopted dimensions of social involvement and political involvement—corporate tourist (low social involvement and low political involvement), corporate citizen (high social involvement and low political involvement), corporate colonialist (low social involvement and high political involvement) and corporate activist (high

Fig. 2 A model of companies' engagement in CSR. *Source* own compilation



social involvement and high political involvement). This model proves to be useful for analysis embedded in political economy; it may not however explain the strategic approach of the companies which engage in CSR activities driven by the expectations of their stakeholders. The organizational dimensions of CSR adoption are not covered with this approach.

The presented literature review delivered insights of CSR theoretical framework and practice indicating the most important elements and dimensions which impact CSR policy and activity. Using the notions of the literature review for the purpose of the paper a model of companies' engagement in corporate social activities is proposed. The model uses two dimensions of extrinsic motivation of managers to implement and communicate CSR initiatives as well as the intrinsic motivation to implement CSR programs and incorporate them into organizational structure and culture. The illustration of the model is provided in Fig. 2.

As presented in Fig. 2 companies revealing low motivation for incorporating CSR into organizational culture and structure pursue the passive or denying approach. The companies pursuing the approach characterized by focus on internationalization of CSR values into company operation are called communication laggards, while those which are mostly interested in the external communication to stakeholder and are interested improvement of their image adopt instrumental approach. Companies which combine dedicated approach to integration of CSR assumptions and notions into organizational structure and culture developing their communication of external stakeholder are found to reveal a balanced approach. The motivation of this proposed framework is rooted in the idea to note the engagement and the motivation of companies to adopt CSR policy. It resembles the model proposed previously by Mostovicz and Kakabadse (2011) but also intends to take into account the prime source driving companies' CSR strategy. This may be useful for the analysis of small companies which quite often are not familiar with the CSR methodology but are very active in promoting its activities and values. Also some companies are known for their reputation driven instrumental approach to CSR.

4 Research

4.1 CSR Practice in Poland

Corporate social responsibility in Poland emerged in the post socialist transition environment and the conditions of the emerging markets. The political, economic and social determinants have significant impact of the strategy of companies and the expectations of stakeholders. Despite the rapid growth observed after the early transition recession and then sustained by the accession to the European Union, the socialist heritage is mostly visible in the dimension of the Polish society (Aluchna, 2010). These features include the underdevelopment of the civil society, low levels of social capital, low interest in volunteering activity or social contribution as well as the passiveness of stakeholders and lower importance of social performance (Czapiński, 2009; Gasparski, 2005). Still the price plays a crucial role for the purchasing decision leaving social and environmental aspects behind.

This characteristic of the Polish society definitely is a subject to changes. On one hand these changes are driven by the market development and the evolution of the stakeholders' expectations who are more interested in the social and environmental dimension of companies functioning. On the other hand the impact for this changes comes from The harmonization process within EU laws and institutions provided frames for CSR and environmental protection and encourage companies to transfer know how from Western Europe. The case of Polish listed companies delivers an interesting insights in the practice of CSR revealing the companies strategies in reaction to the emerging market environment and conditions of weaker (as compared to the west of the EU) institutional order (Aluchna, 2010; Boni, 2009). The studies conducted so far illustrated CSR activities of particular companies. The collected evidence suggest that the CSR activities focus on educational programs, sport initiatives, environmental actions, support for handicapped, sick or excluded and employee volunteer programs (Kuraszko & Augustyniak, 2009; Ministry of Economy, 2010). It is important to provide a more general picture of the CSR practice on Polish listed companies accompanied by the identification of their disclosure and reporting standards as well as the direction for further development. Additionally, the studies conducted so far lack the dynamic approach addressing the changes on the CSR practice implemented by public listed companies and their potential response to the global financial crisis with respect to the scope of CSR activities. This gap is intended to be filled by this research.

5 Research Goals and Methodology

The goals of the research were to identify the CSR practices adopted by companies listed on the Warsaw Stock Exchange according to selected measures assuming the differences resulting from different company characteristics and institutionalization

approaches. More precisely, the analysis aimed at the identification of main differences between two sample groups of publicly listed companies comparing companies covered by the CSR/sustainability rating known as RESPECT Index and their peers operating in the respective industries not included in this benchmark. The analysis was to identify the differences (if there were any) with respect to CSR initiatives, reporting and stakeholder dialogue as well as to trace the changes in the CSR policies observed within the last 5 years of 2007–2011.

In order to pursue the research goals the qualitative analysis of the CSR practice implemented in Polish companies listed on the Warsaw Stock Exchange was conducted according to selected criteria. The RESPECT companies need to comply with the certain characteristics (free float of shares, accountability to shareholders, corporate governance best practice, disclosure) as well as standards of their policy towards stakeholders (implemented CSR activities, reporting). The presence in the RESPECT index is dependent on the assessment results conducted by Deloitte and verified every year. Therefore the RESPECT companies are constantly monitored with regard to their CSR performance and reporting practices what results in the dynamics of the benchmark composition. The research was based on the case studies of policies and programs adopted by both groups of companies according to the information they disclose on their websites and publish in their CSR reports.

The research included the analysis and identification of the following aspects:

- The content and functioning of the CSR website,
- The form and content of the CSR report,
- The existence of the CSR department within the organizational structure,
- The integration of CSR into the company strategy,
- The CSR activities are conducted by the company,
- The directions of CSR activities undertaken by companies (education, national heritage, sport, ecology, support for handicapped, sick or excluded people),
- The cooperation of the NGOs,
- The difference of CSR activities and functioning between RESPECT Index companies and companies not included in the benchmark,
- The pursuit of CSR strategy according to the typology proposed in Fig. 2.

6 Research Questions and Sample

In order to pursue the research goals the following research questions were formulated:

- Q1: Are the RESPECT companies more active on their CSR websites as compared to companies not included in the benchmark?
- Q2: Do the RESPECT companies publish CSR reports more often than companies not included in the benchmark?
- Q3: Do the RESPECT companies form CSR department more often than companies not included in the benchmark?

- Q4: Do the RESPECT companies integrate CSR into their strategies more often than companies not included in the benchmark?
- Q5: Do the RESPECT companies form a dedicated CSR foundation more often as compared to companies not included in the benchmark?
- Q6: Do the RESPECT companies spend more on CSR activities as compared to companies not included in the benchmark?
- Q7: Do the RESPECT companies get involved in better coordinated CSR activities as compared to companies not included in the benchmark?
- Q8: Do the RESPECT companies cooperate with NGOs more active than companies not included in the benchmark?
- Q9: Which strategy as presented in Fig. 2 do the sample companies pursue?

Questions Q1 and Q2 address the first dimension as provided in the proposed model referring to the extrinsic motivation of managers to implement and communicate CSR initiatives, while the questions Q3–Q9 are to give evidence for the intrinsic motivation to implement CSR programs and incorporate them into organizational structure and culture. The research was based on the case studies analysis on the sample of 44 companies for the period of 5 years (2007–2011). The qualitative analysis covered the study of the companies' websites, annual reports and CSR reports published by sample companies. According to formulated assumptions and goals the sample covered companies included in the RESPECT index fourth edition as presented in Table 2.

The goal of comparing the CSR practices required the identification of the RESPECT companies' peers characterized by similar features (size, ownership structure) and operating in the respective industries. The sample companies which stay out of the benchmark were selected according to the Warsaw Stock Exchange statistics focusing on the size and sector of operation in order to provide for the comparison. The control group of companies was extended as it revealed over-representation of banks and financial services companies while under-representation of companies operating in mining and extraction as well as chemical industries. The final research sample of the RESPECT companies with their peers with the breakdown by industries is presented in Table 3.

However, the constructed research sample denotes several constrains—due to the limited number of firms operating in mining and extraction industry only one company (JSW) was selected as the peer for the 3 RESPECT companies (KGHM, PGNiG and Bogdanka). The petroleum sector was combined with the petrochemicals, while some banks dropped out of the control group to maintain the balanced representation in the sample. Due to the significant growth and integration the ITC and telecommunication sector was treated as combined and CSR practices of TP SA and Netia were referred to the activities of TVN and Cyfrowy Polsat.

Table 2 23 RESPECT index companies (half of the research sample)

Company	ID	Shares traded	Market cap (PLN)	Share in the index (%)	Sector
KGHM	PLKGHM000017	44,510,000	6,672,049,000	12.372	Mining and extraction
PZU	PLPZU0000011	15,931,000	5,273,161,000	9.778	Insurance
PKORLEN	PLPKN0000018	145,216,000	5,130,481,280	9.513	Petrochemical
TPSA	PLTLKPL00017	285,712,000	4,799,961,600	8.900	ICT/telecommunication
PGE	PLPGER000010	237,817,000	4,684,994,900	8.687	Power generation
PGNIG	PLPGNIG00014	1,206,575,000	4,500,524,750	8.345	Mining and extraction
BOGDANKA	PLLWBGD00016	30,771,000	3,950,996,400	7.326	Mining and extraction
INGBSK	PLBSK0000017	32,525,000	2,829,675,000	5.247	Banking
HANDLOWY	PLBH00000012	32,665,000	2,515,205,000	4.664	Banking
NETIA	PLNETIA00014	381,827,000	2,256,597,570	4.184	ICT/telecommunication
MILLENNIUM	PLBIG0000016	418,366,000	1,790,606,480	3.320	Banking
LOTOS	PLLOTOS00025	60,797,000	1,696,236,300	3.145	Petrochemical
AZOTYTARNOW	PLZATR000012	43,566,000	1,367,101,080	2.535	Chemical
SWIECIE	PLCELZA00018	17,000,000	1,208,700,000	2.241	Pulp/chemical
BUDIMEX	PLBUDMX00013	10,452,000	898,872,000	1.667	Construction
KREDYTBANK	PLKRD000011	54,332,000	769,884,440	1.428	Banking
PBG	PLPBG0000029	10,513,000	659,690,750	1.223	Construction
KOGENERACJA	PLKGNRC00015	7,450,000	588,550,000	1.091	Power generation
ELBUDOWA	PLELTBD00017	4,748,000	566,911,200	1.051	Electric power engineering
APATOR	PLAPATR00018	25,576,000	562,672,000	1.043	Electric power engineering
CIECH	PLCIECH00018	29,431,000	527,109,210	0.977	Chemical
BANKBPH	PLBPH0000019	8,318,000	345,197,000	0.640	Banking
IDMSA	PLIDMSA00044	177,105,000	334,728,450	0.621	Financial services

Source based on http://www.gpw.pl/portfele_indeksow#RESPECT

Table 3 The final research sample

Sector	RESPECT index company	Control company
Mining and extraction	KGHM PGNIG BOGDANKA	JSW
Insurance	PZU	TU EUROPA
Petrochemical and chemical	PKNORLEN LOTOS AZOTYTARNOW SWIECIE CIECH	SYNTHOS PULAWY BORYSZEW POLICE DEBICA
ICT	TPSA NETIA	CYFROWY POLSAT TVN
Power generation	PGE KOGENERACJA	TAURONPE ENEA
Banking	INGBSK HANDLOWY MILLENNIUM KREDYTBANK BANKBPH	PKOBP PEKAO BZWBK BRE GETINOBLE
Construction	BUDIMEX PBG	POLIMEXMS GTC
Electric power engineering	ELBUDOWA APATOR	KOPEX STALPROD
Financial services	IDMSA	OPENFIN

Source own compilation

7 Research Results and Discussion

The qualitative analysis of the content of the companies' websites, reports, policies and undertaken initiatives with respect to corporate social responsibility was conducted. The empirical material was hand collected within a larger research project on the practical implementation of CSR in companies' strategy and management conducted in the Department of Management Theory, Warsaw School of Economics. The research project is managed and supervised by Professor Piotr Płoszajski. The research results with the reference to the formulated research questions are collectively presented in Table 4.

The results revealing the practice of CSR activity of Polish listed companies indicated some differences between the group of RESPECT Index firms and the companies which stay out of the benchmark with respect to majority of analyzed dimensions. Yet, the observed differences are smaller than expected, particularly for banking and ICT sectors as well as for companies operating in power generation and mining and extraction industries. Both groups revealed similar level and characteristics as far as the activity of companies' websites is concerned. Additionally, with respect to the coordination of the CSR activities only few differences were denoted as they covered similar areas of the CSR concept such as education,

Table 4 The research results with the reference to the formulated questions

Aspect	RESPECT companies	Control group companies	Observed differences
Active website	Generally well presented and structured with easy access	Fragmented, less visible, 'hidden' with other aspects of company operation	Yes, some differences, depending on the sector and the particular company, no major differences for banking, power generation, ICT, mining and extraction as these sectors reveal high standards
CSR report	Published, updated version available	Published less frequently or not provided	Yes, significant differences, no major differences for banking, power generation, mining and extraction as well as ICT since these sectors reveal high standards
CSR department	Usually formed within the organizational structure	Rarely formed within the organizational structure	Yes, significant differences, no major differences for banking, power generation, mining and extraction
Integration of CSR into corporate strategy	Yes, clearly communicated and placed within strategic goals and strategy	Less frequently integrated into strategy, no reference to CSR in mission or strategic goals	Yes, significant differences, no major differences for banking, power generation, mining and extraction
CSR foundation	Quite often formed to support or take over CSR activities	Rarely formed	Yes, significant differences
Coordination of CSR activities	Covering the same areas of education, national heritage, promoting environmental protection, support of poor, sick or excluded people		No major differences
Cooperation with NGOs	Yes, engagement in social dialogue, cooperation with different organizations supporting the implementation of CSR programs	Lesser importance, fewer examples of cooperation with NGOs, mostly noted in banking, power generation, mining and extraction	Yes, significant differences, RESPECT companies reveal more links with NGOs
Pursued CSR strategy	Balanced	Instrumental	Differences except for banking, oil and extraction industry

Source own compilation based on the content of the CSR websites of analyzed companies

national heritage, promoting environmental protection, support of poor, sick or excluded people. Interestingly, the companies not covered by the RESPECT Index revealed good practice in terms of disclosure providing CSR reports on their websites. The reasons behind it seem to be the following—banking sector in Poland is dominated by subsidiaries of global players who transmit the CSR and reporting standards from their parent companies. The practices on the Polish market result from the overall corporate policy of these global players who are more aware of CSR importance and comply with higher standards. On the other hand, the power generation and mining and extraction industries, so the other sectors of small differences between two sample groups, are perceived as socially controversial and environmentally challenging and may get involved in CSR activities anticipating potential conflicts or problems. Also the smallest differences were depicted amongst sectors where the largest companies operate what confirms the earlier observed relations between company size and its CSR activity. Probably, the largest companies not only have the most substantial budgets but also stay in the public spotlight and perceive the CSR engagement as an important element for their performance and reputation improvement. The most significant differences were found with regard to degree of the integration of CSR into corporate strategy what de facto distinguishes the companies which truly adopt CSR requirement and ideas into their operation as opposed to those which pursue the instrumental strategy treating CSR as the ornament element of their public relations and communication policy. The dedications to integrate CSR into corporate strategy is also transmitted into the role and place of the CSR department in the organizational structure, the cooperation with NGOs and the formation the corporate foundations which support the implementation of particular programs and initiatives.

In sum, the results can be summarized with three main conclusions:

- Polish listed companies seem to understand the value of CSR for their performance and reputation—even those not included in the RESPECT index, communicate their involvement in CSR providing information and publishing reports on their websites,
- Companies covered by RESPECT Index integrate the CSR concept into their mission, goals and strategies as well as organizational structures and cooperation with stakeholders,
- RESPECT companies pursue the balanced strategy according to the typology proposed in Fig. 2, while non-RESPECT companies tend to realize instrumental strategy with the banking and oil and extraction sectors as the exception.

8 Conclusion

Corporate social responsibility is well developed concept adopted in business practice. Companies not only respond to the social pressure and environmental challenges but they also use the CSR concept for strengthening their corporate

culture or integrating into strategy perceive as an element for enhancing competitive advantage. Well-structured and incorporated CSR concept develops relational capital, improves and establishes dialogue with stakeholders that may positively influence corporate performance both measured by financial and market indicators. However, companies communicating their CSR performance may adopt various strategies—from accidental initiatives or instrumental approach to true dedication and incorporation in company functioning. The research conducted on the sample of companies listed on the Warsaw Stock Exchange indicate several differences in CSR practice between firms included in the RESPECT index and their peers which stay out of the benchmark. Although these differences are identified they appear to be less significant as expected, particularly in the case of banking as well as coal mining and extraction industries. For other selected sectors these differences seem to be more significant touching upon the core of the integration of the CSR concept with business operation. In sum, RESPECT companies are found to pursue the balanced strategy according to the typology proposed integrating CSR into strategy and developing reporting and communication, while non-RESPECT companies tend to realize instrumental strategy with focus on image improvement and communication to stakeholders, with the banking and oil and extraction sectors as the exception.

References

- Aluchna, M. (2010). Corporate social responsibility of the top ten: Examples taken from the Warsaw stock exchange. *Social Responsibility Journal*, 6(4), 611–626.
- Arevalo, J., & Aravind, D. (2010). The impact of the crisis on corporate responsibility: The case of UN global compact participants in the USA. *Corporate Governance*, 10(4), s. 406–420.
- Aupperle, K., Carroll, A., & Hatfield, J. (1985). An empirical examination of the relationship between corporate social responsibility and profitability. *The Academy of Management Journal*, 28(2), 446–463.
- Barnett, M. (2007). Stakeholder influence capacity and the variability of financial returns to corporate social responsibility. *The Academy of Management Review*, 32(3), 794–816.
- Basu, K., & Palazzo, G. (2008). Corporate social responsibility: A process model of sensemaking. *The Academy of Management Review*, 33(1), 122–136.
- Benn, S., & Dunphy, D. (2007). New forms of governance. In S. Benn & D. Dunphy (Eds.), *Corporate governance and sustainability: Challenges for theory and practice* (pp. 9–35). London: Routledge.
- Bhattacharya, C., Korschun, D., & Sen, S. (2008). Strengthening stakeholder-company relationships through mutually beneficial corporate social responsibility initiatives. *Journal of Business Ethics*, 85, 257–272. Supplement 2.
- Blowfield, M. (2005). Corporate social responsibility: Reinventing the meaning of development? *International Affairs*, 81(3), 515–524.
- Boni M. (2009, December 14). Społeczna odpowiedzialność biznesu w budowaniu kapitału społecznego [CSR in the process of social capital development], Kompendium CSR, Niezależny Dodatek Tematyczny. *Gazeta Prawna*, p. F4.
- Bonn, I., & Fisher, J. (2011). Sustainability: The missing ingredient in strategy. *Journal of Business Strategy*, 32(1), 5–15.

- Branco, M., & Rodrigues, L. (2006). Corporate social responsibility from resource-based perspectives. *Journal of Business Ethics*, 69, 111–132.
- Carroll, A. (1999). Corporate social responsibility. Evolution of a definitional construct. *Business and Society*, 38(3), 268–295.
- Charitoudi, G., Giannarakis, G., & Lazarides, T. (2011). Corporate social responsibility performance in periods of financial crisis. *European Journal of Scientific Research*, 63(3), s. 447–455.
- COM. (2002). *Corporate social responsibility: A business contribution to sustainable development, communication from the commission, mission of the European communities*, 347, final, Brussels. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2002:0347:FIN:EN:PDF>
- Cornelius, N., Todres, M., Janjuha-Jivraj, S., Woods, A., & Wallace, J. (2008). Corporate social responsibility and the social enterprise. *Journal of Business Ethics*, 81, 355–370.
- Crane, A., & Matten, D. (2007). *Business ethics*. New York: Oxford University Press.
- Czapiński, J. (2009). Kapitał ludzki [Social capital]. In J. Czapiński & T. Panek (Eds.), *Diagnoza społeczna 2009* [Social diagnosis 2009] (pp. 270–280). Council for Social Monitoring, Ministry for Labour and Social Policy. Retrieved from http://www.diagnoza.com/pliki/raporty/Diagnoza_raport_2009.pdf
- Dunne, S. (2007). What is corporate social responsibility now? *Theory and Politics in Organization*, 7(2), 372–380.
- Elkington, J. (1997). *Cannibals with forks: The triple bottom line of 21st century business*. Oxford: Capstone.
- European Commission. (2001). *Green paper. Promoting a European framework for corporate social responsibility, COM 366, final*. Retrieved from http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0366en01.pdf
- Fairbrass, J., & Zueva-Owens, A. (2012). Conceptualising corporate social responsibility: ‘Relational governance’ assessed, augmented, and adapted. *Journal of Business Ethics*, 105, 321–335.
- Fauzi, H., Svensson, G., & Rahman, A. A. (2010). Triple bottom line as ‘sustainable corporate performance’: A proposition for the future. *Sustainability*, 2, 1345–1360.
- Foster, D., & Jonker, J. (2006). Stakeholder engagement in and beyond organization. In J. Jonker & M. de Witte (Eds.), *The challenge of organizing and implementing corporate social responsibility* (pp. 115–130). New York: Palgrave Macmillan.
- Gasparski, W. (2005). Business expectations beyond profit. In A. Habisch (Ed.), *Corporate social responsibility across Europe: With 7 figures and 18 tables* (pp. 167–182). Berlin: Springer.
- Griffin, R. (2011). *Management*. Mason: South-Western Cengage Learning.
- Hawkins, D. E. (2006). *Balancing tomorrow's sustainability and today's profitability*. London: Palgrave Macmillan.
- Heikkurinen, P. (2006). Environmental strategy and sustainability. In S. Schaltegger & M. Wagner (Eds.), *Managing the business case for sustainability: The integration of social, environmental and economic performance* (p. 92). Sheffield: Greenleaf Publishing.
- Hollender, J., & Fenichell, S. (2004). *What matters most: Business, social responsibility and the end of the era of greed*. London: Random House Business Books.
- Hopkins, M. (2007). *Corporate social responsibility and international development*. London: Earthscan.
- Idowu, S., & Louche, C. (Eds.). (2011). *Theory and practice of corporate social responsibility*. Berlin: Springer.
- Jamali, D. (2008). A stakeholder approach to corporate social responsibility: Fresh insights into theory vs. practice. *Journal of Business Ethics*, 82, 213–231.
- Jamali, D., Safieddine, A., & Rabbath, M. (2008). Corporate governance and corporate social responsibility: Synergies and inter-relationships. *Corporate Governance: An International Review*, 16(5), 443–459.

- Kemper, A., & Martin, R. (2010). After the fall: The global financial crisis as a test of corporate social responsibility theories. *European Management Review*, 7, 229–239.
- Kuraszko, I., & Augustyniak, S. (2009). *15 polskich przykładów społecznej odpowiedzialności biznesu* (15 Polish examples of social responsibility of business). Warszawa: Forum Odpowiedzialnego Rozwoju.
- Lee, M., Fairhurst, A., & Wesley, S. (2009). Corporate social responsibility: A review of the top 100 US retailers. *Corporate Reputation Review*, 12(10), 140–158.
- Mackey, A., Mackey, T., & Barney, J. (2007). Corporate social responsibility and firm performance: Investor preferences and corporate strategies. *The Academy of Management Review*, 32(3), 817–835.
- Malan, D. (2011). Strengthening democracy through governance in Africa – The role of the UN global compact. In A. Tourani-Rad & C. Ingey (Eds.), *Handbook on emerging corporate governance issues* (p. 236). Singapore: World Scientific.
- Matten, D., & Moon, J. (2008). “Implicit” and “explicit” CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *The Academy of Management Review*, 33(2), 404–424.
- McIntosh, M., Thomas, R., Leipziger, D., & Coleman, G. (2003). *Living corporate citizenship*. London: FT Prentice Hall.
- Ministry of Economy. (2010). *Spoleczna odpowiedzialność biznesu w Polsce* [Social responsibility of business in Poland]. Warsaw. Retrieved from http://www.mg.gov.pl/files/upload/10892/CSR_PL.pdf
- Moir, L. (2001). What do we mean by corporate social responsibility? *Corporate Governance*, 1(2), 6–12.
- Mostovitz, E., & Kakabadse, N. (2011). Between trust and CSR: The role of leadership. In S. Idowu & C. Louche (Eds.), *Theory and practice of corporate social responsibility* (pp. 159–178). Heidelberg: Springer.
- Neal, A. (2008). Corporate social responsibility: Governance gain or laissez-faire figleaf? *Comparative Labor Law and Policy Journal*, 29, 459–474.
- Pava, K. J. (1997). Criteria for evaluating the legitimacy of corporate social responsibility. *Journal of Business Ethics*, 16(3), 339–347.
- Robertson, D., & Nicholson, N. (1996). Expressions of corporate social responsibility in U.K. firms. *Journal of Business Ethics*, 15, 1095–1106.
- Robins, F. (2005). The future of corporate social responsibility. *Asian Business and Management*, 4, 95–115.
- Robins, F. (2006). The challenge of TBL: A responsibility to whom? *Business and Society Review*, 111(1), 1–14.
- Schultz, F., & Wehmeier, S. (2010). Institutionalization of corporate social responsibility within corporate communications. Combining institutional, sensemaking and communication perspectives. *Corporate Communications: An International Journal*, 15(1), 9–29.
- Slapper, T. F., & Hall, T. J. (2011). *The triple bottom line: What is it and how does it work?* Indiana University Kelley School of Business, Indiana Business Research Center. Retrieved from <http://www.ibrc.indiana.edu/ibr/2011/spring/pdfs/article2.pdf>
- Sneirson, J. (2009). Green is good: Sustainability, profitability and a new paradigm for corporate governance. *Iowa Law Review*, 94(3), 992.
- Swanson, D. (1995). Addressing a theoretical problem by reorienting the corporate social performance mode. *The Academy of Management Review*, 20(1), 43–64.
- Tuan, L. (2012). Corporate social responsibility, ethics, and corporate governance. *Social Responsibility Journal*, 8(4), 547–560.
- Vanclay, F. (2005). Impact assessment and the triple bottom line: Competing pathways to sustainability. *Sustainability and Social Science: Round Table Proceedings* (pp. 27–39). Retrieved from citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.128

- Waddock, S. (2007). Corporate citizenship: The dark side paradoxes of success. In S. May, G. Cheney, & J. Roper (Eds.), *The debate over corporate social responsibility* (pp. 74–86). Oxford: Oxford University Press.
- Waddock, S., & Graves, S. (1997). The corporate social performance-financial performance. *Strategic Management Journal*, 18(4), 303–319.
- Wartick, S., & Cochran, P. (1985). The evolution of the corporate social performance model. *The Academy of Management Review*, 10(4), 758–769.

Corporate Social Responsibility in Estonia: Moving Towards a More Strategic Approach

Mari Kooskora

1 Introduction

In my previous publication in the CSR Europe book (Kooskora, 2004) I have written that although being involved in CSR activities and understanding the importance of ethics and responsibility in business during the Estonian Republic in between two World Wars (1918–1940) and earlier, the occupation by Soviet Union, forced planned-economy and nationalisation of all business enterprises had left significant traces in our people's morality and attitudes. It was argued that for Estonian people ethical and corporate social responsibility (CSR) issues were relatively new, as after restoring the country's independence in 1991 our state and businesses had to struggle for surviving and building up a successful economy. At that time most business leaders preferred financial success over ethics and CSR seemed to be something irrelevant and unimportant.

By focusing on increasing the economic growth and creating a favourable business climate to attract foreign investments, being very flexible and open, developing and implementing several e-solutions, Estonia was able to gain recognition and relatively high international ratings and become known as a e-country. Considered something of a laboratory or incubator, where radical and even extreme changes can be made very quickly Estonia is a country where, under the guidance of young and ambitious leaders, who were not tainted by the previous occupation regime and were less burdened by the pains of history, it was possible to embark upon the most radical version of 'shock therapy' in all of Central and Eastern Europe. These rapid and radical changes, moving out of the former Soviet Union's sphere of control and implementing reforms that supported free-market entrepreneurship made the country a fore-runner among the new member states of the European Union, with average GDP growth of 7 % per year since 2000.

M. Kooskora (✉)
EBS Centre for Business Ethics, Estonian Business School, Tallinn, Estonia
e-mail: Mari.Kooskora@ebs.ee

At the same time it seems that in several cases while making those rapid and radical changes we had forgotten ethics and ethical behaviour, caring for others and taking responsibility, which created many problems on personal, organisational and societal levels. During this building and starting up process our political and business leaders as well as society were neither ready to think about the issues of ethical business or corporate social responsibility nor did they consider the importance of these topics in their action.

Doing actively research in this field and taking a more holistic approach by analysing the business environment from three angles e.g. corporate governance, corporate social responsibility and ethical leadership I identified several stages of corporate moral development (CMD, see Kooskora, 2008a) among Estonian business organisations in 1985–2005. The analysis of the study showed that corporate morality in the majority of Estonian business organisations developed from a double morality stage in the period of socialist erosion through an ethical vacuum, instrumental and legalistic stages to a responsive stage emerging during EU accession in 2004 and 2005, however the higher stages in the Reidenbach and Robin (1991) CMD model (emerging ethical and developed ethical) were not detected in the Estonian business community during the period under analysis.

The study also revealed that the changes in CMD levels until the year 2005 were caused mainly by external sources where especially the political and economic factors played the most significant role, while internal forces, different stakeholder expectations and social environment had less impact. It was concluded that from a historical viewpoint, there had been a clear progress in considerations of ethics and responsibility in the Estonian business community, and during a 20-year period under examination, the Estonian business community had reached the stage where ethical statements and concerns were understood as a useful tool for creating a positive image and regarded as valuable when profitable.

However our more recent studies (Kooskora, 2014; Kooskora & Vau, 2011) show that today the social environment and expectations from different stakeholders and the society have become important triggers why organisations and their leaders start considering ethics and responsibility in their business activities. Today the situation is depending much on the organisational leaders' readiness and willingness to understand the organisation as a part of the society and wider environment.

The purpose of this paper is to discuss the further developments of ethical and responsible business in Estonia and to find out whether the approach to ethics and responsibility has become more strategic among Estonian organisational leaders during last decade. The paper is based on the results of several studies conducted by me and my colleagues during recent 10 years and for analysis I have integrated two development models, describing the stages of corporate moral development and strategic corporate responsibility. A more detailed analysis focuses on the awareness and understanding of ethics and responsibility in business among organisational leaders and CSR activities of the organisations that have taken part in the Responsible Business Index study in Estonia in 2009–2012.

2 Ethics and Responsibility in Business and Development Models Used in the Study

Based on a suggestion by several researchers in the field of business ethics and corporate responsibility (CR) (e.g. Carroll, 1995; Freeman & Liedka, 1991; Freeman, Wicks, & Parmar, 2004; O'Malley, 2003; Paine, 1997; Visser, Matten, Pohl, & Tolhurst, 2010), it is assumed that the integration of ethical and responsibility standards into business is not only preferable, but also necessary for long-term organisational survival. Corporate governance should be seen as an essential mechanism to help the company to attain its corporate objectives and this includes corporation's responsibilities towards its different stakeholders (Freeman & Evan, 1990, see also Kooskora, 2006, 2008b). Strong emphasises have to be put on relationships with important stakeholders and how the organisation copes in managing these relationships (Carroll, 1991; Freeman, 1997; 2000).

It can be argued that there are many different approaches to CSR and CR (Aupperle, Carroll, & Hatfield, 1985; Blowfield, Blowfield, & Murray, 2008; Carroll, 1979; Elkington, 1998; Freeman, 1995; Friedman, 1970; Näsi 1995; O'Malley, 2003; OECD 2001; Porter & Kramer, 2011; UN Global Compact, 2009) but at the core of the concept of CR we can see the responsibilities of organisations towards people, society and the environment that are affected by their activities. In today's world of intense global competition, it is clear that CR can be sustainable only as long as it continues to add value to corporate success. It must be observed, however, that it is society or public that plays an increasing role in what constitutes business success (see Carroll, 2008) and companies that deal with their CR in a forward-looking manner ensure that it becomes an integral aspect of their corporate governance (Aldrighi, 2009).

There appears to be a growing acknowledgement in the business community of the need for 'good' leadership, implying both effectiveness and morality (Ciulla, 2001, 2004). Aronson (2001) believes that since appropriate values are at the root of moral conduct, the business leaders of today must possess a set of values that will not only enhance a favourable perception in the eyes of both internal and external stakeholders (Donaldson & Preston, 1995; Freeman, 1984), but also lead to greater effectiveness and efficiency of organisational members (Brown & Mitchell, 2010; Trevino, Brown, & Hartman, 2003). Similarly Carroll (2010) highlights the importance of improving the organisation's ethical culture and points to the messages and information that managerial leaders transmit foremost through their behaviours and activities, sometimes even unintentionally.

The classification of organisations in ethical terms has been attempted by a number of writers and inspired by the work on individual moral development by Kohlberg (1969, 1984). In 1991 Reidenbach and Robin presented the idea that corporate moral development changes from strictly self-interest and self-serving to a broader consideration for others and society (Reidenbach & Robin, 1991). The authors developed a model of Corporate Moral Development (CMD) to illustrate

the balancing of business and ethics in organisations suggesting that as individuals can be classified within a stage of moral development so too can organisations.

Reidenbach and Robin (1991, 274) suggested that an organisation's stage of moral development is signalled by corporate behaviours and identified five stages of moral development named as: amoral, legalistic, responsive, emerging ethical and developed ethical. These stages exhibit the morality/moral maturity of an organisation through certain behaviours, attitudes, values, corporate culture and explicit or implicit artefacts. The CMD model suggests that corporations that give profit higher preference than ethics can be found in the first stages, and corporations that give ethics priority over profitability are found in the higher stages of moral development.

More recently the discussions about ethics and responsibility in business have been directed to the organisational sustainability (e.g. Hollander & Breen, 2010; McElhaney, 2008) and strategic corporate responsibility (SCR, Jonker & de Witte, 2006; Mele & Guillen, 2006; Porter & Kramer, 2006; see also Kooskora & Vau, 2011). Moreover the question is not any more about 'whether or not to engage in CSR, but how to do it smarter and more strategically, how to integrate it into day-to-day business strategies' (McElhaney, 2007).

Similarly to Reidenbach and Robin (1991), Zadek (2004) argues that most corporations pass through certain stages as they move toward CR. He identified five stages of CR organisational learning that the companies adopt as they mature in understanding and practicing CR, and called these as following: defensive (when a company denies CR practices, outcomes or responsibilities); compliance (company adopts policy-based compliance approach as a cost of doing business); managerial (embed the CR issue in the core management practices); strategic advantage (integrate CR into their core management practices) and civil (company promotes broad industry participation in CR, see also corporate citizenship, Matten & Crane, 2005).

Additionally Zadek (2004) combined those five stages with four stages of intensity to measure the maturity of CR issues and public expectations around those issues. These stages are called as: latent (where there's awareness of CR issues only among activists); emerging (awareness seeps into political and media communities); consolidating (much broader awareness is established) and institutionalised (where's there a tangible reaction from powerful stakeholders). Combination of those stages shows the organisations which stakeholders and issues pose the greatest opportunity and danger (see Werther & Chandler, 2010, 37).

McElhaney (2008, 22) expanding upon Zadek's (2004) stages of learning described the CR maturation process, where company's CR growth takes place from philanthropic activities (i.e. donations and grants) through transactional (i.e. event sponsorships, cause-related marketing, employee volunteerism) toward integrative stage, what is characterised by joint advocacy and joint action, deep partnerships, clear financing principles and changing rules of the industry. The need to move forward from philanthropic activities to more strategic CR approach was also highlighted by Halme and Laurila (2009), moreover, just organisation's views on issues grow and mature, so does society's. Therefore, in order to capitalise fully

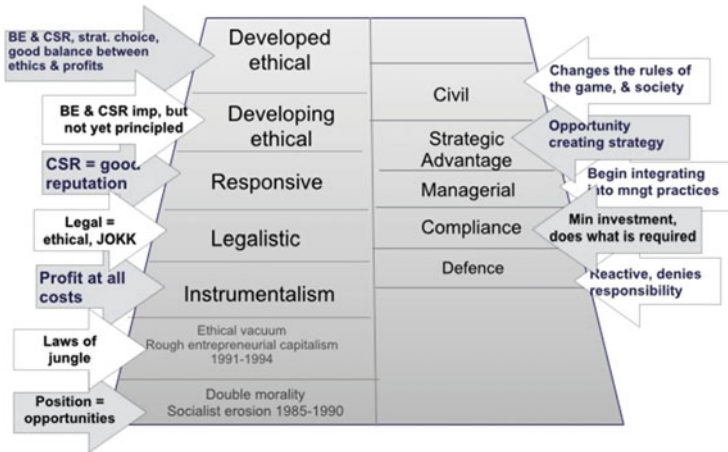


Fig. 1 Integrated model of corporate moral development in Estonian business environment context (Kooskora 2008a; 2010) and stages of CSR (Zadek, 2004)

on the benefits to themselves and society, organisations have to take a more strategic CR approach.

In order to characterise the more recent developments within Estonian business society and whether it is possible to find organisations that have reached to the higher levels of these development models I integrated the modified conceptual model of CMD in transition business community’s context (Kooskora, 2008a) with the model of corporate responsibility (CR). Organisational learning by Zadek (2004, 129) and CSR Maturation process by McElhaney (2008, 22). The model can be seen in (Fig. 1). The analysis is based on the results of several studies conducted among Estonian business organisations and organisational leaders within last 10 years.

Whereas the lowest stages (double morality and ethical vacuum) in the CMD model were characteristic only to the transitional context of Estonian business community, these are excluded from our current research. Therefore the starting point is the year 1995, when the political and economic situation were more stabilised and survival was not the main concern for business organisations any more. However as the organisations are strongly influenced by the economic environment, the brief overview about Estonian business context is given in the next section.

3 Context of the Study

By 1995 the period of privatisation in Estonia was predominantly over and the first legislative framework concerning the operation of corporations, in the western sense, had started to develop. At that time the Asian and Russian crises presented new demands on economic activities and economic thinking as a whole (Terk

et al. 2004). Estonian economy started to boom and the number of business enterprises increase considerably, the main business purpose was clearly earning profit, preferably fast profit and thus attaining success, the activities focused basically on short-term interests—thinking no more than 1–3 years ahead (see Kooskora, 2008b). The indicators of success at that time were a rapid growth of profit and other growth indicators (such as cash flow, turnover, growth of market share, etc.).

In 2000–2004, the attention turned more to long-term perspectives, planning periods became a minimum of 5 years, and 10 or even more years were common. The priority was concentrating more on the enterprise's ability to stay in the market, resisting the competitors' pressure and meeting the customers' increasingly complicated demands. The success was determined by the export potential and sustainability of the organisation. That reflected the tendency that the general economic environment was moving towards increasing stability, which enabled the corporations to operate in a more balanced manner. However, the environment was largely influenced by Estonia's accession to the EU and several business representatives expressed their concerns related to new EU regulations on business organisations (see Kooskora, 2006, 2008b).

After joining EU in 2004, Estonia continued to enjoy rapid economic growth, underpinned by strong macroeconomic fundamentals, EU membership and appropriately flexible market structures. In 2000–2008, Estonia's economy saw an average growth of 7 % per year, which placed Estonia among the three countries in the EU with the fastest growing real GDP. The business climate remained attractive and brought in high foreign investments, and created strong business ties especially with Nordic countries and Germany. During that period, Estonia took a big jump in the improvement of living standards, increasing its GDP per capita from 45 % of the EU27 average in 2000 to 67 % in 2008 (Dynamic Economy, 2014). This rapid growth and EU membership had significant impact on labour market. The rate of unemployment rate fell remarkably and it made the businesses to start competing for best talents and qualified employees.

The favourable economic situation changed in 2007. The banks tightened the granting of credits, consumers' confidence diminished, and the real estate market declined. Fast growth of income persisted, but in the beginning of 2008 insecurity increased, which was accompanied by a decrease in private consumption. Private sector investments also started to decrease, and the downward trend steepened. In autumn 2008, the economic crisis culminated, causing a rapid collapse of export capacities, worsening the availability of credit money, and increasing the insecurity of companies and households even more. The overall decrease in GDP growth rate for 2009 was 14.1 % (Dynamic Economy, 2014). Thus the financial and economic crises hit Estonia even more hard than other EU countries, the unemployment rate shot up, and substantial emigration followed. The recession of 2008–2009 reduced the creation rate of enterprises in Estonia and lead to more companies going out of business than in previous periods.

Restoring from the crisis has not been easy, several fiscal measures were used, including increasing the value added tax, social security contributions and excise

taxes, and a part of the private pension payments was diverted to the government (Staehr, 2013). In summer 2009 a new Employment Contracts Act (ECA) came into force and provided a more employer-friendly and flexible set of rules, giving employers much more freedom to reduce the wages of employees or cancel employment contracts due to unfavourable economic circumstances, including a decrease in contracts or clients. The new ECA followed the “flexicurity” principles and made it much easier to lay off employees, especially for economic reasons, which were very common during the recession period the whole country was struggling through (see also Kooskora, 2012, 42).

The measures were effective the economic growth turned positive in the 2nd quarter of 2010 and the annual GDP grew by 2.6 % compared to the previous year. In 2010, the statistics of business demography improved by a small degree, and the creation rate of new Estonian enterprises was 12 %, with average number of employees 1–5, whereas more than 60 % of new enterprises started without any employees. From the beginning of 2011 Estonia belongs to the euro-zone, adopting euro boosted the comfort and security level of the country’s EU trading partners and business ties became even more tighter. According to Statistics Estonia, in 2012 the annual GDP increased by 3.9 % (in 2011—9.6 %) compared to the previous year.

Today, more than 71 % of the Estonian GDP is derived from the service sectors, industrial sectors yield 25 % and primary branches (including agriculture) approximately 4 % of the overall output. There are 58,347 enterprises operating in Estonia, among those 99.9 % are SMEs and 70 % are active in service sector. The cornerstones of Estonian economic development are openness, liberal economic policy and proportional tax system with 0 % tax on reinvested profits. International organisations like World Bank, World Economic Forum, The Heritage Foundation and others have acknowledged Estonian economy as very open and competitive.

Thus, Estonia has been able to create a rather business-friendly climate, however there’s a need to safeguard the external competitiveness, address skills mismatches and accelerate human capital accumulation (IMF 2013, 17). As highlighted in ‘Estonia’s 2020 Competitiveness Strategy’ knowledge-based activities will hold the key to move up the export value chain, therefore more attention and effort has to be put on managing talent and developing training programs in Estonia.

4 Methodology of the Study

In order to characterise the more recent developments and find out whether there are companies who can be characterised as being Emerging Ethical and Developed Ethical in Estonian business community, thus on the higher levels of the developments models, a new study is conducted among Estonian business leaders and organisations who took part in Responsible Business Index (RBI) study from 2009 to 2012 (csr.ee homepage). The research methods are combined, including analysis of the RBI reports, the organisations’ home-pages, annual reports and interviews and personal conversations with organisations’ representatives.

The purpose of RBI study conducted among Estonian organisations is to analyse and evaluate their ethical and responsible performance and to assist companies in defining, evaluating and monitoring their economic, social and environmental impact. RBI enables companies to receive feedback and compare their results with those of other companies, thus identifying the future needs for development. So far the RBI study has been conducted six times; index was launched in autumn 2007 with an aim to help businesses to improve their economic, social and environmental impacts as well as to provide better information to their stakeholders. I have been involved in the RBI study since its creation, as the expert, consultant, trainer and a member of a research team, who conducts this research among Estonian organisations, ranks them publicly based on their CR performance and gives detailed feedback to the participating organisations. The purpose of the given feedback is to help organisations in integrating ethics and responsibility in their daily business activities and to take a more strategic approach in CR activities.

The RBI study has a 4-part structure: questions about business strategy (20 % of the total 100); integration of CR principles (20 %); issues management (including areas such as community, natural, working and market environments, all together 40 %), and stakeholder reporting and communication (20 %). The maximum score 100 % demonstrates the result which can be regarded as the ideal in our Estonian context at that particular time, considering our economic, political and social environment and the stages of corporate moral development (see Kooskora, 2006, 2008a, 2009).

In the first section—strategic management—we include issues that help to find out the linkage between CR activities and strategic management, corporate objectives and competences (see McElhaney, 2007, 2008; Porter & Kramer, 2006; Schreck, 2009), and existence of CR principles in company's vision, mission and core values (see Hollander & Breen, 2010; Werther & Chandler, 2010; Zadek, 2004). The questions also bear on issues such as making strategic decisions (e.g. Mele & Guillen, 2006); involvement of senior management and the board; and following CR principles during crisis situation (see Googins et al. 2009; Hansen and Reichwald 2009) and understanding and considering the organisation's most significant impact factors.

The purpose of the second section—measuring performance impact and engaging stakeholders—is to find out company's awareness of their impact, initiative in enhancing CR issues, awareness of the important stakeholders, considering their expectations, engaging in CR discussions, and also raising awareness about CR and involvement in dialogue with the community (cf. McElhaney, 2008; Milliman et al. 2008; Zadek, 2004). Questions also include issues and leadership and risk management (see Weber and Cross 2008).

The third section—CR activities and issues management—deals with concrete CR activities and whether these are performed according to CR principles, corporate values, mission and vision. These questions enable to analyse the linkage between corporate activities and CR features in different areas and environments, including community, natural, working and market environments (e.g. Jonker & de Witte, 2006). This section gives information about how relations with stakeholders

are managed on daily bases and whether and how they are engaged in organisation's activities.

The fourth section is about measurement and communication of CR activities. The purpose is to find out how are CR activities towards community, natural, working and market environments measured, at what extent are these communicated, the scope of CR reporting, existence and application of CR standards and certifications (e.g. Cramer 2005; McElhaney, 2008; Visser et al. 2010). With a purpose to investigate whether the participating organisations have used CR principles in widening product range or creating new products or services to tackle or offer solution to some social problems; find out the linkage between and impact on CR activities and product and process innovation (e.g. Halme & Laurila, 2009; Porter & Kramer, 2006).

In order to keep the study method and also evaluation criteria updated, we have made slight changes each year—some particular topics added and/or omitted (related to innovation, crisis and corruption) and some scales changed; the requirements and evaluation criteria made more demanding, however these changes have not been significant and thus not hindering comparison of the results of different years.

The participation in RBI study is based on a voluntary basis and requires companies to fill out the form assessing their CR strategy, integration, areas management and communication, bringing concrete examples, supporting evidence, to justify the answers, and referring to publicly available information. The results are then assessed by the assessment team and as a reward each company gets a detailed feedback highlighting key CR successes as well as improvement areas. As the study method is rather long and the questions are detailed, answering these needs commitment and time, therefore a group of the organisations' representatives is involved, including CEOs and other relevant members of the management board.

This has allowed us to collect oral and written material of thousands of pages full of real-life examples and descriptions of principles and activities from primary sources of those organisations who have taken part in the RBI study since the year 2007. In order to reach to the valid results all response forms are evaluated by at least two independent assessors, our research team members, who also check the information organisations have given about themselves and the results of the best 10–15 organisations are additionally checked by the independent external auditors.

In 2009—49 and in 2010—55 in 2011—60 and in 2012—63 organisations were ranked publicly based on the expert analysis of the study results, responses from the organisations' representatives, evaluation of the organisations' activities, analysing the organisations' web-sites and publicly available information about their performance and activities. The combined method and triangulation are used in order to increase the reliability and validity of the study about this very complex CR area.

5 Brief Overview of the Study Results

Based on study results we can state that ethics and responsibility in business has definitely gained more attention among Estonian business organisations, moreover the recent years, and times of economic crisis and recession have even increased the importance for ethical and responsible considerations within business activities (see also Kooskora & Vau, 2011).

We can see that the number of participating companies has increased every year—thus there are more companies, who have become aware and interested about ethics and responsibility in business and are willing to evaluate themselves publicly. Moreover the number of companies who have taken part in the study, but have not submitted the results for public ranking has increased even more significantly, reaching over 200 companies by 2013 (CSR Foorum, 2013; Siller, 2014).

In the first years the overall results of RBI study were published in the special issue of our business newspaper ‘Äripäev, Juhtimine’ (‘Business Day’, issue ‘Management’) and the scores were publicly available to everybody. During last years we have changed the evaluation and publishing system, and now we divide the participating companies into four categories based on their results. The companies who score over 70 % get the quality label—RB certificate they can use for 1 year, whereas the ones who score over 90 % get Golden certificate, over 80 % Silver certificate and over 70 % Bronze certificate. Today only these companies who receive the quality label—RB certificate are made public, with indication of the quality certificate level. The average total score of all participants in 2009 was 57 % out of 100; in 2010 it was 62 %, in 2011 64 % and in 2012 65 %, thus slight increase by each year and we are able to see some development in most of the aspects of responsibility. Out of four main sections of the RB Index (business strategy; integration of principles; issues management; and measurement, reporting and communication) the issues management part gets the highest results—71 %–72 % of maximum 100 in most of the studied years. The weakest section, also in all years, is measurement, reporting and communication (48 % in 2009 and in 2010, 54 % in 2011 and 55 % in 2012). Here we can say that effectiveness of responsible initiatives is not yet being evaluated and even if it is done, the results are not communicated to the main stakeholders (cf. McElhaney, 2008). According to the results it can be said that for our participating companies it’s still difficult to integrate principles of CR among their employees (52 % in 2009; 54 % in 2010; 61 % in 2011 and 63 % in 2012). Although it is possible to see clear improvement also here, CR issues should be taken more into account at remunerating or evaluating the results of the employees (cf. McElhaney, 2008; Zadek, 2004). However, we are able to find several great examples in issues management (i.e. concrete initiatives in community, natural, working and market environment), and most of the participants of the RB Index are doing well here. In 2009 and also 2012 the strongest results are achieved in the working environment (67 % in 2009; 71 % in 2010; 73 % in 2011 and 77 % in 2012), while in 2010 there is greatest development in market environment (62 % in 2009 vs. 76 % 2010; 74 % in 2011 and 77 % in

2012)—when the companies contributed to ethical advertising and marketing, cooperation with suppliers for better and environmentally friendly performance.

The lowest results, although with clear improvement, are received in measuring, reporting and communication (47 % in 2009 and 48 % in 2010; 54 % in 2011 and 55 % in 2012). From here we can say, that the awareness of this area is still very low, and reporting about different impacts of companies' performance seems to be uncommon to majority of companies who took part from this survey. Moreover, there are still only few international companies in Estonia who use Global Reporting Initiatives (GRI), while in other countries it's already common practice or rapidly gaining increasing popularity (see Visser et al. 2010). Only some companies among our respondents have created own CR and sustainable development report and when we investigated more about those backgrounds, we found out, that the need for publishing these reports comes directly from the international partners. Albeit the quality of the reports is not yet very high, we still consider this an important development in this area.

Although there are small differences in the results during the years 2009–2012 as seen in the previous section, we can argue, that in most aspects the results are relatively similar. Furthermore, in all those years the top 10 organisations are doing visibly better in almost all areas and their approach is also much more strategic than in other participating companies. Moreover, even when the results seem to be a bit lower, these companies have recognisable substantial development in their approach to CR. Thus, even we cannot generalise our results to all Estonian organisations, which are practicing CR, we believe that the results can point to some specific trends and developments especially among those companies who have already shown their involvement in CR and want to develop further, therefore in the next section we pay more specific attention on the results of those companies.

6 Linking CR Activities and Principles to Strategic Management

The majority of participating organisations have their CR principles manifested in core values, mission and sometimes also in vision, furthermore, among the leading 10 companies CR principles are clearly stated and those companies have been skillfully able to link CR principles to their core objectives. CR principles are defined and published in written documents (i.e. code of ethics, corporate policies, annual reports), and some have written a separate document about CR principles.

When we look closer to the results among ten leading companies, we see that the activities are planned well and related to the activity fields, corporate competences, and know-how of the organisation (cf. Porter & Kramer, 2006; Schreck, 2009). These companies have also included CR principles to their value statements, which are written down in documents that are available internally and publicly to all interested stakeholders. Here we can refer to the company Coca-Cola HCB Eesti

AS, whose CR activities are thoroughly thought through and applied to corporate strategy already since 2009.

More than half of participating companies have defined their CR principles in written documents, such as corporate code of ethics, corporate policy statements, annual reports, guidelines and various program documents. Few of the participants have also created a separate document for CR principles and guidance of CR activities of the organisation (for example Swedbank, being the first among Estonian organisations who has implemented their own CR policy and hired CR manager, who coordinates all activities related to CR).

While defining the corporate CR principles at least top management is involved in almost all participating companies. 25 companies achieved almost maximum score as they have involved top management, line managers and also all interested employees. A few companies have also engaged owners, associations, consultants and NGOs in the process (for example Viru Keemia Grupp, who hired an international consultancy bureau for creating the CR and sustainability report).

Our study reveals further that companies who belong to the top 10, whose impact is wider and who are the fore-runners in their activity field, have also engaged more stakeholders and are more active in CR. Moreover their principles are clearly more strategically implemented than companies who have achieved lower scores (cf. Blowfield et al., 2008; Zadek, 2004). These are also the companies who have benefited more from their CR activities than other participating organisations (cf. Porter & Kramer, 2006).

However, we found out that in just few companies the CR principles and activities are discussed during the senior management or board meetings, and stakeholder meetings, involving senior executives, owners and shareholders, at the same time in top 10 organisations these issues are discussed and decisions made at the highest level, similarly to all strategically important decisions (cf. Mele & Guillen, 2006).

In 2009 and 2010 we also asked respondents about their performance and keeping to the CR principles and core values during recession/crisis situation, and this question got the highest results, with scoring so high as 82 % of the maximum 100 in 2009 and 84 % in 2010, and in several organisations (mainly in top 10 companies) the commitment to these activities was even deeper and more proactive than earlier. This result allows us to note, that when the companies have already defined their CR principles and activities, then in most cases they also perform accordingly (cf. Googins et al. 2009; Hansen and Reichwald 2009) despite of the difficulties and changed environment.

Moreover, it was also revealed, that due to the fewer resources, top companies made cuttings in their charitable and philanthropic expenses, but did not made any changes in their CR principles and planned CR activities. This proves that the awareness of SCR has increased especially among the top leading companies and organisations start to value these principles more than just want to gain public recognition and improve their reputation through philanthropy (cf. Halme & Laurila, 2009; McElhaney, 2008).

Although, the results of our research apply only to the organisations who took part in our study, these describe some specific trends and activities characteristic to those companies who are already familiar and implemented CR principles in their work and have demonstrated their willingness to develop further in CR area.

7 Results According to the CR Quality Levels

When looking at the overall results, it can be seen that besides the fact that general score has increased each year, the gap between the scores of top 10 companies has decreased. The results show that when the number of companies with Golden RBI level, 'where CR is part of business model and the organisations' DNA', has remained same during studied years, the number of companies reaching to the silver level has increased significantly. Which allows us to state that those companies' approach; has become more strategic and their activities have also become better related to core business. Each year we have seen clear development in all aspects and the competition among top companies has become stronger. In those companies the approach is now more strategic, awareness about CR has increased and ethical principles are better formulated, the goals are clearer and evaluation systems more developed.

Besides this the strongest part has been the issues management, whereas the level of working environment has developed most. This leads us to conclude that today as the companies have developed further, more attention is paid on employees' welfare and working conditions at least in those companies who have taken part in the RBI study.

As the real implication of organisations' ethics and responsibility stems from inside to outside (Kooskora, 2013) we can take the working environment as one aspect that illustrates the development from the previous study quite well. When in 2005 it was rather rare to pay attention to employees' well-being and workplace environment and the managers expressed their ideas that 'it should be important to start considering employees more in the future' (Kooskora, 2006, 193), then today the consideration and engagement of internal stakeholders is regarded as essential for good organisational performance.

It is very positive to note that in 2012 contributing to the development of people is considered as the priority activity (average score highest 92 %); also safety and healthy lifestyle issues are regarded as important (87 %) and finding the best work and personal life balance is gaining importance (81 %). Today in most companies who have participated in our study flexible working hours for office jobs and considering employees' interests in agreeing on monthly schedules is considered elementary. However at the same time we see much room for improvement in involving employees in discussions about the companies' general future, sustainability and workplace related questions; equal treatment in recruitment (76 %) and on workplace (65 %) for different groups and outpace programmes (66 %).

According to the RBI study results the integration of CR principles has steadily increased and CR is becoming more strategic and activities are better related to core business throughout the companies' performance. There is an increasing number of organisational leaders who have started to approach ethics and responsibility in their organisations more strategically and who regard these principles as a part of everyday and normal business activities. Thus we can conclude that when in 2005 the Estonian business community did not reach to the higher levels of CMD model, then now we can find increasing number of organisations who can be described as being ethically developing and for whom expectations from the society and different stakeholders and also good relations, cooperation, trustworthiness and capability to act as a trusted partner on the international business arena are regarded as most important values that shape their business activities. The trend is more towards connecting responsibility strategically to the core activity, products and services, competence and know-how of the business.

Moreover at least those organisations which belong to the CSR network (CSR Forum Estonia) and take part in the RBI study are focused on developing further in this area and enhancing the awareness of ethics and responsibility in business within their industries and activity fields. Representatives of these organisations often take the leadership role and are willing to share their principles and experiences with others; they are involved in training activities and make presentations at conferences and in media.

However broad range CR leadership activities and stakeholder engagement can be seen only among the leading top 10 organisations who have participated in the RBI study; organisations who have reached to the silver level of RBI are those who see strategic advantage in being ethical and responsible in their business activities. Many of those companies have close partnerships with Nordic and Scandinavian companies and they have starting to realise that in order to do better in business their behaviour needs to be ethical and they have to take responsibility of their impact to the society and environment.

The study revealed also that, only the top 15 of the participating companies (who reached to the Gold and Silver levels) have engaged the management board in defining CR principles and in CR activities, which is considered as one of the crucial elements of SCR. The situation is not much better with communication; the study results show that in majority cases communication takes place in form of sharing information about the CR principles and values, however communication of CR activities is still very rare.

Organisations who have reached to the bronze level in the RBI study have started to integrate ethics and responsibility into their management practices. Those organisations have taken heightened responsibility towards their employees and believe in the importance of healthy society. They have also started to create their own standards and formulate core principles that involve considerations of ethics and responsibility in their activities.

At the same time in about half of companies who have taken part in RBI study just some specific issues are regarded important and discussed and decided more strategically, sometimes also involving some stakeholder groups in the process.

Even more, most of these activities are still conducted in reactive way, when the problems have already arisen and the companies have to start dealing with these issues in order to improve the company's reputation or respond to recognisable pressure from important stakeholders that have impact on the public image or performance results.

Additionally, information acquired from public media and also from personal conversations with several organisational leaders lead to the understanding while the majority of Estonian companies regard CR as a useful marketing and PR tool and their activities are mainly reactive, there are also still a limited number of organisations and organisational managers whose activities totally neglect considerations of ethics and responsibility in business. These companies can be found from catering and construction industries and among small scale SMEs, however the impact of those companies is rather marginal today.

There are also several organisations and organisational managers who consider obeying laws and regulations enough for being ethical and responsible. Most of these companies have close relations to some corrupted politicians, and one political party and are often operating or doing business in Russia, Eastern European or Far East countries or having their main customers and/or business partners in those countries. Those companies and managers are not yet aware of CR topics and consider it easier to do business without bothering with those issues. The number of those companies is relatively smaller as Estonian main business activities are directed towards and most important business partners are from Scandinavian and EU countries.

Although being ethical and responsible in business is not yet openly and publicly discussed and widely recognised topic among Estonian business leaders, the awareness has increased significantly and much more is actually done in practice. The majority of Estonian companies today have realised that besides earning profit there are also other duties and obligations and they need to consider the expectations of different stakeholders and the society in large. And even though taking a more strategic approach to corporate responsibility and seeing it being a part of the organisation's DNA is rather rare the number of business leaders who regard good relations, cooperation, trustworthiness and capability to act as a trusted partner on the international business arena as most important values that shape their business activities is growing every year. Those leaders have also started to approach ethics and responsibility in business more strategically and are interested in moving forward in this field.

This allows to state that ethics and responsibility in business has definitely gained more attention among Estonian business organisations. Moreover the developments in the business world and changes during recent years, including times of economic crisis and recession that hit Estonia rather hard have even increased the importance for ethics and responsibility within business activities and considering the interests of different stakeholders and expectations of the society. However, these activities can be still characterised as more reactive than proactive, mainly responding to the demands from customers and changes in the market, therefore we can argue that there's still room for improvement.

Thus, we may conclude that there are still companies on the Legalistic level of CMD and whose activities respond to Defensive and Compliance levels in Zadek's CR model; the majority of Estonian organisations are operating on the Responsive CMD level, where CR activities include Compliance and Managerial approach and although there is definitely much room for improvement also in our sample organisations, at least the top 15 of those can be characterised as Emerging Ethical, who have started to see CR as their strategic advantage and contributing to the discussions about CR standards (Civil level in CR model).

No companies have been detected as Ethical companies yet, and therefore those companies who want to move forward in their CR development should now turn to SCR and start implementing these principles and activities in their daily practice. In order to take a more strategic approach to CR activities we suggest to define CR goals, principles and activities (which are linked to the mission, vision and values) and engage senior leadership and management board, line managers and all interested employees in this process, additional stakeholder involvement is advantageous.

In order to take a more strategic approach to CR activities we suggest to define CR goals, principles and activities (which are linked to the mission, vision and values) and engage senior leadership and management board, line managers and all interested employees in this process, additional stakeholder involvement is advantageous. It is important to link all CR goals, principles and activities to the organisation's core competences and business objectives. CR can no longer be viewed as extra activity that a company does when it has free time and money. Ethics and responsibility in business is simply the way how business is done or should be done. It is about values and attitudes; it is not so much about 'what to do', but more about 'how to do it better'. All CR efforts should be treated and managed as core business strategy. Fore-running companies in CR field should also make effort to promote activities industry wide, engage other companies, associations, industry, etc. in this process, make close collaboration relations with universities to develop new sustainability and CR courses, be actively involved in research and contribute to the dialogue to create CR standards.

However, implementing CR and sustainable development principles in the organisation takes time and the speed of development in this area depends on management, training, ability of integrating CR and sustainability principles in corporate strategy and core activities. Therefore, it can be said that the development at least in the participating companies has been positive; especially in comparison to the previous studies in Estonian business organisations (see Kooskora, 2008a).

In recent years Estonian Government has started to support the sustainability activities in the country. Estonian National Strategy on Sustainable Development—Sustainable Estonia 21 (SE21) was approved by Parliament in 2005. The Strategy defines the goals for sustainable development in Estonia and it serves as a basis for drafting sector-specific development plans and strategies. In 2009–2012 I belonged to the working group who developed the National CSR Strategy for Estonian Enterprises, a National Action Plan on CSR was adopted in 2012 and covers the years 2012 to 2014. Future developments in Estonia are expected to include a new

Action Plan beyond 2014, including CSR in the overall Estonian enterprise growth strategy for 2020 and providing more training opportunities for enterprises with a sectoral focus.

To conclude, I want to positively highlight the leaders' and organisations' willingness and readiness to develop further in this area, to take a more strategic approach, be more proactive and effective and involve various stakeholders in their CR activities and discussions about CR. However, in order to enhance awareness about CR and especially SCR the efforts of some companies is not enough, creating a favourable environment predicates involvement and contribution from the government, NGOs, associations, different stakeholders, evolving dialogue with different parties. It is crucial that CR is not regarded as a costly obligation, but as a great opportunity, companies can fulfil their goals and earn profit in a way that is sustainable and beneficial to all stakeholders.

8 Concluding Remarks

Considerations of ethics and responsibility in business have gained much coverage in last decades, there are numerous of different approaches by many authors who have dealt with these issues for several years, moreover, the number of companies who are implementing those principles in their activities is growing every year. Although it is widely suggested that in order to be effective and sustainable ethical and responsible activities have to be linked to the core business goals and lead strategically, a more strategic approach is still much less discussed and even less practiced by organisations.

Taking a more strategic approach and developing further in CMD and CR levels can be seen as a key which may help the organisations to overcome difficult times. Several companies have realised that cuttings in charity and philanthropic expenses due to the decreased resources actually brought our companies even closer to more strategic approach to CR.

It can be argued that ethics and responsibility in business has definitely gained more attention among Estonian business organisations, moreover the recent years, and times of economic crisis and recession have even increased the importance for ethical and responsible considerations within business activities. The developments in the business world and changes during recent years, including the financial and economic crisis that hit Estonia rather hard, made the organisational leaders to understand the importance of ethics and responsibility, created the need for considering interests of different stakeholders and expectations of the society.

When looking at the CMD and CR models today we can see a more diversified picture, depending much on the organisational leaders' readiness and willingness to understand the organisation as a part of the society and wider environment and consider the expectations of different stakeholders and the society. Now we can point at least to three different stages of CMD (Legalistic, Responsive and

Emerging ethical) and according to the CR model the Estonian organisations are currently operating on the Defensive, Compliance and Strategic stages.

Knowing that the results cannot be generalised to all Estonian companies, as we have to consider that this study was conducted only among those companies who are already familiar to those topics and are interested in moving forward, however this study shows some specific trends and might be useful for better understanding the meaning of ethics and responsible in business and for doing further research in this field. Being the first in Estonia we have made a modest attempt to open this discussion with the hope to involve more interested parties and companies who want to develop further in their BE and CR activities.

The next studies can take different forms—a quantitative study involving much wider range of participants can give more generalisable data and show existing correlations between different CR attributions. In-depth interviews with more corporate respondents can give additional information why and how are the organisations involved in CR activities and what are their ideas and expectations for further development. Conducting case studies based on some specific companies or industries may contribute to the more holistic understanding of CR.

This study allows us to say that there is an increasing number of organisational leaders who have started to approach ethics and responsibility in their organisations more strategically and who regard these principles as a part of everyday and normal business activities. And when in 2005 the Estonian business community did not reach to the higher levels of CMD model, then now we can find increasing number of organisations who can be described as being ethically developing and for whom expectations from the society and different stakeholders and also good relations, cooperation, trustworthiness and capability to act as a trusted partner on the international business arena are regarded as most important values that shape their business activities.

However, implementing CR and sustainable development principles in the organisation takes time and the speed of development in this area depends on management, training, ability of integrating CR and sustainability principles in corporate strategy and core activities. Therefore, we can say that the development at least in the participating companies has been positive; especially in comparison to the previous studies in Estonian business organisations.

References

- Aldrichi, D. M. (2009). From conflict alignment to interests: Structuring internal corporate governance to minimise corruption risks. *Global Corruption Report, 2009 Corruption and the Private Sector* (pp. 88–96). Transparency International, Cambridge University Press.
- Aronson, E. (2001). Integrating leadership styles and ethical perspectives. *Canadian Journal of Administrative Sciences*, 18(4), 244–256.
- Aupperle, K. E., Carroll, A. B., & Hatfield, J. D. (1985). An empirical examination of the relationship between corporate social responsibility and profitability. *Academy of Management Journal*, 28, 446–463.

- Blowfield, M., Blowfield, M., & Murray, A. (2008). *Corporate responsibility: A critical introduction*. Oxford: Oxford University Press.
- Brown, M., & Mitchell, M. (2010). Ethical and unethical leadership: Exploring new avenues for future research. *Business Ethics Quarterly*, 20(4), 583–616.
- Carroll, A. B. (1979). A three dimensional model of corporate social performance. *Academy of Management Review*, 4(3), 497–505.
- Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organisational stakeholders. *Business Horizons*, 34(4), 39–48.
- Carroll, A. B. (1995). Stakeholder thinking in three models of management morality: A perspective with strategic implications. In J. Näsi (Ed.), *Understanding stakeholder thinking*. Helsinki: LSR Publications.
- Carroll, A. B. (2008). A history of corporate social responsibility: Concepts and practices. In A. Crane et al. (Eds.), *The Oxford handbook of corporate social responsibility*. Oxford: Oxford University Press.
- Carroll, A. B. (2010). *National business ethics survey, 2009*. USA: The Ethics Resource Centre.
- Ciulla, J. B. (2001). Carving leaders from the warped wood of humanity. *Canadian Journal of Administrative Sciences*, 18(4), 313–319.
- Ciulla, J. B. (2004). *Ethics, the heart of leadership* (2nd ed.). Westbury, CT: Quorum Books & Praeger.
- Cramer, J. (2005). Applying international standards and guidelines on corporate social responsibility: An action plan. *Environmental Quality Management*, 2005, 71–77.
- CSR Foorum. (2013). *Responsible business index*. CSR Foorum Estonia homepage. Retrieved from <http://www.csr.ee>
- Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implication. *Academy of Management Review*, 20(1995), 65–91.
- Dynamic Economy. (2014). *Country report*. Retrieved from www.estonia.eu
- Elkington, J. (1998). *Cannibals with forks*. Oxford: Capstone.
- Freeman, E. R. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman Publishing.
- Freeman, R. E. (1995). Stakeholder thinking: The state of the art. In J. Näsi (Ed.), *Understanding stakeholder thinking* (pp. 35–46). Helsinki: LSR-Julkaisut.
- Freeman, R. E. (1997). Stakeholder theory of the modern corporation. In T. L. Beauchamp & N. E. Bowie (Eds.), *Ethical theory and business* (5th ed., pp. 66–76). Upper Saddle River, NJ: Prentice Hall Inc.
- Freeman, R. E. (2000). Business ethics at the millennium. *Business Ethics Quarterly*, 10(1), 169–180.
- Freeman, R. E., & Evan, W. (1990). Corporate governance: A stakeholder interpretation. *The Journal of Behavioral Economics*, 19(4), 337–359.
- Freeman, R. E., & Liedka, J. (1991). Corporate social responsibility: A critical approach. *Business Horizons*, 34(4), 92–96.
- Freeman, R. E., Wicks, A. C., & Parmar, B. (2004). Stakeholder theory and the corporate objective revisited. *Organisation Science*, 15(3), 364–369.
- Friedman, M. (1970). *The social responsibility of business is to increase its profits*. In T. L. Beauchamp & N. E. Bowie (Eds.) (1997), *Ethical theory and business* (5th ed., pp. 56–61). Upper Saddle River, NJ: Prentice Hall Inc.
- Googins, B., Veleva, V., Pinney, C., Mirvis, P., Carapinha, R., & Raffaelli, R. (2009). *State of corporate citizenship 2009: Weathering the storm*. Chestnut Hill: Boston College Center for Corporate Citizenship.
- Halme, M., & Laurila, J. (2009). Philanthropy, integration or innovation? Exploring the financial and societal outcomes of different types of corporate responsibility. *Journal of Business Ethics*, 84, 325–339.

- Hansen, E. G., & Reichwald, R (2009). *CSR leadership study—Leading corporate responsibility in multinational corporations. A study in Germany's biggest firms*. Institute for Information, Organization and Management at Technische Universität München, München
- Hollander, J., & Breen, B. (2010). *The responsibility revolution: How the next generation of businesses will win*. San Francisco: Jossey-Bass.
- IMF. (2013). *Republic of Estonia: Article IV consultation* (Staff Country Report). International Monetary Fund.
- Jonker, J., & de Witte, M. (2006). *Management models for corporate social responsibility*. Berlin: Springer.
- Kohlberg, L. (1969). Stage and sequence: The cognitive-developmental approach to socialization. In D. A. Goslin (Ed.), *Handbook of socialization theory and research*. Chicago: Rand-McNally.
- Kohlberg, L. (1984). *Psychology of moral development*. New York, NY: HarperCollins.
- Kooskora, M. (2004). Estonia [15] incubating radical political and economic change. In A. Habisch, J. Jonker, M. Wegner, & R. Schmidpeter (Eds.), *CSR across Europe* (pp. 195–208). Berlin: Springer.
- Kooskora, M. (2006). Perceptions of business purpose and responsibility in the context of radical political and economic development – The case of Estonia. *Business Ethics – A European Review*, 15(2), 183–199. Blackwell Publishing.
- Kooskora, M. (2008a). *Understanding corporate moral development in the context of rapid and radical changes. The case of Estonia*. Doctoral dissertation, Jyväskylä University, Jyväskylä.
- Kooskora, M., (2008b). Corporate governance from the stakeholder perspective, in the context of Estonian business organisations. *Baltic Management Journal*, 2(3), 193–217.
- Kooskora, M. (2009, May 7). *Introducing the preliminary results of the CSR Index 2009 survey*. CSR Index Seminar, Estonian Business School, Tallinn.
- Kooskora, M. (2010, January 29). *Ethical and responsible business, theory and practise – A keynote speech*. Annual Conference of the Estonian Economic Association, Viljandi, Estonia.
- Kooskora, M. (2012). Ethical leadership, the role of leader. In R. Pucetaite (Ed.), *Cases in organizational ethics* (pp. 23–38). Vilnius: Vilniaus universitetas.
- Kooskora, M. (2013). The role of (Right) values in an economic crisis. *Journal of Management and Change*, 30/31(1/2), 49–65.
- Kooskora, M. (2014). The moral development of estonian business community. *Proceedings of the Annual Conference of Estonian Economic Scientists*, 31.01–01.02.2014, Pärnu, Estonia.
- Kooskora, M. & Vau, K. (2011). Strategic corporate responsibility: A key for surviving and succeeding through turbulent times. In M. Vadi, K. Jaakson, & E. Kindsiko (Eds.), *Proceedings of 5th International Conference 'Management Theory and Practice: Synergy in Organisations'* (pp. 178–203). Tartu University Press.
- Matten, D., & Crane, A. (2005). Corporate citizenship: Toward an extended theoretical conceptualization. *Academy of Management Review*, 30(1), 166–179.
- McElhaney, K. (2007). Strategic CSR. *Sustainable Enterprise Quarterly*, 4(1), 1–8. Kenan-Flagler Business School.
- McElhaney, K. (2008). *Just good business*. San Francisco: Berrett-Koehler Publisher.
- Mele, D. & Guillen, M. (2006). *The intellectual evolution of strategic management and its relationship with ethics and social responsibility*. IESE Business School – University of Navarra.
- Milliman, J., Ferguson, J., & Sylvester, K. (2008). Implementation of Michael Porter's strategic corporate social responsibility model. *Journal of Global Business Issues*, 2, 29–33.
- Näsi, J. (1995). What is stakeholder thinking? A snapshot of a social theory of the firm. In J. Näsi (Ed.), *Understanding stakeholder thinking*. Jyväskylä: Gummerus Kirjapaino.
- O'Malley, C. (2003). *Why entrepreneurs and innovators, not established businesses, will lead the way to a sustainable society*. European Business Forum. Retrieved February 6, 2010, from http://www.ebfonline.com/at_forum/at_forum.asp?id=449&linked=448
- OECD. (2001). *Corporate responsibility: Private initiatives and public goals*. OECD: Paris.

- Paine, L. S. (1997). *Cases in leadership, ethics and organisational integrity. A strategic perspective*. Chicago: Irwin.
- Porter, M. E., & Kramer, M. R. (2006). Strategy & society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84, 78–92.
- Porter, M. E., & Kramer, M. R. (2011). The big idea. Creating. Shared value how to reinvent capitalism—And unleash a wave of innovation and growth. *Harvard Business Review*, 89(1/2), 62–77.
- Reidenbach, R., & Robin, D. (1991). A conceptual model of corporate moral development. *Journal of Business Ethics*, 10, 273–284.
- Schreck, P. (2009). *The business case for corporate social responsibility*. Heidelberg: Springer.
- Siller, M. (2014). *Corporate sustainability index 2013: Overview of results and trends*. Retrieved February 26, 2014 from <http://www.csr.ee/upload/fck/2013-indeksi-ulevaade-VEF-25022014.pdf>
- Staehr, K. (2013). Austerity in the Baltic states during the global financial crisis. *Intereconomics*, 48(5), 293–302.
- Terk, E., Andresoo, J., Tafel, K. (December, 2004). Corporate governance under the conditions of foreign and domestic ownership. Estonian Case (pp. 37–46). In: Európa No 4.
- Trevino, L. K., Brown, M., & Hartman, L. P. (2003). A qualitative investigation of perceived executive ethical leadership: Perceptions from inside and outside the executive suite. *Human Relations*, 56(1), 5–37.
- UN Global Compact. (2009). *Three different understandings of CSR*. Retrieved September 3, 2010, from www.unglobalcompact.org
- Visser, W., Matten, D., Pohl, M., & Tolhurst, N. (2010). *The A to Z of corporate social responsibility*. London: Wiley.
- Werther, W. B., Jr., & Chandler, D. (2010). *Strategic corporate social responsibility: Stakeholders in a global environment*. Thousand Oaks: Sage.
- Weber, B., & Gross, J. (2008). *Business and poverty. The global CSR case-book*. Vienna: ICEP, CODESPA.
- Zadek, P. (2004). The path to corporate responsibility. *Harvard Business Review*, 82(12), 125–132.

Corporate Social Responsibility in Bulgaria: The Current State of the Field

Samuil Simeonov and Marina Stefanova

1 Introduction

The concept of corporate social responsibility (CSR) was introduced in Bulgaria in the early years of socioeconomic transition by international organisations, such as the United Nations Development Programme (UNDP) and the International Business Leaders Forum (IBLF), as well as by subsidiaries of multinational companies operating in the country (Letica, 2008; Line & Braun, 2007; Matev, Gospodinova, Peev, & Yordanov, 2009). Throughout the pre-accession period to the European Union (EU), CSR gained additional impetus with the support of political action (Ribarova, 2011; Spassova, Georgiev, Marinov, & Panayotova, 2007). As a result, in 2009, Bulgaria became one of the first five countries in the EU to publish a national CSR strategy (Martinuzzi, Krumay, & Pisano, 2012) even though the economic and financial crisis hit the national economy hard (Mazurkiewicz & Crown, 2005). Despite the post-crisis economic downturn, a growing number of Bulgarian companies have been moving from a more defensive, philanthropic approach to CSR to a marketing-focused, strategic one (Stefanova, 2013; Visser, 2011). Indeed, in 2013, Bulgaria had the second-highest number of applicants for the first European CSR awards (Golden Book, 2013).

Nevertheless, the state of CSR in Bulgaria—as in most Central and Eastern European countries (CEECs)—still differs substantially from that found in Western Europe (Steurer, Margula, & Martinuzzi, 2012). Its particular historical and socio-economic development there as well as the stakeholder constellation frame the way that CSR is defined, understood and practiced. In this respect, CSR in Bulgaria

S. Simeonov (✉)

Business in Society, Bertelsmann Foundation, Gütersloh, Germany

e-mail: Samuil.simeonov@bertelsmann-stiftung.de

M. Stefanova

Global Compact Network Bulgaria, Sofia, Bulgaria

e-mail: marina.stefanova@unglobalcompact.bg

displays aspects of **four trends** that are typical for most CEECs (Letica, 2008; Line & Braun, 2007; Steurer et al., 2012).

Firstly, CSR in Bulgaria has primarily developed in response to external influence and pressure. While CSR was framed by multinationals and international organisations in the 1990s, beginning in 2000, the EU became the most dominant force in this respect (Ribarova, 2011). Indeed, most of the Bulgarian government's CSR-related activities have resulted from EU pressure, with the most prominent example being the National Strategy for CSR. After the crisis, however, there has apparently been a paradigm shift, with a new wave of domestic actors setting the CSR agenda.

Secondly, due to a lack of both political will and capacity, the Bulgarian government is following rather than leading the CSR agenda. As a result, Bulgarian companies encounter more difficulties to assume their corporate responsibility (Steurer et al., 2012, p. 23). Given the various ways in which politics can promote CSR (Beschoner, Hajduk, & Simeonov, 2013; Fox, Ward, & Howard, 2002; Steurer et al., 2012), there is much unlocked potential in terms of how companies can contribute to sustainable societal development (Dulevski, 2009, p. 6).

Thirdly, as a result of these circumstances, business actors can be seen as the main CSR drivers in Bulgaria. Indeed, the above-mentioned CSR gap between East and West is mainly being bridged by foreign multinationals and their Bulgarian suppliers exporting mainly to Western countries. Given the EU's cautiousness in the area of CSR as well as the influence that EU strategies and policies have on the country, economic globalisation will be far more important than political management (Steurer et al., 2012, p. 23).

Fourthly, there is a lack of CSR-related knowledge and know-how among Bulgarian companies. The majority of Bulgarian companies still attribute CSR—if they have heard of it at all—mostly to legal compliance and philanthropy. A majority of business representatives admit to being ignorant about CSR principles and practices, while only 17 % of them consider themselves thoroughly informed about CSR (ISSM, 2012a). Besides, despite a trend of increasing investments in green processes and products, most companies regard CSR as a socially oriented concept (Matev et al., 2009).

These trends suggest that the only way to advance CSR policies and practices in Bulgaria is for businesses there to assume a leading role in intensifying collaboration with political bodies and civil society organisations (CSOs). However, cross-sector collaboration must first overcome a number of challenges within Bulgaria's institutional landscape that result from the general CSR context within the country. These include:

1. A clear-cut “division of labour” between politics and business: The government is considered the only actor with the legitimacy and capability to deal with CSR, (mostly) through regulation. Beyond creating jobs, producing goods and supplying services, the main responsibility of companies is to comply with government regulations (Line & Braun, 2007; Mazurkiewicz & Crown, 2005; Steurer et al., 2012).
2. Ambivalent relations between the public and private sectors: Due to historical circumstances, the private sector—both business and civil society—has had a

hard time gaining independence from the state (Tzenkov et al., 2010, p. 5). At the same time, rather adversarial relations between business and government make both dialogue and partnership difficult (Iankova, 2008).

3. Weak civil society: CSR stakeholders (e.g. NGOs, think tanks, trade unions, media and academics) often lack the knowledge, financial means, political influence and/or societal legitimization needed to support companies (Iankova, 2008; ISSM, 2012a; Letica, 2008; USAID, 2013).

2 General CSR Context in Bulgaria

The particular stakeholder constellation in Bulgaria determines how CSR is defined, understood and practiced. To realise the challenges to further developing CSR in the country, it is necessary to take a look at historical and socioeconomic developments as well as the expectations that society places on companies.

2.1 Historical Evolution of CSR

When defined as the positive and negative impacts that companies have on society (European Commission, 2011), CSR does not seem to be a completely new phenomenon in Bulgaria. Already in the late 1800s, the *chitalishta* represented community charity centres whose purpose was to foster the education and welfare of Bulgarian society. At the same time, instead of regulating, the state was assisting by establishing charity funds and providing financial support. The state administration was led by recognized leaders who popularised philanthropy as a social virtue. They were the drivers of modernisation and persuaded citizens to participate in the implementation of related reforms (Stoyanova, 2011).

After 1944, state authorities took over all philanthropic activities, and by 1952, all existing charities had been either closed or nationalised (ibid.). The amalgamation of the political, economic and social spheres as well as the absence of private business made the government the only shareholder, manager *and* stakeholder of companies, and therefore the only body to influence their policies and societal impacts. Correspondingly, the main function of companies was to support ideological goals that, according to the rhetoric, were aimed at fostering societal progress (Line & Braun, 2007; Mazurkiewicz & Crown, 2005). Companies also served as local social systems offering many of the activities currently attributed to corporate citizenship, such as child and medical care (Letica, 2008).

Furthermore, the Bulgarian economy was not governed by market forces. Instead, employment, production and price levels were determined in a top-down manner (Iankova, 2008). The revenues of profitable companies were used to support uncompetitive sectors, such as heavy industry (Letica, 2008). Likewise, the policy of full employment led to low productivity, inefficiency and negative balance sheets, and since companies had no problems selling their products, there were not any incentives to innovate (Iankova, 2008; Line & Braun, 2007). As a

result, after the fall of communism, Bulgarian companies faced great challenges in adjusting to the principles of a market-based economy as well as in starting to be competitive and independent from the state (Mazurkiewicz & Crown, 2005).

Multinational companies and international organisations first introduced CSR in its modern form into Bulgaria during the initial stages of its political and socio-economic transformation (Line & Braun, 2007). The 1990s were characterised by socioeconomic hardship, and most companies were primarily concerned with their survival. Although the government did not seem interested in CSR, several multinational companies founded the first CSR network, the Bulgarian Business Leaders Forum, in 1998. Its members then initiated a dialogue with representatives of the central administration, whose most significant outcome was the Business Ethics Standard of 2002. This standard contains 10 basic principles for corporate behaviour that are based on ethical values and meant to serve as benchmarks for all Bulgarian companies.

CSR gained additional impetus beginning in the year 2000. This period saw the launch of a national office of the United Nations Global Compact (UNGC), in 2003. While Bulgaria was preparing to join the EU, large international organisations—such as the United Nations Procurement Division (UNDP), the German Organization for Technical Cooperation (GTZ) and the United Nations Industrial Development Organization (UNIDO)—began investing in projects meant to bring Bulgarian business models and corporate cultures into closer alignment with their future EU partners through capacity-building activities, CSR awards and the introduction of CSR standards. The most significant achievement of these investments was the adoption of a National Strategy for CSR in 2009.

The most recent phase in the evolution of CSR in Bulgaria can be defined as the period of strategic development. Many favourable circumstances changed in Bulgaria after it joined the EU. Foreign social investments were no longer available, and CSR was left in the hands of domestic stakeholders. The national CSR strategy was adopted without state funds being allotted for its implementation. The UNGC representative office was transformed into a local network, and the National Roundtable on CSR lost its importance during the economic crisis. Local companies had to assume the lead and drive forward the CSR agenda. This period has been characterised by the first collective projects among companies, industry-wide initiatives and processes of internal transformation.

2.2 Socioeconomic Context

Bulgaria's transition to a market economy took several years, and there are even some who say it is still ongoing. In any case, the basic principles of a market-based economy and democracy have been established in the country. However, 7 years after its accession to the EU, Bulgaria is still among the least-developed EU countries, with the lowest wage level and purchasing power among member states (Maiväli & Stierle, 2013, p. 3). After enjoying a series of years of economic growth in the pre-accession period (ILO, 2011, p. 7), Bulgaria was strongly affected by the

economic and financial crisis once it had joined the EU. Reinforced by the structural and institutional challenges, the crisis led to a 5.5 % decrease in GDP in 2009 as well as to a period of stagnation that is still ongoing. At the same time, between 2008 and 2012, the unemployment rate almost doubled (Maiväli & Stierle, 2013, pp. 1–2).

The crisis's severe repercussions on the Bulgarian economy (ILO, 2011, pp. 11–13) display certain patterns. Returning to the issue of employment, it mainly hit low-skilled, -productivity and -wage jobs. While this category accounted for approximately 40 % of layoffs between 2008 and 2011, high-skilled unemployment only reached 6 %. Likewise, in regional terms, the crisis had a greater impact on rural rather than urban areas. For instance, there was not any substantial increase in unemployment in Sofia, the capital city. Lastly, at the industry-sector level, the biggest loss was suffered by the construction (ca. 30 %) and manufacturing (ca. 20 %) sectors, whereas certain service subsectors even saw a slight increase in employment (Maiväli & Stierle, 2013, p. 4).

The crisis also had impacts on poverty rates. Bulgaria has one of the highest poverty levels of all EU countries. In 2012, the proportion of its population at risk of poverty and social exclusion reached 49.6 %, and the monetary-poverty level climbed to 21.2 %. This trend induces higher social inequality, and the Gini coefficient for 2012 was still among the highest in the EU, at 33.62 (Eurostat, 2014). Poverty is also a major issue for Bulgarian companies given that the falling purchasing power of Bulgarians leads to lower domestic consumption.

Last but not least, corruption is one of the main socioeconomic challenges in the country. Indeed, in the most recent Corruption Perceptions Index of Transparency International (TI, 2014), Bulgaria was ranked in 77th place among 177 countries and was in second-to-last place among EU states. As has been widely acknowledged, corruption hinders democracy and the rule of law. Furthermore, it increases the share of the informal economy and has a wide range of negative economic effects: It discourages foreign investment, undermines competitiveness and efficiency, and fosters a patriarchal culture at all levels of society. In this regard, corruption is a major issue for both local SMEs and international companies, as it makes doing “clean” business in Bulgaria a serious challenge.

2.3 Societal Expectations on Bulgarian Companies

Instead of being politically or socially engaged, Bulgarian citizens have traditionally been rather sceptical about the ability of politics to contribute to solving societal problems (ISSM, 2012b). This represents a challenge to Bulgarian companies since they are expected to take even more responsibility. However, those expectations are primarily market-oriented and less directed towards environmental and social issues.

In a recent Eurobarometer survey, 58 % of Bulgarians stated that they consider creating jobs the key positive effect of companies, followed by paying taxes (22 %).

Table 1 Positive contributions of companies to society (European Commission, 2013)

Topic/issue	Bulgaria	EU-28
Creating jobs	58	57
Paying taxes	22	25
Economic growth	20	32
Providing training to employees	18	31
Providing material or financial support to local people	16	16
Developing innovative products and services	13	27
Providing a return to investors	11	15

Table 2 Negative contributions of companies to society (European Commission, 2013)

Topic/issue	Bulgaria	EU-28
Corruption	42	41
Poor working conditions	40	35
Environmental pollution	36	39
Poor quality of products and services	27	19
Reducing number of employees	20	39
Influence on government policy	17	28
Encouraging overconsumption	6	25

In contrast, the percentage of those holding that companies play a role in contributing to economic growth (20 %) and innovation (17 %) is one of the lowest in the EU (European Commission, 2013, p. 63) (Table 1).

At the same time, respondents believed that corruption (52 %) and poor working conditions (40 %) were the primary negative effects of Bulgarian companies. These figures are above average and suggest the main issues that Bulgarian companies have to take into account. Issues such as environmental pollution (36 %) and the poor quality of products and services (27 %) come next. At the same time, Bulgarian society seems to care less about layoffs, influence on government policy and overconsumption (*ibid.*, p. 69) (Table 2).

When asked who or what should be the drivers of responsible business behaviour, 31 % of Bulgarian respondents said that they themselves should do so compared to company management and public authorities 41 % each. In contrast, much smaller percentages of respondents assigned responsibility in this regard to investors (13 %), trade unions (11 %) and NGOs (6 %) (European Commission, 2013, p. 74). This might imply that Bulgarians do not consider civil society capable of influencing business behaviour, which would underscore its relatively weak role in the country (USAID, 2013, p. 51).

3 The CSR Landscape in Bulgaria: Sectors and Drivers

The following section provides an overview of how much priority each societal sector in Bulgaria places on CSR as well as of the particular actions—strategies, policies and projects—that domestic CSR actors have initiated or been involved in.

3.1 Politics: Rhetoric and Reality

Generally speaking, there seems to be a lack of political commitment to CSR and related incentives among Bulgaria's political elites. This might be due to lack of vision and strategy regarding CSR. Indeed, as is the case with sustainable development, CSR is treated as a marginal policy issue that is practiced due mostly to EU pressure, but also in part to that of international and local non-state actors. The Ministry of Labour and Social Policy (MLSP) is the responsible body at the strategic level. Its Working Group 13 ("Social policy and employment") is responsible for the implementation and overall coordination of CSR-related activities. Although some other ministries are also involved in CSR-related activities (Line & Braun, 2007, p. 23), there is no inter-ministerial collaboration.

The most important document in the field is the National Strategy for CSR from 2009. The strategy was developed by the MLSP with the support of the UNDP division and a multistakeholder working group from all sectors (Dulevski, 2009; Matev et al., 2009). As a result, Bulgaria became one of the first five countries in the EU to produce a CSR strategy, along with Belgium, Denmark, Germany and the Netherlands (Martinuzzi et al., 2012, p. 38).

The strategy's goal is to promote sustainable growth and prosperity as well as to support sustainable business. To this end, it formulates five main objectives: (1) raising awareness of CSR among stakeholders; (2) promoting capacity-building of CSR experts; (3) enabling the legal and institutional environment for CSR; (4) increasing the transparency of CSR implementation; and (5) using CSR to foster environmental protection (MLSP, 2009, pp. 22–25).

The strategy was initially developed for the 2009–2013 period and divided into three phases: 2009–2010, 2011–2012 and 2013. It is embedded in the landscape of CSR-related laws and especially to those regulating social issues. However, it is primarily based on command-and-control and voluntary instruments as well as networks, and less on information-based instruments and financial incentives (Martinuzzi et al., 2012, p. 42, 50). Therein, the government acknowledges the role it plays in creating favourable conditions for responsible business operations (MLSP, 2009, p. 5).

The MLSP is responsible for the overall coordination and oversight of the strategy's activities (MLSP, 2009, p. 25). The strategy foresees the creation of an advisory council with members drawn from all relevant ministries and stakeholder groups. However, since the document does not define this council's competences, there is still a lack of horizontal CSR integration at this level (Martinuzzi et al., 2012, pp. 41–42).

To foster implementation, the three phases of the strategy were accompanied by action plans that were to be evaluated in written annual reports (Martinuzzi et al., 2012, p. 50 f.) and financed by three sources: the national budget; EU funds and donor programmes; and other stakeholders (MLSP, 2009, p. 30). Furthermore, the

strategy envisions indicators, annual evaluation reports and having stakeholders participate in its development and implementation, all of which makes Bulgaria a front-runner in the EU, along with Belgium and Denmark (Martinuzzi et al., 2012, pp. 42–43).

However, only a handful of particular actions have actually been implemented. As of the time of this writing, no information about the evaluations of these action plans is available on the MLSP homepage. One reason for this might be the lack of funding from the state budget, which itself implies that fostering CSR has low priority on the (current) political agenda. However, according to unofficial information, the National Strategy for CSR is expected to be reviewed by spring 2015. As part of this review, the advisory council shall presumably receive a report on its implementation. By January 2015, the council will also most likely call for a continuation of the strategy for an additional 5-year period, from 2015–2020.

In addition to the National Strategy for CSR, several other CSR-related documents exist, such as the National Strategy for Sustainable Development (in the making), the National Strategy for Environmental Protection (2009–2018), the National Reform Programme (2011–2015), the Action Plan for Social Economy (2014–2015) and the National Action Plan for Stimulating Green Public Procurement (2012–2014). Given the focus of this paper, only the last one will be discussed in detail.

The **Action Plan for Green Public Procurement** was launched by the Ministry of Economy and Energy and the Public Procurement Agency in 2011 to determine the measures needed to encourage green public procurement (GPP) practices in Bulgaria. In particular, it aims at raising awareness of GPP, increasing its share of overall purchasing and introducing compulsory GPP requirements. The action plan defines six product groups with significant environmental impacts and sets minimal criteria that are in line with EU policy. The categories are also assigned certain targets, which are mandatory for the central administration and optional for public organisations and local administrative bodies (PPA, 2011, pp. 17–24).

Despite its goals, the action plan has failed to alter the low share of GPP in Bulgaria. The main reason for this is a lack of knowledge, know-how and incentives as well as the widespread belief that green products are more expensive (Buy Smart +, 2012, pp. 6–7). In 2013, only 59 calls for GPP bids were made and only 29 were awarded. And, of these, 11 were outside the scope of the action plan. The total investment volume of the 29 contracts amounted to only ca. 50 million euros (PPA, 2014). In comparison, the number of public procurement orders in the construction sector for just the first 6 months of 2012 was 811, with a total volume of almost 1 billion euros (BIA, 2013).

The MLSP also serves as one of the patrons of the annual CSR conference and co-sponsors CSR awards, which the Bulgarian Institute for Labour and Social Policy has organised annually since their launching in 2006 (see 3.3.2). However, these activities cannot be credited to the government. Instead, Bulgarian political elites have typically taken the easiest possible route by “highjacking” pre-existing initiatives”. Looked at in this way, the National Strategy for CSR and the GPP

action plan can be considered the only significant CSR initiatives in Bulgaria that have been government-led.

3.2 *Business: Both Following and Leading*

While multinational companies and their Bulgarian suppliers were among the pioneers of CSR in Bulgaria, in recent years, more local companies have started to pay attention to CSR as an issue relevant to business. As outlined above, due to the passive role played by Bulgaria's government and the country's relatively weak civil society sector, companies and other business-driven actors (e.g. CSR networks) have become the main CSR drivers in the country.

3.2.1 CSR in Bulgarian Companies

According to the evolution model of Wayne Visser (2011), CSR in Bulgaria is situated between the defensive and promotional stages. Although there is a group of highly proactive responsible companies, the majority of Bulgarian businesses practice CSR as ad hoc activities and charitable programmes. In this regard, CSR is mainly implemented by public and large multinational companies, which primarily use it as a tool for improving their reputation and public image (Dulevski, 2009, pp. 15–19). Indeed, the latest survey of Bulgarian CSR experts confirms that businesses in Bulgaria are barely acquainted with the principles and practices of CSR (ISSM, 2012a). Likewise, engaging SMEs remains one of the major challenges for CSR in the country. To address this problem, there is a need for awareness-raising, funding and supply-chain incentives (ibid., p. 15).

This section introduces the most common CSR practices in Bulgarian companies while differentiating between three levels of engagement: corporate sustainability, corporate citizenship and governance for sustainability (see Table 3).

Table 3 Three levels of corporate engagement [inspired by Nelson (2008)]

Level	Target	Issues	Mode
Corporate sustainability	Core business	Employees, human rights, supply chain, consumers and environment	Individual
Corporate citizenship	Local community	Education, social cohesion, culture, integration	Individual and collective
Governance for sustainability	Governance framework	Various issues	Collective

Corporate Sustainability

Bulgarian companies do not generally perceive CSR as a strategic approach or business model. Indeed, although almost half of companies consider CSR appropriate for large companies, more than 40 % still believe that CSR practices do not depend on company size. In this context, most companies are at the basic level of CSR implementation—at least within the framework of legal requirements. Almost every company answers that it pays its taxes (93 %) and salaries (96 %) on time. 68 % of the employees have an opportunity to raise the qualification during the working process (Dulevski, 2009, p. 5).

Only a few companies deal with CSR in strategic terms and try to integrate environmental and social issues into their business models and strategies as well as to approach CSOs about forging partnerships. Moreover, it is often unclear which person within the respective company is responsible for CSR activities. In most cases, CSR is situated in the marketing, human resources or corporate communications department (ISSM, 2012a).

Less than 35 % of companies are CSR certified; of these, 30 % apply the ISO 9001 standard and another 12 % the OHSAS 18001 standard. Meanwhile, more than 88 % of businesses and 61 % of stakeholders are not aware of the existence of the ISO 26000 standard, and only 2 % of companies are familiar with its content. Moreover, the lack of a systematic approach towards CSR is evinced by the lack of monitoring and reporting: Only 8 % of companies define specific CSR objectives, tasks and targets; only 5 % regularly report on CSR; and only 7 % have transparency and reporting policies (ISSM, 2012a).

According to the GCNB (2014), as of the time of writing, there are 61 Bulgarian member companies that regularly communicate on their progress and have an “active” status with the UNGC. However, none of them meets the requirements for being classified as having an “advanced” status. At least two companies that are not UNGC members—Globul and EFG Postbank Bulgaria—publish GRI sustainability reports (GRI, 2014).

Corporate Citizenship

In recent years, Bulgarian companies have continued to develop and support long-term strategies for corporate donations. They prefer to build more sustainable investments by donating more goods, services, expertise and voluntary work than pure financial resources. According to an analysis of the state of charity in Bulgaria published annually by the Bulgarian Donors’ Forum, the overall sum of donations for 2012 was approximately 70 million euros or 32 % higher than the amount in 2011. At 35 million euros, company donations made up almost half of this amount. The most popular areas for donations were: society; education and science; and ecology and environment (BDF, 2013a, p. 2).

There is a growing trend among Bulgarian businesses to participate in various philanthropy-related activities. In addition to regarding philanthropy as sponsorship, companies also engage their employees and support various initiatives through personal donations or volunteer work on a growing number of issues (BDF, 2013b).

Governance for Sustainability

In Bulgaria, the most advanced companies in term of CSR are members of one or more associations and networks in which they can easily enter into dialogue with other businesses, form shared positions on various issues and launch collective initiatives, such as World Environment Day (GCNB, 2014).

A prominent exception in this regard is the **National Corporate Governance Code** adopted in 2007 and amended in 2012 by the National Corporate Governance Committee, a multi-stakeholder, business-led body. The code introduces corporate governance as the “balanced interaction between shareholders, corporate managers and stakeholders” (Dulevski, 2009, p. 14) and applies to all public-owned companies, including municipal companies, and those that provide goods and services of public interest. The code represents a soft-law instrument based on the comply-or-explain principle promoting the principles of responsible management, transparency and accountability (NCGC, 2012). At the time of writing, 53 companies had signed the code (BSE, 2014).

3.2.2 CSR Networks

There are two main business-driven networks in Bulgaria that are active in the field of CSR: the Bulgarian Global Compact Network Bulgaria and the Bulgarian Business Leaders Forum.

The **Global Compact Network Bulgaria (GCNB)** was founded in 2003 by the United Nations Development Programme (UNDP) division in Bulgaria. As of 2014, 140 Bulgarian companies, NGOs and academic institutions have become signatories to the ten principles of the UN Global Compact, and 30 of these companies are full members. The network promotes peer-to-peer learning, communication, advocacy and dialogue on CSR-related issues with the government, local authorities, labour organisations, CSOs and academia. Since 2011, the GCNB has also been the Bulgarian national partner of CSR Europe.

Since it engages relatively few companies, the GCNB has a limited impact on CSR in the business community. Notwithstanding, high-level commitment by the owners and general managers of member companies adds value by emphasising the personal example of successful entrepreneurs and increasing the effectiveness of the organisation’s activities. An illustration of this phenomenon is the declaration of

collective commitment of the Bulgarian Global Compact members that was presented at Rio+20 in 2012.

The GCNB promotes activities in three areas: (1) business excellence; (2) education and career development; and (3) sustainable lifestyles. Among the most successful projects have been the European CSR awards “Inspiring Partnerships for Innovation and Change” and the “Proud of My Parents’ Work” Initiative. The former project was part of the European CSR Award Scheme aimed at giving higher visibility to best practices in the field of CSR in Europe. A total of 53 partnership projects from all across Bulgaria applied for the awards, making Bulgaria the country with the second-highest number of projects out of 29 countries. The latter project aimed to demonstrate that each person within society is valuable regardless of their profession. Twelve Bulgarian companies from five Bulgarian towns and eight sectors participated in the pilot project and during 2014 the number doubled. (GCNB 2014).

The **Bulgarian Business Leaders Forum (BBLF)** was founded in 1998 as a Bulgarian partner of the International Business Leaders Forum. In contrast to the GCNB, the BBLF is a group of business leaders of various nationalities and from different industries united by their commitment to CSR principles. BBLF members declare that they promote honesty and transparency and make profits in a fair manner. Acknowledged as an elite body, the forum mainly organises charity events and business meetings with government and foreign officials.

The “Business Ethics Standard” and the “Responsible Business Award” might be considered the BBLF’s most successful contributions to promoting CSR values and practices in Bulgaria. The former, introduced in 2001, sets benchmarks and models for “good” behaviour for all Bulgarian companies, and more than 1,500 companies have signed it. The latter, launched in 2003 and including seven award categories, recognises companies with remarkable records in the field of CSR and encourages other business representatives to follow suit (BBLF, 2014).

3.2.3 Business Associations and Networks

Due to historical developments particular to the country, it is rare to find Bulgarian companies acting collectively. This might be due to the fact that less than 20 % of domestic enterprises are members of any business organisation. However, among the exceptions are branch associations, which actively promote CSR in their industry sectors.

The **Union of Brewers in Bulgaria** is the first national association whose members have signed and begun applying a “Code of responsible commercial communication and ethical standards” (UBB, 2005). The Code promotes a new culture of moderate beer consumption and unites the efforts of companies to safeguard societal interests and prevent alcohol abuse. A successful collective initiative related to these efforts is the project “Sport Is the Better Way for Children to Grow” project launched in 2012.

Another good example is the **Bulgarian Chamber of Mining and Geology**, established in 1991. In 2012, the chamber published a standard and a Code for sustainable development for the sector. Since 2010, it has been also organising annual CSR awards (BCMG, 2014).

Beside branch organisations, foreign trade associations are another source of good corporate practices adopted from foreign business cultures. The most prominent example is the **American Chamber of Commerce in Bulgaria**, which is made up of more than over 300 American, Bulgarian and international member companies. The association has set up a special CSR committee tasked with encouraging and facilitating responsible business practices among its members as well as with helping them improve the quality and effectiveness of their CSR-related programs and activities. Its most well-known project to date has been **Volunteer Day, which was organised for its 11th consecutive year in 2013** (American Chamber of Commerce in Bulgaria, 2014).

Lastly, the four nationally recognised employers' associations in Bulgaria represent domestic businesses on all national consultative councils as well as on the supervisory and managing bodies of public institutions. In this role, they can be important CSR drivers. The most proactive of these associations is the Bulgarian Industrial Association, which has established a "clean production" unit that promotes a green economy and publishes a CSR newsletter on a monthly basis. The other three associations—the Confederation of Employers and Industrialists in Bulgaria (CEIBG), the Bulgarian Chamber of Commerce and Industry (BCCI), and the Bulgarian Industrial Capital Association (BICA)—do not have impactful CSR-related policies or practices.

3.3 Civil Society: Plenty of Will, But a Lack of Resources

Bulgarian civil society only started to develop in the first years of the country's post-1989 socioeconomic transition. Although the number of domestic CSOs is rising, foreign organisations (e.g. the Open Society Foundation and USAID) remain among the main actors in Bulgaria. One reason for this is the limited financial and organisational resources of CSOs. Still, Bulgarian CSOs are involved in most CSR-related multistakeholder processes, tripartite bodies and councils. Indeed, the sector was widely represented in the development of the national CSR strategy, the Sustainable Development strategy and the "Bulgaria 2020" strategy. This confirms their increasing viability and significance in the field. A positive development in this context is the 2012 adoption of the National Strategy for Support of the Civil Organizations Development (USAID, 2013, p. 51). Below, we take a look at five categories of CSOs relevant to CSR in Bulgaria: nongovernmental organisations (NGOs), think tanks, trade unions, media and academia.

3.3.1 Nongovernmental Organisations

Bulgaria is home to a number of organisations that conduct CSR-related activities such as the Balkan Agency for Sustainable Development (BASD), the Bulgarian Platform for International Development (BPID) and the Bulgarian Regional Environmental Center (BREC). The biggest challenge to Bulgarian NGOs is their dependence on EU—and, hence, governmental—funding. As Tzenkov et al. (2010, p. 5) underscore, the most critical issues related to Bulgarian NGOs are high influence by politics and a lack of transparency. Under these circumstances, many NGOs are misused for for-profit purposes and public-private partnerships to serve particular interests and, thus, run the risk of losing their credibility in Bulgarian society.

Indeed, since their funding is controlled by the government and they participate on the steering committees of federal or local administrations, NGOs are particularly dependent on these administrations. Thus, cooperation between NGOs and representatives of local or central administrations primarily results from external circumstances rather than being based on any long-term strategy. This funding-dependency model, which is fostered by the EU, leads to a situation in which NGOs actually serve particular interests.

As of time of this writing, there are around 28 000 registered NGOs in Bulgaria of which 12 067 have submitted their annual statistical reports for 2012. In general, collaboration between NGOs and the national administration is only regulated for certain types of activities. Although NGOs are considered among the main drivers of CSR globally, they still struggle to assume their role in Bulgaria and most of them still do not perceive themselves as being equal partners (NGO.bg, 2014).

3.3.2 Think Tanks

The **Balkan Institute for Labor and Social Policy (BILSP)** is the most prominent organisation in the country working on CSR-related issues, such as industrial relations, occupational safety and health, and labour legislation. In 2005, in collaboration with the German development agency (GIZ), the BILSP initiated a “national roundtable for social standards” with social partners and other associations to enhance dialogue in the textile industry. The roundtable led to the launch of an annual CSR conference as well as to annual CSR awards in the tourism, clothing and footwear industries under the auspices of the MLSP (BILSP, 2014).

Another think tank is the **Social and Environmental Responsibility Center (SERC)**, which advances sustainable socioeconomic and cultural development from the local to the international levels. The organisation’s main areas of expertise include CSR, clean production and corporate sustainability standards. SERC has been involved in a wide range of research projects, including ones on CSR, and it is a member of the Global Partnership on Sustainable Tourism (SERC, 2014).

3.3.3 Trade Unions

Trade unions are important actors for CSR in the area of industrial relations and collective bargaining (Dulevski, 2009; Ribarova, 2011). In Bulgaria, they have been dealing with CSR within the context of national and sector dialogues. In most cases, trade unions have worked together with companies on collective agreements.

With regard to CSR, Bulgarian trade unions can exert political influence through tripartite structures, such as the National Council for Tripartite Cooperation and the Economic and Social Council, as well as through their participation in multi-stakeholder processes, such as the National Strategy for CSR. However, they suffer from a lack of bargaining power vis-à-vis government and industry, for instance in tripartite institutions (Kohl, 2008, p. 4), which results in a lack of political neutrality (Skarby, 2006, p. 3). Moreover, trade unions are barely represented in SMEs, and several sectors are completely “union-free”. Lastly, they are underfinanced because of decentralised funding structures, which leads to insufficient funds for hiring the necessary experts as well as launching new campaigns and projects (Kohl, 2008, pp. 4–7).

In Bulgaria, the level of collective bargaining among employees is relatively low, standing at between 30 and 32 % in 2012 (Fulton, 2013). Collective bargaining can mostly be found at the company level and sometimes at the sector level, as well (Kohl, 2008, p. 9). In 2011, there were 1,616 agreements at the company level. The main collective-bargaining issues have been wages and job security, CSR-related issues include working conditions, night work and health and safety. Some new trends include training obligations for laid-off workers. In some sectors, such as posts, breweries and textiles, a new development is social partner obligations on CSR issues. Another achievement of Bulgarian trade unions is the Code of Ethical Standards, which encourages social dialogue and introduces the main ILO conventions and EU directives on basic workers’ rights (Tomev, Daskalova, & Mihaylova, 2012, pp. 5–9).

3.3.4 Media

In general, the media plays a crucial role in promoting CSR. On the one hand, it can shape public opinions through studies, reports, good practices, etc. On the other hand, media corporations can contribute to promoting CSR by behaving responsibly themselves (UNDP, 2008, p. 2).

In Bulgaria, CSR coverage by the print media is relatively weak. Due to the local understanding of CSR, most articles are short, superficial and focused on charity and donations (Matev et al., 2009). An analysis of 880 CSR-related articles published between October 2007 and April 2008 identified two trends: First, coverage was more about the personality of the donor than about the cause; second, such actions were very sporadic. As a result, the Bulgarian media does not seem to

fulfil its educational task of raising awareness on CSR among readers (UNDP, 2008, pp. 2–3).

There is only one specialised CSR-related media source in Bulgaria, **CSR Bulgaria**, which is also the first online platform for CSR in the country. The organisation sees itself as a network whose aim is to promote CSR among different stakeholders and the wider public. The network partners with various organisations, including 30 nonprofits, seven companies, six associations and two academic partners. CSR Bulgaria works in two main directions, such as CSR-related news, and consultancy services. It is a partner of the first CSR master's degree program in Bulgaria, which was launched in 2012 (CSR Bulgaria, 2014).

3.3.5 Education and Research

The overall status of CSR literacy in Bulgaria is weak (ISSM, 2012a). One way to deal with this problem is to integrate CSR-related issues into the academic curricula of schools and universities.

A certain degree of progress towards addressing this problem has already been made. For example, a 2012 study looking at the degree to which CSR and sustainable development are included in the curricula of Bulgaria's 51 accredited schools of higher education showed that 19 universities include some of the above-mentioned issues in their bachelor's or master's degree programs. Respondents' feedback confirmed that these issues are becoming more important both to curricula and students in Bulgarian higher education (Stefanova, 2014).

One successful breakthrough has been the recent launch of a "Corporate social responsibility (financial management)" master's degree program at the Higher School of Insurance and Finance (VUZF). It is supported by the GCNB, CSR Bulgaria and the Moody Intertek Academy. The pilot group of six master's degree students graduated in the summer of 2013. At the time of this writing, there are 54 people enrolled in the second group of students in the program (VUZF, 2014).

Over the last 16 years, the Sofia University "St. Kliment Ohridski" has been organising an annual series of international conferences on current economic and business problems, which has the motto "Social sustainability through competitiveness with qualitative growth". A by-product of these conferences has been the Club of Sophia, launched in 2012, as a forum and think tank advancing the values and principles of sustainable development (Club of Sofia, 2014).

Last but not least, there are many short-term commercial courses and professional seminars in the country focused on various CSR-related issues. These are usually organised by local experts from the think tanks mentioned above (Stefanova, 2014).

4 CSR in Bulgaria: Conclusion and Outlook

As have been shown in this article, the historical evolution of Bulgaria, its underlying political and socioeconomic context, and its stakeholder constellation have led to a unique CSR landscape within the country even though it bears certain similarities with those of other CEECs. In this regard, one might say that CSR in Bulgaria is in its adolescent years: While it has gone through its infancy, it still hasn't reached the kind of mature state that can be observed in some Western countries.

Looking forward, the future of CSR in Bulgaria depends on two main factors: (1) the will and capacity of politics to further develop and implement an updated CSR strategy, and (2) the ability of business, politics and civil society to collaborate on a strategic level.

It must be underscored that the envisioned strategy update will surely take into account developments at the EU level. There, the Renewed Strategy on CSR seems to have been overshadowed by Europe 2020, and the same thing might happen in Bulgaria. In fact, the National Reform Programme implementing the Europe 2020 strategy in the country does not foresee any substantial role for companies, while calling for the elaboration of a series of strategies, policies and action plans on a variety of CSR-related issues, such as energy efficiency, climate change, green procurement, waste and responsible consumption. The only explicit link to CSR has to do with reducing the proportion of undeclared unemployment (MF, 2011).

Furthermore, to be successful, the updated strategy must go from words to actions. Especially important will be creating the right framework through co-regulation with the relevant stakeholders, adapting the Strategy for SMEs and promoting CSR-related knowledge and know-how (Dulevski, 2009).

The latter is essential because it can help Bulgarian companies operate more responsibly through various incentives, including collaborative CSR policymaking. This will enable business actors to take the lead as the main drivers of CSR in Bulgaria.

References

- American Chamber of Commerce in Bulgaria. (2014). Retrieved from <http://www.amcham.bg/about.aspx>
- Balkan Institute for Labor and Social Policy [BILSP]. (2014). Retrieved from <http://bilsp.org/index.php?t=8&lang=en>
- Beschorner, T., Hajduk, T., & Simeonov, S. (2013). *Corporate responsibility in Europe. Government involvement in sector-specific initiatives*. Gütersloh: Bertelsmann Stiftung.
- Bulgarian Business Leaders Forum [BBLF]. (2014). *BBLF 2014*. Retrieved from <http://www.bbhf.bg>
- Bulgarian Chamber of Mining and Geology [BCMKG]. (2014). Retrieved from <http://www.bmgk-bg.org/en/>

- Bulgarian Donors Forum [BDF]. (2013a). *The state of philanthropy in Bulgaria in 2012* (in Bulgarian). Retrieved from www.dfbulgaria.org/wp-content/uploads/2013/10/BDF_ANALIZ_DARITELSTVO_BG-2012.pdf
- Bulgarian Donors Forum [BDF]. (2013b). *Media coverage analysis of philanthropy and CSR in Bulgarian media January–June 2012* (in Bulgarian). Retrieved from www.dfbulgaria.org/wp-content/uploads/2013/03/MediaAnalysis_FINAL_January-June-2012.pdf
- Bulgarian Industrial Association [BIA]. (2013). *Monitoring of public order for the first half of 2013*. Online article (in Bulgarian). Retrieved August 28, 2013, from www.bia-bg.com/news/15433
- Bulgarian Stock Exchange [BSE]. (2014). *Corporate governance*. Retrieved from www.bse-sofia.bg/?page=CorporateGovernance&language=en
- Buy Smart + (2012). *Analysis report of procurement standards and procurement praxis in Bulgaria*. Retrieved from www.buy-smart.info/media/file/2531.D2.2_BuySmart+_ProcurementStandardsBulgaria_SEC_EN.pdf
- Club of Sofia. (2014). Retrieved from <http://www.clubofsophia.org>
- CSR Bulgaria. (2014). Retrieved from <http://www.csr.bg>
- Dulevski, L. (2009). *Analysis of the economic and social council on corporate social responsibility—Several approaches and good practices (own-initiative analysis)*. Economic and Social Council ESC/2/012/2009. Retrieved from www.esc.bg/en/documents/category/10?download=112%3ACorporate-social-responsibility-several-approaches-and-good-practices
- European Commission. (2011). *A renewed EU strategy 2011–14 for corporate social responsibility*. COM (2011) 681 final. Retrieved from http://ec.europa.eu/enterprise/newsroom/cf_getdocument.cfm?doc_id=7010
- European Commission. (2013). *How companies influence our society*. Citizens' View, Flash Eurobarometer 363. Retrieved April 2013, from http://ec.europa.eu/public_opinion/flash/fl_363_en.pdf
- Eurostat. (2014). *Income and living conditions, main tables*. Retrieved from http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/main_tables
- Fox, T., Ward, H., & Howard, B. (2002). *Public sector roles in strengthening corporate social responsibility: A baseline study*. Washington, DC: World Bank.
- Fulton, L. (2013). *Worker representation in Europe*. Labour Research Department and ETUI. Retrieved from www.worker-participation.eu/National-Industrial-Relations
- Global Compact Network Bulgaria [GCNB]. (2014). *Participants and stakeholders*. Retrieved from www.unglobalcompact.bg
- Global Reporting Initiative [GRI]. (2014). *Sustainability disclosure database*. Retrieved January 22, 2014, from <http://database.globalreporting.org/search>
- Golden Book. (2013). *Celebrating CSR partnerships. Innovations for social and business impact*. First European CSR awards project. Retrieved from www.csreurope.org/sites/default/files/Goldenbook_lowres.pdf
- Higher School of Insurance and Finance [VUZF]. (2014). Retrieved from <http://csr.vuzf.bg>
- Iankova, E. A. (2008). *Business-Government relations in EU-acceding countries: Towards a model of institutional change*. EUSA Tenth Biennial International Conference Montreal, Canada. Retrieved May 17–19, 2007, from www.unc.edu/euce/eusa2007/papers/iankova-e-06d.pdf
- Institute for Social Survey and Marketing [ISSM]. (2012a). *Attitudes and awareness of stakeholders on the issues of corporate social responsibility (CSR) in the areas of inclusion and enterprises in the social economy*, Sofia (in Bulgarian).
- Institute for Social Survey and Marketing [ISSM]. (2012b). *Political attitude, rating of basic political figures and institutions*, Sofia, September 2012 (in Bulgarian).
- International Labour Organization (ILO). (2011). *Global jobs pact country scan: Bulgaria*. International Labour Office, Geneva, Switzerland. Retrieved from http://www.ilo.org/jobspact/country/country-scans/WCMS_152108/lang--en/index.htm

- Kohl, H. (2008). *Where do trade unions stand today in Eastern Europe? Stock-taking After EU Enlargement*. Friedrich-Ebert-Stiftung International Trade Union Cooperation Briefing Paper N° 5/2008. Retrieved from <http://library.fes.de/pdf-files/iez/05363.pdf>
- Letica, B. (2008). *Three CSR models in new European Union member states and candidate countries*. CSR Paper 43.2008, Fondazione Eni Enrico Mattei Series. Retrieved from <http://feemdeveloper.net/attach/CSR2008-043.pdf>
- Line, M., & Braun, R. (2007). *Baseline study on CSR practices in the New EU member states and candidate countries*. United Nations Development Programme. Retrieved from http://europeandcis.undp.org/uploads/public1/files/BASELINE_STUDY_ON.pdf
- Maiväli, M., & Stierle, M. (2013). *The Bulgarian labour market: Strong wage growth in spite of rising unemployment*. ECFIN Country Reports, Economic Analysis from the European Commission's Directorate General for Economic and Financial Affairs, Vol. 10, Issue 2. Retrieved June 2013, from http://ec.europa.eu/economy_finance/publications/country_focus/2013/pdf/cf_vol10_issue2_en.pdf
- Martinuzzi, A., Krumay, B., & Pisano U. (2012). *Focus CSR: The new communication of the EU commission on CSR and national CSR strategies and action plans*. ESDN quarterly report N°23, European Sustainable Development Network. Retrieved from http://www.sd-network.eu/quarterly%20reports/report%20files/pdf/2011-December-The_New_Communication_of_the_EU_Commision_on_CSR_and_National_CSR_strategies.pdf
- Matev, D., Gospodinova, Z., Peev, G., & Yordanov K. (2009). The corporate social responsibility in Bulgaria. *Revue Management and Avenir*, 23, 47–60. Retrieved from <http://home.aubg.bg/students/DPD110/POLICH/CSR%20in%20Bulgaria.pdf>
- Mazurkiewicz, P., & Crown, R. (2005). *Opportunities and options for governments to promote corporate social responsibility in Europe and Central Asia*. Evidence from Bulgaria, Croatia, and Romania, World Bank Work Papers. Retrieved from http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2006/04/18/000012009_20060418133128/Rendered/PDF/358740rev0CSR0in0Europe01PUBLIC1.pdf
- Ministry of Finance [MF]. (2011). National reform programme (2011–2015). In *implementation of "Europe 2020" strategy, Sofia, Bulgaria*. Retrieved April 13, 2011, from <http://www.minfin.bg/en/page/573>
- Ministry of Labour and Social Policy [MLSP]. (2009). *National strategy for corporate social responsibility 2009–2013*. Retrieved from www.minfin.bg/document/9355:1
- National Corporate Governance Committee [NCGC]. (2012). *Bulgarian national code for corporate governance*. Retrieved February 2012, from www.ecgi.org/codes/documents/codeks_bulgaria_feb2012_en.pdf
- Nelson, J. (2008). *CSR and public policy. New forms of engagement between business and government*. Corporate social responsibility initiative working paper No. 45. Cambridge, MA: John Kennedy School of Government, Harvard University. Retrieved from www.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper_45_nelson.pdf
- NGO.bg. (2014). *Portal for non-profit organizations in Bulgaria*. Retrieved from www.ngo.bg
- Public Procurement Agency [PPA]. (2011). *National action plan for stimulating green public procurement (2012–2014)*. Retrieved from www.aop.bg/fckedit2/user/File/bg/novini/GPP_Final_13_07_11.pdf
- Public Procurement Agency [PPA]. (2014). *Reference to the number of green public procurement orders in 2013* (in Bulgarian). Retrieved from www.aop.bg/fckedit2/user/File/bg/practika/green_PPs_2013_20131230.pdf
- Ribarova, E. (2011). Corporate social responsibility, the labour market and industrial relations in Bulgaria. In R. Blanpain, W. Bromwich, O. Rymkevich, & I. Senatori (Eds.), *Rethinking corporate governance: From shareholder value to stakeholder value* (pp. 195–209). Deventer: Kluwer Law International BV.
- Skarby, E. (2006). *Capacity building for social dialogue in Bulgaria*. European Foundation for the Improvement of Living and Working Conditions [Eurofound]. Retrieved from www.eurofound.europa.eu/pubdocs/2006/516/en/1/ef06516en.pdf

- Social and Environmental Responsibility Center [SERC]. (2014). Retrieved from <http://www.serc.bg/index.php?&language=2>
- Spasova, P., Georgiev, Y., Marinov, K., & Panayotova, M. (2007). *Reporting on corporate social responsibility by the forty listed companies in Bulgaria*. Sofia, Bulgaria: Economic Policy Institute [EPC]. Retrieved from http://epi-bg.org/dmdocuments/CSR_ENG.pdf
- Stefanova, M. (2013). *The Bulgarian market shows maturity with regard to CSR* (in Bulgarian). Interview with Marina Stefanova. Retrieved October 28, 2013, from <http://csr.bg/news/interviews/1352-bulgarskiat-pazar-pokazva-zrialost-po-otnoshenie-na-kso>
- Stefanova, M. (2014). *Principles for responsible management education – United Nations global compact strategy to grow sustainable business leaders*. Sofia University. Retrieved from www.marinastefanova.info
- Steurer, R., Margula, S., & Martinuzzi, A. (2012). *Public policies on CSR in Europe: Themes, instruments, and regional differences*. Institute of Forest, Environmental and Nature Resource Policy, Discussion Paper 2-2012. Retrieved from www.wiso.boku.ac.at/fileadmin/_/H73/H732/_TEMP_/InFER_DP_12_2_Regional_differences.pdf
- Stoyanova, R. (2011). *Charity and donation in Bulgaria (1878–1944): Optimism and responsibility for the future*. Bulgarian school of politics „Dimitur Panitsa“, Donations in contemporary Bulgaria, Anthology, Sofia. Retrieved from www.schoolofpolitics.org/~schoolof/images/publications/DARITELSTVOTO.pdf
- Tomev, L., Daskalova, N., & Mihaylova, T. (2012). Bulgaria: Industrial relations profile, Institute for Social and Trade Union Research [ISTUR]. Retrieved from www.eurofound.europa.eu/euro/country/bulgaria.pdf
- Transparency International [TI]. (2014). *Corruption perception index 2013*. Retrieved from <http://cpi.transparency.org/cpi2013/results/>
- Tzenkov, E., Yalamov, T., Galev, T., Antonov, P., Encheva, S., Todorov, B., et al. (2010). *Civil society in Bulgaria: Trends and risks*. Sofia: Center for the Study of Democracy [CSD]. Retrieved from <http://www.csd.bg/artShow.php?id=15423>
- Union of Brewers in Bulgaria [UBB]. (2005). *Code of responsible commercial communications and ethical standards of the members of the Union of Brewers of Bulgaria*. Retrieved from www.pivovari.com/english/others/code-1.html
- United Nations Development Program [UNDP]. (2008). *The corporate social responsibility subject in the Bulgarian Print Media* (in Bulgarian only, with brief summary in English). Retrieved from <http://www.undp.bg/publications.php?id=2658&lang=en>
- United States Agency for International Development [USAID]. (2013). *The 2012 CSO sustainability index for Central and Eastern Europe and Eurasia*. United States Agency for International Development, Bureau for Europe and Eurasia, Office of Democracy, Governance and Social Transition. Retrieved from www.usaid.gov/sites/default/files/documents/1863/2012CSOSI_0.pdf
- Visser, W. (2011). *The ages and stages of CSR. Towards the future with CSR 2.0*. CSR International Paper Series, No. 3, 2011. Retrieved from www.waynevisser.com/wp-content/uploads/2012/05/paper_ages_stages_csr_wvisser.pdf

Corporate Social Responsibility in Serbia: Between Corporate Philanthropy and Standards

Ivana Mijatovic, Slobodan Miladinovic, and Dusan Stokic

1 Introduction

Corporate Social Responsibility (CSR) can be defined as an ethical commitment to operating in an economically and environmentally sustainable manner while recognizing the interests of stakeholders, as well as a decision-making strategy linked to ethical values, compliance with legal requirements, and respect for people, communities, and the environment (Agatiello, 2008). According to the World Business Council for Sustainable Development (WBCSD, 2000) CSR represents a continual commitment of a business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as of the local community and society at large. Moreover, the CSR is a degree of moral obligation of corporations beyond a mere respect for the laws of the state (Kilcullen & Kooistra, 1999). CSR emphasizes the social responsibility of a company taking into account the interests of all its stakeholders, not only shareholders and their monetary interests (Korhonen, 2006). CSR represents a way of integrating the corporate business with the social welfare and environmental issues.

According to Gugler and Shi (2008) “CSR conceptualization and uprising initiatives are being taken in the developed countries, while the CSR engagement in developing countries is lax”. Developing countries provide a socio-economic and cultural context for the CSR, which is in many ways different from one in developed countries. As a dominantly western concept, modern CSR practice differs in different socio-economic and cultural contexts, even among western societies (Edwards, Mainson, Edwards, Ferner, & Tregaskis, 2007). In developing countries, CSR is

I. Mijatovic (✉) • S. Miladinovic

Faculty of Organizational Sciences, University of Belgrade, Jove Ilica 154, Belgrade, Serbia
e-mail: ivanamt@fon.bg.ac.rs; miladinovic.slobodan@fon.bg.ac.rs

D. Stokic

Chamber of Commerce and Industry of Serbia, Resavska 13/15, Belgrade, Serbia
e-mail: dusan.stokic@pks.rs

still more about philanthropy and charity and is primarily considered external to a business, as opposed to an internal process that is mainstreamed into core operations, strategy and long-term planning (FBP CSR Cairo, 2007; Visser, 2008). Elms (2006) reports that corporate responsibility in Central and Eastern European (CEE) countries is still commonly understood as corporate philanthropy and charity or public relations and marketing issues. According to the same report, a very important issue is based on the lack of stakeholder activism in CEE countries due to different historical experiences and relatively low average incomes as a driver of economically driven, rather than morally driven consumption. Furthermore, executives from Central Europe additionally suggest that their companies used to be more responsible, but they were encouraged by the post transition to focus more upon their core operations (Elms, 2006). Few researches deal with benefits of CSR in developing countries. Based on experience of 19 developed countries over a 6-year period, research of Boulouta and Pitelis (2014) suggested that CSR can make a significant positive contribution to national competitiveness (as measured by national living standards) and that countries with a relatively low innovation record can benefit more, as compared to highly innovative countries, by implementing nationwide CSR-based positioning strategies.

The experience from developing countries shows that modern concepts of CSR are typically introduced by MNCs, and passed on through subsidiaries in the region (FBP CSR Cairo, 2007). Since CSR discussions traditionally revolved around the developed countries' MNCs, their behaviour in developing countries has to be reconsidered. Chapple and Moon (2005) found that MNCs are more likely to adopt CSR than companies operating solely in their home country, but the profile of their CSR tends to reflect the profile of the country of operations rather than the country of origin. In addition to the MNC's contribution to the economic growth, expectations rise in the area of the MNC's role in the transfer of knowledge and technical expertise (UN Department of Economic and Social Affairs, 2007) as well as the transfer of CSR knowledge and partnering in the adoption of CSR practices in developing countries (Singh, Kundu, & Foster, 2005).

The political, socio-economic and historical context of CSR in Serbia is quite specific: Serbia, as a part of ex Yugoslavia, had the legacy of the most liberalized ex-communist country, aside the war and economical and political sanction of the UN in the 1990s, the citizens of Serbia have been involved in the repeatedly failing transformation to the market-like economy (see more in Losoncz, 2005). The main objectives of this paper are to present some aspects of political, socio-economic and historical development of CSR, initiatives that promoted CSR and the practice of CSR by businesses in Serbia.

2 Political, Socio-economic and Historical Development of CSR in Serbia

The roots of CSR can be found in the late Middle Age and are linked to the development of towns and trade (Anheier & Toepler, 1999). At that time, the wealthy city traders build endowments (schools, hospitals or orphanages) in order

to preserve the memory of them. Practice of building of endowments by rulers, has been known since ancient times, but since the end of the nineteenth century endowments were built by companies or business associations (Strachwitz, 1999). Due to wars, in the first half of the twentieth century, a number of European corporate foundations were closed. During that time, U.S. companies were giving donations to the nonprofit sector to work in general use, and in turn received tax reduction (Smith, 1993). In Europe, there was a different practice, which was based on higher taxes than in the U.S., as well as at the national initiative and responsibility in meeting social needs. The U.S. system of social responsibility was based on donations from the nonprofit sector and lack of trust in the state, and the European system of social responsibility was based on welfare state programs which were financed by taxes.

Modern concepts of CSR became dominant since the beginning of the 1980s. The modern idea of CSR was inspired by social activism of sixties and seventies of the twentieth century, which was based on the idea of equal opportunities for all, racial equality, safety and health at the workplace. Multinational corporations, in general, were starting to spread the predominantly American concept of social responsibility, through grants and donations for solving problems of communities in which they were operated, mainly for education, culture, arts, environmental protection, sports and recreation (Regelbrugge, 1997). However, multinational corporations and their management practice were not present in Serbia in the times of socialism. Multinational corporations have brought this concept (and American way of thinking) to Serbia later on. However, social responsibility in some other forms has long tradition in Serbia.

Corporate philanthropy is not new idea in Serbia. Benefactions, donations, foundations and endowments in Serbia, as a form of giving for the benefit of wider community, have a long and continuous tradition. The oldest Serbian endowment Monastery Studenica was built 1,190 as endowment of ruler Stefan Nemanja. Since then, a number of Serbian rulers built their endowments, churches and monasteries, which often had the function of schools, hospitals, shelters for the sick and the poor, the inn for travelers and pilgrims (Miladinović, 2002). During the nineteenth and twentieth centuries, until the Second World War, many citizens, business people and traders, shared their wealth: by building endowments—schools, hospitals, orphanages and similar facilities; by providing scholarships for poor talented young people, by helping the poor and etc.

Since Second World War Yugoslav society began to develop as a special form of socialist society with the state/public property, with a high degree of ideologism and the dominant role of the Communist Party in society. The consequence of this situation was that the business decisions were based on political-legitimation criteria rather than economic logic. General interests had priority over the individual. Yugoslav market socialism and workers' self management were begun in the early 1950s (Hillman, 1994). The illusion of a society without social inequality and class was created by abolition of private property and by introduction of workers' self-management (more about the social inequality see in Popović, 1987; Berković, 1986; Živković, Đukanović, Radovanović, 1985). However, the leadership of the

economy and the state, as well as the appointment of leaders in society, belonged to the top of the Communist Party hierarchy (Lazić, 1987). Research conducted in the early sixties showed distribution of oligarchic power and its influence in decision-making (Rus, 1964, 1970). Later researches (Arzenšek, 1984, pp. 9–11) indicated that in the early 1980s management structure was more oligarchic than one which was established in the late sixties. Management of the companies dominated the workers and the government body, although the system is ideologically legitimized as workers' self-management.

However, self-management, with all of its shortcomings, was succeeded to relatively reduce authoritarian nature of the system. Yugoslavia was quite liberal in comparison to other countries of real socialism. The main difference between a command economy (which was predominant in other eastern European countries) and the Yugoslav market socialism, is that it was based on public ownership, decentralized decision-making and a system which allowed for specific forms of profit (loss) sharing as well as legal, financial and marketing independence of enterprises (Adamovich, 1997).

Regardless of the numerous examples of abuse of authority and power as well as human rights violations, in the period of socialism, social responsibility was not neglected. Social responsibility was initiated by the government, ideologically defended by concern for interests of workers and was focused internally and externally. Internally, the companies were taking care of some personal needs of employees regardless of their position in the organizational hierarchy. The workers were given free housing. Housing construction was funded partly from contributions of employees and partly from the state budget. It was common for larger companies to have small medical and dental clinics in the company or resorts in which workers were able to spend their vacations at discounted prices. In the third period of the Constitution of Yugoslavia (1974), smaller companies had the opportunity to be linked to self-interest groups—a kind of clusters—in which they could solve some of problems of their workers by sharing the costs and investments (housing, health, tourism, . . .). However, it should be noted that self-interest groups began to be organized in the end of the period of socialism, so many good ideas about social responsibility couldn't be implemented in a satisfactory manner.

Externally, social responsibility of Yugoslav enterprises was usually expressed through financial philanthropy: through supporting cultural activities (e.g. purchase of art works of young and unknown artists) or scholarships for students from poorer families. Large companies were sponsored: music, film, art festivals, sporting events and other events. One of many examples from that time is textile industry from Pirot, a small town in southeast Serbia, which had permanent staff trainers who were practicing physical exercise twice a day with the workers in order to prevent side effects of daily monotonous physical labor. In the company was kindergarten for the children of employees, medical care center, library and a rich collection of art paintings and sculptures.

The early 1990s are marked as the end of worker self management, and start of political and economic crisis war and disintegration of Yugoslavia (analysis of the social situation at the time of Yugoslavia disintegration see more in Lazić, 1994,

1995; Sekelj, 1990). Economic efficiency of socialism was inferior in comparison to the economic efficiency of capitalism (in the technical, organizational and motivational aspects, as well as at the macro and micro level). In the period after the 1990s, in the area of employee relation, in many companies care to employees has even gone to the other extreme, with the justification related to the break with the socialist practice.

It can be said that, social responsibility in areas of employees relation as well as women equality were well known and established in socialism, but social responsibility in areas of customer protection, environment and ethical business became in lime light much later. New wave of development of CSR was started in 2000s. Many foreign or multinational companies, which launching their business activities in Serbia, bring their own business practice as well as their practice of CSR. Since 2003 a number of CSR initiatives supported by governance, NGOs, international donors and foundations, gain public attention on CSR activities. The first official document on CSR “The National CSR Strategy”, endorsed by the Ministry of Labor and Social Affairs of Republic of Serbia, was adopted in July 2010.

3 Initiatives that Promoted CSR in Serbia

In the last decade, a number of CSR initiatives supported by governance, NGOs, international donors and foundations, gain public attention on CSR activities. In many cases those initiatives shape public awareness of CSR. Some of the main initiatives that promoted CSR in Serbia in past years are presented.

3.1 Global Compact Network Serbia (GC Network)

Eight founding companies and one NGO, at an event organized by the UNDP Serbia and the National Bank of Serbia on 6th December 2007, established the GC Network Serbia. The total number of signatories has gone up to 80 (38 Companies, 26 NGO's, 8 Business Associations, 4 Academic Institution, 2 Trade Unions, 1 City, and 1 Central Bank). The mission of the Serbian GC Network is to promote the Global Compact and its ten principles related to the human rights, labour rights, environment and anticorruption in Serbia, and to ensure the progress of its members with respect to the implementation of this principles through learning, partnerships, while also creating opportunities for multi-stakeholder dialogue and advocacy through collective actions. Through all those initiatives and activities, green economy, sustainable consumption and production, green growth and other important issues are promoted and can further be developed and improved. The activities are realized through eight working groups for: social inclusion, anti-corruption, CSR in banking and finance, education and development of CSR, environment, media, support in emergency situations and labour rights. Due to outstanding efforts made

to share knowledge and experience in advancing the Global Compact locally, Serbian GC Network received an award. Namely, on the Summit of the leaders and annual meeting of local GC Networks held in New York in 2010, Serbian Network received the award as one of a three most successful Networks in the world in 2009, together with Japan and Ukraine Networks.

3.2 *National CSR Award*

The program “Establishing Corporate Social Responsibility in South East Europe (SEE)” has been realized in the period 2007–2009 introducing and establishing CSR concept—wide in South Eastern Europe Network (“SEE Network”). Partner organizations came from five SEE countries: Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia. Chamber of Commerce and Industry of Serbia (CCIS), as a national business association, was playing a major role in developing and organizing the National CSR Award. Three circles of the National CSR Award competition have been performed in cooperation with the partners coming from government, universities, media, NGO’s, international organizations, etc. The success and results of this project gave the opportunity to CCIS to participate in the competition for the most successful project on the 6th World Chambers Congress, held in Kuala Lumpur, Malaysia, in 2009. CCIS received an award, since its CSR project became one of the four finalists in the best networking project category competition, together with Chambers from Oslo (Norway), Manchester (UK) and Konya Region (Turkey).

In the first cycle of the competition National CSR Award in 2007 around 55 companies have been applied, by filling the questionnaire and presenting the realized or ongoing CSR project, as a good practice. The second cycle of the National CSR Award 2008 gathered 85 companies—of which 43 were large-scale and 42 SME’s. Comparing with the previous competition in 2007, the raise of the applications was more than 60 %. The third cycle of the competition National CSR Award 2010, which gathered 80 companies (50 % of SME’s and 50 % of large-scale companies) was finished with the ceremony in March 2011 in CCIS. The CCIS verification team visited 70 companies, having the opportunity to confirm the claims from the application, exchange experiences with the top management of the companies and raise awareness on social responsibility, as an integral part of business strategy and practice. Positive effects of this project are becoming more visible since a lot of CSR projects, very useful and valuable for the community and stakeholders, have been realized. Summing up, in all three cycles of the National CSR Award (2007, 2008, and 2010) about 200 companies have been participated actively. This means 200 CSR project ideas, based on the needs and expectations of the local community, have been created and implemented, by making a lot of partnerships and cooperation.

3.3 *The European CSR Partnership Award 2013*

The European CSR Partnership Award 2013, funded by the European Commission, aimed at inspiring CSR excellence in multi-stakeholder projects. In Serbia the Award Scheme is implemented through *Smart Kolektiv* and the Business Leaders Forum. Fifteen entries were submitted for the Award Scheme in Serbia, 12 in the large companies' category and 3 in the small and medium enterprises category. Small number of participating companies, especially from SMEs domestic companies, was maybe result of quite demanding documentation for application.

3.4 *National Standardization Committee for Social Responsibility*

At the Institute for Standardization of Serbia (ISS), National Working Group on Social Responsibility (ISO 26000) was established in 2006. National Working Group on Social Responsibility prepared a Serbian translation of the ISO 26000 standard "Guidance on Social Responsibility" (SRPS ISO 26000). In April 2008, together with ISO and Institute for Standardization of Serbia, CCIS organized Social Responsibility Regional Seminar & Workshop. The objective of this event was to raise awareness and improve understanding of social responsibility practices in general as well as the core content issues of ISO 26000 in particular. The participants from Central & Eastern Europe and Central Asia countries had a possibility to review the content of ISO 26000 (WD3), to provide comments on this version of the standard and to identify opportunities for improved engagement in the ISO 26000 process in their own countries. Public promotion of the SRPS ISO 26000 standard was organized by CCIS, in May 2011, in cooperation with ISS and with the support of Global Compact Network Serbia.

3.5 *GREEN Project*

The regional GREEN Project (*GR*eening business through the *Enterprise Europe Network*) is a good example of „green business“networking. The main goal is to advice SME's in food and construction products industries in implementing environmental management systems and standards, and to help Enterprise Europe Network (EEN) in delivering environmental services and solving environmental problems in enterprises. The main partners in GREEN project were: Chambers of Commerce of Italy, Bulgaria, Greece, Slovenia, Montenegro, Turkey, Macedonian Foundation for management and industry research, Croatian Center for technology research Osijek, and Institute *Mihailo Pupin* from Serbia, together with Chamber of Commerce and Industry of Serbia, as a local partner. Representatives from the

partner countries participated in the international workshops in Venice and Ljubljana, exchanging experiences on the actual advances in environmental management issues and energy efficiency topics. These information and experiences are supposed to be transferred to the local SME's in these sectors. Several seminars and workshops were organized and the selected themes were divided in four modules: (1) EU and national environmental legislation, (2) "green" voluntary initiatives, (3) environmental requirements for products and buildings, and (4) environmental logistics.

More than 100 representatives from business sector, local EEN, employees of the partner organization, participated on 4 seminars in Belgrade and Zrenjanin. During these seminars, participants had the opportunity to learn more about Eco-labeling of products, EMAS, ISO 14000 standards, product eco-design, energy and raw-material efficiency, CE marking for products, life-cycle analysis, energy management standards EN 16001, ISO 50001, carbon footprint, etc. Also, the important result of the project was the opportunity to interconnect companies that have environmental problems with the companies that deliver such services (recycling industry).

4 Public Awareness of CSR in Serbia

Corporate social responsibility (CSR) is a relatively new concept in Serbia and is still poorly understood by the Serbian public (U.S. Department of State & Bureau of Economic and Business Affairs, 2012). According to Synovate research, conducted in 2010 and based on answer of representative sample of 2,241 examinees from Serbia: two third of examinees have never heard or did not understand what CSR mean and 84 % of examinees think that CSR should be regulated by law (data taken from Vlastelica Bakic, 2012). This indicates need for defining the boundaries of corporate social responsibilities and maybe the eco of past distant practice. The industrialist standpoint (European Round Table of Industrialists (ERT), 2001) is that CSR has its limits and does not mean that companies should involve themselves in trying to solve all the problems of societies in which they operate—they have neither the legitimacy nor the organisational resources to do so. The endless list of social problems can increase the unrealistic public expectations of successful companies. The economic power of the MNCs, large and successful companies is higher than that of others, but is not unlimited.

Research of Vlastelica Bakic (2012), based on interview with 688 examinees, suggested that perception of CSR activities is third important factor (after quality of product and services and business performances) which determine public perception of corporate reputation in Serbia. Corporate philanthropic activities, responsibilities toward environment and local communities as well as contribution to the society were perceived as activities which highly influence public perception of corporate reputation. However, this research confirmed that majority of examinees were based their perceptions of CSR activities on advertising and media reporting.

Vlastelica Bakic (2012) argues about two important aspects which will shape public awareness of CSR in Serbia: social responsible marketing and corporative communications as well as communication of social responsibility.

5 The Practice of CSR by Businesses in Serbia

Empirical researches related to CSR practice of companies operating in Serbia are rare. The main intention of researches (Mijatović & Stokić, 2010) was to explore the difference in CSR practice of MNCs and domestic companies which operate in Serbia. The research of CSR practice was included 122 companies (41 MNCs and 81 domestic companies) that operate in Serbia and was conducted in the areas of: employee relations, customer relations, environmental practice, social and community involvement and business transparency. The results indicate that our respondents, MNCs and domestic companies, belong to the group of the CSR—conscious companies, so generalisation of these results on overall CSR practice in Serbia is limited. The main findings of our research which were:

- *Employee relation*: The MNCs are more likely (63.4 %) to demand that their suppliers and business partners observe safety regulations and fair payment of employees than the domestic companies. Only about 37 % of domestic companies exert any pressure or influence on their business partners in this area. In the group of MNCs, 90.2 % of the examined companies take care and invest in training, education and overall improvement of the employees' skills. A disappointing 37 % of domestic companies take care for personal development of their employees. Only 34.1 % of the examined MNCs and 58 % of the domestic companies offer solutions for flexible working time models and working at home. At the same time, understanding of the work-life balance differs from one company to another and refers to: limited work time, free weekends, clearly defined and planned work activities and even include corporate sport and family days. More MNCs (82.9 %) promote diversity between gender, age, handicap, ethnic groups and lifestyles of their employees, compared to domestic companies (54.3 %). In spite of experience with workers' self management, domestic companies are less likely to involve employees in decision making and are less likely to cooperate with unions and labour representatives than MNCs. Among investigated companies, 24.4 % of multinational companies and 51.9 % of the domestic companies do not cooperate with unions and labour representatives at all. A majority of companies who cooperated with unions and labour representatives belong to the group of large companies.
- *Customer relations*. There is no significant difference between MNCs and the domestic companies in this area. 92.7 % of MNCs claim to have a transparent pricing policy, and 85.2 % of domestic companies. 82.9 % of MNCs and 72.8 % of domestic companies provide credible information about product quality (e.g. quality labels, safety certificates, clear written specifications of products

or services and their limits. . .). Information about product biography (declarations of origins or components) is provided by 87.9 % of MNCs and 85.2 % of domestic companies. Regardless of the fact that one of the main benefits of a quality management system is “improved customer relationships through fewer complaints” (Tricker & Sherring-Lucas, 2001), the findings of this research are disappointing. There is no significant association between the ISO 9001 implementation and the response to customer requirements (integrating customer feedback and systematic response to customer complaints) and the prevention of products and services causing danger to the customer.

- *Environmental Practice.* Significant difference between environmental practice of MNCs and domestic companies were not found. A majority or 90.2 % of the examined MNCs have stressed environmental issues in their strategies, as well as 72.8 % of the domestic ones. Only 58.5 % of the MNCs and 65.4 % of the domestic companies regularly provide information about environmental pollution and threats caused by the company. The majority of the MNCs claim to take measures for energy conservation (87.8 %) and waste avoidance (85.4 %). Nevertheless, only 65.9 % MNCs use recycling techniques, use recycled materials, take measures for nature protection and transport optimisation. The same situation is in the group of domestic companies, a high percentage of them take measures for waste avoidance (80.2), energy conservation (75.3 %), nature protection (77.8 %) and transport optimisation (64.4 %), but only 43.2 % of them use recycling techniques and recycled materials. Significant difference in environmental practice between the companies that implemented ISO 14001 and those that did not, is supported in all observed activities of environmental practice. More clearly, companies that implemented ISO 14001 more likely belong to the group of companies which regularly perform activities related to environmental practice.
- *Community and social involvement.* 92.7 % of the MNCs and 67.9 % of the domestic companies claim they are actively involved in creating improved general conditions in the local community. A significantly higher number of MNCs (87.8 %) regularly provide donations and sponsorship in comparison to 60.5 % the domestic companies. 92.7 % of the MNCs and 87.7 % of the domestic organisations claim to maintain a continual dialogue with municipalities in order to find out the most important problems of the local community.
- *Transparency in business activities.* 80.5 % of MNCs and 81.5 % of domestic companies regularly provide business reports. 78.0 % of MNCs and 76.5 % of domestic companies provide key financial data to their stakeholders. 75.6 % of MNCs and 70.4 % of domestic companies provide non financial data to their stakeholders. A majority of MNCs (90.2 %) and domestic companies (87.7 %) have transparent business strategies and goals. However, only 34.1 % of MNCs and 56.8 % of domestic companies are ready to share information about wages and extra payments to top managers. Statistically significant difference between the MNCs and the domestic companies in providing transparency and openness in business activities was confirmed in all activities other than transparency of wages of the top management.

- Majority of Serbian companies do not have codes of conduct in the form of documents. However, there are a number of documents by which the employees and other stakeholders are informed about the key values cherished by the company. Various forms of statements of values, employee guides, and value maps defining the key corporate values were observed in research as “transparent corporate values”. Transparent corporate values, codes of conduct, implementation of quality management systems in accordance with the ISO 9001 and environmental management systems in accordance with ISO 14001, have a positive, statistically significant influence on a majority of CSR activities.

The influence of voluntary approaches such as the implementation of generic management system standards, i.e. Quality Management System standards (QMSs) ISO 9001, Environmental Management System standard (EMSs) ISO 14001 and others can be observed as CSR practice. According to ISO (2013), certification to the ISO 9001 standard is used in global supply chains to provide assurance about suppliers’ ability to satisfy quality requirements and to enhance customer satisfaction in supplier-customer relationships. ISO 14001:2004 gives the requirements for environmental management systems, retains its global relevance for organizations wishing to operate in an environmentally sustainable manner (ISO, 2013). In many developed countries number of ISO 9001 and ISO 14001 standard certificates is quite stable (Germany, France, Spain or United Kingdom) or even declining (The Netherlands, Belgium, Canada, Ireland, Norway, U.S.). According to data of ISO standard certification survey (ISO, 2013) it can be seen that numbers of organization that implement (and poses certificate) those standards in Serbia are growing (Fig. 1).

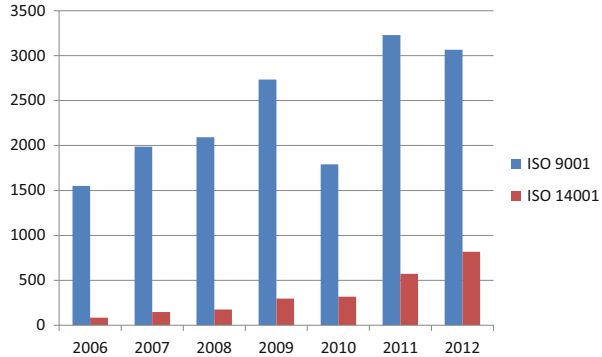
Understanding and focus areas of CSR in Serbia can be observed through presentation and realization of CSR project based on information from application National CSR Award 2008 and The European CSR Partnership Award 2013. The areas of CSR projects in 2008th, related to 41 projects of large companies and 41 projects of small companies, can be systematized in four areas:

1. Society:

1.1 Support to vulnerable groups:

- Persons with disabilities: donations for sport activities for disabled people and donations to organizations for students with disabilities.
- Children and young people: employment of young persons, support to secondary schools, support to local health care institution for children, donations to children’s hospitals, developing of skills of children (multimedia presentations, swimming, painting), donating sweets to children in disabled situations, support to international internships, providing better conditions in public kindergarten and schools (donating of air conditioning systems or IT equipment).
- Women: support to breast cancer screening program, donating medical equipments to the women health care institutions and gifts for mothers who have given birth.

Fig. 1 Number of quality management and environmental management system standards certificates in Serbia from 2006 to 2012 (Source: ISO survey 2012, www.iso.org)



1.2. Other: support to cultural events, donation to cultural centres, donation of sports clubs, and support to association of inventors.

2. Environment: energy savings, shutting down the big polluters, collecting and recycling waste and hazardous material, purification of the waste water, collection of IT waste, promote recycling as a lifestyle, promoting use of “clean energy”, education about preserving clean water, implementation of ISO 14001.
3. Development of civil responsibility: promotion of safe driving,
4. Business: informing shareholders, training and education of employees, implementation of management system standards in the company, planting trees, help people start their own business.

The areas of CSR projects in 2013, based on CSR projects of 12 large and 3 small companies, can be systematized in five groups (data taken from Smart Kolektiv, 2013):

1. Society:

1.1 Support to vulnerable groups:

- Persons with disabilities: to increase the availability of college education for students with disabilities; employment and raising capacity for employment of disabled persons, providing work practice for students with disability or collecting food for schools for children with special needs.
- Children and young people: support programme for young people in disadvantaged situations, building a house for children without parental care, improving playground conditions in state-owned kindergartens across Serbia, national campaign to provide new incubators to all the maternity hospitals in Serbia, project to raise nutrition, health and wellness awareness of school-age children and enable youth to engage in sport activities and practice healthy lifestyle.

- Marginalized groups: Supporting access to public services of Roma in Serbia and Support for the fight against human trafficking and help to victims' reintegration into society.
- 1.2. Development of civil responsibility—the use of the projects to raise awareness of the young people of the need to actively participate in their own communities.
 - 1.3. Other: Support to popularization of science
2. Business: Development of vertical SMEs networking, crediting of small enterprises and entrepreneurs doing business and support self-employment and entrepreneurship enabling their social and professional integration on the local market.
 3. Environment. Tree planting.

The main conclusions that might be based on this data are:

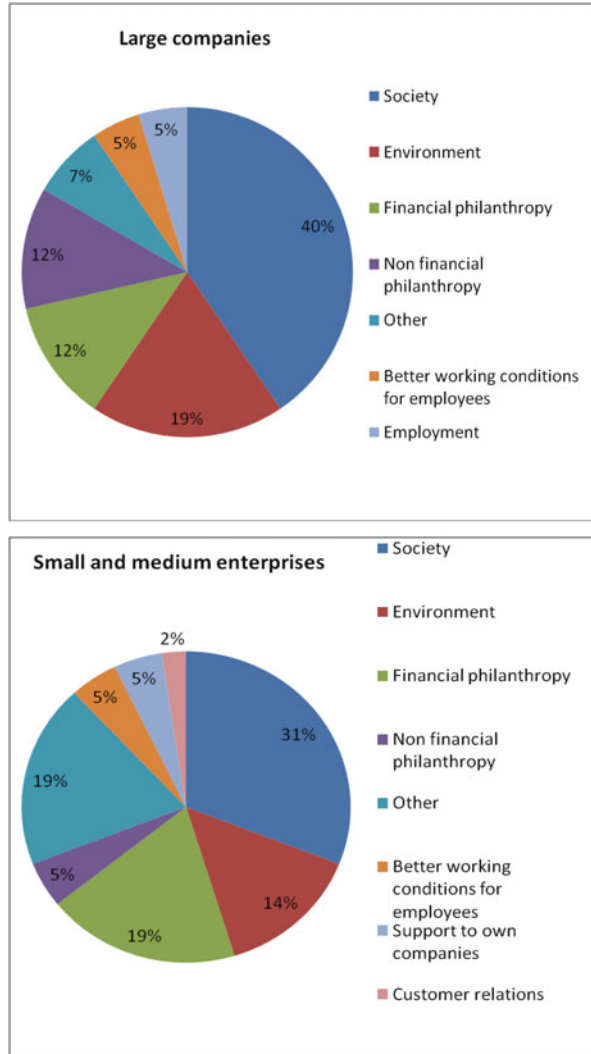
- Large majority of all projects submitted for CSR awards, in 2008, are in areas external to the business.
- Based on submissions from 2013, it seems that slowly but surely CSR mature—in almost third submissions integration of the CSR project into the core business activity can be easily observed. This conclusion display some limitations due to a small sample and structure of the participating companies that were participate.
- Dominant area for CSR projects is support to vulnerable groups: persons with disabilities, marginalized groups, children and young people and women.
- However 24 % of all submitted projects in 2008 and 45 % of large companies' submissions were related to financial or non financial philanthropy (Figs. 2 and 3).

6 Summary and Conclusions

Companies that operate in Serbia are faced with a lot of challenges. The effects of crisis combined with the challenges of transitional economy, produce multiple negative effects on businesses in Serbia. In such circumstances adopting economic dimension of business to environmental and social one is not easy task. The main objectives of this paper were to present some aspects of political, socio-economic and historical development of CSR, initiatives that promoted CSR and the practice of CSR by businesses in Serbia.

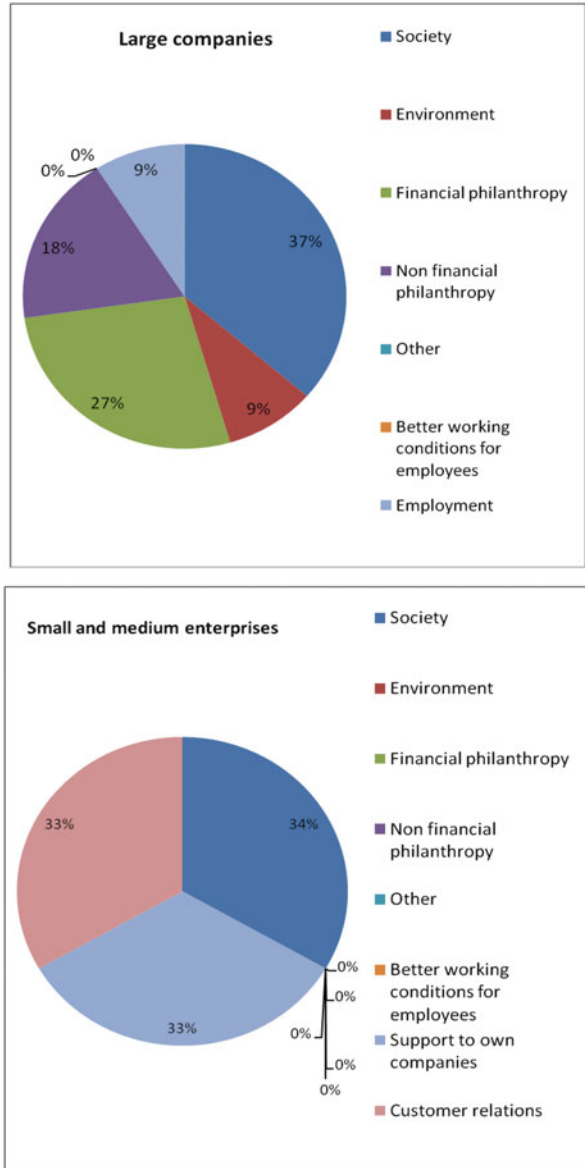
Corporate philanthropy has a long and continuous tradition in Serbia. During the nineteenth and twentieth centuries, until the Second World War, many citizens, business people and traders, shared their wealth: by building endowments; by providing scholarships for poor talented young people, by helping the poor and etc. After the Second World War in socialism, social responsibility was initiated by the government. Externally, social responsibility of Yugoslav enterprises was usually expressed through financial philanthropy. However, CSR in Serbia is still more about financial and non financial philanthropy and charity and is primarily

Fig. 2 Areas of CSR projects applied to National CSR Award 2008



considered external to a business. Even in the group of the CSR—conscious companies, CSR is much more recognized as a term, than an integrated practice in everyday business. Integration of the CSR into the core business activities, business strategy and long-term planning is a prerequisite for sustaining corporate responsibility in Serbian and transitional societies. Integration CSR activities into the core business activities can be helped trough transparent corporate values, codes of conduct, even implementation of standardised management systems and supported by other internal or external regulations, initiatives and voluntary approaches. Standard ISO 26000 provides guidance on putting social responsibility into practice in an organization and can be valuable starting point.

Fig. 3 Areas of CSR projects applied to the European CSR Partnership Award 2013



After the Second World War in socialism, social responsibility was ideologically defended by concern for interests of workers. Internally, the companies were taking care of some personal needs of employees regardless of their position in the organizational hierarchy. In the period after the 1990s, in the area of employee relation, in many companies care to employees has even gone to the other extreme, with the justification related to the break with the socialist practice. Now,

controversial role of worker unions as well as information that 24000 of workers unions are registered in Serbia (Despotovic, 2014) suggest that labour unions and representatives are not seen as reliable support to the employees.

It can be said that, social responsibility in areas of employees relation as well as women equality has root in past, but social responsibility in areas of customer protection, environment and ethical business became in the limelight much later in Serbia. In the last decade, a number of CSR initiatives supported by governance, NGOs, international donors and foundations, gain public attention on CSR activities. However, CSR is still poorly understood by the Serbian public (U.S. Department of State & Bureau of Economic and Business Affairs, 2012), and awareness of CSR terms and concepts differ from company to company. More CSR initiatives are needed in area of development of stakeholder activism and public awareness of modern concepts of CSR.

Modern CSR concepts should be understand as a way of integrating the corporate business with the social welfare and environmental issues and the main corporate contribution to the society should be within their powers and based on their own competences. More initiatives are needed in support of research and education in area of integration of CSR activities in specific areas of business. But first what is needed is the company's own strong decision to be responsible—as Nelson Mandela said: “A good head and a good heart are always a formidable combination”.

References

- Adamovich, L. S. (1997). ‘Trends in the global economy and their implications for Yugoslavia’. *International Journal of Politics, Culture and Society*, *II*(2), 283–299.
- Agatiello, O. (2008). Ethical governance: Beyond good practices and standards. *Management Decision*, *46*(8), 1132–1145.
- Anheier, H. K., & Toepler, i S. (1999). Philanthropic foundations—An international perspective. In H. K. Anheier & i. S. Toepler (Eds.), *Private funds public purpose: Philanthropic foundations in international perspective*. New York: Kluwer Academic/Plenum Publisher.
- Arzenšek, V. (1984). *Struktura i pokret*. Beograd: IDN.
- Berković, E. (1986). *Socijalne nejednakosti u Jugoslaviji*. Beograd: Ekonomika.
- Boulouta, I., & Pitelis, C. N. (2014). Who needs CSR? The impact of corporate social responsibility on national competitiveness. *Journal of Business Ethics*, *119*, 349–364. doi:[10.1007/s10551-013-1633-2](https://doi.org/10.1007/s10551-013-1633-2).
- Chapple, W., & Moon, J. (2005). Corporate social responsibility in Asia: A seven-country study of CSR web site reporting. *Business and Society*, *44*(4), 415.
- Despotovic, S. (2014). Radničke interese brani 24.000 sindikata. *Politika*, 11.1.2014. http://www.politika.rs/rubrike/Ekonomija/Radnicke-interese-brani-24_000-sindikata.lt.html
- Edwards, T., Mainson, P., Edwards, P., Ferner, A., & Tregaskis, O. (2007). *Corporate social responsibility in multinational companies: Management initiatives or negotiated agreements?* (pp. 1–27). Geneva, Switzerland: International Institute for Labour Studies.
- Elms, H. (2006). Corporate (and stakeholder) responsibility in Central and Eastern Europe. *International Journal of Emerging Markets*, *1*(3), 203–211.

- European CSR Partnership Award in Serbia. (2013). *Smart Kolektiv, Belgrade, 2013*. http://www.fpl.rs/upload/documents/preuzimanja/Evropska%20nagrada%20za%20CSR%20partnerstvo_Konkurs%20u%20Srbiji.pdf
- European Round Table of Industrialists (ERT). (2001). ERT position on corporate social responsibility and response to commission green paper. *Promoting a European Framework for Corporate Social Responsibility*. <http://www.ert.be/doc/0050.pdf>
- Final Background Paper Corporate Social Responsibility and Corporate Citizenship in the Arab World (FBP CSR Cairo 2007). (2007). In *Conference on Corporate Social Responsibility and Corporate Citizenship in the Arab World, Cairo, Egypt, 2007*. http://www.csr-weltweit.de/uploads/tx_jpddownloads/FinalBackgroundPaper_CSRConference_Cairo.pdf
- Gugler, P., & Shi, J. Y. J. (2008). Corporate social responsibility for developing country multinational corporations: Lost war in pertaining global competitiveness?. *Journal of Business Ethics*. doi:10.1007/s10551-008-9801-5.
- Hillman, A. L. (1994). The transition from socialism: An overview from a political economy perspective. *European Journal of Political Economy*, 10, 191–225.
- ISO. (2013). The ISO survey of management system standard certifications 2012, Executive summary, Nilsen 2012. <http://www.iso.org/iso/home/standards/certification/iso-survey.htm>
- Kilcullen, M., & Kooistra, J. O. (1999). At least do no harm: Sources on the changing role of business ethics and corporate social responsibility. *Reference Services Review*, 27(2), 158–178.
- Korhonen, J. (2006). Editorial: Are sustainability science research societies strategic? *Progress in Industrial Ecology—An International Journal*, 3(5), 409–417.
- Lazić, M. (1987). *U susret zatvorenom društvu*. Zagreb: Naprijed.
- Lazić, M. (1994). *Sistem i sloj*. Beograd: Filip Višnjić.
- Lazić, M. (Ed.). (1995). *Society in crisis*. Beograd: Filip Višnjić.
- Losonc, A. (2005). Serbia—Confronting a leadership vacuum. In A. Habisch, J. Jonker, M. Wegner, & R. Schmidpeter (Eds.), *Corporate social responsibility across Europe* (pp. 233–247). Germany: Springer.
- Mijatović, I. S., & Stokić, D. (2010). The Influence of Internal and External Codes on CSR Practice: The Case of Companies Operating in Serbia. *Journal of Business Ethics, Springer Netherlands*, 94, 533–552. doi:10.1007/s10551-009-0280-0.
- Miladinović, S. (2002). *Zadužbine*. Beograd: Službeni glasnik.
- Popović, M. i. s. (1987). *Društvene nejednakosti*. Beograd: ISIFF.
- Regelbrugge, L. (1997). Engaging corporations in strengthening civil society. In M. L. Fox & S. B. Schearer (Eds.), *Sustaining civil society: Strategies for resource mobilisation*. Washington, DC: CIVICUS.
- Rus, V. (1964). *Status vodstvenega kadra v pogojih samoupravljanja*. Kranj: Zavod za organizacijo dela v Kranju.
- Rus, V. (1970). Moć i struktura moći u jugoslovenskim preduzećima. *Sociologija*, 12(2), 191–209.
- Sekelj, L. (1990). *Jugoslavija struktura raspadanja*. Beograd: Rad.
- Singh, A., Kundu, S., & Foster, W. (2005). *Corporate social responsibility: MNCs to SMEs* (Working paper). New York, NY: School of International and Public Affairs, Columbia University
- Smith, H. W. (1993). The maturity of corporate giving and its long-term consequences. *Nonprofit Management and Leadership*, 4, 215–228.
- Strachwitz, R. G. (1999). Foundations in Germany and their revival in East Germany after 1989. In H. K. Anheier i S. Toepler (Ed.), *Private funds public purpose: Philanthropic foundations in international perspective*. New York, NY: Kluwer Academic/Plenum Publisher.
- Tricker, R., & Sherring-Lucas, B. (2001). *ISO 9001:2000 in brief* (p. 15). Great Britain: Butterworth Heinemann.
- U.S. Department of State, Bureau of Economic and Business Affairs. (2012). *Report June 2012. Investment Climate Statement, Serbia, 2012*
- UN Department of Economic and Social Affairs. (2007). CSR and developing countries—What scope for government action? *Sustainable Development Innovations Briefs*, (1).

- Visser, W. (2008). Corporate social responsibility in developing countries. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. Siegel (Eds.), *The Oxford handbook of corporate social responsibility* (pp. 473–479). Oxford: Oxford University Press.
- Vlastelica Bakic, T. (2012). Reputation management by applying concept of corporate social responsibility in marketing and public relation (Doctoral Dissertation, University of Belgrade, 2012). Faculty of Organizational Sciences, Belgrade, Serbia.
- World Business Council for Sustainable Development (WBCSD). (2000). *Corporate social responsibility: Making good business sense*. www.wbcsdch.org
- Živković, M., Đukanović, B., & Radovanović, M. (1985). *Socijalni problemi jugoslovenskog društva*. Beograd: Sloboda.

Whether and When: Corporate Social Responsibility as a Nationally Embraced Concept in Slovenia

Urša Golob

1 Introduction

Slovenia is a small nation state in central Europe that became part of the EU in 2004. It has been characterised as one of the relatively successful new member states, and one of the few transition countries to enter the EU and Eurozone with a fairly strong economy. The success of Slovenia's economic development until 2008, the coordinated market economy (CME) character (Hall & Soskice, 2001) and the socialist self-management legacy of CSR-related practices should have represented a good predisposition to well-developed CSR. The reality in Slovenia shows a different picture—the diffusion of CSR is still progressing rather slowly, especially in terms of the activities employed at the national level. Despite the emphasis put on CSR by EU institutions, and some initiatives and practices of CSR that were adopted by non-governmental organisations (NGOs) and businesses in recent years, this debate remains challenging for Slovenia. On the other hand, there remains room to further the debate to include different relevant actors and voices that would add to CSR development in Slovenia.

This chapter will explore the societal and economic drivers for the Slovenian perspective on CSR, adopting the institutional approach. It will examine the reasons for Slovenia's lagging CSR discourses and practices, and highlight the important role of NGOs—and their mission to establish a Slovenian national CSR agenda. Finally, the future challenges for CSR in Slovenia will be discussed.

U. Golob (✉)
Faculty of Social Sciences, University of Ljubljana, Ljubljana, Slovenia
e-mail: ursa.golob@fdv.uni.lj.si

2 The Socio-economic Framework for CSR in Slovenia

The analysis of CSR in Slovenia can best be conducted with the institutionalist approach, taking cultural factors into account. We adopt the idea of Brammer, Jackson, and Matten (2012), who argue that CSR in a specific setting can hardly be comprehended without an understanding of the institutional conditions under which it operates. The formal institutions and elements related to the legacy of self-management that are described in the next section of this chapter indicate that Slovenia could have a predisposition to develop strong CSR. However, an even more important condition affecting how CSR will be embedded and practiced involves the informal institutions, such as norms, customary practices or historical experiences (Brammer et al., 2012), and public values related to environmentalism, tolerance, trust, social activism and participation (Gjølberg, 2009).

Rosenbaum (2001) argues that informal traditions and settled or routine practices are those that can outplay formal institutions because they exert a persistent influence on real-life practices, even when the formal institutions (and legal framework) have been changed or adapted. This also explains why the things written on paper are so often not implemented in practice. Rosenbaum (2001) further reasons that there are two conditions under which formal institutions are more likely to fulfil their tasks: a stock of social capital and norms and values related to the specific institutional order. Social capital, on one hand, should facilitate the “solution of collective action problems since social capital denotes the ability to create and sustain voluntary associations” (Rosenbaum, 2001, p. 892). On the other hand, if values and norms that support formal institutions are not present, the ideal grounds for enforcing the institutions are missing, and thus the social and economic actors are not motivated to employ the opportunities provided by formal institutions (Rosenbaum, 2001).

Social capital, which seems to be very important for the advancement of CSR (Habisch & Wegner, 2005), is based foremost on generalised and institutional trust. While generalised trust refers to trust in people that are ‘unknown’ and is a foundation for the collective actions that foster the public good (as opposed to serving particular narrow interests), institutional trust is related to trust in the formal institutions of the state and civil society (Aasland, Grødeland, & Pleines, 2012). The former can be illustrated by the lack of cooperation and interaction across different organisations (for example, between NGOs, trade unions and business/trade associations) (Habisch & Wegner, 2005), which is often the case in Slovenia (e.g., Golob, Podnar, & Stanojević, 2015). The latter is evident by the fact that Slovenia has one of the lowest levels of trust in all formal institutions compared to other members of the EU (European European Commission, 2012).

Although no public opinion research on CSR issues in Slovenia exists, some studies conducted among Slovenian consumers show that the expectations of people regarding CSR are relatively high, especially in terms of respecting the legislation and conducting ethical practices (e.g., Podnar & Golob, 2007). However, there seems to be a big gap between these expectations and the actual estimation of managerial work. According to the Managers’ Association of Slovenia, the general public has almost no trust in managers (Managers’ Association of

Slovenia, 2012). This is, however, to be expected, because the Managers' Association is also very much concerned about the bad practices of corporate governance in certain Slovenian enterprises. The situation is especially pressing in the companies where the state holds the majority of the shares (Managers' Association of Slovenia, 2013).

The situation is alarming; low levels of trust and the low quality of institutions, together with many malpractices, can be mutually reinforcing (Aasland et al., 2012). The lack of trust can thus hinder the activity of civil society on one hand, and the legitimacy of political and economic actors on the other. However, it can also be associated with the informal practice and corruption constituted through human behaviour based on informal institutions and settled practices (Rosenbaum, 2001). The rather salient 'culture of informality' reflected in the informal networks that seem to dominate business (and political) relations, where agents are primarily using their informal practices to advance personal gain (Grødeland, 2007), is present in Slovenia, according to the IMD World Competitiveness Yearbook (Institute of Macroeconomic Analysis and Development, 2013).

As argued by Rosenbaum (2001), both the expansion of the culture of informality and malpractices conducted by the visible social and business actors are consequences of the large degree of discretion in the application of laws. This was also often the case in former socialist countries, where rules were not adhered to by the state. As indicated by the example of bad corporate governance in the state-owned companies (Managers' Association of Slovenia, 2013), this is not just a matter of the socialist past; it is a practice still alive and present today.

Despite the relatively fast economic development after the transition, which has not seriously endangered the solid welfare regime (e.g., Feldmann, 2006), and which often characterises the 'Slovenian story of success', Slovenia is facing problems similar to other post-socialist countries: an evident lack of trust, rising levels of corruption and the malfunctioning of institutions (Institute of Macroeconomic Analysis and Development, 2013).

Taking into account the present state of the informal institutions in Slovenia and their potential effect on CSR development, Slovenia appears to be in a somewhat vicious cycle. Thus, it is not surprising that CSR is not yet commonplace and is often considered to be no more than pretty words on paper (Zrilic, 2011). While several possible indicators for this lack of CSR development are outlined in the next sections of this chapter, the overview nevertheless illustrates that CSR in Slovenian practice is not non-existent.

3 The Origin and Historical Development of CSR in Slovenia

The CSR concept emerged rather late in Slovenian public discourse. It appeared after the European Commission's Green Paper, "Promoting a European Framework for Corporate Social Responsibility" (European European Commission, 2001), was introduced in 2001 (Golob & Bartlett, 2007).

3.1 *The Socialist Legacy of CSR*

Despite its relatively late emergence in the public discourse the notion of CSR is not new in Slovenia. The roots, primarily related to the care of employees, were set in the workers' self-management, distinct from Yugoslav socialism, which departed from the predominant Soviet model and was itself considered to be a socialist experiment. While the system allowed the large socialised enterprises to be responsive to market forces, especially in the area of international trade, it also enforced a system of self-management with the aim to grant more power to the workers (Taylor, Grandjean, & Tos, 1987). Hence, many economic decisions were made at the enterprise rather than the political level. Within the enterprises, the decision-making was further decentralised through worker self-management that allowed workers greater control over the work process, and thus resulted in greater job satisfaction.

The workers' councils in those enterprises were involved in many functions related to human resources management, such as hiring, wage setting, discipline and so on (Taylor et al., 1987). As a result, top managers were forced to fulfil their obligations toward workers (Stanojević, 1994). Besides demonstrating high concern for workers, these enterprises were very much connected with the local community. Jaklič (2003) argued that some socialised enterprises were like organisations for securing social responsibility, where some took more and others less. Economic success was a desirable goal; however, it was not the only condition for survival, and enterprises were able to fulfil their societal function well (Stanojević, 1992).

The CSR-related legacy of self-management was carried on into the 1990s, when Slovenia parted from Yugoslavia, became an independent country and adopted a market economy. The transformation to the market economy was gradual and exploited "the legacy of the previous system of social property and enterprise self-management" (Mencinger, 2004, p. 77). Gradualism was carried out with a "relatively low level of foreign direct investment, slow pace of privatisation, and the adoption of seemingly rigid labour relations and a generous welfare regime" (Crowley & Stanojević, 2011, p. 269), which led to rather well-established legislation related to workers' rights, strong social partners such as trade unions and employer representatives and a centralised bargaining process. These developments are labelled by Stanojević (1994) as steps toward a post-socialist neocorporatism.

3.2 *CSR and the Post-socialism Era*

Despite the gradualism in macroeconomic policy, Slovenian companies were fast confronted with the reality of the market economy. After 1990, short-term profit maximisation became the main goal for most Slovenian companies, and many new privately owned companies did not actively express willingness to participate in

socially responsible practices beyond those required by law. At the same time, public expectations toward business were usually limited to the creation of jobs. This and other labour-related issues were also high on the agenda for trade unions, which did not allow room for discussions on broader CSR-related issues in tripartite dialogues. When Slovenia became an associate EU member state in 1999, two topics related to CSR were starting to emerge. One was the protection of the natural environment, which was a very neglected CSR issue both in socialist times and in the transition period (Rojšek, 2001); the second topic was consumer protection.

Indeed, such commitments and engagements, especially those related to employees, might be understood as traces of CSR. However, the argument developed by Habisch and Wegner (2005), about how traditional (neo)corporatist engagements are not sufficient to raise social capital and stimulate cooperation between business and civil society, might be well placed here. Especially taking into the account the previously described socio-economic situation in Slovenia, the omnipresent role of the state—and the importance of a few strong social partners who mostly pursue their individual interests (Golob et al., 2015)—may be one of the reasons for the unwillingness of Slovenia to fully embrace CSR, or to at least acknowledge it as a strategically important issue.

3.3 Developments of CSR at the Turn of the Millennium

Nevertheless, at the turn of the millennium, when CSR slowly gained attention globally and at the EU level, large businesses in Slovenia appeared to become more interested in the concept of CSR. According to the KPMG International Survey of Corporate Responsibility Reporting 2002, only 35 % of Slovenia's top 100 companies included any notions of CSR in their annual reports, and only 5 % prepared a separate responsibility or sustainability report, which placed Slovenia among the 'emerging' countries at that time (Kolk & van der Veen, 2002). However, longitudinal research on CSR reporting between 1998 and 2006 based on a small sample of Slovenian large businesses shows a slow adoption of CSR practices from 2002 onward (Golob & Valentinčič, 2008). Companies reported mostly about topics related to employees and the natural environment, and other dimensions of CSR were also present in annual reports. Reporting about the relations with the community nearly doubled between 2000 and 2001. However, the reporting on customer and supplier CSR issues was almost non-existent in the period from 1998 to 2006. First mentions of customer topics did not occur before 1999, and reporting about supplier issues was not on the agenda prior to 2002 in the selected large Slovenian companies (Golob & Valentinčič, 2008). Despite reporting on many topics that clearly fell under the CSR umbrella, Slovenian companies mainly understood CSR as practices related to sponsorships and donations (e.g., Golob, 2006), activities that could be characterised as the philanthropic dimension of CSR according to Carroll's (1979) much-cited categorisation. These activities were normally carried out sporadically, based on the personal preferences of managers, and without a

serious strategic approach for selecting the organisations or community actions that should benefit from the funds (Jaklič, 2003).

At first, the philanthropic perspective of CSR also dominated in the media. In 2004, the daily business newspaper *Finance* published its first rankings of the “TOP 101 Socially Responsible Companies”. The rankings were based solely on the percentage of funds dedicated to sponsorships and donations. The methodology and CSR definitions were publicly criticised, and *Finance* changed its strategy to include other CSR-related aspects. In 2007, the methodology included non-financial investments in CSR practices as well. On average, 24 companies from the list dedicated 0.34 % of their total investments in 2006 to sponsorships and donations, 0.46 % to the well-being and development of employees and 0.45 % to investments aimed at protecting the natural environment (Vozel, 2007).

After 2004, several NGOs entered the CSR field. The first was the Institute for the Development of Social Responsibility (IRDO), which has remained one of the most active organisations in the CSR domain to date. In the same year, the Working Committee for Social Responsibility was established by the AmCham Slovenia. Other NGOs or business associations that followed with CSR-related topics were the Ekvilib Institute (2006), the UN Global Compact Slovenia (2007), the Slovenian Chamber of Commerce (2007) and the Network for Corporate Social Responsibility Slovenia (established in 2011), which aims to connect different stakeholders to engage in CSR-related debates.

Simultaneously, CSR-related topics gained more attention in the media. Hrast (2012) argues that it was almost impossible to place a CSR story into the national media at the beginning of the millennium. However, national coverage took off after 2006. While in 2006 only six topics that included the word CSR were published in the national media, the number increased to 132 publications in 2007, and climbed even further from 789 to 835 publications in 2008 and 2009, respectively (Hrast, 2012).

4 Current Views, Practices and Initiatives to Promote CSR Agenda

4.1 Political Interest in CSR: No More than Words on Paper?

Over the years, some attempts have been undertaken to promote CSR in Slovenia (Zrilic, 2011). At the end of 2005, the Slovenian government established an inter-ministerial working group with a plan to promote CSR on a national level (Golob & Bartlett, 2007; Zrilic, 2011), and to draw up all the reports of past activities and results on CSR in the country. The so-called ‘national report on CSR’ was to be a part of the larger EU report on members’ CSR policies (the National Report on Public Policies in CSR in 2006). The aim of the inter-ministerial group was to draw

some proposals about how the issue of CSR should be addressed at the national level, and also to coordinate the CSR activities.

This group, however, did not succeed in developing any CSR initiatives. In the years following 2006, it even failed to prepare coherent reports on CSR advancement and initiatives for the EU publications on national CSR policies. Consequently, Slovenia was one of the few member countries not providing any coordinated information on national CSR activities and policies. The group has been criticised by the NGOs for its inactivity and lack of initiative to date. As its formation bore no fruit in terms of formal CSR policy that could be adopted by the government, the group was dissolved in 2009.

In 2007, CSR was included in some governmental documents. These documents mostly targeted labour issues, such as “Analysis—the national Programme Safety and health at work”, published by the Ministry of Labour, Family and Social Affairs in 2007. In this programme, CSR is understood as responsible behaviour that respects workers and their health and safety.

In the tripartite Social Agreement 2007–2009, signed by the government, trade unions and employer representatives, the definition of CSR was a poor compromise. At the Economic and Social Council negotiations, trade unions opted for a more elaborated and binding definition, insisting that more elements of CSR should be included. However, the other two sides, especially the employer representatives, decided that the character of CSR should be strictly voluntary and insisted on a looser CSR definition (Golob et al., 2015). Hence, CSR was defined as a voluntarily integration of social and environmental concerns into business activities (Social Agreement, 2007). In the same document, the government committed to fulfil several tasks related to CSR: to promote CSR by raising awareness; to promote best practices in companies; to participate in the development of standards of CSR practice and reporting; to develop a system of annual CSR reporting; and to include CSR as a criterion for public tenders (Martinuzzi, Krumay, & Pisano, 2011). None of the tasks has been fulfilled to date (Hrast, 2013). This is an example of government not adhering to its own rules and promises regarding the CSR resolutions from the Social Agreement, though it is a binding document for all three social partners—government, employer representatives and trade unions.

Moreover, at present the government appears even less inclined to address CSR issues. Despite the latest initiatives coming from the European Commission, and the new EU strategy on CSR issued in 2011 (Martinuzzi et al., 2011), the Slovenian government decided that this is not an important topic to be pursued on either a national or political level. The answer of the Minister of Labour, Social Affairs, and Equal Opportunities to the questions about CSR strategy and the inter-ministerial working group that were posed by a parliament member reflects this rather well. The Minister believes CSR is important; however, the European Commission did not legally bind countries to prepare national strategies, but merely advised them to do so. Hence, there is no requirement to prepare such a strategy. Although CSR is more than necessary and welcome, this message certainly cannot be achieved by means of strategy or initiatives on a national level (A. Kopač Mrak, personal communication, August, 19, 2013). Furthermore, when the EU officials requested

that the Slovenian government should provide information on the progress made in terms of national strategy or initiatives, the official answer was that the country has no action plans in this area, though, a list of priorities based on proposals from NGOs will probably be prepared in the future (Hrast, 2013).

4.2 The Initiatives from Civil Society and Economic Actors

Despite the reluctant stance of politicians in Slovenia, more initiatives toward CSR have been undertaken by NGOs, business associations and large businesses. The most active in promoting CSR is IRDO. Since 2006, IRDO has organised an annual international conference on different CSR-related topics. In 2009, IRDO also introduced the first national award for well-established CSR practices—The Slovenian Award for Social Responsibility, HORUS. Since then, HORUS awards have been awarded annually to Slovene companies from across different industrial sectors. IRDO was one of the first initiators for the national CSR strategy. After their introduction of the idea for a national strategy for the development of CSR (in 2008), IRDO published an initiative for a national development strategy in 2010.

This initiative was supported by other NGOs, businesses, business organisations and even universities. Ekvilib Institute, another NGO pursuing CSR issues, established the Network for Corporate Social Responsibility Slovenia (MDOS) in 2011. The purpose of MDOS is to promote CSR in a broader context, and to actively work toward setting the pillars that would help to develop a national CSR strategy. Several organisations joined the network: the UN Global Compact, The Managers' Association of Slovenia, Public Relations Society of Slovenia (PRSS), The Slovenian Chamber of Commerce, AmCham, IRDO, all three main Slovenian universities and the Union of Free Trade Unions of Slovenia. MDOS invited government representatives as well. At first, there was no response; but later, two middle-range state officials joined, mainly inspired by their personal enthusiasm rather than their status as official governmental representatives. MDOS held a few meetings on CSR strategy in 2012 and 2013; however, no definite answers and resolutions regarding the strategy were accepted there.

Ekvilib Institute, as the second most active NGO in the CSR field, is also the organiser of its own annual CSR conference titled "CSR Trends"; and, together with MDOS, the Institute introduced a national competition for the European CSR Award in 2012—an award initiated and offered by the European Commission. Ekvilib Institute, together with IRDO, also actively promotes the new CSR guidelines, ISO 26000 and GRI standards of reporting.

Several other conferences and events have been organised over the years with the aim of promoting CSR-issues and raising awareness about the importance of CSR for such different areas and practices as: employment, advertising, public relations, management, small and medium sized enterprises (SMEs), marketing and ecology. The national media—mainly daily newspapers—have been sponsors for these events, promoting CSR by reporting on events and topics discussed there. The

Table 1 CSR initiatives presented by NGOs and business associations in Slovenia

Organisation	Type	Initiative/event (year started)
IRDO	NGO	<ul style="list-style-type: none"> • International CSR Conference (2006) • HOURS Award (2009) • National Strategy Initiative (2010)
Ekvilib Institute/MDOS	NGO	<ul style="list-style-type: none"> • CSR Trends Conference (2006) • Family-Friendly Company Certificate (2007) • MDOS multi-stakeholder meetings on CSR strategy (2013) • European CSR Award Scheme (2013)
UN Global Compact	Business Association	<ul style="list-style-type: none"> • 33 medium to large businesses are partners—promoting CSR through different events and partnerships with NGOs (2007 onwards)
PRSS	Business Association	<ul style="list-style-type: none"> • HORUS partner • Family-Friendly Company Certificate partner
The Slovenian Chamber of Commerce	Trade Association	<ul style="list-style-type: none"> • CSR Matrix Project—flexible working environment and ‘green skills’ (2013)
Styria Chamber of Commerce	Trade Association	<ul style="list-style-type: none"> • CSR—Code to Smart Reality for SMEs (2006–2007)
The British-Slovenian Chamber of Commerce	Trade Association	<ul style="list-style-type: none"> • BSCC Corporate Social Responsibility Award (2013)

daily newspaper *Finance* is especially active in promoting CSR with regular supplements. *Finance* is also one of the major organisers of seminars on reporting practices, including practices related to CSR reporting. The most important and visible organisations and CSR-related initiatives are presented in Table 1.

The CSR initiatives that exist are rather fragmented, and some mistrust is always present between these organisations when collaboration and the setting of mutual goals are on the agenda. The fragmentation is also, to some extent, a matter of CSR definitions. Trade and employer organisations have been reluctant to overcome the strictly voluntary character of CSR due to the fear that CSR might hinder the competitiveness of the Slovenian economy; they would rather see the concept loosely defined (Golob et al., 2015). These differences can be seen when comparing the highlights of CSR definitions between the two NGOs involved in CSR and trade/employer associations.

On one hand, the focus of NGOs is on including stakeholders and their expectations, and on the need to understand CSR as a broad concept that should be an integral part of business processes and understood as something that goes beyond the interests of the business sphere. Brammer et al. (2012) suggest this is a broader understanding of CSR in its multi-stakeholder form. Trade and employer organisations, on the other hand, see it foremost as a concept that should be implemented on a voluntary basis, where companies go beyond their pure business interests, contributing to the society, caring for the well-being of employees and managing any environmental impacts. They also emphasise the business case of CSR. This view reflects the dominance of the agency approach in understanding the role of the

nature of a firm—an approach that tends to place ethical aspects somewhat on the sidelines (Brammer et al., 2012).

4.3 *The Business Practice of CSR*

Several larger businesses that successfully survived the transition in the 1990s, and which are among the biggest, most successful and most reputable Slovenian companies (e.g., Krka, Lek, Gorenje and others), were always somewhat inclined to CSR issues, giving certain amounts of resources to local communities, sports, entertainment and philanthropic causes. Most of them also took care of their basic environmental responsibilities by adopting the various ISO certificates.

However, in the last five years or so, these companies have started to devote much more attention to CSR in a broader sense that goes beyond the philanthropic dimension. In many ways, the implementation of specific CSR-related practices in these companies can be seen as a form of institutional isomorphism (DiMaggio & Powell, 1983). For instance, companies were (or are) copying practices from other ‘model’ companies that they thought of as successful or legitimate. Business media and CSR awards and certificates, such as HORUS, Family-Friendly Company and European CSR Award, supplement this type of institutional isomorphic mechanism. As was often publicly communicated by the carrier of the HORUS award, IRDO, many businesses used a very comprehensive HORUS questionnaire that has recently been adjusted to adhere to the ISO 26000 guidelines as an internal guide to improve their CSR activities.

Furthermore, the Family-Friendly Company Certificate has become an important instrument through which companies acknowledge the importance of the so-called internal dimension of CSR related to employees (European Commission, 2001). Until 2013, almost 130 organisations in Slovenia were certified for carrying out the basic measures regarding the well-being of their employees. Communication about CSR is also becoming an important element of CSR practices; many larger businesses devote at least some space on their websites and their annual reports to CSR. Some of them started to issue separate CSR or sustainability reports and are following GRI guidelines of reporting at the starting position, which is a C+ level of application.

There are no large-scale studies about how Slovenian businesses practice CSR. However, a pilot study on CSR in Slovenian organisations, which was carried out by PRSS and Interstat in 2011 on a sample of 67 organisations, offers a general picture of the state of CSR understanding and practices in the Slovenian business community. The results reveal that, for the most part, organisations comprehend the meaning of CSR and the main reasons for CSR activities. When asked about the definition of CSR, the majority of respondents (55.2 %) indicated that CSR should mean achieving business goals while simultaneously taking care of customers, employees, and the local community. The second most frequent view of CSR was as the societally and ecologically friendly orientation of businesses (17.9 %). The

most important stakeholder group are customers, followed by employees, owners and the natural environment. Less important for the organisations in the survey is the local community while the least important group are suppliers. However, the answers to the question about what kinds of CSR practices prevail revealed that most companies employ only small steps, such as caring for the natural environment in everyday operations (recycling, energy and paper saving etc.) and engaging in philanthropic projects. To some extent, the care for employees was also mentioned.

According to the results of the survey, in the next five years organisations will dedicate their efforts mostly to their employees, and to a lesser extent to ecological issues. A total of 28 % of respondents indicated that they would try to place an emphasis on a more systemic organisation of CSR within their companies. While 43 % respondents indicated that the top managers are responsible for implementing CSR, almost 36 % said that this task belongs to the public relations department.

It appears that the majority of organisations in the survey understand CSR as a cost. The financial constraints were named as the leading obstacle for implementing CSR (33 %). Other important obstacles were a lack of time and lack of motivation among employees (each at 16.4 %), as well as a lack of familiarity with the CSR concept (12 %). The main motive for pursuing CSR is good relations with stakeholders (28.4 %), closely followed by strengthening market position and reputation (16.4 %). Other more salient motives included motivating employees (9 %) and positive publicity and promotion (7 %) (Interstat, 2011).

The results of the survey are rather contradictory: there appears to be a gap between the rhetoric of CSR and the actual practice. This is not surprising; the yearly ranking of CSR companies in *Finance* similarly revealed that companies mostly dedicate their efforts and funds to donations and sponsorships (Turk, 2013), coinciding with the motive of viewing CSR as a reputation management practice. Nevertheless, the HORUS award proves that there are a few companies with well-developed holistic CSR practices. Most of them are also very active in promoting CSR on the national level, mainly through participation with IRDO and MDOS. While there is no data about CSR and SMEs in Slovenia, the HORUS award shows that some good examples can be found among smaller companies as well.

5 Conclusion: CSR Perspectives for Slovenia

A short overview of CSR development, initiatives and practices that aim to promote CSR in Slovenian civil society and its business community testifies to the fact that progress in the development and diffusion of CSR over the last 15 years has been noticeable:

- The number of non-governmental CSR initiatives has increased;
- Larger Slovenian business made some shifts in how they understand and practice CSR (CSR is no longer understood solely as a philanthropic activity related to sharing profits with the community);

- CSR reporting has improved significantly;
- The media started to cover CSR topics more frequently.

Considering all that was written on the views of the political, societal and economic spheres regarding CSR, the impact of the initiatives and practices on the wider business community and society in general might not yet be big enough to put CSR firmly on the national agenda. While individuals are shaped by past experiences, social change is shaped by human actions, involves a change of habits and is cumulative (Rosenbaum, 2001, p. 907). This is, in part, already reflected in the current state of CSR in Slovenia. Due to the activities undertaken by NGOs, other civil organisations, some businesses and individuals, the evidence we have examined in this chapter shows that several small steps have already been made toward a wider recognition of CSR.

At the current pace, it might take about 10 years to firmly establish CSR in the several spheres of society (Hrast, 2012). Nonetheless, the fact that NGOs are very active in the CSR field in Slovenia is promising in terms of enhancing their legitimacy and impact within society (Jamali, Yianni, & Abdallah, 2011). It leads to an understanding of CSR beyond the discourse dominated by the business-centred approach, and rather as a reflection within a broader institutional mirror (Brammer et al., 2012).

This is something that the EU has also embraced in its new CSR strategy (European European Commission, 2011). To prevent businesses from filling CSR with arbitrary content, the EU has recognised the importance of a strong engagement with relevant stakeholders (e.g., NGOs), the role of public authorities and the importance of national CSR policies developed by way of multi-stakeholder dialogues (European European Commission, 2011).

Although the EU initiatives and calls regarding the national CSR policies can be considered important, the Slovenian example proves they might also not be sufficient. The institutionalist approach, and the brief overview of CSR in Slovenia, has taught us that standard policy recommendations and proposals might be highly context-dependent—and circumstances in a certain society cannot be taken for granted. In this regard, the only possible way that the concept of CSR will become more established in Slovenian society and in its business community is the evolutionary-informed approach to understating the interdependence of values, beliefs and institutions (Rosenbaum, 2001). Hence, given the current state of institutions in Slovenia, the answer to the question of whether all important actors in Slovenian society will be able to adapt to this challenge and make an active contribution may dictate the future development of CSR in the country.

Acknowledgment The author would like to thank Neva Štumberger for her valuable help with searching the sources on CSR.

References

- Aasland, A., Grødeland, Å. B., & Pleines, H. (2012). Trust and informal practice among elites in East Central Europe, South East Europe and the West Balkans. *Europe-Asia Studies*, 64(1), 115–143.
- Brammer, S., Jackson, G., & Matten, D. (2012). Corporate social responsibility and institutional theory: New perspectives on private governance. *Socio-Economic Review*, 10(1), 3–28.
- Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, 4(4), 497–505.
- Crowley, S., & Stanojević, M. (2011). Varieties of capitalism, power resources, and historical legacies: Explaining the Slovenian exception. *Politics and Society*, 39, 268–295.
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147–160.
- European Commission. (2001). *Green paper promoting a European framework for corporate social responsibility*. Luxembourg: Office for Official Publications of the European Communities. Retrieved from <http://europa.eu.int/comm/employmentsocial/socdial/csr/greenpaper.htm>
- European Commission. (2011). A renewed EU strategy 2011-14 for corporate social responsibility. Brussels: COM 681. Retrieved from http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm
- European Commission. (2012). *Public opinion in the European Union (Standard Eurobarometer 78)*. Retrieved from http://ec.europa.eu/public_opinion/index_en.htm
- Feldmann, M. (2006). Emerging varieties of capitalism in transition countries: Industrial relations and wage bargaining in Estonia and Slovenia. *Comparative Political Studies*, 39(7), 829–854.
- Gjølberg, M. (2009). The origin of corporate social responsibility: Global forces or national legacies? *Socio-Economic Review*, 7(4), 605–637.
- Golob, U. (2006). *Posameznik in družbena odgovornost podjetja v času transformacije slovenske družbe [Individual and Corporate Social Responsibility in the Time of Slovene Society Transformation]*. Unpublished doctoral dissertation, University of Ljubljana, Faculty of Social Sciences, Ljubljana, Slovenia.
- Golob, U., & Bartlett, J. L. (2007). Communicating about corporate social responsibility: A comparative study of CSR reporting in Australia and Slovenia. *Public Relations Review*, 33(1), 1–9.
- Golob, U., Podnar, K., & Stanojević, M. (2015). Slovenia: CSR as a luxury in tough economic times. In L. Preuss, M. Gold, & C. Rees (Eds.), *Corporate social responsibility across Europe: Trade union perspectives* (pp. 135–150). London: Routledge.
- Golob, U., & Valentinčič, N. (2008). Longitudinalna analiza poročanja o družbeni odgovornosti: Primer izbranih slovenskih družb [A longitudinal analysis of corporate social responsibility reporting: Examples of selected companies]. In A. Hrast & M. Mulej (Eds.), *Prispevki družbene odgovornosti k dolgoročni uspešnosti vseh udeležencev na trgu [The contribution of corporate social responsibility to the long-term success of the market]*. Maribor: IRDO.
- Grødeland, Å. B. (2007). ‘Red Mobs’, ‘Yuppies’, ‘Lamb Heads’ and others: contacts, informal networks and politics in the Czech Republic, Slovenia, Bulgaria and Romania. *Europe-Asia Studies*, 59(2), 217–252.
- Habisch, A., & Wegner, M. (2005). Germany: Overcoming the heritage of corporatism. In A. Habisch, J. Jonker, M. Wegner, & R. Schimpdeter (Eds.), *Corporate social responsibility across Europe* (pp. 111–123). Berlin: Springer.
- Hall, P. A., & Soskice, D. (2001). *Varieties of capitalism. The institutional foundations of comparative advantage*. Oxford: Oxford University Press.
- Hrast, A. (2012, May). *Poslanstvo inštituta IRDO in Slovenske nagrade za družbeno odgovornost HORUS [The mission of the IRDO institute and HORUS – Slovenian award for social responsibility]*. Paper presented at 24th Forum of Excellence, Otočec, Slovenia

- Hrast, A. (2013, July 25). Strategija družbene odgovornosti v Sloveniji. Zakaj je še nimamo? [CSR strategy in Slovenia: Why there is no strategy?]. *Dnevnik*. Retrieved from [http://gazela.dnevnik.si/sl/Novice/4738/Podjetni%C5%A1ki+dnevnik+Anite+Hrast+\(4\)%3A+Strategija+razvoja+dru%C5%BEbene+odgovornosti+v+Sloveniji+Zakaj+je+%C5%A1e+nimamo](http://gazela.dnevnik.si/sl/Novice/4738/Podjetni%C5%A1ki+dnevnik+Anite+Hrast+(4)%3A+Strategija+razvoja+dru%C5%BEbene+odgovornosti+v+Sloveniji+Zakaj+je+%C5%A1e+nimamo).
- Institute of Macroeconomic Analysis and Development. (2013). *Development report 2013 (UMAR Publication)*. Retrieved from http://www.umar.gov.si/fileadmin/user_upload/publikacije/pr/2013/IIIIs.pdf
- Interstat. (2011). *Raziskava o družbeni odgovornosti v slovenskih podjetjih [Survey on corporate social responsibility in Slovenian enterprises]* (Research Report).
- Jaklič, M. (2003, June 28). Prevzeti (etično) odgovornost [Accepting (ethical) responsibility]. *Sobotna Priloga, Delo Newspaper*, 147, 10–11.
- Jamali, D., Yianni, M., & Abdallah, H. (2011). Strategic partnerships, social capital and innovation: Accounting for social alliance innovation. *Business Ethics: A European Review*, 20(4), 375–391.
- Kolk, A., & van der Veen, M. (2002). *KPMG international survey of corporate sustainability reporting 2002*. Amsterdam: Graduate Business School.
- Managers' Association of Slovenia. (2012). *Zaupanje je treba živeti! [Trust must be lived!]* [Press release]. Retrieved from <http://www.zdruzenje-manager.si/za-medije>
- Managers' Association of Slovenia. (2013). *Združenje Manager opozarja na slabo prakso korporativnega upravljanja [Managers' Association warns against bad corporate governance practices]* [Press release]. Retrieved from <http://www.zdruzenje-manager.si/za-medije>
- Martinuzzi, A., Krumay B., & Pisano, U. (2011). *Focus CSR: The New Communication of the EU Commission on CSR and National CSR Strategies and Action Plans* (ESDN Quarterly Report No. 23). Retrieved from http://www.sd-network.eu/quarterly%20reports/report%20files/pdf/2011-December-The_New_Communication_of_the_EU_Commission_on_CSR_and_National_CSR_strategies.pdf.
- Mencinger, J. (2004). Transition to a national and a market economy: A gradualist approach. In M. Mrak, M. Rojec, & C. Silva-Jáuregui (Eds.), *Slovenia from Yugoslavia to the European Union* (pp. 67–82). Washington, DC: The World Bank.
- Podnar, K., & Golob, U. (2007). CSR expectations: The focus of corporate marketing. *Corporate Communications: An International Journal*, 12(4), 326–340.
- Rojšek, I. (2001). From red to green: Towards the environmental management in the country in transition. *Journal of Business Ethics*, 33, 37–50.
- Rosenbaum, E. F. (2001). Culture, cognitive models, and the performance of institutions in transformation countries. *Journal of Economic Issues*, 35(4), 889–909.
- Stanojević, M. (1992). Akterji industrijskih odnosov in pokomunizem: kako sproducirati trg? [The actors of industrial relations and post-communism: How to produce the market?]. *Družboslovne razprave*, 9(14), 63–72.
- Stanojević, M. (1994). Changing power structures: Trade unions, privatisation and the end of self-management-the Slovenian case. *The European Journal of Development Research*, 6(1), 164–174.
- Taylor, P. A., Grandjean, B. D., & Tos, N. (1987). Work satisfaction under Yugoslav self-management: On participation, authority, and ownership. *Social Forces*, 65(4), 1020–1034.
- Turk, D. (2013, December 5). Vlaganja v sponzorstva, zaposlene in varovanje okolja podobna lanskim [Investments in sponsorship, employees and the natural environment stayed at the same level this year]. *Finance*, 234, 18.
- Vozel, M. (2007, December 10). Odgovorni odlično opravili z vprašalnikom [The responses of the responsible were excellent]. *Finance*, 235, 23.
- Zrilic, J. (2011). CSR in Slovenia. *European Company Law*, 8(2–3), 119–122.

Corporate Social Responsibility in Lithuania: Fragmented Attempts to Respond to External Pressure

Raminta Pučėtaitė and Rasa Pušinaitė

1 Introduction

Lithuania with a population of 2.9 million is one of the three Baltic States and borders Belarus, the Kaliningrad region of the Federation of Russia, Latvia and Poland. The state was established in 1253 and maintained its sovereignty till 1569 when the Grand Duchy of Lithuania and Kingdom of Poland merged into a Commonwealth. At the end of the eighteenth century the state was divided between Russia, Prussia and Austria, and the larger part of Lithuania fell to tsarist Russia. In 1918, Lithuania declared independence. For two decades its economy was based on agriculture, and business was in the hands of other ethnic groups who emigrated or were exiled, marginalized or destroyed during World War II. Most of the existent industry was nationalized by the Soviet government, which ruled as occupiers under a planned economy from 1940 to 1990. Therefore, the mechanisms of reputation management or self-regulation and orientation towards efficiency, which are at the core of responsible business, did not have the necessary historical grounds to develop. After regaining independence in 1990, Lithuania struggled through a decade of wild capitalism, bank crises, social and economic consequences of shady privatization processes and large numbers of qualified workforce emigrating. In 2004, Lithuania became a member state of the European Union and adopted a number of directives in its economic and political systems as a result of harmonisation with the EU, which opened new opportunities for business and introduced new standards for conducting business including the concept of CSR.

R. Pučėtaitė (✉) • R. Pušinaitė
Vilnius University, Kaunas Faculty of Humanities, Muitinės str. 8, Kaunas, Lithuania
e-mail: raminta.pucetaite@khf.vu.lt; rasa.pusinaite@khf.vu.lt

2 Historical Development of CSR

The development of CSR in Lithuania dates from 2003, when the government of the Republic of Lithuania issued the National Strategy of Sustainable Development. At the time, the very first articles on the topic of CSR and issues related to it were published mostly by researchers at the Center for Business Ethics in the Kaunas Faculty of Humanities at Vilnius University (e.g. Pučėtaitytė & Vasiljevas, 2002; Štreimikienė & Vasiljeviienė, 2004; Vasiljeviienė, 2002; Vasiljevas & Genevičiūtė, 2004; Vasiljevas & Pučėtaitytė, 2005; Vasiljeviene & Vasiljevas, 2005). The term CSR came into public use in 2004, when the National Network of Responsible Enterprises (NNRE), an informal association of 11 organizations was established, and in June 2005, 39 companies, mostly subsidiaries of transnational corporations, officially joined the Global Compact (hereafter GC). The event was patronized by president Valdas Adamkus and received broad media coverage.

The CSR phenomenon at the corporate level became more widespread in the years 2006–2007, when the national economy was experiencing remarkable growth—Lithuania being referred to as one of the Baltic Tigers for its economic growth, which was as high as 10 % in 2007 (Gruževskis & Blažienė, 2012), and companies, in particular the larger ones, were investing in public relations, and brand and reputation management. CSR was taken up as a fashionable term by public relations companies and the concept gained very strong associations with corporate communication and sponsorship practices. Yet, marketing budgets were among the first to be reduced during and after the global economic crisis in 2008.

Much of the progress in understanding CSR in business circles and its implementation in practice are due to information activities undertaken by the national chapter of the United Nations Development Programme (hereafter UNDP) and the Investors' Forum which have organized at least two major events (e.g. conferences, seminars, training to CSR officers) on CSR per year between 2005 and 2013, promoting membership in the GC. Hence, the GC became established as a promotional initiative for CSR in Lithuania. Since 2005, the number of GC corporate members has exceeded 80. In 2013, the NNRE established a formal organization, the Lithuanian Association of Responsible Business with a mission to encourage the development of responsible business as a factor of sustainable development. The association continues the functions of the UNDP office, which was closed in July 2013.

3 Political Handling of CSR

CSR came to Lithuania as a requirement of EU harmonisation, and the government assigned the responsibility for promoting CSR to the Ministry of Social Security and Labour. In 2006, the Ministry created the Standing Commission for the Coordination of CSR Development, which was assigned responsibility for coordinating measures that promote CSR in Lithuania. In 2010, the Lithuanian

government approved the National Programme for the Development of Social Responsibility of Enterprises for 2009–2013 (NPSR) and the Plans of Measures for its Implementation for 2009–2011 and 2012–2013, which focus on developing favourable conditions for CSR practices, deepening the awareness of CSR and enhancing the competence to handle CSR issues in companies and their stakeholders.

Except for measures in the education sector, the NPSR programme mainly concentrated on the development of CSR in the private sector, omitting public organizations from its scope, which has received some criticism (Vilke, 2011). The criticism was partially addressed by CSR application guidelines to state-owned enterprises (“*Pavyzdinis ISA Taikymo Planas*”, 2012), a measure covered by the programme of CSR implementation measures. In 2010, the government of Lithuania issued the “Guidelines for the Transparency of the Performance of State-Owned Enterprises” (decree No. 1052). This obliged state-owned enterprises to report their performance and financial results each quarter, enabling a public discussion on the management and accountability of these enterprises. However, these obligations have not turned into critical action (with exception of a few state-owned enterprises), and public institutions in the country have been harshly criticised for a lack of strategic orientation and accountability to tax-payers, focus on the process rather than results, widespread nepotism, unwillingness and incompetence to gain public trust, which has been very low for more than a decade. This situation in the public sector sets a bad example for private companies which often rationalize their malpractice by highlighting the irresponsibility and disrespect to citizens from public officials and organizations.

The coordination of the programme of measures supporting the implementation of CSR was given to the UNDP office, which received financing for the nation-wide project “GATES: social and environmental business innovations” from the EU structural fund for 2010–2012. The measures included the preparation of guidebooks on responsible consumption and responsible investing, financial aids for the development of corporate social responsibility in regional areas, financial aid to projects between non-governmental and business organizations, training on CSR communication, grants for academics to participate in events for the improvement of teaching or research skills in CSR-related fields, development of exemplary CSR curricula at higher education institutions and two national studies on CSR. So far it is too early to evaluate the effects of these measures although the usefulness of some is already doubtful, as many of the products created through these measures are not easily accessible to the public.

One of the politically supported events related to the promotion of CSR is the National Responsible Business Awards. This initiative was launched in 2007 with support from three Ministries—Social Security and Labour, Economy and Environment, in cooperation with the national chapter of UNDP. In 2013, it was only the Ministry of Social Security and Labour that carried on this initiative. Companies compete for the awards of “Employer of the Year”, “Partner of the Year”, “Environmental Enterprise of the Year” and “Socially Responsible Company of the Year” based on their own reports and consecutive evaluation by experts. Although

the competition is dominated by GC members, it sets a positive benchmark for market leaders in the country.

Another national instrument that was developed as a result of harmonisation with the EU is the Decree on the National Green Procurement Implementation Programme 2007–2011 (No. 804) passed by the government of the Republic of Lithuania in 2007. The programme was meant to promote the environmental dimension of CSR in business practice by increasing the demand for environmentally-friendly products from public institutions. It targeted increasing the number of green purchases in total procurement from 5 % in 2007 to 25 % in 2011. However, the figure only rose to 7.4 % by 2011 (Viešųjų pirkimų tarnyba, 2012). A subsequent Decree on National Green Procurement Implementation Measures 2013–2015 (No. D1-266) added the objective of encouraging procurers to supply more green products to the market and create a register of green suppliers.

However, it is not only a lack of supply that accounts for the low numbers of green purchases. In many cases, green products are much more expensive than regular products, and given the limited budgets of public organizations and the actual need for some products, environmental criteria are often bypassed (Rudžionytė, 2008) or used simply for short-listing the candidates but not selecting the winner. Generally, public procurement in Lithuania has been criticised for a lack of transparency, prioritizing price as the main criterion and using a formal approach to the procurement procedure in order to conceal the fact that decisions about the tender winners had already been made (State Control of the Republic of Lithuania, 2011). Hence, although the public sector has the power and responsibility to stimulate the development of a green product market, in reality it fails to achieve that goal. In summary, the current political handling of CSR is strongly focused on developing programmes and policies to advance the phenomenon. However, the realization of these programmes lags behind. Moreover, there is a general attitude of ostentation when indicators such as the number of guidebooks printed or courses delivered are given as evidence of CSR development in the country. A careless attitude to CSR by public institutions in their own operations, a lack of the harmonisation of CSR programmes and measures among the ministries, in particular when distributing EU funds, and few CSR experts in the public sector undermines the credibility of political efforts to promote the CSR phenomenon. Nepotistic relations and a lack of competence in public officials, wasting resources and shirking responsibility for bad decisions revealed in the media and directly experienced by the citizenry account for the low level of trust in public institutions (e.g. parties, parliament, government and courts, municipalities have only enjoyed the trust of less than a third of the population for many years) (*Nepasitikėjimo šešėlis nuo Seimo perslinko ant bankų*, 2013). Finally, the attitudes of politicians to social and moral problems as “just ethics” and the over-reliance on the law when solving them (e.g. waiting for punitive decisions in cases of conflicts of interest or accusations of corruption), in some cases even issuing open cynical comments in response to moral concern expressed by civic organizations or journalists make the public sector strongly accountable for the slow development of CSR in the country. This accountability rests not on a lack of legal or financial instruments to develop CSR but rather on the role models that the public sector provides for social actors and citizens.

4 Initiatives for CSR

The Global Compact (GC) can be highlighted as the best-known initiative for CSR development in the country. It is strongly promoted by the association of responsible enterprises, Investors' Forum, Transparency International and academic institutions. The industry profile of the 82 GC members is diverse, yet financial services and industrial (e.g. food and textiles) companies are more numerous than others. Increasing the number of GC members annually was among the indicators used to evaluate the success of the above-mentioned measures for implementing CSR. However, according to the official UNDP GC website, 25 companies in the Lithuanian list were failing to submit communications on their progress by the relevant deadline in 2013, implying some shortcomings in the indicator. It is no surprise that large companies are much more diligent in this respect. However, the emphasis on reporting the progress narrows the notion of CSR so that it is seen as a communication initiative. This understanding is reflected in organizational structures: in most large companies in Lithuania CSR officers are located in the communication departments. Lack of knowledge of how to integrate CSR into the core of the business may result in its trivialization, and for example Christmas parties for employees or some festive event for their children end up being presented as good (responsible) practices that respect employee rights in the GC reports.

Another national initiative promoting CSR in Lithuania is *Baltoji banga* (the White Wave), which has a membership of 50 companies. It was created in 2007 by the leaders of the national chapters of the UNDP and Transparency International, the Institute of Civic Society, the Investors' Forum, the Business Support Agency of Lithuania, and so on, to fight corruption, promote transparent and fair business practices and deepen society's awareness of issues related to tax evasion. The initiative has its own dedicated label, which is used in the members' communications, and the initiative's website continually announces new "white products" (i.e. products marked with the White Wave label). However, as consumer awareness of their power to motivate responsible business (or punish irresponsible) through purchasing decisions is low, the initiative has not had the expected effect such as increased sales of "white products". Therefore, it mainly serves as an information and educational resource.

5 Social and Environmental Standards as Drivers for CSR

Social and environmental standards can be seen as key drivers for CSR in Lithuania. The quality management standard ISO9000 was the first implemented in Lithuanian companies in 1997. Although the ISO9000 family of standards is not directly related to CSR, it argued to employers who did not understand the benefit of employee participation that it is important (at least for certification), and both

explicitly (by introducing new institutional processes) and implicitly built (through socialization in a new reality) the basis for employee acknowledgement in managing workplace issues.

From a number of globally recognized social and environmental standards, the environmental management standard ISO14001 has led the certification process. In 2013, 876 companies were certified according to ISO14001: 2004 or 2005 [The ISO survey of the Management system standard certifications (1999–2012); Lithuania Standards Board (2014a)]. Most companies with ISO14001 certification work in a construction or related (e.g. engineering, concrete and cement manufacturing) industry. They often participate in public procurement tenders, which usually require certification by an environmental management standard from the procurer, sometimes from sub-contractors and other partners in their supply chain. This explains the active engagement of these companies in the certification process. Companies are aware of the potential benefits of certification according to environmental management standards; for example, increasing revenue, reduced environmental risks, improved relations with control officials and public image or growing market share; yet the findings of some case studies indicate that in practice companies do not perceive gaining these benefits (Pušinaitė & Dudavičienė, 2012). In many cases, companies regard environmental certification as a basic condition to meet public procurement requirements and get the chance to increase their income rather than a conscious commitment to improving the environment of the society in which they operate.

Social standards are less widespread in the country. A textile company, Utenos trikotažas, was the first company in Lithuania to be certified by a decent workplace standard SA8000 in 2006. At that time it reported an almost 40 % increase in income and guaranteed long-term contracts with clients. At the end of 2013, the social accountability standard SA8000: 2008 was given to 25 companies in Lithuania (Social Accountability Accreditation Services, 2014). The small number of the certified companies can be explained by the fact that the labour code of the Republic of Lithuania encompasses the conventions of the International Labour Organization, and employee rights are legally well-defined. Information about the use of ISO26000, a standard directly related to CSR, among Lithuanian companies is missing as it is not certifiable. It was of interest to many GC members when the standard was developed and discussed in the Lithuanian Standards Board in 2009–2010. Other social and environmental standards used by more than 200 Lithuanian companies include the Marine Stewardship council standard, the food safety standards BRC and FSSC 22000:2011, Feed Safety and Responsibility Assurance GMP + certification schemes, the certification system for sustainability and greenhouse gas emissions ISCC EU and so on (Lithuania Standards Board, 2014b). However, these standards are used as tools for marketing to Western markets or as a qualification minimum to get into a supply chain rather than conscious measures for CSR development.

Overall, setting standards *de jure* is not a problem in the country. The challenge is embracing them *de facto*, introducing standard operating procedures in certified companies and committing to continual improvement, following the spirit rather

than the letter of the standard. In practice, standards tend to be regarded as certain conventions—formalities needed in that kind of business, which do not communicate the company's sensitivity to social or environmental issues.

There are a few Lithuanian companies that commit themselves to environmental regulations through voluntary agreements (Delmas & Montes-Sancho, 2010). In Lithuania, the first voluntary agreement on investments in environmental protection was signed in 2009 between the Ministry of Environment of the Republic of Lithuania and a company producing chemicals and fertilizers. According to the information provided by the Ministry of Energy in 2013, there are 9 voluntary agreements with energy companies on increasing the efficiency of energy consumption (Ministry of Energy of the Republic of Lithuania, 2014). However, the effects of such agreements are not known nor are they publicly discussed. Considering that Lithuanian companies joined the initiative of emissions trading rather late and institutional pressures are weak, there is high probability that the participation by companies in these politically-laden agreements is symbolic (cf. Delmas & Montes-Sancho, 2010).

Environmental and social labelling, which often results from a particular standardization process, is used in the country to some extent. One of the nationally known eco-labels is "Ekologinis žemės ūkis" (*Ecological agriculture*), given by the certifying body EKOAGROS. The label lost its credibility several times when facts about pseudo ecological agriculture had been revealed in some alleged eco-farms, and later, efforts were made to build it up again. Since 2012, all ecological agricultural and food products that are labelled with a national emblem have to be used alongside the EU eco-label, which has become the dominant eco-label in the country. The other somewhat better known and used ecological label in Lithuania is the international textile standard Ökotex 100. The motivation to seek certification in this standard can be explained in terms of the demands of the export market, as most textile products produced in local companies are exported abroad. Social labels such as *Fairtrade* are even less known, although they can be found on some products such as bananas, chocolate, teas and coffees.

Although eco-consumerism is rather weak in the country, there are some shops and even their chains as well as some websites and e-shops specifically focusing on ecological products. Yet, the consumption of eco-products is mostly based on the need to lead a healthy lifestyle (sometimes, assumed as healthy because of green-washing) and care for one's own or family's physical condition rather than a desire to assume responsibility for eco-systems or resources to be left for future generations. Society is not morally or financially prepared to pay extra for products which will contribute to social or environmental development, especially if they are geographically distant. Therefore, social and eco-labels have little effect on consumer behaviour, which is primarily price-driven.

6 Socio-cultural Factors Against CSR Development

Many of the above mentioned barriers to CSR and the under development of systems which could support the phenomenon can be explained by the country's history. Lithuania's socio-cultural context was significantly affected by the lifestyle of an agrarian society, the Catholic worldview and socialist ideology (Pučėtaitė & Lāmsā, 2008a). This environment determined a number of behavioural and attitudinal deviations such as conflicts of interest, lack of respect for the rule of law, integrity, transparency and solidarity, low trust and cynical attitudes toward normative regulations (Pučėtaitė & Lāmsā, 2008b).

The development of CSR is particularly hindered by a lack of integrity in social life. This stems from the Soviet period, which accustomed people to imitate requirements, standards and norms, which were set top-down and seemed unrealistic. Performance indicators were creatively falsified, which produced a number of cases of "adapting" the facts to the standards set and imitating them (Ivanauskas, 2011). Therefore, rules and norms were perceived as a set of empty declarations which "are created to break" or can be "turned in the direction you need". Violating laws or making exceptions to rules were common if a person had a *blat*—a network of friends, relatives or acquaintances in power, which could back you up or otherwise act as patrons in a difficult situation (Rehn & Taalas, 2004).

This deepened society's belief that requirements can be bypassed and gave rise to a culture of opportunism characterized by an individual's (irrational) expectation that she may escape the consequences and punishment for transgressing laws or rules. Moreover, as laws did not withstand the test of absolute justice and universalizability, respect for the rule of law among the common people was diminished, and the violation of public norms became an indicator of autonomy (Ungvari-Zrinyi, 2001). So when CSR programmes are created top-down or by hired public relations companies used by the organization as a fashionable convention and window-dressing technique, which is often a case, they are treated as relativistic conventions that can be ignored in reality. Moreover, declarations which do not turn into practices deepen society's scepticism about the truthfulness of CSR statements and reports (cf. Novamedia, 2013). Such a tendency calls for a revision of how businesses view CSR and stronger incentives from society and consumers toward responsible business.

Another socio-historical factor that negatively affects CSR development is the serfdom that lasted from the end of the 16th to the middle of the nineteenth century, and the resulting autocracy and patronage in social interrelations. Serfdom negatively affected the functioning of honour mechanisms and concern for reputation as well as the formation of self-regulation, which was embedded in the social fabric of the guilds and court culture (cf. Elias, 2004/1969). Therefore, historically, society does not have a tradition of valuing reputation as an asset and making judgements based on it. These orientations had to be specifically learnt by Lithuanian businesses after the country's independence was re-established and the planned economic model was exchanged for a market economy. However, the notion of

reputation as a property that is earned by compliance with professional and social norms inside the country is still weak as a regulatory mechanism; for example, pressure from civil society has not developed. Therefore, society can still witness paradoxical cases when supposedly honourable titles such as “the company of the year” or “the most reputable company of the year” are awarded to companies that exploit employees, even violate the Labour Code, pollute the environment, engage in shady deals and so on. Such situations raise questions about the responsibility of the institutions and persons nominating the candidates and validity of the instruments by which reputation is measured.

These questions are discussed, for example, in academic circles, yet, are not analysed by the media nor do they develop into civic campaigns or boycotts organized by morally concerned or responsible consumers. Attitudes indicating a determination not to buy products from a company which pollutes the environment or is suspected of tax evasion have been growing stronger (Novamedia, 2013), yet they have not accumulated into a critical number of purchasing decisions. The media is an insignificant actor in these discussions. When presenting malpractice, the media tends to politicize them and attract a larger audience by escalating the negativity of the event and striving for emotional arousal rather than any analysis of the malpractice from the viewpoint of responsibility (mis)management, (un)ethical culture, leadership and management practices. The terminology of CSR or moral concern is absent from the media discourse even in cases in which consumers or non-governmental organizations take action for environmental and social causes and raise these issues in their initiatives. CSR in the Lithuanian media appears rather seldom; for example, mentioning “innocent” events such as National awards of responsible business. The media in general tends to avoid criticising businesses and this could be related to their commercialization and dependence on advertising orders from the business community (cf. Sverdiolas, 2006). All in all, the lack of any discussion of CSR in the media diminishes its potential to pressure companies to improve their practices or to incentivize responsible individuals, and this undermines the role of CSR as a regulatory mechanism.

The idea of subordination entrenched in the agrarian society was supported by religious (Catholic) convictions. As the Reformation had little impact on Lithuania, obedience to authority (e.g. priest, master) was established as an ideal for proper behaviour in the minds of the public (cf. Hegel, 2001/1833, p. 134; Weber, 1997/1905). Such attitudes sustained the hierarchy in social relations and later created favourable grounds for the acceptance of the Marxist bipolar social categories of exploiters and the exploited. These attitudes accounted for the understanding that parties in industrial relations were hostile adversaries and presupposed the need for the policy of and a leader with a “strong fist” who would assume the responsibility for problem solving and establishing order (Žiliukaitė, Ramonaitė, Nevinskaitė, Beresnevičiūtė, & Vinogradaitė, 2006). Therefore, those in low(er) positions, such as ordinary employees, are often excluded from decision-making processes and the development of CSR programmes. This situation explains why CSR statements and programmes do not incite enthusiasm and support among employees. The lack of a culture of discussion in organizations also prompts employees to concentrate on

their own interest and strengthens their indifference to organizational problems and the surrounding environment, making organizational attempts to contribute to the community and the environment insincere, false and far-fetched in their eyes.

Moreover, religious attitudes prioritising altruistic intentions and spiritual needs over pragmatic orientations and self-interested needs also contributed to the growth of hyper individualism in society and contrapositions in different sectors. Business was a priori regarded as a morally reproachable activity because of self-interest underlying its functioning. Socialist ideology further articulated the priority of collective interests over private, which were perceived as incongruent. As individuals could not openly show their interest, they learnt to disguise it with the rhetoric of collective goals or benefits. Therefore, everything that related to the common good, for example, public works in the community, kindergartens, schools and collective farms, translated into a tribute “through clenched teeth” to the ideology to secure peace of mind.

This explains the current weakness in civic society, trade unions and low rates of volunteering. Although the number of non-governmental organizations (*hereafter* NGOs) has been growing, in particular just after Lithuania’s accession to the EU (and the finance), the percentage of the population participating in such activities has remained rather stable (Žiliukaitė et al. 2006). There is little solidarity, cooperation and coordination of activities among existing NGOs, which is also reflected in a low civic empowerment index (Pilietinės visuomenės institutas, 2013). Partnerships between NGOs and business are rare and mostly based on financing received for project activities rather than on voluntary partnerships with mutual benefit and long-term cooperation. The weakness of civil society is also reflected in the lack of activity on the part of trade unions. Their density comprises 9 %, which counts among the lowest in the EU (Pedersini, 2010). Employees do not perceive the benefit of acting in solidarity and still prefer bargaining their employment contracts individually with the employer (Blaziene, 2006). Sector trade union leaders are predominantly engaged in resolving industrial disputes and assisting individuals in the employment issues and do not perceive the definite, real benefits that CSR programmes could bring to trade unions in terms of increased membership or improved communication with employers (Pučėtaitė, Jurėnienė, & Novelskaitė, 2014). The term “conflict” still characterizes the discourse about interrelations between work and capital, which is a mental barrier to the development of CSR.

The rate of volunteering by members of society is among the lowest in the EU (Directorate General Education and Culture, 2010) and primarily associated with youth activities. Yet, due to conscious and coordinated attempts during 2011, the European Year of Volunteering, by public figures and some large companies which introduced corporate volunteering programmes, attitudes towards volunteering as a personally and socially beneficial activity emerged and were promoted through the media. Positive trends of community mobilisation have been identified in rural areas and small towns (Žiliukaitė et al., 2006). These set some optimistic expectations that both citizens and businesses can be re-socialised and cooperation between business and its different stakeholders may be possible.

On the other hand, while society continues to witness a lack of personal integrity among business and political leaders, a ten-fold difference between the income of shareholders and executive directors and common employees, a publicly promoted corporate image of a good citizen and an exploitative employer that pays part of your salary under the table, has double accounting and makes employees work overtime to earn a minimum wage which is still not sufficient to ensure a decent life, an integrative approach to CSR may remain a dream.

7 The Understanding and Practice of CSR in Companies

CSR as a philosophy of doing business in a sustainable way can be traced in the discourse and practice of some Lithuanian companies. They have programmes of engagement with society and corporate volunteering, employee training and well-being, invest in cleaner and more efficient technologies, take care of the surrounding environment and so on. However, the prevailing understanding of CSR among Lithuanian companies relates the phenomenon to philanthropy and corporate giving. For example, the findings of the *Baseline Study on CSR Practices in Lithuania* (United Nations Development Programme and Public Policy and Management Institute, 2007) related CSR to philanthropy, corporate giving and sponsorship for brand promotion. A subsequent study of 55 GC companies in 2010 also revealed a superficial attitude to CSR (Šimanskienė & Paužuolienė, 2010). Moreover, the companies themselves stated that the absence of a strategic plan for CSR implementation and that CSR initiatives were top-down without any employee participation in these processes are the highest barriers to the advancement of the CSR phenomenon. These results were reiterated by the Ernst & Young Baltic survey under the GATES project in 2011–2012: CSR was still predominantly related to marketing and public relations with the exception of manufacturing companies (Dičpetris, 2012). This is also reflected in organizational structures, which position CSR offices in communication departments and institutionalise the phenomenon as a communication function. Consequently, from the perspective of social constructionism (Berger & Luckmann, 1999/1966), these structures presuppose external expectations to and internalized functions of the social roles of CSR officers as communication agents.

Obviously, the understanding of CSR did not change during the period of economic recession, although there were optimistic forecasts that the economic crisis would open the door to optimisation and innovativeness and make business reconsider its strategy. Reconsiderations were definitely made, although they resulted in business optimisation by laying off employees, reducing salaries and budgets for sponsorship among large organizations (cf. Pučėtaitė et al., 2014). Small and medium sized enterprises (*hereafter*—SMEs) directed their capital towards survival strategies. The advances in CSR practices that had been made in this sector were completely stopped (cf. Bernatonytė, Vilké, & Keizerienė, 2009).

As in many other countries, CSR practices in Lithuania differ considerably between large companies and SMEs. Practices in corporations are related to many more stakeholders than those in SMEs. These range from employee training and well-being programmes to waste recycling and energy saving initiatives, sponsorship or even active partnership in different social projects initiated by NGOs. LESTO, an electrical power distribution and transmission network operator is known for its environmental programmes as well as social commercials which encourage society to comply with laws and report illegal behaviour in regard to the electrical network or illegal energy consumption. Omnitel and TEO, telecommunication companies owned by the TeliaSonera group, have well-developed CSR programmes and CSR officers in their communication departments. TEO was the first company in Lithuania to have published a CSR report. Swedbank and SEB bank, the largest banks in the country based on Nordic capital, are well-known for their CSR programmes. Yet, even such leading companies acknowledge that their CSR programmes do not reach all their divisions, and many employees' minds and hearts remain untouched by the philosophy of CSR (Pučėtaitė, Jasinskas, & Pušinaitė, 2012). Moreover, few large companies in Lithuania have institutional CSR management systems entailing monitoring, advising and corrective measures (Pučėtaitė, 2009), which implies that CSR is a branch but not the basis of their business strategy.

Advances in CSR among SMEs have been slow. In a 2007 survey about awareness of CSR in SMEs, almost half of the respondents claimed that they had heard the term CSR for the first time during the survey (Atsakingas verslas, 2007). Seven years later there are more examples in public discourse of CSR practices among SMEs. Still, the volume of communication about them differs considerably from the larger companies due to a lack of resources or the beliefs of the general managers that they (as decision-makers) do not need any publicity for their good deeds. However, this sector has the strongest potential to come up with business models that have CSR at their core or products that are directed towards sustainability. Among the few interesting examples, we can mention the non-profit organization *Social Support Projects*, which runs the *Mano guru* salad bar and through this re-integrates former addicts into the labour market; the company *Manodrabuziai.LT*, which owns an internet portal and mobile applications for selling and exchanging second-hand clothes and promotes responsible consumption; the companies *Biopakas* or *EMP Recycling*, which specialize in producing biodegradable materials from renewable raw materials or waste recycling and selling secondary raw materials; and the micro company *Disabled Enabled*, which runs a project of the same name to develop an interactive map of sites and places in cities that are accessible to people with physical disability.

8 Conclusions

Considering the prevailing understanding of CSR as a communication and image creating technique among Lithuanian companies, deepening their awareness of the CSR phenomenon as a source of adding value to the business and ensuring sustainability through re-engineered business models are among the tasks that the education and consulting sector can address. In this respect, the role of educational institutions in deepening the awareness in the public of their role as ethical consumers, who can reward responsible business and ensure sustainability is seen as important. Due to the small national market and the low purchasing power of the population, punishing irresponsible business by boycotting their products or retail chains is still unrealistic and unviable. Considering the fragmentation of the actions of NGOs and their lack of solidarity, and the commercialization and tabloidization of the media, the likelihood of these sectors affecting business and consumer behaviour is small.

External pressure from contractors in Western countries or headquarters in Nordic countries will continue to make an impact on Lithuanian companies, in particular through the demand for social and environmental standards or reporting on CSR practices. However, as long as the intrinsic motivation to be socially and environmentally responsible does not develop, there is a high risk that CSR will continue to be perceived as a window dressing technique in the majority of companies trying to position themselves as socially responsible. Hence, it is important to switch on the mechanism of honour that has failed to develop historically, but can be socially constructed as well as taught, so society can take pride in those activities that are socially beneficial. These tasks fall within the field of responsibility of public institutions. While there continues to be no accountability to tax payers for the activities of these institutions, no sanctions are imposed on the inefficient performance of institutions, violations of ethical norms and public interest are tolerated and rationalized and irresponsible officials do not assume responsibility but rather evade it through political and social games, CSR will remain a bandwagon in the private sector as well.

Acknowledgements This research was made possible by the Global Grant measure provided by the European Social Fund.

The authors are grateful to dr. Nijolė Vasiljeviėnė, professor at M. Romeris University, Lithuania for the comments on the manuscript.

References

Atsakingas verslas. (2007). *43,6 proc. šalies mažų ir vidutinių įmonių vadovų nežino kas yra įmonių (bendra) socialinė atsakomybė [43.6% of managers of small and medium enterprises in the country do not know what corporate social responsibility is]*. Retrieved January 17, 2014, from <http://www.atsakingasverslas.lt/nr3.html>

- Berger, P. L., & Luckmann, T. (1999/1966). *Socialinis tikrovės konstravimas [The Social Construction of Reality]*. Vilnius: Pradai.
- Bernatonytė, D., Vilkė, R., & Keizerienė, E. (2009). Ekonominės krizės poveikio Lietuvos smulkių ir vidutinių įmonių socialinei atsakomybei kryptys [Economic Crisis Impact Directions Concerning Corporate Social Responsibility in Lithuanian SMEs]. *Ekonomika ir vadyba*, 14, 229–236.
- Blaziene, I. (2006). *Capacity building for social dialogue in Lithuania, EF/06/51/EN—5*. Dublin: European Foundation for the Improvement of Living and Working Conditions. Retrieved December 10, 2013, from http://www.pedz.uni-mannheim.de/daten/edz-ma/esl/06/ef06515_en.pdf
- Delmas, M. A., & Montes-Sancho, M. J. (2010). Voluntary agreements to improve environmental quality: Symbolic and substantive cooperation. *Strategic Management Journal*, 31, 575–601.
- Dičpetris, L. (2012). *ISA diegimo ekonominės naudos ir ilgalaikio poveikio verslui tyrimas įmonėse [Study of economic benefit and long-term impact of CSR implementation on performance in companies]*. Retrieved January 17, 2014, from <http://csr.baltic.lt/wp-content/uploads/2013/04/ISA-ekonomines-naudos-tyrimo-rezultatu-pristatymas-2012-12-10.pdf>
- Directorate General Education and Culture. (2010). *Volunteering in the European Union*. Retrieved January 14, 2014, from http://ec.europa.eu/citizenship/pdf/doc1018_en.pdf
- Elias, N. (2004/1969). *Rūmų dvaro visuomenė [Die höfische Gesellschaft]*. Vilnius: Aidai.
- Gruževskis, B., & Blažienė, I. (2012). *Economy and society in Baltic States: Lithuania*. Brussels: European Economic and Social Committee.
- Hegel, G. W. F. (2001/1833). *Filosofijos istorijos paskaitos [Lectures on History of Philosophy]* (Vol. 3). Vilnius: Alma littera.
- Ivanauskas, V. (2011). *Lietuviškoji nomenklaturā biurokratinėje sistemoje: Tarp stagnacijos ir dinamikos (1968-1988) [Lithuanian Nomenclature in Bureaucratic System: Between Stagnation and Dynamics (1968-1988)]*. Vilnius: Lietuvos istorijos instituto leidykla
- Lithuania Standards Board. (2014a). *Certified environmental management systems*. Retrieved January 6, 2014, from http://www.lsd.lt/typo_new/index.php?id=157
- Lithuania Standards Board. (2014b). *Other certified management systems*. Retrieved January 6, 2014, from http://www.lsd.lt/typo_new/index.php?id=157
- Ministry of Energy of the Republic of Lithuania. (2014). *Savanoriški susitarimai su įmonėmis [Voluntary agreements with companies]*. Retrieved February 12, 2014, from http://www.enmin.lt/lt/activity/veiklos_kryptys/energijos_efektyvumas/susitarimai/index.php (Accessed on February 12, 2014)
- Nepasitikėjimo šešėlis nuo Seimo perslinko ant bankų [Shadow of distrust moved from Parliament to banks]. (2013). ELTA and lrytas.lt. Retrieved December 28, 2013, from <http://www.lrytas.lt/lietuvis-diena/aktualijos/nepasitikėjimo-seselis-nuo-seimo-perslinko-ant-banku.htm>
- Novamedia. (2013). *Pasitikėjimas verslu Lietuvoje [Trust in Business in Lithuania]*. Retrieved January 5, 2014, from http://www.novamedia.lt/tyrimai/Tyrimo%20ataskaita_2013_atnaujinta.pdf
- Pavyzdinis ISA taikymo planas ir jo įgyvendinimo gairės valstybės valdomoms įmonėms [Exemplary plan for application of CSR and guidelines for its implementation to enterprises owned by the state]. (2012). UAB “Kvalitetas” and DAXAM Sustainability Services. Retrieved January 14, 2014, from http://www.eesc.europa.eu/resources/docs/lithuania_etude_-fin_-en.pdf
- Pedersini, R. (2010). *Trade Union Strategies to Recruit New Groups of Workers, EIRO Comparative Report*. Retrieved December 8, 2013, from <http://www.eurofound.europa.eu/eiro/studies/tn0901028s/tn0901028s.htm>
- Pilietinės visuomenės institutas. (2013). *Pilietinės galios indeksas 2012 [Civic Empowerment Index 2012]*. Retrieved February 8, 2014, from <http://www.civitas.lt/lt/?pid=74&id=78>
- Pučėtaitė, R. (2009). Įmonių socialinės atsakomybės vadyba integralumo aspektu [Corporate social responsibility from the viewpoint of integrity]. *Ekonomika ir vadyba*, 14, 328–334.

- Pučėtaitė, R., Jasinskas, E., & Pušinė, R. (2012). „Swedbank“ atvejis: augti atsakingai [Swedbank case: To grow responsibly]. In R. Pučėtaitė (Ed.), *Atvejų studijos studentų profesinėje praktikoje* (pp. 73–100). Vilnius: Vilniaus universitetas
- Pučėtaitė, R., Jurėnienė, V., & Novelskaitė, A. (2014). Lithuania: CSR on a Wishlist. In L. Preuss, M. Gold, & C. Rees (Eds.), *Corporate social responsibility and trade unions: Perspectives across Europe* (pp. 100–117). London: Routledge.
- Pučėtaitė, R., & Lāmsā, A.-M. (2008). Developing organizational trust through advancement of employees' work ethics in a post-socialist context. *Journal of Business Ethics*, 82, 325–337.
- Pučėtaitė, R., & Lāmsā, A.-M. (2008b). Building organizational trust with ethical organizational practices: empirical evidence from a post-socialist context. In K. Rehbein, & R.M. Roman (Eds.), *Proceedings of the Nineteenth Annual Meeting of the International Association for Business and Society* (pp. 55–64).
- Pučėtaitė, R., & Vasiljevas, A. (2002). Foreign corporations in Lithuania: “Lietuvos Telekomas” Case. In N. Vasiljevienė & R. J. M. Jeurissen (Eds.), *Business ethics: From theory to practice* (pp. 322–341). Vilnius: Vilnius University.
- Pušinė, R., & Dudavičienė, D. (2012). Environmental management systems in context: Small and medium textile enterprises. In R. Pučėtaitė (Ed.), *Cases in organizational ethics* (pp. 57–65). Vilnius: Vilniaus universitetas. Retrieved from <http://decom.vukhf.lt/book>
- Rehn, A., & Taalas, S. (2004). “Znakomstva i svyazi” (Acquaintances and connections)—Blat, the Soviet Union, and mundane entrepreneurship. *Entrepreneurship and Regional Development*, 16, 235–250.
- Rudžionytė, V. (2008). *ES žaliųjų pirkimų politikos įgyvendinimas Lietuvoje [Implementation of EU green procurement policy in Lithuania]*. (Master thesis). Available from Lithuanian academic electronic library.
- Šimanskienė, L., & Pauzuolienė, J. (2010). Įmonių socialinės atsakomybės svarba Lietuvos organizacijoms [Importance of corporate social responsibility to Lithuanian organizations]. *Management Theory and Studies for Rural Business and Infrastructure Development*, 20(1). Retrieved from <http://vadyba.asu.lt/20/138.pdf>
- Social Accountability Accreditation Services. (2014). Retrieved from <http://www.saasaccreditation.org/certifacilitieslist.htm>
- State Control of the Republic of Lithuania. (2011). *Išankstinio tyrimo ataskaita: viešųjų pirkimų sistemos apžvalga [Interim research report: overview of public procurement system]* (November 25, 2011, Document No. IT-P-20-1-14). Vilnius. Retrieved from <https://www.vkontrole.lt/failas.aspx?id=2475>
- Štreimikienė, D., & Vasiljevienė, N. (2004). Etiniai darnaus vystymosi aspektai ir jų ryšys su socialinėmis ir aplinkosauginėmis darnaus vystymosi dimensijomis [Ethical aspects of sustainable development and their relationship with the social and environmental dimensions of sustainable development]. *Organizacijų vadyba: sisteminiai tyrimai*, 32, 189–205.
- Sverdiolas, A. (2006). *Apie pamėklinę būtį [On Simulacric Being]*. Vilnius: Baltos lankos.
- The ISO survey of Management system standard certifications. (1999–2012). Retrieved February 12, 2014, from <http://www.iso.org/iso/home/standards/certification/iso-survey.htm>
- Ungvari-Zrinyi, I. (2001). Moralinės kultūros tendencijos postkomunistinėse visuomenėse [Moral culture in post-communist countries]. In N. Vasiljevienė (Ed.), *Dalykinė etika [Business ethics]* (pp. 229–247). Kaunas: Vilnius University.
- United Nations Development Programme and Public Policy and Management Institute. (2007). *Baseline study on corporate social responsibility practices in Lithuania*. Vilnius: United Nations Development Programme and Public Policy and Management Institute.
- Vasiljevas, A., & Genevičiūtė, N. (2004). Socialinės atsakomybės plėtros tendencijos šiuolaikinių įmonių praktikoje [Tendencies of social responsibility development in the practice of contemporary companies]. *Mokslo darbai, Transformacijos Rytų ir Centrinėje Europoje* (pp. 440–448).
- Vasiljevas, A., & Pučėtaitė, R. (2005). Socialinės įmonių atsakomybės ir efektyvaus žmogiškųjų išteklių valdymo įgyvendinimas dalykinės etikos priemonėmis [Realization of corporate social

- responsibility and effective HRM with business ethics tools]. *Organizacijų vadyba: sisteminiai tyrimai*, 36, 193–212.
- Vasiljeviėnė, N. (2002). Ilgalaikė Lietuvos ūkio plėtros socialinės etinės dimensijos [Socio-ethical dimensions of long-term development of Lithuanian economy]. *Tiltai*, 10, 276–291.
- Vasiljeviėnė, N., & Vasiljevas, A. (2005). The roadmap: From confrontation to consensus. In A. Habisch, J. Jonker, M. Wegner, & R. Schmidpeter (Eds.), *Corporate social responsibility across Europe* (pp. 183–193). Berlin: Springer.
- Viešųjų pirkimų tarnyba. (2012). *Dėl informacijos apie 2012 m. žaliųjų pirkimų rezultatus [Information on the results of green procurement in 2012]*. Retrieved December 10, 2013, from http://www.ukmin.lt/uploads/documents/Viesieji%20pirkimai/informacija_apie_2012m_zaliuju_pirkimu_rezultatus.pdf
- Vilke, R. (2011). CSR development problems in Lithuania: Evaluation of promoting and hindering factors. *Social Responsibility Journal*, 7(4), 604–621.
- Weber, M. (1997/1905). *Protestantiškoji etika ir kapitalizmo dvasia [Protestant Ethics and the Spirit of Capitalism]*. Vilnius: Pradai.
- Žiliukaitė, R., Ramonaitė, A., Nevinskaitė, L., Beresnevičiūtė, V., & Vinogradaitė, I. (2006). *Neatrasta galia: Lietuvos pilietinės visuomenės žemėlapis [Undiscovered Power: Map of the Civil Society in Lithuania]*. Vilnius: Versus Aureus.

Corporate Social Responsibility in Romania: Evolution, Trends and Perspectives

Catalina Sitnikov

1 Historical Development of CSR in Romania

In Romania, the concept of corporate social responsibility emerged in the 1990s, with the advent of various NGOs, particularly humanitarian agencies, founded with the support of international, public or private institutions (Mandl & Dorr, 2007).

In the 2000s, this trend was followed by major reforms as part of the preparation for joining the European Union. The reforms, which have influenced the involvement of small and large companies in CSR activities, were largely focused on replacing manufacturing technologies with more environmental “friendly” ones and on social measures that have affected the employees or the company.

Due to the extensive legislation in these areas, there has been constant competition in terms of technology used, which should secure employees and environment protection, and promote sustainable development.

Following EU accession, implementing responsible practices by the private sector has become stronger and was driven mainly by the involvement of multinationals that have transferred the practices and organizational culture from the headquarters to the local branches and, later, by the opportunity to access European structural funds.

Following EU integration, other types of “responsible” companies and industries have been developed, whose primary business goals were to be “responsible”. These companies are engaged in businesses which, by their very nature, would bring benefit for environment and communities, while their responsibility is derived indirectly from the goods and services they produced or provided (renewable energy and waste management industries, rural tourism or eco-tourism or the marketing of eco or organic products).

C. Sitnikov (✉)

Faculty of Economics and Business Administration, University of Craiova, Craiova, Romania
e-mail: catalinasitnikov@yahoo.com

In Romania, the development of CSR/SR is still in an early stage. While multinationals and large Romanian companies have gradually developed a culture of responsible behavior, in many cases CSR/SR is still associated with philanthropy and focuses on donations, sponsorship and public relations activities. CSR/SR instruments and tools most commonly addressed include: codes of corporate conduct, social investments, social and environmental reporting and auditing. A small number of companies have adopted a strategic approach, integrating CSR/SR within their basic practices, influencing company's decisions and activities. The concept itself is not sufficiently known by SMEs, although the specific practices appear to be implemented and rather numerous.

In Romania, responsible corporate behavior was initially evaluated based on commercial considerations of image and reputation, and not in terms of sustainable development or stakeholders needs. However, recently there has been a shift towards the implementation of the second approach, responsible practices being associated with long-term success, directly proportional to community development, environmental welfare and practices and connections within the area of influence.

Embedding CSR as part of the way a business is conducted, makes this “business of responsibility” to be resilient to market changes and economic difficulties, constantly ensuring a responsible business behavior. As long as CSR/SR is adjacent to the core business activities, as a separate function or activity (e.g. philanthropy), it is subjected to internal and external constraints and pressures.

Following the economic crisis, many actors on CSR stage disappeared. Multinationals are what is visible at the moment. [...] In 2008, involvement in community became something of <<bon ton>>—many companies that reached a certain level of development did it. Once the economic crisis hit, many have disappeared. Secondly, companies that have still played the game diminished their budgets for community investment by more than 60-70 %. Another visible trend regarding the companies, which have continued to engage in corporate responsibility programs and practices, is to create greater synergies between CSR activity and core business objectives. (Dehelean, 2010)

In Romania, areas often covered by CSR/SR initiatives include child welfare, education, art, religion, environment and sport. CSR/SR initiatives are not limited only to investment in the community; they also include responsibilities to customers and employees' welfare. Depending on the communities, some of the initiatives such as child welfare and education, services for at-risk social groups or religion are more often addressed than other types of initiatives.

2 Characteristics of the CSR Evolution Stages in Romania

2.1 2006–2008

In 2008, Stancu and Olteanu pointed out that, most often, the general manager is responsible for managing the CSR activities and only after, the marketing and

public relations departments involve themselves in this activity. They pointed out that only 2 % of companies seemed to have a dedicated CSR department, and in about 28 % of the instances, CSR/SR responsibilities were not formally included in the job description.

The authors argued that, after 1989, post-communist Romania has taken the first steps towards capitalism, replacing the planned economy with market economy. The new economic environment was turbulent, as a consequence of integration into the European Union, the globalization and liberalization of domestic markets. Therefore, Romania was involved in a process of continuous transformation; its development had to achieve and reach certain economic indicators.

Government, local and regional authorities were often insufficiently involved in promoting the CSR/SR concept for the benefit of communities and for creating supportive and favourable conditions to encourage organizations to engage in responsible practices. Public authorities' efforts regarding CSR campaigns were still poor. Despite this, in the context of globalization, it was advisable and necessary for Romanian organizations to adopt responsible behavior in order to compete on various markets.

Therefore, it was assumed that a company must play a role in society, being responsible not only for paying taxes and wages, but for implementing and complying with the quality standards for products, services and environmental protection. That way, the large companies have taken action, changed their business models and have taken into account social responsibility when related to stakeholders and environment.

Stancu and Olteanu mentioned an exploratory study conducted, in 2006, on a sample of 205 Romanian companies, large organizations and SMEs, regarding the level of CSR inclusion within their business models. The study pointed out that external pressures (NGOs, media, and public authorities), better reputation and popularity of the subject itself were the main reasons for implementing CSR/SR.

In Romania, until 2008, a strong motivation "to do CSR" was the opportunity to earn customers' trust. Many companies have focused on building the brand and on consumption. Consequently, CSR was seen as an added value designed to increase brand value. After this period, when things have deteriorated dramatically in terms of consumption, a "prices war" started. [...] Exceptions to this trend were the banking and energy industries, whereas in 2009 they were already under strong public pressure. Now, multinationals are influenced by pressure from headquarters to the branches in Romania, and the changes taking place in Europe. (Participant to the study)

Thus, 94 % of respondents agreed that, in addition to interest in profitability, the company should be involved in the development of the community where it operates. The research has revealed that Romanian companies were usually engaged in short term social projects, and CSR was not included in the long-term business strategy.

In addition, the main reason why companies became more responsible was the increasing pressure from stakeholders. Thus, customers were better informed, NGOs and the media were pressuring companies to reduce interference on the

environment. All these elements stimulated a socially responsible behavior, and CSR actions created a positive image of the company.

The study highlighted the fact that most Romanian companies disagreed with the idea that customers bought a certain company's products due to its involvement in CSR projects, but foresaw that, in the future, consumers will appreciate the investments and contributions of socially responsible companies.

Another finding of the study showed that Romanian companies were focused more on the internal dimension of CSR, focusing on their employees. Other companies developed partnerships with universities in order to select prospective employees. Social and environmental issues as well as the cooperation with NGOs became priorities on these companies CSR agendas.

In the analysis performed, it was underlined the consumers' understanding of CSR. The research has been undertaken on a sample of 915 consumers. It was pondered over the fact that those who buy products/services can greatly influence a company's development. Customers considered that the entities working for community benefit were primarily represented by the media, followed by church and NGOs. Another important element that resulted from the research was that Romanian consumers did not perceive companies as socially responsible (on a scale from 1 to 5, Romanian companies were rated 2.5). In terms of buying behavior, consumers were indifferent to the CSR factor when buying a product/service (on a scale from 1 to 5, the score was 3.07).

In conclusion, CSR in Romania is still in the growth stage. Only multinational companies have been concerned about this domain due to their organizational culture. However, some companies published CSR reports or included the socially responsible activities they undertook within their annual reports. Romanian companies used CSR as a tactical tool and, therefore, most CSR projects were planned on short term. The authors argued that the media and NGOs were not all too active in promoting this concept. At governmental level, CSR strategy was, largely, imported from the EU.

2.2 2007, 2008–2011

In terms of Government's actions, great efforts were made to align the national legislation to the European one. In terms of ecology and environment protection, the Government has made great progress. In order to stimulate companies getting involved in community issues, sponsorship law was instituted.

Another important step of the Government was made in 2007, when the CSR Division was established, under the direction of State Secretary. The Division has the responsibilities and competencies to develop CSR policies, in cooperation with the official organizations, NGOs and civil society to locally promote the concept of CSR among Romanian companies.

2.3 2013

In 2013, the study *CSR Trends and Realities in Romania* examined and explored the CSR executives and specialists' perceptions on the projects initiated and carried out in the domain of the corporate responsibility during 2012 and CSR perspectives in future. The study was based on a survey conducted during the period 10 April to 10 May 2013. The report analyzed the answers of 77 top executives from the local business sector and CSR professionals, to 28 questions.

The questionnaire was addressed especially to companies already involved in CSR, therefore the study provided answers to those who pondered over the opportunity of initiating CSR actions and wanted to understand their benefits and impact at strategic level.

The objectives were directed towards finding answers to questions like:

- How does the CSR field in Romania look like at the moment?
- What are the trends in Romanian CSR?
- What is the role of companies CEOs, CFOs and other top executives in CSR development and why is it important to steer the company towards CSR?
- What is the role of CSR team in the strategic positioning of the company by means of CSR efforts?

Based on the data gathered and analysed some conclusions were drawn up.

CSR has fostered increasingly more defined in Romania, too as around 78 % of respondents stated that their company had a CSR strategy, while 67 % of them considered that the public interest in CSR grew in 2012–2013.

On the other hand, the value of CSR projects was still low; more than 66 % of the projects carried out by Romanian companies did not exceed 10,000 euro, which was divided equally between projects to 5,000 euro and more than 5,000 euro, but below 10,000 euro.

Meanwhile, more than three quarters of Romanian companies had a dedicated annual budget for CSR actions. Among them, half considered that the budget was maintained at the same level in 2013 compared to 2012; however 16 % have noted an increase between 5–10 %. In an overwhelming proportion of the surveyed companies (92 %) declared that they involved their employees in CSR projects, which showed that they have thoroughly learnt and understood this CSR principle.

Most of the companies have defined CSR based on social/environmental/health/education actions (47 %), while less tangible actions that were the new trend in Western CSR, such as business ethics and corporate civics, positioning on the following places and representing 24 % and 18 % of responses.

In addition, according to *The KPMG Survey of Corporate Responsibility Reporting 2013*, the reporting rate in Europe increased only slightly, partly due to lower than average reporting rates in some of the countries that were included in the survey for the first time, while in Romania, reporting rates increased from 54 % in 2011 to 69 % in 2013. In the absence of regulatory requirements, voluntary reporting guidelines such as the GRI play an important role in improving

consistency in CR reporting and the quality of disclosure. Nevertheless, less than 50 % of Romanian companies refer to GRI guidelines in their CR reporting.

2.4 2014

The second edition of the study *CSR Trends and Realities in Romania—2014*, initiated by CSRmedia.ro and EY Romania is based on a survey conducted in the period 10 April to 19 May 2014. The report analyses the responses of 113 top executives and CSR professionals to 29 questions. As before, the questionnaire was addressed especially to companies already involved in CSR, therefore the study provided answers to those who pondered over the opportunity of initiating CSR actions and wanted to understand their benefits and the impact at strategic level.

Distribution of companies involved was as follows: 15 % sustain sales under 10 million euro, 37 % between 10–100 million euro and 48 % over 100 million euro.

96 % of the surveyed companies state they were involved in CSR projects in 2013, compared to 86 % in the previous year. This result underlines a greater interest from companies to integrate CSR activities into their business strategy, amid a growing interest from the business community, media and civil society on CSR. That way, in 84 % of cases, the CSR actions are the result of a company-wide strategy, compared to 78 % of cases in 2013. Also to a great extent (89 % vs. 82 % in the previous survey), the leading organization is actively involved in promoting CSR efforts both within the company and outside, while in 57 % of companies there is a CSR involvement committee at the top management level. For 95 % of respondents, engaging in CSR is a direct consequence of a company's values and principles, compared to 5 % who responded negatively. The percentage of positive answers grew 5 % from the previous study.

According to the survey, 31 % of respondents measure the impact of CSR efforts primarily in terms of customers' perception, while 26 % considered their employees. It should be noted that 53 % of respondent companies measure the impact of CSR projects according to their own evaluation systems, while only 24 % use international standards and 18 % turn to the evaluations provided by partners (e.g. NGOs).

47 % of companies state that the most important benefit of producing a CSR/SR report is to demonstrate that a company implements and applies sustainable development practices and strategy.

The main tools used to communicate the company's commitment to CSR are press releases (31 %), followed by annual reports (26 %) and companies' websites (22 %). Social media is a secondary option (13 %).

Most companies have a focus on education in CSR projects (79 %, but lower than the valued of the previous year). This is followed by the focus on social issues (68 %, up 8 %) and environment (58 %). The second highest level of growth (7 %) is noted in culture (29 % in 2012 vs. 36 % in 2013).

Lastly, it is further noted a stagnation of CSR budget in 2014 compared to 2013, for almost half of the companies, while 42 % of them (compared to 36 % in the previous survey) state they have a higher budget, and only 10 % (compared to 13 % in 2013) state they have a lower budget. 48 % of the companies' CSR budget comes from non-deductible allocations, 37 % from deductible allocations and only 5 % from the marketing budget. Interestingly, 6 % of respondents mentioned a budget for sustainable development.

3 Legislation and Regulations Promoting CSR

Despite the significant progress on the integration of responsible practices in organizations core business since EU accession, a number of challenges continue to exist, which must be addressed by all stakeholders, including:

- increasing awareness of CSR/SR significance and of the integrated approach involved by the implementation of responsible practices;
- increasing awareness of the needs and benefits associated with incorporating responsible practices into business objectives and operations to ensure sustainable success;
- increasing transparency, monitoring and assessment of CSR initiatives impact on all involved or affected stakeholders.

Public authorities are responsible for creating an environment that encourages CSR concept application, as they are a significant factor influencing economic and sustainable development of communities and society. Since EU accession, Romania has initiated a continuous process of harmonizing the laws and regulations. There were made significant improvements in the legislation on environment, employees' health and safety, skills development and social inclusion.

3.1 From Regulatory and Legislative Perspective, Among Others, the Following Issues Are Relevant to CSR

- In Romania, environmental legislation has become more extensive following the initiating of negotiations for EU membership. Basically, the laws referred to climate change, pollution control, air quality, noise pollution prevention, waste management, lands management, hazardous substances management, environment protection (biodiversity and genetically modified organisms), water management, forests management. There are provided incentives to those companies investing in environmentally renewable energy sources to support the creation of

“green jobs”, or to those individuals who use alternative energy sources (e.g. solar panels, heat pumps) for their households to replace traditional energy sources (Green House Program);

- A broader legislation has been implemented to ensure employees organizational health and safety, their professional development, to reduce discrimination and promote equal opportunities. Romanian Labour Code is the document for regulating employer - employee relationship;
- Access to employment and social inclusion of disabled people;
- Volunteering;
- Civil protection;
- Transparency and anticorruption;
- Associations and foundations.

3.2 From Financial Incentives Perspective, in Romania, Businesses and Citizens Benefit from Tax Deductions for Sponsorships Performed Under Certain Conditions

According to Law 32 of May 19, 1994, revised (Sponsorships Law), companies can divert more than 3 % of turnover to sponsorships or community investment, but no more than 20 % of income tax. Individuals can also redirect 2 % of annual fees to social causes, according to Government Decree 26/2000 regarding associations and foundations, as detailed in the Tax Code 84 (2), as amended by Government Decree 138/2004.

3.3 From Increased Awareness Perspective, There Were Also Taken Some Steps

Only in 2011, with the drafting of the National Strategy for CSR Promotion, public authorities have recognized the importance of raising awareness and supporting CSR development in Romania, identifying goals and setting targets aligned with the EU strategy. However, since joining the EU, and based on the funding provided, public institutions and authorities have initiated and developed a number of initiatives, research studies, seminars, conferences and web sites on one or several topics specific to CSR. Examples include initiatives to prevent or reduce pollution, promote equal opportunities etc.

4 CSR Practices in Romania: Focus Areas, Barriers and Potential Solutions

No matter how legitimate the demands of civil society is in relation to companies to adopt responsible behaviour, it is most likely that only some clear, tangible benefits attracting responsible behaviour, will persuade companies to make the change, especially in the current context, when market conditions are particularly harsh. One can choose the solution of some vague CSR programs, which are based on projects with a charity component or partnerships with NGOs that do the job of the companies instead, but this is poor usage of the term and, in fact, this does not relate to companies' social responsibility. If one wants to empower companies and organizations in general, it is necessary to provide sufficient arguments, mostly economic, not statistics of social and environmental needs. On the basis of the report "Social responsibility in Romania - problems and solutions", developed by the Resource Centre for Active Citizenship in 2013, there have been identified action areas considered fundamental to define tools that enhance social responsibility: (1) Corporate social responsibility in the area of human resources; (2) Social entrepreneurship in Romania; (3) Fostering social responsibility through public procurement system; (4) Corporate social responsibility in SMEs; (5) CSR Reporting; (6) Responsible Consumption; (7) Social responsibility in schools and universities.

Each of these areas of action is accompanied by problems and barriers for which a coherent CSR practice should provide potential solutions by creating the structure of the future development of this concept in Romania.

4.1 Social Responsibility in the Area of Human Resources

Changes to labour legislation during the 2011, suit the European trend of increasing flexibility in employment relationships, encouraging businesses to create new jobs. Thus, there could be identified relevant issues which Romania faces in the area of human resources: high rate of unemployment among young people (about 22 %) and other social categories, the integration of persons with disabilities in the labour market (only 27.272 disabled persons were employed at the end of June 2012, out of a total of nearly 700,000, declared in Romania), work, health and safety at work, lifelong learning.

4.2 Social Entrepreneurship in Romania

Romania has recorded a deficit in comparison with the European average in terms of capacity to provide social services, health care or education. While in the EU

about 50 % of persons with disabilities are employed, in Romania only 12.26 % of them had a job in 2010 (Analysis Summary employment/MS/August/2011). Thus, the potential elements that need emphasis are social economy (whose activities relate to social services provision and environment protection, recreational activities or training, activities having a social purpose, but which are not social services), the creation of social enterprises and encouraging social entrepreneurship.

4.3 Fostering Social Responsibility Through Public Procurement

Public procurement represents a strong leverage for achieving the objectives of sustainability and inclusion established at European level. The principles imposed by European directives regarding non-discrimination, equal treatment, mutual recognition, proportionality, transparency, efficiency of public funds use, assuming responsibility, were also taken over in national legislation, to apply to all procurement, regardless of their value. The issues the system raises, from the perspective of social responsibility, are represented by the transparency of the public procurement system, the failure to include measures of social or environmental criteria in public procurement contracts (e.g. life cycle cost of products) although the existing legislation in the field of public procurement allows their inclusion, the inability of the contracting authorities and of economic operators to comply with certain mandatory requirements introduced in public procurement contracts in order to foster social responsibility.

4.4 Corporate Social Responsibility in SMEs

In Romania there are recorded about 500,000 SMEs (over 90 % of all firms), employing approximately 84 % of the total employees. In general, both initiatives in the field of social responsibility and CSR reports are owned by multinationals with local branches. That does not mean that SMEs do not have such initiatives, but they either do not identify these arrangements with social responsibility, or they do not invest financial resources or time in communicating them. The main barriers are represented by the low level of awareness concerning the benefits of integrating social responsibility at the level of SMEs, the difficulties as regards compliance with legal regulations referring certain matters including social responsibility, due to both the absence of a framework to promote social responsibility among SMEs, as well as inefficiency of the State control (competent authorities), poor economic sustainability that leads to a daily struggle for financial survival, lack of information and advice in the field of social responsibility and the lack of rewards for responsible practices (from the authorities or customers).

4.5 CSR Reporting

The first CSR reports published in Romania came from multinationals - either separately for the activities of branches, or as an integral part of the consolidated report prepared by the parent company. On corporateregister.com website (platform comprising over 50,000 CSR reports from around the world) there are recorded only 49 CSR reports from Romania for the period 2005–2012. The relevant issues are represented by the awareness of the need to publish information on the social and environmental impact of companies, as well as the character of CSR reporting.

4.6 Responsible Consumption

Responsible consumers are those who make responsible choices in relation to the environment and society. Most of the times, they are willing to pay extra for healthier and safer products. There are also consumers who make responsible choices because they are concerned about the future of the planet and communities and choose those suppliers which are known to have ethical business practices. The main problems are posed by:

- the fact that 46 % of consumers are willing, at least at the declarative level, to pay for the goods and services of companies that carry out socially responsible programs, according to a survey recently conducted by The Nielsen Company in 56 countries, including Romania;
- the lack of adequate information regarding the functions and competences of control institutions defending consumer's rights, considering that the current state of affairs worries the consumers who do not know exactly which entity to address to when they encounter problems and try to solve them;
- the inability to identify products which meet sustainability principles and values;
- the duality of consumers who, although in the vast majority, state they are concerned with matters regarding products quality, however, they prefer to purchase them in relation to the price.

4.7 Social Responsibility in Schools and Universities

Educational institutions should be encouraged to integrate corporate social responsibility, sustainable development, social and solidarity economy and active citizenship within the school and university curriculum so that the education offered to be performed based on a new set of competencies, values and principles. The main problem is due to the fact that social responsibility cannot be integrated within only one area of knowledge, requiring the involvement of teachers, specialists and researchers from various fields, i.e. an interdisciplinary approach and a complex

process thus requiring detailed knowledge and understanding of a substantial amount of information on the environment, human rights, ethics, understanding of connections between the natural environment and communities as well as the influence (positive or negative) of humans on the environment.

5 The Future of Social Responsibility and Potential Future Solutions

There are few topics in the field of management that might have aroused more controversy and debate than the social responsibility of companies. From charity projects, corporate philanthropy, cause-related marketing or social marketing, from social entrepreneurship - there is certainly a trend of how organizations of all types and from all domains understand to influence the environment in which they operate. However, what will the future of social responsibility be? What will the role of the State, civil society or the market will be in defining the future? An important prerequisite is that Romania has a National Strategy for the promotion of Social Responsibility strategy, which unfortunately is not well enough known or implemented. The action plan includes activities whose deadlines have already been exceeded without any visible result. In this context, civil society might assume the role to participate in improving this strategy, updating it, and especially in the implementation of the action plan. In addition to a National Strategy for the promotion of Social Responsibility, there is also a National Strategy for sustainable development of Romania. These strategies are an important starting point for the development of national programs of social responsibility with wide impact for the whole society.

In order to develop this domain, it is necessary to have professionals, people who understand the role of strategies of social responsibility in the organisation's contribution to sustainable development of the whole company.

Also, the social economy as a sector and social entrepreneurship as a way of implementing the principles of social economy can be an important ally of the appeals for social responsibility and sustainable development of the communities. The social economy can also be a tool for achieving the Millennium goals, in particular regarding the eradication of poverty.

In addition, the educational effort has to be continued, through awareness-raising and information campaigns, inclusion in the school and university curricula, but also in the training standards of social responsibility, to educate individual, civic responsibility, in promoting non-discrimination and inclusion as well as environmental protection.

Public institutions have an important role in promoting social responsibility in Romania. They can provide examples of good practice through the implementation of the principles and values of social responsibility in their own structures, or may provide the legal framework necessary to encourage a responsible behavior for

other organizations. A prerequisite and opportunity in this respect is represented by the presence of ethics advisers in public organisms - presence that must be strengthened by providing practical tools and levers through which ethical advisers can integrate transversally social responsibility in all public institutions. Another necessary action in order to increase the role of public institutions in promoting social responsibility is reviewing the ethics codes and supplementing them in order to integrate all aspects of social responsibility. Codes of ethics must be transformed from formal, simple bureaucratic documents, into clear and valuable moral reference points, generating a healthy organizational culture.

A good way to promote social responsibility would be to create a mark of social responsibility which would recognize and differentiate those organisations that integrate the principles of social responsibility in all their operations. A credible and very carefully implemented mark of social responsibility would lead to an increase in the number of ethical consumers and to a responsible entrepreneurship development in general.

6 Conclusions

In recent years, Romanian companies have made progress in the development and implementation of decisions and activities that address social and/or environmental issues in an attempt to lessen the externalities of their economic activities. Despite an increase in CSR strategic integration in the basic practices of organizations, most large and small companies seem to continue to base CSR activities on punctual sponsorships and charitable projects. Although the role of sponsorships, donations and ad hoc initiatives is unequivocally beneficial for addressing certain social and environmental issues and community development, as it is clearly outlined by the European Commission, organizations responsibility consists of voluntary integration of CSR principles and practices in core business activities and in relationships with stakeholders, leading to a proactive and consistent application. CSR strategic integration in core business makes a responsible business behavior being less vulnerable to external factors (e.g. budget cuts in times of economic crisis), thus becoming part of how business is conducted.

The information gathered and interviews conducted during last years, show that CSR tools and standards are still used by a small number of organizations operating in Romania to plan, monitor and evaluate CSR efforts and the impact of CSR initiatives. A potential reason for this, in addition to the identified need for more information, may consist of a low awareness of CSR benefits on overall performance of activities and business. Education and research organizations can contribute significantly to cover this information gap by providing quantitative and qualitative data necessary for planning decisions and activities, as well as data about the benefits and impact of CSR implementing on the profitability and competitiveness. Attention may be given in particular to operating environment,

specific motivations and potential benefits that may result from CSR implementation.

In addition, there is a need for robust quantitative and qualitative information on the CSR that will contribute to:

- develop an understanding of the CSR standards, models and current tools applicability to integrate responsible practices into core business of companies (e.g. structures and processes that have worked for multinationals and their applicability/effectiveness to other organizations);
- develop an understanding of the CSR current requirements (e.g. multinationals requirements from suppliers), standards, models and tools and their accessibility for all organizations (e.g. must be found answers to questions like “Do requirements or standards lead to restrictions or protectionism or act as barriers to entry on certain markets?”);
- develop an understanding of the environment in which various organizations operate and their motivations to engage in responsible practices, as well as the factors that favour or the obstacles that affect decision making process in these organizations regarding the adoption of responsible practices;
- develop an understanding of the needs for support in development of companies capacity/capital to engage in responsible practices, to promote them (e.g. training, infrastructure, knowledge transfer) to develop programs, policies, mechanisms and tools (e.g. mechanisms that enable the coordination and cooperation in CSR field). The understanding will be focused on the role that structures and institutions have in the development of this support by integrating social and environmental issues into their own agendas (e.g. the role of employers and employees representatives, public institutions, companies, etc.);
- develop an understanding of what Romanian companies already do from legally responsible point of view, how they contribute to their communities, their measures to reduce environmental impact and increase efficiency, how they involve stakeholders, as well as promoting accountability and best practices that are applied.

Increased involvement in responsible business practices in Romania involves a joint effort of all stakeholders, a better dialogue among all actors and a solid understanding of the private sector, companies’ impact, social problems causes and each actor role in reducing barriers and threats and in strengthening opportunities and incentives on CSR development.

Therefore, the focus must be on the:

- understanding the roles in ensuring adequate infrastructure to stimulate the private sector to implement responsible practices (e.g. access to sound information on the causes of social problems and the impact of decisions and activities, products and services, providing a supportive regulatory environment, etc.);
- understanding the roles in promoting cooperation in addressing common themes (e.g. between private and public sector in identifying and reducing the causes of traffic accidents);

- understanding roles in fostering social and environmental performance reporting;
- understanding roles in supporting and promoting best practices, in development of campaigns and raising awareness in CSR.

References

- Anca, C., Aston, J., Rusu, D., & Stanciu, E. (2014). *Responsabilitate Socială (Corporativă) în România - Focalizare asupra întreprinderilor mici și mijlocii*, Noiembrie 2011, online. Available at January 25, 2014, from [http://undp.ro/libraries/projects/CSR/deliverables/Analiza%20Situatiei%20RSC%20in%20Romania%20RO\(1\).pdf](http://undp.ro/libraries/projects/CSR/deliverables/Analiza%20Situatiei%20RSC%20in%20Romania%20RO(1).pdf)
- Centrul de Resurse pentru Cetățenie Activă. (2014). Responsabilitatea socială în România – Probleme și soluții, 2013, online. Available at June 18, 2014, from <http://www.actionamresponsabil.ro/publicatii/>
- Dehelean, D. (2010). Raport de cercetare: Bilanțul Responsabilității Sociale pe 2010. Available December 2013, from <http://www.responsabilitatesociala.ro/editoriale/raport-de-cercetare-bilanțul-responsabilitatii-sociale-pe-2010.html>
- Filip, R., & Iamandi, I. (2008). *Etică și responsabilitate socială corporativă în afacerile internaționale*, Academia de Studii Economice din București, București, Ianuarie 2008
- KPMG International. (2014). *The KPMG Survey of Corporate Responsibility Reporting 2013*, online. Available at June 1, 2014, from kpmg.com/sustainability
- Mandl, I., & Dorr, A. (2007). *CSR and competitiveness European SMEs' good practice*. Consolidated European Report, 2007, online. Available at June 1, 2014, from http://www.bsosocial.gva.es/documents/610767/716777/CSR_competitiveness_european.pdf/64db87c9-3062-4e76-bcbf-bc1bcace91b3
- Petric, N. A. (2013). *Comaniile Românești - Dezvoltarea parteneriatelor Sociale*, online. Available December 21, 2013, from www.aneir-csr.ro
- Stancu, A., & Olteanu, V. (2008). Corporate social responsibility in Romania from a EU perspective. *The Fondazione Eni Enrico Mattei Series Index*, online. Available December 20, 2013, from <http://www.feem.it/Feem/Pub/Publications/CSRpapers/default.htm>
- Sumar analiză încadrare în muncă/MS/august/2011
www.csr-company.com
www.csrmedia.ro
www.responsabilitatesociala.ro
- Ernst & Young, CSR Media. (2013). *Tendințe și realități CSR în România – Ediția 2013*, online. Available at December 1, 2013, from http://www.csrmedia.ro/wp-content/uploads/2013/05/Studiu_Tendinte_si_realitati_CSR_in_Romania_CSRmedia.ro_ErnstYoung_2013.pdf
- Ernst & Young, CSR Media. (2014). *Tendințe și realități CSR în România – Ediția 2014*, online. Available at June 1, 2014, from http://www.csrmedia.ro/wp-content/uploads/2013/05/Studiu_Tendinte_si_realitati_CSR_in_Romania_CSRmedia.ro_ErnstYoung_2013.pdf

Part IV

Southern Europe

Portugal
Spain
Italy
Greece
Turkey

CSR in Portugal: From a Paternalistic Approach to Lacking Contribution to Sustainable Development

Manuel Castelo Branco

1 Introductory Remarks

The idea that Portugal has jumped on the bandwagon of CSR a tad bit later than the majority of the other industrialized countries is common among Portuguese scholars (Rego, Cunha, Costa, Gonçalves, & Cabral-Cardoso, 2006). The same is the case with the idea that since the beginning of the twenty-first century change has occurred and manifestations of CSR presence in the media, of attention to the subject on the part of academics and engagement with CSR by corporations are numerous (ibid.).

Complying with CSR issues is most often not a matter which depends solely on the company. The understanding of the business sector engagement in CSR activities implies a grasp of the cultural contexts in which it operates. Portugal's tradition of social intervention institutions, with strong links to the Catholic Church, has produced a paternalistic approach by several of the larger Portuguese companies towards their employees, which has been developed mainly under the dictatorship regime (1926–1974) (Pinto, 2004) but that may still persist in some of them (Proença & Branco, 2014).

Although a high-income country, Portugal is one of the less developed European countries and social issues are deemed very important still today. The Portuguese welfare state, as those of Spain, Italy and Greece, has been depicted as possessing the following key features: “fragmented and ‘clientelistic’ support focusing on income maintenance (pensions)”; and “still under development, making older systems of social support (family, church) indispensable” (Steurer, Martinuzzi, & Margula, 2012, p. 215). It is thus not surprising in the least to find that CSR in Portugal is still somewhat focused on fighting exclusion and poverty, as well as on corporate community involvement (CSR Europe, 2010).

M.C. Branco (✉)
Faculty of Economics, University of Porto, Porto, Portugal
e-mail: mcbranco@fep.up.pt

Notwithstanding, the larger Portuguese firms have developed modern approaches to CSR, and some of them are amongst the most sustainable companies in the world. This does not mean that the approaches to CSR developed by these firms do not present weaknesses. They exist and may even lead us to question whether the commitment of these firms to contribute to sustainable development is as strong as they depict. Much is to be done in areas such as the fight against corruption, tax behaviour and political connections, for meaningful engagement with CSR exist in Portugal.

In the following section we will try to provide some information on the history of CSR in Portugal. Section 3 is devoted to characterize how government has supported CSR in Portugal. Section 4 is on the current practice of CSR in Portugal. Section 5 depicts some of the main aspects of corporate behaviour that may be construed as weaknesses of CSR in Portugal. Finally, some concluding remarks are offered.

2 Historical Landmarks of CSR Development in Portugal

Historical accounts of the development of CSR in Portugal usually begin by mentioning the importance of social intervention institutions, of which the *Misericórdias* (Holy Houses of Mercy) are the most important example (Bento, André, & Oliviera, 2009; Pinto, 2004). *Misericórdias* have a strong linkage to Catholic Church and over five centuries of history. The first of these holy houses of mercy was founded in Lisbon in 1498 during the reign of Dom Manuel I (1495–1521), in times of prosperity (Guimarães Sá, 2004). Still nowadays *Misericórdias* provide a significant share of social assistance in Portugal (Salamon, Sokolowski, Haddock, & Tice, 2012). There are about 400 of these organizations, and they operate 19 hospitals which deliver around 90 % of nonprofit health care services in Portugal (ibid.).

Under the dictatorship regime (1926–1974), in the wake of this tradition of social intervention institutions, some of the larger companies developed a paternalistic approach towards their employees. This has dwindled subsequently to the 1974 revolution, due to the nationalization of the majority of these companies and the development of a modern social welfare state. Since then and until recently, in part due to the passive attitude and the low priority given to CSR by the governmental bodies, the state of CSR divulgation in Portugal could be characterized as “incipient” (Neves & Bento, 2005). Neves and Bento (2005) suggested that such a situation could be explained by the passive attitude and the low priority given to CSR by governmental bodies.

Notwithstanding, for Neves and Bento (2005), the situation was changing and, since 2001, a group of events within CSR had taken place in Portugal to promote the concept and socially responsible practices. Pinto (2004, p. 7) suggested that Portugal has seen a significant boom in CSR since March 2000 (when the European Council approved the ‘Lisbon Agenda 2010’, a strategy for economic, social and

environmental renewal of the EU). However, most business managers and owners seem to have attributed low priority to the topic (*ibid.*). In spite of being a high-income country, Portugal is one of the less developed European countries and social issues are still of great concern. In addition, a strong emphasis on the philanthropic tradition remains (Pinto, 2004).

In 2001 the Business Council for Sustainable Development—Portugal (BCSD-P) was founded, sponsored by the three Portuguese members of the World Business Council for Sustainable Development at the time (Cimpor, Sonae and Portucel-Soporcel). Among the business-based organisations for sustainable development, the BCSD-P is the most important. According to its webpage, BCSD-P has a current total of 111 members, including some of the largest companies operating in Portugal. BCSD-P members' turnover account for a significant percentage of Portugal's GDP (15 %), which translates in over 25 billion euros and over 115,000 employees. Nineteen of the twenty companies in PSI20 stock index are members of the BCSD-P.

There are some signs of positive evolutions regarding how Portuguese companies define their engagement with CSR. In 2013, four large Portuguese companies (PT, EDP, BES and Galp Energia) integrate the DJSI. On the other hand, CSR is already significantly present within Portuguese SMEs' reality and is deemed an important internal management resource (Santos, 2011).

3 Governmental Initiatives that Promote CSR

In their influential analysis of CSR public policies in several European countries, Albareda, Lozano, and Ysa (2007) proposed a typology model for government action in the development of CSR-endorsing public policies. They placed the Mediterranean countries (Spain, Greece, Italy and Portugal) in what they called an "agora model" of CSR policy. In these countries political handling and initiatives that promote CSR seem to have developed out of a series of discussion processes in which governments strived to involve both companies and society stakeholders, aiming at achieving consensus that included a broad range of social voices and perspectives on governmental action (Albareda et al., 2007). Moreover, in view of having started to design a CSR agenda motivated mainly by European Commission initiatives such as the Green Paper (European Commission, 2001) and the subsequent Communication (European Commission, 2002) on CSR, these countries were identified have been as the latest in Europe to introduce CSR policies (Albareda et al., 2007). Governmental action in the Mediterranean countries seems to have been supported by the drafting of reports and studies on CSR, reviewing the development of CSR by European governments which were more proactive (*ibid.*). Notwithstanding, governments seem to have adopted a positive attitude towards CSR (*ibid.*).

Steurer et al. (2012) offered a conceptual and empirical characterisation of the public policies on CSR in Europe. They distinguished five policy instruments

(i.e. legal, economic, informational, partnering, and hybrid tools) and four fields of action (awareness for CSR, transparency, socially responsible investment, and leading by example) and characterised public policies on CSR in the 27 EU member states for awareness for CSR, socially responsible investment, and leading by example through sustainable public procurement. Mediterranean countries, including Portugal, clearly lag behind their Scandinavian, Continental and Anglo-Saxon counterparts. Only the transition countries have been less active in promoting CSR than the Mediterranean countries. For example, in 2007 one hundred and three sustainable public procurement policies from 26 EU member states were identified, ranging from one in countries such as Latvia, Luxemburg, Portugal, Romania, Slovak Republic, and Spain, to nine in the UK.

In their analysis of public policies for CSR in Europe, Moon et al. (2012) use the distinction between four types of public sector roles in encouraging CSR and developing public policy: endorsing, facilitating, partnering and mandating. These authors suggest some sort of general trend from the endorsing role (providing political support for the concept of CSR through things such as rhetoric, conferences, networks, award schemes, public procurement), through the facilitating role (incentivizing companies to engage with CSR through subsidy schemes and tax incentives) and the partnering role (governmental collaboration with firms or business associations and civil society organizations), to the mandating role (defining minimum standards for responsible business performance embedded within the legal framework, such as the case of accounting or reporting standards).

Based on Albareda et al.'s (2007) characterization of Mediterranean countries "agora" CSR policies, Moon et al. (2012) expected these countries to prioritise endorse-type policies. They report some sluggishness with the uptake of sustainable development strategies on the part of Mediterranean countries, while noticing that they are addressing an increasing array of social issues (e.g. equal opportunities and work/life balance) under the heading of CSR. Moon et al.'s main findings suggest that similar to the other Mediterranean countries, Portugal has developed mainly endorse-type CSR policies. Moreover, they found that in Portugal these policies focus on social issues, which is also signalled by the fact that the ministerial department responsible for the majority of government policies found is the Employment/Social Affairs department.

One of the main conclusions of the report prepared by Moon and colleagues is that whereas the endorse-type policies are distinctly prevalent in the Mediterranean countries, mandate-type policies are distinctly prevalent in continental and the Scandinavian countries. This finding offers some kind of confirmation of their expectations about CSR and government trajectories.

4 Current Practice of CSR in Portugal

Midttun, Gautesen, and Gjøberg (2006) developed an extremely useful measure of CSR engagement based on four company-level sets of indicators, which has been subsequently used by studies analysing the development of CSR in individual countries (Skouloudis, Evangelinos, Nikolaou, & Filho, 2011) and studies making comparisons of such development between countries (Gjøberg 2009). Given the possibility it offers to make some kind of comparison with other countries and to evaluate the evolution that has occurred, we will use a similar analysis to address the issue of how CSR is currently practiced by major Portuguese companies.

The sets of indicators used by Midttun et al. (2006) are the following: (1) inclusion in sustainability indices such as the Dow Jones Sustainability Index (DJSI), the FTSE4Good Index and the list of the “Global 100 most sustainable companies”; (2) membership of CSR initiatives, including the United Nations Global Compact (UNGC) and the World Business Council for Sustainable Development (WBCSD); (3) CSR reporting, based on the Global Reporting Initiative (GRI) sustainability reporting guidelines and KPMG survey outcomes (KPMG 2008, 2011, 2013a, 2013b); (4) adoption of CSR Standards, namely the environmental management standard ISO 14001.

Midttun et al.’s (2006) findings showed that: all Mediterranean countries scored low in terms of inclusion in sustainability indices, and Portugal was the only country with no participation at all in said indices; Portugal was the Mediterranean country with higher score in terms of adherence to CSR initiatives, and was only surpassed by Norway and Denmark; in terms of CSR reporting and the adoption of voluntary standards, Portugal ranked very low, similar to the other Mediterranean countries with the exception of Spain.

Gjøberg (2009) refined the measure proposed by Midttun et al. (2006) and analysed CSR practices and performance in 20 countries, including Portugal. Her findings led her to suggest that Portugal (similarly to Spain and France) scored better on the softer, process-oriented initiatives (UNGC, GRI, KPMG reporting survey) than on the harder, performance-based initiatives (DJSI, FTSE4Good, Global 100 Most Sustainable Companies, SustainAbility 100 best reports, WBCSD, ISO 14000).

Regarding inclusion in sustainability indices, one has to note the clear evolution of Portuguese companies (see Table 1). In 2013, four large Portuguese companies (PT, EDP, BES and Galp Energia) integrate the DJSI. Furthermore, EDP has been deemed one of the electrical companies with better performance on the Dow Jones Sustainability Indexes during the last 6 years, and in 2013 is the leader of the Utilities Sector.

Also in 2013, four companies were included in the FTSE4Good Europe Index and Global Index: Brisa, EDP, Portugal Telecom, PT Multimédia. Banco Comercial Português, EDP, Jerónimo Martins and Portugal Telecom were included in the indices STOXX Europe Sustainability and Euro STOXX Sustainability.

Table 1 Portuguese companies included in sustainability indices during 2013

Global 100		Banco Espírito Santo Galp Energia
DJSI		Banco Espírito Santo EDP Portugal Telecom Galp Energia
FTSE4Good	Europe index	Brisa EDP Portugal Telecom PT Multimédia
	Global index	Brisa EDP Portugal Telecom PT Multimédia
STOXX Europe sustainability	STOXX Europe sustainability	Banco Comercial Português EDP Jerónimo Martins Portugal Telecom
	Euro STOXX sustainability	Banco Comercial Português EDP Jerónimo Martins Portugal Telecom
Ethibel ESI indices	ESI excellence Europe	Banco Comercial Português EDP Portugal Telecom
	ESI excellence Global	EDP

Source: Sustainable-investment.org

Portugal has one of the 66 Regional Network Partners of the WBCSD, the BCSD-P, alluded to in the previous section. Six BCSD-P members are also amongst WBCSD members (Altri, Brisa, Cimpor, EDP, Portucel-Soporcel and Sonae). Noteworthy, countries like Denmark, Norway, Sweden, or Spain, have fewer members in the WBCSD.

We must acknowledge that the number of Portuguese firms that are signatories of the UNGC is relatively low. By the end of 2013, only 47 Portuguese companies have subscribed to the UNGC (<http://www.unglobalcompact.org/participants/search>, consulted 07.02.2014). 55 % of these companies are SMEs. A little over two thirds of these companies have subscribed the UNGC after 2009 (32 companies). The adherence of the first Portuguese firm to the UNGC dates from January 2004. It is noteworthy that only 8 of the 46 Portuguese firms listed on NYSE Euronext Lisbon are signatories of the UNGC.

An analysis of the KPMG International Surveys of Corporate Responsibility Reporting allows us to trace the development of sustainability reporting in Portugal since 2006. These KPMG reports examine CSR reporting practices of the global fortune 250 (G250) plus the 100 largest companies (N100) in a number of countries. Whereas the 2008 KPMG report analysed 22 countries, the 2013 KPMG report

analyses 41 countries. We will focus on the rate of reporting and assurance provided for the 100 largest Portuguese companies.

The first of the more recent KPMG reports that includes Portugal dates from 2008 (KPMG, 2008). Portugal appeared in the “middle of the pack” with 49 stand-alone reports and a percentage of CSR reporting of 52 %, ahead of countries such as France, Finland, Australia, Norway and Denmark. In terms of percentage of reports that included a formal assurance statement, Portugal appeared in sixth place, with 48 % of the reports being assured. The results presented in the 2008 KPMG report showed a significant increase in reporting from the Portuguese N100 companies compared to 2006, when a similar study was performed by KPMG in Portugal (KPMG, 2007). At that time, only 10 % of N100 issued either a sustainability report or a chapter in the annual report. According to KPMG, such increase is the result of a “growing awareness of, and commitment, to sustainability issues among Portuguese companies” (KPMG, 2008, p. 89).

Between 2008 and 2011, the percentage of Portuguese N100 companies reporting on their CSR initiatives increased from 52 to 69 %, but the percentage of companies engaging in sustainability reporting assurance decreased from 48 to 45. In the 2011 KPMG report, Portugal is clustered in the ‘Leading the Pack’ quadrant, with several other European countries that have addressed CSR and reporting for over a decade (KPMG, 2011, p. 4). Companies in these countries are considered to “have demonstrated both strong communication and professionalism over time” (ibid.).

In 2013, whereas the reporting rate was of 71 %, the assurance rate was of 55 %. In the 2013 KPMG report, Portugal appears as the third country with the highest percentage of companies that refer to the GRI guidelines in their CSR reporting (KPMG, 2013a). Over 90 % of the companies in South Korea, South Africa, Portugal, Chile, Brazil and Sweden do so (ibid.).

Not much is known about the motivations for sustainability reporting in Portugal. KPMG (2007) carried out a survey on sustainability reporting practices in the major Portuguese companies. The main benefits firms claimed to obtain from sustainability reporting were the improvement of operational performance (66 %), gaining trust from investors (55 %) and enhance reputation (52 %). The main difficulties associated to sustainability reporting were identified as the cost and the constraints in terms of resources available (46 %) and the need of additional resources (45 %).

Proença and Branco (2014) analysed CSR practices in two large unlisted Portuguese companies and found that they seem to display the same historical preference for corporate paternalism that has been developed by many of the Portuguese larger firms under the dictatorship regime (1926–1974).

Ramos, Cecílio, Douglas, and Caeiro (2013) analysed the use of environmental management systems (EMS) and environmental performance evaluation (EPE) frameworks and practices connected with sustainability reporting by a sample of Portuguese companies. They found that ISO 14001 is adopted in all companies which have implemented an EMS or are in the course of implementing it. EMS and

EPE are almost exclusively used in large companies, being still unfamiliar to SMEs. Sustainability reporting is also a practice mainly carried out by large companies.

Much of what has been said thus far pertains mainly to CSR practices of large firms, and they seem to present a reasonably high level of development. Not as much is known on SMEs' CSR practices. Notwithstanding, somewhat surprisingly, recent evidence suggests that CSR is already significantly present within Portuguese SMEs' reality and is deemed an important internal management resource (Santos, 2011).

Through a questionnaire survey, Santos (2011) found that CSR has been incorporated into the daily management of Portuguese SMEs, although it assumes an informal and non-structured character. Interestingly, CSR was found to be primarily internally focused, deriving from attention to the potential benefits pertaining to gains in eco-efficiency, better social climates or higher profiles in the local community.

5 CSR in Portugal: Barriers to Overcome

The fight against corruption and fiscal behaviour have been identified as constituting the next wave of CSR (KPMG, 2013b). These are two important aspects of CSR that seem to be seriously underdeveloped in Portugal. Another issue worthy of note is that of the promiscuity between politics and business that seems to exist in Portugal.

One of the few studies in which it is possible to obtain some sense of how Portuguese firms' engagement in the fight against corruption compares to that of firms from other countries is that of Scholtens and Dam (2007). These authors analysed ethical policies of almost 2,700 firms in 24 industrialized countries, by looking into their human rights policies, their governance of bribery and corruption, and the comprehensiveness, implementation and communication of their codes of ethics. Regarding the aspect of governance of bribery and corruption, they asked whether the firm had policies and procedures on bribery and corruption. The firm could either have a clear policy and procedures, it has adopted or have no policy disclosed. Although Portugal had only eight firms in the sample, the information they obtained is useful for the purpose of our analysis. Scholtens and Dam's study found that Portugal was among the countries whose firms performed worse on their governance of bribery and corruption (other countries with poor performance in this respect were Ireland, Luxembourg, Hong Kong, Singapore, and Spain). U.S. and Norway were the countries with better performance, followed by countries such as Australia, Italy, the Netherlands, and Finland.

There are other more recent signs that the fight against corruption seems to be a neglected issue among Portuguese firms' priorities. They come from a non-academic study, the Ernst & Young report on "European fraud survey 2011—Recovery, regulation and integrity" (Ernst & Young, 2011). According to this report, 17 % of the Portuguese respondents to the survey claim to have received

training within the firm anti-bribery/anti-corruption training. This percentage is clearly below the average of 23 % reported for the “mature markets” (which include Portugal). It is also below the average of 18 % reported for the “emerging markets”.

More recently, in a forthcoming Journal paper, Branco and Matos (forthcoming) analysed anti-corruption reporting practices in sustainability reports by Portuguese firms. The major conclusion was that reporting on the fight against corruption is clearly an underdeveloped practice in the Portuguese business sector. Although 77 % of the companies analysed reported some kind of commitment to the fight against corruption, only 46 % disclosed information pertaining to the internal organization to fight corruption (ethics committee to deal with this issue; dedicated manager or service; whistleblowing system; etc.) and only 56 % disclosed information concerning risk exposure (risk assessment of potential areas of corruption; policies for high-risk areas; etc.). 59 % disclosed information on the implementation procedures concerning employees (such as anti-corruption related training and communication). There are some noteworthy additional findings of this study. First, firms with a high visibility in terms of risk of corruption disclose a higher variety of information. Second, companies that engage in association with the UNGC disclose a higher variety of information.

Besides the results of the studies presented above, it is not difficult to find other corroborating evidence of the relative lack of interest of the Portuguese business community on the fight against corruption. Referring to the preventive dimension of corruption in the private sector, J. Mouraz Lopes, a Portuguese judge and expert of the GRECO (Group of States Against corruption), highlighted the inexistence of any position or any document of a binding nature regarding their associates in the official webpages of two the three main Portuguese business confederations: the Confederation of Portuguese Business (Confederação Empresarial Portuguesa—CIP) (www.cip.org.pt) and the Confederation of Portuguese Farmers (Confederação dos Agricultores de Portugal—CAP) (www.cap.pt) (Lopes, 2011, p. 56). Conversely, the Portuguese Commerce and Services Confederation (Confederação do Comércio e Serviços de Portugal—CCP) has in its website (www.ccp.pt) a “Code of ethics for commerce and services” (ibid.). We have consulted the webpages of these confederations at the end of January 2014, and nothing had changed regarding this issue.

Interestingly, the only reference to the issue of corruption in the Code of ethics of the Portuguese Commerce and Services Confederation is included in a section on “Corporate social responsibility towards the State”. It stipulates that “companies should fulfill every obligation towards the State, namely in what concerns taxes, and condemn corruption by State agents whenever they are aware of them.” This amounts to a very limited view of the role of firms in countering corruption.

Referring to Greece, Skouloudis et al. (2011, p. 219) underline that the concept of CSR “cannot be established by disregarding the problem of tax avoidance that undermines both public administration efficiency and social justice in the country.” The same can be said regarding Portugal. Tax evasion is a major issue in Portugal. According to the findings of an independent report by Tax Research UK, prepared by Richard Murphy and commissioned by the Group of the Progressive Alliance of

Socialists and Democrats in the European Parliament, the Portuguese government loses over 12 billion euros annually through tax evasion (Murphy, 2012). Such tax losses amount to about 63.1 % of the yearly healthcare spending and 15.5 % of total government spending (ibid.).

A recent study from the Centre for Research on Multinational Corporations (SOMO) reports that 19 of the 20 largest Portuguese listed companies (those included in the Portuguese benchmark index—the PSI20, which reflects the price evolution of the 20 largest and most liquid share issues of all the companies listed on the Portuguese main market) founded letterbox companies in the Netherlands for the purpose of tax planning (McGauran, Fernandez, & Frederik, 2013). This has led McGauran et al. (2013, p. 7) to conclude that “the Portuguese state can rely less on the strongest shoulders in times of austerity.”

Another important problem pertains to firms’ political connections in Portugal. The appointment of politicians and prominent figures on company boards is a widespread phenomenon. A recent study collected and analysed the cases of 115 ministers and secretaries of state since the 1970s (Costa, Fazenda, Honório, Louçã, & Rosas, 2010). Findings suggest a very strong relation between political power and economic power. For example, 20 % of the ministers and secretaries of state taking decisions pertaining to the economy have been in Banco Comercial Português during the professional career and 10 % have been in the group Espírito Santo (both organizations belonging to the financial sector and being included in sustainability indices). There is a strong promiscuity between political power and economic power.

There are two questions to be answered: do these political connections translate in unwarranted benefits for the firms? Are there any detrimental consequences for society arising from them? Although there are no studies to draw upon to answer these questions regarding the Portuguese case, some recent studies (Chaney, Faccio, & Parsley, 2011; Faccio, 2010) have highlighted the benefits companies obtain from having political connections. There is a vast array of benefits, which includes preferential access to credit, preferential treatment in competition for government contracts, and government aid in cases of financial trouble. The question of the social impact of political connections is more complex. However, it is not farfetched to suspect that the distortion in the allocation of public funds may have significant impact in social and economic development. On the other hand, the distortion in terms of representation of citizens in decision-making bodies must be emphasized.

Two recent studies from Mara Faccio (Purdue University), who has devoted her time to explore questions such as these, contribute significantly to the understanding of the consequences of corporate political connections. The findings of the first study (Faccio, 2010) reinforce the findings of previous studies, according to which connected corporations may obtain credit more easily and with more favourable terms, and obtain benefits in terms of taxation. In addition, she suggests that connected firms have larger net benefits in more corrupt countries. In the second study (Chaney et al., 2011) evidence suggesting that the quality of reported

accounting information is systematically poorer for firms with political connections, implying greater lack in transparency on their part.

6 Concluding Remarks

Portuguese companies seem to have progressed from the assumption of some kind of paternalism towards their workers under the dictatorship regime (1926–1974) to an important (albeit incomplete) contribution toward sustainable development in the first years of the 2010 decade, at least in what concerns the more popular issues of this concept. Some aspects of CSR are currently well developed in Portugal. Such is the case of sustainability reporting, whose level of development in Portugal may be depicted as relatively high (KPMG, 2011, 2013a). Moreover, Portuguese leading companies in terms of reputation for sustainability leadership are also worldwide leaders. For example, in 2013 Dow Jones Sustainability Index (DJSI) considered a Portuguese company, EDP, the world leader in the Utilities Sector.

Notwithstanding what has been said, when one considers the state of affairs pertaining to issues such as anti-corruption and tax avoidance/evasion, the picture is gloomier. It appears as though the most socially responsible Portuguese companies do not consider tax behaviour has been included in their CSR strategies. The promiscuity between these companies and political parties is an additional problem Portuguese companies also seem not to include the fight against corruption in their CSR priorities.

There are some signs that the level of engagement with CSR by the major Portuguese corporations may not be as encompassing as we might think. As alluded to above, there is evidence that 19 of the 20 PSI20 companies, which are undoubtedly among the major companies in Portugal, founded letterbox companies in the Netherlands for the purpose of tax planning (McGauran et al., 2013). EDP, leader of the Utilities sector in the DJSI, figures prominently among these companies. All these companies are purportedly socially responsible. According to the webpage of the BCSD-P, among its 100 members one can count 19 of the PSI20 companies. This means that at least 18 of the 19 companies alluded to above are members of the (BCSD-P). One can conclude that the Portuguese people can rely less in their most reputable socially responsible companies in times of austerity.

References

- Albareda, L., Lozano, J. M., & Ysa, T. (2007). Public policies on corporate social responsibility: The role of governments in Europe. *Journal of Business Ethics*, 74(4), 391–407.
- Bento, L., André, M. H., & Oliviera, P. (2009). National networks as a tool to develop OSR—The Portuguese case study. *Management and Avenir*, 23, 83–90.
- Branco, M. C., & Matos, D. (forthcoming). The fight against corruption in Portugal: evidence from sustainability reports. *Journal of Financial Crime*.

- Chaney, P. K., Faccio, M., & Parsley, D. (2011). The quality of accounting information in politically connected firms. *Journal of Accounting and Economics*, 51, 58–76.
- Costa, J., Fazenda, L., Honório, C., Louçã, F., & Rosas, F. (2010). *Os Donos de Portugal—Cem Anos de Poder Económico (1910-2010)*. Porto: Afrontamento.
- CSR Europe. (2010). *A guide to CSR in Europe country insights by CSR Europe's, National Partner Organisations Corporate Social Responsibility (CSR)*. CSR Europe
- Ernst & Young. (2011). *European fraud survey 2011—Recovery, regulation and integrity*. London: Ernst & Young.
- European Commission. (2001). *Promoting a European framework for corporate social responsibility: Green paper*. Luxemburg: Office for Official Publications of the European Communities.
- European Commission. (2002). *Corporate social responsibility: A business contribution to sustainable development*. Luxemburg: Office for Official Publications of the European Communities.
- Faccio, M. (2010). Differences between politically connected and non-connected firms: A cross country analysis. *Financial Management*, 39, 905–927.
- Gjølberg, M. (2009). Measuring the immeasurable? Constructing an index of CSR practices and CSR performance in 20 countries. *Scandinavian Journal of Management*, 25, 10–22.
- Guimarães Sá, I. (2004). Catholic charity in perspective: The social life of devotion in Portugal and its empire (1450–1700). *e-Journal of Portuguese History*, 2(1), http://www.brown.edu/Departments/Portuguese_Brazilian_Studies/ejph/html/issue3/pdf/igsa.pdf
- KPMG. (2007). *Estudo da KPMG sobre a publicação de relatórios de sustentabilidade em Portugal*. KPMG.
- KPMG. (2008). *KPMG International survey of corporate responsibility reporting 2011*. KPMG.
- KPMG. (2011). *KPMG International survey of corporate responsibility reporting 2011*. KPMG.
- KPMG. (2013a). *KPMG International survey of corporate responsibility reporting 2011*. KPMG.
- KPMG. (2013b). *A new era in international tax. Tax morality, transparency, base erosion and profit shifting*. KPMG International
- Lopes, J. M. (2011). *O Espectro da Corrupção*. Coimbra: Almedina.
- McGauran, K., Fernandez, R., & Frederik, J. (2013). *Avoiding tax in times of austerity. Energias de Portugal (EDP) and the role of the Netherlands in tax avoidance in Europe*. SOMO – Centre for Research on Multinational Corporations
- Middtun, A., Gautesen, K., & Gjølberg, M. (2006). The political economy of CSR in Western Europe. *Corporate Governance*, 6(4), 369–385.
- Moon, J., Slager, R., Anastasiadis, S., Brunn, C., Hardi, P., & Knudsen, J. S. (2012). *Analysis of the National and EU policies supporting corporate social responsibility and impact (IMPACT Working Paper No. 2)*.
- Murphy, K. (2012). *Closing the European tax gap*. Tax Research LLP
- Neves, J., & Bento, L. (2005). Traditional values and the pressures of transformation. In A. Habisch, J. Jonker, M. Wegner, & R. Schmidpeter (Eds.), *Corporate social responsibility across Europe* (pp. 303–314). Heidelberg: Springer.
- Pinto, G. R. (2004). *Corporate social responsibility: State of the art in Portugal 2004*. CECO A - Centro de Formação Profissional para o Comércio e Afins
- Proença, J. F., & Branco, M. C. (2014). Corporate social responsibility practices and motivations in a peripheral country: Two Portuguese illustrative cases. *Corporate Governance: The International Journal of Business in Society*, 14(2)
- Ramos, T. B., Cecilio, T., Douglas, C. H., & Caeiro, S. (2013). Corporate sustainability reporting and the relations with evaluation and management frameworks: The Portuguese case. *Journal of Cleaner Production*, 52, 317–328.
- Rego, A., Cunha, M. P., Costa, N. G., Gonçalves, H., & Cabral-Cardoso, C. (2006). *Gestão Ética e Socialmente Responsável: Teoria e Prática*. Lisboa: Editora RH.
- Salamon, L. M., Sokolowski, S. W., Haddock, M., & Tice, H. S. (2012). *Portugal's nonprofit sector in comparative context*. Johns Hopkins Center for Civil Society Studies

- Santos, M. (2011). CSR in SMEs: Strategies, practices, motivations and obstacles. *Social Responsibility Journal*, 7(3), 490–508.
- Scholtens, B., & Dam, L. (2007). Cultural values and international differences in business ethics. *Journal of Business Ethics*, 75, 273–284.
- Skouloudis, A., Evangelinos, K., Nikolaou, I., & Filho, W. L. (2011). An overview of corporate social responsibility in Greece: Perceptions, developments and barriers to overcome”. *Business Ethics: A European Review*, 20, 205–226.
- Steurer, R., Martinuzzi, A., & Margula, S. (2012). Public policies on CSR in Europe: Themes, instruments, and regional differences. *Corporate Social Responsibility and Environmental Management*, 19, 206–227.

Corporate Social Responsibility: Current and Future Perspectives in Spain

Belén Díaz Díaz and Rebeca García Ramos

1 Introduction to Corporate Social Responsibility in Spain

Although there is still no universal definition of CSR (Godfrey & Hatch, 2007), most definitions describe it as a concept whereby companies voluntarily integrate social and environmental concerns with their business operations and interactions with their stakeholders.

There are four main factors that explain the development of CSR in Spain since the late 90s: the development of the concept of Responsible Social Investment; the internationalization of Spanish companies; financial scandals; and the requirement for more information about the activities of the companies.

First, the Spanish Association of Investment and Pension Funds (INVERCO), in response to global CSR trends, introduced the concept of Responsible Social Investment in Spain in 1999. In order to include a Spanish company in a fund portfolio, its CSR status had to be known, and it had to meet ethical and transparency requirements.

Second, the increasing internationalization of Spanish companies in an ever more competitive environment, made it necessary to monitor the behavior of these companies outside their borders, especially with respect to human rights in developing countries.

Third, the domestic and international financial scandals that appeared at the beginning of the XXI century compelled companies to explain their economic, social, and environmental impact to stakeholders. Today, business owners are increasingly convinced that commercial success and long term benefits are not dependent only on the maximization of short term shareholder profits, but require responsible behavior towards the rest of the market, contributing to sustainable development.

B. Díaz Díaz (✉) • R. García Ramos
University of Cantabria, Cantabria, Spain
e-mail: belen.diaz@unican.es

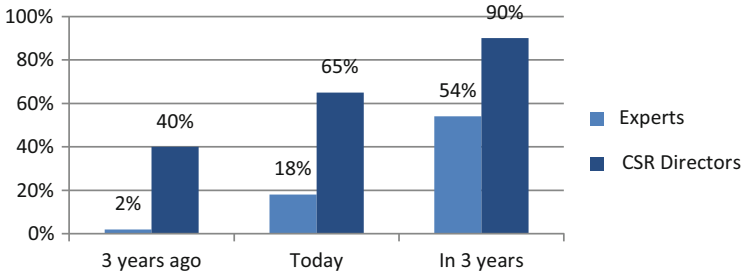


Fig. 1 What attention is CSR receiving in Spanish companies? Valued as high or very high by experts and CSR Directors. *Source:* Adapted from *Fundación Alternativas* (2009)

Finally, this shift in company orientation was accompanied by a greater demand for transparency with respect to information provided (mainly by companies listed on the stock exchange). In fact, currently many of them have begun preparing and publishing sustainability reports explaining responsible actions taken that contribute to sustainable development in labor, social, and environmental areas.

Throughout this time, a proliferation of guides explaining CSR and sustainability reporting have appeared; indicators for measuring it have been developed; and observatories, think tanks, and awards and recognition have been created. Nevertheless, there has not been a clear change in company cultures, as shown by Albareda and Balaguer (2007).

The attention paid to CSR by the senior management of Spanish companies has been gaining strength over the years, but there is a marked difference between the observations of experts and CSR Directors, as shown by Fig. 1.

While the internationalization of the Spanish companies justified the development of CSR policies in the beginning, the current environment requires that these policies are active and contrasted.

The decline of economic activity since the crisis began at the start of 2008, the destruction of employment, company closures, and lack of consumer and investor confidence in companies and institutions¹ have created an environment where it is essential to develop mechanisms for generating confidence (Table 1). Company CSR policies have the benefit to help in generating confidence in different stakeholders, improving company competitiveness and sustainability.

Nevertheless, there remains much to do. In fact, the results obtained by the 2009 *Fundación Alternativas* study show more than 50 % dissatisfaction with the performance of Spanish companies in areas related to CSR for nearly all of the criteria evaluated (with the exception of product safety, human rights and safety, and job safety). Even within the crisis context and regardless of the fact that the IBEX 35²

¹ In 2013 the Edelman Trust Barometer showed 44 % trust in Spanish business while only 20 % trust in government (lower than previous years).

² The Ibex 35 is a Spanish stock index comprised of the exchange's largest 35 companies in terms of market capitalization.

Table 1 Economic context in Spain and Europe

	2013	2007
GDP (annual variation) ^a		
Spain	-1.10 %	3.50 %
Euro Zone	-0.30 %	2.90 %
Unemployment rate		
Spain	26.70 %	9 %
Euro Zone	12.10 %	7.30 %
Number of companies (Spain)	3,146,570	3,336,657
% of companies < 10 employees	95.7 %	94 %

Source: National Statistics Institute in Spain and www.datosmacro.es

The data for 2013 refers to the third quarter

companies lost 30 % of their value from 2007 through 2011, compensation for their directors increased 4.4 % and for their upper management 3.1 % in 2012 (OCSR³, 2012), putting into question the validity of the CSR policies they have put in place.

This paper takes into account the differences in CSR across Europe and focuses on Spain, explaining its historical development of CSR, its initiatives to promote it, socio-economic factors that influence CSR, and the practice of CSR by Spanish businesses. A better understanding in each country of how businesses are developing CSR, their motivations for doing so, how stakeholders and especially consumers value it, and whether CSR affects corporate performance is needed for making proposals regarding CSR in the future.

2 Political Initiatives to Promote CSR in Spain

As mentioned, the discourse on CSR began late in Spain. Consequently, the permeation of this discourse into political institutions started later than in many Northern countries. The Spanish government neither contributed nor reacted to the Green Paper *Corporate Social Responsibility. A business contribution to sustainable development*, published by the European Commission in 2001. However, publication of this document gave definitive impetus to the Spanish debate on CSR (Cantó Milà & Lozano, 2009).

The institutional context and the national business system are decisive in the development of CSR policies in each country, as underlined by Matten and Moon (2008). In Spain, the main discourse on CSR has focused on it as a crucial key to a

³ The Observatory on Corporate Social Responsibility (OCSR) was launched March 31 of 2004. It is an independent association of fourteen organizations that represent civil society, NGOs, trade unions, and consumer organizations. Each year the OCSR issues an exhaustive report on CSR disclosures by Spanish Ibex 35 companies.

better understanding between stakeholders, instead of focusing, as has often been assumed, on issues of sustainability or environment.

Since 1999, there have been different initiatives to promote CSR in Spain. They concluded in the publication of various documents and laws such as the White Book (2006), “Public Policies to promote and develop CSR in Spain” (2007), Good Governance Codes—Olivencia (1998), Aldama (2003) and Conthe (2006), Equality Law (2007) and the Sustainable Economy Law (2011).

At the beginning, political initiatives to promote CSR in Spain focused on the creation of working groups formed by stakeholders that, considering CSR as a whole and not as isolated activities, established the role government should play in relation to CSR, made recommendations, and encouraged government promotion of CSR policies. These initiatives were:

1. The creation in February 2005 of a **sub-commission of the Spanish Parliament** with the objective of exploring the role that the Spanish government and public administrations should play in relation to CSR. The sub-commission was formed by 61 experts and practitioners that represented the following interest groups: businesses, trade unions, employer associations and networks, government and public administrations, consumer associations, NGOs, investment organizations, consulting agencies, and academia. This initiative by the Spanish Parliament is unique. Their conclusions, presented in June 2006, were collected in a document called “CSR White Book” with 57 recommendations.
2. The Spanish Government’s creation in March 2005 of a **Forum of Experts** that was to generate recommendations for the development of CSR policies in Spain. Their work ended in July 2007 with the adoption of the document “Public Policies to promote and develop CSR in Spain”. One of their main recommendations was the creation of a CSR council to advise the Spanish Government in relation to all policies that involved CSR issues. Other recommendations were: improve the people’s knowledge of CSR; include the principles of CSR and sustainable development in education, especially at the university level, and among senior managers of enterprises; promote the use of fair trade labeling; and promote socially responsible investment.
3. The creation of the **State Council on Corporate Social Responsibility (SCCSR)**⁴ in 2008 its objective being to continue with the Forum of Experts’ work. The SCCSR is an inter-ministerial collegiate, advisory and consultative body at the service of the Spanish Government. It is responsible for strengthening and promoting CSR policies in Spain. It is chaired by the Minister of Labor and Social Affairs and has more than 55 members representing employer

⁴Royal Decree 221/2008, 15 of February, by which the State Council on Corporate Social Responsibility (known as CERSE in Spain) is created and regulated.

organizations, trade union organizations, Public Administrations, and other organizations and institutions with an acknowledged representative role and interest in the area of CSR.⁵ Law 2/2011, authorizes this Council stating that “the Government will provide the necessary resources for the SCCSR to carry out its functions.”

The last initiative of this Council has been the elaboration of the Draft of the Spanish Corporate Social Responsibility Strategy for 2014–2020 in April 2014, which is nowadays subject to public consultation.

During recent years, the CSR policy instruments most used in Spain have been economic instruments (mainly through grants to increase awareness about CSR) and legal instruments (mainly passing laws, decrees and corporate government codes).

Spanish CSR policies can be characterized by six thematic fields of action: raise awareness and build capacities for CSR; improve disclosure and transparency; facilitate socially responsible investment (SRI); lead by example with regards to socially responsible practices; develop Corporate Governance Codes; and create initiatives regarding employment. The first four are in accordance with Steurer’s (2010) classification.

Using these thematic fields, Table 2 compiles the regulatory and other initiatives directly promoted and implemented by the Spanish government.⁶

One of the last major initiatives was the *Sustainable Economy Law 2/2011, of 4 of March* which includes financial market reforms to increase transparency and improve corporate governance in line with international agreements. In the Law, three new groups of provisions stand out: those relating to the corporate governance of listed companies, those relating to the corporate governance of public companies, and those regarding CSR, summarized in Table 2.

Regardless of the different initiatives, Spanish people give the government action to drive the social and environmental behavior of companies low marks. According to CECU (2010), 48 % value it under 5 (0 meaning the government does nothing and 10 meaning its actions are considered satisfactory).

Although the regulation mentioned above requires companies to comply with different CSR requirements, the lack of enforcement mechanisms or sanctions for non-compliance, reduces effectiveness of the initiatives. For example, even though companies are required to submit a report communicating remuneration policies to the Shareholders Annual Meeting, as well as the detail of individual compensation,

⁵ Initially there were five working groups: The role of CSR in the economic crisis; transparency, communication and standards of sustainability reporting; socially responsible consumption and investment; CSR and education; and diversity management, social cohesion and development cooperation. In 2011, three new working groups were created: CSR promotion; socially responsible investment in pension funds; management and operation of the SCCSR.

⁶ It does not include initiatives carried out by private organizations, nor does it include laws addressing some specific issues such as environment, consumer protection, . . .

Table 2 Political initiatives to promote CSR in Spain

CSR policy themes	Law or institution promoting the initiative	Policies
Raise awareness and build CSR skills	General Directorate of Social Economy and CSR (Ministry of Labor and Social Affairs)	Grants for non-profit organizations that disseminate information with respect to CSR
		Grants for training, dissemination and promotion of self-employment, social economy and CSR
Improve disclosure and transparency	Ley 26/2003 de transparencia de las sociedades anónimas cotizadas (<i>Transparency of listed companies Law</i>). 17th of July	Since 2004, listed companies have been required to make their corporate governance reports public on an annual basis. They are submitted to the CNMV ^a
	Ley 2/2011 de Economía Sostenible (<i>Sustainable Economy Law</i>). 4th of March	<p>Expands the minimum content required in the corporate governance report</p> <p>Listed companies are required to present an annual directors compensation report</p> <p>Public companies shall adapt their strategic plans to present an annual corporate governance report as well as a sustainability report^b</p> <p>The government will make available a group of characteristics and indicators^c for self-evaluation with respect to social responsibility, to public and private companies and institutions. Report models in accordance with international standards will also be made available</p> <p>Corporations with more than 1,000 employees are obliged to publish annual CSR reports and submit it to SCCSR</p> <p>Social label: any company may voluntarily solicit recognition as a socially responsible company in accordance with the conditions of SCCSR</p>
Facilitate socially Responsible Investment (SRI) ^d	Ley 27/2011 sobre actualización, adecuación y modernización del sistema de Seguridad Social (<i>Updating, improvement and modernization of the Social Security System Law</i>). 1st of August	Company Pension funds must report whether or not they use, social, ethical, environmental and good governance criteria. No sanctions if they don't

(continued)

Table 2 (continued)

CSR policy themes	Law or institution promoting the initiative	Policies
Leading by example: • Making Public procurement more sustainable • Reporting on the Social and environmental performance • Ethical Code of Conduct	Ley 2/2011 de Economía Sostenible (<i>Sustainable Economy Law</i>). 4th of March	Provides for the inclusion of social and environmental considerations in public procurement contracts
	Ley 2/2011 de Economía Sostenible (<i>Sustainable Economy Law</i>). 4th of March	Public companies are required to submit corporate governance reports and sustainability reports annually
	Ley 19/2013 de transparencia, acceso a la información pública y buen gobierno (<i>Transparency, access to public information and good governance Law</i>). 9th of December	Range of laws for ethical principles and actions that must be overseen by the members of Government and reinforce the sanctions in the case of infraction ^e Creates the Transparency and Good Governance Council, an independent office for supervision and control of the correct application of this Law
Corporate Governance Codes (passed by the CNMV)	Olivencia Code (1998)	Ethics Code for Board of Directors
	Aldama Code (2003)	Objective: To promote transparency and security in markets and listed companies
	Unified Code (or Conthe Code, 2006)	Includes the sustainability concept and stakeholders in its recommendations. Updated in June 2013
	Experts Commission (Chaired by the President of the CNMV). May, 2013	In October 2013, finished their work and published the document "Study of regulatory changes proposed for Corporate Governance". Includes advice on self-regulation and legislation changes ^f
Some initiatives regarding employment		
• <i>Equality between women and men</i>	Ley 3/2007 para la igualdad efectiva de mujeres y hombres (<i>Equality Law</i>). 22nd of March	Companies with more than 250 employees are required to develop and implement an Equality Plan A goal that by 2015 women make up a minimum of 40 % of the directors on company boards ^g
• <i>Labor integration of people with disabilities</i>	Ley 13/1982 de integración social del minusválido (<i>Social integration of people with disabilities Law</i>). 7th of April Royal Decree 27/2000	Public and private companies with more than 50 employees must have people with disabilities as 2 % of the workforce Companies required to meet the 2 % rule, can apply alternative measures such as the purchase of goods from self-employed people with disabilities

(continued)

Table 2 (continued)

CSR policy themes	Law or institution promoting the initiative	Policies
<ul style="list-style-type: none"> • <i>Promote measures to reduce youth unemployment</i> 	Ministry of Labor and Social Security	Entrepreneurship and Youth Employment Strategy 2013–2016 (endowed initially with 4,550 million euro) Social Label “Entity adhered to the Entrepreneurship and Youth Employment Strategy 2013–2016”

^aThe CNMV is the regulatory body for the Spanish Stock Market

^bSpecial focus on effective equality between women and men and the full integration of people with disabilities

^cThese characteristics and indicators carefully evaluate the objectives of transparency in management, corporate governance, engagement with the environment, respect for human rights, working relationships improvement, promotion of women, effective equality between women and men, equal opportunities and universal accessibility for people with disabilities, and sustainable consumption

^dThe assets managed under SRI criteria in Spain at the end of 2010 totaled 15,231 million euro (8 % increase over 2009), with a total of 1,136,735 participants (40 % increase over 2009). In Spain there are 31 pension funds that adopt some principles of socially responsible investment (Albareda, Balaguer, & Murillo, 2011)

^eRemoval from posts of public responsibility occupied by the offender; the offender may not be nominated to occupy certain public positions during a period of 5–10 years; may not receive compensation payments and is obliged to return any amounts unduly received

^fFollowing are the most important proposals (1) The general meeting of shareholders shall be responsible for fixing board of director compensation every 3 years with respect to maximum compensation, fixed compensation and variable compensation such as separation payments; (2) The amount of equity that a shareholder must own in order to include items on the agenda is reduced from 5 % to 3 %; (3) A reduction in the required number of shares that a shareholder must own in order to participate in the General Shareholders meeting is proposed to not exceed 1,000 (as opposed to 1 for every 1,000 currently used); (4) The duration of the director mandate shall not exceed 4 years (with possible reelection) as opposed to the current 6 years; (5) It is proposed that audit and appointment and compensation committees be required for listed companies, and that they are presided over by independent directors

^gThere is no obligation for this quota to be met, unlike other countries such as Norway where the imperative has existed since 2008. As a consequence, Spain is still far from meeting the objective. In 2012, women comprised 12.2 % of the board of directors in 32 companies of the IBEX 35 (OCSR, 2012)

more than 20 % of IBEX35 companies stated in their 2011 good governance reports that they had not done so (OCSR, 2012).

This shows that the government must take measures to stimulate and positively reinforce the social and environmental behavior of companies; for example by rewarding the companies with the best social and environmental results, or

establishing a strategy of incentives encouraging companies to develop responsible practices.⁷ Regardless, the prevailing opinion indicates that for the Government to improve corporate responsible behavior, they will need to be compelled by law. According to CECU (2010), 46.8 % of those surveyed believe this, although this is seven points lower than the percentage of those who felt this way in 2008. A small minority of 3.5 % believe that the government should take no action.

3 Motivations and Barriers to Pursuing CSR in Spain

In the described framework given by the State to promote CSR, Spanish companies find different drivers and barriers to develop CSR initiatives.

Common sense dictates that doing the right thing with regards to customer satisfaction and employee motivation, showing concern for suppliers, and protecting the environment have a direct impact on the financial results of a company.

However, although 43 % of businesses in Spain consider Social Responsibility as purposeful for their organizations, only 15.5 % systematically develop Social Responsibility practices (Forética, 2011).

The long-term benefits arising from CSR are varied. They include benefits to the consumer, sustainability, qualified employment generation, economic benefits derived from better management and greater employee involvement, brand value and reputation, access to markets and to capital, cost savings, etc. In addition, consumers are willing to punish irresponsible companies.

In the following sections this paper analyses these topics focusing on how CSR affects corporate performance with a special reference to CSR in small and medium sized enterprises (SMEs), how consumers value CSR and the consequences of the crisis on the development of CSR practices.

4 CSR and Value Creation in Spanish Companies

Firms can improve both their competitive position in the market and their profits by behaving in a socially responsible manner. To date, research regarding the relationship between CSR and financial performance has produced mixed findings (Jiao, 2010; Margolis & Walsh, 2001, 2003; McWilliams, Siegel, & Wright, 2006).

⁷ Most governments favor socially responsible companies, those that have adhered to the UN Global Compact or OECD Guidelines, when approving loans or assigning public contracts. However, governments only require adherence to the standard not its compliance (De la Cuesta & Valor, 2004).

76 % of Spanish businesses believe that CSR increases profits through cost reductions and increase in income. The motivation and productivity of human capital as well as resource consumption efficiency contribute to a reduction of costs and are the main sources of value for the organization. Greater customer loyalty and potential access to niche markets favorably affect income generation. In addition, 57 % believe it lowers financing costs, thanks to a reduction in the risk premium and improved access to capital (Forética, 2011).

From an empirical perspective, several researchers have analyzed the relationship between CSR practices and firm performance. Prado Lorenzo, Gallego Alvarez, García Sánchez, and Rodríguez Dominguez (2008) analyzed CSR practices implemented in Spanish companies and found that there was a significant increase in those aimed at reducing environmental impact, as well as creating comfortable workplaces and promoting workers' rights. They found that these practices have a positive and significant impact on the rate of sales growth, but none on productivity or market value. However, other responsible practices are not related to short term improvements in companies' performance.

Wu and Shen (2013), Callado and Utrero (2011), Baraibar and Luna (2012) and Díaz (2011), also found evidence of a positive relationship between CSR (social performance) and financial performance using different samples of Spanish companies and different measures for social and financial performance.

The relationship between CSR and corporate value can be explained in part by the greater commitment of employees to responsible organizations, the lower cost of equity capital in companies with better CSR scores, and the superior image enjoyed by those companies. There is evidence in Spain of these three factors.

First, according to Vitell and Ramos Hidalgo (2006), in their analysis of ethics in Spain and the U.S., an organization that exhibits strong ethical values may benefit from having employees who are more committed to the organization.

Second, improved CSR can enhance firm value by reducing the firm's equity capital costs. The cost of equity capital indicates the rate of return required by investors to maintain their investment in the firm, and reflects the perceived riskiness of the firm's future cash flows. The findings of El Ghouli, Guedhami, Kwok, and Mishra (2011), based on a sample of US firms, support the notion that firms with socially responsible practices have higher valuations and lower risk, indicating that firms with better CSR scores get cheaper equity financing. Reverte (2012), using a sample of listed Spanish firms, provides evidence of the same sort, showing that companies with better quality CSR reporting have a lower cost for equity capital.

Third, although one of the reasons for adopting CSR is to enhance the company image, Arevalo, Aravind, Ayuso, and Roca (2013) analyzed the motivations for

adoption of the Global Compact principles in the Spanish context and found that image⁸ and economic⁹ motivations may not be mutually exclusive and may, in fact, coexist.

One of the main reasons for the positive relationship between CSR practices and business performance is the value given by consumers to these practices. In Spain, consumer attitude towards CSR is reflected in various reports such as: the *Forética* Report (2011), the CECU¹⁰ Report (2010) and the *Fundación Alternativas* Report (2009).

- The *Forética* Report is a biennial report that has been published since 2000. It explores the opinion of Spanish companies (1,031 interviews) and consumers between 18 and 70 years old (1,004 interviews) on issues related to CSR. The last *Forética* report, written in 2011, provides an accurate view of the current state of CSR development in today's Spanish private sector, evaluating data collected in 2010.
- The CECU Report reflects consumer opinion and assessment of CSR in Spain. It is a biennial report published since 2004 and has collected the opinion of 1,004 citizens over 18 years.
- The *Fundación Alternativas* Report (2009) gathers the opinions of 157 experts on Corporate Responsibility regarding CSR in Spain.

According to *Forética* (2011), the CSR concept has increasing penetration among consumers. In 2011, half of the Spanish population had heard of CSR (and 40 % knew or could guess what it means). However, CECU (2010) reported this percentage as 31.2 %.

Currently, 61 % of the population believes that CSR should be a top priority for companies, while only 2.5 % believe that CSR is not the responsibility of business.

This would indicate that CSR affects consumer purchasing decisions. Those companies having inadequate environmental or social performance will see their income statements impacted and their attractiveness to investors, consumers, and potential employees reduced. Analyzing to what degree social responsibility criteria influence purchasing decisions could shed light on the future of CSR itself.

The responsible consumer generally presents two forms of behavior: negative discrimination (boycott and avoidance) and positive discrimination (preference and rewards).

On the one hand, according to *Forética* (2011), 45 % of people claim to have stopped buying a product or service because they believed that the manufacturing or distribution company had irresponsible or unethical practices (in 2008 this percentage was around 37 %). According to CECU (2010), negative discrimination is at 27.6 %.

⁸ Measured as an average of two items: CSR leadership and improved image.

⁹ Measured as an average of five items: cost savings, productivity improvements, revenue growth, market access and access to capital.

¹⁰ *Confederación de Consumidores y Usuarios* (Confederation of Consumers and Users).

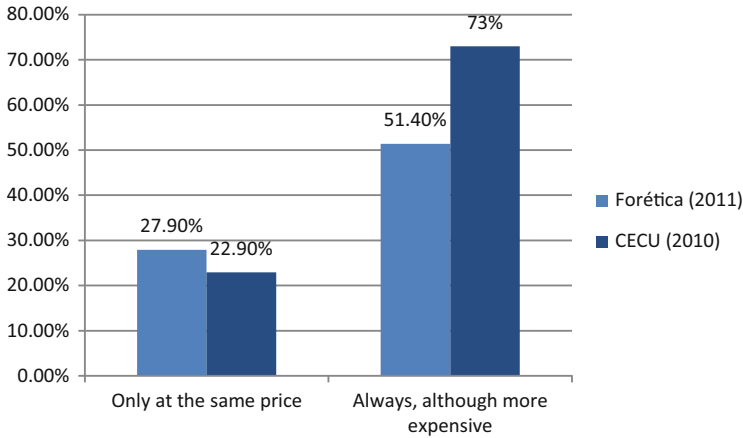


Fig. 2 Positive discrimination. Percentage of consumers that prefer responsible companies. *Source:* Adapted from Forética (2011) and CECU Report (2010)

On the other hand, 79.3 % of citizens use positive discrimination (Forética, 2011). Some 27.9 % would choose a responsible company if pricing were the same, while another 51.4 % would be willing to pay a bit more for a responsible product (this premium is between 10 % and 15 % for 31.4 % of the citizens¹¹). According to CECU (2010), 59.5 % of consumers are willing to pay a premium of 10 % for responsible products (Fig. 2).

5 Differences Between SMEs and Large Businesses When Adopting CSR Policies

Small and medium sized enterprises (SMEs) are those with less than 250 workers and sales under 50 million euros. In 2013, 99.8 % of Spanish companies were SMEs and 95.7 % were micro SMEs (less than 10 workers). SMEs employ 63 % of the workforce.

The CSR concept has traditionally been associated with large multi-national companies. But given the importance of SMEs in Spanish company structure, as well as in the rest of the European Union which displays similar data,¹² it is important that they integrate CSR issues into their processes and activities.

¹¹ However, this information should be treated cautiously due to the so-called “consumer double moral standard”. The consumer may give a very different answer when responding for themselves than when responding in the name of a third party. When the Spanish consumer is asked how everyone else would respond to these questions, only 16 % believe that they would buy a responsible product if it were more expensive, while 21 % would buy it if it costs the same.

¹² European Commission (2012).

One of the primary problems currently faced when implementing CSR practices in SMEs is a lack of knowledge and training in these organizations. According to Forética (2011), 48 % of small Spanish companies were not aware of CSR as opposed to only 4 % of large and medium sized firms.

This barrier to CSR implementation in small companies is also mentioned in Fundación Alternativas (2009) report, which reveals additional barriers such as the perception that CSR increases costs or the belief that CSR makes internal management more complex.

Another barrier to CSR implementation in SMEs is their skepticism towards it. Forética (2011) finds empirical evidence supporting this statement: 51.26 % of small companies agree that CSR is merely a matter of image, only worthwhile for large businesses; 47.81 % consider that companies should direct their efforts towards more practical objectives; and 28.50 % agree that CSR is a fad that will pass.

One advantage that SMEs have over large companies is that they do business in smaller geographical areas. They remain more focused on local markets and enjoy a better understanding of possible problems and concerns of the communities they serve. In fact, the perception that SME behavior regarding CSR is better than that of larger companies predominates among Spanish people. Specifically, CECU (2010) shows that 53.8 % of the people believe that socially responsible behavior among SMEs is better than among large companies, and 23.3 % believe it to be the same. Only 19.4 % believe it to be worse.

However, the research of Déniz and Cabrera (2005), carried out for 112 Spanish family firms, concludes that these organizations are not a homogeneous group in terms of their orientation towards CSR. In fact, they find three groups of family firms: the “classic” group, which does not believe social action to be a source of competitive advantage and does not believe they have the resources and capabilities to resolve social problems (these companies believe their only objective is to maximize profit and that social involvement generates a net cost); the “philanthropic” group, which does not believe social involvement to be a source of competitive advantage, but they recognize that they have the resources and capabilities to resolve social problems, however, social involvement is perceived to have a net cost; and the “socio-economic” group, which believes that social involvement is a source of competitive advantage and will bring some net benefits to the companies. But they don’t believe they have the resources and capabilities to resolve social problems. Arevalo et al. (2013) found evidence of the last group from a sample of Spanish SMEs.

6 The Effect of the Crisis on CSR: Change in Priorities and Reduction of CSR Activities

The effects of the severe economic crisis on unemployment, salary cuts, and a loss of trust in the private sector have affected the way CSR is considered and managed.

The priorities of Spanish companies regarding CSR have been adapted to the socioeconomic context which Spain is facing, where unemployment has reached more than 26 %. As such, variables linked to employment are gaining importance. Also, consumers' priorities regarding CSR have changed in the same way, increasing the priority given to the creation of jobs and reducing the one given to respect for the environment (Forética Report, 2008, 2011) (Table 3).

Likewise, good governance, ethics, and integrity are, in the opinion of those surveyed by Fundación Alternativas (2009), the issues that ought to be of the highest priority on the CSR agendas of companies, within the context of the economic crisis and corruption scandals. Other important issues are the prevention of corruption, protection of the natural environment and biodiversity, and the quality of employment.

The crisis has also changed the priorities of potential employees as they decide which company to work for in Spain. In 2013, 31 % of potential employees gave priority to long-term job security (19 % in 2011) and 19 % gave priority to company financial health (4 % in 2011). Only 4 % considered reconciliation of work and private life as an important factor (11 % in 2011) and a similar percentage gave priority to a friendly atmosphere and a reasonable degree of flexibility at work (Randstad Award, 2013).

The crisis has not only changed the CSR priorities but has also caused some companies to stop some CSR activities, opting for a reduction or a complete cessation of activities. It must be said that despite the crisis, 65.21 % of Spanish firms have maintained or even increased their CSR activities in 2010 (Forética, 2011).

Table 3 CSR priorities for companies and consumers (ranked from 1 to 5)

	Companies		Consumers	
	2011	2008	2011	2008
Respect human rights and the privacy of your employees and suppliers	1	1	2	1
Create jobs	2		1	3
Do not discriminate and do promote equality, especially among workers	3	4	4	2
Commit to health and safety precautions in the workplace	4	3		
Respect the environment	5	2		5
Be attentive to and protect the rights of your customers		5	3	4
Improve your employees' professional situations			5	

Source: Adapted from Forética (2008, 2011)

Moreover, the number of CSR reports increased significantly with the crisis, as shown by Garcia-Benau, Sierra-Garcia, and Zorio (2013) for a sample of listed Spanish companies. This study confirms that CSR assurance and CSR reporting are stable over time as added-value strategies that help companies to differentiate their products and services and to reinforce stakeholders' trust.

7 Adherence of Spanish Firms to CSR Standards

Different political initiatives, as mentioned above, as well as social demand for responsible company behavior, have promoted adherence of Spanish firms to CSR standards.

7.1 Sustainability Reports: GRI

Sustainability reports that present company CSR information are based on showing a triple result: economic, environmental, and social issues in line with the "Triple Bottom Line" concept developed by Elkington (1997).

The report that KPMG (2011) published regarding CSR reports, places Spain in seventh place with 88 % of its 100 largest companies communicating their CSR initiatives via an independent report (in 2008 it was 63 %). In this respect, Spain only falls behind economies such as the United Kingdom, Japan, South Africa, Denmark and Brazil.

Regardless the effort made by Spanish companies preparing reports, the prevailing opinion among the Spanish population is that there is a low volume of CSR information (CECU, 2010) and that the CSR information published by Spanish companies does not have enough detail about the most important issues. In many cases the information is thought to be merely cosmetic, that there is only reporting on irrelevant subjects (Fundación Alternativas, 2009). According to Reverte (2009), Spanish firms report on CSR activities primarily to be viewed as within acceptable bounds, those bounds set by the expectations stakeholders have of how the companies' operations should be conducted. However, empirical studies have shown that CSR disclosure activism varies across companies, industries, and time.

In the 2012 OCSR report which analyses sustainability reports from 27 IBEX35 companies, the resulting opinion was the same; the information lacks quality.¹³

¹³ On 5 April 2011, at European Union level, the European Commission published a Green Book regarding the standards for corporate good governance in the European Union. It confirms that the quality of information published by listed companies, as well as the public explanations they offer in cases of non-compliance with national codes of good governance are, in most cases, unsatisfactory.

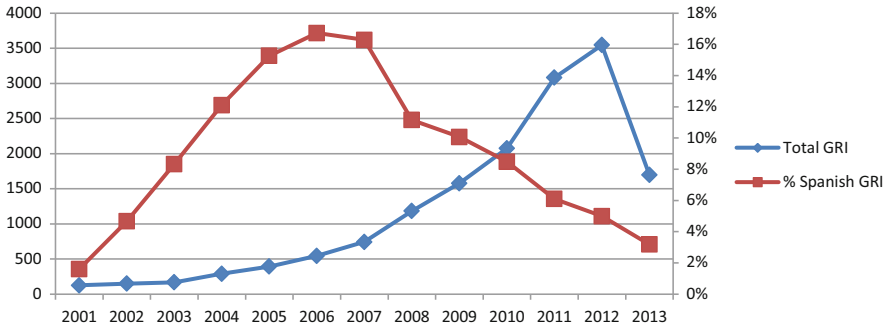


Fig. 3 Number of Spanish companies that report to the GRI (total value and percentage of total).
Source: Data obtained from GRI

It concludes that there are still unsatisfactory results in some CSR indicators, for example the following: those that affect quality job creation; policies related to equal opportunity development and elimination of all kinds of discrimination; fairness in economic participation; and policies aimed at improving skills and worker employability. It also concludes that the influence of the Unified Code recommendations on director compensation and gender equality continue being minimal. Similarly, after analysing the sustainability reports of the IBEX35 companies, De la Cuesta, Valor, and Holgado-Tello (2011) concluded that they place little importance on human rights in their CSR policies.

As such, it seems that there is an information quality problem, and a problem carrying out CSR practices, but not of quantity of information.

The majority of companies follow the Global Reporting Initiative (GRI)¹⁴ model for preparing their sustainability reports. Specifically, in 2012 69 % of the 100 largest companies in 34 countries prepared GRI reports. The GRI has also found special acceptance among Spanish companies. The number of reports has grown significantly since 2001 when for the first time, two Spanish companies presented this report. This growth put Spain in third place worldwide for the number of reports registered in the GRI. In 2012, 177 Spanish companies presented the GRI report (88 large, 19 medium and 69 small companies¹⁵). This represented 5.62 per 100,000 Spanish firms and 5 % of the total GRI reports, behind only the United States (with 435 reports) and Japan (with 182 reports). The incorporation of companies from all over the world to this initiative means that the percentage that Spanish firms represent is falling as it relates to the total number of reports presented. But Spain continues being one of the leading countries in social reporting (Fig. 3).

¹⁴The GRI came into being in 1997 and in 2000 formulated the “Sustainability Reporting Guidelines” with the goal of creating a global framework for voluntary information on the economic, social, and environmental impact of companies. It has been continually improved.

¹⁵One was not categorized by size.

7.2 *Global Compact and the Spanish Global Compact Network (ASEPAM)*

The United Nations Global Compact prescribes a set of ten principles related to human rights, labor, the environment, and anti-corruption as guidelines for CSR. It was launched on 26 July 2000 with 44 signatories, and today has 12,106 members worldwide. The GC was launched in Spain in 2002. On 15 November 2004, the Spanish Global Compact Network (*Asociación Española del Pacto Mundial de Naciones Unidas—ASEPAM*) was created. It serves as a key organization for CSR in Spain.

Despite different shortcomings of the GC,¹⁶ Spanish companies have taken a great interest in aligning their operations with the Principles proposed. In January 2014 Spanish participants represented 14 % of the total signatories.

In 2011 the number of Spanish companies presenting the GC Communication on Progress increased 115 %, rising to 973. Although small businesses represent 99 % of Spanish enterprises, they only represent 36 % of this number.

7.3 *Spanish Companies Certified by Ethical Management Standards*

Spanish companies are also certified by two main ethical management standards, such as SGE 21 and SA8000.

SGE 21 (Ethical and CSR Management System), created by Forética in 2008, is the first European standard that establishes the requirements an organization must comply with in order to integrate Social Responsibility into its strategy and management. It gives the ability to voluntarily audit processes and achieve Ethical and CSR Management certification.¹⁷ The number of certified Spanish companies increased 21 % to 102 in 2013 (58.82 % SME), as compared to 2012.

SA8000 was created in 1997 by Social Accountability International. It is an international standardized code of conduct for improving working conditions around the world. In 2013 there were 34 Spanish companies certified by SA 8000 out of 3,231 worldwide.

¹⁶ Arevalo et al. (2013) mentioned the following shortcomings of the GC: it does not establish a formal code of conduct, does not establish a detailed reporting standard, nor does it provide a mandatory format to its signatories for communication of progress and there is no external verification of prior CSR activities.

¹⁷ This certification is a difference between SGE 21 and ISO 26000 (Guidance on Social Responsibility) of the International Organization for Standardization published on 2010, which cannot be certified.

7.4 *Belonging to Sustainable Stock Indexes*

The Dow Jones Sustainability Index World (DJSI World) was started in 1999. From the 2,500 largest companies in the world, it selects those which are best managed from the economic, social, and environmental perspective. In 2013 it was comprised of 333 companies including 17 Spanish companies.

The FTSE4Good was launched in the summer of 2001 by the Financial Times Stock Exchange and selects those companies with best practices implemented in three areas: respect for and protection of human rights, relations with stakeholders, and environmental sustainability of their activity. In Spain the FTSE4Good Ibx started in April 2008 and is currently made up of 34 companies.

7.5 *Adherence to Standards Related to Working Conditions, Environmental Management Systems and Relationships with Customers*

Table 4 summarizes the number of Spanish firms (out of 27 belonging to IBEX35) adhering to different international CSR standards with respect to working conditions, environment and relationships with customers.

Table 4 Adherence to CSR standards (number of companies and percentage of 27 firms belonging to IBEX35)

Working conditions. Health and safety at work	Number	Percentage (%)
OSHAS 18001 (Occupational Health and Safety Assessment Series)	18	66.6
EFQM (European Foundation Quality Management)	11	40.7
Environmental Management Systems		
ISO 14001 ^a	27	100
EMAS (Eco-Management and Audit Scheme) ^b	16	59.2
Relationships with customers		
ISO 9001	27	100
ISO 27000; ISO 27001; ISO 27002	4	14.8

Source: Adapted from OCSR (2012)

^aSpain is the fourth country in the world in number of certificates—6.1 % of total (the second in Europe, behind Italy)

^bIn 2011, Spain is the country with the most certificates (more than 1,200)

7.6 Compliance with Corporate Governance Code

According to CNMV (2011), listed Spanish companies comply, on average, with 81.3 % of the 58 Unified Code recommendations and partially with an additional 7.6 %. The level of compliance increased in 2011 as compared to the year before. Actually, 62.1 % of listed companies reported higher compliance with the Unified Code in 2011 than in 2010. This increased compliance is largely a consequence of implementing two of the Code's recommendations in national law (that the board submits a report on directors' remuneration policy to the general meeting; and that this report details individual compensation).

Focusing on the companies belonging to the IBEX35, CNMV (2012), reports that these companies comply on average with 91.6 % of the Code's recommendations and partially with a further 4.1 %. The level of compliance also increased in these companies, with 54.3 % of them reporting higher compliance in 2011 than in 2010.

8 Future Prospectives and Conclusions

According to Forética (2011), the opinion of Spanish companies indicates that the importance of CSR will continue to grow, but at a slower rate. 55.8 % of businesses believe that CSR will have a greater significance in the future (83.3 % of large companies and 55.6 % of small companies). Only 11 % of companies believe that CSR will be less important in the future.

Likewise, the results of the survey carried out by Fundación Alternativas (2009), shows a greater interest in CSR in the future. 61 % of those surveyed think that regardless of the current uncertain economy, Spanish companies will increase or maintain their interest in CSR, as opposed to 36 % that believe interest will diminish. The attention that public authorities pay to CSR will also increase or be maintained for 75 % of those surveyed.

Efforts to promote CSR in Spain have focused mainly on promoting awareness and encouraging companies to report their practices, but not in facilitating execution of responsible practices. Even though the number of companies reporting CSR practices is ever greater, the published reports are highly diverse in denominations as well as organization of information and presentation of content. It is important to encourage the comparability and quality of the information published.

One of Spain's immediate challenges with respect to CSR is to internalize it, keep making society, companies and stakeholders aware, ignore isolated acts of philanthropy and focus on true integration of social and environmental demands into corporate strategy and pay special attention to SMEs. The role of the administrations as supervising agents is fundamental and decisive in the entire process. They establish systems that guarantee real implementation of policies and compliance with regulations in the CSR area, as shown by Albareda and Balaguer (2007),

taking into account that any development of public policies regarding CSR is highly dependent on the national context [from both the economic and social and cultural viewpoints (Cantó Milà & Lozano, 2009)].

The failure of an exclusively voluntary approach to CSR makes plain the need to complement it with a compulsory regulatory framework. Governments should establish a minimum legal framework to maintain trust in companies and markets.¹⁸

Greater regulation of CSR in recent years has enhanced its development. However, investigation of market reaction to recent legislative and regulatory actions pertaining to corporate governance in the US, such as executive pay and proxy access, found a decrease in shareholder value due to this regulation (Larcker, Ormazabal, & Taylor, 2011). More empirical evidence is needed to draw conclusions about the future of CSR and the effectiveness of CSR policies.

References

- Albareda, L., & Balaguer, M. R. (2007). La responsabilidad social de la empresa y los resultados financieros. In *Responsabilidad Social Corporativa*. Barcelona: ACCID Contabilidad y Dirección
- Albareda, L., Balaguer, M. R., & Murillo, D. (coord.). (2011). *Observatorio 2011 de la Inversión Socialmente Responsable*. Instituto de Innovación Social y BBVA: ESADE
- Arevalo, J. A., Aravind, D., Ayuso, S., & Roca, M. (2013). The global compact: An analysis of the motivations of adoption in the Spanish context. *Business Ethics: A European Review*, 22(1), 1–15.
- Baraibar, E.; Luna, L. (2012): Transparencia social e hipótesis del impacto social. Análisis en el IBEX 35. *Universia Business Review*, fourth term, 108–123.
- Callado, F. J., & Utrero, N. (2011). Does it pay to be socially responsible? Evidence from Spain's Retail Banking Sector. *European Financial Management*, 17(4), 755–787.
- Cantó Milà, N., & Lozano, J. M. (2009). The Spanish discourse on corporate social responsibility. *Journal of Business Ethics*, 87, 157–171.
- CECU. (2010). *La opinión y valoración de los consumidores sobre la Responsabilidad Social de la Empresa en España*. Confederación de Consumidores y Usuarios
- CNMV. (2011). Corporate Governance Report of Entities with Securities Admitted to Trading on Regulated Markets. Comisión Nacional del Mercado de Valores. Accessed November 5, 2013, from http://www.cnmv.es/DocPortal/Publicaciones/Informes/IAGC2011_ENen.PDF
- CNMV. (2012). *Informe anual de Gobierno Corporativo de las empresas del Ibx 35*. Comisión Nacional del Mercado de Valores. Accessed November 5, 2013, from http://www.cnmv.es/DocPortal/Publicaciones/Informes/IAGC_IBEX35_2012.pdf
- De la Cuesta, M., & Valor, C. (2004). Fostering corporate social responsibility through public initiative: From the EU to the Spanish case. *Journal of Business Ethics*, 55, 275–293.
- De la Cuesta, M., Valor, C., & Holgado-Tello, F. (2011). Aproximación a la medición del compromiso de las empresas con los derechos humanos: un análisis de las empresas españolas del IBEX 35. *INNOVAR*, 21(41), 197–207.
- Déniz, M. C., & Cabrera, M. K. (2005). Corporate social responsibility and family business in Spain. *Journal of Business Ethics*, 56, 27–41.

¹⁸ See De la Cuesta and Valor (2004) for the pros and cons of greater regulation of CSR.

- Díaz, B. (2011). La protección del consumidor y creación de valor en la empresa. In J. Tomillo (Ed.), *La protección jurídica de los consumidores como motor de desarrollo económico* (pp. 65–90). Spain: Civitas Thomson Reuters.
- El Ghoul, S., Guedhami, O., Kwok, C., & Mishra, D. (2011). Does corporate social responsibility affect the cost of capital? *Journal of Banking and Finance*, 35, 2388–2406.
- Elkington, J. (1997). *Cannibals with forks: The triple bottom line of 21st century business*. Oxford: Capstone.
- European Commission. (2012). *Annual report on small and medium sized enterprises*. European Commission.
- Forética. (2008). *Evolución de la responsabilidad social de las empresas en España*. Forética.
- Forética. (2011). *The evolution of social responsibility among Spanish Business*. Forética
- Fundación Alternativas. (2009). *La Responsabilidad Social Corporativa en España*. La RSC ante la crisis (Coordinación Javier Ortiz Vicente y Julio Embid). Fundación Alternativas
- García-Benau, M. A., Sierra-García, L., & Zorio, A. (2013). Financial crisis impact on sustainability reporting. *Management Decision*, 51(7), 1528–1542.
- Godfrey, P. C., & Hatch, N. W. (2007). Researching corporate social responsibility: An agenda for the 21st century. *Journal of Business Ethics*, 70(1), 87–98.
- Jiao, Y. (2010). Stakeholders welfare and firm value. *Journal of Banking and Finance*, 34, 2549–2561.
- KPMG. (2011). *International survey of corporate responsibility reporting*. KPMG
- Larcker, D. F., Ormazabal, G., & Taylor, D. J. (2011). The market reaction to corporate governance regulation. *Journal of Financial Economics*, 101, 431–448.
- Margolis, J. D., & Walsh, J. P. (2001). *People and profits? The search for a link between a company's social and financial performance*. Mahwah, NJ: Erlbaum.
- Margolis, J. D., & Walsh, J. (2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, 48(2), 265–305.
- Matten, D., & Moon, J. (2008). “Implicit” and “Explicit” CSR: A conceptual framework for the comparative understanding of corporate social responsibility. *The Academy of Management Review*, 33(2), 404–424.
- McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). Corporate social responsibility: Strategic implications. *Journal of Management Studies*, 43(1), 1–18.
- OCSR. (2012). Cultura, políticas y prácticas de responsabilidad de las empresas del IBEX 35. In T. Perdiguerro, & A. García-Reche (dir.), *Observatorio de la Responsabilidad Social de las Empresas*.
- Prado Lorenzo, J. M., Gallego Alvarez, I., García Sánchez, I. M., & Rodríguez Domínguez, L. (2008). Social responsibility in Spain Practices and motivations in firms. *Management Decision*, 46(8), 1247–1271.
- Randstad Award. (2013). *Employer branding*. Accessed January 10, 2014, from <http://www.randstad.com/award/employer-branding-insights/country-summaries/randstad-award-spain>
- Reverte, C. (2009). Determinants of corporate social responsibility disclosure ratings by spanish listed firms. *Journal of Business Ethics*, 88, 351–366.
- Reverte, C. (2012). The impact of better corporate social responsibility disclosure on the cost of equity capital. *Corporate Social Responsibility and Environmental Management*, 19, 253–272.
- Steurer, R. (2010). The role of governments in corporate social responsibility: Characterizing public policies on CSR in Europe. *Policy Science*, 43, 49–72.
- Wu, M. W., & Shen, C. H. (2013). Corporate Social responsibility in the banking industry: Motives and financial performance. *Journal of Banking & Finance*, 37, 3529–3547.

A State of the Art of Corporate Social Responsibility Diffusion in Italy: Limits and Potentials

Mara Del Baldo

1 Introduction

The work aims to provide a framework on the evolution and future prospects of the spread of CSR in Italy, taking into account the specificities of the socio-economic fabric of this country, consisting primarily of small and medium-sized enterprises and of the cultural factors that have led to the widespread entrepreneurial development in different Italian regions.

The paper is divided into two main parts. In the first, it contains a review of the empirical researches conducted at national and regional level. This section is aimed at detecting the spread of knowledge of the philosophy and the socially responsible-oriented practices among the different types and classes of companies (large, medium and small-sized enterprises).

In the second part the paper addresses a critical evaluation of the different approaches to the development of CSR themes and tools. Following the models elaborated in literature (Albareda, Lozano, Tencati, Midttun, & Perrini, 2008; Albareda, Lozano, & Ysa, 2007; Midttun, 2005) that take into consideration the different patterns of public action in the European context, it focuses on the “Italian way to CSR”, through a comparison with other European countries (the “Nordic model or partnership model”; the “Business in the community model”; the “Sustainability and citizenship model”; the “Agorà model”). In particular, the paper identifies and proposes, as a result of a review of studies conducted on a regional basis, a specific model which depends on contingency factors (social, economic and cultural factors) of the Italian context (the so called “Territorial social responsibility model”). Therefore, after a brief presentation of several research cases, the empirical analysis addresses the territorial social responsibility’s experiences of two

M. Del Baldo (✉)

Department of Economics, Society and Politics, University of Urbino “Carlo Bo”, Urbino, Italy

e-mail: mara.delbaldo@uniurb.it

Italian regions (Marches and Liguria) highlighting the tie between Italian companies and their respective local (regional) stakeholders and the effectiveness of the CSR-oriented network governance at the local level.

A final section summarizes the considerations developed in the previous parts and presents the concluding reflections.

2 Mapping the State of the CSR Diffusion in Italy

In the last decade, in Italy different studies have been promoted by scholars, practitioners and public institutions aimed at verifying the diffusion of CSR (Corporate Social Responsibility) principles, tools and practices, both on a national and local level. In particular, these studies have been developed differing from the guidelines provided by the European Community (EC 2001a, 2001b, 2002a, 2002b) and have been mainly addressed to private and large-to medium sized companies and, more recently, to other types of organisations (non-profit, foundations, public entities).

A first strand of studies focused on the level of knowledge and CSR practices widespread in Italian companies (CCIAA, 2003; ISVI 2006a, 2006b; Osservatorio Socialis, 2011, 2013; Unioncamere, 2003, 2007 and 2010) bringing attention, in a subsequent stage, to small and medium-sized enterprises (SMEs) which make up the main component of the country's socio-economic framework (Del Baldo & Demartini 2012a, 2012b, 2012c; Lepoutre & Heene, 2006; Perrini, 2006).

We can identify a second strand of studies which focus on companies belonging to single Italian regions or specific areas (Colombo, Landini, & Paolini, 2006; Del Baldo, 2010a, 2010b; Longo, Mura, & Bonoli, 2005; Molteni et al., 2006; Battaglia, M., Campi, S., Frey, M., & Iraldo, F. (2006); Monaci, 2007; Peraro & Vecchiato, 2007). In such a context different analyses were based on a qualitative approach, addressing corporate cases often identified as best practices (Del Baldo, 2009, 2010a, 2010b; GRI 2008a, 2008b; Minoja & Romano, 2006).

Thirdly, another research strand which has been enriched over the last few years has dealt with the theme of accountability, in term of the widespread use of social, environmental and ethical reporting and has developed analysis and reflections within a comparative international framework. In this case, the contribution of national and international organisations has been especially significant such as GBS—Gruppo di Studio per il Bilancio Sociale—and CSEAR—Centre for Social and Environmental Accounting Research).¹ The GBS, not only represents the most distinguished Italian association dealing with the issue and updating of documentation and accountability standards, but has set up a watchdog committee and study centre on social accountability becoming a reference point for companies and economic, social and institutional agencies as well as contributing to the

¹ <http://www.gruppobilanciosociale.org>; www.st-andrews.ac.uk/csear/

development of ongoing reflections on the scientific and professional norms for companies and agencies of other entities (GRI, 2006). The CSEAR, an international network of researchers and practitioners, which also includes a group in Italy, aims at developing the culture of accountability and sustainability and represents an important tool of dialogue and the debate on such issues at an international level.

Compared to the first research strand—presented in this chapter—a pioneer contribution which studied the Italian reality concerned the setting up of a research agency (Observatory—Osservatorio ISVI/Altis) on CSR which inspired the first studies of the practice of CSR in Italian companies (Molteni & Lucchini, 2004; Unioncamere, 2003) carried out by the Italian Union of the Chambers of Commerce, in association with the Institute for the development of corporate values ISVI²—(Istituto per i Valori d’Impresa).

The Observatory is connected to the network promoted by the CSR Europe in all the member states of the European Community and has two main objectives: (1) to supply a regular and updated vision of the most significant Italian experiences of CSR, both on a complex level and by geographical macro region (North-East, North-West, Central, South and Islands) and corporate dimension (20–50, 51–250, over 250 employees³), by monitoring their evolution and spreading the experiences all over Italy and abroad and (2) stimulating socially orientated entrepreneurial innovation.⁴ The Observatory represents the first meeting and information point in which companies, non-profit associations, universities, institutions, and in general, those committed to social, environmental and cultural issues, find a place in which to gather and exchange information regarding initiatives for sustainable development, safeguarding art and the environment, the saving of resources, services for citizens and employees. Moreover, in association with the GBS (2001, 2007) the ISVI has set up an Observatory on social balances in Italy (Osservatorio sui bilanci sociali) aimed at monitoring reference models adopted in social and environmental reporting and setting up a dialogue with the stakeholders and innovations introduced by Italian companies belonging to different economic sectors (industry, banks, services, no-profit associations and public administration).

²The ISVI’s institutional activities include, the monitoring—on a annual basis—of social balances in Italy and the completion of an annual report on Italian CSR companies practices. Since 2000 the ISVI activity has been carried out in association with Sodalitas and is the result of over 10 years of project promotion all over the regions including the participation of corporations such as Barilla, Enel, Costa Crociere, Vodafone. The database is divided into three sections: (1) CSR cases of CSR; (2) Italian university courses relevant to CSR and Business Ethics and (3) initiatives promoted by organisations interacting between companies and the third sector (no-profit). See: www.isvi.org.

³These parameters are considered by the Recommendation of the Commission of the European Community on 6 May 2003; 2003/361/CE relative to the definition of micro, small and medium companies.

⁴The sample is made up of 823 companies and is representative of the universe of reference on the basis of sector (traditional industry, transport, services, commerce, high technology industry, banks, financial insurance agencies) and macro regions.

This broad research based on a survey of almost 4,000 enterprises (Molteni & Lucchini, 2004; Unioncamere, 2003) discovered an interesting typology of Italian companies' orientation regarding CRS. The behaviour map for CSR in Italy shows (on the basis of two dimensions: (1) the intensity, in the sense of undertaking of CSR and (2) the qualitative aspects of corporate practices and behaviours (see Unioncamere, 2003, pp. 4–15) that there are five different types:

1. "Cohesive companies" (11 %) are attentive to both internal and external stakeholders expectations and consider CSR as a fundamental element of their culture and a way to augment/leverage their intangible capital. They are usually medium to large in size and belong in particular to the credit and insurance sectors. They are primarily concentrated in the Northeast of Italy (Emilia Romagna and Tuscany). They adopt measures aimed at involving personnel, carrying out activities for the community, making socially useful products and adopting accountability tools (Gray, Owen, & Adams, 1996; Rusconi, 2006) (i.e., social balance and ethical code).
2. "Multicertificate companies" (10–11 %) are characterised for/by a CSR commitment which is mainly represented by procedures compliant with management standards (ISO certifications, EMAS, etc.). They are often (but not always) medium to large in dimension and belong to various sectors (such as food, manufacturing and transport).
3. "Aware enterprises" (9 %) are characterised by a less frequent (and limited to fewer areas) interaction with stakeholders, by a seldom use of certifications and a general lesser intensity in the use and knowledge of CSR practices and tools. The dimensions are medium; ICT is one of the prevalent sectors.
4. "Mobilizable companies" (54 %) which represent the majority of Italian companies, are passive with regards to CSR topics and tools and are mainly composed of small and micro enterprises.
5. Finally, "skeptical companies" (a minority: 15 %) are mainly represented by micro and small enterprises whose interventions to meet stakeholders expectations are infrequent. They are suspicious of activities that promote socially responsible culture and are, generally not very familiar with CSR matters.

The findings of the two latest national surveys⁵ (Osservatorio Socialis, 2011, 2013) highlight the growth in the use (on a voluntary basis) of CSR actions and tools. After the increase in investments in CSR that took place between 2001 and 2003 and following on from the publication of the Green book of the European Commission (EC 2001a, 2001b), the trend remained relatively constant in later years. Latest data shows that despite the fact that the numbers of companies with over 100 employees investing in CSR in 2011 diminished slightly compared to 2009 (64 % as opposed to 69 %), the global figure for funding increased.⁶

⁵ See: www.orsadata.it; www.osservatoriosocialis.it.

⁶ In 2011 an amount of 210,000 euros on average compared to 161,000 in 2009; the average 2012 budget reached 224,000 euros.

CSR-oriented companies tend to increase investments in CSR actions and ask central institutions for new and concrete systems of incentives, tax relief and recognitions. The segment which maintains a certain degree of consistency in the choice of investing in CSR is mainly made up of companies with a high turnover (of over 100 million euro) and characterised by a high level of managerial culture (intended both in term of diffused adoption of managerial systems—such as management control tools and a more articulated organisational structure—and in term of shared ethical management principles) and a greater availability of human and economic resources. On the regional level, companies in the North West of Italy are more active in the social sphere, followed by the South of Italy and the Isles.

A second significant aspect which emerges and which has been confirmed in previous studies (Molteni, 2004; Molteni, Pedrini, & Bertolini, 2006) is the growth of two companies behaviours: on the one hand, an attention towards employees (which falls within the internal dimensions of CSR and is common in 67 % of companies), in terms of actions taken to improve health and safety, promoting training and communication initiatives, with the objective of improving internal relationships. On the other hand, there is the commitment to social and humanitarian initiatives which considers the local community as privileged stakeholder (the so called external dimension of CSR) with the objective of creating a positive and favourable social and institutional environment. These two aspects, the latter tied to the territory (local level) and the former to corporate welfare, form two orientations which are pervasive among Italian enterprises which see CSR as a tool for increasing both the corporate development and the development of the region of which they are an integral part.⁷

A further finding regards the form of intervention: a third of companies limit themselves to minor economic and/or materials donations (philanthropy); nevertheless a minor, but not insignificant, number of companies choose an “active” form of intervention by making constructive use of their own resources and setting up work groups within the company.

The survey focuses also on the reasons leading companies to invest in CSR: cultural and ethical reasons prevail in 37 % of companies as well as the objective of reinforcing image and reputation (36 %) (Baldarelli & Gigli, 2012). Moreover, in the ranking of requisites for CSR, visibility on the web and the transparency of management come in first place (48 %).

A further significant aspect, which, as will be seen in the following paragraphs, makes up a distinctive factor in the Italian context, is the recognition on the part of Italian companies of the importance of territorial relations. In first place (66 % of the sample) ranks social importance with the welfare issue ranking second place (56 %).

⁷ The priority of the local community stakeholder also emerges in other research cases carried out on a provincial basis (Monzillo & Aquilani, 2008).

On the other hand, the factors slowing down or hindering CSR development are above all the lack of immediate returns (37 %), the weakness of management culture (25 %) and the lack of market incentives (25 %).

From an organisational point of view more and more companies decide to employ an internal manager (or a specific structure, for example an ethical committee) responsible for CSR activities and programs (48 % as opposed to 42.9 % in 2009). This data highlights how CSR contributes to developing a managerial culture and triggers important organisational changes (Bebbington, Higgins, & Frame, 2009; Larrinaga-González, 2007).

With regards to the extent to which accountability tools have been adopted, whilst over 50 % of companies adopt an ethical code, 37 % write up social reports, 28 % a sustainability report and 23 % write up both. Over the years, an awareness of accountability has grown as a tool to legitimise the social dimension of companies and account to stakeholders in a transparent way (especially to clients and employees) about the social, environmental and ethical performance of corporate activities.

Finally, the studies underline a gap between Italian companies, with regard to how they measure internal sharing of CSR and internal and external communication.⁸ As far as the first point is concerned, whilst over half of companies declared that their personnel took part in the CSR objectives, only a minority had set up an internal system of measuring the cultural sharing of social responsibility. With regards to the second point, 27 % of companies still do not communicate their involvement in CSR activities.

If the above data is deemed as being important to highlight the main aspects of CSR diffusion among Italian companies, then the results should be compared and integrated with those referring to SMEs. As a matter of fact, national research studies have not considered micro businesses which make up a fundamental component, especially in Italy, and do not take into sufficient account the specificity of small-sized companies (Mandl, 2006; Murillo & Lozano, 2006). The European Commission underlines that SMEs cannot be put aside from the knowledge creating process related to CSR, since their influence on society has been found to be extremely high. The results of a survey of CSR activities carried out amongst more than 7,500 European SMEs (EC, 2002a)⁹ reveals a clear North–South divide

⁸ The main channels used for the communication of CSR initiatives within the company are the company Intranet networks, the social balance, publications, regular internal meetings and invitations to participate in initiatives. The main channel of external communication is through the Internet (company website), which is also the main source for obtaining information about CSR followed by the social network. On the other hand media such as the press and television are considered to be less effective.

⁹ Half of the European SMEs are involved in externally socially responsible actions, even if this involvement is positively correlated with the company size; although ¾ of European SMEs appreciate the benefits of their socially responsibility activities, particularly in terms of better relations with the community, improvement of customer loyalty, etc.). Their efforts have been concentrated on few issues and particularly the ones which are relevant to environmental and social issues (i.e. culture, and health/welfare). Moreover, they are more actively involved with

with Northern country SMEs exhibiting the highest incidence of CSR activities as well as a strong correlation between CSR activities and company size.

A distinctive aspect business in Italy is the predominance of SMEs, in comparison with the average size of European enterprise (Bank of Italy, 2009; Calcagnini & Favaretto, 2011): almost 19.7 % of Italian industrial enterprises have over 250 employees while the EU equivalent statistic is 34 %. “Moreover in Italy industrial districts are widespread in numerous regions/areas. Finally, Italian SMEs are an embedded part of the local community and their success is often related to their degree of legitimacy and approval from local stakeholders, including employees, suppliers and citizens. These local networks are based on informal and silent relationships. Despite the not always broad diffusion of managerial tools, responsible business practices are vital and hence embedded in the Italian model of capitalism centred on SMEs” (Perrini, 2006, p. 310).

Several studies have highlighted a limited degree of commitment of the majority of SMEs to formalized CSR actions. Many of the voluntary activities carried out by SMEs are in fact scarcely systematic, not structured into formalized strategic processes and they have low visibility outside the company. This approach at the scientific level is known as the phenomenon of “sunken CSR” which is diffused among Italian SMEs (Matten & Moon, 2004; Perrini, Pogutz, & Tencati, 2006; Russo & Tencati, 2008). Therefore, researchers interested in CSR and SMEs relationships should realize that more empirical research is needed to shed new light on the specificities of SMEs that hinder or facilitate CSR diffusion among SMEs (Jenkins, 2004; Kromminga & Dresewski, 2006; Maaß, 2006; Spence & Rutherford, 2003; Spence & Schmidpeter, 2003; Spence, Habisch, & Schmidpeter, 2004). “Practitioners are recognizing the strong influence SMEs have on their surrounding communities, so that specific tools for managing SMEs’ social capital are needed” (Perrini, 2006, p. 309).

A survey based on a sample of 395 companies¹⁰ (Perrini et al., 2006) points out that the most frequent initiatives are: training activities 89 %, safeguarding employees’ health (82 %), support of the local community (72 %), cultural activities (70 %), control of product safety (67 %) and environmental impact (62 %). Companies usually adopt CSR tools such as employee involvement programs (83 %), sponsorships (75 %), donations (51 %), direct investments (47 %) and management systems (42 %). Two main types of SMEs seem most likely to adopt CSR: those whose ownership is oriented towards increasing margin and

CSR when they have relations with foreign countries or are involved in production characterized by a high degree of environmental impact whereas barriers to socially responsible involvement are more diffused among the smallest enterprises which don’t receive forms of public support (tax reductions, subsidies, etc.). See also Perrini (2006).

¹⁰ Research conducted on a sample of 400 companies by Bocconi University and carried out with Confindustria for Italian Ministry of Labour and Social Affairs. The survey gives a picture of a group of best in class companies although the sample represents the overall population of Italian enterprises in terms of size, sector and geographical distribution.

profitability; and those strongly involved with their socio-economic context, even without the CSR label (Perrini, 2006).

Different suggestions are coming from academics, practitioners and public authorities to improve the mainstreaming of CSR among SMEs and to remove the aforementioned gap. Firstly, as the British Department of Trade & Industry (DTI, 2002) as well as the European Academy of Business in Society (EABIS) and the Italian Center for Social Responsibility (I-CSR)¹¹ underline, the case studies (the so called best practices; see Craig, 2003; Jenkins, 2006a, 2006b; Mandl, 2006) that are important to promote knowledge and improve SMEs involvement in CSR practices. Secondly, further commitment from public authorities is required to improve business ethics among SMEs (Italian Ministry of Labour and Social Affairs, 2004; Tilley, 2000). In this context in 2002, the Italian Government launched the CSR-SC Project (Tencati, Perrini, & Pogutz, 2004) to encourage culture of CSR and best practices through commonly agreed guidelines and criteria for self-assessment, measurement, reporting and assurance in the preparation of a social balance.

The afore mentioned study (Perrini et al., 2006) pointed out some critical elements: the existence of numerous spontaneous CSR initiatives; the relevance of European-wide guidelines; the Ministry of Labour and Social Affairs' role in promoting a more structured CSR approach within a common framework (Ministry of Labour and Social Affairs, 2003); the divide between SMEs and large companies (by size), but also interesting differences according to geographical areas and industry. In general terms, Italian companies showed a positive attitude towards CSR. They were proactive in terms of their attentiveness to specific programs on social issues, sponsorships, donations, direct investments, adoption of new managerial tools (such as ISO EMAS, and SA 8000 certification, Ethical Codes, Social and Environmental Reports). The majority of the interviewees (84 %) were involved and active in the area of CSR and in the majority of cases (62 %) CSR activities are regular and related to business strategy. Meanwhile, for several companies CSR is still an occasional topic, not closely related to the business strategy. The main reasons for CSR initiatives are related to company image and relations with local communities. In particular, as verified in other previous studies, the relationship between SMEs and the local community seems to be fundamental to understanding the choices carried out by the companies in this field. This could be explained if we refer to the concept of social capital as a key-driver for the long-term success of the firms in the Italian context (Perrini et al., 2006). The survey also identified internal and external barriers to the diffusion of CSR. Among those identified were, the need for public support in fostering CSR behaviour, the need for fiscal incentives, and companies need for information on corporate social issues.

¹¹ The purpose of I-CSR (Milan) is to promote knowledge of CSR, develop researches and facilitate the dialogue among public institutions, private companies, university and other stakeholders.

Table 1 Obstacles to CSR development and conditions to overcome them

Obstacles	Possible solutions
Lack of CSR training	Training and information organised by local bodies and relevant associations The spreading of good practices, guidelines, promotion of peer to peer comparison
Lack of sensitivity on the part of the entrepreneur and long-term vision The widespread belief that CSR only implies costs and does not bring tangible results for profits	More efficient communication and controls on the part of institutions and local bodies to make the companies more aware Experimentation with micro projects and setting up pilot projects in partnership on CSR themes (even with voluntary—no profit—associations)
Lack of criteria of awards on the basis of the characteristics of the territory	Recognition on the part of local bodies and trade associations, of meritorious companies (award and incentives) with criteria of awards on the basis of territorial characteristics Company brands for those practising CSR Maintaining high standards to qualify Italian companies compared to other countries
SMEs lack of financial resources and time for CSR training	Stringent policy which awards commitment to CSR Actions devised in the region among different participants which contribute to territorial social responsibility
Lack of awareness regarding the cost of socially irresponsible behaviour	Optimising the experience of existing CSR
Lack of awareness among companies about CSR unawareness	Regular mapping and spreading of existing CSR good practices in various areas as a way of benchmarking; direct training and territorial marketing

Finally, among the studies conducted on SMEs and Italian districts (Molteni, Antoldi, & Todisco, 2006), some relevant insights emerge from a survey of 5 Italian districts (all located in Modena, the Emilia Romagna region)—mechanics, textile, ceramics, food and biomedical (Sancassiani & Frascaroli, 2009) which pointed out the main perceived obstacles and the conditions to overcome them¹² (Table 1), as well as possible work solutions from different participants (Table 2). The survey¹³ highlights four main categories in the relationship between enterprises and CSR: (1) enterprises which do not recognise managerial tools and potential opportunities (both big and small-sized); (2) enterprises with “unwitting CSR” in which initiatives are voluntary without a knowledge of CSR, often disorganised and occasional,

¹² These insights emerged from different focus groups and laboratories carried out among entrepreneurs, local public institutions, entrepreneurial associations, trade unions, non-profit associations and consultants.

¹³ The sample is made up of 891 enterprises.

Table 2 Possible promotion paths for CSR

Actions of companies and business associations	Actions of local public institutions
Communicate existing initiatives already coherent to CSR criteria, more effectively, both within the company and by external stakeholders such as local government bodies, trade associations, trade unions and voluntary associations and the neighbourhood	Regular awards to recognise and spread the best CSR experiences and projects at an industrial sectoral level
Passage from “unwitting” CSR actions and philanthropic approaches to structured and planned actions, with verifiable effects	Selection with awards to public tenders of acquisition of companies with CSR distinctive profiles (e.g. green public procurement practices in public bodies)
Integrate CSR in the strategic orientation (in the mission, in the governance and the accountability)	Assessment with awards within public co-funded tenders of CSR-oriented companies
“Awarding” the most innovative ideas for improvement in the realm of CSR proposed by employees and collaborators	Promote the implementation of new tools for social and environmental accountability and integrated policies of social, economic and environmental sustainability
Greater involvement in community partnerships as a means of co-learning and the effective rationalisation of resources Involvement in demonstrative pilot CSR projects as an opportunity for training on site, staff instruction and experimentation of managerial and organisational solutions	Reinforce the provincial CSR multistakeholders forum as a tool of multisectoral participation on a local scale similar to the national one and the EU
Foster participation in various corporate functions relative to the lifecycle of CSR projects Involve and select suppliers on the basis of CSR criteria (green supply chain and green procurement)	Greater co-ordination among enterprises and local bodies regarding innovation and CSR
Greater involvement in the networks of local, national and community enterprises dedicated to CSR as an opportunity for co-learning and exchange	Greater co-ordination of existing planning initiatives (from many single-sector areas to those representative of operational projects, from traditional planning approaches to shared governance approaches)

and without any valorisation or adequate communication (this is the case of many enterprises); (3) “Aware” enterprises which actively promote single projects regarding typical CSR themes, albeit in an unconvinced and disorganised way; and (4) “Distinctive” enterprises, which are active and aware, and characterised by a structured approach, adequate communication and a particular attention to the local community and employees.

Lastly, a recent empirical study investigated the actual state in the integration of CSR in Italy through a content analysis of social, environmental and sustainability balances of a multisectorial sample of 79 companies (small, medium and large-sized companies) (Perrini & Vurro, 2011). From the growing involvement of Italian

companies in CSR emerges an orientation towards the sustainable growth of the company and the context in which it operates. CSR is considered a necessary priority in order to become a reliable partner, by adopting models of responsible management of the supply chain. The study highlights the strong presence of a responsible consciousness, which is interiorised both within corporate values as well as in management approaches of internal processes and of external relations in which the attitude to collaboration emerges in the different stages of negotiation, from the defining of strategies to the measuring and control of the results. The inclusiveness and completeness of CSR reporting practices are considered a priority for the future, although it is necessary to improve both the quality of accountability as well as the involvement of stakeholders.

3 Governmental Approaches for Developing CSR in Europe

Corporate Social Responsibility (CSR) is seen as a useful framework within which new ways of collaboration between companies, governments and civil society can lead to the development of innovative mechanisms for governance based on partnership projects (Albareda, Ysa, & Lozano, 2004; Albareda et al., 2008; Midttun, 2005; Nelson & Zadek, 2000; Richter, 2004).

The EC underlines the role of public authorities and other stakeholders: “Public authorities should play a supporting role through a smart mix of voluntary policy measures and, where necessary, complementary regulation, for example to promote transparency, create market incentives for responsible business conduct, and ensure corporate accountability. Public authorities and these other stakeholders should demonstrate social responsibility, including their relations with enterprises” (EC, 2011, p. 7). Moreover, the EC emphasizes the importance of national and sub-national CSR policies. The EC states that many public policy measures to support CSR are best carried out at national, regional and local level. Local and regional authorities are encouraged to make smart use of EU structural funds to support the development of CSR, especially amongst SMEs, and to partner with companies to better address problems such as poverty and social inclusion (EC, 2011, p. 12).

Over the last decade, governments have joined other stakeholders—intergovernmental organisations, companies, and social organisations—in assuming an important role as drivers of CSR and sustainability, encouraging and promoting businesses to adopt CSR values and strategies. Even if different governments, especially in Europe, work in partnership with the private and social sectors, governmental drivers and governmental responses are nevertheless divergent, since they are based on different cultural and political frameworks—i.e. the welfare state typology, the organisational structure, as well as the business, social and cultural background in each country (Jamali & Neville, 2011; Matten & Moon,

2008; Middtun, Gautesen, & Gjøllberg, 2006; Rahim & Nasrullah, 2013; Reed & Reed, 2009). Moreover, the country of operation and its governance system affect the nature of CSR reporting (Kolk & Pinkse, 2010; Young & Marais, 2012).

EU governmental actions are based on different instruments of policies ranging from regulatory instruments (soft or mandatory law, directives, rules and decrees), economic and financial instruments (i.e. tax regimes, bonuses etc.); information instruments (guidelines, conferences, websites creation, etc.) and partnership-creating instruments (networks, agreement among stakeholders, centres for spreading CSR; multi-stakeholders forums, public-private partnerships).

Except for a limited number of cases, organized governmental schemes aiming at giving encouragement to CSR in companies are absent and this issue is left to voluntary decision taken by companies which determinate the contents of CSR action. “However CSR multi-dimensionally should imply an organized involvement of different governmental segments, on the basis of the different competences put into play” (Lombardo, 2010, p. 4) this leading to a high presence of sectorial CSR promotional interventions, and of a low diffusion of organized interventions.

The networks among public and private actors, as well as national, and transnational organisation that spread CSR can be analyzed on two diverse levels. At the macro level the institutions and organisations involved are super-national (i.e. United Nations, International Labor Organisation -ILO) and the businesses involved are multinational corporations and large businesses. The objective of the Partnerships consists in the predisposition to codes of conduct, ethical standards, certifications (i.e. Global Reporting Initiative—GRI; UNGC, 2007) as well as in fundraising for ad hoc projects. At the meso level the institutions involved are regional government; local associations (i.e. trade unions, industrialists, third sector) and the businesses are mainly small-scale businesses (SMEs). The objectives of the partnerships/networks are: the diffusion of socially responsible practices among enterprises in the territory; the development of guidelines/ procedures for obtaining certifications (i.e. environmental, social and ethical) (Von Malmberg, 2003).

Individual EU member-states have developed diverse “CSR-oriented governance” strategies, or, in other words, different approaches to CSR according to the different models of public action in the European context (Aaronson & Reeves, 2002; Albareda et al., 2008; Fifka, 2012), since they come from different political perspectives and different organisational structures (Gribben, Pinnington, & Wilson, 2001; Middtun, 2005).

According to the Albareda et al.’s classification (Albareda et al., 2007), the policies enforced by different European States to promote CSR can be divided into four ideal models, which tend to reflect their respective welfare conceptions (Lombardo, 2010, p. 5).

The first approach, termed the “Nordic model” or “partnership model” is used in Denmark, Sweden and Norway. These countries are characterised by a far-reaching welfare approach. Here rules and instruments of soft regulations have been introduced helping primarily companies (but also other players) adhere to principles and values such as transparency and accountability.

The second model, called the “Business in the community” model, is used in the United Kingdom where there is a tendency to increase the involvement of companies playing a role in socio-economic development processes within an organized community. This approach has been historically adopted to solve problems such as social exclusion and poverty and has become part of a public strategy where CSR practices’ promotion means a fundamental contribution to the sustainable development of the country. The British central government exercises a strong role in coordinating various CSR initiatives, even though many of these initiatives are between institutions of “local strategic partnerships”. Moreover, governmental action also promotes CSR through fiscal incentives for companies.

The third model, termed “Sustainability and citizenship model,” considers companies as political players and citizens. Used in Germany and France, this approach requires that companies act in compliance with existing rules and maintain good relationships with their local communities and with the environment, in order to take an active part in social development. The governmental action promotes CSR in the framework of a strategy aiming at enhancing companies’ involvement. This approach for promoting and enhancing CSR is based on the use of instruments allowing the increase in consensus, such as the inclusion of CSR related issues in the political debate. CSR initiatives are seen as strategic for the effectiveness of governmental action in the field of sustainable development. More specifically, in France, CSR is promoted through indirect measures mostly carried out at sectorial level (i.e. intervention in the field of environment protection, sustainable development, and social exclusion). At the governmental level, higher standards have been promoted in these fields; a specific law introduced over 10 years ago imposed a series of obligations on companies (with certain characteristics) in drafting their social balance (prescriptive regulation). In Germany, the governmental entity mainly in charge in matters of CSR is the Federal Ministry of Labour and Social Affairs together with other government departments as the German Council for Sustainable Development, which has consultative governmental functions and has authority over the adoption of recommendations and guidelines. The German government pays particular attention to CSR issues (particularly, quality at work, consumers’ information, environment protection). There are different acts regulating specific aspects (i.e. social security, social inclusion, gender equality). At a local level (the so called “Land”) there are also different initiatives aimed at supporting local firms to promote a significant civic engagement. German companies have been achieving high levels in adhering to many standards in these sectors, and in compliance with the mentioned rules (See Lombardo, 2010, p. 10).

Finally, in the fourth model, used in Spain and termed the “Agorà model”, CSR promotion is mainly carried out through spreading CSR values and principles in political debate (diffuse by political power representatives), involving as many social players as possible (multi-stakeholder approach, created in a response to the European Union-governmental action in promoting CSR). Whilst the Spanish governmental action in the field of CSR is wide ranging and structured with regard to the administrative structures and the initiatives in place., these initiatives are predominantly oriented towards the non-profit sector (and not for-profit

businesses). A specific governmental body (Consejo Estatal de RSE) plays a leading role in: issuing reports and carrying out studies; drawing up an annual report for Government; promoting the creation—and acting as representative—of an Observatory on CSR; reinforcing CSR initiatives; and cooperating with other similar councils at an international level.

4 The Italian CSR Approach Based on the “Territorial Social Responsibility” Model

In Italy laws making CSR practices mandatory do not exist. The only exception is regarding the obligation of banks foundations, social cooperatives and social enterprises to draft a specific social report. CSR is specifically mentioned in the law on safety at work.¹⁴ Among the initiatives promoted at the national level one can mention the role of the National System of Chambers of Commerce in developing CSR among Italian companies and the Ministry of Labour and Social Affairs’ Project on CSR (above mentioned).

A strong territorial component characterises the public policies implemented. “Local public entities are the more active promoters of these issues and represent the main financial contributors” (Lombardo, 2010, p. 9). CSR initiatives include: direct contributions (in terms of money or service), also addressed to companies; indirect contributions (in terms of practices aimed at promoting CSR culture in favor of workers) and mixed contributions (I-CSR, 2009; Fondazione Operandi, 2008).¹⁵ CSR policies are intense at the regional and provincial level where a number of initiatives are aimed at providing companies with important opportunities. Moreover, trade associations carry out an important role alongside public institutions, with particular reference to private life/work balance, health and safety (through initiatives such as quality and safety certifications). The most active associations include: Confindustria, and Unioncamere; finally, public institutions play an important role in promoting issues connected to CSR for workers.

The coexistence of different private and public approaches is due to the complex nature of the Italian socio-economic system who for structural (i.e. the predominance of SMEs and the role of local districts) and historical reasons (i.e. the importance of the cooperative movement) have characterised its attentiveness to social relationships and is at the base of the “Territorial model of social responsibility” which is typical in Italy.

Studies on governance applied to the territory make it possible to distinguish approaches, which interpret strategy as the result of an emerging or bottom-up process, from those where strategy is the result of a planned or top-down process

¹⁴ Legislative Decree 81/2008, Regulation on health and safety.

¹⁵ The most used contributions are the indirect ones in the North-East of Italy, the direct in the North and the Centre, and mixed in the North-West.

(Reed, 1997; Simmons, 1994). A third approach—the “synergistic model” (Stokes, 2008)—is situated conceptually between the other two. It starts from the premise that there is no single model, but that it is possible to combine the aims and priorities of the two previous ones.

Among the former, territorial strategy is considered the result of a process taking place within a network of actors (Halme, 2001). Relationships and negotiations represent the bases for defining strategy through a “community process” or a “territory-led process”. In other words, a territorial strategy is the result of a combination of activities carried out by a number of local actors playing a significant role. The decision-making process thus becomes collaborative and employs tools such as round tables, multi-stakeholder forums, focus groups, assemblies and other instruments to encourage participation, as well as formal planning mechanisms (Jamal & Getz, 1995, 2000). The criteria for such choices not only take into consideration economic effects, but also social cultural and environmental impacts.

Territorial governance attempts to reach a balance between the needs of different actors: the public actors, the enterprises, and the local community. The decision-making process combines structured community consultation mechanisms (of the bottom-up type) with decision-making (top-down type) and attributes the same weight, in the decisions, to the economic and non-economic aims. The “territorial model”, which is found in the diffusion of CSR and sustainability strategies in Italy, is increasing in importance, especially in cases where the stakeholders in the territory wish to emphasize the social benefits and those benefits connected to the development of cohesion in the local community (O’Sullivan & Jackson, 2002). For “community-based” planning, co-operation requires participants to recognize the high level of interdependence in territorial planning and management, and the benefits, which can result from such joint actions, and a specific willingness to implement the decisions made by the community. The involvement of key players—such as the local public institutions, entrepreneurs and trade associations, citizens organisations -, capable of involving the various stakeholders, is fundamental for the process to succeed. In addition, even more importantly, the success of the initiative strictly depends on the development of a shared vision and common objectives. As the following empirical data reveal, the bottom-up model of governance is particularly suitable in areas with a variety of stakeholders with no dominant issue, focusing on a plurality of different kinds of economic, social and environmental activities, such as, for example, those connected with sustainability and the promotion of CSR actions and values. In these contexts, the key governance processes can be led by local public, political and administrative actors, but also by firms, non-profit organisations, and local civic stakeholders. Typically these conditions are to be found in territories such as Western Europe and are particularly prevalent in Italy (Matacena & Del Baldo, 2009).

As previously mentioned, the bottom-up logic is the Italian way to diffuse CSR and sustainability strategies. In fact in Italy local (provincial) and regional government play the largest role in promoting CSR giving birth to significant initiatives that include SMEs strongly embedded in their respective socio-economic local environment (the so called “territorial companies—Del Baldo, 2010a). Italy is

characterised by numerous best practices relative to SMEs who have, for years, been voluntarily committed to CSR and sustainability projects (Del Baldo, 2012). SMEs play a primary role in socio-economic development, which render the Italian case similar to the German context (Aaronson & Reeves, 2002; Albareda et al., 2007; Fisher, Geenen, Jurcevic, Mc Clintock, & Davis, 2009). What differs in Italy is that the central government does not play a leading role, and thus this role often falls to the local government, namely to the local firms' stakeholders interlocutors and partners, their associations, social and civic institutions and organisations, whose CSR and sustainable development strategies are centered on the local dimension or that of the territory (municipalities, provinces, regions). This territorial social responsibility model can therefore be interpreted as a further approach founded on the rediscovery of social cohesion and values shared by economic, social and institutional actors within the same territory (Del Baldo & Demartini, 2010; GBS, 2009).

This pathway is triggered by private actors (firms), public actors, or non-profit organisations ("third sector") acting in accordance with their particular local contexts and whose efficacy depends on the presence of a solid network with clear values, and on sharing ethical principles already embedded in the territory, which facilitate the convergence of diverse protagonists' expectations, forces, advantages and objectives.

At the anthropological and social level, similar pathways are shared and diffused in diverse local contexts where constitutive elements of a logic of social responsibility and sustainability are "genetically" present as it requires the availability of every actor, single or associated, to consider themselves a part of this social group and not only part of the economic, productive, or financial environment. In other words, ethical oriented-values, along with cultural and anthropological values allow local CSR and sustainability-oriented governance in territories characterised by cohesive local communities and by a particularly strong community-centered and place-centered identity. It is not easy to define the concept of territorial identity, because of its largely intangible and complex nature. Often, in fact, the literature speaks of concepts such as "vocation", "spirit of the place", "place personality" or "*genius loci*" (Cipolla, 1990). Generally speaking, diverse researchers, historians, sociologists and economists have expressed this sentiment, emphasizing the active role, in Italy, of the entire local society which has characterised the economic model of the so called "Third Italy" after the second world war. Among them, Putnam (1993a, 1993b) underscored the importance of a diffuse associative social fabric in creating social cohesion and promoting political and administrative efficiency. Trigilia (1986) built on the role given to political subcultures (Catholic and social-communist) in promoting less conflicting relationships between labor and capital. Fuà and Zacchia (1983) and Bagnasco (2004) revealed how the objective of reconciling competition and cooperation have safeguarded social cohesion, and, at the same time, guaranteed the growth of a diffuse economy (see also: Bagnasco & Trigilia, 1990; Becattini, 1990, 2004; Bonomi Savignon, 2011; Brusco, 1982; Fuà, 1988).

4.1 Italian Experiences of Territorial Social Responsibility

The Italian National Action Plan on CSR 2012–2014 (Ministero del lavoro e delle politiche sociali e Ministero dello sviluppo economico, 2012) defines the national strategy for CSR with reference to the European strategies profile,¹⁶ government commitments, and for the first time defines the territorial dimensions of CSR and of the other protagonists involved.

A specific section of the Plan is dedicated explicitly to the territorial dimension of CSR and defines the actions of central administrations as well as those of regions and other local administrations. “With the emphasis on the internal and external relations of enterprises with respect to the stakeholders and their territory, we can speak of Territorial Social Responsibility when public policies promote synergies and partnerships at a local level” (Ministero del lavoro e delle politiche sociali e Ministero dello sviluppo economico, 2012 - Italian National Action Plan, p. 6).

The Italian regions have begun to recognise regional actions, supplying the details of operations carried out in the last five years including the inter-regional project entitled “The creation of a network for the spreading of corporate social responsibility”, in which 13 regions participated, as well as the Ministry of Employment and Social Policies and the Ministry of Economic Development. The priority ambits in which the regions’ CSR operates are business and employment. There are only two cases (Umbria and Tuscany) in which regional laws exist, which specifically regulate CSR.

In the context of the 55 initiatives completed up to 2011 CSR is considered in operational programmes co-funded by structured European funds in eight cases. In the territorial social responsibility context the administrations’ actions are accompanied by those of other protagonists involved in the process of responsible conduct: companies (the main engines of CSR promotion policies), trade associations, the national system of Chambers of Commerce assist companies through information and training, trade union organisations, non-government organisations (those belonging to the non-profit sector, active citizenships and civil society, of which the networks and co-ordinations carried out at a national and international levels, have particular importance), and finally the financial system (through the actions of the forum for sustainable finance, ABI—Italian bankers association—banks, and ethical finance).

¹⁶The European strategy departs from indications on CSR contained in Europa 2020 and is structured around three priorities: intelligent growth (develop an economy based on knowledge and innovation); sustainable growth (promote a more efficient economy within a profile of greener and more competitive resources); inclusive growth (promote an economy with a high rate of employment which favours social and territorial cohesion).

The first phase of the European strategy is carried out through the Action Plan of the European Commission for the period 2011-2014 in which the lines of action include: the promotion of CSR visibility and the spreading of good practices; the improvement of processes of self-regulation and co-regulation; emphasising the importance of national and subnational policies relative to CSR; the best alignment of European and global CSR approaches.

Perrini et al. (2006) drew up the first systemic description of “network” experiences relative to the private and public sector in Italy. In the private sector, they founded a system of rewards, accountability, reporting and certification (i.e., Sodalitas Social Awards; Best Workplace Italia) and financial experiences (investment in ethical funds, systems of ethical rating, i.e., Banca Etica, 1998; Forum for Sustainable Finance; Ethical Index in Euro and Ethical Index Global promoted by E. Capital Partners Spa). For the public sector, they established practices that were promoted at the regional and provincial level, which aimed at encouraging ethical-social certification or the sustaining of working categories and projects of the national system of Chambers of Commerce.

In the light of the results which have emerged from several research cases (Table 3), highlighting the tie between Italian companies and their local stakeholders region, two cases of territorial social responsibility (regional social responsibility and network governance) are subsequently presented. These cases are related to the Marches and Liguria regions.

4.2 Territorial Social Responsibility in Action: The Experience of the Marches and Liguria Regions

Under the methodological profile, to provide background and contextualization to our qualitative study (Eisenhardt, 1989) different sources of evidence based both on qualitative and quantitative data have been collected (Jick, 1979). We undertook a review of media coverage concerning public-private projects of territorial social responsibility; sources included academic reviews, specialized journals, national newspapers, web site, and other available documents. Researchers were directly involved in the projects participating in the multi-stakeholder forums and in the information and training sessions at provincial and regional levels, such as seminars, workshops, and technical roundtables, where it was possible to directly access the documents related to the project (such as specific regulations, briefs, and disciplinary reports. In addition, information was collected, in the period September 2012–August 2013, through in-depth semi-structured interviews as well as informal conversations with officials, regional experts, public administrators who were involved in the projects. Furthermore, interviews were conducted with diverse actors within the regional network: representatives of associations and trade unions, entrepreneurs and consultants.

Such experiences, which present a number of similarities, are concentrated in Tuscany, Emilia Romagna, Veneto and Marches, as well as in some regions of the Northern Italy, such as Lombardy and Trentino Alto Adige (Colombo et al., 2006; Fondazione Operandi, 2008; Monaci, 2007). All these regions are characterised by a widespread fabric of entrepreneurialism, the fruit of a historic specialization of specific vocations and productive knowledge distributed in a number of small urban centers, and above all, by values and ethical principles (dedication to work,

Table 3 Some examples of territorial social responsibility experiences

Italian region	Initiatives (network actors, project’s aims, expectations/interests/results)
Tuscany	<p>The experience of the Province of Lucca An example of territorial “operationalization” of CSR centered on cooperation around environmental sustainability was experienced in Lucca through two projects:</p> <p>1. LIFE-funded PIONEER Project—Paper Industry Operating in Network: an Experiment for EMAS Revision. The project was promoted by a network composed of the Province of Lucca and industrial organisations (private associations and businesses, local authorities and service providers), and has helped develop a system of environmental management (EMAS) in the sectors in which this certification was less diffuse</p> <p>2. COOPERATE Project—Corporations Operating in a Responsible and Transparent Environment (Molteni, Antoldi & Todisco, 2006). This project aimed to diffuse CSR across three industrial districts (Empoli, Lucca, Santa Croce). Starting with the recognition of best practices at the European Level, it assembled a <i>cluster sustainability report</i> for every district and created local <i>working groups</i> to promote “CSR cluster policy.” The network approach helped share resources and instruments (guidelines, informational activities, a set of indicators, channels of communication), and to create new ones (one cites, for example, the Bank and Insurance Focus Group, which has the objective of individuating strategies and investments for the district)</p> <p>Fabrica Ethica project—Tuscany for social responsibility in businesses and in its territories. The region of Tuscany (Department of Productive Activities) promoted the system of certification in the leather and tanning industry through the adoption of the ethical certification SA8000, a management system and instrument for communication of CSR, promoted through the supply of a contribution to a fund and tax breaks. A regional ethical commission (composed of 39 commissioners from the region’s productive, institutional, and social levels) has worked through diverse labour groups to implement instruments for processes of co-analysis, and, later, co-planning, auto-formation and shared updating. A second objective was to open a microcredit bureau (SMOAT—Microcredit System For Assistance in Tuscany) in the regional financial agency (FIDI), to help provide access to credit for so-called “non-bankable” clients, thereby creating the basic conditions for improving local development initiatives (Paloscia, 2007)</p>
Emilia Romagna	<p>The experience of Modena’s districts Local sustainable development—centered on improving the quality of the environment, economic well-being, social cohesion, and innovation—is the objective of the project begun in Modena’s districts. This pathway strengthened the role of local entities while also emphasizing the necessity of reinforcing the role of the local public administration in coordinating and promoting integrated plans for social, environmental and economic sustainability. Its primary actors are Focus Lab, an independent research and service center; the Province of Modena, the Chamber of Commerce, the city of Modena, the association of ceramics producers and other industrial and social organisation (i.e. Center of Charity Services and the Consortium of Social Solidarity of Modena). After a deep investigation multi-stakeholder focus groups also promoted formative and informative activities surrounding the instruments and actions of CSR. Their goal was to spread guidelines, procedures, and instruments of communication (i.e.: practices of green public and private procurement, procedures of selections with rewards and public</p>

(continued)

Table 3 (continued)

Italian region	Initiatives (network actors, project's aims, expectations/interests/results)
	<p>financing), in addition to instituting periodic prizes for rewarding best practices in the sector (2010 marked the fourth competition for the Province of Modena's CSR prize), fostering partnerships with voluntary associations, and developing instruments of social and environmental accounting at the aggregate level (Sancassiani & Frascaroli, 2009)</p> <p>Rimini City's proposal The "Strategic Plan of Rimini" uses territorial governance as its model aimed at ensuring economic prosperity, social cohesion, environmental sustainability, and the participation of its citizens. The strategic planning process involved the city, the Province, the Chamber of Commerce, and the Cassa di Risparmio di Rimini Foundation, and is centered on the participation of the city's economic, social, and cultural organisations. Eight working groups consisting of 300 people who represented over 50 organisations and took part in the Forum, and promotional agencies present in the Rimini area, have contributed to this plan. The plan is born from the desire to construct a territory of quality, which is competitive and attractive, that invests in the quality of its people, in research, and in relationships, and which presents a plurality of objectives: raise the quality of the landscape in the productive areas, sustain innovative and high-quality businesses (i.e.: across agencies for innovation, observatories of innovation, agencies of international relations, the creating of a technological park, a free zone of innovation) (Baldarelli, 2007)</p> <p>The responsible economic district in the Province of Rimini In 2004 the no-profit association Figli del Mondo ("Children of the World") and the Rimini Chamber of Commerce signed a formal agreement that would begin a series of projects whose goal was to spread a culture of corporate social responsibility. Through continual networking with local institutions, trade associations and professional orders, the project PercoRSI ("CSR Pathways") has laid the foundation for the development of an economically responsible cluster in Rimini (Sbraccia, 2010)</p>
Veneto	<p>The Venetian Laboratory "Veneto Responsabile", a regional network for CSR "Responsible Veneto" was born in 2002 as a no-profit association based in Padua, whose aim was to promote a business culture oriented towards CSR and therefore to facilitate the diffusion of best practices through the construction of a network among diverse subjects in the economic-social and institutional context. The promotional organisations of the project, presented by the Veneto Region, are associations and local institutions (i.e. popular banks, foundations, cooperatives, forum for the third sector) (Peraro & Vecchiato, 2007). At the end of 2006 it became a consortium, equipped with a chart of values and differentiated organs (assembly of associates, direct council, president, committee, audits, fiduciary committee). The consortium is a site of encounters among economic, social, and institutional actors of a territory, a multi-stakeholder roundtable for the construction of the common good. Its actions are numerous: informational and awareness-raising initiatives, planning and observation of best practices, formation and external communication (websites, mailing lists, newsletters) and financial instruments (i.e., the "bank of responsible time")</p> <p>The Shoemaking District in the Brenta Riviera</p>

(continued)

Table 3 (continued)

Italian region	Initiatives (network actors, project’s aims, expectations/interests/results)
	<p>In the Provinces of Padua and Venice, the history of the shoemaking district has always been marked by industrial relationships and union accords characterized by the socially responsible structuring among actors called to govern the territory. Businesses, trade associations and unions are all social agents moving from step to step together across this pathway; such steps include agreements of intent (1995), territorial pacts (2000), a territory-wide council of shoemakers (2001); territorial brand (2002) (Peraro & Vecchiato, 2007)</p>
Lombardy	<p>Piacenza’s experience The provincial administration (Regional law 17/2005: “Norms for the promotion of employment, quality, security and legality of labour”) has implemented the theme of CSR and sustainable development, and supported the program, “The Regional Mark of Social Quality” (Monaci, 2007). The collaborative project was the object of a protocol undersigned by the Province, Prefecture, the provincial director of labour, INPS, INAIL the local branch of the State healthcare system), and the local Chamber of Commerce It focused on understanding and monitoring emergent CSR practices in provincial environments (through public and private organisations) and the role of different actors in the territory</p> <p>Brianza development A similar path, founded on sharing the immaterial capital of a community is that which Brianza Development (Sviluppo Brianza, 2009), a consortium for productive and social quality, started in the territory formed by some Municipalities, the Province of Milan, Milan’s Chamber of Commerce, business associations, trade unions, the no profit sector, multi-utility firms and the credit system. People are the constitutive elements of the project, which is activated by such a mixed network that promotes forms of governance oriented towards the territory’s productive and social qualities (organisational behaviours, spirit of initiative, working culture, work ethic, and a sense of responsibility for oneself and for others’ future)</p>
Trentino Alto Adige	<p>The necessity of starting from local needs in creating an approach towards CSR and sustainability—rather than imposing it “from above”—is at the foundation of Interregional Project 3A (Fugazza et al., 2006). This project’s protagonists were South Tyrolean SMEs in the Province of Bolzano and Carinzia, in partnership with Bolzano’s Chamber of Commerce and the Centre for Corporate Citizenship of Ingolstadt6. Promoted by focus groups and workshops in which technical groups (formed by businesses and trade associations) worked to plan and implement concrete activities and to resolve specific problems in their territory, the project began by analyzing businesses’ relationships with the local community, fostering a dialogue, and sharing experiences</p>

(continued)

Table 3 (continued)

Italian region	Initiatives (network actors, project's aims, expectations/interests/results)
Marches	<p>The first Marche­gian territorial network named SIRM project (The Marche Region's Responsible Business System) was created in 2005 by a consortium of 120 Marche­gian businesses assisted by institutional partners (among them, the Marche Region's social service ministry) and by diverse civic and institutional organisations (trade unions, no-profit associations, consumer associations). Its scope was to foster synergy among territories, institutions, businesses, entrepreneurial associations, no profit organisations, social actors and informal networks in civic society. In particular, the project had two principle goals: to supply contributions to business and organisations for implementing socially responsible systems and to institute a regional registry for SMEs-that adopt and promote socially responsible practices</p> <p>The initiative involved a pilot sample of 19 small and medium-sized Marche­gian businesses. The result has been to plan and experiment with a system of indicators specific to SMEs, so as to codify the firms' assumption of socially responsible behaviours</p> <p>The Marche Region's I.Re.M. Project 2009-2011—Responsible Businesses of the Marche Region—looks at completing the inroads already made with SIRM (2005) aimed to create “ethical territorial networks” to improve the quality of life and the quality of work in the Marche­gian territory</p> <p>Specifically, the objectives of the project are: creating a regional CSR system; developing regional CSR guidelines; implementing a CSR code of conduct; extending the test to firms in all sectors, with a particular focus on the footwear and furniture industries (the most representative of the economic fabric of the Marche); developing and applying the Mark of Socially Responsible Business; creating a database of socially responsible enterprises, organised by the level of responsibility they have achieved, which can be accessed from the Marche Region's website</p> <p>Thirty businesses were involved. They were provided with support and consultancy to develop best practices, and were trained in the certification of management systems ISO 9001, OHSAS 18001, ISO 14001 e SA 8000, which helped them to develop self-evaluative indicators of their systems of social responsibility management, to enlarge and improve their systems of socio-environmental reporting, and to conduct gap analyses (Del Baldo & Demartini, 2010; Regione Marche-Servizio & Formazione e Lavoro, 2006)</p>

religious ethics, associational spirit, a spirit of sacrifice) that are shared by the local population that has, through time, developed social cohesion and a particularly strong sense of belonging to a community (Del Baldo, 2013; Minguzzi & Passaro, 2000).

4.3 *The First Inter-Regional CSR Networks*

In February 2013 the Marche region, after having participated in two regional CSR projects (Del Baldo & Demartini, 2012c) supported and approved their adhesion to the agreement protocol for carrying out an inter-regional and transnational project

Table 4 Inter-regional and technical Committee' tasks

1	Address, monitor and assess actions
2	Share tools products, practices and knowledge relative to CSR
3	Guarantee the systematic information flow in order to consolidate a stable process of planning and sharing reciprocal programs of action and the experiences obtained
4	Identify and accomplish actions of co-operation aimed at exchanging and developing activities, products and services of common interest
5	Supervise the carrying out of operations through meetings (in which partners but also representatives or privileged interlocutors identified by the partners themselves can participate) aimed at ensuring the completion of projects according to times and methods established

for the creation of a CSR network (Regione Marche, 2013). This unique protocol has been undersigned by numerous Italian regions of the North, South and Centre (Friuli Venezia Giulia, Valle d'Aosta, Piemonte, Lazio, Liguria, Lombardia, Abruzzo, Umbria, Toscana, Veneto, Puglia and Sardegna). The activities were funded with European Fund resources of the 2007–2013 programme.

The objective of this agreement, open to other regions (recently Campania and Emilia Romagna have joined) is to collaborate to define shared paths of social responsibility. The governance of such a network is represented by an inter-regional and technical Committee which co-ordinates activities in the realm of the agreement and is composed of managers who are specialists in their subjects and representative of each of the member administrations. Their tasks are summed up in the table below (Table 4).

This agreement develops (from a micro-regional to an inter-regional level) the paths and projects of territorial responsibility in the Italian regions at an intermediate level.

The presuppositions are represented by internal contingent factors (the orientation of institutional protagonists, of companies and other subjects participating in the CSR projects already undertaken SIRM e IREM) (Del Baldo & Demartini, 2010) and by external contingent factors related to the normative references at a national and European level (EC 2001a, 2001b, 2002a, 2002b, 2006, 2011).

In the light of these presuppositions, the regions have established a shared course of CSR action taking into consideration that:

- The EU ruling n. 1081/2006 of the European Parliament and Council of 5th July 2006 relative to the European Social Fund sustains transnational and inter-regional actions, in particular through the sharing of information, experiences, results, good practices and the development of joint strategies and actions.
- The administrations adhering to the protocol consider in their operative programmes lines of intervention aimed at promoting the completion and development of networks on an inter-regional and transnational basis.
- The member administrations share the willingness to carry out operations for the exchange and diffusion of good practices at a local, national, European and international level relative to CSR and to highlight it more in regional politics.

Table 5 Shared considerations

1. Europa 2020—A strategy for intelligent, sustainable and inclusive growth (COM 2010) 2020)	The need to reinforce the CSR has been recognised by the European Commission as a significant element for inclusive growth
2. Resolution of European Parliament of 25th November 2010 regarding the social responsibility of companies in international trade agreements (2009/2201(INI))	It is recommended that member states of the European Union promote good CSR practices and spread the CSR culture
3. The renewed European Union strategy for the period 2011–2014 relative to corporate social responsibility is published (CCOM (2011) 681)	The European Commission has defined an agenda of new commitments to CSR highlighting the importance of national and sub-national CSR policies and an improved alignment of European and global approach
	The Administrations that are part of the Protocol of agreement, claim that CSR is an effective tool to improve sustainable economic and social development, and that they intend to prioritise the development of initiatives aimed at spreading such practices among companies

In the previous table (Table 5) some considerations shared by several regional administrations which are part of the network are highlighted.

4.4 The Experience of the Liguria Region

In December 2012 Liguria endorsed the Inter-regional project for the “Creation of a network to spread social responsibility in companies”. One of the project’s first objectives was to carry out a study comparing the standards and indicators of CSR and social-environmental sustainability adopted by the various Italian regions (Liguria, Marches, Toscana, Veneto, Regione Lombardia “Good Practices” project developed by Unioncamere Lombardia).

The comparison was extended to standards adopted by national organisations (i.e. Confindustria, ABI-Associazione Bancaria Italiana, standard CSR-SC Social Statement promoted by the Italian government) and other national and international standards of accountability and process (i. e. GBS, GRI, ISO26000). From the analysis, the following points have emerged (Lombardo, 2012).

Firstly, all standards differ from each other yet contain several common areas and provide minimum and additional indicators. Not all standards have the same objective: in some cases (the Lombardy region) the regions select the best corporate practices every year; in other regions (Liguria), a Register of socially responsible employers has been created and the Chamber of Commerce has put aside a yearly award for SMEs that have specific social-environmental requisites. In some cases (the Marches and Liguria) companies are required to identify a minimum number of

indicators on the basis of corporate size, while in other regions (i.e. Tuscany) companies are free to decide which indicators to select and which level of approach (basic, advanced and “top”) to adopt on the basis of the simplified international standards GRI and AA1000.

Secondly, some regions have adopted a guide to organise a “Panel on Sustainability”, a kind of social balance, with many indicators to monitor (the Marche). Others (i.e. Liguria) have prepared an operational manual and software which allows companies to carry out a form of self-assessment. In other cases (i.e. Lombardy) the path of good practices requires companies to detail the benefits obtained by applying CSR.

Thirdly, many regional standards are “generalist”, that is to say, they do not distinguish the sectors of the various economic activities and this has led to the proliferation of many standards of trade associations aimed at SMEs, hence making it difficult or impossible to adhere to Global Compact programmes and conform to the OECD Guidelines. Other standards conform to international ones (i.e. the GRI) and provide different indicators according to the activity performed and the economic sector.

From the study several aspects have emerged which form the basis for an inter-regional project. Specifically, it is necessary: to spread CSR/sustainability strictly connected to strategy; to reward “good practices”; to support “the pull market” (i.e. large companies that can have a role as sectorial leaders in green purchasing projects or local public administration) which plays an important role in moral persuasion; to gather together all the CSR indicators from the various Italian regions.

Too many indicators must not be established, such as those set for the CSR-SC Social Statement project, as the country is made up of 98 % micro-SMEs. Fewer indicators are necessary to cover the five fundamental areas indicated by the EU: workers, markets (clients-suppliers), environment, local community and governance. Consequently, it is necessary to differentiate the requests on the basis of sector and corporate size and consider indicators which include the production chain and districts. The indicators should comprise only the final phase of the process towards CSR. In comparing and unifying standards, it is also necessary to valorise the methods, which help a company to integrate CSR into its competitive strategy and understand how to measure it through fewer indicators, which can even be personalised and focused on fewer actions but which lead towards a more structured and strategic CSR approach. A useful step towards national standardisation could be “pathway mapping” and assessing how the regions can help companies to integrate CSR into their competitive strategy.

Moreover, it is necessary to reward companies which manage better than others to integrate CSR into their competitive strategy, and which measure impact and obtain the best consensus from stakeholders.

Finally, it is necessary to define a procedure, which provides for rewards, benefits and agreements with banks so that approved responsible companies have the right to receive funding.

To sum up, the first cognitive stage of the Regions has raised the awareness that one kind of valid pathway does not exist, and it is not enough just to tick items off a check-list but to help companies understand, plan, assess and check and only at the end to report with the use of indicators. In other words, the regions need to check whether the company is following the correct procedures towards CSR which allow for an effective improvement of the territory and whether it contributes to creating and supporting their social capital (Nahapiet & Ghoshal, 1998).

5 Concluding Reflections

Individual EU member states have taken important steps, but the various CSR initiatives that have materialized in recent years in Western countries have not been paralleled by similar intense interest/activity in the context of developing countries (Luetkenhorst, 2004), nor is the efficacy of the CSR policies the same in the different European countries.

Moreover, there is a need for scaling up CSR initiatives taken at the level of individual large companies and to foster and give more visibility to CSR initiatives promoted by SMEs. This in turn calls for more emphasis on a stronger involvement of business organisations (industry associations, Chambers of Commerce etc.), as well as public institutions, non-profit and civic organisations. The international and national guidelines suggested by individual EU member-states to improve CSR and sustainability seem often too “far” from the specific culture, needs and expectations of the numerous diverse local environments. They are characterised by a lack of efficiency at the local level—and, consequently, there is a need for a “contingent” approach in terms of statutory instruments and actions. Territorial social responsibility and the forms of territorial governance in which it is realized represent a possible and effective response that can convert norms, principles and philosophies oriented to sustainable development into praxis. This is particularly true in Italy.

In the light of the above-mentioned empirical experiences, we can assert that the Italian approach to CSR implies a nationally widespread network of private and public interventions that are highly innovative. It is indeed true that many of the voluntary activities carried out by companies, mostly SMEs, despite a strong relationship with the local community, are scarcely systematic; that is, they are not structured into formalized strategic processes, and they have low visibility outside the company. This approach to CSR—that can be denned as a sort of sunken CSR—is a frequent phenomenon, but cannot be appreciated and deeply enhanced from the competitive point of view, with traditional interpretation patterns suitable for multinational corporations.

From the analysis of different Italian experiences of local governmental initiatives to promote CSR and sustainability through public-private networks, the hypothesis of a move towards the model based on territorial social responsibility in Italy has emerged. This local or territorial approach—which is based on the SMEs active involvement—facilitates the implementation of CSR and

sustainability since it allows: the needs of the community to be met; the planning of initiatives and programs of investment aimed at favoring long-term socio-economic development; the construction of partnerships with local actors; and the evaluation of concrete results (Hutton, 2002). Actions and programs are aimed at safeguarding the environment; educational and cultural improvement; valorizing people in their complex human profiles, and fostering transparency among the actors involved.

SMEs leverage on social capital to promote career success, help workers find jobs, develop intellectual capital, strengthen the supplier relation and information among firms (which are embedded) and facilitate opportunity identification and entrepreneurship (Adler & Kwon, 2002). Secondly, reputation, trust, legitimacy, norms and networks, which represent the factors of the social capital (Nahapiet & Ghoshal, 1998) are connected with SME's peculiarities and with SME's embedded into the local community they belong to (Del Baldo, 2013; Okpara & Idowu, 2013; Putnam, 1993a, 1993b; Spence, Schmidpeter, & Habisch, 2003; Yüksel Mermod & Idowu, 2013). Thirdly, engagement and civic issues in socio-economic local development have been found to be an important issue linking social capital within CSR strategies (Joseph, 2000; Schmidpeter, 2014).

This model seems to be able to produce medium to long-term effects and a change in culture and approach towards responsibility and sustainability as well as offering tools and concrete actions to implement planned CSR programmes at a local level. Such an approach is facilitated by context factors which make up the social capital of regions (which is weaker in other Italian regions and must be constructed) and reinforces (through the multistakeholder approach) rational and human capital (Lerro & Carlucci, 2007; Lerro & Schiuma, 2009). However, the development of existing structural capital (intended as those infrastructural assets which, even if tangible in nature, incorporate codified knowledge which is essential to define the knowledge domains at the basis of regional economic and production activities) appears in some Italian regional contexts to be a "weak link" as it would imply a more proactive tendency to competition and innovation in the regional system of value production. This gap is due to the weak co-ordination among the policies of the various regional councillorships (in production, tourism and training) which would otherwise make a holistic approach to sustainability and responsibility more concrete by involving other policy makers in the project. For instance, the relationship with those stakeholders responsible for training, research and innovation should be reinforced (such as universities and research centres), just as with those active in the social and financial sectors. Nevertheless, the different cases of territorial social responsibility, as well as the first inter-regional experience, seem to be taking into consideration these weak aspects, but they are still in the early stages, and therefore it is not yet possible to assess the consequences in terms of competition and innovation for the different actors involved, since there needs to be a greater period of time to quantify the tangible and intangible benefits of CSR actions and tools, which develop and mature over the long term.

References

- Aaronson, S., & Reeves, J. (2002). *Corporate responsibility in the global village: The role of public policy*. Washington, DC: National Policy Association.
- Adler, S., & Kwon, S. (2002). Social capital: Prospects for a new concept. *The Academy of Management Review*, 27(1), 17–40.
- Albareda, L., Lozano, J. M., Tencati, A., Midttun, A., & Perrini, F. (2008). The changing role of governments in corporate social responsibility: Drivers and responses. *Business Ethics: A European Review*, 17(4), 347–363.
- Albareda, L., Lozano, J. M., & Ysa, T. (2007). Public policies on corporate social responsibility: The role of governments in Europe. *Journal of Business Ethics*, 74(4), 391–407.
- Albareda, L., Ysa, T., & Lozano, J. M. (2004). The role of public policies in promoting CSR: A comparison among the EU-15. In Interdisciplinary CSR Research Conference (ICCSR), University of Nottingham.
- Bagnasco, A. (2004). Trust and social capital. In K. Nash & A. Scott (Eds.), *The Blackwell companion to political sociology* (pp. 230–239). Oxford: Blackwell.
- Bagnasco, A., & Trigilia, C. (1990). Entrepreneurship and diffuse industrialization. *International Studies of Management and Organization*, 20(4), 22–48.
- Baldarelli, M. G. (2007). New prospectives in inter-company relations, social responsibility (CSR) and social, ethical and environmental accounting in Italy by way of the Government CSR-SC Project: Theory and Praxis. *Economia Aziendale 2000web*, 1, 1–26.
- Baldarelli, M. G. & Gigli, S. (2012). Exploring the drivers of corporate reputation integrated with a corporate responsibility perspective: Some reflections in theory and praxis. *Journal of Management and Governance*. doi: [10.1007/s10997-011-9192-3](https://doi.org/10.1007/s10997-011-9192-3).
- Bank of Italy. (2009). *Overview Economic Bulletin*, No. 58. Rome: Bank of Italy.
- Battaglia, M., Campi, S., Frey, M., & Iraldo, F. (2006). A ‘Cluster’ approach for the promotion of CSR among SMEs. In EABIS/CBS International Conference “Integration of CSR into SMEs Business Practice”, Copenhagen, 26 October.
- Bebbington, J., Higgins, C., & Frame, B. (2009). Initiating sustainable development reporting: Evidence from New Zealand. *Accounting, Auditing and Accountability Journal*, 22(4), 588–625. doi:[10.1108/09513570910955452](https://doi.org/10.1108/09513570910955452).
- Becattini, G. (1990). The Marshallian industrial districts as a socio-economic notion. In F. Pyke, G. Becattini, & W. Sengenberger (Eds.), *Industrial districts and inter-firm cooperation in Italy* (pp. 37–51). Geneva: International Institute for Labour Statistic.
- Becattini, G. (2004). *Industrial districts: A new approach to industrial change*. Cheltenham: Elgar.
- Bonomi Savignon, A. (2011). *Social capital and the government performance: Evidence from Italian regions*. Paper presented at the Euram Conference 2011, Tallin, 1–4 June.
- Sviluppo Brianza, S. (2009). *La Brianza intraprendente*. Milano: F. Angeli.
- Brusco, S. (1982). The Emilian model: Productive decentralization and social integration. *Cambridge Journal of Economics*, 6(2), 167–184.
- Calcagnini, G., & Favaretto, I. (Eds.). (2011). *The economics of small business. An international perspective*. London and New York: Springer Heidelberg Dorrecht.
- CCIAA. (2003). Milano. *La Responsabilità Sociale nelle piccole e medie imprese*. Milano: Il Sole 24 Ore.
- Cipolla, C. M. (1990). *Storia economica dell’Europa pre-industriale*. Bologna: Il Mulino.
- Colombo, F., Landini, S., & Paolini, P. L. (Eds.). (2006). *Impresa socialmente responsabile. Processi e percorsi: la sfida del territorio*. Roma: Edizioni Lavoro.
- Craig, S. N. (2003). Corporate social responsibility: Whether or how. *California Management Review*, 45(4), 52–76.
- Del Baldo, M. (2009). Corporate social responsibility and corporate governance in Italian SMEs: An analysis of excellent stakeholders relationship and social engagement profiles. In C. Jayachandran, U. Subramanian, & U. Rudy (Eds.), *Striving for competitive advantage and*

- sustainability. New challenges of globalization* (Vol. 3, pp. 1515–1524). New Jersey, NJ: Comenius University in Bratislava, Montclair State University.
- Del Baldo, M. (2010a). CSR and sustainability: Mission, governance and accountability in Italian Smes. The experience of BoxMarche, a ‘convivial’ and ‘territorial’ enterprise: toward a ‘territorial model of sustainability. In M. G. Baldarelli (Ed.), *Civil economy, democracy, transparency and social and environmental accounting research role. Some reflections in theory and in practice deriving from 2nd CSEAR Conference-Italy* (pp. 289–345). Milano: MacGraw-Hill.
- Del Baldo, M. (2010b). Corporate social responsibility and corporate governance in Italian SMEs: Toward a “territorial” model based on small “champions” of CSR’. *International Journal of Sustainable Society*, 2(3), 215–247.
- Del Baldo, M. (2012). Corporate social responsibility and corporate governance in Italian Smes: The experience of some “spirited businesses. *Journal of Management and Governance*, 16(1), 1–36.
- Del Baldo, M. (2013). To the roots of entrepreneurial values: The relationship with the territory as a driver for the development of corporate social responsibility—An analysis of the experiences of Italian SMEs. In A. Yüksel Mermod, & S. O. Idowu (Eds.), *Corporate social responsibility in the global business World*, Chapter 9. Berlin Heidelberg: Springer-Verlag.
- Del Baldo, M., & Demartini, P. (2010). Values-Based public-private networks. Best practices in italian local government: The case of ‘Regione Marche. *Corporate Ownership and Control Journal*, 8(1), 772–784.
- Del Baldo, M., & Demartini, P. (2012a). Small business social responsibility and the missing link: The local context, Chapter 3. In W. D. Nelson (Ed.), *Advances in business management* (Vol. 4, pp. 69–94). New York: Nova Science Publishers.
- Del Baldo, M., & Demartini, P. (2012). Bottom-up or top-down: Which is the best approach to improve CSR and sustainability in local contexts? Reflections from Italian experiences’. *Journal of Modern Accounting and Auditing*, 8(3), 381–400.
- Del Baldo, M., & Demartini, P. (2012c). Values-based public-private networks. CSR orientation in local Government in Italy. In P. Arena, & E. Cardillo (Eds.), *Social and environmental accounting. Research advances and new perspectives* (pp. 337–366). Roma: Aracne Editrice.
- DTI. (2002). *Engaging Smes in Community and Social Issues*. London: Department of Trade & Industry, Accountability, British Chambers of Commerce, Business in the Community and the Institute of Director.
- EC. (2001a). *Commission of the European Communities—A sustainable Europe for a better world: A European Union strategy for sustainable development*. Brussels : COM(2001) 264 final.
- EC. (2001b). *Commission of the European Communities—Green paper promoting a European framework for corporate social responsibility*. Brussels: COM(2001) 366 final.
- EC. (2002a). *Commission of the European Communities—European SMEs and social and environmental responsibility* (Observatory of European SMEs, No. 4). Luxemburg: Enterprise Publications.
- EC. (2002b). *Commission of the European Communities—Corporate social responsibility: A business contribution to sustainable development*. Brussels: COM(2002) 347 final.
- EC. (2006). *Implementing the partnership for growth and jobs: Making Europe a pole for excellence on corporate social responsibility*. Bruxelles: Com(2006)136, final.
- EC. (2011). *Communication from the commission to the European Parliament the council, the European and Social Committee and the Committee of the regions—A renewed EU strategy 2011-14 for corporate social responsibility* Brussels: COM (2011) 681 final, 25.10.2011.
- Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532–550.
- Fifka, M. S. (2012). The impact of socio-economic and political factors on stakeholder dialogues in Germany, France, and the United States. In: P. Kotler, A. Lindgreen, F. Maon, &

- J. Vanhamme (Eds.), *A stakeholder approach to corporate social responsibility: Pressures, conflicts, reconciliation* (pp. 3–22). Aldershot: Gower.
- Fisher, K., Geenen, J., Jurcevic, M., Mc Clintock, K., & Davis, G. (2009). Applying asset-based community development as a strategy for CSR: A Canadian perspective on a win-win for stakeholders and SMEs. *Business Ethics*, 18(1), 66–82.
- Fondazione Operandi. (2008). *Politiche di CSR promosse dalle istituzioni e dalle associazioni imprenditoriali in Italia*. I Quaderni dell'Osservatorio Operandi. Rome: Fondazione Operandi.
- Fuà, G. (1988). Small-scale industry in rural areas: The Italian experience. In K. J. Arrow (Ed.), *The balance between industry and agriculture in economic development*. London: Macmillan.
- Fuà, G., & Zaccchia, C. (Eds.). (1983). *Industrializzazione senza fratture*. Bologna: Il Mulino.
- Fugazza S., Pandini, L., & Gostner von Stefanelli, C. (2006, October 26). *Interreg 3 A project. A model for the development of corporate social responsibility in the Province of Bolzano*. EABIS/CBS International Conference Integration of CSR into SMEs business practice. Copenhagen Business School, Denmark.
- GBS. (2001). *Gruppo di Studio per il Bilancio Sociale—Principi di redazione del Bilancio Sociale*. Roma: Adnkronos Comunicazione.
- GBS. (2007). *Gruppo di Studio per il Bilancio Sociale—Il bilancio sociale. Standard Principi di redazione del bilancio sociale*. Milano: Giuffrè.
- GBS. (2009). Gruppo di Studio per il Bilancio Sociale—*La rendicontazione territoriale. Le finalità, il processo, gli indicatori*. Milano: Giuffrè.
- Gray, R., Owen, D., & Adams, C. (1996). *Accounting and accountability. Changes and challenges in corporate social and environmental reporting*. London: Prentice Hall Europe.
- GRI. (2006). Global reporting initiative—*sustainability reporting guidelines*. www.globalreporting.org/ReportingFramework/G3Guidelines
- GRI. (2008). Global reporting initiative—*Sustainability reporting guidelines*. www.globalreporting.org/ReportingFramework/G3Guidelines/
- GRI. (2008). Global reporting initiative—Small, smart and sustainable. Experiences of SME reporting in global supply chains. *Research and development series*. www.globalreporting.org.
- Gribben, C., Pinnington, K., & Wilson, A. (2001). *Governments as partners: The role of the Central Government in developing new social partnership*. Copenhagen: The Copenhagen Centre.
- Halme, M. (2001). Learning from sustainable development in tourism networks. *Business Strategy and the Environment*, 10, 100–114.
- Hutton, W. (2002). *The World we're in*. London: Little Brown.
- I-CSR. (2009). Incentivi pubblici alle imprese. *I-CSR Milan*, 4–56.
- ISVI. (2006a). Piccole e Medie Imprese e CSR La CSR come leva di differenziazione. In M. Molteni, & A. Todisco (Eds.), *Rapporto di ricerca*. www.csrmanagernetwork.it/wp-content/./071130_report-PMI-e-CSR4.
- ISVI. (2006b). *Terzo Rapporto sulla Responsabilità Sociale d'Impresa in Italia*, ALTis, ISVI, Febbraio 2006. www.isvi.org/Rapporto%20RSI.ht
- Italian Ministry of Labour and Social Affairs. (2004). Ministero del Lavoro e delle Politiche Sociali. *Responsabilità Sociale delle Imprese—Il contributo italiano alla campagna di diffusione della CSR in Europa*, 2004. Rome: Italian Ministry of Labour and Social Affairs.
- Jamal, T. B., & Getz, D. (1995). Does strategic planning pay? Lessons for destinations from corporate planning experience. *Progress in Tourism and Hospitality Research*, 2(1), 59–78.
- Jamal, T. B., & Getz, D. (2000). Community round tables for tourism related conflicts: The dialectic of consensus and process structures. In B. Bramwell & B. Lane (Eds.), *Tourism collaboration and partnerships* (pp. 159–182). Clevedon: Channel View Publications.
- Jamali, D., & Neville, B. (2011). Convergence versus divergence of CSR in developing countries: An embedded multi-layered institutional lens. *Journal of Business Ethics*, 102, 599–621.
- Jenkins, H. (2004). A critique of conventional CSR theory: An SME perspective. *Journal of General Management*, 29(4), 37–57.

- Jenkins, H. (2006a). A 'business opportunity' model of corporate social responsibility for small and medium sized enterprises. In EABIS/CBS International Conference Integration of CSR into SMEs business practice, Copenhagen Business School, Denmark, 26 October.
- Jenkins, H. (2006b). Small business champions for corporate social responsibility. *Journal of Business Ethics*, 67(3), 241–256.
- Jick, T. D. (1979). Mixing qualitative and quantitative methods: Triangulation in action. *Administrative Science Quarterly*, 24, 602–611.
- Joseph, E. (2000). *A welcome engagement: SMEs and social inclusion*. Southampton: Institute of Public Policy Research.
- Kolk, A., & Pinkse, J. (2010). The integration of corporate governance in corporate social responsibility disclosures. *Corporate Social Responsibility and Environmental Management*, 17, 15–26.
- Kromminga, P., & Dresewski, F. (2006). *Promoting CSR among SMEs: Experiences from Germany*. In EABIS/CBS International Conference, Copenhagen, 26 October.
- Larrinaga-González, C. (2007). Sustainability reporting: insights from neo-institutional theory. In J. Unerman, J. Bebbington, & B. O'Dwyer (Eds.), *Sustainability accounting and accountability*, Chapter 8 (pp. 150–167). London: Routledge.
- Lepoutre, J., & Heene, A. (2006). Investigating the impact of firm size on small business social responsibility: A critical review. *Journal of Business Ethics*, 67(3), 257–273.
- Lerro, A., & Carlucci, D. (2007). Intellectual capital and regions: Origins, theoretical foundations and implications for decision makers. *International Journal of Learning and Intellectual Capital*, 4(4), 357–76.
- Lerro, A., & Schiuma, G. (2009). Knowledge-based dynamics of regional development: The case of Basilicata region. *Journal of Knowledge Management*, 13(5), 287–300.
- Lombardo, G. (2010). *An agreement between local government, financial institutions and SMEs for the promotion of social responsibility practices. A tool for analysis and intervention*. In EBEN Annual Conference, Trento, Italy, 9–11 September.
- Lombardo, G. (2012). *Progetto Interregionale "Creazione di una rete per la diffusione della responsabilità sociale d'impresa"*. Genova: Regione Liguria, Dipartimento Istruzione, Formazione, Lavoro e Sport—Settore Politiche del lavoro e delle migrazioni.
- Longo, M., Mura, M., & Bonoli, A. (2005). Corporate social responsibility and corporate performance: The case of Italian SMEs. *Corporate Governance: The International Journal of Business in Society*, 5(4), 28–42.
- Luetkenhorst, W. (2004). Corporate social responsibility and development agenda: The case of actively involving small and medium enterprises. *Intereconomics*, 39(3), 157–166.
- Maaß, F. (2006). *Integrating corporate citizenship into corporate strategy: Empirical evidence on SMEs in Germany*. In EABIS/CBS International Conference, Copenhagen, 26 October.
- Mandl, I. (2006). *CSR and competitiveness—European SMEs good practice*. In EABIS/CBS International Conference, Copenhagen Business School, Denmark, 26 October.
- Matacena, A., & Del Baldo, M. (Eds.). (2009). *Responsabilità sociale d'impresa e territorio. L'esperienza delle piccole e medie imprese marchigiane*. Milano: F. Angeli.
- Matten, D., & Moon, J. (2004). *Implicit and explicit CSR. A conceptual framework to understand CSR in Europe*. ICCSR Research paper series, 29.
- Matten, D., & Moon, J. (2008). 'Implicit' and 'explicit' CSR: A conceptual framework for a comparative understanding of Corporate Social Responsibility. *Academy of Management Review*, 93(2), 404–426.
- Midttun, A., Gautesen, K., & Gjølborg, M. (2006). The political economy of CSR in Western Europe, corporate governance. *The International Journal of Effective Board Performance*, 6(4), 369–385.
- Midttun, A. (2005). Policy making and the role of government realigning business, government and civil society. Emerging embedded relational governance beyond the (Neo)liberal and welfare state models. *Corporate Governance: The International Journal of Business in Society*, 5, 159–164.

- Minguzzi, A., & Passaro, R. (2000). The network of relationship between the economic environment and the entrepreneurial culture in small firms. *Journal of Business Venturing*, 16(2), 181–207.
- Ministero del lavoro e delle politiche sociali e Ministero dello sviluppo economico. (2012). *Piano d'Azione Nazionale sulla Responsabilità Sociale d'Impresa 2012-2014*. www.sviluppoeconomico.gov.it
- Ministry of Labour and Social Affairs. (2003). The Italian contribution to CSR promoting campaign developed at European level. In *Proceedings of the European Conference on Corporate Social Responsibility "The role of Public Policies in promoting CSR"*, Venice. <http://www.welfare.gov.it/>
- Minoja, M., & Romano, G. (2006). *Managing turnaround with responsible entrepreneurship: the Kendrion case*. In EABIS/CBS International Conference, Copenhagen, 26 October.
- Molteni, M. (2004). *Responsabilità sociale e performance d'impresa. Per una sintesi socio-competitiva*. Milano: Vita e Pensiero.
- Molteni, M., Antoldi, F., & Todisco, A. (2006). *Smes and corporate social responsibility: An empirical survey in Italian industrial district*. In EABIS/CBS International Conference, Copenhagen 26 October.
- Molteni, M., & Lucchini, M. (2004). *I modelli di responsabilità sociale nelle imprese italiane*. Milano: F. Angeli.
- Molteni, M., Pedrini, M., & Bertolini, S. (2006). *La responsabilità sociale nelle aziende familiari italiane*. Milano: Aidaf-ISVI.
- Monaci, M. (Ed.). (2007). *La responsabilità in azione. Prassi socialmente responsabili nell'impresa locale*. Milano: F. Angeli.
- Monzillo, F., & Aquilani, B. (2008, January 17th–19th). La CSR nelle PMI: Opportunità di marketing o realtà lontana? Un'indagine empirica. *International Congress "Marketing Trends" Venice*.
- Murillo, D., & Lozano, J. M. (2006). SMEs and CSR: An approach to CSR in their own Words. *Journal of Business Ethics*, 67(3), 227–240.
- Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital and the organizational advantage. *Academy of Management Review*, 23, 242–266.
- Nelson, J., & Zadek, S. (2000). *Partnership Alchemy—New social partnerships in Europe*. Copenhagen: The Copenhagen Centre.
- Okpara, J., & Idowu, S. O. (Eds.). (2013). *Corporate social responsibility. Challenges, opportunities and strategies for 21st century leaders*. Berlin: Springer.
- O'Sullivan, D., & Jackson, M. D. (2002). Festival tourism: A contributor to sustainable local economic development. *Journal of Sustainable Tourism*, 10, 325–342.
- Osservatorio Socialis. (2011). *L'impegno sociale delle aziende in Italia*. IV rapporto di indagine 2010, 27 luglio 2010. www.istitutoitalianodonazione.it/tool/download.php?id=1109&idst
- Osservatorio Socialis. (2013). *L'impegno sociale delle aziende in Italia V Rapporto nazionale 2012*, SWG per l'Osservatorio Socialis di Errepi Comunicazione, 14 gennaio 2013. www.marketingjournal.it/rapporto-swg-impegno-sociale-aziende-2/
- Paloscia, F. (2007). *Fabbrica Ethica: la politica della responsabilità sociale delle imprese della Regione Toscana*. In A. Pasquariello (Ed.), *Qualità e responsabilità sociale. Il caso Camst, Collana Esperienze ed immagini cooperative* (pp. 89–93). Bologna: Clueb.
- Peraro, F., & Vecchiato, G. (2007). *Responsabilità sociale del territorio. Manuale operativo di sviluppo sostenibile e best practices*. Milano: F. Angeli.
- Perrini, F. (2006). SMEs and CSR theory: Evidence and Implications from an Italian perspective. *Journal of Business Ethics*, 67(3), 305–316.
- Perrini, F., Pogutz, S., & Tencati, A. (2006). Corporate social responsibility in Italy: The State of the Art. *Journal of Business Strategies*, 23(1), 65–91.
- Perrini, F., & Vurro, C. (2011). *L'integrazione della CSR nei rapporti di filiera delle PMI*. Milano: Egea.

- Putnam, R. D. (1993a). *Making democracy work. Civic tradition in modern Italy*. Princeton, NJ: Princeton University Press.
- Putnam, R. D. (1993b). The prosperous community. *American Prospect*, 13, 35–42.
- Rahim, M. M., & Nasrullah, N. M. (2013). Corporate social responsibility implementation in the EU and USA: The trend and the way forward. In J.O. Okpara, & S.O. Idowu (Eds.), *Corporate social responsibility. Challenges, opportunities and strategies for 21st Century leaders*, Chapter 11 (pp. 181–197). Berlin Heidelberg: Springer-Verlag.
- Reed, M. G. (1997). Power relations and community based tourism planning. *Annals of Tourism Research*, 24, 566–591.
- Reed, A. M., & Reed, D. (2009). Partnerships for development: Four models of business involvement. *Journal of Business Ethics*, 90, 3–37. doi:10.1007/s10551-008-9913-y.
- Regione Marche. (2013). *Protocollo d'intesa per l'attuazione del progetto interregionale transnazionale "Creazione di una rete per la Responsabilità sociale d'impresa"*. Ancona: Regione Marche.
- Regione Marche-Servizio Istruzione, Formazione e Lavoro. (2006). *La responsabilità sociale delle imprese marchigiane. Un progetto sperimentale. Report conclusivo*. www.istruzionefoermissioneilavoro.marche.it/rsi.
- Richter, J. (2004). Public-private partnership for health. A trend without alternatives? *Development*, 37(2), 43–48.
- Rusconi, G. (2006). Stakeholders and documents of the direct accountability of companies. In P. Arena (Ed.), *The corporate social responsibility. Scientific development and implementation* (pp. 235–255). Roma: Aracne.
- Russo, A., & Tencati, A. (2008). Formal vs informal CSR strategies: Evidence from Italia micro, small, medium-sized and large firms. *Journal of Business Ethics*, 74(3), 285–300.
- Sancassiani, W., & Frascaroli, E. (2009). *La responsabilità sociale d'impresa nei cinque distretti industriali modenesi. Opportunità per l'innovazione e la sostenibilità delle imprese e del territorio*, Rapporto 2^a indagine 2008 nei distretti del meccanico, tessile, ceramico, agroalimentare, biomedicale, gennaio. Modena: Focus Lab.
- Sbraccia, L. (2010). Progetto 'PercoRSI': la costruzione di un Distretto Economico Responsabile nella Provincia di Rimini. *Economia Aziendale Online*, 1(3 bis), 265–269.
- Schmidpeter, R. (2014). The evolution of CSR from compliance to sustainable entrepreneurship. In C. Weidinger, F. Fischler, & R. Schmidpeter (Eds.), *Sustainable entrepreneurship. Business success through sustainability* (pp. 127–134). Berlin Heidelberg: Springer-Verlag.
- Simmons, D. G. (1994). Community participation in tourism planning. *Tourism Management*, 15, 98–108.
- Spence, L. J., Habisch, A., & Schmidpeter, R. (Eds.). (2004). *Responsibility and social capital: The world of small and medium sized enterprises*. Hampshire, England: Palgrave MacMillan.
- Spence, L. J., & Rutherford, R. (2003). Small business and empirical perspectives in business ethics: Editorial. *Journal of Business Ethics*, 47(1), 1–5.
- Spence, L. J., & Schmidpeter, R. (2003). SMEs, social capital and the common good. *Journal of Business Ethics*, 45(1/2), 93–108.
- Spence, L. J., Schmidpeter, R., & Habisch, A. (2003). Assessing social capital: Small and medium sized enterprises in Germany and the U.K. *Journal of Business Ethics*, 47(1), 17–29.
- Stokes, R. (2008). Tourism strategy making: Insights to the events tourism domain. *Tourism Management*, 29, 252–262.
- Tencati, A., Perrini, F., & Pogutz, S. (2004). New tools to foster corporate socially responsible behavior. *Journal of Business Ethics*, 53(1–2), 173–190.
- Tilley, F. (2000). Small firm environmental ethics: How deep do they go? *Business Ethics: A European Review*, 9(1), 31–41.
- Triglia, C. (1986). *Grandi partiti e piccole imprese. Comunisti e democristiani nelle regioni a economia diffusa*. Bologna: Il Mulino.
- Unioncamere. (2003). *Models of corporate social responsibility in Italy. Executive summary*. Rome: Italian Union of Chambers of Commerce, Industry, Craft and Agriculture.

- Unioncamere. (2007, February). *Le attività del Sistema Camerale sulla Responsabilità sociale*. www.csr.unioncamere.it.
- Unioncamere. (2010). *Le Piccole e Medie imprese nell'economia italiana. Riorganizzazione e riposizionamento delle PMI italiane 'oltre' la crisi. Rapporto 2009* (e.) Istituto Tagliacarne. Milano: F. Angeli.
- United Nation Global Compact. (2007). *Joining forces for change: Demonstrating innovation and impact through un-business partnership*. Geneva: UNGC.
- Von Malmborg, F. (2003). Conditions for regional public-private partnerships for sustainable development-Swedish perspectives. *European Environment*, 13, 133–149.
- Young, S., & Marais, M. (2012). A Multi-level perspective of CSR reporting: The implications of national institutions and industry risk characteristics. *Corporate Governance: An International Review*, 20(5), 432–450.
- Yüksel Mermod, A., & Idowu, S. O. (Eds.). (2013). *Corporate social responsibility in the global business world*. Berlin, Heidelberg: Springer.

Mara Del Baldo is Assistant Professor of Entrepreneurship and Small Business Management and of Financial Accounting at the University of Urbino (Italy), Department of Economics, Society and Politics. Visiting professor at the University of Vigo (Spain), at the Jurai Dobrila University of Pula (Croatia) and at the New Bulgarian University of Sofia (Bulgaria). She is member of the European Council for Small Business, the Centre for Social and Environmental Accounting Research (CSEAR), and the European Business Ethics Network (EBEN) Italia, as well of different Italian scientific associations. She is board member and reviewer of different international journals. Her main research interests include: Entrepreneurship and small businesses; Corporate Social Responsibility, Sustainability and small entrepreneurs/SMEs' business ethics; SMEs strategies of qualitative development and networking strategies; financial reporting; ethical, social and environmental accounting and accountability (SEAR); integrated reporting. She published in different Italian and foreign journals as well as in national and international conferences proceedings and books.

Corporate Social Responsibility in Times of Crisis: The Case of Greece

Nicholas Harkiolakis

1 Introduction

The Greek business contribution to CSR is interestingly dated to its ancient lineage in the ancient Greek city states (the word responsibility is a derivative of the ancient Greek word “spondi”, a libation that became “spondere” in Latin and “responder” later). Those days being a privateer with no concern for the society was called “idiotis” (which became “idiot” nowadays) and was considered a social abomination. To avoid being seen as enemies of the society the wealthy and rich were seeing it as their duty to privately sponsor (“choregia”) activities like theatrical performances, gymnasiums and public dinners among others. The premise upon which such practices were established was simply that “personal wealth is possessed only through delegation from the city state”.

Although the ancient tradition might not be as strong in modern Greece it does reflect an ingrained attitude of the society that businesses in addition to producing goods, making a profit and providing jobs should be seen as “givers” and not just “takers”. Coming to modern times, what changed with respect to CSR is the addition of environmental concerns and the widening focus of the social ones that now include the market (customers, suppliers, etc.), and the employees as part of the stakeholder groups of a business (Jonker & Schmidpeter, 2005).

CSR as a formal organizational endeavor has been introduced to modern Greece relatively late, compared to other European countries. Before its identification under the umbrella of CSR a company’s concern about the communities it served was expressed mainly through philanthropic initiatives to less privileged segments of the population and sponsorships to cultural activities and events (Bichta, 2003). The challenges Greek corporations are facing nowadays (Aravossis & Panayiotou, 2008) in the CSR area (in addition to the economic crisis) are aggravated by the lack

N. Harkiolakis (✉)
Business College of Athens, Athens, Greece
e-mail: nicholas.harkiolakis@e-negotiations.org

of transparency, corruption, bureaucracy, and the lack of incentives and support by the state (Lyrintzis, 2011). Some explanations for this conclusion point to the small size of the Greek companies and their family owned character that lacks CSR culture, and in addition are low motivated to engage in CSR by the state (Skouloudis, Evangelinos, Nikolaou, & Filho, 2011).

Most of the obstacles mentioned are unfortunately difficult to measure and quantify in order to draw reliable estimates of their impact on the application of CSR (Aravossis, Panayiotou, & Tsousi, 2008). Nowadays also, the corporations have become largely impersonal and expressions of CSR are viewed as attempts to build long-term stakeholder trust on the basis of a sustainable business model. This in return aims at creating an environment where an enterprise can innovate and grow in a way that further contributes to their host and global societies. Recent research (Metaxas & Tsavdaridou, 2013) has concluded that Greek corporations, despite their low CSR engagement level, have made progress in absorbing relevant concepts and adopting the CSR mentality.

An interesting category of businesses with respect to CSR, especially in the suppressive economic conditions Greece is experiencing, is the small and medium size enterprises (SME). The fact that the majority of these businesses was hit harder is primarily due to their focus on the internal market. A natural consequence of this fact is that their focus nowadays is mainly in surviving than directly contributing to CSR. To promote CSR among SME, organizations like the Hellenic Network for Corporate Social Responsibility (HNCSR) established (within the European framework) supporting programs for the effective implementation of CSR practices as a medium for strengthening their long term competitiveness (HNCSR). The results of such programs are difficult to quantify, especially under the volatility of the business environment in Greece. The contribution, though for most SMEs in the area of CSR is more on environmental issues than socioeconomic ones.

Environmental concerns became an issue for Greece primarily because of the lack of proper planning for industrial development and inadequate regulations in the later part of the twentieth century. Adding to that, the old infrastructure of major industrial units (that are based on fossil fuels like lignite), that hasn't been upgraded to modern specifications has led to severe ecological damages. These effects have been aggregated from the existence of over 2,000 (illegal and legal) landfills, decades of exposure to wildfires and devastating pollution of rivers by industrial waste (Panayiotou, Aravossis, & Moschou, 2009).

Modern socioeconomic issues new to Greece, like immigration is another area the Greek society was not prepared to handle. The influx of emigrants from the nearby Albania and Eastern Europe was further aggravated by waves of illegal immigration from South East Asia and Africa since Greece is seeing as a stepping stone to more advanced European countries (Visser & Tolhurst, 2010). While the initial benefit of cheap labor immigrants provided was greatly appreciated, the coming of the economic crisis reversed the effect and the immigrants are now considered part of the problem. Another major socioeconomic issue is the extent of the corruption observed in both the public and private sectors. It is interesting to

note here, that the government is seen as more ineffective and corrupt than the private sector and to a great extent responsible for the crisis the country is facing.

The governments of Greece, although they were lagging behind most Western countries in their attention to CSR issues, eventually managed to catch up (following relevant EU directives) and established the appropriate legislation that addressed social, environmental and ethical issues at the national level. Important legislation in historical order includes the Act No. 1650/1986 on environmental protection, the Act No. 2742/1999 that covered regional planning and sustainable development, and a group of Acts up to 2006 that addressed human rights like equal treatment for all and violations like the economic exploitation of sexual life.

A set of public and private organizations exist nowadays that address and support CSR issues and resolutions. Prominent place among them holds the HNCSSR, a non-for-profit organization established in 2000 and accounting 100 of the biggest public and private corporations in Greece. Relevant other organizations include the Corporate Social Responsibility Institute, that introduced the Corporate Responsibility Index in Greece in association with Business in the Community (BITC) UK, EBEN Greece, which is a non-profit association founded in 2005 to represent the European Business Ethics Network, and the Hellenic Management Association that established in 2008 the Business Council for Sustainable Development comprising the Greek chapter of the World Business Council for Sustainable Development (WBCSD).

2 Case Studies

Because of the small size of the Greek economy and its extent over the European continent the method of case study deemed appropriate for presenting insights and perspectives of the private sector regarding CSR initiatives. This approach allows for the peculiarities of each country and the cultural elements of their societies to surface in a unique and characteristic way (Metaxas & Tsavdaridou, 2010), with more in-depth information than corresponding quantitative methods. With way also, the main challenges big corporations face in Greece under the conditions of the economic crisis like how to balance CSR and their business development will be highlighted. For reasons of credibility five members of HNCSSR with strong CSR presence were selected for this presentation (HNCSSR, 2013). In an attempt to offer a spread of different corporate types and structures the chosen corporations include private and government controlled organizations and cover the industrial, financial and services sectors. The analysis that follows is primarily based on their latest (2012 at the time of this writing) CSR reports, as they were approved by independent auditors and according to the principles of the UN Global Compact and the guidelines of the Global Reporting Initiative—G3.1.

2.1 Case I: Motor Oil

In 1972 the Vardinogiannis brothers (Vardis, Pavlos, Nikos, Giorgos, and Theodoros) opened up a refinery with port facilities in Agioi Theodoroi, about 70 km outside Athens for crude oil distillation and base oils production (Motor Oil Hellas, 2013). The company has grown immensely since then and in 2010 completed a comprehensive program of acquisitions and organic growth that established itself as the premier oil refinery in South-East Europe, reaching record sales (11.7 million tons) and growth by 2012. The main focus of the company towards exports (accounting for more than 70 % of the total sales) effectively shielded the company from the financial crisis that stroke Greece.

From the beginning the company strived to be the leading oil refinery and oil products enterprise in Greece and the wider region with a clear mission to increase shareholder value and benefit its stakeholders (customers, suppliers, partners and associates, personnel and the community at large). This goal was achieved by applying best industry practices and responding effectively to challenges, while acting responsibly with respect to the environment and the local society. While profitability and sales maximization were two of the primary strategic goals of the corporation, maintaining the highest possible health and safety standards was equally important. In that direction the company tries to excel by applying the highest operational standards and by improving and innovating in its industry.

With 1,814 employees and 9.7 billion euros turnover (approximately 5 % of Greece's GDP) the company is one of the industrial giants in Greece and its position and activities in the CSR area are closely watched and valued. The company tries to play an active role in the surrounding communities and aligns itself with the G3.1 guidelines of the Global Reporting Initiative, the Oil and Gas Sector Supplementary indices and with the ten principles of the United Nations. In doing so, the company engaged in activities along the suggested four sectors of *workplace*, *market*, *environment*, and *society*. Additionally, the company complies with the EU Regulation EMAS (Eco-Management and Audit Scheme) and the corresponding ISO standards.

Regarding the workplace, the company spent 10.9 million euros in 2012 on safety (investments and operating expenses) and achieved a 1.3 accident frequency index (number of accidents per million working hours). It is important to note here that the accident trend curve shows a continuous overall decline since 1992 (when it was 12.5). The severity index also shows a similar dropping from 2.3 in 1993 to 0.3 in 2012. Compliance with international standards and systematic risk assessment studies are carried out by all sections, all workplaces and all hazard types to ensure control of risks to acceptable levels.

Environmental concerns is another area of great importance for the company as it operates in the environmentally unfriendly energy sector, primarily in oil, where all stages of the supply chain pose dangers for ecological disasters. Major incidents worldwide like Exxon-Valdez and Gulf of Mexico are reminders of the devastating effects the oil industry can have in the environment. Overall the company has spent

19.7 millions euros in investments and operating expenses for the environment in 2012 that led to a continuous reduction in the CO₂ emissions indicator (over 29.1 % for the last 6 years) a 29.8 % reduction of the specific energy consumption indicator. With respect to liquid and solid waste management, recent studies in the area have shown that the impact on the environment is minimal and that the methods employed by the refinery are effective in sustaining pollution within internationally acceptable limits.

Attending to its local society needs is another area of concern for MOBIL OIL and a total of 2.3 million euros were dedicated in 2012 to that area. Apart from the economic activity that the company supports in the local community through taxes, sales and living expenses of 600 of its employees that are housed nearby, the main activities in this area involve donations and sponsorships primarily to vulnerable social groups that were hit hard by the current economic crisis Greece is experiencing. The company's contributions are in the form of food supplements, heating oil and lubricant donations, and supporting charitable organizations and institutions. Selected activities include donations to the Greek Red Cross and health care facilities and hospitals. Another section of social contributions involves support for cultural heritage organizations for indoor and outdoor spatial reconfiguration and maintenance projects, local newspapers and media to meet their publishing costs, educational and research initiatives, technology contributions to cover educational needs of local students and schools, sporting activities and visual and performing art events.

Given the recent growth the company experienced, the management of MOBIL OIL has renewed their commitment to supporting the local and regional communities through their CSR initiatives for the near and foreseeable future. Complying with international standards and best practices will continue to ensure the company's direction for sustainable development with respect for the environment and the societies it interacts.

2.2 Case II: National Bank of Greece

National Bank of Greece (NBG) was established in 1841 with an initial focus on lending and discounting (National Bank of Greece, 2013). Until the establishment of the Bank of Greece in 1928 the bank also had the right to issue banknotes. The bank became private in 1991 and listed on the NYSE in 1999 while continuing growing and expanding in Greece and the regional countries. As the NBG Group (noted from now on) the bank engages a workforce of over 35,000 employees (over 11,000 in Greece), records of over 9 million customers, assets of 105 billion euros and a turnover of about 3.5 billion (840 of them in Greece), NGB stands as one of the biggest financial institutions in the region.

Regarding CSR, the company publishes its report according to the Global Report Initiative (G3) since 2007 and has been ranked at B+ level. Through its CSR initiatives the bank managed to receive in 2011 the top CSR award "THALES".

In 2012 the total amount of the bank's social contribution amounted to €1.29 billion, in terms of taxes and dividends, staff expenses, payments to suppliers and sponsorships. Following international practices, the company reported its CSR activity in the four main categories of *market*, *employees*, *environment* and *society* along with an additional responsibility the organization assumed due to its nature, towards the *economy*.

Regarding the market area of CSR the bank made an effort and succeeded in providing financial support to enterprises for investments in renewable energy sources, held an annual innovation and technology contest for young entrepreneurs, and organized seminars to reduce digital illiteracy in selected municipalities of Greece. Selected "socially & environmentally" products the bank designed and launched include: "NBG" Children (a deposit program for children up to 17 years old), "go health" (offering comprehensive primary health and hospital care program to cardholders, "STUDENT LIFE" (pack of products to support the needs of school and university students and their parents), "Family Fast" (package of products and services for citizens of other countries who live in Greece), and "go for kids" (supporting social organizations that dedicated to children and youngsters in need").

In the environment area, apart from the special support provided to enterprises for the implementation of renewable energy solutions, the bank expanded its Managed Print Services System, designed to replace printing and copying equipment anticipating reductions of up to 60 % in consumables along with the accompanied energy savings. Additional efforts were also made in adopting electronic communication among its branches and clients and moving to electronic application procedures for mortgages. Similar expectations were extended to its supply chain with impact on supplier evaluation and selection.

The importance on the community NBG placed in 2012 continued the tradition of the support through sponsorship programs the organization adopted from its first years of existence (the National Theater of Athens was constructed with supporting funds from NBG in 1860). With "Responsibility", its corporate social action program, the bank follows three core lines of action: the Community, the Environment, and the Cultural Heritage. As a result, a total of 9.3 million euros were dedicated in a variety of relevant actions like food donations to poverty-stricken families, operating three community stores, boarding houses for the elderly and the mentally ill, and a hostel for underage immigrants to mention a few.

In the Employee area the Bank states that its strength lies in its people and to that end the organization strives to develop high quality staff through good and safe working conditions, equal rights and opportunities for all, and training and personal development programs. An example of the bank's efforts to care for its employees is the TYPET staff health fund that was established as an insurance body (among the most successful health funds in Greece) that provides for the healthcare of the group's employees, pensioners and their families. TYPET operates its own clinic that currently consists of a three-building complex with diagnostic, treatment and recovery facilities. A dental care center and additional facilities are scattered throughout Athens.

Future CSR initiatives of the bank will aim at keeping it as one of the most serious CSR contributors in Greece, while maintaining its leading position in Southeastern Europe. The company will continue to work with dedication and commitment to best serve its customers and create value for its shareholders, while benefiting its employees and in a spirit of responsibility to the community at large. With recent evaluations as “top rated” and “Best Bank-2012” and the commitment to continue its CSR efforts the group is sure to play an important role in the nowadays suffering Greek economy.

2.3 Case III: OPAP S.A.

OPAP was established in 1958 by the Greek state, as the “Greek Organization of Football Prognostics” in order to operate and manage the PROPO game as a way to fund Greek sports (OPAP, 2013). This initial focus expanded in modern times to the organization, operation, and conduct of all sorts of games of chance like numerical lotteries, team sport betting, basketball betting, and fixed or non fixed odds betting. The company reached great heights and was for many years the major contributor to sporting events and to the construction of sporting facilities in Greece. In this respect, the company has always been acting along the principles of today’s social accountability and reciprocity philosophy, long before this was translated into everyday business practice and philosophy.

In its current state the majority of the company’s shares belong to private investors while the Greek state through its subsidiary asset management fund controls the organization. In 2012 the company’s turnover dropped by 10 % due to the economic crisis in Greece reaching 3.8 billion euros and with a corresponding reduction of its gross profits. The corporate culture and policy of OPAP was always focused on the three sectors of *people*, *players*, and the *society*.

The people’s sector of CSR for OPAP concerns all human stakeholders of the company and includes players, agents, staff, and the wider public. The concern for players is mainly in protecting them by ensuring transparency, fairness as well as the unhindered and safe conduct of games. Agents (a total of 4,745), represent the most important network for OPAP and received special attention and an upgrade and refurbishment effort that ensured a unified corporate image and streamlined operations across the country. Staff benefits were ensured by preserving all the work places (238 in total) and salary levels, despite the harsh economic conditions in Greece. A lifelong training and improvement program for employees is constantly active and ensured a total of 1,866 h of training in 2012.

Players represent the downstream end of OPAP and its core asset. Credibility and transparency are the two core values the company aspires to maintain all the time. This is achieved by a state of the art information system that ensures the integrity of data stored in the terminals and the central database, as well as their safe transportation via its network. Draw credibility for mechanical lottery machines and random number generators is also of concern and ensured by the adoption of

internationally accepted practices and standards. An extra parameter to the transparency of the adopted processes is the one pertaining to the management of undistributed winnings to the players. This includes winnings that were never collected, as well as the rounding up of winning shares in every winning category.

The societal contribution of OPAP is probably the most significant and enduring component of its CSR efforts and an integral part of its corporate culture and philosophy. The company's social activities are generally divided along the categories of *sports, culture, health, education, environment, and society*. The total funds allocation in these categories reached almost 17 million euros in 2012. The greater amount (\$6.7 million) from those funds were given to sports and included sponsoring athletic events and contributions for the creation of sports infrastructures all over Greece. The company also was and remains the primary sponsor of every Olympic Games related activities.

Culture was another area that OPAP supported actively (with 3 million euros) and included upgrading of archaeological sites and museums, restoration of historic Orthodox relics at the Patriarchate of Alexandria and All Africa, actions for promoting the city of Thessaloniki as a cultural crossroad, exhibitions like the Byzantium masterpieces (scheduled for display in various museum in the USA) and the financing of 11 non-profit theatrical companies to cover the expenses of play production in the ancient site of the Delphi theater.

For health and education related initiatives the company dedicated 4.3 million euros and included support for hospitals and universities for equipment and actions like the prevention of child obesity and the special education needs of schools for disabled children. Environmental responsibility is another area of concern for the organization and is demonstrated by compliance to the international standards of ISO 14001:2004 as well as with all the legal requirements imposed by the state and the EU. Investments were also made to awareness activities and for promoting environmental conscience.

Finally, in the society area the organization dedicated €2.6 million in 2012 aimed primarily at actions that provided tangible support and immediate relief from the economic crisis. These included among others food supply programs to vulnerable social groups and shelters, funding of social pantries for the purchase and donation of food, and finding resources for rehabilitation of drug addicts. Additional actions were taken to support organizations for paraplegics, women with breast cancer, people with sight problems and other groups of people with disabilities and diseases.

2.4 Case IV: OTE S.A.

The first government owned national telecommunications organization OTE S.A. was founded in 1949 by the Greek state (OTE 2013). The company followed a steady growth and reached the top of its heights with a spot in the top 500 organizations in the world by 2003. The company showed tremendous growth during

the first part of the 2000s decade with expansions and acquisitions in the regional Balkan nations. This expansive strategy was followed by public offerings that led to the loss of the controlling stake by the Greek government. By 2012 the Greek government sold most of its stake (keeping a 10 % only) to Deutsche Telekom that essentially nowadays controls the management of the organization.

For a company with its base in Greece one would expect to be greatly affected by the economic crisis. While this is true to an extent, OTE managed to survive intact with streamlining of its workforce (dropped from almost 11,000 in 2010 to 8,750 in 2012) and proper management of its international assets. As a result the organization's debt went down significantly while earnings per share rose from 0.08 € in 2010 to 0.97 € in 2012 (while keeping its net operating cash flow the same). The total revenues recorded by the end of 2012 were over 1.5 billion euros.

OTE is nowadays represented combined with its mobile telephony subsidiary COSMOTE. In March 2012, the two constituent organizations adopted a common CSR strategy and framework and prepared their first common report adopting the four internationally accepted CSR areas of *marketplace*, *employees*, *environment*, and *society*. This was the result of a materiality analysis of their business units to establish the most material CSR issues for their stakeholders, and ensure that appropriate responses are prepared for all of them.

In the marketplace area and given the ongoing economic crisis OTE launched the "New era of prices" initiative aimed at 25 % decreased prices and keeping customer satisfaction at the high levels of the previous years. Additional efforts were made by the company to become more responsible with respect to competition, but despite its efforts it was fined by the European Telecommunications Network Operations with almost 7 million euros in 2012. The company, being the absolute monopoly for years in Greece ended up owning until recently the entire telecommunications infrastructure in the country and was frequently accused after the liberation of the telecom market for monopolistic tendencies by its competitors.

Planning a reduction in its workforce in the near future the company adopted a direction towards a fully customer-oriented service group. To achieve this goal the company places a lot emphasis on strengthening the employee business performance and contribution to the business objectives, while offering opportunities for development, participation, engagement, and communication. The safety aspect of the company remained more or less at the same levels as previous years with only one fatality and 52 accidents in 2012. Focus areas of safety and health risks (like mental health and safe climbing) were identified and information and training was provided to all employees.

Regarding the social impact of the organization OTE and COSMOTE aspired to combine their business development, with continuous support for the most vulnerable groups among the population, as well as those, most affected by the crisis. In 2012 the two companies contributed to society, by offering more than 2.2 million euros, through financial and in-kind donations and sponsorships. This effort was complemented by fundraising campaigns, distribution of telephone devices to users with limited capabilities (like the elderly and people with sight and special needs),

special discounts to vulnerable groups, scholarships, honorary distinctions and work experience to students.

The environment is another CSR area the group paid attention, despite its small ecological footprint. In that direction information and communication technologies (ICT) offered a number of opportunities for supporting sustainable development and production in many activities and sectors. The implementation of ISO 14001 Environmental Management Systems was part of such actions, as well as the development of an integrated environmental data collection and reporting scheme. Overall, in 2012, the company managed to reduce its total energy consumption by 3.5 % compared to the previous year, and its CO₂ by 1,900 tons (around 11 % of total scope 1 emissions). Efforts that are in progress include, a recycling program for packaging materials and the enhancement of all major waste streams associated with all company related activities.

In 2012 OTE and COSMOTE implemented processes and procedures that adhere to the principles of inclusivity, materiality and responsiveness. The 2012 CSR report made recommendations for further dialogue with its stakeholders for the development of an integrated and consistent CSR related strategy, a more frequent and direct flow of CSR issues to the executive level for prioritization and quick and effective action, and the adoption of more quantitative and focused performance indicators in the framework of long and short-term targets.

2.5 Case V: TITAN

TITAN Group is vertically integrated cement and building materials producer with 110 years of industry experience (TITAN, 2013). The company's founders were the Canellopoulos family and established their first cement plant in Southeastern Europe and Eastern Mediterranean in Elefsina, Greece, a small coastal town about 18 Km west of Athens. While headquartered in Greece the group owns cement plants in nine countries and employs more than 5,500 people worldwide. In brief the company owns 129 facilities in the USA, 66 in Greece and Western Europe, 25 in Southeastern Europe and 27 in the Eastern Mediterranean. The company's total assets account for 3 billion euros (a marginal drop of 0.9 % from last year) and its turnover of 1.13 billion euros showed a small increase from 2011.

The economic crisis did affect the company's contribution to the communities, but to a smaller extend accounting for 1.3 billion euros, with respect to the 1.9 billion euros average of the four previous years. A similar trend was observed for the environmental expenditures of the group that dropped by more than 30 % in 2012 compared to its last 4 years average. The current market trends that influence TITAN's prospect are conflicting and largely depend on the geographic region the company operates. While in the US there is optimism, at least with respect to the recovery of the residential sector, in Greece the recession led to a total collapse of the construction activity (both housing market and public works) with further shrinking predicted for the near future. Regarding the Southeastern market it

appeared that uncertainties in the Eurozone affected local communities and demand for building products. Surprisingly and despite the social and political upheaval in Egypt, the lack of sufficient housing and infrastructure needs, created more demand for cement leading to a surge in sales in the region. Similar trends were also observed for the company in Turkey.

The company's CSR priorities for 2012 and the near future are based on the three pillars:

- *Do less harm*: involving responsible restructuring, accident prevention and energy efficiency
- *Do more good*: involving collaborative actions, reaching out and adding value from best practice, and volunteering
- *Win-win*: involving utilizing and promoting alternative energy sources, raising awareness and educating, and being part of the solution.

Overall the company distributed over €1 billion to its stakeholders, representing a gradual drop from the 1.5 billion euros it distributed in 2008. The employee lost time injuries frequency rate showed a significant drop from 3.42 in 2008 to 1.38 in 2012 despite the single fatality in Florida, USA in 2012. Driven by concerns for safety, the company launched two new initiatives in Greece aiming at raising awareness on safety matters. The first one of these, under the general heading "Safety at Home" was addressed to elementary and high school students and was carried out for more than 2,000 students attending school in areas adjacent to the company's operations. The second initiative, involved university engineering students and was a joint action undertaken with the non-governmental student organization BEST of the University of Patras.

Regarding the environmental impact of the company, its gross direct CO₂ emissions increased slightly from the average of 640 tons over the last 4 years to 659 tones in 2012. Despite this increase, the overall trend to lower emissions is comparable to the best performance of other members of the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) and is achieved through the utilization of the production of subsidiary separation technologies, as well as through the increased usage of alternative fuels in the production process.

Total heat consumption remained steady, while the company made significant steps and managed to increase the use of alternative fuels threefold over the last 5 years and reduced its specific heat consumption by almost half. In 2012, the effort at TITAN for the holistic improvement of its environmental footprint continued unabated, while new commitments were undertaken within the industry's initiative as this is expressed through the CSI, aiming at strengthening transparency and dialogue among the main stakeholders, the application of common standards in areas of crucial importance such as quarry rehabilitation and the respect for biodiversity, water management and alternative fuel usage.

Regarding the communal efforts of the company, TITAN participated actively in the first regional meeting of national networks under the UN Global Compact which took place in Thessaloniki, Greece. Also, in the first half of the 2012, the Group

completed the third revision of its Code of Conduct which was subsequently communicated to all interested parties as well as disseminated through the appropriate training of Group management to ensure its effective application.

TITAN's past Corporate Social Responsibility and Sustainability Reports are prepared as per the international standards and specifically the recently revised edition GRI G3.1, the relevant guidelines of the WBCSD/CSI and the criteria laid out by the UN Global Compact for an "Advanced level" Report. Independent audits carried out by expert auditors, verified the achievement of the highest A+ level for Titan Group's Corporate Social Responsibility and Sustainability Report as per the GRI.

3 Conclusions

CSR in Greece has a long tradition (at least in the philanthropy area) but took longer to catch-up with modern international traditions and practices. By the time it seemed it was reaching the types and levels of CSR consciousness of modern enterprises the businesses in Greece were hit hard by the economic crisis of the times. Effective CSR contributions are now made primarily from multinational enterprises and big Greek corporations, a lot of whom are family owned and controlled. The latter is a significant observation as it might point to a way out of the economic crisis. For a small country like Greece, family businesses allow the care and values that hold businesses together to be extended to the society in a way that can strengthen the relationships between producers and consumers. Additionally, these family ties might contribute to the commitment of the various generations of owners in their responsibility to share with the society and the environment that helped them grow and prosper.

As we saw in the case studies presented here, the big Greek corporations are aligned with international practices and standards and quite aware of the fact that they can not act independently of their local social system. By adopting international trends they ensure bottom line agreement of CSR activities with their economic, environmental and social responsibilities. An additional pressure, although counterintuitive, that will push Greek companies in adopting more CSR conscious practices is the economic crisis. Acting responsibly and ethically becomes more than ever a competitive advantage as it provides the means for respectful and honest customer relationships. The challenge will always be to balance the financial and operational aspects of business with effective CSR efforts that the public can value as authentic and useful. What might help achieve these goals from the management perspective would be the adoption of more quantitative and focused performance indicators in the framework of long and short-term targets. Also, a shift of the social focus of the big Greek corporations, in more entrepreneurial endeavors like supporting startups, might be a move radical investment in the future and a possible solution out of the economic crisis in Greece.

References

- Aravossis, K., & Panayiotou, N. (2008). A study on the corporate social responsibility reports of Greek companies and the use of alternative evaluation methodologies. *WIT Transactions on Ecology and the Environment*, 108, 255–262.
- Aravossis, K. G., Panayiotou, N. A., & Tsousi, K. (2008). Performance analysis of the Greek corporate social responsibility reporting companies-proposal of an evaluation methodology. *International Journal of Sustainable Development and Planning*, 3(2), 103.
- Bichta, C. (2003). Corporate socially responsible (CSR) practices in the context of Greek industry. *Corporate Social Responsibility and Environmental Management*, 10(1), 12–24.
- Hellenic Network for Corporate Social Responsibility. (2013). *Corporate social responsibility & small medium enterprises*. Retrieved from http://www.csrhellas.org/portal/images/stories/files/CSR_SME_BROCHURE_eng.pdf
- Jonker, A. H. J., & Schmidpeter, M. W. R. (2005). *Social responsibility across Europe*. Retrieved from <http://link.springer.com/content/pdf/10.1007/b138371.pdf>
- Lyrantzis, C. (2011, March). Greek politics in the era of economic crisis: reassessing causes and effects. Monograph. Retrieved June 4, 2014, from <http://www.lse.ac.uk/collections/hellenicObservatory/>
- Metaxas, T., & Tsavdaridou, M. (2010). Corporate social responsibility in Europe: Denmark, Hungary and Greece. *Journal of Contemporary European Studies*, 18(1), 25–46. 10.1080/14782801003638679.
- Metaxas, T., & Tsavdaridou, M. (2013). Corporate social responsibility in Greece during the crisis period. *Journal of Advanced Research in Management*, 4(1(7)), 20–34
- Motor Oil Hellas. (2013). *Sustainability Report 2012*. Retrieved from http://www.moh.gr/Default.aspx?a_id=10503
- National Bank of Greece. (2013). *Corporate Social Responsibility Report 2012*. Retrieved from <https://www.nbg.gr/wps/portal/en/the-group/Corporate-Social-Responsibility/Annual-CSR-Reports>
- OPAP. (2013). *2012 Annual corporate social responsibility report*. Retrieved from <http://www.opap.gr/en/web/corporate.opap.gr/53>
- OTE. (2013). *2012 OTE-COSMOTE corporate social responsibility report 2012*. Retrieved from https://www.ote.gr/en_GB/web/cr2012/
- Panayiotou, N. A., Aravossis, K. G., & Moschou, P. (2009). Greece: A comparative study of CSR reports. In S. O. Idowu, & F. W. Leal (Eds.), *Global practices of corporate social responsibility* (pp. 149–164). Heidelberg: Springer.
- Skouloudis, A., Evangelinos, K., Nikolaou, I., & Filho, W. L. (2011). An overview of corporate social responsibility in Greece: Perceptions, developments and barriers to overcome. *Business Ethics: A European Review*, 20(2), 205–226.
- TITAN. (2013). *Integrated Annual Report 2012*. Retrieved from <http://integratedreport2012.titan.gr/--additional/downloads/>
- Visser, W., & Tolhurst, N. (2010). *The world guide to CSR: A country-by-country analysis of corporate sustainability and responsibility*. Greenleaf Publishing.

An Analysis of Corporate Social Responsibility in the Turkish Business Context

Duygu Turker

1 Introduction

As ‘the primary institution in modern society’ (Deetz, 1992, p. 17), business organisations have been frequently accused of being irresponsible or ignorant against the growing societal and environmental problems. Many people think that corporate giants have obtained considerable power over all aspects of human life during the last decades. According to Perrow (1991, p. 725), large organisations have become the key phenomenon of our time and “politics, social class, economics, technology, religion, the family, and even social psychology take on the character of dependent variables” in conjunction with their appearance. After particularly Enron collapse and other corporate frauds, their public image has been significantly eroded and, today, even the smallest organisations recognize the importance of building trustworthy relationships with their stakeholders and balance their diverse interests to achieve an economically, environmentally, and socially sustainable growth.

Corporate social responsibility (CSR) has emerged in this era of heightened awareness on stakeholder management and sustainable development. Depending on these global concerns and trends, most business organizations around the world have started to adopt CSR and practised it in various ways. Turkey, being a member of United Nations (UN) and a candidate for European Union (EU), is following these concerns and trends via Turkish business organizations or Turkish subsidiaries of foreign organizations located in the country. Although the origins of CSR can be found in the philanthropic activities during the Ottoman period in Turkey, it has become popular among Turkish business organizations during the last decades. Depending on the country’s relatively late modernization and industrialization processes, the evolution of CSR concept in Turkey has followed a different pattern

D. Turker (✉)
Yasar University, Izmir, Turkey
e-mail: duygu.turker@yasar.edu.tr

than the other European countries. After its institutionalisation attempts through the waqf (foundation) mechanism during the 1970s, large companies started to implement philanthropic activities on the issues like education, health, culture, art, etc. Although this initial attention on CSR has stagnated during the 1980s, it has been widely recognised during the last two decades in parallel to the globalization trend, national liberalization policy, and growing importance of communication technologies around the world.

CSR perception and practice by corporations in Turkey has been influenced by social and cultural aspects prevalent in the country, besides the political and economic developments connected to global trends. However, the context of CSR in Turkey is rarely studied from these perspectives in the literature. Therefore, the purpose of current study is to analyse the antecedents and nature of CSR in Turkey with identifying the overwhelming impact of institutional environment. Based on the elaborate review of relevant literature, the study attempts to articulate the current nature of CSR involvement among business organizations in Turkey and provide some useful insights to both scholars and practitioners for the future.

2 Impact of Institutional Dynamics on Business Context

Despite the existence of some significant attempts in the late nineteenth and early twentieth century of Ottoman Empire, it is usually accepted that the Turkish modernization process starts with the declaration of Republic in 1923. During the Republican period, while the governance system was built on the democracy and secularism, the new reforms were introduced to accelerate the political, social, and cultural transformation of society (Kongar, 1999). Building a national and independent economic system is at the hearth of this large scale transformation within the country (Inan, 1989) and the industrialisation through the private enterprises was seen as the primary engine of this economic growth.

However, the private sector was very weak due to the mismanagement of economic system, low capital accumulation, and the heavy economic burden of wars during the Ottoman period. Therefore, the private sector was significantly encouraged and supported by the new Turkish Republic to achieve an economic growth similar to the industrialised Western societies (Boratav, 1982). After particularly the 1960s, the state-led central planning under a mixed economy framework prioritized the import substitution through the protectionist policies for business sector (Şenses, 1991). According to Keyder (1987, p. 1), “the import-substituting industrialisation that (was) followed during the 1960s and 1970s led to the gradual ascendance of capitalist relations” in Turkey and started to align this middle-income peripheral country with the global context of capitalism.

Therefore, it can be stated that the business organizations in Turkey were born with the mission of contributing to the economic growth. According to Kongar (1999), while this state support has continued over the years, business organizations have failed to meet the expectations of national industrialization and mostly chosen

the easy ways of wealth creation. In return of this continuous state support and protection, they have avoided investing in high-value added sectors of manufacturing and solely focused on the short-term profitability of their family-owned businesses. Considering their overall approach towards this overarching national mission, it is usually stated that Turkish business organizations have a problematic relation with state and define their *socio-economic responsibilities* too narrowly.

However, there are many examples of “the successful management of state-business relationship” among the industrialized (e.g. United States of America or United Kingdom) and late-industrializing countries (e.g. Japan and South Korea) (Bugra, 1994, pp. 230–233). For instance, in the latter group, “big business(es) give up the struggle for a larger share of a given cake to contribute to the national objective of expanding the size of the cake in which it has a significant share” (Bugra, 1994, p. 232). However, in Turkey, this state-regulated development model has resulted in a *dependency* relationship between public and private sectors. Since the state has been the only decision maker of the system, it has gained a significant influence over business organizations (Bugra, 1994). Deriving from the resource dependency theory (Aldrich, 1976, 1979; Pfeffer & Salancik, 2003), when a party is controlling a resource that is critical for others, it can obtain a powerful position (Provan, Beyer, & Kruytbosch, 1980). Therefore, in Turkey, the state has become a powerful actor over business organizations (Turker, 2013a) since it is providing tax rebates or financial incentives towards business organizations (Kongar, 1999) as well as having the legitimate power to penalize them. For instance, the clientelism and favouritism has inflated into the whole economic and political culture of country (Mousseau, 2006) and the illegal activities such as corruption or fictitious export became very common during the Özal’s government in the 1980s.

The power distance between state and business organizations is in line with the cultural values of society (Hofstede, 1983, 2014). The paternal approach of state and its representatives in Turkey (Sozen & Shaw, 2003) inhibit to set a healthy relationship between state and business and, in the interface of this reward and coercive power relationship (French & Raven, 2001), the business organizations have focused on gaining, maintaining or repairing their legitimacy (Suchman, 1995). Bugra (1994, p. 4) states that “one of the most striking dimensions of Turkish businessmen’s self-image seems to be a lack of confidence about the legitimacy of the activities carried out in pursuit of pecuniary gain”.

From the perspective of institutional theory, organizations are operating in a highly institutionalized context (Meyer & Rowan, 1977) and they tend to conform to the pressure of these institutional rules and norms (DiMaggio & Powell, 1983; Zucker, 1987) emanating from diverse sources (Scott, 1987, p. 498). In most countries, state is a major source of such institutional pressures as “a potential resource or threat to every industry in the society... with its power to prohibit or compel, to take or give money” and it “can and does selectively help or hurt a vast number of industries” (Stigler, 1971, p. 3). Based on the above-mentioned history of its interaction with business organizations, it can be stated that the state has also taken a dominant role in the entire business system of Turkey.

3 Evolution of CSR Conception in Turkish Business Context

This argument on the relationship between state and business organizations has two important implications for the evolution of CSR conception in Turkey. Firstly, following the main propositions of institutional theory, this lack of self-confidence leads Turkish business organizations to search for the legitimacy of their existence and operations. Against the wealth redistribution power of the political sector, they have followed various strategies and tactics such as “social responsibility campaigns in the media, government lobbying and selection of accounting procedures to minimize reported earnings” (Watts & Zimmerman, 1978, p. 115). Therefore, this legitimacy search can be the underlying reason of engaging in CSR in Turkey (Ararat & Gocenoglu, 2006) since the initial attempts of large business groups (diversified conglomerates) with donating “a percentage of their net profits to foundations set up by their founding families” (Ararat, 2004).

Secondly, as it is stated above, in contrast to other industrialized countries, Turkish business organizations significantly fail to meet their socio-economic responsibilities. In a symposium on *mixed economy* in 1965, the scholars mentioned how and why they fail; while O. Nuri Torun said “even at the heightened times of state control, the state continues to support private sector... but the share of investment by private sector is still around 40 %”, Refik Erduran accused them of their operations in between 1950–1960 and, interestingly, Nezih Neyzi made an early call for businessmen to accept their social responsibility as the only way out of the economic and social problems (Milliyet, 1965). It got even worse when the impact of the socioeconomic background of the country was combined with the catastrophic political and economic atmosphere in the 1980s, right after the military coup on 12 September 1980. Business organizations in Turkey ignored their ethical and even legal responsibilities back at those times.

Ararat and Ugur (2003) indicate that this continuous state intervention in Turkey results in favouritism, corruption, opacity, etc. with fostering a political culture in which the state acts as distributor of public goods rather than its provider and increasing the private risk that makes business actors more dependent to the state for its compensation. Considering the cases of frauds, corruption, tax evasion, or deception of various stakeholders in some ways that occur almost everyday, it might be stated that Turkish business context does not adopt their ethical and legal responsibilities at all. However, the last component of comprehensive CSR framework of Carroll (1979), which has captured significant attention of organizations and CSR conception in Turkey is largely built on the *philanthropic activities*. Philanthropy was the main driver of CSR perception in Turkey since the beginning of the adoption process in the 1970s (Ararat, 2004). The evolution of CSR in Turkey can be analysed in three phases in line with the economic, political, social, and cultural agenda of country. Table 1 summarizes this evolution process with considering the impact of previous Ottoman and Republican Periods and highlights

Table 1 Domain specific events in the evolution of CSR

	1800–1923	1923–1950	1950–1970	1970–1980	1980–2000	2000–2014
Domain						
Economic	Ottoman period Mismanagement of economy; economic burden of wars, weak private sector	Republican period Independent economy; state-led industrialisation attempts, weak private sector	Early thoughts on CSR State support to private sector, mixed economy, family-owned businesses	Initial approach towards CSR State support to private sector, mixed economy, family-owned conglomerates	Impact of liberalization policy Liberalization, privatization, state support to private sector, family-owned conglomerates, MNCs after 1990s	New trends in new era Liberalization state support to private sector (Rise of Islamic bourgeois), family-owned conglomerates, SMEs
Political	Islamic governance system	A new governance system on democracy and secularism	Interventions on democracy through military coup	Interventions on democracy through military coup	Shadow of military power over system	Dominance of AKP's conservative politics over system; anti-secularism trends
Social	No citizenship conscious, dominance of religion over social life	Cultural transformation towards modernization	Poverty	Poverty	Poverty, income inequality, political pressures on organized society	Poverty, income inequality, erosion on ethical values; rise of conservative values; NGO and media interest, Gezi Revolt in 2013
Cultural	Islamic culture, Waqf heritage since 1336	Cultural transformation towards modernization	Modernization continues	Revitalization of waqf heritage	Waqf (educational investments after 1990s)	Impact of Islamic culture, waqf

the key aspects of each stage that affects current CSR understanding in the country. Each stage of this process is explained elaborately in the next sections.

4 Initial Approach Towards CSR: Philanthropic Activities Through Waqf (1970–1980)

Although the initial interest of business organizations towards CSR was linked with a socio-economical reason of their legitimacy search, their choice for this type of CSR involvement is partly related with the socio-cultural background of society. As the earliest form of philanthropic activities in society, the history of *waqf* or *awqaf* (foundation) can be traced back to Islamic traditions in Ottoman Empire. A waqf is “a permanent endowment set up with property the income from which is to be used for charitable purposes” and dedicated to God as a gift to serve for the benefit of humanity (Mandaville, 1979, p. 293). According to most interpretivists of Islamic Law, the waqf existed even in the Period of Prophet Mohammed (Faroqui, 2002). The initial example of these institutions in Ottoman period is said to be founded in 1336 by Sultan Orhan I in Iznik (Turkey) (Peri, 1992, p. 168). Since there were no municipality authorities, a Muslim waqf served as an instrument of public policy for meeting the social and economic needs of community for centuries (Peri, 1992). In the new Turkish Republic, these institutions were revitalized by the business organizations at the end of 1960s. In the 1970s, most family-owned business groups in Turkey launched their own associated foundations with allocating a percentage of their profits for these institutions (Topal & Gurdag, 2009). Table 2 presents some of these foundations, which are operating in the field of education, health, art or culture etc. It can be seen that the main emphasis of these foundation is to serve to Turkish nation in some ways. The companies might try legitimizing their wealth with sharing what they “have gained from this land with its people” (Sabanci Foundation, 2014).

Although there is no direct legal framework for promoting CSR in Turkey, it has been supported through the legislation on such foundations. For instance, in the Foundations Law enacted in 2008, some economic privileges and tax exemptions were granted to such institutions in order to increase their number and effectiveness. Therefore, the interest of companies to the philanthropic CSR through their foundations can be not only related with the socio-economic and socio-cultural motives, but also linked with this legal and economic support. However, Topal and Gurdag (2009) found this legal and fiscal support rather weak and criticised the scope of tax exemption in Turkey.

Table 2 Example of foundations in Turkey

Foundation (Waqf)	Founding business	Year	Aim	Location
Aydın Dogan foundation	Dogan holding	1996	To serve the basic requirements of a respectable modern society for the self-governance and solution of people's problems	Istanbul
Borusan Kocabiyık foundation	Borusan holding	1992	To operate in the fields of education, training and culture and making contribution to Turkish National education and culture	Istanbul
Eczacıbasi foundation	Eczacıbasi holding	1978	To contribute the economic development of Turkey, support to the scientific research, to preserve and improve Turkish culture and art, to help Turkish education and rural development	Istanbul
Sabancı foundation (Hacı Omer Sabancı Foundation)	Sabancı holding	1974	To share what we have gained from this land with its people	Istanbul
Vehbi Koc foundation	Koc holding	1969	To revitalize the custom of foundation dating far back, yet sunk into oblivion in Turkey	Istanbul
Yasar education and culture foundation	Yasar holding	1974	To increase social cooperation, to respect for moral values, to contribute for public services and help the integration of individual and state	Izmir

Source Aydın Dogan Foundation (2014), Borusan Kocabiyık Foundation (2014), Eczacıbasi Foundation (2014), Sabancı Foundation (2014), Vehbi Koc Foundation (2014), Yasar Education and Culture Foundation (2014)

5 Impacts of Liberalization Policy (1980–2000)

As the symptoms of an inegalitarian society, a very similar dependency relationship existed between the political sector and military; the former depended on the latter for a long time.¹ The military had been always a dominating power in Turkey and the democracy was intervened several times in the country. Among these interventions, the military coup on 12 September 1980 is definitely a milestone in Turkish political and later on economic, social, and cultural history. Following a new economic deregulation program inspired by International Monetary Fund (IMF), Turkey's transition from an inward-oriented economic policy to a neo-liberal system was realized without setting its necessary institutional and legal framework by the Özal's Motherland Party (ANAP). Kongar (1999) stated that this

¹ While the intervention of military has been resolved during the strong resistance of political sector in the last decade, the domination of political sector over the business organizations has continued in a great extent.

transformation has affected the entire system with increasing economic problems such as inflation, income inequality, deficit in public sector budget etc. and undermining the main principles of democracy, secularism, or legality. Following the “curious mix of liberalization with patronage politics”, the government, led by Özal, *frequently* and *arbitrarily* manipulated all areas of private sector with the changes in import duties or export subsidies etc. (Rodrik, 1990). Additionally, a new phase in the corruption history of Turkey started during the 1980s with the introduction of “more sophisticated methods of fictitious exports, money laundering, real estate and land speculation and public contract pay-backs” (Baran, 2000, p. 133).

All in all, the Özal era and his *illiberal* interventions in the private sector have an irreversible impact on the Turkish business culture. The ethical and sometimes even legal concerns in business community were significantly eroded and this new period has narrowed down the scope of their CSR perspectives. Therefore, even today, most business organizations adopt only philanthropic CSR activities and recognize only some of their stakeholders. Although Özal (1987, p. 161) claimed this *Turkish experience* in the 1980s as “a venture to foster democracy and prosperity through a new liberal economic policy”, his mismanagement of political, economic, and social policy leaves numerous problems still unsolved; the inequality in the income distribution and increasing unemployment rate result in poverty among a vast majority of the public.

Considering the low level of education, the societal expectation for CSR has been usually limited with the fulfilment of companies’ economic responsibilities through the supply of employment opportunities (Ararat, 2004). In the 1980s, the widespread coverage of broadcasting system moulded the public opinion on CSR slightly and society started to expect businesses to go beyond their short-term interests (Özgen, 1985). However, while the great emphasis of Özal era on *consumerism* diminished the virtues of thrift (Öniş, 2004), the economic problems and the widespread unethical practices in the public and private sectors (Işıl, 1991) negatively affected the ethical values of society. Particularly the young generations lost their attention and responsiveness towards the social and environmental problems and started to demand more and more (Atabek, 1997). This overall apathetic mood also diminished the reactions and inhibited the expectations of society towards more socially responsible business conduct. Revisiting the Katz et al.’s (1999) framework on the impact of Hofstede’s cultural dimensions on CSR, Ararat (2008) found the stakeholder activism in Turkey relatively low due to the cultural barriers.

Under the shadow of “highly fragile, debt-led growth” in the 1980s (Öniş, 2004, p. 124), Turkey had experienced a severe macroeconomic instability with high inflation, unemployment, and budget deficits during the 1990s. Despite the lack of structural reforms to recover economy and build an infrastructure, the foreign investors started to find Turkey as an attractive market with its growing and demanding population. As the consequences of liberalization policy and globalization trend, “35.2 billion US Dollar foreign direct investment was allowed to enter the country during the 1980–2002 period, 27.2 billion US Dollar of which belongs

to the period starting from 1990” (Alici & Ucal, 2003). The main implication of this foreign investment is the initial CSR practices conducted by the multinational corporations (MNCs) (Ararat, 2004) such as Avon’s *Meme Kanseri ile Mücadele* (Fight against Breast Cancer) Project in 1998 or Henkel/Persil’s *Temiz Aile, Temiz Gelecek* (Clean Family, Clean Future) project in 1999. This interest of foreign companies still continues; according to Arzova (2009, p. 378) “at least a dozen companies continuously donate funds, supplies, provide volunteers and many more resources for the improvement of the environment, education and the arts as well as providing critical support during the time of crisis in Turkey”.

During the 1990s, the foundations of Turkish business groups mainly focused on education activities and established their own higher education institutions (Koc University in 1993; Sabanci University in 1999). Additionally, not only society, but also business organizations (such as BP, Coca Cola, Lafarge, Rwe Thames Water, Ülker etc.) helped in some ways to the extensively damaged cities and towns during the earthquake in 1999 (Arzova, 2009). However, the unethical behaviours like bribery, tax evasion, insider trading and deceptive business practices were still very common in those years. Therefore, despite “there is an increasing interest in the subject of business ethics in Turkey. . . Turkish companies are reported to be still at the very beginning of this process” in terms of their commitment to ethical values (Ekin & Tezölmez, 1999).

6 New Trends in New Era: CSR After 2000s

The new era brings a new political structure which is derived from a conservative ideology against the secular stand of Republican period. In the 2002 election, Justice and Development Party (AKP) has taken office and become the leading actor over the system with its liberal and conservative politics. The rise of Islamism and an Islamic capitalist class against the secular bourgeoisies that started with the Milli Nizam Party in 1970s (Göle, 1997) and grown up during the Özal’s government finds its actual ground in the 2000s with the politics of AKP; “This surprising shift in the economic, political and cultural hierarchies of the total society of Turkey has been a consequence of the transition from national developmentalism (i.e. the peripheral form of the embedded liberalism) to neoliberalism as the dominant mode of capital accumulation” (Öncü, 2013, p. 17).

Despite its conservative ideology with a strong religious reference, AKP declared its commitment to the way of Turkey’s longstanding mission to EU membership and some important reforms have been introduced during the full accession negotiations (Robertson, 2009). One of the most important reform that contributes to the CSR implementation is surely the improvements in the accounting and financial reporting standards, audit practices, and disclosure regulations (Ararat & Gocenoglu, 2006; Arzova, 2009). Depending on the favourable conditions of the global economy, the party did not face with any serious problem during particularly the first years; while the growth rates rose, unemployment rates

decreased and AKP won the second (in 2007) and then third (in 2011) victory with securing the support of global political and financial circles (Öncü, 2013, p. 21).

Depending on the overall political culture of country and these subsequent electoral victories, the authoritarian inclinations of AKP have increased and resulted in the last protests in May/June 2013, Gezi Revolt. The protests against the autocratic and entrepreneurial approach of AKP (Eraydin & Taşan-Kok, 2013) did not only show what society expects from a political party to protect natural environment and respect the freedom of choice; it has become an indicator for business organizations to become more responsive against the social expectations. For instance, the ignorance of some media channels during the hot days of protest turned into a customer reaction against the corporate giants, which own these media channels and other subsidiary businesses; the protest for Garanti Bank was at the center of this reaction and compelled the Chief Executive Officer (CEO) to explain their sincere support to the protest (Milliyet, 2013). This *unexpected* reaction of society increased the pressure against companies to obtain the legitimacy on the eyes of customers and society at large. This is particularly important for a business context that has focused on the legitimacy of state since the Republican period and it surely changes the nature of doing business in the future.

AKP's economic liberalization policy is built on a comprehensive privatization movement and *clientelistic* network (Metin, 2011). Despite some improvements in corporate governance issues (Arzova, 2009) and the increasing commitment of both business leaders and policy makers to the international anti-corruption agenda during particularly the last decade, Turkey is among the highly corrupted countries of Organization for Economic Co-operation and Development (OECD) since the 1980s; "ironically—or as expected—progress in the anti-corruption agenda has hardly referred to an improvement in corrupt state—business relations in Turkey" (Bedirhanoğlu, 2007, p. 1247). The liberalization process in some critical areas such as health and education and privatization trend have provided to the AKP the necessary power base for the transfer of wealth from the state to Islamist business groups; ultimately, it boosts the corruption in Turkey (Bağimsiz Sosyal Bilimciler, 2007). The last corruption assertion against AKP ministers and their relatives since the 17 December, 2013 might indicate that the corruption network can be more widespread and embedded into the entire system. Even the MNCs have been sometimes accused of joining this type of corruption network in Turkey (Balzli, Deckstein, & Schmitt, 2007; Turkish Daily News, 2005). Therefore, the current nature of business context in relations with the politics does not encourage the ethical and legal dimension of CSR in Turkey. A study showed that managers usually consider economic criteria (75 %) when making decisions on CSR instead of ethical (19.11 %) or legal (6 %) (Ascigil, 2004).

However, the philanthropic CSR has become quite popular among the business organization during the last decade. The fierce competitiveness in the domestic market compels some business organizations to find new ways of differentiating themselves from the rivals. The philanthropic CSR becomes a strategic tool for most organizations to increase their legitimacy and reputation in society. In the 2000s, a national telecommunication company in Turkey, Turkcell, has become the

Table 3 The frequency of news on social responsibility

Years	Cumhuriyet	Hürriyet	Milliyet	Zaman
2000	7	12	37	5
2001	11	9	26	18
2002	8	32	36	35
2003	24	58	34	54
2004	37	94	60	41
2005	37	120	113	85
2006	48	186	150	136
2007	71	307	262	250
2008	71	388	532	348
2009	128	444	446	293
2010	152	529	604	354
2011	221	608	655	413
2012	233	590	605	598
2013	198	597	594	619

Note: The frequency is identified with a keyword search (social responsibility)

leading practitioner of social responsibility activities in the country. It's *Kardelenler* (Snowdrops) Project, which aims to provide equal opportunities in education for underprivileged girls mainly in rural areas of Turkey, launched in 2000 and widely recognised by the society. It contributes the popularity of both company and social responsibility notion in society.

During the 2000s, the interest of companies towards social responsibility manifests itself in the media and civil society as well. Table 3 shows that the frequency of news on *social responsibility* in all four national high-circulation newspapers has increased significantly since 2000. Several awarding schemes have also promoted the CSR among practitioners [the awards of Capital Magazine (Capital, 2014) or CSR Turkey (2014)] and scholars (Ali Akkanat Social Responsibility Award, 2014). On the other hand, civil society has increasingly involved in the CSR related activities during the 2000s. Similar to the relations with business organizations, there has been a significant level of state dominance over civil society for decades and the pressures peaked up after the military coup in 1980 (Toprak, 1996). However, the global trends on environmentalism and social inequality and their fast circulation through the mass media channels during the 2000s stimulate the NGO activism on CSR as well. Today, there are several national and international CSR NGOs in Turkey (such as Kurumsal Sosyal Sorumluluk Derneği, Kurumsal Sosyal Sorumluluk Platformu etc.) and usually the best practices of CSR projects are built on a collaborative network (Husted, 2003) including public, private and civil organizations of society.

In parallel to this increasing interest, CSR is in the agenda of both Turkish and foreign business organizations; particularly the former group is increasingly focusing on developing more CSR projects (Turker, 2009), reporting their sustainability and socially responsible activities with the guidance of reporting framework such as Global Reporting Initiative (GRI, 2014), managing their sustainability practices

along the supply chains (Altuntas & Turker, 2012), adopting the national and international standards such as ISO 14001, ISO 26000 etc., or involving into the networks [such as CSR Turkey (2014) or KurumsalSosyal.com (2014)] and communicating their CSR with interested parties.

7 Conclusion and Future Implications

The evolution of CSR in Turkey shows that the concept is mainly perceived and practiced as philanthropic activities, while the long-term economic, legal, and ethical responsibilities are ignored by the organizations. However, Carroll (1991, p. 43) states that “. . . CSR includes philanthropic contributions but is not limited to them. In fact. . . philanthropy is highly desired and prized but actually less important than the other three categories of social responsibility”. Although the philanthropic CSR is quite popular among the global business community [considering the large amount of donations to various philanthropic foundations such as Bill and Melinda Gates Foundation, William and Flora Hewlett Foundation, Gordon and Betty Moore Foundation etc. (CNN Money, 2014)], it is always subject to a criticism of the opponents of CSR conception (Friedman, 1970).

It is clear that philanthropic approach on CSR, which “seems well suited to the family-ownership structure” (Robertson, 2009), is widely recognized and successfully practiced by the business community in Turkey (Eren-Erdoğan, Çobanoğlu, & Ögüt, 2014). However, both scholars and policy makers agree upon the fact that Turkey needs a paradigm shift on CSR and adopt a new form of CSR (Robertson, 2009). This new paradigm, which is built on the four dimensions of Carroll’s (1979) pyramid, should emphasize the issues such as:

- *Forming a favourable legal framework and political climate:* Although it is a hard core task, the institutional environment should be improved to foster the adoption of an integrated perspective on CSR in the business community. Developing a national strategy on CSR and implementing it in the next years will provide a comprehensive view for policy makers when dealing with CSR issues. As part of this strategy, it might be important to establish a separate department in an existing ministry for CSR related issues, provide some tax advantage for the best practitioners, organize national initiatives, participate international frameworks and forms, or increase the awareness of political parties on CSR (Michael, Riedmann, & Dinler, 2005). According to Topal and Gurdag (2009), in addition to CSR-friendly legislation, non-governmental organizations (NGOs) should be active in this process; “Many foreign NGOs are already partnering with Turkish partners to engage in CSR—and some Turkish NGOs have organized activities. Larger membership organizations. . . have sponsored dialogues on CSR, while universities have increasingly worked on merging the academic and policy debates on CSR” (Topal & Gurdag, 2009, pp. 353–354).

- *Developing a CSR strategy with stakeholder management*: The Gezi Revolt shows that the society and customers are more responsive towards the companies. Therefore, in this new era, CSR can become a major tool to smooth such reactions of society against companies. In order to capture the support of customers and particularly have good relations with next generations, companies can increase their contributions to social events and cases as well as environmental problems. In doing so, the companies should adopt a CSR strategy rather than a strategic CSR in which CSR as “a means to an end (usually increasing company performance) rather than an end in itself” (Turker, 2013b, p. 165).
- *Collaboration is critical to success*: Today, the growing number of enterprises in various scales and sectors develop various CSR projects. Among these activities of business community, the best practices usually come from the joint social responsibility activities, which fall into the collaborative model in Husted’s (2003) governance structures. Building on a network of civil, private, and public sector organizations, these CSR projects become an effective way of sharing the knowledge and expertise of various organizations simultaneously. This type of activities can be successful to finance and operate diverse programmes with social mission (Pearce & Doh, 2005) and ensure the accountability and transparency of process. The collaborative nature of these CSR activities in fact fits well to the collectivist characteristics of Turkish society and managers (Hofstede, 1983, 2014). Since they are widely accepted and supported by the customers and society at large, it can be expected that companies continue to follow similar type of collaborations in the future.
- *Increasing small and medium-sized enterprises (SMEs) involvement in CSR*: CSR is promoted among SMEs at the EU level for a long time (European Commission, 2014). Similar to EU, SMEs is the predominant form of enterprise in Turkey as well. Therefore, their integration into the process is critical to achieve a balanced economic, social, and environmental sustainability in the long run. On the other hand, Perrini (2006, p. 312) states that some stakeholders are embedded within the SMEs’ social capital and so “SMEs have more chances to exploit the local engagement than do big corporations, and local engagement is a direct effect of SMEs’ social capital”.
- *Communicating CSR effectively and honestly*: The wide recognition of communication technologies (in terms of adoption in the cell-phone, internet, and other computer technologies) in Turkish society in the 2000s has increased the information exchange among people and institutions significantly. In accordance with this advancement in technology and its adoption in Turkey, the information on CSR can be disseminated more easily than in the past. Although there is no legislation “enforcing companies to disclose information on their CSR activities” (Arzova, 2009, p. 378), the companies can use this opportunity to communicate their CSR activities effectively as well as increase the transparency of process. However, “considering the increasing sceptics over the companies and their social and environmental involvement, managers must communicate their activities in a sincere, responsible and ethical manner” (Turker & Tokar, 2014).

References

- Aldrich, H. (1976). Resource dependence and interorganizational relations: Local employment service offices and social services sector organizations. *Administration and Society*, 7(4), 419–454.
- Aldrich, H. (1979). Organization sets, action sets, and networks: Making the most of simplicity. In P. C. Nystrom & W. H. Starbuck (Eds.), *Handbook of organization design* (Vol. 1, pp. 385–408). Amsterdam: Elsevier.
- Ali Akkanat Social Responsibility Award. (2014). Accessed January 10, 2014, <http://akkanat.selcuk.edu.tr/index.html>
- Alıcı, A. A., & Ucal, M. S. (2003). Foreign direct investment, exports and output growth of Turkey: Causality analysis. In *European Trade Study Group (ETSG) fifth annual conference, Madrid*.
- Altuntas, C., & Turker, D. (2012). Sustainable supply chains: A content analysis of sustainability reports. *Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü Dergisi*, 14(3), 39–64.
- Ararat, M. (2004). Social responsibility in a state dependent system. In A. Habisch, J. Jonker, M. Wegner, & R. Schmidpeter (Eds.), *Corporate social responsibility across Europe* (pp. 247–261). Berlin: Springer.
- Ararat, M. (2008). A development perspective for “corporate social responsibility”: Case of Turkey. *Corporate Governance*, 8(3), 271–285.
- Ararat, M., & Gocenoglu, C. (2006). Drivers for sustainable corporate responsibility: Case of Turkey, Report for MDF 5. Accessed January 04, 2014, <http://www.csrturkey.org/dl/CSRTurkeyMDF5.pdf>
- Ararat, M., & Ugur, M. (2003). Corporate governance in Turkey: An overview and some policy recommendations. *Corporate Governance*, 3(1), 58–75.
- Arzova, S. B. (2009). Turkey: CSR in practice. In S. O. Idowu & W. L. Filho (Eds.), *Global practices of corporate social responsibility* (pp. 373–391). Heidelberg: Springer.
- Asciğil, S. (2004). TESEV research on CSR. Unpublished (Cited in Arzova, 2009).
- Atabek, E. (1997, July 21). Kayıp Kuşak (Generation X). *Cumhuriyet*.
- Aydın Dogan Foundation. (2014). Accessed January 07, 2014, <http://www.aydindoganvakfi.org.tr/ENG/WhoWeAre.aspx>
- Bagimsiz Sosyal Bilimciler. (2007). 2007 İkyazında dünya ve Türkiye ekonomisine bakış [2007 Annual report of the independent social scientists: Overview of the world and Turkish economy in early summer 2007]. Accessed January 10, 2014, http://www.bagimsizsosyalbilimciler.org/Yazilar_BSB/BSB2007_Final.pdf
- Balzli, B., Deckstein, D., & Schmitt, J. (2007, January 29). Siemens bribery saga: New report details far-reaching corruption. Der Spiegel International. Accessed January 10, 2014, <http://www.spiegel.de/international/siemens-bribery-saga-new-report-details-far-reaching-corruption-a-462954.html>
- Baran, Z. (2000). Corruption: the Turkish challenge. *Journal of International Affairs*, 54(1), 127–146.
- Bedirhanoğlu, P. (2007). The neoliberal discourse on corruption as a means of consent building: reflections from post-crisis Turkey. *Third World Quarterly*, 28(7), 1239–1254.
- Boratav, K. (1982). *Türkiye’de Devletçilik*. Ankara: Savaş Yayınları.
- Borusan Kocabiyik Foundation. (2014). Accessed January 07, 2014, <http://www.bkv.org.tr/english/borusan-kocabiyik-foundation/history.aspx>
- Bugra, A. (1994). *State and business in modern turkey: A comparative study*. Albany, NY: State University of New York Press.
- Capital. (2014). Accessed January 10, 2014, www.capital.com.tr/
- Carroll, A. B. (1979). A three dimensional conceptual model of corporate social performance. *Academy of Management Review*, 4(4), 497–505.

- Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4), 39–48.
- CNN Money. (2014). *How they give back*. Accessed October 06, 2014, http://money.cnn.com/galleries/2007/fortune/0702/gallery.biggest_donations.fortune/
- CSR Turkey. (2014). Accessed January 10, 2014, <http://kssd.org/>
- Deetz, S. A. (1992). *Democracy in an age of corporate colonization: Developments in communication and the politics of everyday life*. Albany, NY: State University of New York Press.
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147–160.
- Eczacıbasi Foundation. (2014). Accessed January 07, 2014, <http://www.eczacibasi.com/index.asp>
- Ekin, M. S. A., & Tezölmez, S. H. (1999). Business ethics in Turkey: An empirical investigation with special emphasis on gender. *Journal of Business Ethics*, 18(1), 17–34.
- Eraydin, A., & Taşan-Kok, T. (2013). State response to contemporary urban movements in Turkey: A critical overview of state entrepreneurialism and authoritarian interventions. *Antipode*, 46(1), 110–129.
- Eren-Erdöğmuş, İ., Çobanoğlu, E., & Öğüt, B. (2014). Success in philanthropic corporate social responsibility: The case of Turkey. In A. Yuksel Mermod & S. O. Idowu (Eds.), *Corporate social responsibility in the global business world* (pp. 271–286). Heidelberg: Springer.
- European Commission. (2014). *Corporate social responsibility and Small & Medium Enterprises (SMEs)*. Accessed January 10, 2014, http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/sme/index_en.htm
- Farouki, S. (2002). *Osmanlı Kültürü ve Gündelik Yaşam (Ortaçağdan Yirminci Yüzyıla)*. İstanbul: Tarih Vakfı.
- French, J. R. P., & Raven, B. (2001). The bases of social power. In I. G. Asherman & S. V. Asherman (Eds.), *The negotiation sourcebook* (pp. 61–73). Amherst, MA: HRD Press.
- Friedman, M. (1970, September 13). The social responsibility of business is to increase its profits. *The New York Times Magazine*.
- Global Reporting Initiative (GRI). (2014). Accessed January 07, 2014, <https://www.globalreporting.org/Pages/default.aspx>
- Göle, N. (1997). Secularism and Islamism in Turkey: The making of elites and counter-elites. *Middle East Journal*, 51(1), 46–58.
- Hofstede, G. (1983). The cultural relativity of organizational practices and theories. *Journal of International Business Studies*, 14(2), 75–89.
- Hofstede, G. (2014). *Countries*. Accessed January 07, 2014, <http://geert-hofstede.com/turkey.html>
- Husted, B. W. (2003). Governance choices for corporate social responsibility: To contribute, collaborate or internalize? *Long Range Planning*, 36, 481–498.
- Inan, A. (1989). *İzmir İktisat Kongresi, 17 Şubat–4 Mart 1923*. Ankara: Türk Tarih Kurumu Basımevi.
- Işıl, E. (1991, June 10). Enflasyon beklentisindeki tehlike: Sorun sadece ekonomik değil. *Milliyet*.
- Keyder, C. (1987). *State and class in Turkey*. London: Verso.
- Kongar, E. (1999). *21.Yüzyılda Türkiye: 2000'li yıllarda Türkiye'nin Toplumsal Yapısı*. İstanbul: Remzi Kitabevi.
- KurumsalSosyal.com. (2014). Accessed January 07, 2014, <http://www.kurumsalsosyal.com/tr/ana-sayfa/1.aspx>
- Mandaville, J. E. (1979). Usurious piety: The cash waqf controversy in the Ottoman Empire. *International Journal of Middle East Studies*, 10(3), 289–308.
- Metin, O. (2011). Sosyal politika açısından AKP dönemi: Sosyal yardım alanında yaşananlar. *Çalışma ve Toplum*, 1, 179–200.
- Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *The American Journal of Sociology*, 83(2), 340–363.
- Michael, B., Riedmann, J., & Dinler, S. (2005). Implementing CSR programmes in Turkish companies: How to do it and why. Accessed January 10, 2014, http://www.coc-runder-tisch.de/news/news_dez2005/Implementing_CSR_Programmes_in_Turkish_Companies.pdf

- Milliyet. (1965, August 31). Türkiye ve Karma Sistem.
- Milliyet. (2013). Garanti: 1500 kart iptal edildi. Accessed August 13, 2013, <http://ekonomi.milliyet.com.tr/garanti-1500-kart-iptal-edildi/ekonomi/detay/1718470/default.htm>
- Mousseau, D. Y. (2006). Democracy, human rights and market development in Turkey: Are they related? *Government and Opposition*, 41(2), 298–326.
- Öncü, A. (2013). Turkish capitalist modernity and the Gezi Revolt. *Journal of Historical Sociology*. doi:10.1111/johs.12036.
- Öniş, Z. (2004). Turgut Özal and his economic legacy: Turkish neo-liberalism in critical perspective. *Middle Eastern Studies*, 40(4), 113–134.
- Özal, T. (1987). Turkey's path to freedom and prosperity. *The Washington Quarterly*, 10(4), 161–165.
- Özgen, H. (1985, May 24). İşletmelerin sosyal sorumluluğu ne olmalı? *Milliyet*.
- Pearce, J., & Doh, J. P. (2005). The high impact of collaborative social initiatives. *MIT Sloan Management Review*, 46, 329–339.
- Peri, O. (1992). Waqf and Ottoman welfare policy. The poor kitchen of Hasseki Sultan in eighteenth-century Jerusalem. *Journal of the Economic and Social History of the Orient*, 35(2), 167–186.
- Perrini, F. (2006). SMEs and CSR theory: Evidence and implications from an Italian perspective. *Journal of Business Ethics*, 67(3), 305–316.
- Perrow, C. (1991). A society of organisations. *Theory and Society*, 20(6), 725–762.
- Pfeffer, J., & Salancik, G. R. (2003). *The external control of organizations: A resource dependence perspective*. New York: Harper & Row.
- Provan, K. G., Beyer, J. M., & Kruytbosch, C. (1980). Environmental linkages and power in resource-dependence relations between organizations. *Administrative Science Quarterly*, 25(2), 200–225.
- Robertson, D. C. (2009). Corporate social responsibility and different stages of economic development: Singapore, Turkey, and Ethiopia. *Journal of Business Ethics*, 88(4), 617–633.
- Rodrik, D. (1990). Premature liberalization, incomplete stabilization: The Ozal decade in Turkey. Working paper (No. w3300). National Bureau of Economic Research. Accessed December 15, 2013, <http://www.nber.org/papers/w3300>
- Sabancı Foundation. (2014). Accessed January 07, 2014, <http://www.sabancivakfi.org/page/overview>
- Scott, W. R. (1987). The adolescence of institutional theory. *Administrative Science Quarterly*, 32, 493–511.
- Şenses, F. (1991). Turkey's stabilization and structural adjustment program in retrospect and prospect. *The Developing Economies*, 29(3), 210–234.
- Sozen, S., & Shaw, I. (2003). Turkey and the European Union: Modernizing a traditional state? *Social Policy and Administration*, 37(2), 108–120.
- Stigler, G. J. (1971). The theory of economic regulation. *The Bell Journal of Economics and Management Science*, 2(1), 3–21.
- Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3), 571–610.
- Topal, R. S., & Gurdag, H. (2009). Turkey: Civil society practices. In S. O. Idowu & W. L. Filho (Eds.), *Global practices of corporate social responsibility* (pp. 343–372). Heidelberg: Springer.
- Toprak, B. (1996). Civil society in Turkey. In A. R. Norton (Ed.), *Civil society in the Middle East* (Vol. 2, pp. 87–118). New York: Leiden.
- Turker, D. (2009). Measuring corporate social responsibility: A scale development study. *Journal of Business Ethics*, 85(4), 411–427.
- Turker, D. (2013a). Analyzing relational sources of power at the interorganizational communication system. *European Management Journal*, [Available online 22 July 2013, ISSN 0263-2373, <http://dx.doi.org/10.1016/j.emj.2013.06.007>].

- Turker, D. (2013b). Developing a CSR strategy. In D. Turker, H. Toker, & C. Altuntas (Eds.), *Contemporary issues in corporate social responsibility* (pp. 163–179). Plymouth, MA: Lexington.
- Turker, D., & Toker, H. Forthcoming. Integrated sustainability and social responsibility communication. In Kıymet Çalıyurt (ed.), *Sustainability and management*.
- Turkish Daily News. (2005). Roche Turkey chief in custody. Accessed January 10, 2014, <http://www.hurriyetdailynews.com/default.aspx?pageid=438&n=roche-turkey-chief-in-custody-2005-02-16>
- Vehbi Koc Foundation. (2014). Accessed January 07, 2014, <http://www.vkv.org.tr/?hl=en>
- Watts, R. L., & Zimmerman, J. L. (1978). Towards a positive theory of the determination of accounting standards. *The Accounting Review*, 53(1), 112–134.
- Yasar Education and Culture Foundation. (2014). Accessed January 07, 2014, <http://www.yasar.com.tr/vakif/>
- Zucker, L. G. (1987). Institutional theories of organization. *Annual Review of Sociology*, 13, 443–464.

Part V

Summary

Corporate Social Responsibility in Europe: United in Sustainable Diversity – a Summary

René Schmidpeter and Samuel O Idowu

In the majority of countries in Europe Corporate Social Responsibility (CSR) is understood as a management concept determined by relevant market actors including consumers, investors, public policy makers, NGOs and the media.¹ While generally depicted as an entrepreneurial concept, it is increasingly shaping the role of European authorities, international agencies and national governments thus, creating a new dimension of governmental representation. The concept represents corporate enterprises acting beyond their legal obligations to enhance societal and environmental well-being. It combines profit-oriented business approaches with social and ethical values as well as the long-term strategic thinking common to sustainability. It is the organizational bridge between action and interaction. Through CSR, enterprises can develop novel solutions, approaches and innovation that foster the stable and sustainable coexistence between societal values and profitable economics.

Due to its diversity Europe has access to various pools of theoretical and practical concepts that are promoted and further developed by both politics and the economy. This has helped it to transform into an active and dynamic region in which the development of CSR has not only spread across national borders but also into virtually every economic sector. Europe is unique in that it encompasses an incredible amount of intertwining yet distinctive cultures and languages within a relatively small geographical space. As CSR is founded on the idea of collaboration between various sectors, cultures, traditions and political opinion, it can be used as a

¹ This article is based on the work of Jonker and Schmidpeter (2005) and the work of Palz and Schmidpeter (2008) as well as the articles in this publication (2015).

R. Schmidpeter (✉)
Cologne Business School, Cologne, Germany
e-mail: r.schmidpeter@cbs.de

S.O. Idowu
London Guildhall Faculty of Business & Law, London Metropolitan University, London, UK

way to create a more united and thriving Europe while embracing the cultural diversity and heterogeneous antiquity of individual nations.

The need for social and environmental activities among European enterprises is growing through globalization, increased social networking and societal challenges. Such factors encourage European companies to build upon their original corporate skills and develop knowledge in areas such as foreign direct investment (FDI), international action as well as solving societal challenges on a national and local level. The CSR debate is therefore, a dynamic approach to business that has the power to reshape Europe's historical roots of social economic activity into a modern concept for a global world.

CSR is a relatively modern topic emerging in public discourse very intense at the beginning of this century. Since its popularization, many definitions and approaches have been presented in which mutual ideas and themes occur. A commonality of the most recent CSR approaches is that social, environmental and ethical aspects of entrepreneurship are integrated to produce a win-win economic and societal situation and therefore, do not have a detrimental effect on third-party stakeholders. When CSR concepts such as sustainable development, corporate governance, reconciling work and family life, business ethics, social market economy, etc. are implemented into the core of business operations the stability of long-term profits increases. This is because the company becomes less vulnerable to scandals, and external influences such as globalization, economic revision, labour market, demographic shifts, socio-political value changes, increased immigration, the exclusion of certain groups and climate change. Therefore, an investment in CSR is an investment not only in the future of society and the environment but in longevity of the company. According to the European Commission, while advanced CSR still remains largely voluntary, regulatory measures and frameworks can be used to create an environment that makes social responsibility more advantageous for enterprises (European Commission, 2011).

In its 2011–2014 renewed strategy for CSR report, the European Commission simplified, yet at the same time broadened, its definition of CSR to be “the responsibility of enterprises for their impacts on society”. The term had previously been defined as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (European Commission, 2001). Other definitions include any strategic economic activity that contributes to sustainable development, social cohesion and environmental protection while increasing economic activity and entrepreneurship through innovative competition. The European Commission's updated definition, while broad, places a higher level of responsibility upon the organization in question. It encompasses all impacts and requires a high level of external awareness. While a clear definition of the term is necessary, it is most important for enterprises to understand what is required to integrate CSR.

Certain pre-requisites are vital for the successful implementation of CSR. These include adhering to relevant legislation and the inclusion of social partners in collective agreements. Once these components are met, a company should work closely with stakeholders to integrate a core decision-making process that includes consumer concerns, ethics, environmental stewardship and human rights

(European Commission, 2011). CSR is not mere philanthropy, altruism or ethical action. Nor is it a top-down approach. It is a broad notion that can be adapted to serve an array of corporate and national conditions. While an understanding of the term is necessary, the concept incorporates many areas of corporate governance and should not be restricted by a strict definition or mantra.

The new and integrative CSR concept cannot be shaped by a limited selection of influential thinkers. It is dependent on cooperation between all relevant actors including, public authorities, corporate enterprises, trade unions, NGO's, stakeholders etc. Cross-sectorial collaboration and novel alliances must come together to craft the institutional framework of the future. Aside from the above-mentioned actors, the individual citizen also plays an important role as a co-shaper of the society in which they reside.

The complexity of CSR integration in European businesses depends on factors such organizational capacity and the nature of operational processes. The majority of SME's will likely maintain an intuitive and informal process while large enterprises a more documented approach. Several internationally recognized frameworks and guidelines have outlined principals to aid in the development of a formalized strategy for companies seeking implementation. They represent the evolving and strengthening relationship between business, society and ethics and the concept of shared value among stakeholders. The most relevant guidelines currently include the United Nations Global Compact's ten principals, the updated OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy and the ISO 26000 Guideline Standard on Social Responsibility (European Commission, 2011).

The ISO 26000 was developed in 2010 to help organizations develop competitive advantage and a reputation for responsible and reliable practices. The implementation of this standard can positively influence the company's turnover rate, productivity, shareholder perception as well as community and corporate relationships. The ISO 26000 addresses seven core subjects of social responsibility. Covering consumer issues, human rights, community involvement and development, labour practices, the environment and fair operating practices, the standard offers a holistic CSR structure where each of these factors holds an inherent interdependence on the other and the organization as a whole. Within each of these core subjects sub-categories offer a more comprehensive overview of internal and external CSR issues (ISO, 2010).

As a result of international guidelines such as the ISO 26000, an increasing amount of companies in Europe are gaining a more comprehensive understanding of CSR's function in the core business model. Even though standards exist, CSR is not a cookie-cutter approach and is tailored differently depending on regional influences.

In Europe, legal and institutional frameworks have largely set the stage for socially responsible behaviour. Whereas in the USA, corporate behaviour is regulated to a much lesser degree and more room remains for solitary design. European governments leave little scope for independent corporate action by exerting a stronger influence on social factors such as health, education, pension etc.

Furthermore, increased labour market regulations and the influence of trade unions and associations in Europe allow individual companies fewer choices with regards to the construction of CSR strategies. However, increased international orientation, new partnerships and management approaches are blurring the once defined and separated tasks of state vs. company.

The seventeenth and eighteenth century national view of European societies is an embedded human concept that is no longer able to fit the demands of the rapidly changing region. National borders have become virtually obsolete and through trade, increased mobility and technology the notion of distance is shrinking. The CSR task is therefore, to reinvent business as a powerful concept adjacent to the long-term success of a constantly developing European society.

Europe's vast cultures, history and contrasting situations are some of the most important characteristics fuelling the region's CSR debate. It is necessary that European countries collaborate to identify a common ground but ultimately, develop an open-ended approach to CSR. While a common ground is supported through frame-working and regulatory initiatives, individualized strategies are shaped through open-ended discussion forums, innovative thinking and cultural backgrounds. The acceptance of culture diversification is an important aspect, but the additional development of alliances and synergies between European states will make sure the region stays a key player in a highly competitive and globalized future.

It is clear that the European strategy differs from that of the USA; however, even within Europe many differences occur. In Northern Europe, where CSR is largely a voluntary approach, main topics tend to be the preservation and health of environmental resources. Key players also differ from country to country. In Scandinavia for example, CSR is seen as an aspect of foreign trade driven by the financial sector. Whereas in Western Europe, governments demonstrate a keen interest in CSR affairs and it is endorsed by the strong influence of scientific institutions, NGO's, the financial sector and trade unions. France is the contrary. There, it is difficult to motivate entrepreneurs to solve social problems through the implementation of extensive CSR strategies. It is argued that considerable social security contributions are already a state requirement. However, it is largely unrecorded if many of the companies with imposed liabilities, such as the requirement of listed companies to report social and environmental consequences, actually materialize these demands. It is a tendency for the public to hold private companies under suspicion. Awareness for CSR and its strategies developed several years back with the publication of irresponsible actions, environmental damage and financial scandals through demonstrations and campaigns leading to CSR being seen as a legal condition.

The British government understands the "business case" of CSR, being that it is a voluntary commitment of a company acting in its own economic self-interest. Many large UK companies have fully understood that a proactive CSR engagement is good for business (Idowu & Papasolomou, 2007). This stance is taken as it is questioned whether the extent of standards, reporting requirements, codes and indexes, such as those imposed in France, lead to frustration and therefore, slacking efforts among pressured companies. In the majority of Eastern European countries

the term CSR is relatively new. Driving forces of CSR in this region are likely to be scientific organizations, financial institutions and some international companies. The most considerable challenge in Eastern European Nations is reaching a coordinated, collaborated and participatory CSR approach. Various studies however have demonstrated that companies and the public do consider CSR issues to be of importance.

In Southern Europe CSR is perceived as less of a management strategy, but rather as a marketing tool. Corporate image and competitive advantage are the main driving forces for the implementation of CSR there. While initiatives remain predominantly voluntary and individually driven by companies, the most important CSR issues in the Southern European countries are safety and health at work, better working conditions, reconciliation of work and life, anti-discrimination, anti-corruption and consumer protection.

As demonstrated above, CSR contributions and drivers of social change vary between European regions. While in some nations CSR is led by the influence of NGOs, in others the crucial driver is public authorities or competitive business institutions. Not only does the perception of business vary between borders but also the cultural context. Some countries search for answers to ethical questions through public debate, while others focus on the advancement of CSR's business case. These actions are demonstrating the multifaceted nature of this social, environmental, economic and political concept.

The European Commission is keen to draw from the diversity of the European CSR debate and to define a common model, which combines the strengths of different approaches. The goal is for European companies to consider incorporating social and environmental engagement into their business strategy and daily management and to act in partnership with stakeholders. After all, CSR is about fair competition and the race for promotional instruments such as certifications, socially responsible investing, codes of conduct and CSR reporting is encouraged. Particularly in today's global economy, fair competition can become a success criterion for Europe.

As demonstrated above, many variations exist; however, there are some key aspects of CSR present in virtually every case regardless of its specifics. These include the prevailing role of business, the pursuit of a sustainable concept and the use of social capital as a developmental base.

During the past decade, it was predicted that a topic likely to be increasingly discussed in Europe is how a CSR-oriented business world can be accelerated through public sector support. Methods of acceleration had already begun to be implemented sporadically by specific member states. These included the establishment of subsidies and tax incentives for CSR initiative, service points for entrepreneurs (especially small and medium sized) as well as public contests to supplement and coordinate CSR criteria.

The role of business and economic activity is an established and influential force of every society. While not all businesses have begun integrating responsibility into their core values, many have accepted their changing role in society and are embracing the idea of business success through social innovation. Many companies

are clinging to past conceptions that the business of businesses is frankly, business. They maintain the idea that a license to operate, once acquired, is inherent and everlasting. However, assuming that business is a commanding force of modern society, its associated value systems should be critically assessed. While the core component of business is still to conduct business, it is no longer the only factor. In the contemporary open-market economy, transparency and responsibility in business is highly demanded through the growing ability for concerned parties to, almost immediately, track and monitor business endeavours at an unforeseen rate. This increased accountability fosters the development of a new business paradigm. Business scandals have ever more demonstrated the inherent connection between business and society. They are no longer seen as separate entities but rather the two sides of a coin.

From the start, the model propagated by CSR aims to overcome social and economic contradictions and involve strategic action to heal environmental and social concerns by taking advantage of opportunities and economic progress. A successful CSR strategy embraces the possibilities of globalization while strengthening cohesion on a local and regional level. Successful companies rely on a steady supply of common goods and a prosperous and invigorating social environment just as much as the wealth of society relies on productive and competitive business. Therefore, by adapting a CSR approach business and social success are no longer contradictory but support the advancement of each other. Therefore, companies that back this change and integrate CSR into the core of their corporate strategy will not only be seen as pioneers, but also winners at the forefront of future developments in Europe. European companies can differentiate through CSR and win the trust of global partners and become more competitive in their markets. The European idea that economics and social issues are not contradicting each other has the potential to become a leading idea for how to reinvent capitalism on a global stage!

References

- European Commission. (2001). Green book: Promoting a European framework for corporate social responsibility (CSR), COM (2001) 366, Brussels.
- European Commission. (2011). A renewed EU strategy 2011–14 for corporate social responsibility, Brussels.
- Idowu, S. O., & Papasolomou, I. (2007). Are the corporate social responsibility matters based on good intentions or false pretences? An empirical study of the motivations behind the issue of CSR reports by UK companies. *Corporate Governance*, 7(2), 136–147.
- International Organization for Standardization (ISO). (2010). *Discovering ISO 26000*. http://www.iso.org/iso/discovering_iso_26000.pdf
- Jonker, J., & Schmidpeter, R. (2005). Epilogue. In A. Habisch, J. Jonker, R. Schmidpeter, & M. Wegner (Eds.), *Corporate social responsibility across Europe* (pp. 377–380). Heidelberg: Springer.
- Palz, D., & Schmidpeter, R. (2008). Corporate social responsibility in Europa. In A. Habisch, M. Neureiter, & R. Schmidpeter (Eds.), *Handbuch corporate citizenship – Corporate social responsibility für manager* (pp. 493–500). Heidelberg: Springer.

Index

A

Accountability, 24, 39, 45, 48, 51, 54, 68, 69, 75, 144, 147, 185, 200–203, 220, 222, 280, 323, 367, 368, 370, 377, 384, 429, 436–438, 440, 444–446, 452, 458, 475, 495, 508
Accountability regime, 201–203
Action plan for CSR, 59–61, 76, 128, 200–203, 306, 451
Alcohol, 25, 26, 31, 53, 110, 324
Altruism, 245, 257, 505
Association Whistleblower, 9, 237
Austria, 7, 126, 137–149, 251, 365
Awarding schemes, 493
Awards of National Responsible Business Lithuania, 367
Aware enterprises, 438, 444

B

Bangladesh, 192
Bebek, B., 234
Bedrijfsethiek, 93
Belgian context, 59, 75
Belgium, 5, 57–78, 138, 163, 251, 319, 320, 343
BITCI. *See* Business in the Community Ireland (BITCI)
Blat, 372
Bouwfraude, 105–106, 118
Brent Spar, 45, 104, 112–115
Broadcasting, 490
Brundtland, 98, 177, 178
Business, 2, 17, 38, 57, 81, 93, 125, 137, 154, 177, 197, 209, 231, 245, 272, 291, 313,

333, 351, 365, 381, 399, 413, 435, 469, 483–495, 503
climate, 6, 291, 296
ethics, 93, 119, 120, 231, 232, 234, 245–248, 250–253, 256–260, 262, 272, 293, 316, 324, 366, 385, 437, 442, 491, 504
ethics in Croatia, 234
organisations, 94, 96, 103, 119, 121, 295, 296, 358, 460, 483
schools in Croatia, 234, 240
and society, 44, 52, 81, 90, 95, 128, 140, 178, 202, 203, 223, 508
strategy, 22, 28, 132, 298, 300, 306, 338, 346, 376, 383, 442, 507
Business Council for Sustainable Development—Portugal, 401
Business-driven CSR, 7, 202, 321, 323
Business in the Community, 44, 48, 435, 447, 471
Business in the Community Ireland (BITCI), 20, 23, 25, 28, 31
Business Judgment Rule, 141
Business Working Responsibly Mark, 23, 31

C

Capitalism, 1, 2, 82, 83, 125, 126, 130, 137, 154, 179–181, 246, 337, 365, 383, 441, 484, 508
Capitalist, 42, 81, 182, 274, 484, 491
Catholic Church in Croatia, 9
Central and Eastern Europe, 291, 313, 334, 339
Chambers Ireland, 20, 21, 25
Charitable activity, 7, 129, 130, 132

- Chief Executive Officer (CEO), 25, 29, 66, 68, 100, 104, 108, 115, 178, 180, 194, 223, 299, 385, 492
- China, 2, 182, 183
- Civic engagement, 129, 132, 447
- Civic participation, 126, 129
- Civic society, 217, 218, 276, 369, 374, 456
- Civil protection, 388
- Civil society, 6, 10, 11, 21, 41, 44–46, 48, 83, 87, 90, 125, 129, 131, 138, 140, 142, 185, 274, 279, 314, 315, 318, 321, 325–329, 352, 353, 355, 358–361, 373, 374, 384, 386, 389, 392, 402, 415, 445, 451, 493
- Clean energy, 344
- Clientelism, 485
- Climate, 6, 49, 51, 61, 86, 121, 157, 166, 202, 291, 296, 297, 329, 387, 406, 494, 504
- CMD. *See* Corporate moral development (CMD)
- Code of conduct, 100, 113, 191, 429, 456, 480
- Co-determination, 127
- Cohesive companies, 438
- Collaboration, 44, 90, 159, 236, 306, 314, 319, 326, 359, 402, 445, 495, 503, 505
- Collaborative model, 495
- Colonial, 5, 37, 50, 95, 96, 277
- Communism, 250, 251, 263, 316
- Community(ies), 5, 6, 11, 18, 20, 21, 26, 28–31, 39, 42–44, 47, 50, 52, 58, 84, 89, 90, 107, 110, 117, 132, 145, 162, 177, 182, 183, 190, 211, 221, 223, 225, 231, 236, 240, 274, 276, 294, 298–300, 315, 333, 335, 338, 340–342, 345, 355, 356, 360, 361, 374, 381–384, 387, 391, 392, 394, 406, 425, 438, 440–442, 444, 447, 449, 450, 455, 456, 460, 469, 472–475, 478, 479, 488, 490, 505
- Community-based planning, 48, 449
- Community development, 12, 20, 38, 47, 382, 393
- Competitive advantage, 25, 131, 201, 224, 271, 275–277, 286, 425, 480, 505, 507
- Competitiveness regime, 201
- Compliance, 7, 137–149, 218, 284, 306, 308, 314, 333, 373, 390, 421, 431, 447, 472, 476
- Confederation of Norwegian Enterprise (NHO), 181, 186, 187, 189
- Conservative ideology, 491 politics, 491
- Consumer, A Society for Consumer Protection, 237
- Consumerism, 490
- Co-operation, 23, 449, 457
- Cooperative, 106, 107, 117, 448, 454
- Coordinated market economy, 126 *Mitbestimmung*, 127 *Vereine*, 129
- Corporate citizenship, 22, 38, 130, 276, 277, 294, 315, 321–323, 455
- Corporate civics, 385
- Corporate community involvement, 399
- Corporate governance, 18, 29, 30, 68, 69, 75, 102, 103, 187, 216, 250, 275, 280, 292, 293, 323, 353, 417, 418, 420, 431, 432, 492, 504, 505
- Corporate illegality, 142, 376
- Corporate malfeasance, 139, 142
- Corporate moral development (CMD), 10, 292–295, 298, 304, 306–308
- Corporate paternalism, 405
- Corporate philanthropy, 11, 42, 43, 276, 333–348, 392
- Corporate responsibility (CR), 8–10, 48, 50, 51, 53, 66, 142, 160, 163, 166, 185, 209–225, 246–250, 256–260, 276, 277, 292–295, 305, 314, 334, 346, 382, 385, 423 activities, 49, 261, 298, 299, 301–304, 306–308 innovation, 224, 225 integration, 224 quality level, 303–307 study, 209–225
- Corporate Responsibility Index, 47, 471
- Corporate social activities (CSAs), 6, 57, 58, 63, 64, 67–75, 77, 278
- Corporate Social Irresponsibility in Croatia, 231, 237
- Corporate social performance, 84, 274, 275
- Corporate social reporting, 188
- Corporate social responsibility (CSR), 1–14, 17–32, 37–54, 57–78, 81–90, 93–121, 125–133, 137–149, 153–170, 177–194, 197–207, 209–225, 231–240, 245–263, 271–286, 291–308, 313–329, 333–348, 351–362, 365–377, 381–395, 399–409, 413–432, 435–461, 469–480, 483–495, 503–508 in the area of human resources, 12, 389 award, 20, 21, 31, 137, 313, 316, 320, 324–326, 338, 339, 343, 345, 346, 358–360, 473

- communication, 20, 63, 73, 74, 165, 276, 367
 - in Croatia during the Renaissance, 9, 232
 - in Croatia in 20th century, 232
 - endorsing public policies, 401
 - implementation, 5, 6, 12, 57–77, 131, 133, 319, 322, 367, 375, 394, 425, 491
 - in independent Croatia, 234
 - manager, 5, 6, 57–77, 116
 - manager involvement, 6, 64, 68
 - measurement, 28, 64, 236, 240, 299, 442
 - networks, 120, 138, 215, 304, 316, 321, 323–324, 456–458
 - oriented governance, 446, 450
 - policies, 10, 20, 25, 30, 31, 61, 71, 107, 109, 148, 155, 200, 207, 271, 278, 280, 314, 356, 357, 362, 381, 401, 402, 414–417–420, 424–425, 428, 432, 445, 448, 458, 460
 - regulation, 258
 - reporting, 12, 31, 53, 82, 86–89, 102, 188, 189, 202, 355, 357, 359, 362, 389, 391, 403–405, 422, 427, 445, 446, 507
 - strategy, 40, 73, 159, 277, 278, 280, 284, 306, 313, 316, 319, 325, 329, 337, 357–359, 362, 384, 477, 495, 508
 - Corporate Social Responsibility in Croatia, 231–240
 - Corporate Social Responsibility Institute, 57–78, 471
 - Corporate sustainability, 160–166, 168, 321, 326
 - Corporate values, 48, 100, 113, 298, 343, 346, 422, 437, 445
 - Corporatism, 143, 180, 354
 - Corruption, 12, 29, 45, 105–106, 113, 141, 142, 148, 166, 186, 187, 191, 192, 213, 219, 223, 233, 236–239, 250, 299, 317, 318, 353, 368, 369, 400, 406, 407, 409, 426, 470, 485, 486, 490, 492, 498
 - Council on Ethics, 187
 - CR. *See* Corporate responsibility (CR)
 - Cradle to Cradle, 98, 99
 - The Croatian Business Council for Sustainable Development, 236
 - Cross-sectoral cooperation, 131
 - CSAs. *See* Corporate social activities (CSAs)
 - CSR. *See* Corporate social responsibility (CSR)
 - CSR/SR integration, 319, 505
- D**
- Danish labour market, the, 198, 206
 - Danish welfare state, the, 8, 198, 203
 - Debeljak, J., 231, 235, 238
 - Democracy, 126–128, 153, 164, 263, 274, 316, 317, 484, 487, 489, 490
 - Department of Jobs, Enterprise and Innovation (DJEI), 20
 - Department of the Environment, Community and Local Government (DECLG), 20, 21
 - Deregulation, 83, 489
 - Developing Sustainable Regions through Responsible SME's (DESUR), 21, 30
 - Diageo, 26
 - Disclosure, 23, 30–31, 84, 89, 256, 271, 276, 279, 280, 285, 386, 415, 417, 418, 427, 491
 - Diversified conglomerates, 486
 - DJSI. *See* Dow Jones Sustainability Index (DJSI)
 - Donations, 7, 30, 43, 126, 129, 130, 132, 162, 225, 276, 294, 322, 323, 327, 335, 342–344, 355, 356, 361, 382, 393, 439, 441, 442, 473, 474, 476, 477, 494
 - Dow Jones Sustainability Index (DJSI), 12, 49, 192, 401, 403, 404, 409, 430
 - Dutch, 6, 45, 58, 64, 93–98, 100–103, 105, 106, 110, 118–121
- E**
- EBEN. *See* European Business Ethics Network (EBEN)
 - Eco-design, 224, 340
 - Eco-label, 340, 371
 - Ecological, 157, 158, 160–164, 167–170, 193, 204, 205, 220, 248, 255, 256, 258, 259, 274, 360, 361, 371, 470, 472, 478
 - Economic Crisis, 2012, 235, 238, 240, 317, 473, 475–478
 - Economic privileges, 488
 - Economic rationality, 250
 - Economic responsibility, 139, 142, 248, 274
 - Eco-tourism, marketing of eco products, 381
 - Ekornes, 182, 183
 - Employee, 3, 18, 38, 59, 82, 86, 95, 127, 138, 153, 162–165, 179, 198, 210, 231, 252, 276, 294, 318, 336, 354, 369, 381, 399, 415, 437, 469, 479
 - Employees' organizational health and safety legislation, 388

- Employer, 59, 61–63, 75, 88, 99, 102, 112, 113, 116, 121, 126, 139, 143, 153, 179–181, 187, 198, 206, 211, 213, 233, 237, 254, 297, 325, 354, 357, 359, 367, 369, 374, 375, 388, 394, 416, 458
- Employer federation, 180
- Employment, 2, 20, 22, 39, 42–44, 47, 48, 59–61, 67, 72, 84, 139, 140, 146, 169, 297, 315, 317, 319, 343, 344, 358, 374, 388–390, 414, 415, 417, 419–421, 426, 451, 455, 490
- Energy, 7, 8, 25–27, 31, 34, 38, 43, 52, 65, 70–72, 86, 94, 99, 116–118, 158, 159, 166–168, 225, 320, 329, 340, 342, 361, 371, 376, 381, 383, 387, 388, 472–474, 478, 479
- Environment, 1, 17, 38, 59, 81–90, 94, 126, 137–149, 155, 177, 234, 245, 271, 292, 317, 333, 352, 367, 381, 401, 413, 436, 469, 483
- Environmental concerns, 41, 82, 86, 94, 177, 197, 205, 211, 272, 274, 357, 413, 469, 470, 472, 504
- Environmental legislation, 7, 9, 155, 157, 159, 340, 387
- Environmental management standards, 370, 403
- Environmental management systems, 160, 212, 219, 221, 224, 339, 343, 344, 405, 430, 478
- Environmental movement, 61, 62, 103, 211
- Environmental protection, 7, 85, 138, 155, 157, 161, 178, 237, 239, 256, 279, 284, 285, 319, 320, 335, 371, 383, 392, 471, 504
- Environmental responsibility, 9, 178, 209, 221, 476
- Environmental welfare, 12, 382
- Equality, 8, 11, 19, 24, 45, 46, 126, 146, 162, 168, 169, 188, 190, 197, 198, 335, 337, 348, 419, 426, 428, 447
- Estonia, ethical behaviour, 292
- Ethical decision-making, 262
- Ethical investing, 108, 109
- Ethical leadership, 292
- Ethical management, 429, 439
- Ethical principles, 303, 419, 450, 452
- Ethics, 10, 51, 107, 164, 184, 187, 204–206, 209, 213, 214, 223, 233, 234, 245, 246, 252, 253, 257, 258, 260–262, 291–295, 298, 300–308, 368, 392, 393, 406, 407, 422, 456, 505
- EU. *See* European Union (EU)
- European Business Ethics Network (EBEN), 119, 120, 468, 471
- European Commission, 2, 9, 19, 30, 40, 58, 59, 128, 137, 143, 189, 205, 215, 315, 318, 339, 352, 353, 357, 358, 393, 401, 415, 424, 427, 438, 440, 441, 458, 495, 504, 505, 507
- European Commission, exclusion, 504
- European CSR award, 137, 313, 324, 358–360
- European Union (EU), 2, 9, 11–13, 19, 21, 22, 30, 49, 53, 59, 60, 88, 97, 98, 101, 102, 105, 138, 139, 155, 156, 169, 189, 190, 205, 206, 215, 216, 219, 223, 238, 245, 251, 252, 254, 261, 263, 279, 291, 292, 296, 297, 305, 313, 314, 316–320, 326, 327, 329, 340, 351, 352, 355–357, 362, 365–368, 370, 371, 374, 381, 383, 384, 387–389, 401, 402, 424, 427, 441, 444–447, 457–460, 471, 472, 476, 483, 491, 495
- Explorative research, 64
- Export, 8, 59, 145, 217, 218, 220, 221, 296, 297, 314, 371, 472, 485, 490
- Export subsidies, 490
- Extra-legal activities, 8, 198, 203–206
- F**
- Faculties of Economics in Croatia, 234
- Faculty of Economics and Business at University of Zagreb, 234
- Family-owned businesses, 116, 145, 485, 487, 488
- Favouritism, 485, 486
- Fictitious export, 485, 490
- Fight against corruption, 12, 400, 406, 407, 409
- Finland, 8, 102, 209–225, 405, 406
- Flanders, 58–62
- Flemish context, 58
- Foreign
 companies/business organizations, 11, 146, 238, 259, 325, 337, 483, 491, 493
 direct investment, 18, 354, 490, 504
 investment, 291, 296, 317, 491
- Foundation, 61, 62, 88, 97, 102, 107, 116, 117, 126, 129, 130, 132, 161, 162, 178, 180, 198, 204, 247, 254, 255, 259, 276, 281, 284, 285, 297, 325, 335, 337, 339, 348, 352, 388, 436, 448, 454, 484, 486, 488, 489, 491, 494 *See also* Waqf
- France, 6, 47, 82–84, 87–89, 101, 126, 139, 154, 163, 198, 219, 343, 403, 405, 447, 506

Freedom of choice, 492
 Free-market economy, 237
 Freia, 180
 French capitalism, 83
 French law, 82
 FTSE4Good Index, 51, 403

G

Gaelic Athletic Association (GAA), 18, 19, 26, 27
 Germany, 6, 7, 47, 119, 125–133, 138, 139, 163, 183, 198, 251, 296, 319, 343, 447
 Gezi Revolt, 487, 492, 495
 Global Compact, 48, 49, 82, 163, 187, 188, 200, 293, 316, 323, 324, 337–339, 356, 358, 359, 366, 369, 421, 423, 429, 459, 471, 479, 480, 505
 Global competition, 125, 293
 Globalization, 3, 6, 9, 67, 125, 128, 191, 197, 210, 212–213, 217, 383, 484, 490, 504, 508
 Global 100 most sustainable companies, 403
 Global Reporting Initiative (GRI), 23, 60, 88, 163, 165, 182, 188, 189, 219, 258, 259, 301, 322, 358, 360, 385, 386, 403, 405, 427–428, 436, 437, 446, 458, 459, 471, 472, 480, 493
 Global responsibility, 8, 9, 209–225
 Global welfare capitalism, 181
 Governance, 8, 18, 29, 30, 38, 40, 41, 43, 45, 46, 50, 59, 68, 69, 75, 86, 102, 103, 187, 212, 216, 250, 263, 274, 275, 280, 292, 293, 321, 323, 337, 348, 353, 406, 416–418, 420, 426, 427, 431, 432, 436, 444–446, 448–450, 452, 454, 455, 457, 459, 460, 484, 487, 492, 495, 504, 505
 Government, 4, 19–22, 37, 58, 60, 81, 101–102, 126, 127, 140, 153, 177, 199, 216, 234, 246, 274, 297, 314, 336, 356, 365, 383, 400, 414, 442, 471, 485, 503
 initiatives, 30, 49, 59, 61, 76, 185, 201
 orientation, 156
 Governmental action plan for CSR, 202
 Governmental approaches, 445–448
 Governmental CSR, 361
 Greece, 13, 339, 399, 401, 407, 469–480
 Green Book, 427, 438
 Greenpeace, 40, 45, 46, 103, 104, 108, 115, 119, 120, 217
 Green public procurement (GPP), 320, 444
 Greenwashing, 25, 32, 371
 Grenelle 2 Act, 86

Grenelle de l'environnement, 86
 GRI. *See* Global Reporting Initiative (GRI)
 Gučetić, Nikola Vitov, 232–233

H

Hellenic Management Association Business Council for Sustainable Development, 471
 Hellenic Network of Corporate Social Responsibility (HNCSR), 470, 471
 Higher Education Institutions (HEI), 9, 234–235, 367, 491 *See also* Universities
 High levels of regulation, 68, 75, 76, 148
 Historical development of CSR in Croatia, 231–234
 Historical view, 292
 History, 1, 5, 8, 9, 18, 40–44, 49, 82, 96–99, 105–107, 110, 111, 118, 121, 126, 128, 181, 198, 216, 217, 223, 253–257, 291, 372, 400, 455, 485, 488–490, 506
 Hofstede's cultural dimensions, 490
 Humanitarian agencies, 381

I

Image, 12, 25, 26, 29, 30, 118, 138, 153, 164, 192, 222, 275, 278, 286, 292, 305, 321, 370, 375, 377, 382, 384, 422, 423, 425, 439, 442, 475, 483, 485
 Import
 duties, 490
 substituting, 484
 substitution, 484
 Inclusive labour market, the, 199, 201
 Inclusiveness regime, 201
 Income inequality, 487, 490
 Industrialization, 7, 210–211, 483, 484
 Industrial revolution, 37, 41, 44, 96, 211
 Inegalitarian society, 489
 Inflation, 43, 490
 Institutional context, 5, 57–78, 415, 454
 Institutional theory, 485, 486
 Integration, 12, 31, 67, 82, 88, 89, 133, 140, 154, 160–163, 165, 169, 199, 218–220, 224, 272, 278, 280, 281, 284–286, 293, 298–300, 304, 319, 321, 336, 345, 346, 348, 357, 381, 383, 387, 389, 393, 419, 420, 431, 444, 489, 495, 505
 Integrative approach, 375
 Integrity, 51, 77, 100, 106, 113, 119, 254, 372, 375, 406, 426, 475
 Internationalization, 217, 245, 278, 413, 414

- International Monetary Fund (IMF), 297, 489
 International Standards Organisation (ISO)
 26000, 23, 60, 88, 163, 322, 339, 346,
 358, 360, 429, 494, 505
 Inter-regional CSR networks, 456–458
 Islamic Law, 488
 Islamism, 491
 Islamist business groups, 492
 Italian districts, 443
 Italian Regions, 435, 436, 451, 453–459, 461
 Italy, 13, 339, 399, 401, 406, 430, 435–461
- J**
 Jalšenjak, B., 9, 231–240
 Justice and Development Party (AKP), 487,
 491, 492
- K**
 Koprek, I., 235
 Kotruljević, B., 232–233
 KPMG CSR reporting survey, 404
 Kristijan, K., 9, 231–240
- L**
 Large Indigenous Companies (LICs), 21,
 23, 30
 Law on new economic regulations, 84–86
 Legislation, 7, 41, 68, 102, 156, 219–221, 340,
 390, 494
 Legitimacy, 26, 30, 85, 131, 178, 180, 216,
 219, 221, 222, 276, 314, 340, 353, 362,
 441, 461, 485, 486, 488, 492
 Liberalization, 3, 83, 383, 484, 487, 489–492
 Libor, 107
 LICs. *See* Large Indigenous Companies (LICs)
 Literature review, 278
 Lithuanian Association of Responsible
 Business, 366
 Local civic stakeholders, 449
 Local strategic partnerships, 447
 Loi NRE, 84
Loi sur les Nouvelles Régulations
Economiques, 84
- M**
 Macan, I., 234
 Managerial responsibility, 225
 Mandatory CSR reporting, 88, 89, 102, 202
 Marketing of organic products, 381
 Media, 3, 9, 18, 21, 25–27, 43, 45, 46, 103, 109,
 112, 115, 154, 165, 166, 186, 192, 211,
 217, 219, 231, 233, 237, 240, 291, 294,
 304, 305, 315, 325, 327–328, 337, 338,
 340, 356, 358, 360, 362, 366, 368, 373,
 374, 377, 383, 384, 386, 399, 440, 452,
 473, 486, 487, 492, 493, 503
 Mediterranean countries, 401–403
 Military, 181, 187, 489
 coup, 486, 487, 489, 493
Misericórdias, 400
Mitbestimmung, 127
 Mladić, D., 235
 MNCs. *See* Multinational Companies (MNCs)
 MNE, 58, 59, 63, 64, 66, 68, 70–72, 76
 Mobilizable companies, 438
 Modernization, 249, 274, 418, 483, 484, 487
 Morality, 42, 45, 205, 245, 247, 248, 253, 254,
 258, 260, 262, 291–295
 Morality of profit-making, 260
 Moralization of markets, 131
 Moral maturity, 294
 Motherland Party (ANAP), 489
 Multicertificate companies, 438
 Multinational companies (MNCs), 6, 18–23,
 25, 30, 49, 95, 125, 313, 316, 321, 334,
 337, 340–342, 384, 424, 487, 491, 492
 Multinational corporations (MNCs), 6, 18–23,
 25, 30, 125, 158, 163, 185, 334, 335,
 340–342, 408, 446, 460, 487, 491, 492
 Multinationals, 6, 18, 66, 95, 120, 125, 158,
 163, 185, 313, 314, 316, 321, 335, 337,
 341, 381–384, 390, 391, 394, 408, 446,
 460, 480, 491, 505
 Multi-stakeholder initiatives, 58, 61, 62, 75
 MVO, 93, 94, 102, 120–121
- N**
 National Plan on Corporate Social
 Responsibility, 20
 National Standards Authority of Ireland
 (NSAI), 20, 23
 National System of Chambers of Commerce,
 448, 451, 452
 NEO-liberal model, 489
 Nepotism, 105, 239, 249, 367
 NeSoVe (Austria), 137, 138
 Netherlands' culture, 95
 Network experiences, 452
 NGOs. *See* Non-governmental organizations/
 organisations (NGOs)

- NHO. *See* Confederation of Norwegian Enterprise (NHO)
- Non-financial, 11, 30, 50, 86, 88, 121, 128, 160, 163–165, 187–191, 342, 345, 356
- Non-governmental organizations/organisations (NGOs), 6, 10, 11, 14, 21, 23, 24, 26, 40, 41, 43, 45, 46, 83, 88, 90, 97, 102–105, 108, 111, 112, 114, 119–121, 137, 138, 143, 158, 162, 166, 167, 177, 182, 187–189, 192, 211, 216, 217, 219, 222, 225, 231, 236–237, 240, 251, 253–255, 263, 280, 281, 284, 285, 302, 307, 315, 318, 323, 325, 326, 337, 338, 348, 351, 352, 356–359, 362, 367, 373, 374, 376, 377, 381, 383, 384, 386, 389, 415, 416, 479, 487, 493, 494, 503, 505–507
- Non-government organisations (NGOs) in Croatia, 231
- No-profit organizations, 254, 376, 418
- Nordic countries, 296, 377
- Norsk Hydro, 178
- Norway, 8, 114, 115, 177–194, 338, 343, 403–406, 420, 446
- Norwegian, 8, 98, 177–194
- O**
- Observatory
on CSR, 415, 448
on social balances, 437
- Organisation/Organization for Economic Co-operation and Development (OECD), 23, 49, 127, 163, 169, 182, 186, 187, 248, 293, 421, 459, 492, 505
- Ottoman
empire, 484, 488
period, 13, 483, 484, 486–488
- Our Common Future, 98, 177
- P**
- Paternalism, 180, 405, 409
- Period of Prophet Mohammed, 488
- Philanthropic
activities, 42, 132, 161, 162, 179, 231, 294, 315, 340, 361, 483, 484, 486, 488–489, 494
CSR, 313, 355, 356, 360, 444, 488, 490, 492, 494
- Philanthropy, 10, 11, 13, 42, 43, 162, 180, 224, 225, 254, 276, 302, 314, 315, 323, 333–348, 375, 382, 392, 431, 439, 480, 486, 494, 505
- Poland, 9, 245–263, 271–286, 365
- Political connections, 12, 400, 408, 409
- Political CSR, 47–49
- Portugal, 12, 399–409
- Post-colonial, 5
- Post-communist, 251, 383
- Poverty, 43, 48, 49, 61, 106, 139, 249, 263, 317, 392, 399, 445, 447, 474, 487, 490
- Power
coercive power, 485
legitimate power, 485
reward power, 485
- Privatization, 83, 158, 237, 365, 487, 492
- Pro-active CSR, 506
- Profitability, 26, 38, 166, 212, 216, 222, 275, 294, 383, 393, 442, 472, 485
- Public organizations, 58, 59, 63, 64, 72–77, 367, 368
- Public policies on CSR, 401, 402
- Public–private partnerships, 117, 160, 326, 446
- Public procurement system, 12, 389, 390
- Public relations activities, 382
- Q**
- Qualitative research, 9, 67, 271
- R**
- Radical changes, 291, 292
- Rapid economic growth, 19, 296
- Reactive CSR, 40, 45, 274, 277
- Regional planning, 471
- Regulations, 6, 13, 18, 25–27, 42, 45, 47, 54, 59, 68, 75, 76, 81–88, 125–133, 138, 140, 142–144, 147, 148, 155, 185, 187, 188, 191, 194, 204, 205, 218, 221, 223, 239, 247, 254, 256, 258, 296, 305, 314, 341, 346, 371, 372, 387–388, 390, 406, 417, 431, 432, 445–448, 451, 452, 470, 472, 489, 491, 506
- Regulatory approach, 128
- Renewable energy industry, 225
- Reporting, 7, 19, 38, 50, 66, 82, 84–86, 102, 149, 160, 179, 188–191, 202, 212, 231, 256, 271, 298, 322, 340, 355, 369, 382, 391, 402, 405, 414, 436, 471, 491, 506
environmental, 23, 52, 70, 188, 189, 212, 382, 437, 442, 456
RSE, 448
shareholders, 108
standards, 279, 285, 402, 429, 491

- Reputation, 11, 12, 25, 28, 29, 42, 45, 68, 106, 115, 132, 142, 159, 161, 164, 192, 217, 219, 221, 222, 259, 274, 277, 278, 285, 302, 305, 321, 340, 361, 365, 366, 372, 373, 382, 383, 405, 409, 421, 439, 461, 492, 505
- Research, 2, 17, 39, 57, 89, 115, 119, 148, 168, 177, 209, 213–215, 232, 245, 251–253, 260–263, 271, 279–285, 292, 326, 334, 352, 383, 407, 421, 435, 470, 489
- Resource dependency theory, 485
- Resource efficiency, 159
- RespACT (Austria), 137
- Responsabilité sociale, 91
- Responsabilité sociétale, 91
- Responsibilities
 - ethical responsibilities, 494
 - legal responsibilities, 142, 148, 486
 - philanthropic responsibilities, 142
 - socio-economic responsibilities, 485, 486
- Responsibility in business, 2, 10, 209, 291–295, 300, 304–307, 453, 508
- Responsible business, 10, 25, 31, 32, 44, 47, 48, 93, 119, 143, 200, 209, 218, 220, 225, 234, 236, 253, 254, 259, 263, 276, 292, 297, 318, 319, 324, 325, 365–367, 369, 372, 373, 377, 382, 393, 394, 402, 441, 445, 456, 490
- Responsible business index, 10, 292, 297
- Responsible consumption, 12, 329, 367, 376, 389, 391, 417
- Responsible innovations, 21
- Rhenish Capitalism, 126
- Rio, 59, 155–157, 178, 188, 212, 236, 324
- Risk management, 69, 146, 219, 224, 274, 298
- RSE, 448
- Rural tourism, 381
- S**
- Secularism, 484, 487, 490
- Shell, 27, 44, 45, 98, 103, 104, 108, 110–115, 120, 178
- Silent CSR, 22, 31
- Skeptical companies, 438
- Small and medium-sized enterprises (SMEs), 5, 9, 12, 13, 20–22, 27–30, 39, 58, 59, 61, 62, 66, 70, 128, 154, 162, 165, 166, 199, 214, 217, 218, 220–222, 258, 263, 297, 305, 321, 327, 338–340, 380, 390, 401, 404, 406, 424–425, 435, 436, 440–443, 448–450, 456, 459–461, 470, 487, 495
- Small medium enterprises (SMEs), 5, 18, 21–23, 28–31, 39, 58, 62, 85, 128, 154, 189, 197, 214, 251, 287, 297, 317, 338, 358, 375, 382, 401, 421, 436, 470, 505
- Social and environmental reporting, 382, 437, 442, 456
- Social business, 13, 32, 47, 93, 125, 143, 147, 178, 218, 234, 236, 263, 276, 456, 490
- Social capital, 9, 29, 246, 249–252, 263, 275, 279, 352, 355, 441, 442, 460, 461, 495, 507
- Social cohesion, 2, 7, 62, 139, 140, 321, 417, 450, 453, 454, 456, 504
- Social entrepreneurship, 12, 389–390, 392
- Social intervention institutions, 399, 400
- Social issues, 12, 96, 128, 129, 139, 160, 162, 164, 178, 180, 187, 188, 198, 212, 215, 246, 247, 256, 317, 319, 322, 386, 399, 401, 402, 427, 440, 442, 508
- Socially responsible investment (SRI), 13, 86, 88, 255, 256, 276, 402, 416–418, 420
- Social movements, 8
- Social partnership, 7, 126, 139, 140, 223
- Social policy, 60, 61, 319, 320, 326, 490, 505
- Social provision, 43, 53, 154
- Social responsibility, 1–14, 17–32, 37–54, 81, 93–121, 125–133, 137, 153–170, 177–194, 197–207, 209–225, 245–263, 291–308, 333–348, 365–377, 381–395, 399–409, 435–461, 469–480, 503–508
- Social responsibility (SR) in schools and universities, 12, 389, 391–392
- Social security, 125–127, 198, 263, 296, 366, 367, 418, 420, 447, 506
- Social standards, 131, 140, 326, 370
- Social value, 29, 42, 46, 178
- Social welfare, 42, 83, 161, 180, 198, 333, 348, 400
- Society, 1, 17, 41, 81, 94, 154, 178, 202, 209, 210, 237, 246, 272–275, 292, 314, 333, 352, 369, 383, 401, 415, 440, 469, 483, 504
- Socio-cultural context, 333, 372
- Socio-economic, 9, 11, 13, 126, 140, 153–155, 179, 181, 216–218, 231, 237–238, 245, 247–249, 252, 261, 263, 333–337, 345, 352–353, 355, 415, 425, 435, 436, 442, 447–450, 461, 485, 486, 488
- issues, 470
- responsibilities, 485, 486
- transition, 313, 325
- Sponsoring, 27, 130, 132, 146, 263, 476

- Sponsorship, 26, 27, 231, 258, 294, 323, 342, 355, 356, 361, 366, 375, 376, 382, 384, 388, 393, 441, 442, 469, 473, 474, 477
- SRI. *See* Socially responsible investment (SRI)
- Stakeholders, 1, 20, 38, 57–78, 81, 93, 127, 137, 158, 177, 200, 212, 235, 245, 271–273, 292, 313, 333, 356, 367, 382, 401, 413, 436, 449, 469, 483, 504
- activism, 334, 348, 490
 - approach, 115
 - democracy, 127, 128
 - involvement, 5, 57–78, 306
 - management, 110, 271–273, 483, 495
 - theory, 272, 273
- Statoil, 180, 181, 186, 192
- Stormberg, 183, 184
- Strategic approach, 10, 39, 131, 277, 278, 291–308, 322, 356, 382
- Strategic CR, 294, 295
- Strategic responsibility, 220
- Strategy
- CSR strategy, 23, 24, 40, 67, 73, 159, 239, 277, 278, 280, 284, 306, 313, 316, 319, 325, 329, 337, 357–359, 362, 384, 385, 393, 409, 461, 477, 495, 506, 508
 - National strategy on CSR, 494
- Stress, 2, 8, 13, 47, 51, 147, 206, 346
- Success, 4, 12, 27, 45, 103, 105, 140, 147, 179, 183, 212, 236, 245, 246, 271, 274, 275, 291, 293, 296, 299, 338, 351, 353, 354, 369, 382, 387, 413, 441, 442, 449, 461, 495, 506–508
- Sunken CSR, 22, 441, 460
- Supply chain, 8, 17, 29, 39, 47, 48, 51, 85, 131, 160, 169, 321, 343, 370, 444, 445, 472, 474, 494
- Surveys, 19, 20, 22, 25, 28–30, 50, 58, 64, 68, 69, 71–75, 77, 144, 162, 164, 165, 168, 185, 199, 200, 235, 258, 259, 301, 317, 321, 343, 344, 355, 361, 370, 375, 376, 385–387, 391, 403–406, 431, 438–443
- Sustainability, 2, 17, 44, 51, 60, 72, 82, 98, 108, 130, 138, 155–156, 178, 209, 236, 272, 294, 321, 355, 360, 370, 390, 403, 404, 414, 435, 479, 493, 503
- indices, 403, 404, 408
 - reporting, 23, 165, 403–406, 409, 414, 417, 428
- Sustainable development, 1, 2, 7, 8, 12, 13, 22, 24, 38, 39, 48, 51, 59–61, 75, 85–87, 98, 137, 156, 157, 159, 177, 178, 185, 193, 194, 209, 215, 218, 225, 236, 247, 254, 256, 257, 274, 277, 301, 306, 308, 319, 320, 325, 326, 328, 333, 366, 381, 382, 386, 387, 391, 392, 399–409, 413–416, 437, 447, 450, 453, 455, 460, 471, 473, 478, 479, 483, 504
- Sustainable economy, 131, 416–419
- Sustainable innovations, 276
- Sustainable public procurement policies, 402
- T**
- Taxes, 3, 7, 8, 12, 25, 27, 29, 105, 125, 126, 129, 160, 166, 167, 182, 198, 216, 250, 259, 296, 297, 317, 318, 322, 335, 369, 373, 377, 383, 388, 400, 402, 407–409, 439, 441, 446, 453, 473, 474, 485, 486, 488, 491, 494, 507
- behaviour, 12, 400, 409
 - exemption, 488
- Telenor, 191, 192
- Territorial governance, 449, 454, 460
- Territorial social responsibility, 435–436, 443, 448–461
- Third sector, 37, 40, 52, 53, 437, 446, 450, 454
- Three parts negotiations, 198
- TNCs. *See* Transnational corporations (TNCs)
- Trade unions, 5, 9, 24, 25, 45, 83, 84, 86, 143, 210, 224, 237, 315, 318, 325, 327, 337, 352, 354, 355, 357, 358, 374, 415, 416, 443, 444, 446, 452, 455, 456, 505, 506
- Transition economies, 156, 271, 345
- Transnational corporations (TNCs), 5, 38–40, 43, 45, 47, 49, 52–54, 169, 366
- Transparency, 13, 17, 29, 30, 45, 47–49, 51, 52, 54, 68, 75, 82, 84, 86, 88, 105, 143, 160, 166, 187, 189, 202, 213, 219, 250, 317, 319, 322–324, 326, 341, 342, 367–369, 372, 387, 388, 390, 402, 409, 413, 414, 417–420, 439, 445, 446, 461, 470, 475, 476, 479, 495, 508
- Transparency and anticorruption, 388
- Transparency International, 105, 187, 189, 213, 250, 317, 369
- Triangulation, 5, 64, 299
- TRIGOS (Austria), 137
- Tri-partite system, 126
- Trust, 2, 29, 46–48, 52, 83, 89, 107, 110, 161, 164, 216–218, 245, 249, 250, 252, 256, 335, 352, 353, 367, 368, 372, 383, 405, 414, 426, 427, 432, 461, 470, 508
- Turkish
- business groups, 486, 491
 - modernization, 483, 484, 487

- Turkish (*cont.*)
 nation, 483–485, 488
 republic, 484, 488
- U**
- Unemployment, 42–44, 48, 59, 139, 154, 201, 296, 317, 329, 389, 415, 420, 426, 490, 491
- Union, 2, 5, 9, 11, 19, 24–25, 37, 45, 49, 53, 59, 60, 62, 63, 83–88, 94, 101–103, 126, 127, 139, 154, 155, 158, 180, 181, 197, 210, 215, 216, 219, 223, 237, 251, 279, 291, 313, 324, 358, 365, 374, 381, 383, 417, 424, 427, 437, 447, 451, 455, 458, 483
- Union of Autonomous Trade Unions of Croatia (UATUC), 237
- United Kingdom, 1, 3, 5, 7, 37–54, 126, 219, 343, 427, 447, 485
- United Nations (UN), 22, 59, 98, 119, 163, 177, 178, 182, 188, 200, 236, 237, 293, 323, 334, 356, 358, 359, 421, 471, 472, 479, 480, 483
- United Nations Development Programme (UNDP) Croatia, 235, 236
- United Nations Global Compact, 22, 82, 316, 403, 429, 505
- Universal social model, 198
- Universities, 3, 12, 39, 52, 119, 169, 213, 215, 254, 260, 261, 306, 328, 338, 358, 366, 384, 389, 391–392, 408, 416, 437, 441, 442, 461, 474, 476, 479, 491, 494
- V**
- Values, 2, 7, 11, 19, 29, 39, 42, 45, 46, 48, 50–52, 63, 64, 66, 76, 81, 88, 89, 100, 104, 113, 121, 126, 127, 147, 154, 161, 164, 168, 178, 179, 182–185, 194, 200–202, 210, 212, 218, 219, 223, 234, 247–251, 254, 257, 262, 263, 276, 278, 285, 293, 294, 296–298, 301, 302, 304–306, 308, 316, 323, 324, 328, 333, 343, 346, 352, 362, 377, 383, 385, 386, 390–392, 415, 417, 421–423, 426, 428, 432, 437, 445–447, 449, 450, 452, 454, 461, 472, 475, 479, 480, 485, 487, 489–491, 503–505, 507, 508
- Vereine*, 129
- Violation of labor contracts and employees' rights, 231
- Voluntary agreements, 183, 371
- Voluntary CSR, 50, 132, 137, 140, 144, 181
- Volunteering, 117, 130, 162, 251, 252, 276, 279, 374, 375, 388, 479
- W**
- Waqf, 484, 487–489
- Waste management industry, 381
- Welfare, 6–8, 12, 24, 29, 37, 42, 43, 45, 51, 52, 83, 97, 125, 127–129, 137–140, 154, 161, 180, 181, 197–207, 210–213, 216, 223, 225, 303, 315, 333, 335, 348, 353, 354, 382, 399, 400, 439, 440, 445, 446
- organizations, 127
- state, 7, 8, 125, 129, 137–139, 154, 197–225, 335, 399, 400, 445
- system, 6, 83, 125, 128, 139
- White Wave, 369
- Wilhelmsen, 184, 185
- Win-win scenario, 3, 39, 42, 54, 132, 139, 144, 164, 202, 206, 479, 504
- Workers' council, 354
- Workers participation, 116
- Workers' right, 182, 327, 354, 422
- Workforce-related CSR, 199
- Working Environmental Act, 187
- Work/life balance, 8, 206, 402
- World Business Council for Sustainable Development (WBCSD), 178, 194, 254, 333, 403, 404, 471, 479, 480
- Z**
- Žitinski, M., 234