

## **EABIS AND ESADE ANNOUNCE RESULTS OF RESEARCH PROJECT EXAMINING THE CORPORATE RESPONSIBILITY POLICIES OF EUROPEAN GOVERNMENTS**

*The One-Year Study is the First Systematic and Comparative Examination of European Government's Corporate Responsibility Policies*

**Brussels, Belgium – 29 June 2006**—The European Academy of Business in Society (EABIS), Europe's leading alliance on corporate responsibility research, education and training, today announced the public availability of the results of a comprehensive one-year study it has led on the corporate responsibility policies of European governments. The report, which is an output of the broader research project titled "*The Changing Role of Government in Corporate Responsibility*", examines three diverse European government models—Italy, Norway and the United Kingdom—as a sample group to explore each corporate responsibility policies set within the context of the evolving role of government in society.

The research was carried out by ESADE Business School in Spain, the Bocconi School of Management in Italy and the Norwegian School of Management and was funded by EABIS and its five founding business partners (IBM, Johnson & Johnson, Microsoft, Shell and Unilever) as part of EABIS' Corporate Funded Research, Education and Training Programme.

### **The Practitioners Report and the Relational State**

The debate on the role of governments as promoters and drivers of corporate responsibility has been running since the early 1990s and the systematic approach of this research represents the first objective and academic look at the facts and realities of government positions on corporate responsibility in Europe.

As the welfare state model of governance faces increasing pressure from globalisation, competition, environmental issues and changing social needs, states are increasingly being forced into a Relational State model where societal governance is based on a set of increasingly complex and interdependent relationships with businesses, constituencies and civil society organisations. With these new relationships come new expectations which need to be addressed by governments to develop more effective public policies on corporate responsibility.

### **New Insights for Governments and Society**

To help facilitate this new relationship, this research project was designed as an analysis of the socio-economic and environmental indicators that contribute to a better understanding of the specific challenges facing governments as well as broader societal needs. After months of dedicated effort from the ESADE-led international team of academics, various important trends and preliminary conclusions were identified. The results of the research can be used by governments to formulate more effective corporate responsibility policies.

Specifically, these focused on:

- Trends in the perceptions of government role in corporate responsibility
- Drivers for corporate responsibility in public policy
- The legislative versus voluntary approach

- Specific analysis of the Italian, Norwegian and British government's approach to corporate responsibility

According to Josep Maria Lozano, Chair of ESADE's Institute for the Individual, Corporations and Society (IPES), "countries coincide in terms of discourse, but not in terms of practice." Lozano believes that "regarding public policies, to take corporate social responsibility to a future reality, we must be aware of each society's culture and complexity and social context."

"Comparative research on governments' policies and CSR is important from a number of perspectives", said Prof. Gilbert Lenssen, President of EABIS. "Firstly, it allows for further comparative theory building around the various social contracts in existence (and in change) in Europe. Secondly, it allows for comparing the changing role of government in the Business-Society-State social contract triangle. Thirdly it allows for comparative policy research and thus for informing policy development.

"The research focus, methodology and quality of the research of the team have produced an excellent understanding of the current realities, for all their disparities, of European government's policies on corporate responsibility, providing them an ideal opportunity to develop more effective policies for enhancing CSR."

#### **Download the Report**

The Practitioners Report is now available to the public at the EABIS [website](#).

#### **About The European Academy of Business in Society**

Established in 2002 by leading companies and business schools in partnership with the EU Commission, EABIS aims to integrate corporate responsibility into the mainstream of business theory and practice in Europe. EABIS funds collaborative research, education and training projects and hosts numerous events and workshops across Europe to develop more and better knowledge on corporate responsibility. It also leads the EU Commission funded 'European Platform for Excellence on CSR' project as the designated centre for excellence on CSR Research under FP6. With a European focus, but a global outlook, EABIS' membership currently spans four continents and 19 countries and includes some of the world's largest global corporations including Shell, Unilever, IBM, Johnson & Johnson and Microsoft and Europe's top business schools such as INSEAD, IMD and the London Business School. [www.eabis.org](http://www.eabis.org).

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# The Changing Role of Government in Corporate Responsibility.

**A report for practitioners.**

**10 April 2006**

**ESADE**

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## Introduction

This report explores the role of government in promoting CR through the interactions between business, government and civil society organizations and it has been written to help practitioners in these three sectors better understand the different public policies that exist to promote CR in Europe.

This report is one of the outputs of the research project "*The Changing Role of Government in CR*" lead by a multi-disciplinary team in three business schools; ESADE, Bocconi University and SDA Bocconi School of Management Business School and the Norwegian School of Management. This project has been supported by the European Academy of Business in Society (EABIS), as part of its Research, Education, and Training Partnership Programme on Corporate Responsibility.

At a European level CR is understood as the mechanism for companies to contribute to sustainable development, and specifically to the strategic objectives adopted by member governments and heads of state at the European Council in Lisbon in March 2000, "*by making the European Union the most competitive and dynamic knowledge economy in the world, capable of sustained economic growth with more and better occupation and greater social cohesion.*"

The debate on the role of governments as promoters or drivers of CR has been running since the early 1990s, however the European Commission's *Green Paper Promoting a European Framework for Corporate Responsibility* in July 2001, coupled with the pioneering action of some member states, such as Denmark and the UK was a turning point for the legitimization of government action to promote CR across Europe. This was followed by the Communication on CSR in July 2002, advocating the development of national frameworks on CSR, and the subsequent creation of the Multistakeholder Forum, which produced a series of recommendations in June 2004.

In March 2006 the European Commission produced a further communication on CSR, "*Implementing the partnership for growth and jobs: making Europe a pole of excellence on Corporate Social Responsibility*". This latest communication proposes a European Alliance for CSR, as a political umbrella for new or existing CR initiatives by large companies, SMEs and their stakeholders.

While governments have been described as enablers and drivers of CR, there has also been increasing recognition of the role of other actors such as civil organizations within the CR framework. This has called for a new set of relationships between government, business and civil society. It is within the context of this new "relational state", (Mendoza 2004), and the need for a deeper understanding of the role of government in promoting CR that this research has been undertaken.

In summary this document outlines the key drivers for governments to promote CR, describes the new relational state which governments are operating in and looks at examples of different government approaches in Italy, Norway and the United Kingdom, drawing on the perceptions of different stakeholders in relation to the key issues. A practical framework which can be used to better understand a government's role in promoting CR has been provided as an appendix at the end of the report.

More information relating to the project "*The Changing Role of Government in CR*" can be found at [www.eabis.org](http://www.eabis.org)

## Executive Summary

An analysis of the literature on the subject highlights the following areas as the key drivers for governments to promote corporate responsibility; globalisation and challenges faced by the new economy, new models of governance and the welfare state crisis, national competitiveness and innovation, sustainable development and the partnership approach.

In this context governments are now operating in a new relational state, where societal governance is based on a set of increasingly complex and interdependent relationships. The different expectations and perceptions of each exchange relationship need to be addressed to develop public policy for CR and a consideration of these relationships allows a more complete view of government CR policy.

At the international level there is a common discourse on CR, shared by the European Commission, various international organisations and the international CR network. However, the application of this discourse into specific policies and programmes varies across countries, as shown in this report of the approaches by the Italian, Norwegian and UK governments.

The governments studied conceptualise CR as business' role in addressing the problems faced by society, and the private sector's contribution to sustainable development. However, their policy frameworks and policy implementation vary in their vision, objectives and priorities, scope: international versus domestic scope, organizational structures, initiatives, policy mechanisms and programmes and levels of implementation at regional and local level.

An analysis of the socio-economic and environmental indicators can contribute to a better understanding of the specific challenges, which governments may attempt to address through their CR policies. Key areas key for consideration are; economic growth, employment, inequality in income distribution, population ageing, competitiveness/innovation and environmental impact.

There are some trends in the perceptions different sectors have of government's role in CR. In the countries of study government representatives have seen CR as a business driven, cross sector, cross government initiative, the business contribution to sustainable development, a strategic and competitive opportunity and best approached in partnership. The business perceptions identified consider government has an important role, but should be influencing actors across all sectors and above all should define a clear policy framework and lead by example. Civil society and NGOs show varying opinions of the role of government in CR according to their position on environmental and social issues.

The legislative versus voluntary approach, the relationship between CR policy and sustainable development policy, between CR and the welfare state, CR and competitiveness, and the exchange relations between sectors are key areas to explore in the debate over the role of government in CR.

Finally, on the basis of the findings of this study section five of this report highlights some key issues for the consideration of policy makers, businesses and civil society organizations with an interest in the role of government in CR.

## **Research Methodology**

The relational state model (Mendoza 2004) was taken as the starting point in this research project, and led to the development of a practical, practitioners oriented analytical framework to analyse the role of government in CR. This report is one of the results of the following processes which were undertaken by the three business schools involved over the period March 2005 to March 2006:

- **Literature Review**

The relevant literature on the role of government in CR was reviewed and categorized firstly according to the type of author; documents produced by governments, reports produced by other social agents and academic literature. The literature was then analysed in two categories. Firstly by policy context, including literature employing global political or economic analysis to contextualize and analyze government action in the promotion and development of CR. Secondly, by policy implementation, documents that analyse the actual practices and the implementation by governments of public policies on CR.

The literature review is supplemented by a database searchable by type of author, policy context, policy implementation and relevant key words.

- **Analytical framework**

Building on the relational state model, the learning from the literature review and other sources an analytical framework was developed in order to better understand the role of government in CR. This tool enables analysis of government's approach to CR, from two key perspectives; the overarching policy framework and the policy implementation in terms of specific policies and programmes.

- **Testing the framework in three European countries**

Using the analytical framework developed desk-based research was undertaken to map the existing CR policy framework and CR policies and programmes of governments in the three countries of study, Italy, Norway and the United Kingdom. The data collection was restricted to activities explicitly understood and communicated as CR.

A series of interviews were carried out in each country to complement the desk-based research with the perceptions of different stakeholders. In each country representatives of government, business and civil society were interviewed using the key drivers identified in the literature review and the material for each country as a framework for discussion.

- **Final analysis**

A comparative analysis of Italy and the UK was undertaken and a research paper produced with the key results in the EABIS Annual Conference of 2005. Further analysis of the three countries was then developed and this has contributed to the development of further academic papers, teaching material and a workshop on the Changing Role of Government in CR, held in ESADE in March 2006.

## 1. Drivers for Corporate Responsibility in the public policy arena

According to a review of the literature on the subject, there are a series of key drivers for governments to promote Corporate Responsibility (CR). Their role in CR is seen as part of the search for solutions to the major social, political and environmental challenges facing national and international economies today. CR policy has also been described as an effective way of controlling the negative effects of corporate activity in the context of globalisation, through the promotion of new models of governance. On a national level the role of governments in CR has been described as both as a mechanism to address welfare deficits, and a means of promoting national competitiveness. It has also been noted that public policies for CR are developed in the context of a changing set of exchange relationships between business, government and civil society. At both international and national level CR policy is developed in the context of an acceptance of CR as an important contribution to the wider goal of sustainable development.

This section outlines some of the key points made in the literature about the drivers for governments to take action for CR.

<b>Key drivers highlighted for governments to promote corporate responsibility</b>
------------------------------------------------------------------------------------

- |                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Globalization and challenges faced by the new economy</li><li>• New models of governance and the welfare state crisis</li><li>• National competitiveness and innovation</li><li>• Sustainable development</li><li>• The partnership approach</li></ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### 1.1 Globalization and the new economy

- The increasing profile of CR as a concept in government action is linked to the challenges brought about by globalization and economic change in the late 20th century, such as corporate citizenship, the debate on global governance and the interrelationships between trade, investment and sustainable development
- Globalization has changed the relationships between governments and companies, bringing about an increase in the power of multinational companies over governments, which has been considered an opportunity yet brings with it challenging ethical dilemmas
- Some authors consider national governments have lost the political dominance they once exercised through binding legislation and their role has become more dependent on the influence of multinational companies, who have the freedom to move capital, production processes and goods and services from nation to nation, leaving governments in a vulnerable position
- The legitimacy of governments acting under the influence of business has brought about considerable ethical considerations and the consideration of government accountability to the public
- In this context various political innovations and new styles of regulation have evolved, which usually include business, governments and civil society organizations
- In the face of these new social challenges CR has been described as an important influence on voluntary action by companies and as an instrument for improving business accountability and responsibility

## **1.2 New models of governance and the welfare state crisis**

- In the context of the new globalized economy, political challenges like the crisis in the welfare state and the need to seek new forms of governance in the national context and in the global economy have arisen
- The welfare state crisis in some countries has made people look for new ways of developing and funding collective action to deal with social demands that cannot be met by the state alone such as poverty, unemployment, lack of economic development and social exclusion of key groups, a crisis of governance and legitimacy
- CR is seen as a framework within which new ways of collaboration and partnership between business, governments and civil society are used as a mechanism for developing new models of governance to address the major social problems faced by post-industrial societies
- CR public policies are also considered as a way of promoting good company practices that complement other public efforts for sustainable development

## **1.3 National competitiveness and innovation**

- The European Commission stresses the need to link CR to the competitiveness of companies and national and regional economies, which in turn has been described as fundamental for a nation's sustainability
- Competitive responsibility has been described as the third generation of CR. Despite the search for a clear link between CR and the competitive advantage of nations, potential improved financial performance at the micro-level of the company does not necessarily always translate to competitive advantage at the macro level
- This presents a challenge for governments, who need to find a way of designing and implementing policies that generate leadership and partnership-based innovation, ensuring wide take up of CR practices across the business community to promote competitiveness at the national level
- CR clusters have been used by governments as a mechanism to promote competitiveness by helping responsible companies win the markets for products, labour and finance, creating frameworks for competition, collaboration or collective response to CR. Challenge clusters, market-making clusters, partnership clusters and statutory clusters are examples of this
- CR clusters also provide a framework for understanding, designing and operationalizing public policies on CR

## **1.4 Sustainable development**

- Governments are seen to have a responsibility to promote the economic, social and environmental conditions that favour a more sustainable development, and specific commitments on CR for governments were agreed at the last World Summit for Sustainable Development (Johannesburg, 2002)
- Deregulation, downsizing and deficit reduction policies of the 1990's has left governments with the challenge of facilitating the transition to a more efficient, fairer and more sustainable economy
- CR is widely accepted as the business sector's contribution to sustainable development

- CR is included by some governments within an overarching sustainable development framework, other governments have separate CR and sustainable development strategies

### 1.5 The partnership approach

- The welfare state crisis has made people look for new ways of developing and funding collective action to deal with social dilemmas which has led to the appearance of partnership projects with governments, companies and civil society
- These new alliances have been an important source of innovation at both practical and political levels bringing about profound structural changes in national and European labour markets, moving from models of collective agreement to one of social partnership between government, business, trade unions and civil society organisations
- Public-private partnerships (PPPs) are one example of this new model of governance, and have been interpreted as derivatives of the privatisation movement or market compatible forms of stimulating social responsibility. PPPs have also been used to stimulate national competitiveness
- The involvement of civil society organisations as well as governments and business in promoting CR was clearly legitimised by the European Commission's creation of European Multi-stakeholder Forum for CSR, which produced a series of recommendations in June 2004
- The European Commission promotes multi-stakeholder dialogue as a form of building consensus on CR issues with the involvement of all relevant stakeholders

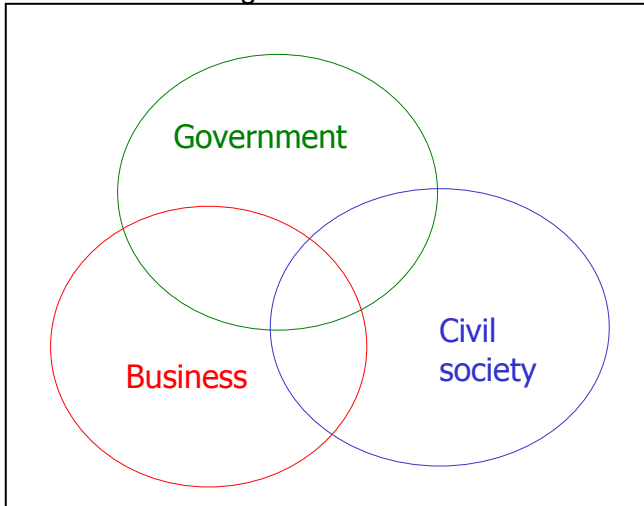
### Reflections on the literature on governments and corporate responsibility

An analysis of the literature on the subject leads to the following considerations when analysing government's role in CR;

- CR public policies cannot be viewed in isolation from the major political and economic problems facing us today
- CR is a response to and sometimes a result of the new challenges raised by economic globalization
- CR is a response to the welfare state crisis and presents a new governance model
- CR is seen as a relational system that links government, company and society initiatives in a joint response to social problems through partnership initiatives
- CR public policies are linked to the national, regional and local economies
- The role of governments in fostering CR contributes to the overall objective of sustainable development

## 2. The relational state model

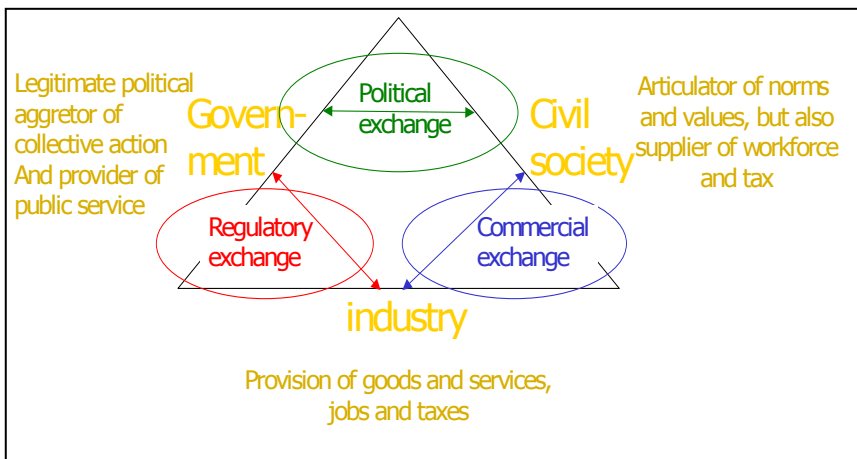
The relational state is based on the idea that changes affecting the economic and political structure in recent decades have transformed the roles and capacities of different social agents. This model can be used to give a more complete and holistic view of CR public policies through focusing on the exchange relationships between different these agents.



Source: Mendoza, 1996

**Fig. 1. Relational state**

- Societal governance is based on a set of increasingly complex and interdependent relationships
- Different expectations and perceptions of each exchange relationship need to be addressed to develop public policy for CR.
- Consideration of these relationships allows a more complete view of government CR policy
- Governments tend to promote a multi-stakeholder approach when promoting CR

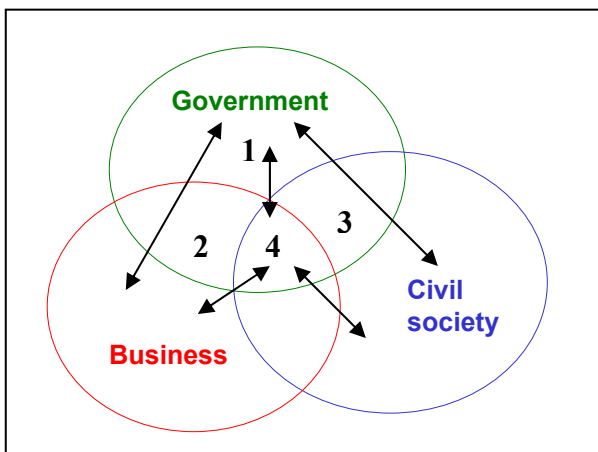


Source: Midttun, 2005

**Fig. 2. Actors and exchange arenas**

There are three broad exchange arenas between sectors.

Government needs to manage the expectations of these exchange relationships to facilitate complex inter-organizational networks in which all three sectors play a part.



Source: Albareda, Ysa, Lozano, 2004

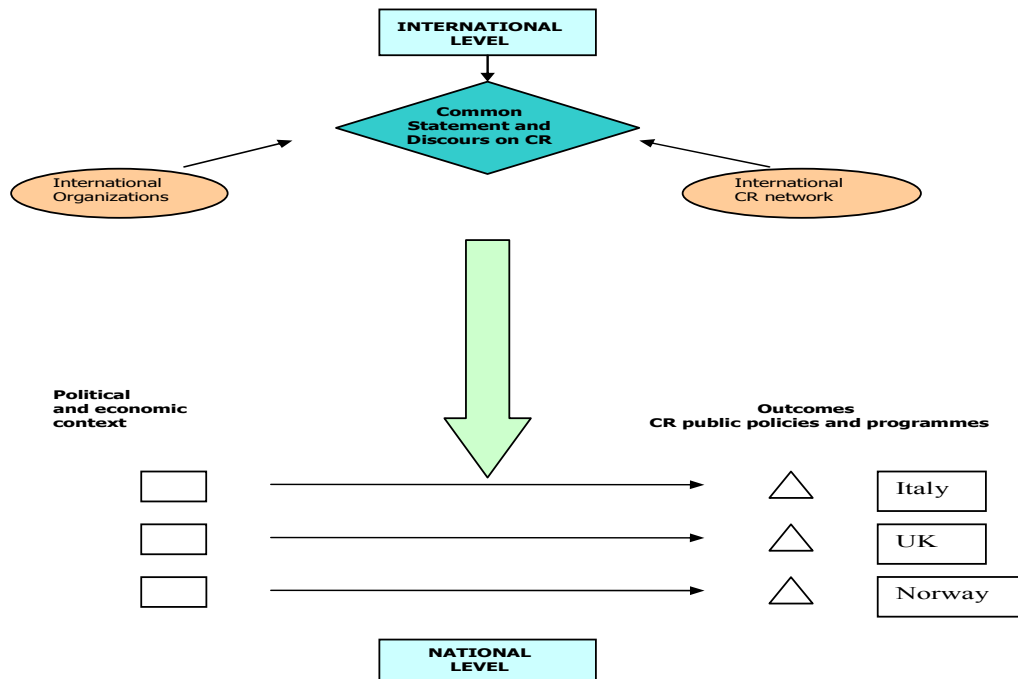
**Fig. 3. Public policies for CR in the relational state model**

Government's policies and programmes for CR can be analysed through the following four relationships:

1. CR in public administration
2. CR in government:-business relationships
3. CR in government:-civil society relationships
4. CR in government:-:business:civil society relationships

### 3. Government Corporate Responsibility policy in Italy, the UK and Norway

At the international level there is a common discourse on CR, shared by the European Commission, various international organisations and the international CR network. However the application of this discourse into specific policies and programmes varies across countries.



Certain trends have formed in the way governments promote corporate responsibility within groups of countries. Table 1 gives an overview of different models of government action in the development of public policies promoting CR have been identified across the EU-15 countries.

Table 1. Models for public policies for CR across the EU		
Model	Characteristics	Countries
Partnership	Partnership as strategy shared between sectors for meeting socio-employment challenges.	Denmark, Finland, the Netherlands, Sweden.
Business in the community	Soft intervention policies to encourage company involvement in governance challenges affecting the community (entrepreneurship and voluntary service).	Ireland, the United Kingdom.
Sustainability and citizenship	Updated version of the existing social agreement and emphasis on a strategy of sustainable development. Regulating.	Germany, Austria, Belgium, Luxembourg. France.
Agora	Creation of discussion groups for the different social actors to achieve public consensus on CSR.	Italy, Spain, Greece, Portugal .

Source : Albareda, Ysa, Lozano, 2005

This section analyses the role of the government in CR in three countries with considerably different approaches; Italy, Norway and the United Kingdom. The government's approach has been analysed in the following two dimensions.:

**Policy framework**, how the government articulates and organizes its promotion of CR, the scope of it's policies, how they are translated into regional and local government, and it's relationship with intermediary organisations. (See table 2)

**Policy implementation**, specific policies and programmes implemented. These can be categorised according to the sector at which they are targeted, or the sectors involved in their implementation. (See Appendix 1)

- CR in public administration (i.e in-house policies)
- CR in government and business relationships
- CR in government and civil society relationships
- CR in government, business and civil society relationships

This framework has not yet to date been tested outside Europe.

Table 2 outlines the areas to consider when analysing the policy framework, and Appendix 1 provides a list of examples of policies and programmes to help describe the policy implementation.

<b>Table 2. Government CR policy framework</b>	
<b>TOPIC</b>	<b>APPLICATION</b>
<b>Government CR policy</b>	Vision
	Objectives, strategies and priorities
<b>Internal government CR structure</b>	Position of political figure
	Organizational structure
	Centralized or decentralized
<b>CR responsibilities at different levels of government</b>	Cross cutting policies
	Regional/decentralized government
	Local government
<b>Scope of CR policy</b>	Domestic versus international
<b>CR role of other organisations</b>	Government agencies
	Intermediary organisations
	Multi-stakeholder organisations
	International organisations

Source: Adapted from Albareda, Ysa and Lozano (2005)

### 3.1 Social, economic and environmental context of each country

There are different challenges in relation to the future of the welfare state (employment, ageing population, social cohesion and inequality, competitiveness) and sustainable development in each country. An initial hypothesis suggests that the CR issues on the agenda of each government are related to the specific deficits in the economic, social and environmental systems faced in that country; in Italy: innovation, competitiveness and social cohesion, in the UK: social cohesion, unemployment and environmental sustainability, in Norway: international competitiveness, international trade and environmental pressures.

An analysis of the socio-economic and environmental indicators can contribute to a better understanding of the specific challenges, which governments may attempt to address through their CR policies.

The key performance indicators outlined in table 3 have been identified as being critical from the standpoint of government CR policies to help describe a countries socio-economic and environmental context. Most of these indicators were selected to assess the implementation of the EU Sustainable Development Strategy.

<b>Table 3. Performance indicators to analyse the specific drivers of government CR policy</b>
<ul style="list-style-type: none"> <li>• Economic growth</li> <li>• Employment</li> <li>• Inequality in income distribution</li> <li>• Population ageing</li> <li>• Competitiveness/innovation</li> <li>• Environmental impact</li> </ul>
<p><b>Economic growth</b></p> <ul style="list-style-type: none"> <li>• Fundamental dimension of the overall country development to be taken into account in order to assess the wealth creating capacity and also the competitiveness of the studied national system.</li> <li>• <i>Indicator:</i> Real GDP growth rate (growth rate of Gross Domestic Product at constant prices – 1995 – percentage change on previous year)</li> </ul>

<p><b>Employment</b></p> <ul style="list-style-type: none"> <li>• The slowing down in the total employment growth and the problem of high unemployment rates are two of the most important drivers at the basis of active social policies by governments and of the building of public-private partnerships.</li> <li>• <i>Indicator:</i> The total unemployment rate, that measures unemployed persons as a percentage of the labour force.</li> </ul>
<p><b>Inequality in income distribution</b></p> <ul style="list-style-type: none"> <li>• Public efforts against social exclusion for more inclusive paths of development are crucial elements for valuable government welfare policies, of which CR programmes can be an important tool in a welfare mix perspective.</li> <li>• <i>Indicator:</i> The Gini index, the most widely used tool in this field, which measures the extent to which the distribution of income (or consumption) among individuals or households within a country deviates from a perfectly equal distribution. A value of 0 represents perfect equality, a value of 100 perfect inequality.</li> </ul>

<p><b>Population ageing</b></p> <ul style="list-style-type: none"> <li>• The growing weight of elderly persons in the Western societies constitutes a major challenge for governments and calls for an active role of the private (for profit and not for profit) sector in the related policies (public health, pension management, assistance etc.).</li> <li>• <i>Indicator:</i> Eurostat current and projected old age dependency ratio between the total number of elderly persons of an age when they are generally economically inactive (aged 65 and over or aged 60 and over, depending on the context) and the number of persons of working age (from 15 to 64 or from 20 to 59, depending on the context).</li> </ul>
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<p><b>Competitiveness and innovation</b></p> <ul style="list-style-type: none"> <li>• Considering sustainability, and innovation to address the challenges it presents, as a key-factor of business success, the monitoring of R&amp;D expenditures provides important insights on corporate capacity to face competition.</li> <li>• <i>Indicator:</i> the gross domestic expenditure on research and development as a percentage of GDP.</li> </ul>
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<p><b>Environmental impact</b></p> <ul style="list-style-type: none"> <li>• The Ecological Footprint is a way of measuring a country's natural resources consumption and can be compared with nature's ability to renew these resources. In 2001, humanity's Ecological Footprint was 2.5 times larger than in 1961, and exceeded the Earth's biological capacity by about 20 per cent</li> <li>• <i>Indicator:</i> Total area required to produce the food and fibre that a country consumes, absorb the waste from its energy consumption, and provide space for its infrastructure.</li> </ul>
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Source: Tencati (2005)

An analysis of the indicators in these areas shows that the governments in the UK, Norway and Italy are faced with different political challenges. (See table 4)

<b>Table 4 Social, Economic and Environmental context of the country</b>					
<b>Policy area</b>	<b>Italy</b>	<b>Norway</b>	<b>UK</b>	<b>EU 25</b>	<b>EU 15</b>
Economic growth: GDP growth rate in 2006, (Eurostat 2005)	1.7	2.9	2.8	2.3	2.2
Total unemployment rate in 2004 (Eurostat 2005)	8.0	4.4	4.7	9.0	8.1

Inequality in income distribution (GINI Index UNDP 2001)	27.3	25.8	36.1	n/a	n/a
Population Ageing: projected old age dependency ratio in 2050 (Eurostat 2005)	55.7	n/a	42.8	n/a	47.2
Competitiveness/innovation: GDP spent on R&D in 2002 (Eurostat 2005)	1.16	1.67	1.87	1.93	1.99
Ecological footprint per person (global hectares) in 2001 (Loh, Wackernagel 2004)	4.0	6.0	5.3	n/a	n/a

Source: Tencati (2005)

### 3.2 Government CR policy framework in Italy, Norway and the UK

The governments CR vision, objectives, strategy and priorities, governmental structure and policy implementation across different levels of government also varies between Italy, Norway and the UK (see Table 5).

**Table 5 Government CR policy framework in Italy, Norway and the UK**

	ITALIAN GOVERNMENT	UNITED KINGDOM GOVERNMENT	NORWEGIAN GOVERNMENT
<b>Vision</b>	<p>Companies integrate social and environmental concerns into their business operation in their interactions with their stakeholders, on a voluntary basis. CR is seen as a competitive opportunity for companies themselves and local, regional and national economy.</p> <p><i>“To increase the degree of enterprise awareness of social, environmental and sustainability issues by promoting a culture of responsibility within the industrial system.”</i></p> <p>(Italian Ministry of Labour and Social Affairs (2003): <i>Project CSR-SC. The Italian Contribution to CSR promoting campaign developed at European Level</i>. Rome, p. 22.)</p>	<p>Companies moving beyond a base of legal compliance to integrating socially responsible behaviour into their core values, in recognition of the sound business benefits in doing so. Since businesses and the challenges they face differ widely, government interventions need to be carefully considered, well-designed and targeted to achieve their objective.</p> <p>“</p> <p>The British government has an ambitious vision for CR. The government sees UK businesses taking account of their economic, social and environmental impacts, and acting to address the key sustainable development challenges based on their core competences wherever they operate – locally, regionally and internationally. Far from being seen as a form of altruism, CSR should be good for long-term business success as well as good for wider society (DTI, <i>Corporate Social Responsibility. A Government update, 2004</i>)</p>	<p>CR is promoted and justified almost exclusively in economic terms. CR is represented as a win-win concept, with the exception of a White Paper on Human Rights and Globalisation which uses a more rights based, normative approach to CR. The government does not have explicit objectives or strategy for CR, however does state that enterprises shall not go beyond standard business CR practices.</p> <p>The overall vision is of Norway as an economically, ecologically and socially sustainable society, and economic growth is promoted within these boundaries. The concept of CR is promoted within the sustainable development strategy.</p>
<b>Strategy</b>	<p>Extensive, multi-stakeholder and multilevel approach. Parallel top-down and Bottom-up approaches with active regional and local government role. CR seen as the business contribution to sustainable development</p>	<p>Business driven strategy coordinated from central government. Top-down approach, although CR is promoted at different levels of government through related policies and programmes. CR policy separate to sustainable development policy.</p>	<p>CR integrated into policy related to Sustainable Development, environment, human rights. Domestic focus on more traditional legislative methods.</p>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Promote CR culture and best practices exchange among business</li> <li>• Support companies and SMEs in developing CR strategies and policies</li> <li>• Protect citizens’ rights</li> <li>• Contribute to the European debate to achieve common framework on CR</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage business to adopt socially and environmentally responsible practices that bring simultaneous economic, social and environmental benefits.</li> <li>• work in partnership with the private sector, community bodies, unions, consumers and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Profile Norwegian engagement for decent and socially responsible commerce. In “difficult commercial contexts”</li> <li>• Active multilateral engagement for human rights and international CR initiatives</li> </ul>

	<ul style="list-style-type: none"> <li>Develop practices and tools to launch new debate among all interested stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Encourage innovative approaches and best practices.</li> <li>Encourage increased awareness, open constructive dialogue and trust</li> <li>Create a policy framework for CR</li> </ul>	<ul style="list-style-type: none"> <li>Orientate markets towards SRI</li> <li>Expand the sustainable agenda towards CR, including work life balance</li> </ul>
<b>Priorities and issues on CR agenda</b>	<ul style="list-style-type: none"> <li>Competitiveness</li> <li>Sustainable development</li> <li>SMEs</li> <li>Labour and social affairs</li> <li>Multi-stakeholder dialogue</li> <li>Spread of CR culture and tools</li> </ul>	<ul style="list-style-type: none"> <li>competitiveness</li> <li>poverty reduction</li> <li>community investment</li> <li>environment</li> <li>governance</li> <li>workplace</li> </ul>	<ul style="list-style-type: none"> <li>promotion of peace</li> <li>human rights</li> <li>corruption</li> <li>democracy</li> <li>international impact of business</li> <li>Ethical investment</li> </ul>
<b>CR internal governmental structure</b>	Ministry of Labour and Social Affairs and Ministry for the Environment and Environmental Protection lead CR policy.	Department of Trade and Industry drives CR policy. Minister for Corporate Social Responsibility, Ministerial Steering Group for CR and coordinating team	Ministry of Foreign Affairs is primary advocate with support formal Coordinating council for State Secretaries.
<b>CR cross-cutting policies</b>	<ul style="list-style-type: none"> <li>Ministry of Industry and Trade</li> <li>Ministry of Foreign Affairs</li> <li>Ministry for Public administration</li> </ul>	<ul style="list-style-type: none"> <li>Dep. of Environment, Food and Rural Affairs</li> <li>Department for International Development</li> <li>Department for Education and Skills</li> <li>Department for Work and Pensions</li> <li>The Foreign and Commonwealth Office</li> <li>The Home Office</li> <li>Department for Culture, Media and Sport</li> <li>Department for Transport</li> <li>Department for Work and Pensions</li> <li>Environment Agency</li> <li>Health and Safety Commission and the Health and Safety Executive</li> <li>Office of the Deputy Prime Minister</li> <li>Her Majesty's Treasury</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Environment</li> <li>Ministry of Labour and Social Affairs</li> <li>Ministry of Trade and Industry</li> <li>Ministry of Finance</li> <li>Elements of CR also figure in social and labour markets, under "inclusive labour conditions" and "health, environment and security"</li> </ul>
<b>CR responsibilities at different</b>	Central government has an increasing role, regional and local authorities have developed significant initiatives.	Central government leads CR policy in coordination with regional and local authorities. Partnership strategy promoted from national government, with a	Central government leads CR policy, although weak over-all coordination across other policy fields. There is a

<b>levels of government</b>	Extensive involvement of SMEs and civil society organizations.	long tradition in terms of the role of business in society. Devolved administrations, Government Offices, Regional Development Agencies and Local Strategic Partnerships all promote CR to some degree through related programmes.	strong welfare tradition, with some examples of public-private partnerships
<b>CR scope</b>	Focus on domestic and international framework, with emphasis on regional and local government.	Focus on domestic and international business. CR framework led from central government.	Dominant international focus, particularly in developing countries with weak states with limited engagement with the domestic industry.
<b>Multi-stakeholder Forum</b>	Italian CSR Multi-Stakeholder Forum and Italian Centre for SR (I-CSR) set up as two key multi-stakeholder initiatives by government.	There is no official government led multi-stakeholder forum although most initiatives invite participation from wide range of stakeholders.	The government leads a multistakeholder forum, Kompakt, which operates as a consultative body for human rights and Norwegian economic activities abroad and supports existing initiatives such as Global Compact, EITI, OECD Guidelines, ILO and GRI.

## 2.3 Government CR policy implementation in Italy

This section gives some examples of the programmes with which the Italian governments put their promotion of CR into practice. This list is not intended to be exhaustive.

Relationship	Examples of programmes
Government – Public Administration	Integration of social and environmental issues into reporting Accreditation for good employer practices Creation of organisational units responsible for CR policies Financial assistance for companies implementing CR Green public procurement Funding for CR research and innovation programmes CR Awards, communication campaigns and media influence European Commission Events and Conferences on CR Italian Carbon Fund CR Agreement with UK government Sustainability Agreement with China National Environmental Action Strategy
Government - Business	Identifying and promoting companies leading in CR Promotion of CR through websites, publications, journals CR services and support to CR initiatives in companies Surveys and communications campaigns Management tools and promotion of CR culture Support for business-university research programmes Specific committees on organic food, environmental law etc Promotion of public-private partnerships Use of key performance indicators Corporate giving Pilot projects for CO2 reduction Reform of pension funds Accreditation for good employer practices Support for SMEs International documents, agreements, processes
Government – Civil Society	Active role of public opinion National observatory for Volunteering Reporting by NGOs Public Investment in the Third Sector The Social Enterprise International networks
Relational state	National Advisor for Equitable Treatment ICS Car Sharing Initiative “Implement a Project” Civil society-driven initiatives Italian Centre for Social Responsibility (I-CSR) Italian CSR Multi-Stakeholder Forum (CSR Forum) Local Agenda 21s, Local Forums, Local Agreements Conai, the national compliance scheme for packaging recovery Socially Responsible Investing – reform of pension funds Fair Trade

Below are some of the key aspects of the governments CR policies and programmes according to the relational model.

Relationship	Key aspects of CR policy and programmes
Government – Public Administration	<ul style="list-style-type: none"> <li>Central government regulation and initiatives to promote the accountability of public administration, anti-fraud and corruption policies, occupational health and safety policies, green purchasing</li> </ul>

	<p>practices</p> <ul style="list-style-type: none"> <li>• Regional and local authorities growing in importance in the field of CR</li> <li>• A coordinating framework of the different initiatives promoted at different governmental levels is lacking</li> </ul>
Government - Business	<ul style="list-style-type: none"> <li>• Many policies and programmes implemented by national, regional and local governments</li> <li>• Common objective of CR programmes is to combine stronger competitiveness with enhanced social cohesion</li> <li>• Innovative and widespread approach to CR through broad set of policies</li> </ul>
Government – Civil Society	<ul style="list-style-type: none"> <li>• Great attention paid by all levels of government to civil society</li> <li>• Increasing support and focus on Social Enterprises, non-profit organisations which carry out economic activities which benefit society</li> </ul>
Relational state	<ul style="list-style-type: none"> <li>• Broad stakeholder engagement and cross sector partnerships characterize the Italian situation</li> <li>• Multi-stakeholder initiatives at various levels, government-supported collaborations between NGOs and companies for social programmes, cross-sector sustainability initiatives</li> <li>• Widespread network of innovative public and private initiatives</li> </ul>

## 2.4 Government CR policy implementation in Norway

Although the Norwegian government does not have a specific CR strategy this section gives some examples of policies and programmes that promote CR practice, within the framework of sustainable development, environment, social inclusion or international human rights policy. The leading Ministries have been indicated where appropriate. This list is not intended to be exhaustive.

Relationship	Examples of programmes
Government – Public Administration	<ul style="list-style-type: none"> <li>• Strict environmental legislation</li> <li>• Coordinating Council for State Secretaries</li> <li>• Sustainable development strategy (Ministry of Environment)</li> <li>• Ministry of Environment certified with ISO14001</li> <li>• Green State project to certify all government bodies by end of 2005</li> <li>• Sustainable development linked to economic models (Ministry of Finance)</li> <li>• Innovation Norway, a state-owned enterprise promoting national and regional industrial development, export, tourism and innovation adopted ethical code of conduct</li> </ul>
Government - Business	<ul style="list-style-type: none"> <li>• Inclusive work-life balance programme based on voluntary initiatives, but under the shadow of alternative legislative measures if it does not succeed (Ministry of Labour and Social Inclusion)</li> <li>• GRIP (Norwegian Foundation for Sustainable Consumption and Production) established in 1995</li> <li>• Ministry of Environment developing ISO standard on CR</li> <li>• Ministry of Trade and Industry developing CSR related guidelines for industry related to Innovation Norway</li> <li>• Human rights, corruption, child labour programmes</li> <li>• Support for the Global Compact from Ministry of Foreign Affairs</li> <li>• SRI orientation of Norwegian Petroleum Fund (ministry of Finance)</li> <li>• Eco-building programme developing tools and guidelines (97-02)</li> <li>• Joint efforts to develop decent regulation in weak, resource-rich states where Norwegian industry is operative</li> </ul>
Government – Civil Society	<ul style="list-style-type: none"> <li>• Bilateral labour-capital and tripartite state-labour-capital negotiations codified in binding agreements on social and environmental issues</li> </ul>

Relational state	<ul style="list-style-type: none"> <li>Strong support for international multi-stakeholder initiatives, e.g. Global Compact</li> </ul>
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Below are some of the key aspects of the governments CR policies and programmes according to the relational model.

Relationship	Comments on CR policy
Government – Public Administration	<ul style="list-style-type: none"> <li>Longstanding commitment for sustainable development but no specific CR strategy, Ministry of Foreign Affairs most active in CR</li> <li>Ministry of Environment leads on Sustainable Development Strategy which has increasing focus on CR</li> <li>Ministry of Trade and Industry not active in CR</li> </ul>
Government - Business	<ul style="list-style-type: none"> <li>Most activity focused on international operations, particularly weak resource-rich states where Norwegian companies operate</li> <li>Local activity covered by existing strong legislation on social issues</li> </ul>
Government – Civil Society	<ul style="list-style-type: none"> <li>Active engagement with trade unions demanding traditional legislative measures for social, labour issues</li> </ul>
Relational state	<ul style="list-style-type: none"> <li>Support for international multi-stakeholder initiatives</li> </ul>

## 2.5 Government CR policy implementation in the UK

The table below gives some examples of the UK Government CR programmes and initiatives with which the UK government puts their promotion of CR into practice. This list is not intended to be exhaustive.

Relationship	Examples of policies and programmes
Government – Public Administration	Sustainability appraisals for policies across departments Framework for sustainable development on government estate Work-life balance, equal opportunities, ethical investment, anti-fraud and corruption policies Accreditation for good employer practices Volunteer programmes Offset CO2 emissions from civil servants flights Funding for CR research and innovation programmes All party parliamentary group on SRI Office of Government Commerce Buying Solutions Sustainable timber policy Affordable green electricity for public sector CR Awards Corporate Citizenship brochure Community Action 2020 Capacity building programmes with World Bank International Strategic Framework on Corporate Social Responsibility
Government - Business	Gender equality programme Race equality unit Business in the Community Excellence Awards Agricultural codes of practice Specialist Schools Programme Small Business Consortium Business Sector Sustainability Strategies Cleaner Coal Technology Programme and new and Renewable Energy Advisory Committee on Business and the Environment Business Linkage Challenge Fund Corporate Responsibility Index

	<p>Environmental Management Standard for SMEs          Making a Corporate Commitment Standard (MACC2)          ACCA Sustainability reporting awards          Tax Credits for Companies with EMS          Development Fund for Rural Renewal          Operating and Financial Review          Pensions Act Amendment          Corporate Responsibility Bill          Support for UN Global Compact, OECD Guidelines, ILO          Extractive Industries Transparency Initiative          Global Citizenship Unit</p>
Government – Civil Society	<p>Research Review          Support for International Alert, peace-building NGO          Sustainable tourism green audit kit          Impact on Society report          Software development for schools          Seminars to help women into work          Payroll giving campaign          Social investment Scotland          New Deal mentoring          Human Rights Act</p>
Relational state	<p>Cultural Diversity Network          CSR Academy          Childcarelinks, City Growth Strategies and inner City 100 Index, Business Broker Pilot, Community investment, Corporate Community Involvement, Neighbourhood renewal private sector panel, Community Strategies          Community Development Venture Fund,          Single regeneration budget, Education Action Zones, Community Investment Tax Credit          Ethical Trading Initiative, Society in the Extractive Industries, Fair Trade Foundation</p>

Below are some of the key aspects of the governments CR policies and programmes according to the relational model.

<b>Relationship</b>	<b>Key aspects on CR policy and programmes</b>
Government – Public Administration	<ul style="list-style-type: none"> <li>• Sustainable development strategy across government</li> <li>• Internal initiatives on accountability, purchasing, SRI, equal opportunities, anti-corruption and fraud policies, good employer practices, volunteer programmes</li> </ul>
Government - Business	<ul style="list-style-type: none"> <li>• Wide range of policies and programmes to facilitate business activity in CR and the UK is considered model for other European governments</li> <li>• Considerable volume of small separate initiatives and projects led from different parts of government</li> <li>• Implementation is achieved with the help of intermediary organisations, acting as links between government, business and civil society</li> </ul>
Government – Civil Society	<ul style="list-style-type: none"> <li>• Focus on raising awareness of CR through prizes, awards, campaigns</li> <li>• Encourage and support civil society organisations to directly influence businesses CR initiatives</li> </ul>
Relational state	<ul style="list-style-type: none"> <li>• Partnership methodology and multi-sectoral initiatives highly developed</li> <li>• Multi-sectoral initiatives Concentration on capacity building, facilitating and voluntary initiatives, funding streams and tax incentives</li> <li>• Joint solutions sought for social exclusion, adult education, neighbourhood renewal and community engagement</li> </ul>

## 2.5 Reflections

All three governments share the same overall discourse on CR, as business' role in addressing the problems faced by society, or their contribution to sustainable development. However, their policy frameworks and policy implementation vary in their vision, objectives and priorities, scope: international versus domestic scope, organizational structures, initiatives, policy mechanisms and programmes and levels of implementation at regional and local level.

- Italy has a more extensive, multi-stakeholder, and multilevel approach: parallel top-down and bottom-up approaches. Although central government plays a crucial role and leads the change, regional governments and local authorities are active
- The concept of “community-rooted” social capital which characterizes Italian society, related to the competitive success of its industrial districts and the different paths of local development, contributes to these differences
- The UK has a more systemic, national government-centred and business-oriented (top-down) approach. While policy is developed centrally it is implemented at regional and local government level, and with intermediary organizations having a prominent role
- Norway has a more national government-centred approach with a dominant international focus (top-out approach) as there is a strong welfare state tradition, many CR issues are therefore dealt with within regular administrative-legislative procedures
- In the UK, with a declining role of the state in welfare policies, the relational framework initiatives receive great encouragement from the national government and regional and local governments are also involved in their implementation
- In Italy, with a public recognition of the value of social capital, and the role of business in society there is an extensive involvement of companies (SMEs) and civil society in CR
- In Norway, with a strong welfare state tradition, there is limited engagement with the domestic industry and CR is focused on international issues such as human rights with a focus on multilateral partnership
- In the UK, the central government has a wider scope, covering greater number of policy areas and programmes, within a relational framework

## **4. Perceptions and challenges faced by different stakeholders**

This section highlights some of the perceptions from different stakeholders of the key issues to consider when comparing, monitoring or creating public policy for CR. The results of this section are based on interviews carried out with a small sample of representatives of businesses, government and civil society in Italy, Norway and the UK. The comments in this section are therefore not representative of each sector, however similarities have been found in the perceptions of people working in the same sector in different countries.

As noted previously the practices of different governments vary a great deal, however with regards to what the different sectors think a governments role should be with regard to some of the key issues, there are some common trends across countries. This section highlights examples of the different perceptions from each group, as well as the perceptions that are common across the three countries.

### **4.1 The role of government in corporate responsibility**

#### **Perceptions from government**

- CR is considered a cross-governmental issue, with a broad agenda related to social, environmental and international issues. Different ministries introduce CR elements into their specific policy areas in parallel with each other, however there is often limited coordination between these initiatives.
- There is a strong connect between CR and sustainable development, in the UK and in Italy CR is seen as the business contribution to this agenda, in Norway the Ministry of Environment is introducing CR elements into their sustainability agenda
- CR is generally seen as a strategic and competitive opportunity, however how this is structured in government varies greatly
- A multi-stakeholder partnership is seen as appropriate for CR

#### **Perceptions from business**

- Governments should adopt a leading role, define frameworks of action to influence and encourage other organisations (businesses and different levels of government)
- The relationship with CR and sustainable development policy is unclear
- Governments should be consistent in their policies, both in their own practice and through promoting an advanced CR agenda at international level
- CR policy does not always reach business, in the UK there appears to be more successful engagement with the NGO community and in Norway the SME community has strong CR practice, in ignorance of government CR policy

#### **Perceptions from civil society**

- CR became a key issue after the liberalisation policies of the 1980s, and following the decline in the provision of state services it has been seen as a mechanism to provide innovative solutions to the need to renew traditional welfare state mechanisms
- The most important role for government is to act as broker between sectors, working with both the supply side of CR (companies, consultants, industrial associations) and the demand side of CR (citizens, consumers, investors, stakeholder groups)
- Government should reward good practice, e.g. supporting social enterprises whose activities benefit the community

- There have been good attempts by the UK government to promote CR in companies operating overseas, however more should be done with the SME sector

<b>Common perceptions on CR policy</b>	
<b>Government</b>	<ul style="list-style-type: none"> <li>• Should be largely business driven</li> <li>• Should be cross-sector</li> <li>• Cross-government</li> <li>• business contribution to sustainable development</li> <li>• a strategic and competitive opportunity</li> <li>• multi-stakeholder and partnership approach is best</li> </ul>
<b>Business</b>	<ul style="list-style-type: none"> <li>• government has an important role in CR</li> <li>• government should influence all social agents, companies and civil society organizations</li> <li>• government should define a clear policy framework and lead by example</li> </ul>
<b>Civil society</b>	<ul style="list-style-type: none"> <li>• No common perception identified, varying opinions</li> </ul>

## 4.2 The legislative versus voluntary perspective

### Perceptions from government

- A light touch, voluntary approach is taken in Italy and the UK as CR is seen as more effectively implemented if it is business led and not regulated. In both countries there is a general preference for a partnership approach with business, raising awareness, capacity building, stakeholder engagement, and facilitation of voluntary initiatives
- In Norway however with a strong welfare state tradition, there is still commitment to legislative methods and therefore little scope for voluntary action on a domestic level. There is potential for the promotion of CR on a voluntary basis abroad

### Perceptions from business

- Clearly understandable and simple regulation is essential, with a well defined level playing field with basic rules for all players. Business should be demanding this and at least complying with minimum standards
- Governments should continue in their role of facilitator, encouraging business to behave more responsibly, however not enforcing standards until a certain amount of experimentation has been undertaken and good practice been developed. This way leading companies should identify future CR standards to encourage other companies to follow suit, before governments impose these standards
- Government should encourage innovation, and facilitating partnerships among well run firms is one way to achieve this. However innovation for sustainability will ultimately rest in the hands of business
- In Norway there is general accord with the international CR focus, although a call for more policy support for SMEs in the domestic market

### Perceptions from civil society

- Legislation has its limitations in terms of promoting CR and governments should adopt a role of encouragement and support, as well, as this is more likely to lead to compliance.
- The “ideological” debate on voluntarism can be interpreted as an excuse to avoid legislation which may be politically difficult to impose

- In the case of Norway, trade unions are keen to solve domestic issues by traditional bi or tri-partite negotiations and NGOs, NGOs particularly the environmental sector are more open to a stronger domestic CR policy focus, but also support strong legislation

<b>Common perceptions on legislative versus voluntary perspective</b>	
Government	<ul style="list-style-type: none"> <li>• Preference for voluntary approach</li> </ul>
Business	<ul style="list-style-type: none"> <li>• Governments should facilitate not overdo legislation</li> <li>• More policy support needed and level playing fields</li> </ul>
Civil society	<ul style="list-style-type: none"> <li>• Support for approach based in partnership and engagement</li> <li>• Varying opinion on voluntary approach</li> </ul>

### 4.3 CR policy and sustainable development

#### Perceptions from government

- There is agreement that CR is not only the business contribution to sustainable development, but that it is a crucial part of the success of this wider goal
- Norway has a pioneering position to defend in terms of sustainable development, however is currently facing serious dilemmas with its extensive petroleum industry
- In the UK the links between CR and sustainable development have not been strong enough, or clearly communicated and in the case of Norway the merging of these two agendas has been relatively late

#### Perceptions from business

- Sustainable development and CR are about the same issues, and CR is useful as a broad general term about how business needs to do more to respond to the outside world.
- In Norway a recent survey shows business expects CR and sustainability to be important in the future and there is general support for governments engagement in multi-lateral initiatives for sustainability and CR
- The major future challenges for government and economic players are CO2 reduction, waste prevention, reduction and recovery and renewable energies

#### Perceptions from civil society

- NGOs have widespread expectations of improving the social and environmental performance of companies, for example in Norway there is extensive concern with Norwegian petroleum exploration and production in arctic zones
- In Italy CR is seen as fostering the sustainable development of companies by increasing strategic resources (e.g. qualified employees, stronger reputation and broader social consensus)
- There is generally acceptance that the two agendas cover the same ground, and clear links are made with the Lisbon Strategy, the sustainability of the EU and CR
- In the UK there is a call for better coordination between the two strategies

<b>Common perceptions on CR policy and sustainable development</b>	
<b>Governments</b>	<ul style="list-style-type: none"> <li>• CR is described as the business contribution to sustainable development</li> </ul>
<b>Business</b>	<ul style="list-style-type: none"> <li>• CR and sustainable development are major challenges for both governments and businesses of the future</li> </ul>

<b>Civil society</b>	<ul style="list-style-type: none"> <li>• There are strong links between both agendas</li> <li>• High expectations of business practice and how governments incorporate the agendas into a policy framework</li> </ul>
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#### 4.4 CR policy and competitiveness

##### Perceptions from government

- CR is seen as a strategic and competitive opportunity for companies, in Italy, particularly for SMEs and in Norway particularly for industry abroad
- CR enhances reputation and can stimulate competitors to work in the same area
- In Norway however domestic policy oriented Ministries tend to prefer more traditional legislative tools and do not voice any focus on CR and competitiveness, the Ministry of Finance takes a cautionary approach and promotes a moderate SRI policy for the Petroleum Fund

##### Perceptions from business

- There is some scepticism concerning this relationship although some acceptance of the potential for a win-win situation
- Possible business benefits include improved quality in the processes and products of a company, greater self knowledge internally and externally, allowing quick response to changing markets, and increased reputation
- In the case of Norway international business welcomes the CR support from government, as it helps build the reputation as a responsible business, in line with domestic welfare state norms

##### Perceptions from civil society

- There is a clear link between the Lisbon Strategy, sustainability and CR in the European economy and if CR becomes a crucial variable it could be a key factor for the competitive success of national economies
- One of the objectives of government in promoting CR is to stimulate innovation and competitiveness, and therefore fund partnerships between NGOs and business on the basis that they will improve the competitiveness of a region
- Partnerships between business and environmental NGOs in Norway combine green innovation with lobbying, and there is a strong focus on international issues such as human rights and poverty
- While CR is recognised as important for corporate success, defining new strategic ways of doing business and the creation of value with a respectful and proactive attitude towards different constituencies, it can have a great impact on the macro level

<b>Common perceptions on CR policy and competitiveness</b>	
<b>Government</b>	<ul style="list-style-type: none"> <li>• CR is a strategic and competitive opportunity for companies</li> </ul>
<b>Business</b>	<ul style="list-style-type: none"> <li>• Support CR policies that focus on competitiveness and innovation</li> <li>• CR could be part of an innovative path of development</li> </ul>
<b>Civil Society</b>	<ul style="list-style-type: none"> <li>• Governments promote CR to stimulate innovation and competitiveness</li> <li>• CR could become key factor for success of national economies in global market</li> </ul>

## 4.5 CR policy and the welfare state

### Perceptions from government

- There is a relationship between these two areas, however it is described in different ways; in the UK CR policy is defined as “part of modern welfare state policies”, in Italy the relationships between CR and the welfare policy are considered in a new welfare mix perspective, in Norway the two areas “run in parallel”.
- The case of Norway is clearly different from Italy and UK, where the present government has reinforced its welfare state model, the CR agenda domestically is developed in this context

### Perceptions from business

- In Italy, where companies have a fundamental social role, they are seen as the ones who should provide innovative solutions to needs expressed by civil society through the market
- In the UK, the lead comes from government, which is seen to enlist the help of companies in areas of budgetary crisis, through the privatisation of public services. Business however will contribute to social issues if it makes business sense, not simply for philanthropic reasons
- In Norway the welfare state is largely taken as a given, and business relates to this, focusing more on CR issues abroad, although CR issues are beginning to feature as supplementary elements in public-private partnerships

### Perceptions from civil society

- In Italy and the UK there is an acceptance that the traditional welfare state mechanisms need to be renewed and that business has a role in this, however how government relates to business on this issue differs across countries
- In the UK, where businesses are seen to contribute to government priorities more than in other European countries, government exerts considerable pressure through its policies (e.g. unemployment initiatives, New Deal programme). This can lead to confusion over business’ role, contributing to public agendas (e.g. sponsoring training programmes for young people) or taking over formerly public services such as education (e.g. privately run schools)
- Business reacts badly to multiple initiatives from government encouraging business participation in social issues, and the perception that CR is being used to secure additional funding for areas with depleted budgets
- In Norway trade unions insist on formal bilateral negotiations or legislation in social areas, rather than soft voluntary interventions, however NGOs with weaker neocorporatist traditions, are moving beyond welfare state policies and more willing to be involved in a CR mode
- In Italy, the “Civil Economy” used to describe social enterprises whose activities benefit the community, should be supported and protected by government. CR can provide innovative solutions to address the need to renew traditional welfare state mechanisms through encouraging the active involvement of companies in social issues, through voluntary and strategy-driven interventions

Common perceptions on CR and the welfare state	
Government	<ul style="list-style-type: none"><li>• The relationship between these areas depends on the welfare</li></ul>

	state background of the country
Business	<ul style="list-style-type: none"> <li>The relationship between CR and welfare state is demonstrated through the governments' public partnership strategies</li> </ul>
Civil Society	<ul style="list-style-type: none"> <li>CR can provide innovative solutions to address the need to renew traditional welfare state mechanisms, looking for companies with socially responsible policies</li> </ul>

#### 4.6 Exchange relations between sectors

##### *Perceptions from government*

- The relationships between NGOs, business and government are considered fundamental for sustainable development, and in the case of Italy for a more cohesive and inclusive society
- Government adopts an impartial role, facilitating the participation of all sectors when drafting policy
- Government has to ensure CR policy fits the business agenda, as well as taking into account the concerns of civil society, and in particular NGOs. In the case of the UK, the DTI leads CR policy and their primary concern is business development
- Businesses and NGOs have a strong idea of each other's motivations, whereas government sits in the middle of the two

##### *Perceptions from business*

- Government should adopt the role of mediator, encouraging good practice and encouraging business to provide the solutions to society's needs
- Government should work with civil society to create the right framework to achieve change through market forces

##### *Perceptions from civil society*

- The relationships between business, government and civil society has changed a great deal since 1992 when it was a set of static relationships
- NGOs are important players in the debate, and have a powerful influence over business practice, in some cases more powerful than that of government. This is largely assisted by the media and the internet
- The activist NGO movement has played a critical role in controlling business, however other members of civil society have adopted the role of partners with industry or as experts in their fields.
- Trade unions negotiate in closed rooms with business and government whereas NGOs such as Greenpeace and Amnesty International, WWF and Transparency International thrive on media focus
- The attention of NGOs on business practice has increased global scrutiny and accountability of corporate behaviour, however there is a debate about the legitimacy of NGOs as representatives of civil society and their own accountability towards society
- A brokerage function between the three sectors is needed, and this may be best led by business as government led initiatives are not always the most successful
- In the case of Italy there is a sense that government needs to strengthen its engagement on CR with civil society, as focus has to date been largely with industry

<b>Common perceptions on the relational state</b>	
Government	<ul style="list-style-type: none"> <li>• CR gives a new dimension to the relationships between government, business and civil society</li> </ul>
Business	<ul style="list-style-type: none"> <li>• Government should act as mediator between business and civil society to provide solutions to society's needs expressed through markets</li> <li>• Government needs to create level playing fields to allow multi-stakeholder dialogue</li> </ul>
Civil Society	<ul style="list-style-type: none"> <li>• Civil society has huge influence, particularly through the media, over both governments and business</li> <li>• Different organisations adopt different roles, some work in partnership, others mobilize action through confrontation</li> <li>• CR requires multi-stakeholder dialogue and partnership strategies</li> </ul>

#### **4.7 Overall perceptions from each sector**

The perceptions of governments and businesses are similar across the three countries, generally in support government CR policies. The perceptions of NGOs are more varied.

##### ***Government perceptions***

- CR is an issue that has been incorporated into the government's agenda and is the business contribution to sustainable development. CR has to be a business-driven approach, even though government has a role to play. CR is a cross-governmental and cross-sectoral policy
- CR is a strategic and competitive opportunity for national and regional economies
- A systematic approach and a coordinating national framework is needed
- The lack of consistency of CR public policy (with sustainable development, with government's own operations, in different countries) generates confusion and absence of clarity for companies and stakeholders
- In Italy and the UK CR should be based on voluntary initiatives domestically and abroad, in Norway there is a strong commitment in domestic policy to traditional legislative methods
- For CR the relationships between NGOs, business and the government are fundamental and the role of government in relation to other stakeholders needs to be clarified

##### ***Business perceptions***

- Governments have a key role to play in CR
- Government should play a role of facilitator, but must not overdo legislation. They should be encouraging businesses in a certain direction, and only legislate after allowing a period of experimentation and innovation in this area
- Governments should define a level playing field with basic rules for all players
- Governments have to represent many interests and often adopt an impartial role, but they should be leaders in influencing other social agents
- Governments should be consistent between their CR policies and their own practices
- Central government should define a clear and solid framework for local authorities and companies. Governments should facilitate an innovative and competitive framework for companies adopting CR policies domestically and

abroad. In some cases, There is scepticism about the relationship between CR and competitiveness

- Government needs to adopt the role of mediator, working with civil society and business to achieve a paradigm shift, through market forces.

### ***Civil Society perceptions***

- Different views on the role that government must adopt. Some consider that governments should adopt a role of encouragement and support, and others feel the government should take a more regulatory role. Most of the NGOS interviewed support the voluntary approach to CR, but other not agree
- Government should better coordinate their sustainable development strategy and CR policies
- There is a link between CR policy and innovation and competitiveness
- CR is important for corporate success, contributes to the competitiveness of the nation and supports different paths of local development
- CR can provide innovative solutions to address the need to renew the traditional welfare state mechanisms through encouraging a more active role by companies

## 5. Final thoughts and key issues to consider

- **Drivers for public policies on CR.** The deregulation of public services, the increasing power of companies over governments, the welfare state crisis, drive for national competitiveness and sustainable development policy are some of the key drivers for governments to promote CR.
- **Common discourse varied implementation.** Governments have a common perception of the concept of CR however there are noted differences applying this concept to political frameworks and implementation strategies. Therefore it is not sufficient to agree on issues at a high policy level, if considerations have not been made on a more practical, applied level.
- **CR strategies can address socio-economic and environmental deficits.** A measure of the levels of economic growth, unemployment, inequality in income distribution, population ageing, competitiveness/innovation and ecological impact are ways of identifying the political challenges that governments may attempt to address through CR policy.
- **Diverging approaches to CR policy frameworks.** Approaches vary in their scope (domestic-international), level of involvement of regional and local government and orientation to one or more sectors (business led or multi-stakeholder focused). Existing welfare state provision, current social agendas and political culture are factors which may influence the different approach.
- **Governments need to manage a complex set of relationships between sectors.** An understanding of the increasingly interdependent political, regulatory and commercial exchanges between sectors, and the perceptions and challenges from different stakeholders are important considerations for developing CR policy.
- **Consensus on a multi-stakeholder approach to CR policy.** Although social capital and the traditional role of business in society is an important factor most agents agree a partnership approach is most effective to implement CR.
- **Government as broker between sectors.** It is generally accepted that government should assume the role of mediator, creating a common framework across sectors to promote CR, encouraging and leading multi-stakeholder dialogue.
- **Policy consistency in-house and across borders.** There is a common agreement that government's in-house policies need to be consistent with the behaviour they are promoting in the business sector, and that governments should create level playing fields for business operating in different countries.
- **Regulation seen to stifle innovation.** Governments often use a voluntary approach, in response to the perception that business needs to be allowed to develop new practices before regulation is appropriate. However some NGOs would argue for much stricter regulation.
- **CR is the business contribution to sustainable development.** This is not always reflected in the way in which government's structure and implement their CR and sustainable development policies. There is a perception that efficiency gains would be made if the two strategies were more aligned. In the countries studied sustainable development policy is promoted by the Environment related Ministry and CR by the Trade and Industry, Labour and Social Affairs or International Ministries.
- **A relationship between CR and competitiveness has been recognised.** There is some conviction of the positive financial benefits of CR on a micro level and on a macro level, however governments and the European Commission are actively promoting this relationship to encourage uptake of CR.
- **Boundaries of business' role in society can be blurred.** Government may encourage the involvement of business in areas where public services are lacking, however boundaries can become confused between business providing a public service and businesses ensuring they are managing their relationships with

stakeholders in a way that has a positive impact on the community.

## 5.2 Examples of CR Policies and Programmes

The following pages list examples of government policies and programmes that can be used to promote CR. This list is not intended to be exhaustive or exclusive, additional categories of policies and programmes are likely to exist in some countries, and likewise there may be categories which are not relevant in others. This framework can be used to help analyse existing government policies and programmes for CR, compare the situation in different countries or monitor policies and programmes over time.

### A.1 GOVERNMENT- PUBLIC ADMINISTRATION

	POLICIES	PROGRAMMES (examples listed here)
INTERNAL ↓	1. Leadership by example	<ul style="list-style-type: none"> <li>• Action Plan for Government Offices</li> <li>• Work-life balance policies/equal opportunities/ethical investment/anti-fraud and corruption policies</li> <li>• Accreditation for good employer practices</li> </ul>
	2. Creation of internal departments	<ul style="list-style-type: none"> <li>• Creation of knowledge centres</li> <li>• Creation of monitoring organisations and control systems</li> </ul>
	3. Coordinating government bodies	<ul style="list-style-type: none"> <li>• CR Minister responsible for coordinating activities</li> <li>• Cross-government CR programmes</li> <li>• CR feasibility studies for new legislation</li> </ul>
	4. Capacity building	<ul style="list-style-type: none"> <li>• Funding for research and innovation programmes</li> <li>• Financial assistance for companies implementing CR programmes</li> <li>• Publication of guidelines and good practice documents</li> </ul>
EXTERNAL	5. Public expenditure	<ul style="list-style-type: none"> <li>• Social and environmental criteria in supplier policies</li> <li>• Ethical purchasing and outsourcing</li> <li>• CR policies for public contracts</li> </ul>
	6. Public campaigns	<ul style="list-style-type: none"> <li>• Promotion of positive impacts of CR in business and society</li> <li>• Surveys on public opinion</li> <li>• CR Awards, communication campaigns and media influence</li> </ul>
	<b>INTERNATIONAL ISSUES</b>	
	7. International events	<ul style="list-style-type: none"> <li>• International conferences on CR</li> <li>• European Commission events</li> <li>• European conferences on CR</li> </ul>
	8. Transferring international debate to local contexts	<ul style="list-style-type: none"> <li>• Agreements between national and local government</li> <li>• Seminars on geographic or thematic areas</li> <li>• Consideration of CR regional and local policies</li> </ul>
	9. International instruments and agreements	<ul style="list-style-type: none"> <li>• Promotion of global regulatory frameworks</li> <li>• Development of international certification systems</li> <li>• Creation of evaluation and certification bodies</li> </ul>
	10. Foreign trade policy and international development	<ul style="list-style-type: none"> <li>• CR integrated into foreign affairs policies for international markets and international development</li> <li>• Promotion of good CR practice in overseas operations (human rights, labour standards, anti-corruption, environment etc)</li> <li>• Link CR to foreign investment policy and international relations</li> </ul>
	Other	<ul style="list-style-type: none"> <li>•</li> </ul>

Source: Adapted from Albareda y Ysa (2005)

## A.2 GOVERNMENT-BUSINESS

	Policies	Programmes (examples listed here)
SOFT  HARD	1. Raising awareness	<ul style="list-style-type: none"> <li>• Identify and promote companies leading in CR</li> <li>• Promote CR through websites, publications, specialist journals</li> <li>• Offer CR services and support to CR initiatives in companies or partnerships</li> <li>• Undertake surveys and communication campaigns</li> </ul>
	2. Voluntary initiatives (facilitating and promoting)	<ul style="list-style-type: none"> <li>• Promotion of uptake of CR policies, publication of CR reports</li> <li>• Encouraging sharing and promotion of good practice</li> <li>• Promotion of SRI, environmental standards, fair trade, sustainable consumption, work life balance, equal opportunities, employee volunteering, employee conditions, life long learning</li> <li>• Promotion of business networks</li> <li>• Promotion of public-private partnerships or public-private-civil society partnerships</li> </ul>
	3. Capacity building	<ul style="list-style-type: none"> <li>• Finance research and innovation programmes</li> <li>• Support business-university research programmes (instruments, good practice, comparative studies)</li> <li>• Develop guidelines and provide technical assistance</li> <li>• Incentives for sustainability reports</li> </ul>
	4. Stakeholders	<ul style="list-style-type: none"> <li>• Evaluation and communication programmes on impact of CR programs on stakeholders</li> <li>• Market mechanisms to favour CR (price policies, competition policies, investment principles)</li> <li>• Promote stakeholder dialogue</li> </ul>
	5. International	<ul style="list-style-type: none"> <li>• Incentives for adopting international CR standards</li> <li>• Promoting CR good practice in the South (labour standards, human rights, anti-corruption)</li> </ul>
	6. Convergence and transparency	<ul style="list-style-type: none"> <li>• Promote standardisation across CR management models, standards, reports, indicators and auditing systems</li> <li>• Promote fair trade labelling systems</li> <li>• Encourage standardization of SRI analysis</li> <li>• Promote inclusion of international CR agreements in codes of conduct</li> </ul>
	7. Evaluation and accountability	<ul style="list-style-type: none"> <li>• Accountability and auditing mechanisms</li> <li>• Triple bottom line reporting initiatives</li> <li>• Social and environmental labelling</li> </ul>
	8. Tax and funding systems	<ul style="list-style-type: none"> <li>• Tax incentives for CR (employment creation, gender balance, work-life balance, environmental initiatives etc.)</li> <li>• Funding streams for CR (volunteering, social projects etc)</li> <li>• Promote SRI through fiscal mechanisms</li> </ul>
	9. Legislation	<ul style="list-style-type: none"> <li>• Transparency regarding socially responsible investment (pension and investment funds)</li> <li>• Obliging companies to produce sustainability reports</li> <li>• Regulation regarding public contracts and selection processes</li> <li>• Environmental legislation</li> <li>• Adaptation of international agreements to national standards</li> </ul>
<b>SECTOR SPECIFIC ISSUES</b>		

	10. SMEs	<ul style="list-style-type: none"> <li>• Promotion and incentives for good CR practice in SMEs</li> <li>• Raising awareness of impact of operations in the South</li> <li>• Support SMEs in impact assessment</li> <li>• Research on the social and environmental impact of SMEs</li> <li>• Promote the exchange of good practice and business case for CR in SMEs</li> <li>• Public campaigns directed at SMEs</li> <li>• Encourage cooperation between large companies and SMEs</li> </ul>
	11. Community action	<ul style="list-style-type: none"> <li>• Favourable tax incentives for business in the community</li> <li>• Disseminating good practice and creation of networks</li> </ul>
	12. Corporate restructuring	<ul style="list-style-type: none"> <li>• Work with facilitators to promote CR in restructuring programmes</li> <li>• Encourage good practice and its dissemination</li> </ul>
	Other	<ul style="list-style-type: none"> <li>•</li> </ul>

### A.3 GOVERNMENT-CIVIL SOCIETY

	POLICIES	PROGRAMMES (examples listed here)
SOFT ↓ HARD	1. Raising awareness	<ul style="list-style-type: none"> <li>• Analysis and dissemination of good practice in business operations with high impact on the community (work life balance, social cohesion)</li> <li>• Tax incentives for civil society-government partnership programmes</li> <li>• Knowledge dissemination of international agreements with civil society implications (human rights, labour standards)</li> </ul>
	2. Voluntary initiatives (facilitating and promoting)	<ul style="list-style-type: none"> <li>• Campaigns for sustainable consumption, publications, seminars and dissemination</li> <li>• Ethical investment initiatives</li> <li>• Support SRI initiatives</li> <li>• Support socially responsible consumption</li> </ul>
	3. Capacity building	<ul style="list-style-type: none"> <li>• Publications, events, press</li> <li>• Surveys and CR Awards</li> </ul>
	4. Stakeholders	<ul style="list-style-type: none"> <li>• Create communication mechanisms to foster business-community dialogue</li> <li>• Promote transparency mechanisms</li> <li>• Promote partnerships and participate in them</li> </ul>
	5. International	<ul style="list-style-type: none"> <li>• Promote initiatives with international NGOs</li> <li>• Participation in international civil society activities</li> </ul>
	6. Convergence and transparency	<ul style="list-style-type: none"> <li>• Fair trade labelling schemes</li> <li>• Social enterprise definitions</li> </ul>
	7. Evaluation and accountability	<ul style="list-style-type: none"> <li>• Accountability and auditing mechanisms</li> <li>• Triple bottom line reporting initiatives</li> <li>• Social and environmental labelling</li> </ul>
	8. Tax incentives and funding streams	<ul style="list-style-type: none"> <li>• Support for government-civil society partnerships for CR initiatives</li> </ul>
	<b>SECTOR SPECIFIC ISSUES</b>	
	9. Management of social organizations	<ul style="list-style-type: none"> <li>• Improve management of social enterprise</li> <li>• Enable SRI</li> <li>• Environmental and social criteria for public contracts to socially financed organisations</li> </ul>
	Other	<ul style="list-style-type: none"> <li>•</li> </ul>

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#### A.4 GOVERNMENT-BUSINESS-CIVIL SOCIETY

	POLICIES	PROGRAMMES (examples listed here)
SOFT ↓ HARD	1. Raising awareness	<ul style="list-style-type: none"> <li>• Sharing good practice and knowledge dissemination</li> <li>• Create National Resource Centres (e.g. National Contact Point, Holland)</li> </ul>
	2. Capacity building	<ul style="list-style-type: none"> <li>• Multistakeholder Forums</li> <li>• Business support networks</li> <li>• Sharing experience and best practice</li> </ul>
	3. Voluntary initiatives (facilitating and promoting)	<ul style="list-style-type: none"> <li>• Round tables on codes of conduct</li> <li>• University-business research projects, promoting dialogue</li> <li>• Proactive role in promoting innovation, pilot projects, dialogue</li> </ul>
	4. Stakeholders	<ul style="list-style-type: none"> <li>• Consumers; information on supply chain, sustainability index of products</li> <li>• Investors: information on RC policies and expectations regarding pensions</li> </ul>
	5. Evaluation and accountability	<ul style="list-style-type: none"> <li>• Accountability and auditing mechanisms</li> <li>• Triple bottom line reporting initiatives</li> <li>• Social and environmental labelling</li> </ul>
	6. Convergence and transparency	<ul style="list-style-type: none"> <li>• Management standards</li> <li>• Codes of conduct</li> <li>• Promote simple and flexible indicators</li> </ul>
	7. International	<ul style="list-style-type: none"> <li>• International partnerships</li> <li>• Networks and alliances</li> <li>• Multistakeholder forums</li> </ul>
<b>SECTOR SPECIFIC ISSUES</b>		
	8. Community action	<ul style="list-style-type: none"> <li>• Urban regeneration projects</li> <li>• Education projects in poor areas</li> </ul>
	9. Multi-sectoral partnerships	<ul style="list-style-type: none"> <li>• Promoting CR networks with public/private participation</li> <li>• New social partnerships and common frameworks</li> <li>• Local partnerships between different sectors for urban regeneration</li> <li>• Stakeholder involvement in developing guidelines</li> <li>• Bringing together different sectors</li> </ul>
	10. Socially responsible investment and fair trade	<ul style="list-style-type: none"> <li>• Pension schemes with social, environmental criteria</li> <li>• Transparency in definition of SRI</li> <li>• Selection, retention and realization of investment with CR considerations</li> <li>• Consumer rights</li> </ul>
	Other	<ul style="list-style-type: none"> <li>•</li> </ul>

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