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Interactions between states and markets in a global context of change: contribution for building a research agenda on stakeholders' social responsibility

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Abstract

This working paper is part of ongoing research on international comparison between European and Brazilian public policies for cross-sector and multi-actor social responsibility based on a concept of stakeholders' social responsibility as proposed by Ashley (2010). One of the propositions presented here is that the process and content of public policy-making and business strategies for CSR can be seen in a co-evolution process, which is co-shaped by social, economic, environmental, political and institutional aspects through interactions between markets, civil society and the State, either at local, regional and national level, as well as at the global level. This proposition can serve as lenses for comprehension on the variety of perspectives for public policies on CSR in an international context. The paper presents, in a first section, an analysis and discussion on a literature review concerning European public polices for corporate social responsibility. In a second section, it presents a discussion on some recent contributions for research on social responsibility at the organizational and inter-institutional levels. One contribution is the ISO 26000 revised final draft, which migrates from the concept of corporate social responsibility to organizational social responsibility. Another one is a model for an inter-institutional framework for multi-level and multi-actor governance of stakeholders' social responsibility (Ashley, 2010), to be further developed as part of a research agenda from a perspective of critical social studies. It is here assumed that the choice of theories, methods and goals for a research agenda is also a political decision, affecting the role definition of higher education institutions as relevant contributors for policy making on development cooperation. Thus, one key aspect for future research is on the choice of scope of content – from narrow to broad concepts – and on the time-frame – short, medium or long term time-frames – adopted by researchers for the concept of social responsibility. Another key political aspect for a research agenda on social responsibility is considered on the embedded quality of political interaction between the State, markets and civil-society concerning the mutual contribution for an inter-institutional learning framework in the research agenda and design.

Keywords

Interactions between states and markets in a global context of change[1]:
Contribution for building a research agenda on stakeholders' social responsibility

1   Introduction

Current definitions of corporate social responsibility - CSR - refer to the pursuit of economic, social and environmental goals as the objective of socially responsible organizations. In most cases these definitions also include an explicit reference to "voluntarism". According to the EU communication of 2002, for example, CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. A similar emphasis on voluntarism and responsibility can be found in the 1999 OECD Principles of Corporate Governance, that refers to governments as those that shape the legal, institutional and regulatory climate, while the main responsibility for the action lies with the private sector.

Alan C. Neal (2008) argues that there is now a general agreement on the main features of CSR:

> CSR is behavior by businesses over and above legal requirements, voluntarily adopted because businesses deem it to be in their long-term interest; CSR is intrinsically linked to the concept of sustainable development: businesses need to integrate the economic, social, and environmental impact in their operations; and CSR is not an optional "add-on" to business core activities — but about the way in which businesses are managed (Neal 2008, 465).

Yet, currently in 2010, the agreement Neal proposed in 2008 is under a global context of change. One of the change drivers is the current final revised draft of the ISO 26000[2] , in which the respect for the rule of law is required as part of the concept of CSR, by means of the principles and practices in the core subjects of organizational social responsibility. Thus, social responsibility, according to ISO 26000 includes business acting according to legal requirements, as well as going beyond the law.

However, even if we keep CSR as a voluntaristic concept for business approach to social responsibility, over and beyond the law, as referred before, it does not imply that CSR features are unproblematic or the concept of CSR clear. How can the ´above legal requirement be interpreted´? Is it more demanding than legal requirements? What happens when businesses do not see the long-term benefits, but only the short term costs of being socially responsible? Does the *need* to integrate the economic, social and environments goals translate into more sustainable business processes? Are businesses really managed according to the principles of CSR?

This paper presents results from a review on research and literature on European public policies on CSR. It points that there has been a range of perspectives, in different countries at the same time or in different times in the same country, on public policies for corporate social responsibility (CSR) in Europe. One of the proposed reflections based on the literature review[3], is that the way CSR is conceived or legitimized by the State affects the way public policies for CSR are proposed and approved as part of the political agenda.

This paper proposes that the process and content of public policy-making and business strategies for CSR can be seen in a co-evolution process, which is co-shaped by social, economic, environmental, political and institutional aspects through interactions between markets, civil society and the State, either at local, regional and national level, as well as at the global level. This proposition can serve as lenses for comprehension on the variety of

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[2] ISO 26000 is a standard guidance on organizational social responsibility, which is expected to be published by mid December 2010, being a result of a global discussion and negotiation among more than 90 countries´ multi-stakeholder delegations, who have been working for more than five years as members of the ISO working group on social responsibility. The final revised version of ISO 26000 is publicly available since 21th May 2010 at www.iso.org/wgsr.

[3] As presented by Dr. Adele Lebano on her analysis on a literature review on public policies on CSR during a discussion meeting with the research cluster Interactions Civil Society and Markets on 17 June 2010 at the International Institute of Social Studies, in the Hague.

perspectives for public policies on CSR in an ongoing research at ISS on international comparison between European and Brazilian public policies for CSR.[4]

The first part of the paper will look closer at the issue of interactions between markets and state on corporate social responsibility and the review on research and literature on public policies for CSR in Europe. In the second part of the paper, a discussion is presented on recent contributions for broadening the scope from corporate to organizational social responsibility and from organizational to stakeholder social responsibility. One of the recent contributions is the current global consensus on the scope of principles, core subjects and issues of social responsibility as presented in the revised final draft of the ISO 26000, yet to be voted and approved by the end of 2010. Another contribution is based on the concept of Stakeholders´ Social Responsibility (Ashley, 2010) as presented in march 2010 during her inaugural address as Prince Claus Chair in Development and Equity. Finally, a research and public policy agenda is proposed from a perspective of critical social studies according to the mission of the International Institute of Social Studies[5].

2   Literature review: interactions between states and markets on corporate social responsibility

Market and politics: discussions on market morality and government role for CSR

The interesting aspect of CSR is not that it is new or fashionable - therefore we'd better have an opinion on it - but that it brings our attention back to fundamental questions about how to share a finite planet. These questions have become more visible in the current times of economic, social and environmental global crisis, but they have long been concerns of philosophy, politics, economics and the natural sciences.

There is little new in concerns for social, environmental and human rights problems or in the idea that the market is not inherently moral. Adam Smith is usually quoted to underline his contribution to the distinction between the spheres of market and politics, and the liberation of market from moral obligations (Smith [1776], 1937). Yet Smith's work does not reduce to the absolute faith in self-interest as the way to individual and, thus, general well - being. His theory includes demanding normative assumptions on people's moral responsibility. As Edwin M. Epstein points out "Market capitalism has

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[4] A research on public policies for CSR is part of the workplan of the Prince Claus Chair in Development and Equity in the International Institute of Social Studies, in which Dr. Adele Lebano and other researchers are getting engaged in the Netherlands and in Brazil.

[5] The International Institute of Social Studies of Erasmus University Rotterdam, in the Hague, has more than 50 years of international contribution on development studies from a critical social studies perspective. The mission of ISS is to promote human and social development by means of education, research and outreach in the interdisciplinary area of development studies.

been nurtured on the concept that the common good is maximized when individuals and, by implication, organizations pursue their parochial self-interest. This perspective is attributed to Adam Smith (Smith, *The Wealth of Nations*), but in fact is only part of Smith's overall message that individual well-being can only occur where there exists underlying "sympathy" or recognition of a common good (Smith, *The Theory of Moral Sentiments*)" (Epstein 2009, 13).[6]

As theorists of the social contract from Hobbes to Rawls taught, pursuing our own interest in the absence of a social contract does not guarantee a fair result. A well functioning market requires qualified choices and behavior by individual and collective actors, just as much as a well-functioning democracy. The freedom of the market is hampered by egoistic or perverse preferences and choices. In this light, the notion of market freedom appears closer to Kant's rigorous idea of individual liberty ("doing what we ought to do"), than to laissez – faire license ("doing what we like to do"). Responsibility in this sense means becoming accountable for both good and bad actions by respecting socially and morally acceptable principles. And conforming to these principles may be far more demanding for markets than simply respecting the regulation of one's own country.

The notions of freedom and responsibility in the market are both implied when we reflect on the relationship between market and government. In particular, the relationship between market and government may be seen as one of sharp separation, or of continuity. In the first case, governments are expected to interfere, in the name of public interest, only to correct the market failures, to deal with externalities. In the second case, market and government become closer and 'contaminate' their styles and tasks. In this second view, government and society share the economic value of efficiency, and market shares the political and civic values of moral appropriateness. Authors underlines that this exchange between socio – political and economic sphere characterizes governance as opposed to government and is typical of CSR policies (Steurer 2009; Moon 2002; Nelson 2004). Public governance shifts from vertical regulation to horizontal or networking models and has its business side in CSR, a concept which underlines the "public role of private enterprises" (Nelson 2004).

Market embedded morality: A new appeal on markets?

Ronen Shamir (2008) offers a thorough analysis of the passage to governance and its horizontal and diffused political power, and he links the concept of CSR to this passage. The author is critical with respect to this new "market-embedded morality," which he considers as the ultimate product of neo-liberal exasperation of the positive power of market society.[7]

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[6] *The Theory of Moral Sentiments* precedes *The Wealth of Nation*, and it not only about moral sentiments, but it is about individual agency and governments affairs, including the relation between economics and politics. All that pertain human "practical reason" (to use Kant's words). The second book, which became the most famous, was actually conceived as a sub- part of the first dedicated to economic action.

[7] For an exhaustive and more nuanced overview of different interpretations of market society see Hirshman (1982).

Shamir identifies two sides of what he describes as the economy flood into politics and society. The first side is that the logic of the market extends to state and society ("the economization of society"). This affects the role of government and tends to softener its traditional tasks of regulation and control. The shift is from governing to governance, where the latter introduces the idea that governments have to become facilitators and partners of other private source of authorities (Shamir 2008, 377).

The second side of this process is that market must assume direct responsibility for issues traditionally confined to politics ("the moralization of the market"). This second side makes the link between governance and CSR explicit. Economy permeates all aspects of social and political life and therefore claims to have moral obligations that it can autonomously enforce. Unfortunately, the author argues, morality so conceived looses its normative and prescriptive power to turn into business opportunities (Shamir 2008, 394).

Shamir's analysis, despite some over – simplifications, provides useful insights into the question of responsibility and voluntarism. He argues that a diffused or market - embedded morality is weaker and less demanding because it cancelled any distinctions between "social interest and economic imperative" (Shamir 2008, 389). We could say that, as this distinction vanishes, to be socially responsible might become far too easy to be true.

Further analysis on the possible roles of government for fostering more ambitious concepts and practices of CSR is needed to clarify this point. What follows is an attempt to contribute to this analysis through a conceptual and empirical overview on CSR and public policy.

Why do governments care for CSR?

Despite the ambiguity of CSR and controversies that CSR raises, it seems safe to say that CSR implies division of responsibility between politics and markets. CSR urges private companies to share responsibility in some problems that were traditionally seen as public concerns. In so doing, CSR challenges the classical boundaries between state and market. CSR does not only call companies to share the work of governments in contributing to the common good, it also urges governments to pay attention to the terms and results of this partnership between politics and markets.

Notwithstanding, the enduring political concerns contained in its notion, CSR is often regarded as a business for companies in which governments have only recently taken part. Given this premise, a consistent part of the recent literature on CSR asks: why do governments care for CSR? The answers provided can be divided into four streams of literature.

First, according to some authors this 'new' interest of governments in CSR results from the urgency to cope more affectively with societal changes and demands such as unemployment, inequality, social exclusion. The integration of traditional hard law and regulations with the soft policy approach for CSR is therefore seen by governments as a way for gaining in effectiveness, while saving the costs of extenuating policymaking processes (Moon 2004, Albareda 2008). Second, many authors read governments' interest in CSR as the effect of global dynamics that erode the traditional role of national states and

encourage new forms of governance (Nelson 2004, Moon 2007, Shamir 2008). Third, a further line of reading connects CSR and the goals of sustainable development, environmental protection, human rights and development. This reading underlines that the integration of economic, social and environmental objectives into business on a voluntary base can contribute to fundamental national and international policy goals (Moon 2002). Fourth, some authors underline that since CSR is more than a management approach that can be left to the discretion of companies, governments want to have a more active part in it (Moon 2002, 2008; Steurer 2009).

Once argued that governments play an important role in fostering responsible corporate and societal behavior, there is still a fundamental disagreement about what this role should be. Despite the claim that the controversy on regulatory *versus* voluntary approaches to CSR belongs to an earlier stage of the debate[8], the agreement on soft intervention as the one-best way to CSR is not unanimous and the discussion on the possible role of government on CSR seems to be still crucial.

Supporters of more regulatory approaches to CSR underline that "CSR should be about more than going 'beyond compliance;' that it should also include efforts to raise compliance standards." (Epstein, 2009; Vogel, 2005; Neal, 2008). In this sense, CSR seems to require governments not just as moderators and enablers. As a matter of fact, in European countries with a longer tradition in CSR, a shift has already taken place in governments' way to foster CSR[9].

Public policy for CSR in Europe

From the literature reviewed, there is a conflicting understanding on what the role of government in CSR arena is and, thus, what could emerge as acceptable and legitimized public policies from the point of view of different stakeholder interests.

In March 2006, the European Commission published a new communication on CSR, stressing the potential of corporate social responsibility to contribute to the European Strategy for Growth and Jobs and announcing backing for a European Alliance for CSR[10]. Since then, the

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[8] On this point, see Albareda *et al.* (2008), as well as the European Commission's Communication in 2006.

[9] In Denmark, for example, current political approaches to CSR try to find a balance between voluntarism and regulatory measures. Recently, during the ISO 26000 Working Group meeting in Copenhagen, the Danish government organized a Government Representative´s Conference for discussing on what government can do in each country and what government can do together in a global level concerning public policies for dealing with the challenges of effective CSR practices in markets. Also, the Danish government changed its voluntary approach to regulatory approach on public policies for CSR in 2008 by means of approving a new law for mandatory disclosure on sustainability report by Danish companies.

[10] The European Alliance for CSR lays the foundations for the partners to promote CSR in the future. It evolves around the following three areas of activities: raising awareness and improving knowledge on CSR and reporting on its achievements;

European Union has maintained its definition of corporate social responsibility as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis". According to this voluntary concept, the European Commission has framed its scope of role on policies for CSR as fostering business associations' engagement in raising awareness and building knowledge and learning tools on CSR among business. Thus, in the current partnership framework between the European Commission and the European Alliance for CSR, public policies for CSR are acceptable if they do not imply mandatory regulation on business and markets.

On the other hand, representatives from non-state organizations in Europe have moved, in the last decade, to a more active engagement by means of civil society networking, like the European Coalition for Corporate Justice – ECCJ[11], and more in favour of a better regulation from European Union in the CSR agenda[12]. The ECCJ (2010) proposes a better alignment of the EU 2020 strategy with all other EU international commitments concerning climate change, human rights, sustainable development and Millenium Development Goals. Also, the ECCJ points for the need of legal reform at the EU for a better alignment of business international operations with the higher standards of Europe:

> […] The current European legal framework on human rights and the environment applicable to European companies' worldwide operations and supply chains is characterised by lack of protection and access to justice for victims, risk and legal uncertainty for companies, and incomplete and/or poorly enforced public policies and regulation. The framework put forward in 2008 by the UN Special Representative addresses these issues and has given new momentum and direction to the corporate accountability agenda. […]The European Union's own commitments to tackle climate change, promote human rights, support sustainable development and contribute to the Millennium Development Goals cannot be met by the current EU2020 proposals. The strategy can only work by integrating all these aspects in a coherent manner. The proposed legal reforms developed by the ECCJ provide concrete and realistic opportunities for the EU to show their commitment to tackle corporate abuse and thus contribute to sustainable growth. (ECCJ, 2010, p. 6)

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helping to mainstream and develop open coalitions of cooperation; and ensuring an enabling environment for CSR.

[11] The European Coalition for Corporate Justice (ECCJ) is the largest civil society network devoted to corporate accountability within the European Union. The European Coalition for Corporate Justice critiques policy developments, undertakes research and proposes solutions to ensure better regulation of European companies to protect people and the environment. The European Coalition for Corporate Justice's membership includes more than 250 civil society organisations in 16 European countries. This growing network of national-level coalitions includes several Oxfam affiliates, national chapters of Greenpeace, Amnesty International, Friends of the Earth, and the International Federation for Human Rights (FIDH) –among many others

[12] The European Coalition for Corporate Justice (ECCJ) (2010). *Contribution to the EU2020 consultation*. Brussels, 6p. Available at www.corporatejustice.org.

Before we present the results of the literature and research review on public policy for CSR in Europe, a brief introduction on the concept and classification of public policies is presented in the next section.

Public policy instruments according to views on the CSR concept[13]

Public policy can be described as a process or a cycle that starts with the identification of a problem of common concern that is politically defined as a public priority, oriented for a resolution or a better social, economic, environment or institutional condition to be reached. Practices of public policy making are usually based on studies and diagnostics that contribute for designing plans, budgets and responsibilities for its implementation and evaluation in terms of programs, projects, activities and expected targets in results and impacts.

Public policies can also include laws and related normative instruments. Laws are normative public acts in which rules are established. However, legislative instruments are only some of the possible instruments governments can use to address a problem which affects public interests.

Public policies have, by definition, a coercive nature, they are the policies undertaken by governments. Yet the degree of this coercion, considering the CSR concept, may vary as we move from minimal to interventionist views of CSR and therefore from soft to hard regulation and, thus, public policy can rely on different instruments, more or less interventionist or regulatory.

Scholars distinguish three main kinds of public policy instruments: legislations and regulations ("steaks"); economic incentives (carrots); information and persuasion ("sermons") (Vedung, 1998). The choice of the instruments, or of the right combination of instruments, plays a major role to the achievement of the ends the governments are pursuing (Vedung 1998; Lowi 1972; Linder and Peters 1989). This choice involves actors others than governments, even though governments maintain the main role. In public policy making, governments take into account expectations, demands and problems arisen by different public and private stakeholders, whose role can be more or less determinant depending on their respective power and influence on the political and technical arena for defining the public policy agenda, design, implementation, evaluation and social control.

The inclusion of the CSR agenda in public policies are still in its early stages in the majority of European countries, and the most adopted kinds of instruments of public policies for CSR are those classified into information and persuasion or "sermons". In this approach to public policy making, private companies and civil society are not expected to be secondary actors in the

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[13] Participatory public policy making has become a more frequent public management approach in western countries for defining priorities in public policy. Participatory public policy making considers a multi-stakeholder involvement in all phases of policy making and, usually, with mirror public governance bodies at the national, regional and local levels. This is the case of Brazilian public management model, whereas the Constitution at the national, regional and local level defines which public governance bodies are mandatory for policy making and social control.

public policy process, but to become partners of public authorities[14]. This way of conceiving the public - private relationship represents an alternative to both the neo-classical economic model, according to which governments and their policy are interferences in markets freedom, and to the opposite model of hyper-regulated economy.

The notion and practices of CSR rest at the crossroad of theoretical and political questions. The way we define CSR affects the process of policy making for CSR and more specifically the selection of policy instruments. If we interpret CSR as voluntarism, we are likely to dismiss policy instruments that fall into the realm of hard regulation and "command and control" approaches. In this case, interventionist instruments would be counted out as inappropriate on behalf of the conception of CSR we hold. Yet these instruments might be more effective to address certain CSR concerns in certain socio political contexts. As Fox (2002) underlines, the implementation of CSR public policies requires to combine different policy instruments and to find an appropriate balance between hard and soft regulation, and between regulatory and voluntary approaches of public policy.

The process of public policy making in the area of CSR, as well as in other more traditional policy areas is a learning process, rather than a mere rational and normative exercise. It is the result of contingencies, compromises, and trial and error. In this sense, the evaluation of the impact of actual policies measures has a crucial relevance for designing effective policies for CSR. Posing voluntarism at the core of CSR concept may result in ineffective policies that fail to effectively achieve the ends of CSR[15].

To put more explicitly, when policy instruments are interventionist, can we still consider government as contributing to foster a CSR agenda at a national and global level? The answer we suggest is yes, and not only on the basis of the theoretical distinction between means and ends of CRS, but also according to the current European and global discussion towards an international coherence of social responsibility policies and practices of multinational companies and throughout global value chains.

A review in existing research on public policy for CSR in Europe

In a worldwide study on public sector's engagements in CSR Tom Fox et al. (2002) classify different public sector initiatives for CSR on the basis of the different roles governments may have in promoting business' socially responsible action and different area of CSR they addresses. The roles of public sector identified are four: mandating, facilitating, partnering and endorsing, and they correspond to different instruments of policy. This is the

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[14] At the European Union level, this approach is the case of instruments like the promotion of the European Alliance for CSR, as a partnership of the European Commision and Business Associations throughout Europe, and the Multistakeholder Forum promoted by the European Commission.
[15] On this point see in particular Bredgaard [2004]; Epstein 2009; Vogel 2005).

part of Fox's work that seems to have had more relevance[16] and it has been used by other studies on public policies and CSR in Europe such as those of Breadgaard (2004), Albareda (2007), Steurer (2008) and Moon (2008).

Studies specifically focused public policy on CSR in Europe were carried on by Albareda *et al.* between 2006 and 2009. These studies collected and classified the public policies for CSR, distinguishing among policies addressed to governments themselves, policies addressed to companies, policies addressed to society and those aimed at improving the collaborations between these three main actors. The authors observed that most of the available initiatives are addressed to companies. They include raising awareness through campaigns addressed to companies; promoting and facilitating voluntary initiative; capacity building; stakeholder management, adoption of international standards; tax and funding systems in addition to legislation (Albareda at al. 2007, 396).

Some initiatives are also aimed to increase governments own CSR, fewer initiatives address civil society. In the same study, the authors identified four models of governments' action to promote CSR: the "partnership " (Scandinavian countries, and The Netherlands); the "business in community model" (Ireland and United Kingdom); sustainability and citizenship (Germany, Austria, Belgium, Luxembourg); "agora" (Albareda *et al.* 2007). The four models condense policy instruments used to implement CSR; general views of the relationship among state, business, and society; institutional and cultural traits of the different countries. This classification accounts for some important differences in the approach to public policies for CSR, despite its being criticized for mixing policy instruments and themes of CSR (see in particular Steurer 2009 on this point).

Other recent studies classify public policy on CSR in Europe on the basis of the policy instruments they rely on for implementing and of the specific measures of CSR implemented (Steurer *et al.* 2006, 2008). In "The role of governments in corporate social responsibility: characterizing public policies on CSR"[17] (2009), Steurer classifies European public policy on CSR on the basis of policy instruments and specific contents, without applying a strong interpretative model as in the case of Albareda *et al.* His classification builds on

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[16] Fox also identifies 10 themes of CSR on the basis of the current agenda of CSR: Setting and ensuring compliance with minimum standards, Public policy role of business, Corporate governance, Responsible investment, Philanthropy and community development, Stakeholder engagement and representation, Pro-CSR production and consumption, Pro-CSR certification, "beyond compliance" standards, and management systems, Pro-CSR reporting and transparency, Multilateral processes, guidelines, and conventions. These areas are expected to change as the agenda of CSR modifies, and, as the author underlines, this classification includes initiatives that were not directly addressed to CSR, but share CSR's goals (e.g. procurement). Finally, the same initiative may be linked to more than one role of the government.
[17] The article is based on a study commissioned by the High level Group on CSR to RIMAS in 2006, the EU 2006-2008 project "Analysis of national policies on CSR, in support of a structured exchange of information on national CSR policies and initiative."The study examined three CSR policy measure: awareness campaigns, social public procurement, socially responsible investments.

existing literature on policy instruments for CSR (Fox *et. al.* 2002) and on his previous study on CSR awareness raising initiatives (Berger et al.2007). He distinguishes five policy instruments: Informational or endorsing instruments (e.g. campaigns, guidelines); Partnering instruments (e.g. networks, partnerships); Financial or economic instruments (e.g. tax incentives, subsidies); Mandating instruments (e.g. regulations, laws); Hybrid instruments (e.g. strategies, action plans, platforms, centers). He also identified five "CSR policy themes": Awareness initiatives (addressed mainly to companies); Foster philanthropy; Foster disclosure and transparency on economic, social and environmental issues related to business activity; Lead by Example (e.g: Sustainable Public Procurement; Socially Responsible Investment) (Steurer 2008, 2009).

European approaches to public policies for CSR

What follows is a brief overview of European public policy initiatives for CSR. The overview does not pretend to be exhaustive, but to highlight some peculiarities and trends in the European debate on the role of governments in CSR in Europe.[18]

European Union and CSR

The European Commission has promoted CSR through Green papers, white papers, communications, project funding. In particular, European Commission's interest in corporate social responsibility and its view of it emerges from three main documents: the Green Paper of 2001, the Communication of 2002 and that of 2006. But, in fact, we can trace this interest back to the early 1990's and to Jacques Delors's discourse on the need for a strong "social dimension" of the European Union project.

In the last decade, the EU approach to CSR shifted from an initial more active engagement of European Commission in corporate social responsibility, and the call to develop a European approach to public policies for CSR – expressed in the Green Paper of 2001 and the Communication of 2002 - to a more laissez-faire approach.

The first phase (2000-2004) of the EU engagement on CSR mirrors a more "implicit" approach to CSR as some scholars define (Moon 2008). In this approach, companies´ choices on social, environmental and economic issues are regulated by mandatory requirements that companies are expected to respect. The second phase (2004 till present) reflects a more "explicit" approach to CSR that has been traditionally Anglo-American, in which the socially responsible choices of companies are the product of voluntarism and self-Interest, rather than being mandated by governments. This latter phase emerges formally from the communication of the European Commission in 2006 defining that CSR underlines the aspect of business voluntarism and self – regulation.

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[18] See "Country Insights by CSR Europe's National Partner Organizations" (CSR Europe 2009) for an exhaustive overview of the status, priorities and trends of corporate social responsibility in different European countries.

Some critics of the new course have argued that this shift in the EU focus has wasted years of constructive debate on the importance of corporate social responsibility to cope with environmental, social and economic challenges. Yet very recently signs have emerged since 2009 for a possible new rise of CSR policy initiatives in the Europe, linked to the effects of the recent private and public debt crisis in USA and in Europe.

Despite the purported shift of the focus and the on going adjustments, CSR public policies in Europe has been mostly "governed driven" or "implicit" to recall Moon's words, both at the level of European Commission initiatives, and at the level of national governments (Aaronson 2002; Albareda et al. 2006; Moon 2008). The member states have been relatively active in promoting CSR in the last decade, yet when we look beyond the rhetoric, the landscape of CSR in Europe appears heterogeneous (cfr. European Commission 2006). If some countries started committing to CSR before the European Commission's openly endorsed the topic (Denmark and UK), others appear to be more 'pulled' or aligned according to EU policies (Netherlands), others tend to have a more eccentric, in this case legalistic, approach to CSR (France). What follows is an overview of public policy on CSR in different European countries based on literature and existing research.

United Kingdom

UK is the country with the longer lasting tradition in CSR. Here the debate on CSR started in the '70s and fully developed in the '80s, under the conservative party in a period characterized by social and economic crises, and by the minimization of government's interference in social and economic issues. The debate continued with the labour party. CSR tends to be business – centered and to revolve around productivity, competitiveness and dialogue with stakeholders. The government plays a role as facilitator. In 2000, UK appointed a Minister for Corporate Social Responsibility in charge of providing annual reports on the status of CSR initiatives in the countries. The position was abolished in 2008. The United Kingdom, as the European Union from 2004 on, considers businesses as the primary actor of corporate social responsibility.

France

France is characterized by an institutionalized and centralized approach to CSR. Legislation has been the main instrument for corporate social responsibility. According to some authors, at the root of French eccentric position on CSR lays the French way of interpreting the two terms 'responsibility' and 'social'. This way mirrors a certain way of conceiving the relationship between business and society and not just a linguistic specificity. (Antal and Sobczak 2007, Segal 2003). 'Responsibility' is traditionally interpreted as *liability*, a legal concept which makes the discussion on voluntary CSR particularly lively, even though often circumscribed to the lawyer's community. 'Social' traditionally refers to the specific realm of "internal labour related issues" (Antal and Sobczak 2007, 13) rather than to society in general as in the case of the English meaning of social. To refer to external stakeholders other than employers, employees and their representatives, French use the word *sociétal*. Either in its original labour-focused meaning or in the broader

societal one, corporate social responsibility in France has been governmental driven[19].

Denmark

The role of government in CSR has quite a long history in Denmark. Denmark provides an interesting case for analyzing the exchange between state and market, and the integration between public and private policy. CSR here began as an official government program in 1994 rather than as a spontaneous business initiative. The Campaign 'Our Common Concern' in 1994 introduced the concept of CSR in Denmark. The campaign was launched by the Ministry of Social Affairs and called companies to assume responsibility for employers at risk of exclusion rather than relying totally on the welfare state. The mechanism of this public policy for CSR was persuasion, voluntarism being the main principle of the 'division of labour' between state and businesses that is at the core of CSR, according to the Danish view. The aim of the campaign was to persuade companies that social responsibility is a common concern among the different stakeholders (state, business, trade union, NGOs, the larger community) and to convince them of the long term benefit of engaging in social responsible actions (Bredgaard, 2004). More recently, the policy approach to CSR in Denmark is moving away from the emphasis on voluntarism and very soft informative instruments, adopting, since 2009, a legal requirement on public report on social responsibility policies, practices and results of Danish companies[20].

The Netherlands

In The Netherlands, public policies for CSR use hybrid instruments and consist mainly of platforms and centers to promote CSR awareness and capacities. In 2004, the government created a Platform of CSR, "Knowledge and Information Centre on CSR". The platform uses a policy instrument that

[19] In 1977, France introduced a mandatory reporting on CSR, interpreted mainly in terms of workers and employment condition. According to the law companies are required to submit a social report to works council and government agency, but not to the general public. Almost thirty years later the country is still referred as one of the few European nations to adopt legal instruments to foster CSR, even though the focus of CSR has broadened to include larger social dimension and environmental concerns. In 2001 France used legal instruments again to achieve CSR goals and passed a law on disclosure and transparency the "New Economic Regulation." According to the law, companies on the French stock market have to provide social and environmental information or complete CSR reporting. Yet there is no control on the fulfillment of the requirements and the information requirement itself is not specified. In 2005 a "Chart for the Environment" was introduced as an annex to the Constitution, and it led to increasing awareness of the link between CSR and sustainable development. The Chart is considered a fundamental step for the incorporation of environmental concerns in the French law on public procurement of 2006 (Steurer 2009).

[20] After years of voluntary practices, Denmark recently adopted a law making 1,100 largest private and state-owned companies and institutional investors to include corporate social responsibility information in their annual financial reports beginning in 2010. The new law uses the international framework that already exists for CSR, the UN Global Compact and the UN Principles for Responsible Investment (PRI).

mixes information and partnering tools to co-ordinate initiative on CSR, foster dialogue and partnerships.

Concluding remarks from the literature review

In general, in all the countries in which governments have an active role in promoting CSR, the policy instruments they choose rely on information and persuasion (awareness raising campaigns, labels, awards). Economic and legal instruments may be used as well, but their mandating character is very weak—they are left to the discretion of the companies or they are not enforced. Most of the EU laws on CSR are examples of these mild mandating policies (Steurer, 2009).

In addition to the three traditional policy instruments ("sermons, carrots, steaks"), CSR measures employ two further instruments: "partnering instruments" (Fox et al. 2002), such as stakeholders forum, public-private partnerships, all aimed at avoiding the recourse to hard regulation, and "hybrid instruments" that mix different kinds of the other three instruments (e.g. CSR platforms, centers, strategies) (Steurer, 2009).

Does this mean that these kinds of soft instruments are the most effective for realizing CSR? Does this mean these instruments are the only appropriate ones given the *voluntarism* characterizing the notion of CSR? The answer depends on how we interpret 'voluntarism', on whether we consider it essential to the idea of corporate social responsibility, or not. This is not a secondary problem or a sophistry, but has direct implications for the design and implementation of public policy on CSR.

As mentioned earlier, according to some authors the controversy between voluntarism and regulatory approaches to CSR has been overcome. Yet this claim seems to be based simply on the fact that most of the existing public policy for CSR, including the EU ones, rely on "sermons" or on softer versions of other traditional instruments. Such a view on CSR tends to collapse means and ends, and to prevent a deeper understanding of the matter at stake.

In contrast to those claiming that CSR coincides with voluntary undertaken initiatives on the part of companies, other authors — Epstein (2009), Vogel (2005), Neal (2008), Bredgaard (2004) — underline that CSR is not synonymous with voluntarism (On this point see also Steurer 2009). In their view, voluntarism is one of the aspects of the public policies for CSR that have been implemented, but it is not their end.

As Bredgaard (2003) underlines, the end of public policy on CSR is to obtain socially responsible actions. One way to this end is, and has been, through voluntary policy instruments. But it might be that other instruments are more effective, even though more expensive. Or, on the other hand, it might be that taking into account voluntarism as one of the aspects of CSR helps to design new policy approaches that move beyond the sharp contraposition of voluntary *versus* regulatory. In either cases, to dismiss the debate on voluntary (soft-regulation) and regulatory (hard regulation) approaches to CSR, and to adjudicate the role of appropriate instruments for CSR to voluntary or soft initiatives, might be hasty. More research needs to be done on the effectiveness of the measures in place.

3 Corporate, organizational and stakeholders' social responsibility: reframing perspectives on social responsibility

As shown in the section before, it could be argued that possible common understandings on the CSR concepts affects common understandings on the role and scope of public policies for CSR in a co-evolution process. Thus, a discussion on the concept of CSR, its limits and opportunities, could contribute to a future discussion on possible processes and contents of public policies which includes CSR as part of its scope.

Three sub-sections are presented, as follows. The first is a proposal for a meta-model for mapping on the core subjects and issues of CSR initiatives. The second section mentions the contribution of ISO 26000 as a relevant contemporary global milestone for reframing the perspective from CSR to organizational social responsibility. The third section proposes an inter-institutional or cross-sectoral social responsibility perspective, which is here labeled as stakeholders´ social responsibility.

A meta-model for mapping on the core subjects and issues of CSR initiatives and tools

This section turns into a reflection on mapping perspectives on CSR by means of a conceptual meta-model for CSR strategies, tools and practices. It was developed on the basis of a critical review of the literature on CSR and exchange governance, in the scope of previous research done on CSR applied for Brazilian supermarkets (ASHLEY, 2005a,b). Specifically, this meta-model intends to be a tool for analyzing the incorporation of social responsibility principles into the governance of business-society relations, which are grouped into distinct, but interpenetrated, dimensions, from the perspective of the network of business stakeholders. Its originality resides in the fact that it enables an analysis of the levels of organizational and business change according to which dimensions of social responsibility are applied by the firm.

The meta-model (see Figure 1) presents three basic dimensions, each one related to a cluster of business-society relations: the core business relations, which are directly related to the goods and services the enterprise produces and trades (suppliers, buyers, natural and built environment, science/technology); the internal production and distribution relations, which involves the stakeholders that invest their capital, their labour and their competencies in the enterprise (capital/finance, contracted labour, management agents); the socio-political relations, which regulate, legitimate and socially control the enterprise (State, civil society and families/communities).

The stakeholders involved in these business-society relations affect and are affected by the creation, operation and results of an enterprise. They also have expectations on business-society relations and they exchange values, information, resources, goods and services with the enterprise. Thus, there is a need for a stakeholder governance of the enterprise, not only a shareholder governance as the concept of corporate governance is traditionally understood. It is indeed an exchange governance of business-society relations which turns

into a network of knowledge and communication as the means of a collective learning and consciousness as a result of CSR.

All these business-society relations are embedded in a time/space dimension, which brings in the historical and cultural aspects, the legal framework, the institutional context, the economic and environmental profile of the specific region or regions where an enterprise is operating. The time/space dynamic is specific to each region and time and it has a dynamic condition which is connected to social learning and expectations depending on the level of economic, social, environmental and institutional development of a society.

Figure 1
The meta-model on CSR: Business-society relations, the Time/Space Dimension and the Vector of Communication and Knowledge
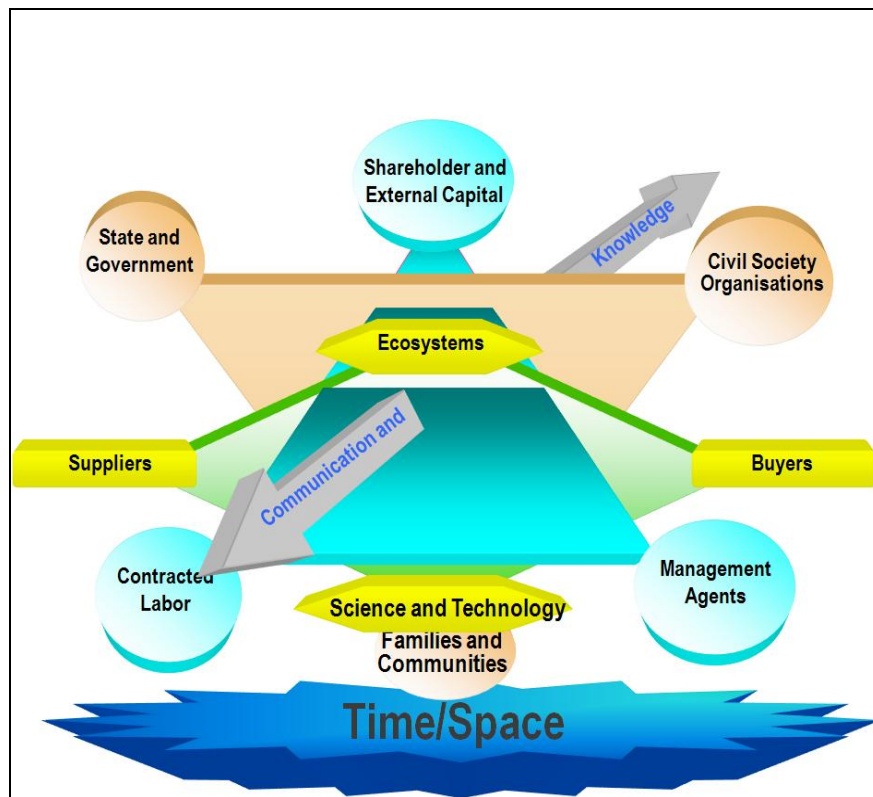
Source: Ashley (2005a)[21]

It is argued that the level of change as a result of CSR in business operations and in the quality of business-society relationship depends on how far these four dimensions and their elements/aspects are combined into the concept of CSR by the enterprise. It is not like a puzzle, with defined parts to

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[21] ASHLEY, P.A. (2005). Responsabilidade social empresarial: um modelo genérico para análise e orientação estratégica. In: ASHLEY, P.A. (coord). Etica e Responsabilidade Social nos Negócios. São Paulo: Saraiva, chapter 6.

build a predefined picture or strategy of CSR. It is more like a fuzzy logic of a collective dynamic of business-society relations towards CSR. The results and possibilities are numerous, but they can be analyzed by the meta-model for a comprehension of how broad the concept of CSR being applied by an enterprise in its business-society relations.

The meta-model contemplates a fifth aspect, the vector of communication and knowledge, highlighting the latter's importance for the dynamics of all clusters of relationships. The inclusion of this vector is based on the assumption that the degree of communication and mutual sharing of knowledge among all stakeholders and elements involved in the above-mentioned three dimensions of business-society relations will determine the level of their collective knowledge and thus influence the level of change towards CSR. It is contended that, in a context of interconnectedness, provided by telematics, and globalization of commercial and political relations, it has become important to have strategic tools that take into account the network among the various stakeholders related to a business, with a view to ensuring sustainable production and consumption.

The meta-model also considers the depth of the principles and practices of CSR in relation to the current legal framework, the stakeholders' expectations and the ethical ideals of business shareholders and managers. Thus, three levels of ethical challenges are proposed for each stakeholder of business-society relations considered in the meta-model. The first level of ethical challenge is to obey the law and normative regulations concerning the specific business-society relation. The second level of ethical challenge is beyond the law and is currently part of the social expectations of the specific business-society relation we are analyzing. A third level of ethical challenge is beyond social expectation, and is more a personal ethical ideal shared by business owners and managers as leaders of a new way of doing business which are surprisingly different from their competitors.

All three levels of ethical challenges (see Figure 2) can be applied to each stakeholder group of business-society relations so as to analyze what is being and not being pursued in a CSR strategy. Also, the three levels of ethical challenges are context dependent on the time/space dimension and so, what is a first level of ethical challenge in Europe might be a second level in Brazil or even a third level of ethical challenge at a certain period of time.

Moreover, what we currently consider in a specific country as being the first level of ethical challenge, might not be considered so in the future, may even become the second or third level of ethical challenge and become part of our history, like, for example the slavery and child labour that economies in the past considered as a way of doing business.

On the other hand, what is currently considered as a third level of ethical challenge may turn into a second level of ethical challenge in the future, like the prospective guidance standard of ISO 26000 on social responsibility. Sometimes, what is currently considered as second level of ethical challenge may later turn into a first level of ethical challenge and, thus, become part of the legal framework and normative regulations of a country or of an international community.

Figure 2
The three levels of ethical challenges of the meta-model on CSR

Market Relations

Hierarchical Relations

Multilateral Relations

1 Minimun Level: To obey the Law

2 Current social expectations beyond the Law

3 Ethical Ideals beyond Current Social Expectations
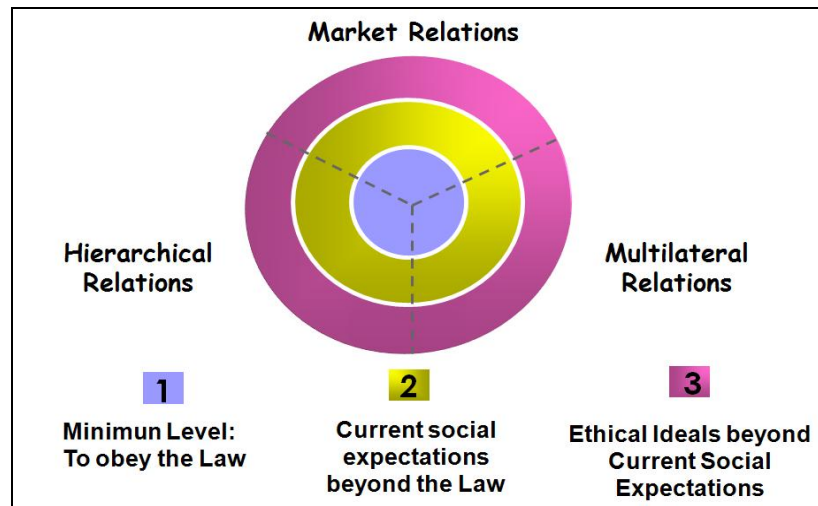
Source: Ashley (2005a)[22]

By using this meta-model, when we see the enterprise within a current specific institutional and cultural context it is dealing with, we are able to point to what is and what is not being considered in a CSR strategy over the whole range of business-society relations and its respective levels of ethical challenges.

We can analyze a CSR strategy as a discourse in the published documents and announcements of an enterprise or we can monitor actual practices of CSR strategy in a social audit and scrutiny approach. I will come back to this issue when talking about civil society's and trade unions' role in the social scrutiny of business practices as important partners for finding out limits and opportunities for CSR implementation.

The next section will illustrate some CSR initiatives and management tools and exemplify how they can be analyzed by the meta-model on CSR.

CSR initiatives and management tools

There is a recent publication from OECD[23] (2009) that compiles the most relevant CSR initiatives in order to give more visibility and more clarity to the various standards and principles available currently. It declares:

The current CSR landscape is complex and multi-faceted. There are now literally hundreds of private initiatives, often with their own code or set of standards and principles which offer guidance on social and environmental issues. Their focus, membership, usage, and structures vary widely. In the main, they share a desire to help enhance the contribution that business organisations can make to improvement of social and environmental

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[22] *ibid.*

[23] OECD (2009). *Annual report on OECD guidelines for multinational enterprises 2008*. Available at http://www.oecd.org. Accessed on 13 February 2010

conditions, including labour and other human rights. Since existing instruments evolve and new ones are emerging, a comprehensive yet accessible listing is almost impossible. (OECD, 2009, p.236)

Box 1
Role and relationship of internationally recognized norms, government-recognized guidance, and privately-developed principles relevant to CSR

Instrument and Role	Examples
International Conventions and Declarations. • Reflect agreed international normative principles. Directed mainly to government for domestic implementation. These can help business understand *what* to do.	Universal Declaration of Human Rights. UN Framework Convention on Climate Change. ILO Conventions. ILO Declaration on Fundamental Principles and Rights at Work. UN Millennium Development Goals. World Summit on Sustainable Development Plan of Implementation. OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions.
Officially-agreed or recognised guidance. • Offer authoritative guidance to the business sector on expectations of behaviour. Also help understand *what* to do, and sometimes also *how*.	ILO MNE Declaration. OECD MNE Guidelines. UN Global Compact Principles. International Finance Corporation Performance Standards. Extractive Industries Transparency Initiative (EITI) Principles.
Privately developed principles. • Offer business/civil society developed guidance on expectations of behaviour. These sometimes also provide guidance on *how* to implement such standards. These may or may not be derived from international norms.	ISO standards (*e.g.* 14000 series). GRI Sustainability Reporting Guidelines. Responsible Care Guidelines. ICMM Sustainable Development Principles. Electronic Industry Code of Conduct.

Source: Table 6.1 at OECD (2009, p.240)

The numerous CSR initiatives available can be classified, according to the ILO Secretariat (OECD, 2009), into: corporate codes of conduct; multi-stakeholder initiatives; certification and labelling (including reporting); model codes; sectoral initiatives; international framework agreements; and socially responsible investment/finance. Also, CSR initiatives can be grouped into three CSR governance schemes: as internationally recognized norms; as government-recognized guidance; or as privately-developed principles relevant to CSR. Some examples are cited by OECD (2009, p. 240), as is shown in Box 1.

The ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, the OECD Guidelines and the UN Global Compact (UNGC) are most quoted by OECD (2009), as they have either been developed and formally agreed by governments or received high-level recognition by governments at an international level. According to OECD (2009), they also happen to be among the instruments or initiatives most referenced or used in business-developed guidance materials. More importantly, the direct links with governments as well as their high level of business and worker organization engagement clearly sets them apart from all other instruments or initiatives. The ILO Declaration, the OECD Guidelines and the UNGC complement privately-developed CSR initiatives and are key expressions of the broader systems of public and private governance from which the private initiatives emerge.

Another use for the meta-model presented in the section above, is its application for analyzing these different CSR initiatives. As an example, if we look at the OECD Guidelines, this CSR tool declares that the first obligation of business is obeying laws and regulations. Responsible business conduct also entails responding to societal expectations that may be communicated through channels other than law. Thus, from the perspective of the meta-model on CSR, the first and second levels of ethical challenges are considered as part of the concept of CSR in the OECD Guidelines in all sorts of business-society relations.

If we go through the 10 principles of the UN Global Compact, we can see that they range from principles already applied in a legal framework in some countries and, thus, they are related to the first level of ethical challenge of the meta-model on CSR. However, there are countries with an underdeveloped legal framework and so the same 10 principles can be seen as a second or even third level ethical challenge for CSR. Thus, CSR is culturally bounded and each country's legal framework expresses the specific context of the economic, social and environmental development.

We are facing a new CSR initiative as an international guidance standard being developed by the International Standards Organization, that is the ISO 26000. The guidance standard will be published in 2010 as ISO 26000 and be voluntary to use. It will not include requirements and will thus not be a certification standard.

The ISO Working Group on ISO 26000 recognizes that there is a range of many different opinions as to the right approach to Social Responsibility ranging from strict legislation at one end to complete freedom at the other. They are looking for a golden middle way that promotes respect and responsibility based on known reference documents without stifling creativity and development. They understand there is a need for organizations in both public and private sectors to behave in a socially responsible way and this is becoming a generalized requirement of society. They expect that ISO 26000 will provide harmonized, globally relevant guidance based on international consensus among expert representatives of the main stakeholder groups and so encourage the implementation of best practice in social responsibility worldwide.

The guidance in ISO 26000 draws on best practice developed by existing public and private sector social responsibility initiatives. ISO 26000 aims to encourage voluntary commitment to social responsibility and to lead to common guidance on concepts, definitions and methods of evaluation. In the current stage, as a Draft International Standard on Social Responsibility (DSI 26000) released in September 2009, it is said that it provides guidance on the underlying principles of social responsibility, the core subjects and issues pertaining to social responsibility and on ways to integrate socially responsible behaviour into existing organizational strategies, systems, practices and processes.

DSI 26000 adopts the following principles of social responsibility: accountability; transparency; ethical behaviour; respect for stakeholders' interests; respect for the rule of law; respect for international norms of behaviour; and respect for human rights. These principles are to be applied to

social responsibility core subjects such as organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues and community involvement and development.

Thus, DSI 26000 covers all levels of ethical challenges and business-society relations presented in the meta-model on CSR. It is a very promising CSR management tool as a standard guidance for a better comprehension of a before-profit approach to CSR in a global context. Furthermore, it points out that social responsibility is not only a matter of CSR, but of all organizations, from state to non-state organizations. This is the next generation of social responsibility: from Corporate Social Responsibility to Stakeholder Social Responsibility.

In the next section, I will propose what more can be done in social responsibility when we start thinking in terms of Stakeholders´ Social Responsibility and consider CSR as part of this broader concept. What are the possible initiatives which can be articulated from different social actors? What can be done collectively, in the short, medium and long term to make CSR the viable standard of doing business, once it is to be valued by market, society and the State? Let us think about the enterprises, business associations, the financial system, the publishers and media agents, the State, the educational system, civil society organizations and trade unions, the consumers and families.

From corporate to organizational social responsibility

With the revised final draft of the ISO 26000, as approved and published in May 2010, there is a relevant milestone in the global development of the concept of corporate social responsibility, once it has been legitimized a transition from corporate to organizational social responsibility. Social responsibility is proposed, by the ISO 26000, not only for business organizations, but for any organization, either from business, government, educational and other non-state organizations. The relevance of ISO 26000 as a milestone is that the process of achieving this transition has been reached by means of a global consensus through a multi-stakeholder negotiation of a working group involving more than 90 countries and leaded by the Brazilian National Standard Organization[24].

ISO 26000 is a non-certifiable standard, aiming for guidance on the principles, core subjects and issues and practices of organizational social responsibility. Also, it considers it as a dynamic concept and, so, the issues of social responsibility may change through time. New versions of the ISO 26000 standard guidance are, thus, part of its future development.

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[24] More information on the work and results of the ISO 26000 working group on social responsibility can be found at www.iso.org/sr and www.iso.org/wgsr .

From corporate and organizational to stakeholders´ social responsibility

In this section, I will present proposals for turning into practice the concept of stakeholders´ social responsibility. I will briefly describe some ideas that are to be conceived in a coherent system of stakeholders connected to business-society relations, rather than as a sole fragmented action by one group of stakeholder social responsibility.

Thus, we need to think as collective social actors learning from each others experience and progress towards stakeholder social responsibility. I should emphasize that business associations, educational institutions, the financial sector, the State, civil society and trade unions have a primary and direct role in the concept of stakeholder social responsibility. As result of their combined social action, we can think of the media and publishers on the one hand, and the consumers and families on the other hand, as responding to a new institutional and cultural context which will create social demand by them.

Stakeholders´ social responsibility by enterprises

At the enterprise level, Stakeholders´ Social Responsibility can be fostered by a management-by-values approach which is to be aligned to principles and practices of social responsibility throughout business processes and business-society relations.

There is significant literature on management tools for CSR at the enterprise level. Also, this paper has already emphasized the discussion on CSR, including the meta-model presented previously that can be used to map CSR strategies at the enterprise level. Summing up, what is being recommended here is a before-profit approach to CSR aligned with the Stakeholders´ Social Responsibility concept.

Stakeholders´ social responsibility by business associations

What can be done by business associations for the development of socially responsible and sustainable markets? Their main role is to support their associates and this is the arena where they can do most in providing a means for spreading a pattern of competition based on principles of social responsibility and sustainability.

To achieve this goal, it is necessary for business associations to engage in partnerships with civil society, universities, government and business associations, both nationally and internationally, so as to exchange knowledge and experience into business education and alliances for social responsibility.

Examples in Brazil can be found with the National Confederation of Trade, the International Chamber of Commerce, the National Confederation of Industry and their multilateral partners. They have all engaged in the last 10 years in some sort of a strategic orientation to build capacity and evaluate progress towards the adoption of better working conditions, improved environmental efficiency and the economic and social development of community which business is part of. I had the opportunity to participate as a

consultant to the National Department of the Social Service of Industry – SESI – which is part of the National Confederation of Industry in Brazil. These two organizations have developed a ten-year strategy for capacity building within their associates in the area of social responsibility and sustainability.

I welcome the opportunity to learn more about the initiatives of Dutch business associations and to contribute in exchanging experience towards Stakeholders´ Social Responsibility with them.

Stakeholders´ social responsibility by the financial system

The financial system can contribute to social responsibility by offering products within the portfolio of financial inclusion and sustainable finance among which are: microfinance, small and medium enterprise finance, environmental funds, socially responsible investment funds, environmental insurance and activities related to the carbon market.

When financial institutions introduce the evaluation of environmental and social risks to their credit decisions, they reduce the credit risk and default by their customer base, ensuring that the value of collateral given does not change significantly (Lins and Wajnberg, 2007)[25].

Concerning financial inclusion, I mean in general, as Her Royal Highness Princess Maxima proposes, both microfinance and small and medium enterprise finance.

At the international level of the financial system, three initiatives for sustainable finance are most relevant: the UNEP Finance Initiative; the UN Principles for Responsible Investment; and the Equator Principles, which is specifically for project finance.

The United Nations Environment Programme Finance Initiative (UNEP FI) is a unique public-private partnership between UNEP and the global financial sector. UNEP works with over 170 banks, insurers and investment firms, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through its comprehensive work programme encompassing research, training, events and regional activities, UNEP FI carries out its mission to identify, promote and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

The world's most famous voluntary initiatives involving business on CSR are Principles for Responsible Investment (PRI). The Principles for Responsible Investment, convened by UNEP FI and the UN Global Compact, was established as a framework to help investors achieve better long-term investment returns and sustainable markets through better analysis of environmental, social and governance issues in the investment process and the exercise of responsible ownership practices.

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[25] LINS, C; WAJNBERG, D. (2007). Sustentabilidade Corporativa no Setor Financeiro Brasileiro. FBDS: Rio de Janeiro, Agosto 2007. Available at: http://www.fbds.org.br/IMG/pdf/doc-243.pdf. Acessed on 02/02/2010.

The Equator Principles (EP) were established in 2003 and adopted by an initial group of ten banks and investment banks. The Equator Principles' voluntary initiative is a set of guidelines, procedures and directives that are designed to assess and manage potential social and environmental risks in the field of 'project finance'. In 2006, the principles were revised in order to address the concerns of civic organizations and to better adapt to the changing institutional environment. Signatories to the EP declare that they seek to ensure that the projects they finance are developed in a manner that is socially responsible and reflect sound environmental management practices. Apart from banks and other private financial institutions, two other major institutional actors play a crucial role in the development and revision of the principles: The International Finance Corporation, which is the private investment arm of the World Bank, and Bank Track, an umbrella organization of several NGOs that pressures financial institutions to incorporate social and environmental policies into their core business practices.

In Brazil, in early 1995, a working group was created by the Federal Government with the goal of establishing policies and operational guidelines to incorporate the environmental dimension in the process and management of public financial institutions – National Bank for Economic and Social Development (BNDES), Banco do Brasil, Caixa Economica Federal and Banco da Amazônia - resulting in the signature of a Green Protocol (Ventura, 2005)[26]. The main function of the Green Protocol was to go beyond the limits of environmental legislation, including recommendations for sustainable development. In August 2008, there was a revision of this Protocol with the participation of representatives of the initial institutions of the working group and other institutions, such as Banco do Nordeste and ministries, such as the ministries of Finance, National Integration, Agriculture, Environment and Social Development (BNDES, 2008).

The Equator Principles hope to reinforce this effect in Brazil, but many banks declare they have already included these principles in their conduct, once they adopt social and environmental criteria into their policies for granting credit. Still, according to Ventura (2005), the Equator Principles do not lose their value as evidence of institutionalized corporate social responsibility.

Another point is the contribution of financial institutions to CSR policies in supply chain. They can engage in the spread of CSR throughout their own production chain, especially in the context of its suppliers. Also, financial institutions could start requiring from their credit holders their promise to align and evaluate CSR in their own value chain. Martins (2009) has carried out master research on sustainable finance initiatives in Brazil and abroad, focusing on the relevant role of the BNDES in financing the value chain of credit holders. Below is a list of selected initiatives she has analyzed:

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[26] VENTURA, Elvira Cruvinel Ferreira. (2005). Dinâmica de institucionalização de Práticas sociais: Estudo da responsabilidade social no campo das organizações bancárias. Thesis (Doctorate in Administration) – Fundação Getúlio Vargas – FGV, Escola Brasileira de Administração Pública e de Empresas – EBAPE. Promoter: Marcelo Milano Falcão Vieira.

1. UNEP FI – United Nation Environmental Programme – Finance Initiative

2. DJSI – Dow Jones Sustainability Index

3. FTSE4 GOOD – FTSE 4 Good Index

4. DECL COLLEV – Declaration of Collevecchio

5. EP – The Equator Principles

6. PRI – Principles for Responsible Investment

7. ISE – Business Sustainability Index of BOVESPA-São Paulo, Brazil

8. GRI – Global Reporting Initiative – Relatório GRI (Suplemento para Serviços Financeiros)

Stakeholders' social responsibility by the state

Concerning the State, what I would like to emphasize is the need for incentives, rather than more regulation from the State in the market arena. The concept of socially responsible and sustainable markets requires an institutional context from the State that is coherent and aligned with stakeholder social responsibility.

From this point of view, business associations, civil society, trade unions, universities and the State articulate public policies which create incentives for socially responsible business to become feasible and a desired standard. Not only as a social wish, but also as a viable concept within the market logic.

Thus, companies that internalize social and environmental costs are to get a lower tax burden from tax systems and better credit conditions from the public and private financial system, as well as the other way round. Better tax systems which foster ecologically friendly and socially just business should be developed. As an example, in Brazil, in 2009, as a public policy for keeping employment level in industry for more eco-efficient products, the Ministry of Planning, Budgeting and Management and the President of Brazil approved a different level of the tax on industrialized goods - IPI - for eco-efficient refrigerators, washing machines and cookers. For us Brazilians this is a new initiative. For other countries, it might be common. For others, it might be unthought-of.

Another public policy is sustainable procurement by state organizations. In the Netherlands, there is national target of 100 per cent of procurement to be environmentally friendly. In Brazil, only now in January 2010, there has been a clear and legally based instruction[27], again from the Ministry of Planning, Budgeting and Management, that provides for environmental sustainability criteria in the procurement of goods, contracting of services or

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[27] The legal document is the 'Instrução Normativa 01, of 19th January 2010, of the Ministry of Planning, Budgeting and Management of Brazil'.

products by the Federal Public Administration direct, autonomous agencies and foundations.

A third public policy towards Stakeholders´ Social Responsibility is for state organizations to develop an organizational and institutional strategy for social responsibility based on a stakeholder dialogue approach and run by an interdisciplinary and interdepartmental committee. That is the case of the Central Bank of Brazil, under the leadership of its President Henrique Meirelles, which is currently developing an external and internal stakeholder dialogue for its social responsibility at the organizational and institutional level.[28]

A fourth possibility to public policies is to promote information about business profiles which are achieving proven results in their social responsibility strategy, either with their management systems, products, processes or reports. The State ought to be working together with business associations, trade unions, civil society organizations, universities and other possible partners and funders, nationally and internationally, in developing free web platforms for finding suppliers and demanders for socially responsible goods and services.

In Brazil, we still do not have a large national example, but there is a recent initiative from the Centre for Research on Sustainability at Fundação Getúlio Vargas, in Sao Paulo, the Sustainable Catalog[29], in partnership with the State Government of Sao Paulo, the State Government of Minas Gerais, civil society organizations and business companies. It aims to gather and disseminate information about products and services available on the market that combine good environmental performance with social responsibility, in order to subsidize the decisions of consumers.

From July 2010 up to June 2011, I will be working with the research group 'Interactions, Civil Society and Markets', coordinated by Professor Bert Helmsing, conducting a post doctoral research on public policies towards the development of socially responsible and sustainable markets, based on a comparison of case studies from the European Union, China and Brazil. I will very much welcome those who would like to contribute in the research in a collaborative process for finding out feasible opportunities for better public policies aligned with the concept of stakeholder social responsibility.

Stakeholders' social responsibility by civil society organizations and trade unions

It is fundamentally important to have social scrutiny of business activities and market values by civil society organizations and trade unions, either locally, nationally or internationally. Also, this scrutiny has to be considered together with collective political action, by means of lobbying and campaigns, fostering

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[28] On 24th February 2010, after several months of internal research and discussions, the Central Bank of Brazil held its First Seminar on Environmental and Social Responsibility with its employees as audience. The seminar was recorded and transmitted online through the Central Bank own WebTv to all its agencies in Brazil.
[29] Catálogo Sustentável is available at http://www.catalogosustentavel.com.br/

the alignment of public policies content, a process of implementation and results expressed in public budget and programmes, as well as international governmental agreements concerning social responsibility and sustainability in a global market.

Non-state organizations may engage in a range of strategies for fostering stakeholder social responsibility: i) naming and shaming irresponsible behaviour by companies; ii) advocacy with the State to adopt better regulations; iii) promoting responsible company practices; iv) promoting responsible consumption and ethical and fair trade v) engaging the private sector through multi-stakeholder initiatives and vi) leading by example as in fair trade.

International collaboration among non-state organizations is a relevant strategy in a global economy, as a multinational company might not adopt the same high standards of its CSR in developing countries. Trade unions in the Nordic countries and the Netherlands have been engaged in international trade union solidarity work for many years. In Brazil, the Instituto Observatório Social and CUT – The Central Union of Workers - have been reinforced in their capacity for social scrutiny and political action by international non-state organizations.[30] In Brazil, the non-state organization Instituto Observatorio Social has been monitoring the activities of multinationals in Brazil, especially concerning the seven themes of the International conventions of ILO: child labour; forced labour; health and safety at work; collective bargaining; environment; freedom of association; and discrimination.

The social scrutiny of business activities and collective political action by civil society organizations and trade unions ought to be continuously supported by funds from the State, business associations and non-state organizations. This is the sort of funding that empowers workers and trade unions to contribute to a collective social learning on how CSR strategies are being put into practice.

Also, social scrutiny is to be based on quality research and reports, which help to point out the limits and opportunities for further development of CSR strategies and how other market players and the State could realign their policies and decisions. Universities are relevant partners by means of their research activities, training and capacity building of civil society organizations and trade unions.

Stakeholders' social responsibility by the educational system

Is CSR a subject area for an academic discipline? What professionals should be involved with CSR? Economists? Managers? If we think this way, then, who

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[30] Instituto Observatorio Social and CUT has been supported by FNV Mondiaal. Comprising nineteen unions jointly representing the interests of about 1.4 million members, the FNV, acting on behalf of their interests, is by far the largest and strongest trade union confederation in the Netherlands. The global arm of FNV, that is FNV Mondiaal, is actively involved in the development of a strong, independent trade union movement world wide, involving the support for programmes and projects in Africa, Asia-Pacific, Latin America and Central and Eastern Europe.

are their teachers and trainers? And who is preparing the teachers and trainers of future professionals of Economics and Administration?

What we find when we look at the curricula of Universities that are preparing the professionals in the area of Economics and Administration, either in Brazil or abroad, is that CSR is approached in only one discipline or, at most, at a graduate level of education in Professional Master courses.

There are some cases of curricula innovation by including a business-society element. I can mention the Rotterdam School of Management at Erasmus University Rotterdam, which does have Business - Society relations as part of the curriculum, with several research projects and publications under the leadership of Professor Rob van Tulder.

When we look at scientific master and doctorate courses, we rarely find those dedicated to CSR and sustainability issues as research lines or concentration area.   Researchers on CSR are usually a minority within academic research, as I have experienced in Brazil.

There has been some progress is spreading the need for a CSR curricula since the launch of the United Nations Principles for Responsible Management Education – PRME. The PRME were developed in 2007 by an international task force of sixty deans, university presidents and official representatives of leading business schools and academic institutions.

The idea of developing a principle-based global engagement platform for academic institutions follows on from a recommendation by all academic stakeholders of the UN Global Compact. Under the coordination of the UN Global Compact and leading academic institutions, the PRME task force developed a set of six principles which lay the foundation for the global platform for responsible management education (see Box 2).

Box 2
Principles for Responsible Management Education - PRME

As institutions of higher education involved in the development of current and future managers we declare our willingness to progress in the implementation, within our institution, of the following Principles, starting with those that are more relevant to our capacities and mission. We will report on progress to all our stakeholders and exchange effective practices related to these principles with other academic institutions:

Principle 1 - Purpose: We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.

Principle 2 - Values: We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.

Principle 3 - Method: We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.

Principle 4 - Research: We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.

Principle 5 - Partnership: We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.

Principle 6 - Dialogue: We will facilitate and support dialog and debate among educators, business, government, consumers, media, civil society organizations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.

We understand that our own organizational practices should serve as example of the values and attitudes we convey to our students.

Source: Website of the UN PRME at www.unprme.org

If we go further and think about other professionals and researchers, like engineers, architects, doctors, sociologists, physicists, biologists, geographers and so on, the challenge for education is huge. These professionals and researchers would, also, need to be trained in a different curriculum which includes conceiving social responsibility and sustainability in their professions and expertises. Moreover, an interdisciplinary approach is necessary to understand the CSR phenomenon and to translate science into technology that is environmentally friendly, economically feasible and socially just, which is easily accessible by business and other organizations in a Stakeholders' Social Responsibility approach.

And, finally, what is the content of social responsibility and sustainability being discussed in the curricula and book texts of primary and secondary education? How to align a school content that somehow includes social responsibility and sustainability and all other sources of information from internet, TV, radio, magazines, newspapers and social clusters in the neighbourhood of students' households and schools? How aware are our students about inequalities, social risks and environmental risks at the local, national and international level? How can they cope with these without taking action at their school, at their neighboruhood or at their other social networks? So, it is not only about the content of curricula at schools, but it is about coherence of discourses and practices in a dynamic collective learning social environment.

In Brazil, the Organization for Social Service of Industry at the national level – SESI-DN –, funded by the Brazilian National Confederation of Industry – CNI –, has been investing in educational content for its own network of schools and education funded projects. In 2009, I was invited to contribute to a technical publication by SESI which focused on a proposal for introducing social responsibility in primary and secondary education. The invitation was justified because the authors had noticed that CSR promoters have yet not considered the need for fostering social responsibility education at the primary and secondary level. In fact, we currently verify, at least in Brazil, that we might only find curricular content that includes social responsibility in higher education courses. Usually it is found in a rather short list of graduate specialization courses in a more introductory approach, only accessible to those which are able to pay for an especialization certificate.

Stakeholders´ social responsibility by consumers and families

Last but not least, we are all consumers and members of families and thus, we also have our own social responsibility as stakeholders in business-society relations.

Considering our level of income, available time and access to market information and channels, including internet sources of suppliers for our personal and family's consumption, we are able to apply our preferences and values into our decisions on what, from where, when and how to buy and consume goods and services.

The retail price of products is an important variable that signals the availability and quality of goods and services. If we have the choice of similar

qualities but lower prices for sustainable products, we have the incentive to choose them as the best option.

Another important variable is the available information on the social, economic and environmental history of products we are exposed to in our consumption decisions. If we have a specialized retail store which is dedicated to offering sustainable products or even a special section in a supermarket for these products, we are being informed in an easy way for finding, comparing and selecting the best options for buying. It is better if are also exposed to eco labels or social labels certifying the origin of sustainable production of goods and services.

As families, we are also decision-makers on consumption level on a daily basis, expending our income and applying our values on market offers of quality, quantity and price of goods and services. Not only at the level of opinions and discourses, but at the level of actual decisions and social actions which are real indicators of our values and beliefs. Neighbours are also families which can organize themselves – and we are part of this - into collective social action for fostering environmental education, responsible consumption and sustainable living conditions. We can decide not to buy certain brands or to postpone consumption decisions or get connected with fair trade labels and market sources. Families are not saviours, but are multipliers of behaviours and social actions, and better if aligned with the principles of Stakeholders´ Social Responsibility and sustainability.

Stakeholders´ social responsibility by publishers and media

Publishers and media have an important role in searching for CSR content sources which are valid for spreading concepts and cases into society. Books, magazines, newspapers, radio and TV programmes, websites and web tools are communication media for social learning about social responsibility and sustainability.

What is lacking, especially in Brazil, is mass media communication of the concept of CSR, as we only find information on the concept and practices at special events, specialized publications, early morning TV programmes, especially at weekends. It is not yet a priority on the agenda of the mass media. Also, textbooks are more focused on the audience of professors and higher education students. Primary and secondary education is a huge market for didactic books and appropriate literature for young people by means of magazines and cartoons.

There is not yet an alignment to the idea of CSR and Stakeholders' Social Responsibility within the media and publishers. It is more like a narrow market niche for a more specialized audience. This is a huge challenge, as what guides publishers and the media is market demand. So, responsible markets have to become the mainstream way of doing business, of trading and financing. Then we will be able to expect further development of a better supply of publications and media content aligned with stakeholder social responsibility.

4   Discussion for a research agenda

This session presents a contribution for a research agenda based on reflections on the literature review on interactions between states and markets on CSR and on the section that proposes reframing perspectives from corporate to organizational and stakeholders´ social responsibility.   The concept of SSR is here considered a broader scope for setting a research agenda and, also, a contribution for innovative frameworks on policy-making on social responsibility at a cross-sector or multi-actor level in society.

Some research questions from the literature review on public policies on CSR

Some further questions can be raised from the literature review on what EU, industry and NGO representatives expect from public polices for CSR. How public policies are classified and meant by different interest groups on CSR? How can public policies for CSR bring effectiveness and alignment of European companies' policies and practices on CSR nationally and abroad? Could we conceive public policies for CSR that would be more effective if "soft laws" are approved and implemented? Or would it be more effective for managing change towards CSR policies and practices if "hard laws" are developed by means of mandatory regulation for CSR? Or should it consider both, soft and hard laws, as complementary to each other to bring coherence to CSR policies and practices adopted at the national and international levels?

As Nelson (2004) underlines, the voluntary versus regulatory debate is not disappearing and it should not, because "what is needed is an ongoing dialogue between business, government and other stakeholders to explore the most effective balance between market mechanisms, private voluntary initiatives and regulatory approaches; and between different types of regulation, from prescriptive requirements to management and performance –based regulatory regimes." (Nelson 2004, 13).

How to approach organizational and stakeholders´ social responsibility in research and policy making?

The concept of SSR is here conceived as a broader and more critical approach as a guiding concept for engaging research and policy-making on different economic agents´ roles on building an institutional, social, environmental and social context aligned with social responsibility.

A narrower concept of CSR can be considered as a valuable concept for business strategies. However, it could be argued that setting a research agenda and, also, future innovative frameworks for public policy on social responsibility imply into adopting a broader societal institutional responsibility, especially when considering the social role of higher education institutions, non-state organizations and government bodies.

Stakeholders´ social responsibility and, so, a more inter-institutional or cross-sectoral perspective for social responsibility in the research and public policy agendas could reach a better balanced contribution to society, economy and

environment, in which business, government and non-state organizations are embedded – and, so, not conceived as detached bodies or institutions.

An ongoing interdisciplinary research on stakeholders´ social responsibility is being initiated as part of an international cooperation between Netherlands and Brazil, by means of ISS and Universidade Federal Fluminense. Some initial steps are here presented for future contribution and collaboration with research partners.

For an inter-institutional framework to stakeholders' social responsibility, a theoretical support is being considered which includes: transition management; organizational social responsibility (according to ISO 26000 revised final draft); stakeholders' social responsibility and socially responsible markets; complexity theory and complex systems; multi-level and multi-actor governance; knowledge network; civic-driven change; industrial ecology, social ecology, mental ecology and integral ecology.

Case studies are possibly good choices for application of the concept of stakeholders' social responsibility. Comparison among case studies in different territorial levels could demonstrate the degree of impact and applicability of a meta-model for an inter-institutional framework to stakeholders' social responsibility. Thus, a combination of case studies at municipal level, inter-municipal levels and at international level, preferebly between two countries, could be adopted and, better, if possibly interconnected somehow in a co-evolution and cross-learning framework.

A requirement for future learning is that a clear methodology is documented for its future reapplication and improvement of the proposed meta-model. Methodologies that include participatory methods and techniques, with means and ends of learning on different knowledges within diverse perspectives and cultures are coherent with the concept of inter-institutional framework to stakeholders' social responsibility.

As last words of this working paper, an invitation for comments and contributions for a research agenda is here opened for readers. It is here assumed that it is not only a matter of business leaders and companies on driving the agenda of CSR, but, also, a political and interactive agenda to be set among the State, civil society, market and, fundamentally, higher education institutions in its educational, research and outreach roles.

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