The Role of Governments in Fostering CSR

Laura Albareda, Tamyko Ysa, Josep M. Lozano and Heike Roscher
ESADE, University Ramon Llull

The purpose of this paper is to analyse differences in the approaches of European government policies in the light of their ideals, and four different models of government action are put forward. Our proposal’s theoretical coherence stems from the fact that CSR is not a new and isolated item for inclusion on the political agenda. On the contrary, it forms part of the current debate on the role of companies in society, clearly shaping the current challenges to the welfare state and its governance, and the socio-economic development of each country. This initial hypothesis has been given a relational reading that emphasises the strategy of dialogue and collaboration between company, government and the organs of civil society.

Today, CSR is already present on the political agendas of most European and other governments. An important social challenge facing all these governments is to provide a response to the new role of companies in economic development, with the social and environmental problems this entails. Furthermore, the European Commission expects these national policies on CSR to tie in with both community policies and international codes and standards. Many European governments have started to develop and design actions and policies on and around CSR. In general, they have preferred not to introduce compulsory CSR policies as such. They have chosen instead to work towards the furthering and facilitating of CSR, developing common standards and information practices on the subject, together with spaces for dialogue and partnership. The role of governments and public administrations in this process is both fundamental and irreplaceable. As Aaronson and Reeves (2002) have recalled, these policies can contribute to greater clarity and awareness when examining the large number of voluntary approaches taken by the corporate sector over recent years.

Fundamental in the European context are the European Commission’s Green Book ‘Promoting a European framework for corporate social responsibility’ and its later Communication ‘Corporate social responsibility: a business contribution to sustainable development’, which have become points of reference in any approach to this issue.
mission defines CSR as ‘the voluntary integration of social and environmental considerations into business operations and in the interaction with their stakeholders’ (European Commission, 2001). The Commission concentrates on two aspects of this integration: what it involves, and how it is to be effected. On the first question, it emphasises that companies must assume social and environmental commitments in their actions. On the second, they opt for the voluntary approach. Debates on CSR make it increasingly clear that, in a globalised world, we are seeing the appearance not only of competing versions of products and services, but also of models for companies and their management, and even for countries.

The concept of CSR is linked to problems raised by economic globalisation and its effect on challenges among which are: crisis and change in the welfare state (Midttun, 2004); new forms of governance (Moon, 2002, 2004); society, corporate and government relationships (Gribben et al., 2001); new corporate imperatives and new social demands (Zadek, 2001).

This approach postulates that the social governance of our interdependent world requires a series of developments. It requires a new vision of how companies contribute to society, a new relationship between political and corporate actors, and the ability to reach a shared diagnosis and perspective on the main challenges to our companies that will enable us to contextualise that vision and that relationship.

As Rome has pointed out (2005), every country’s approach to CSR encapsulates a series of different elements: political and institutional structure; political style and processes; social structure; emphasis on voluntary approach or acceptance of state guidelines and control; local and national views of the role of companies; the role and posture of NGOs and civil associations in society; the kind of educational system and the values it transmits; what is expected of their leaders; and historical traditions. All this means that companies and countries must be increasingly aware of the need to formulate their own approach to CSR. CSR does not now simply affect relationships between company and society. It has become a way of rethinking the role of companies in society that takes governance and sustainability as its core values.

To represent thinking on what governments can do to drive CSR as a dilemma on the pros and cons of legislation is to take an essentially impoverished and sterile line. Legislation is only one element among many, and in many cases not even the most useful or important. What is required is an overall political framework. We should be asking what needs to be done to promote and encourage increasingly responsible and sustainable companies and organisations. Does a discourse on CSR based on political institutions make sense? We believe it does. Particularly if we take as reference for any discussion the two key words appearing in the subtitles of the European Commission documents: promoting (from the perspective of political institutions), and contribution (by the corporate sector). This