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CSR in Germany

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1. GERMAN CSR-SCENERY

Introduction

Corporate Social Responsibility (CSR) can be defined as “the overall sum of an enterprise’s financial, environmental, and social responsibility”¹ and refers to voluntary actions of businesses that are beyond compliance with minimum legal requirements.² It is above all an individual enterprise’s own perception of its responsibility in relation to its employees, shareholders, local community, suppliers, customers, as well as local, regional and national authorities. CSR entails ethical awareness, transparency, accountability, and a diverse and inclusive working environment, in addition to safeguarding health, safety, and the environment.³

It is thus intrinsically linked to the concept of sustainability, i.e. the condition that economic growth has to be consistent with the opportunities of future generations.⁴ Against this background, CSR may be interpreted as a commitment to the public good on the part of business.⁵ As CSR addresses both an enterprise’s own competitive interest and the interest of the wider society,⁶ the term refers to “how enterprises can contribute to the favorable social development and, conversely, how society can stimulate economic development.”⁷

In this text, the terms CSR and Corporate Citizenship will be used interchangeably. Corporate Citizenship is generally defined as “the recognition that a business, corporation or business-like organization has social, cultural and environmental responsibilities to the community in which it seeks a licence to operate, as well as economic and financial ones to its shareholders or immediate stakeholders.”⁸

GERMAN CSR TRADITION

CSR is a fluid concept, which reflects the scope and nature of business, as well as national traditions, contexts and challenges. Thus, one-size-fits-all solutions may not be possible.⁹ For the same reasons, “experiences and concepts of corporate citizenship from other countries, particularly those in the English-speaking world, cannot be applied indiscriminately to the German context.”¹⁰

The concept of CSR, originally developed in the United States back in the 1920s, became increasingly popular within European academic circles during the 1960s-70s.¹¹ However, the academic debate was silenced by the wave of liberalization and de-regulation in the 1980s,

¹ NHO: “Corporate Social Responsibility”, 2003, <http://www.nho.no/samfunnsansvar/article2124.html>

² Arne’s “Expectations on CSR”-document. What is the source?

³ NHO: “Corporate Social Responsibility”, 2003, <http://www.nho.no/samfunnsansvar/article2124.html>

⁴ Ibid

⁵ Heuberger, Frank; Oppen, Maria; and Reimer, Sabine: „The German Approach to Civic Involvement on the Part of Business – Reflections on Corporate Citizenship in Germany”, Friedrich Ebert Stiftung, in Civil Society 12.

⁶ Arne’s “Expectations on CSR”-document. What is the source?

⁷ NHO, 2003.

⁸ <http://www.deakin.edu.au/arts/ccr/>, September 22, 2005.

⁹ Corporate Social Responsibility: A business contribution to sustainable development”, Employment and Social affairs, Industrial relations and industrial change, European Commission, July 2002.

¹⁰ Heuberger, Frank; Oppen, Maria; and Reimer, Sabine: „The German Approach to Civic Involvement on the Part of Business – Reflections on Corporate Citizenship in Germany”, Friedrich Ebert Stiftung, in Civil Society 12.

¹¹ The Davos Manifesto of 1973, where the top European managers defined the social responsibility of employers, stems from this debate.

and the increased influence of shareholders on corporate management that followed. Interestingly, globalization has sparked a new, and stronger interest in CSR and the debate about the social costs and benefits of corporate activity has been rekindled, also in Germany.¹² Even though the term “CSR” is still foreign to most Germans, and those who know it may associate it with the U.S., CSR is strongly embedded in German culture. In fact, it is a fundamental part of its highly regulated and institutionalized industrial relations.

“Soziale Marktwirtschaft”

Despite a changing global economic environment, the German economy continues to be based on the concept of “Soziale Marktwirtschaft” (social market economy), which allows the government quite expansive (and expensive) interactions in the economy/business world vs. a more “laissez-faire” approach of other governments.¹³ This entails that the government sets the legal framework and guidelines and, in return, the citizens expect the public authorities to take care of the workforce through health-care, unemployment rules, dismissal laws etc.¹⁴ Although this social contract is connected with a deep moral in German society, new international frameworks are rapidly questioning the social foundation of German industrial relations. New attitudes to business ethics are challenging traditional labor relations and the social engagement on the part of business.¹⁵

Tradition of “Mitbestimmung”

The German tradition of “Mitbestimmung” has ensured a well-established social dialogue between the internal stakeholders of a company (i.e. management and workforce), labor unions and trade counsels.¹⁶ The concept can be translated as co-determination and refers to the equal rights of shareholders, employees, and, representatives of public institutions on the supervisory board of big companies, i.e. enterprises with more than 2000 employees. As the supervisory board elects and controls the board of managers, the concept of “Mitbestimmung” ensures a certain level of democracy within the firm and its decision-making organs.¹⁷ However, the practice has traditionally rarely been associated with CSR. “Good Corporate Citizenship” is a more common term.¹⁸ Recently, the concept of “Mitbestimmung” has been criticized for its rigidity, both nationally and internationally.

At present, German work counsels and trade unions play only a marginal role in the CSR movement, which may be explained by the current expansion of the concept of good corporate citizenship. Unlike the traditional company-centered approaches to CSR, the current focus is on stakeholder partnership. Such partnerships are conceived as co-operation among the private sector, public institutions and civil society, undertaken on a voluntary basis for the benefit of all parties.¹⁹ In fact, cooperative ventures with non-profit organizations, some of which also involve government bodies, seem to be the new norm.²⁰ As expected,

¹² Heuberger, Frank; Oppen, Maria; and Reimer, Sabine

¹³ Segal, J-P., Sobczak, A. and Triomphe, C-E.: “Corporate Social Responsibility and Working Conditions”, European Foundation for the Improvement of Living and Working Conditions, 2003. <http://www.eurofound.eu.int/publications/htmlfiles/ef0328.htm>, accessed July 23, 2005.

¹⁴ Ibid

¹⁵ Segal, J-P., Sobczak, A. and Triomphe, C-E.: 2003.

<http://www.eurofound.eu.int/publications/htmlfiles/ef0328.htm>, accessed July 23, 2005.

¹⁶ Segal, J-P., Sobczak, A. and Triomphe, C-E.: 2003.

<http://www.eurofound.eu.int/publications/htmlfiles/ef0328.htm>, accessed July 23, 2005.

¹⁷ <http://www.co-determination.info>, September 6, 2005.

¹⁸ Segal, J-P., Sobczak, A. and Triomphe, C-E., 2003.

¹⁹ Heuberger, Frank; Oppen, Maria; and Reimer, Sabine: „The German Approach to Civic Involvement on the Part of Business – Reflections on Corporate Citizenship in Germany”, Friedrich Ebert Stiftung, in *Civil Society* 12,

²⁰ Ibid

these new forms of partnership have generated a widening of the German CSR focus.

Expansion of German CSR culture

Whereas German CSR culture has traditionally been focusing on internal labor conditions, as manifested by the tradition of “Mitbestimmung”, we are now witnessing an expansion of the perception of corporate citizenship. Both the CSR-debate and current corporate policies are increasingly moving away from the rigid system of “Mitbestimmung” and its focus on labor-relations, towards a more flexible approach, which covers issues such as the protection of the environment, anti-corruption, and human rights. Arguably, CSR is no longer restricted to a company’s immediate interaction partners such as its employees, managers, and suppliers; rather it encompasses society at large. Germany is currently experiencing an expansion from essential to desirable business practice, where the goal is to leave “zero footprint” on the environment in which the business operates.²¹

CURRENT GERMAN CSR LANDSCAPE

In the study “The German Approach to Civic Involvement on the Part of Business – Reflections on Corporate Citizenship in Germany” by the Friedrich Ebert-Stiftung, the authors found that there is a growing acceptance of the linkage of economic aims and public welfare among German citizens.²² The growing number of partnerships between public organizations and business dedicated to the promotion of social spin-offs from economic activity may be indicative of changes in the relationship between the public and private sector.²³ As a result of the partial withdrawal of government from the social sphere, “there is now more scope for co-operative ventures involving business and public authorities.”²⁴ Nevertheless, compared to the dominant international approach to CSR, German enterprises remain reluctant to such market-based initiatives.²⁵ This reluctance can be explained by the fact that social engagement has rarely been recognized as a systematic element of German business strategy. Still today, the view that “social commitment cannot have any merit if it derives from cost-benefit calculations” is prevalent in German society.²⁶

Despite the cultural skepticism towards CSR, many German businesses are now searching for their own particular ways to develop and advertise their social commitment.²⁷ Regardless of size and sector, most German enterprises consider CSR a long-term investment, or an act guided by economic self-interest.²⁸ The common-held belief is that the firm’s engagement in socially responsible causes is crucial for its survival in increasingly competitive international markets.²⁹ In some cases, the CSR commitment of young small or medium-sized enterprises (SMEs) is identifiable already at the start-up stages, which lead Heuberger, Oppen, and Reimer to suggest that the current forms of social involvement on the part of German business may reflect a new understanding of the role of business among the young

²¹ Novartis Foundation (?)

²² Heuberger, Frank; Oppen, Maria; and Reimer, Sabine

²³ Ibid

²⁴ Ibid

²⁵ Ibid

²⁶ Ibid

²⁷ Ibid

²⁸ Segal, J-P., Sobczak, A. and Triomphe, C-E.: 2003.

<http://www.eurofound.eu.int/publications/htmlfiles/ef0328.htm>, accessed July 23, 2005.

²⁹ Clemens, Reinhard & Maass, Frank: “Corporate Citizenship: Das Unternehmen als ”guter Burger”, Schriften zur Mittelstandsforschung Nr. 94 NF, Gabler Verlag Wiesbaden, 2002.

generation of entrepreneurs.³⁰ However, most enterprises do not practice CSR within its first 5 years of existence due to heavy start-up costs.³¹

According to a report by the national office of the BKK (company health insurance funds) and the World Health Organization (WHO), the most prevalent German voluntary schemes involve the social integration of foreign workers, community programs, continued training/education, and human rights issues.³²

GERMAN MNCs

Increasing pressure from national governments, civil society, and international organizations, as well as a changing global economic environment, have led big international corporations to adopt a pro-active approach to CSR. The concept of CSR was mainly developed for and by large multinational corporations (MNCs) in an attempt to make international business more sustainable. In addition to concerns for corporate reputation and image, the financial interest in CSR reflects the interest in keeping the human capital up-to-date. Recent studies show that CSR is particularly important for recruiting purposes.³³ It is also of great value for marketing and risk management.³⁴ Given that CSR essentially represents an opportunity for enterprises to create a distinct corporate social profile, MNCs use CSR as a supplement to other means of communication and human resources already in place.³⁵ This entails that MNCs are keen on publishing their CSR commitment, both to their shareholders and to the general public.

In general, German MNCs are adapting well to the international CSR debate. In February 2005, Manager Magazin conducted a survey of Europe's biggest companies to assess their social engagement. German companies came off with good marks. Deutsche Post World Net scored highest of the German enterprises in this particular study.

In the Fortune Magazine's annual All-Star list, Germany's BASF was ranked as the world's number one chemical company.³⁶ The survey was conducted by Hay Group, which is an independent consulting firm, headquartered in Washington D.C. and London. The list is based on rankings by senior executives and outside directors in each industry, and financial analysts who are in a position to study and compare the competitors in each field.³⁷

The CSR initiatives and issue-areas range from donations and sponsorship of cultural events, education programs, to long-term collaborative projects between business, government, and civil society in an area related to business strategy. It is common to distinguish between ordinary, yet clever HR-initiatives that have a social outlook by seeking to increase the "well-being" of the immediate interaction partners of a company, and initiatives that have a social expenditure. These are initiatives that are removed from direct corporate benefit. This would be the case when a company chooses relevant social themes and is aware of its own edge to solve the issues at stake. Yet another group of initiatives can

³⁰ Heuberger, Frank; Oppen, Maria; and Reimer, Sabine

³¹ Clemens, Reinhard & Maass, Frank: 2002.

³² Sommer-Guist, Christine: "German Companies Accept Social Responsibility", March 2005. <http://www.goethe.de/kug/ges/wrt/thm/en40940.htm>, accessed on August 5, 2005.

³³ Heuberger, Frank; Oppen, Maria; and Reimer, Sabine

³⁴ Commission of the European Communities, Green Paper for Promoting a European Framework for Corporate Social Responsibility, COM (2001) 366 final, Brussels, 2001.

³⁵ Ibid

³⁶ <http://www.wbcscd.ch/plugins/DocSearch/details.asp?type=DocDet&ObjectId=MTQyMTA>, consulted 20.07.05

³⁷ <http://www.chancenfueralle.de/Interaktiv/CSR-Studie.html?print=true>, accessed July 25, 2005.



be distinguished, notably those that seek to improve society in one way or another. This would entail using environmental friendly means of production, supporting democratic institutions, or simply setting standards of responsible business conduct for other companies.

GERMAN SMEs

Concerning the percentage of SMEs committed to external social activities, a clear North-South divide can be observed in a European context.³⁸ The highest percentages correspond to some of the Northern (Finland, Denmark, Iceland and Norway) and of the central European countries (i.e. Austria, Liechtenstein). Germany belongs to the group of countries³⁹ that occupy an intermediate position. Among these countries we find the Netherlands, Ireland, Sweden, Portugal, Belgium, Luxembourg, and Switzerland. The Southern countries (Spain, Italy and Greece), as well as France and the United Kingdom, are lagging behind when it comes to the external social involvement on the part of SMEs. Key factors for explaining these national differences may include different cultural traditions on the role of enterprises in society, different expectations from the general public on the enterprises' social involvement or different public welfare traditions.⁴⁰

Level of Involvement

In 2001, the Institut für Mittelstandsforschung in Bonn (IfM, Institute for Small- and Medium-sized Enterprises) estimated that 82 % of German SMEs donated money, products or services for social causes. More than 50 % of the enterprises gave employees time off to volunteer.⁴¹ In contrast, the EU found only 54 % of German SMEs socially responsible, which is still more than the European average of 49 %.⁴² On average, German SMEs spend 0.07 % of their annual budget on CSR. In terms of spending, SMEs contribute to 13 % of all CSR initiatives carried out annually in Germany.⁴³

Nature of External CSR activities

Even though most SMEs act in accordance with basic CSR-principles, studies show that the concept of CSR is still relatively unfamiliar in the German Mittelstand.⁴⁴ Instead, socially and environmentally responsible practices are often understood as responsible entrepreneurship. Worth noting is the fact that a positive correlation between SMEs' strategic focus and their socially responsible activities can be established: SMEs focusing on innovation, quality and growth also score higher on current or future social engagement.⁴⁵ Their community and social engagement, which is deeply embedded in the corporate culture, could be characterised as being local in scope, occasional in nature, and unrelated to business strategy.⁴⁶ The ENSR study entitled "European SMEs and Social and Environmental Responsibility", 2002, reports that 31% of German SMEs external CSR involvement is

³⁸ ENSR (European Network for SME Research): "European SMEs and Social and Environmental Responsibility", Observatory of European SMEs, No. 4, 2002.

³⁹ * The study is limited to the EEA and the 15 states that formed the EU prior to the enlargement.

⁴⁰ ENSR (European Network for SME Research): No. 4, 2002.

⁴¹ Clemens, Reinhard & Maass, Frank: 2002.

⁴² ENSR (European Network for SME Research): No. 4, 2002.

⁴³ Clemens, Reinhard & Maass, Frank: 2002.

⁴⁴ <http://www.csrgermany.de/>, accessed July 25, 2005.

⁴⁵ "Corporate Social Responsibility: A business contribution to sustainable development", Employment and Social affairs, Industrial relations and industrial change, European Commission, July 2002. See: europa.eu.int/comm/employment_social/soc-dial/csr/csr2002_en.pdf, September 7, 2005.

⁴⁶ "Corporate Social Responsibility: A business contribution to sustainable development", Employment and Social affairs, Industrial relations and industrial change, European Commission, July 2002. See: europa.eu.int/comm/employment_social/soc-dial/csr/csr2002_en.pdf, September 7, 2005.



occasional and unrelated to business strategy, whereas only 24% is undertaken on a regular basis and related to business activity.⁴⁷

The same study concludes that German SMEs often manage their societal impact in a more intuitive and informal manner than do large companies. This is due to their lower complexity and the generally strong role of the company owner. SMEs are therefore usually less absorbed with questions of reporting and measurement. This is also the case in other EU countries.⁴⁸

Among companies in the German Mittelstand, the most popular way of external CSR involvement is through donations (56%), either in cash or in kind, conducted on an ad-hoc or irregular basis. According to the IfM-Bonn study, 2002, only 28% could be termed cause-related marketing. Concerning the areas of external CSR activities, as much as 43% of the efforts are channeled into sport events. The other main posts are culture and health/welfare, followed by education/training. Surprisingly, only 15% of the activities are related to the protection of the environment.⁴⁹

Demand for Information on CSR

According to the 2002 IfM-Bonn report, German SMEs demand better access to information on CSR from the public authorities. In recent years, German SMEs have voiced a demand for up-to-date information on national and EU regulations, CSR checklists, fora for exchange of experiences and success stories, and established cross-sector co-operation.⁵⁰ At this point, the German findings correspond to the larger European picture.

⁴⁷ ENSR (European Network for SME Research): No. 4, 2002.

⁴⁸ "Corporate Social Responsibility: A business contribution to sustainable development", Employment and Social affairs, Industrial relations and industrial change, European Commission, July 2002.

See: europa.eu.int/comm/employment_social/soc-dial/csr/csr2002_en.pdf, September 7, 2005.

⁴⁹ Clemens, Reinhard & Maass, Frank: 2002.

⁵⁰ Clemens, Reinhard & Maass, Frank: 2002.

2. INTERNATIONAL FRAMEWORKS

With the end of the Cold War and the structural changes it triggered globally, the international political discourse has changed significantly. Politics is increasingly taking place beyond and below the nation state and several global trends have come together to place CSR higher on the business agenda:

- The emergence of the global economy with foreign trade as a polarizing political issue globally;
- The information technology revolution;
- Increased consumer awareness;
- Broad demands that companies operate in a more transparent manner;
- Privatization, which has elevated both the influence of business, as well as stakeholder assertions that companies should be publicly accountable;
- Several high profile events in which businesses have been implicated in serious human rights violations and environmental scandals; and
- The rapid growth of stakeholder groups, as, for example, the number of internationally-recognized NGOs has grown from 6,000 to 26,000 during the 1990s (The Economist, 11 December 1999).⁵¹

The world has in recent years witnessed the development of several international frameworks addressing the responsibility of the corporate world to act in accordance with the concept of sustainability. The most substantial framework is the UN Global Compact, which enjoys international consensus. The ten principles of the Compact are derived from four international declarations, notably:

- The Universal Declaration of Human Rights
- The International Labor Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention against Corruption⁵²

THE UN GLOBAL COMPACT

The Global Compact is a voluntary corporate citizenship Initiative with two objectives: First, to mainstream its ten principles in business activities around the world; and second, to catalyze action in support of UN goals. To reach these objectives, the Global Compact offers facilitation and engagement through several mechanisms: Policy dialogues, learning, local structures and projects.⁵³

In other words, the Global Compact is an international initiative that brings companies together with UN agencies, labor and civil society to support ten principles in the areas of human rights, labor, the environment, and anti-corruption. Launched in 2000, the Global Compact seeks to advance responsible corporate citizenship so that business can be part of the solution to the challenges of globalization.⁵⁴ The Global Compact is not a regulatory instrument, hence it does not "police", enforce, or measure the behavior or actions of companies. Rather, the Global Compact relies on public accountability, transparency, and

⁵¹ <http://www.ohchr.org/english/about/publications/docs/business.htm>, accessed on August 5, 2005.

⁵² <http://www.unglobalcompact.org/Portal/Default.asp?>, September 6, 2005.

⁵³ Ibid

⁵⁴ "Spheres of Influence: Understanding Human Rights in Business", in The 2004 Business & Human Rights Seminar Report, 9 December 2004, London: p. 21.

the enlightened self-interest of companies, labor and civil society to initiate and share substantive action in pursuing the principles upon which the Global Compact is based.⁵⁵

The ten principles enlisted:

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses

Labor Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labor;
5. The effective abolition of child labor; and
6. The elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against all forms of corruption, including extortion and bribery.⁵⁶

To date, more than 1700 companies have signed on to the UN Global Compact. Admittedly, this number is small compared to the over 60 000 multi-national companies (MNCs) working in the world today.⁵⁷ Differently put, ca 3% of the world's MNCs is committed to the Compact. In total, 46 German companies and 17 sectors have signed up to the Compact.⁵⁸ List of companies by sector:

Automobiles and Auto Components:

BMW AG, DaimlerChrysler, Robert Bosch GmbH, Schefenacker AG, Volkswagen AG.

Aerospace & Aviation:

FAI rent-a-jet AG, Lufthansa AG*

Chemical:

BASF
BAYER AG

Commerce & Distribution: Ch. Dahlinger GmbH & CoKG

Commercial Services & Supplies: ADECCO Germany

Construction and Engineering: BaurConsult

⁵⁵ Ibid

⁵⁶ <http://www.unglobalcompact.org/Portal/Default.asp?>, September 7, 2005.

⁵⁷ Kell, Georg: Foreword, The Global Compact: Embedding Human Rights in Business Practice. A joint publication of the United Nations Global Compact and the Office of United Nations High Commissioner for Human Rights, 2004: p. 9.

⁵⁸ <http://www.unglobalcompact.org/Portal/Default.asp?>, September 7, 2005.



Containers and Packaging: Drehtainer GmbH

Finance and Insurance: Allianz AG, Deutsche Bank AG*, Gerling Group of Insurance Companies, WesLBAG

Health Care Services & Supplies: Fritz Massong GmbH

IT Consulting and Software: AMPEG Technologie and Computer Service GmbH, Infineon Technologies AG, SAP

Media, Communications & Entertainment: Macondo*

Personal Care & Household Products: BSH Bosch und Siemens Hausgerate GmbH, Henkel KGaA, Miele & Cie. GmbH & Co.

Pharmaceutical & Biotechnology: Altana AG, Merck KgaAm, TAD Pharma GmbH

Technology Hardware & Electrical Equipment: Deutsche Telekom AG, EPCOS AG, Phoenix Contact GmbH & Co. KG, Siemens AG

Tourism and Leisure: TQ3 Travel Solutions GmbH

Transportation and Storage: Helog Lufttransport KG*

Utilities: E.ON AG, RWE, RWE Net AG

THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

The Organization for Economic Co-operation and Development (OECD) is an intergovernmental forum where thirty governments work together to address the economic, social and governance challenges of globalization as well as to exploit its opportunities. It grew out of the Organization for European Economic Co-operation (OEEC), which was set up in 1947 to co-ordinate the Marshall Plan for the reconstruction of Europe after World War 2. Membership is limited by a country's commitment to a market economy and a pluralistic democracy, but non-members may subscribe to OECD agreements and treaties.⁵⁹

The OECD helps governments to foster prosperity and fight poverty through economic growth, financial stability, trade and investment, technology, innovation, entrepreneurship and development co-operation. It provides one of the world's largest sources of comparable statistical, economic and social data, covering areas as diverse as national accounts, economic indicators, the labor force, trade, employment, migration, education, energy, health, industry, taxation and the environment.⁶⁰

Since their revision in 2000, the OECD Guidelines have become a key reference point of international norms for responsible business conduct. The Guidelines are recommendations addressed by governments to multinational enterprises (MNEs) operating in or from

⁵⁹ http://www.oecd.org/document/18/0,2340,en_2649_201185_2068050_1_1_1_1,00.html#what, september 6, 2005.

⁶⁰ http://www.oecd.org/document/18/0,2340,en_2649_201185_2068050_1_1_1_1,00.html#what, september 6, 2005.

adhering countries. They provide voluntary principles and standards for responsible business conduct in a variety of areas including employment and industrial relations, human rights, environment, anti-corruption, consumer protection, science, technology, and taxation.⁶¹ The Guidelines state that enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. This entails:

1. Contribute to economic, social and environmental progress with a view to achieving sustainable development.
2. Respect the human rights of those affected by their activities consistent with the host government's international obligations and commitments.
3. Encourage local capacity building through close co-operation with the local community, including business interests, as well as developing the enterprise's activities in domestic and foreign markets, consistent with the need for sound commercial practice.
4. Encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees.
5. Refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to environmental, health, safety, labour, taxation, financial incentives, or other issues.
6. Support and uphold good corporate governance principles and develop and apply good corporate governance practices.
7. Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate.
8. Promote employee awareness of, and compliance with, company policies through appropriate dissemination of these policies, including through training programmes.
9. Refrain from discriminatory or disciplinary action against employees who make bona fide reports to management or, as appropriate, to the competent public authorities, on practices that contravene the law, the Guidelines or the enterprise's policies.
10. Encourage, where practicable, business partners, including suppliers and subcontractors, to apply principles of corporate conduct compatible with the Guidelines.
11. Abstain from any improper involvement in local political activities.⁶²

As for the implementation of the principles, National Contact Points (NCP) has been set up in each adhering country. The NCPs are government offices charged with promoting the Guidelines and handling enquiries in the national context. Adhering countries comprise all 30 OECD member countries, and nine non-Member countries (Argentina, Brazil, Chile, Estonia, Israel, Latvia, Lithuania, Romania and Slovenia).⁶³

Despite criticism from business that they are too general to be useful, and from NGOs that they recommend "minimal social and behavioral practices", the Guidelines are the only comprehensive and multilaterally agreed corporate social responsibility standard that are supported by governments and trade unions.⁶⁴

⁶¹ http://www.oecd.org/department/0,2688,en_2649_34889_1_1_1_1_1,00.html, September 6, 2005.

⁶² http://www.oecd.org/document/28/0,2340,en_2649_34889_2397532_1_1_1_1,00.html, September 6, 2005.

⁶³ http://www.oecd.org/about/0,2337,en_2649_34889_1_1_1_1_1,00.html, September 6, 2005.

⁶⁴ Ibid

THE GLOBAL REPORTING INITIATIVE (GRI)

The GRI was launched in 1997 as a joint initiative of the U.S. non-governmental-organization Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environment Program (UNEP). "It was established to elevate sustainability reporting practices to a level equivalent to those of financial reporting, while achieving comparability, credibility, rigour, timeliness, and verifiability of reported information."⁶⁵ GRI became an independent organization in 2002 and is an official collaborating centre of the UNEP. It works in cooperation with the UN Compact, and collaborates with corporations, environmental and social NGOs, accountancy organisations, trade unions, investors, and other stakeholders worldwide.⁶⁶

In short, the GRI Guidelines provide a globally applicable framework for reporting an organization's sustainability performance, presenting reporting principles and specific content indicators to guide the preparation of sustainability reports. The aim of the Guidelines is to assist reporting organizations and their stakeholders in articulating and understanding contributions of the reporting organizations to sustainable development.⁶⁷ The Guidelines are centred on three categories: economic, environmental, and social. The categories address various aspects of a business' activities and have different performance indicators attached to each point.⁶⁸

- Under the category "direct economic impact", the GRI classifies the following actors: customers, suppliers, employees, providers of capital, and the public sector.⁶⁹
- The environmental category comprises materials, energy, water, biodiversity, emissions, effluents, and waste, suppliers, products and services, compliance, and transport.⁷⁰
- The social category has four sub-categories, notably: labor practices and decent work, human rights, society, and product responsibility.
 - As for labor, the following aspects are addressed: employment, labor/management relations, health and safety, training and education, and diversity and opportunity.
 - The human rights include variables such as: strategy and management, non-discrimination, freedom of association and collective bargaining, child labor, forced and compulsory labor, disciplinary practices, security practices, and indigenous rights.
 - "Society" addresses aspects such as: community, bribery and corruption, political contributions, competition and pricing.
 - And in terms of product responsibility, the GRI address customer health and safety, products and services, advertising, and respect for privacy.⁷¹

The GRI's strength lies in its ability to develop consensus amongst business, trade unions, governments, and NGOs around a common reporting format and its development of linkages with other standards.⁷² Recognizing the limits of a one-size-fits-all approach and the importance of capturing the unique set of sustainability issues faced by different industry sectors, GRI is currently developing sector supplements to use with the standard guidelines. The main challenge of the GRI lies in the fact that many sustainability indicators do not easily

⁶⁵ <http://www.globalreporting.org/guidelines/2002/dannex1.asp>, September 14, 2005.

⁶⁶ <http://www.globalreporting.org/guidelines/2002/dannex1.asp>, August 4, 2005.

⁶⁷ <http://www.globalreporting.org/guidelines/2002/intro1a.asp>, September 14, 2005.

⁶⁸ <http://www.globalreporting.org/guidelines/2002/c36.asp>, September 14, 2005. For more information see: <http://www.globalreporting.org/guidelines/2002/c47.asp>.

⁶⁹ Ibid

⁷⁰ Ibid

⁷¹ Ibid

⁷² Ibid

lend themselves to financial valuation. Hence, a standardized set of integrated performance indicators has not yet been developed.⁷³

To date, 700 companies worldwide have adopted the GRI reporting formate.⁷⁴ Among these, there are 29 German companies: Adam Opel AG, Adidas-Salomon, Allianz AG, Axel Springer AG, BASF AG, Bayer AG, Bayerische Motoren Werke (BMW), BSH Group, Cognis Deutschland GmbH&co.KG, DaimlerChrysler AG, Deutsche Bank AG, Deutsche Telekom AG, GLS Gemeinschaftsbank, Heidelberger Druckmaschinen AG, Henkel KgaA, HVB Group, KarstadQuelle, MAN Group, McDonald's Europe, Merck KgaA, Metro Group, Otto GmbH & Co KG, PUMA, RWE, Tetrapak Deutschland, TUI AG, VAW Aluminium, Vinnolet GmbH & Co. KG, and Volkswagen AG.⁷⁵

THE ILO

"The International Labour Organization is the UN specialized agency which seeks the promotion of social justice and internationally recognized human and labour rights. It was founded in 1919 and is the only surviving major creation of the Treaty of Versailles, which brought the League of Nations into being and it became the first specialized agency of the UN in 1946."⁷⁶ Within the UN system, the ILO has a unique tripartite structure with workers and employers participating as equal partners with governments in the work of its governing organs.⁷⁷

In addition to formulating international labour standards in the form of Conventions and Recommendations, the ILO promotes the development of independent employers' and workers' organizations and provides training and advisory services to those organizations.⁷⁸ It provides technical assistance primarily in the fields of vocational training, employment policy, labour administration, labour law and industrial relations, working conditions, management development, social security, labour statistics, and occupational safety and health.

Adopted in 1998, the ILO Declaration on Fundamental Principles and Rights at Work aims to ensure that social progress goes hand in hand with economic growth and development. The Declaration is a promotional instrument, which commits Member States to respect and promote principles and rights in the following four categories: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labor, the abolition of child labour and the elimination of discrimination in respect of employment and occupation.⁷⁹

The Declaration's principles and rights are steadily gaining wider recognition among organizations, communities, and enterprises. The Declaration makes it clear that these rights are universal, and that they apply to all people in all states, regardless of the level of economic development. To cite the ILO-homepage: "These fundamental principles and rights provide benchmarks for responsible business conduct, and are incorporated into the ILO's own Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The OECD's Guidelines for Multinational Enterprises emphasize the principles and rights found in the ILO Declaration and the UN Global Compact promotes them as universal

⁷³ <http://www.globalreporting.org/guidelines/2002/c44b.asp>, September 14, 2005.

⁷⁴ <http://www.globalreporting.org/news/updates/article.asp?ArticleID=434>, September 14, 2005.

⁷⁵ <http://www.globalreporting.org/guidelines/2002/c36.asp>, September 14, 2005.

⁷⁶ <http://www.ilo.org/public/english/about/index.htm>, september 7, 2005.

⁷⁷ Ibid

⁷⁸ Ibid

⁷⁹ http://www.ilo.org/dyn/declaris/DECLARATIONWEB.ABOUTDECLARATIONHOME?var_language=EN, September 14, 2005.



values to be achieved in business dealings around the world. A growing number of private sector codes of conduct and similar initiatives also refer to the fundamental principles and rights at work.”⁸⁰

⁸⁰http://www.ilo.org/dyn/declaris/DECLARATIONWEB.ABOUTDECLARATIONHOME?var_language=EN, September 14, 2005.

3. POLITICAL STRATEGY OF THE GERMAN GOVERNMENT AND REACTION OF GERMAN EMPLOYERS TO THE INTERNATIONAL FRAMEWORKS

To what extent does the German government echo the international frameworks? And how do German employers react to the plethora of international frameworks, CSR Guidelines and standards?

GOVERNMENT POSITION

The government has staged a series of conferences addressing the Global Compact and CSR within the framework of its so-called Global Issues Forum, which is a platform for dialogue and co-operation with the German civil society. The German government supports the aims of the Global Compact both politically and financially, and urges German enterprises to sign on to the Compact and act in accordance with it.⁸¹

Moreover, the German government has from the very beginning played a constructive part in the elaboration of the OECD guidelines. German companies are asked to follow the guidelines wherever they do business, taking into account the conditions prevailing in the host country.⁸²

Government initiatives

The Program for Social and Ecological Standards of the Federal Ministry for Economic Co-operation and Development (BMZ) promotes the introduction, implementation, and monitoring of ecological and social standards. One important activity in the context of the social standards component is the Round Table on Codes of Conduct, which brings together representatives of the private sector, trade unions, NGOs and government, and provides a forum for an exchange of experience from a wide range of perspectives. The objective is to improve social standards in developing countries, and this is to be achieved through voluntary initiatives.⁸³ For instance, the Round Table on Codes of Conduct published a guidebook providing information and guidance on CSR in 2004, especially intended for German SMEs.⁸⁴ Furthermore, the government has initiated two CSR programs: "Business in Partnership with Youth" (UPJ) and "The New Quality of Work Initiative" (INQA).

The national network "**Business in partnership with Youth**" (Unternehmen: Partner der Jugend (UPJ)) consists of intermediary organizations, companies and business leaders in 12 federal states. The Network initiates long-term co-operation between enterprises, community organizations and governments and to date, it has initiated approximately 200 partnerships involving small, medium and large enterprises.⁸⁵ The network combines the know-how of its members to further promote corporate citizenship within Germany's business community; it demonstrates new ways of community investment and supports the development of co-operational projects.⁸⁶

⁸¹ n.a.

⁸² <http://www.ohchr.org/english/issues/globalization/business/docs/germany.pdf>

⁸³ Ibid

⁸⁴ Ibid, for more information, see: www.coc-runder-tisch.de

⁸⁵ <http://www.upj-online.de/index/75372>, September 19, 2005.

⁸⁶ Ibid



In 2003, for instance, UPJ founded the network "Business Active in the Community" (in German: „Unternehmen: Aktiv im Gemeinwesen“ (UAG)).⁸⁷ Its aim is to "actively contribute to the community" in a manner that is compatible with profitable business.⁸⁸ In order to reach this goal, the firms share their experiences concerning the development, implementation and improvement of CSR-activities, develop CSR tools, and run mutual campaigns.⁸⁹ The network consists of the following companies: betapharm, BMW Group, chambiz, Manpower, Spiecker Design und Produktion, Veolia Water, BOV, EKO Stahl, GSE Protect, Herlitz PBS, KPMG Deutsche Treuhandgesellschaft, O2 Germany and VNG Verbundnetz Gas.⁹⁰

Beyond this initiative, UPJ is providing member companies with news and in-depth information on CSR through an email-Newsletter, ad hoc-emails, topical Fact Sheets, and various working groups. It provides members with practical assistance and customized information through the "UPJ-helpdesk". UPJ works in partnership with econsense, CSR Europe und BITC (Business in the Community).⁹¹

"The New Quality of Work Initiative" (INQA) is a joint project of the Federal Government, the Länder, trade unions and employers' associations, social insurance funds, businesses, foundations and other social partners. Launched in 2001, this project intends to prompt a societal debate on the future of work and to accommodate rapid structural change in the economy and the necessary re-organization of the work force.⁹² The partners intend to improve labor conditions in German companies while simultaneously boosting efficiency and profitability.⁹³

Currently, INQA is focusing on the four following sectors: construction, health care, catering, and office work.⁹⁴ In order to improve the general working conditions in these sectors, INQA has initiated both national and regional networks, which offer practical support, advisory services, vocational training, and the promotion of labor rights in a need-based manner to small and medium-sized firms. The "Thematic Initiative Group for Construction Sites", "Healthy Care without Stress", and "New quality of office work" are examples of such working groups.⁹⁵ In addition, INQA launches campaigns that seek to sensitize the general public to various social issues.

GERMAN EMPLOYERS

The BDI (Federation of German Industry) & BDA (Confederation of German Employers' Associations) posit that companies cannot be held responsible for the failure of states and their governments. Echoing other European employers' organizations, German employers are critical of legally binding CSR measures, emphasizing that the strength of CSR lies in its voluntary nature. The German employers' organizations stress the importance of flexibility for MNCs, which operate in a world with widely differing cultural, economic, and legal conditions.

Similar to their European sister-organizations, both BDI and BDA claim that German businesses should act in accordance with the OECD Guidelines and in that respect contribute to a strengthening of international frameworks. Despite their liberal position, both BDI and BDA clearly voice that German companies must take care that they are not partially

⁸⁷ http://www.upj-online.de/media/upj/downloads/UPJ_in_English/UAG.pdf, September 20, 2005.

⁸⁸ <http://www.upj-online.de/index/75372>, September 19, 2005.

⁸⁹ Ibid

⁹⁰ <http://www.upj-online.de/index/75372>, September 19, 2005.

⁹¹ http://www.upj-online.de/media/upj/downloads/UPJ_in_English/UAG.pdf, September 20, 2005.

⁹² <http://www.inqa.de/Inqa/Navigation/english.html>, July 25, 2005.

⁹³ http://agency.osha.eu.int/publications/conference/20041201/en/index_5.htm, September 20, 2005.

⁹⁴ Ibid

⁹⁵ Ibid

responsible for infringements on human rights.⁹⁶ In an attempt to facilitate the translation of CSR principles into business practice, BDI and BDA have set up an internet-platform (www.csrgermany.de), on which to present social schemes and suggestions for improvements. The platform has links to company websites and provides a list of case studies.⁹⁷

econsense

Econsense (Forum for Sustainable Development of German Business) is a joint project of 23 renowned and globally active German companies and organizations that share a common vision of CSR and its implementation into modern business activities and strategies. The members are mostly international corporations such as BASF, Bayer, BMW Group, Siemens, Lufthansa, and Volkswagen. Econsense was founded in July 2000 at the initiative of the Federation of German Industries.⁹⁸

Primarily, Econsense promotes an open CSR-dialogue with partners from public administration, business, the scientific community, and civil society groups. In order to meet their goal of voicing the position of German business in the current CSR debate, Econsense gathers examples of good CSR-practice, publishes its positions on specific CSR issues in its Dialogue-Paper, and organizes congresses and workshops with a wide variety of stakeholders. It engages in Multi-Stakeholder dialogue and cooperation with various stakeholder groups to exchange ideas, know-how and experience.⁹⁹

B.A.U.M.

This pioneering business-to-business initiative was founded in 1984 by a group of German entrepreneurs who wanted to support each other implementing environmental management within their companies. Today, B.A.U.M. is the European business community's largest environmental initiative with more than 500 members (companies, NGOs, institutions and individuals alike) and is recognized as an independent NGO.¹⁰⁰ Already in 1991, the organization received the UNEP "Global 500 Roll of Honor"-award for its promotion of environmental-friendly business.¹⁰¹ B.A.U.M.'s aim is to support companies, local authorities, and organizations in their efforts to implement "ecologically effective and economically viable environmental protection schemes."¹⁰² Committed to the goal of sustainable development, it seeks to put environmental management methods and measures into practice.¹⁰³ Through the publication of research and the organization of projects, campaigns, workshops, in-house trainings, and conferences, it continuously seeks to raise the level of awareness and

⁹⁶ <http://209.238.219.111/BDI-BDA-submission-to-UN.pdf>, accessed on August 7, 2005.

⁹⁷ Sommer-Guist, Christine: "German Companies Accept Social Responsibility", March 2005. <http://www.goethe.de/kug/ges/wrt/thm/en40940.htm>, accessed on August 5, 2005.

⁹⁸ www.econsense.de

⁹⁹ <http://www.econsense.de/eng/aktivitaeten.htm>, September 14, 2005.

¹⁰⁰ www.baumev.de/baumev/portrait/Englisch/c_BAUM.pdf, September 13, 2005.

¹⁰¹ Ibid

¹⁰² Ibid

¹⁰³ Ibid

commitment to sustainable management among companies, politicians, and the general public.¹⁰⁴

To facilitate the implementation of sustainable economic practices among its members, B.A.U.M. offers consultation free of charge, helps identifying win-win strategies and developing instruments for individual companies, and promotes cooperation between enterprises.¹⁰⁵ Recognizing that responsibility for environmental protection has to be integrated into companies' wider strategic management decisions; B.A.U.M. has developed an Ethical Code of Practice as a guide for its members.¹⁰⁶

In recent years, the association's activities have become increasingly international in scope. As a founding member of the International Network of Environmental Management, INEM (1991), B.A.U.M. has been involved in initiating and carrying out numerous global projects. For instance, it is part of EPICENTRE, which is a project aimed at supporting the continuous improvement in environmental performance within organizations across the EU. It is also responsible for the co-ordination of the "Network of Rural Areas aiming at Very High Renewable Energy Rate-100 % RENET" (Renet)-project that strives to increase the use of sustainable energy throughout Europe.¹⁰⁷ Furthermore, B.A.U.M. coordinates all of the World Future Council's activities that take place in Germany.¹⁰⁸

At the national level, B.A.U.M. offers a free advisory service to SMEs, which focuses on the identification of cost-cutting protection measures in the areas of energy, water, and waste.¹⁰⁹ It also runs awareness-raising campaigns on a regular basis. To date, its "Solar – na klar"-campaign was Germany's greatest communication campaign ever to promote the use of solar energy in industry, private households and public buildings.¹¹⁰ In fact, it marked the breakthrough for solar systems in Germany (in 2000, the German market for solar power increased by 40 %) and later it became part of the European Commission's "Campaign for Take-Off" for renewable energy sources.¹¹¹ Annually, B.A.U.M. awards personalities for their commitment to integrated environmental management and sustainable development. The prize is awarded in four categories: major companies, small- and medium-sized enterprises, scientists and academics, and journalists.¹¹²

¹⁰⁴ Ibid

¹⁰⁵ Ibid

¹⁰⁶ For more information, see:

http://www.baumev.de/baumev/portrait/Englisch/d_Code_of_Practise.pdf

¹⁰⁷ www.baumev.de/baumev/portrait/Englisch/c_BAUM.pdf, September 13, 2005.

¹⁰⁸ The World Future Council addresses important environmental issues, human development, peace, human rights and government issues by encouraging the implementation and enforcement of treaties and laws. For more information, see: http://www.baumev.de/baumev/portrait/Englisch/g_Projects.pdf, accessed on September 13, 2005.

¹⁰⁹ http://www.baumev.de/baumev/portrait/Englisch/g_Projects.pdf, accessed on September 13, 2005.

¹¹⁰ http://www.baumev.de/baumev/portrait/Englisch/g_Projects.pdf, accessed on September 13, 2005.

¹¹¹ http://www.baumev.de/baumev/portrait/Englisch/g_Projects.pdf, accessed on September 13, 2005.

For the record, Munich Airport GmbH and Lufthansa AG implemented the world's largest photovoltaic solar power plant ever at an airport in 2003. The project was initiated by B.A.U.M..

¹¹² www.baumev.de/baumev/portrait/Englisch/c_BAUM.pdf, September 13, 2005.

4. INTERNATIONAL BUSINESS INITIATIVES

As a response to the rapid growth of voluntary international frameworks, several international business-to-business initiatives have emerged on the global arena. In general, the initiatives seek to facilitate the implementation of CSR into corporate strategies and practice. Albeit their foundation in the neo-liberal tradition, such initiatives are considered important driving forces in the international debate.

INTERNATIONAL NETWORK FOR ENVIRONMENTAL MANAGEMENT (INEM)

INEM is the international federation of business associations for environmental management and was founded in 1991 by environmental management associations in Austria, Germany, and Sweden. Based in Hamburg, the network comprises over thirty environmental management associations and ten cleaner production centers in more than twenty-five countries.¹¹³ INEM's vision is to minimize the environmental impacts of industrial operations. It is dedicated to the promotion, development, dissemination and application of environmental management, as well as the creation and support of business associations for environmental management worldwide.¹¹⁴

INEM places a special emphasis on SMEs, developing countries and Newly Independent States, as well as partnerships among business, local authorities and academic/research institutions. It is accredited to the United Nations Commission on Sustainable Development (CSD) and the United Nations Framework Convention on Climate Change (FCCC). Additionally, it holds observer status with the United Nations Industrial Development Organization (UNIDO) and the Baltic Marine Environment Protection Commission (Helsinki Commission).¹¹⁵

Concerning its international activities, "INEM has participated in the development of international environmental standards by the International Organization for Standardization (ISO) since the inception of the ISO ad hoc Strategic Advisory Group on the Environment (SAGE) in September 1991. INEM is a Liaison Member of the ISO Technical Committee on Environmental Management (ISO/TC 207), which is developing standards for environmental management systems, environment auditing, eco-labelling, life cycle analysis, and environmental performance evaluation. Furthermore, since the Earth Summit (1992), INEM has developed a set of programmes under the rubric of INDUSTRY 21 to implement Chapter 30, the Strengthening the Role of Business and Industry and other business portions of the United Nations' Agenda 21".¹¹⁶ The World Business Council for Sustainable Development WBCSD is a coalition of 175 international companies united by a shared commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress. Its members are drawn from more than 35 countries and 20 major industrial sectors.¹¹⁷ The WBCSD' mission is to provide business leadership as a catalyst for change toward sustainable development, and to promote the role of eco-efficiency, innovation and corporate social responsibility. It is dedicated to the implementation of the goals set forth at the Johannesburg Summit 2002, and promotes the idea that the pursuit of sustainable development is good for business and business is good for sustainable development.¹¹⁸ In order to meet its goals, the WBCSD has launched a series of sector projects, more

¹¹³ http://www.inem.org/htdocs/inem_info.html#Overview, September 14, 2005.

¹¹⁴ Ibid

¹¹⁵ http://www.inem.org/htdocs/inem_info.html#Overview, September 14, 2005.

¹¹⁶ Ibid

¹¹⁷ <http://www.wbcscd.ch/templates/TemplateWBCSD5/layout.asp?type=p&MenuId=NjA&doOpen=1&ClickMenu=LeftMenu>, September 14, 2005.

¹¹⁸ Ibid



specifically in the areas of cement, electricity utilities, forest products, mining and minerals, and mobility.¹¹⁹ Furthermore, it has established a regional network of more than 50 independent organizations that are committed to provide business leadership for sustainable development in their respective country or region. Through the regional network, WBCSD reaches out to numerous small and medium enterprises (SMEs) worldwide. "It also provides a platform for implementing sustainable development policies and concepts, especially in the developing world, and brings into the WBCSD valuable local and regional perspectives on the concerns of emerging economies. In addition to actively participating in WBCSD programs and initiatives, members of the regional network benefit from cooperation with each other, and from being associated with a leading international body."¹²⁰ Moreover, WBCSD is dedicated to the publication of research. Key headings are corporate social responsibility, eco-efficiency, ecosystems, innovation and technology, risk, sustainability and markets.¹²¹

BUSINESS LEADERS INITIATIVE ON HUMAN RIGHTS (BLIHR)

The ten global companies participating in BLIHR have come together for a three-year period to help lead and develop the corporate response to human rights. The Initiative was founded by ABB Ltd, Barclays plc, MTV Networks Europe, National Grid plc, Novartis Foundation for Sustainable Development, Novo Nordisk and The Body Shop International plc. in 2003, and Hewlett-Packard Company, Statoil and Gap Inc. joined the initiative the following year.¹²² The project intends to contribute to international discussions between governments, business associations, trade unions, and civil society organizations on the role of business in promoting and protecting the international human rights. More specifically, the aim of the project is to "road-test" the *Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights* in order to develop best practice tools for different sectors.¹²³

In 2004, BLIHR developed a Human Rights Matrix, which cross-referenced the content of the "UN Norms on the Responsibility of Transnational Corporations and other Business Enterprises with regard to the Human Rights" with what can be termed as "essential", "expected", and "desirable" behaviors. The examples are given purely for demonstration and guidance purposes. The Matrix is intended to be a sector specific tool for international corporations in order to build better understanding of both minimum compliance and the wider sphere of influence.¹²⁴ Even though this is a temporary project undertaken by a small group of companies, BLIHR's annual seminars on Business and Human Rights is an important contribution to the international CSR-debate.

¹¹⁹ <http://www.wbcd.ch/templates/TemplateWBCSD1/layout.asp?type=p&MenuId=NzU&doOpen=1&ClickMenu=LeftMenu>, September 14, 2005.

¹²⁰ <http://www.wbcd.ch/templates/TemplateWBCSD4/layout.asp?type=p&MenuId=NjM&doOpen=1&ClickMenu=LeftMenu>, September 14, 2005.

¹²¹ <http://www.wbcd.ch/templates/TemplateWBCSD1/layout.asp?type=p&MenuId=Njg&doOpen=1&ClickMenu=LeftMenu>

¹²² www.blihr.org, September 14, 2005.

¹²³ www.blihr.org

¹²⁴ Ibid

5. SOCIETAL EXPECTATIONS

CIVIL SOCIETY

In recent years, German enterprises have experienced a cut back in corporate taxes. This tax reduction is coinciding with increasing public withdrawal from various social areas, such as kindergardens, public transport, and education. As the public fabric is becoming thinner, tasks previously taken care of by the state are now being outsourced to private companies. There are new opportunities for enterprises to engage themselves in social causes, and the question is thus whether public opinion and expectations have changed as well?

At the international level, CSR is the new platform for NGOs to enter into partnerships with business to promote sustainable development. NGOs tend to focus on issues such as accountability and policy development.¹²⁵ Studies show that some NGOs believe that a mandatory framework for corporate accountability is necessary for making CSR worthwhile, while others consider voluntarism in conjunction with dialogue and partnership with other stakeholders, including governments and public authorities, a practical way of working together towards sustainable development. A recent study of New Nordic Partnership identified a shift in NGOs focus from how to influence the CSR agenda, to how to add value to it, with practical recommendations for action for both NGOs and businesses.¹²⁶

AMNESTY INTERNATIONAL

Based in its strong commitment to the promotion and protection of the international human rights, Amnesty International calls on companies to account for the impact of their activities on human rights within their sphere of influence (i.e. employees, business partners, associates and subcontractors, and the communities in which they operate).¹²⁷ With the aim of increasing accountability and transparency in international business, Amnesty International encourages the mainstreaming of human rights, labor rights, and environmental concerns throughout company operations.¹²⁸ It makes the case for CSR to move beyond voluntarism into legal regulation, claiming that regulation would not only provide a common standard for behavior and accountability, it would also redress to those affected by corporate misdeeds. By compelling less well-intentioned companies to obey the law, Amnesty International is convinced that the bar would be raised.¹²⁹

Hence, Amnesty has welcomed the UN's adoption of the Human Rights Norms for Business (generally referred to as the UN Norms) as a major step forward in the process of establishing a common global framework for understanding the responsibilities of enterprises with regard to the human rights. "Developed through consultation with businesses, unions and NGOs, the Norms set out, in a single, succinct document, a comprehensive list of the human rights norms relevant to the activities of companies. In addition to setting standards for businesses, the UN Norms are also a useful benchmark for national legislations to determine if governments are living up to their obligations to protect rights by ensuring that appropriate regulatory frameworks are in place."¹³⁰ Amnesty International strongly

¹²⁵ Nordic partnership survey, Arne

¹²⁶ Nordic Partnership survey, arne

¹²⁷ <http://web.amnesty.org/pages/ec-accountability-eng>, September 20, 2005.

¹²⁸ <http://web.amnesty.org/library/index/engIOR500012003?open&of=eng-398>, September 20, 2005.

¹²⁹ <http://web.amnesty.org/pages/ec-accountability-eng>, September 20, 2005

¹³⁰ <http://web.amnesty.org/pages/ec-accountability-eng>, September 20, 2005.



encourages “companies and governments to engage in a dialogue with civil society stakeholders to better understand and develop the UN Business Norms.”¹³¹ Through its “Business and Economic Relations Network” (BERN), Amnesty International engages in dialogue with companies to encourage them to support and promote human rights in their sphere of influence. BERN encourages companies to write codes of conduct which explicitly recognize the primacy of human rights in their business activities, to draft human rights policies, and to have periodic follow-ups.¹³² The organization has an important voice in the international CSR debate, constantly posing fundamental questions such as: is corporate social responsibility, relating to human rights, simply a form of public relations entailing little meaningful action? CSR and human rights – is it just PR? Where should the private sector be heading on human rights? For the record, Amnesty International has currently more than 1.8 million members, supporters and subscribers in over 150 countries and territories in every region of the world.¹³³

GREENPEACE

Established in 1971, Greenpeace is a non-profit environmental organization with a presence in 40 countries across Europe, the Americas, Asia and the Pacific. To maintain its independence, Greenpeace does not accept donations from governments or corporations, but relies on contributions from individual supporters and foundations grants. As a global watchdog, Greenpeace campaigns to stop climate change, protect ancient forests, save the oceans, stop whaling, stop genetic engineering, eliminate toxic chemicals, and encourage sustainable trade.¹³⁴ With a member base of 2.8 million people, Greenpeace is an important voice in the international environmental debate. It is based in Amsterdam, and has offices in 41 countries.¹³⁵ Greenpeace is an excellent example of a strong civil society movement that is pushing governments, corporations, and individuals alike to take environmental action.

¹³¹ BLIHR: [Human Rights and the Private Sector: International Symposium Report, 2003](#), p. 22.

¹³² <http://web.amnesty.org/pages/ec-bern-eng>, September 20, 2005.

¹³³ <http://web.amnesty.org/pages/aboutai-index-eng>, September 20, 2005.

¹³⁴ <http://www.greenpeace.org/international/about>, September 20, 2005.

¹³⁵ Ibid

In Germany, the Brent Spar campaign is remembered as one of the most significant Greenpeace successes of the 1990s.¹³⁶ It was the single most important outcome of a much larger campaign in which Greenpeace continues to confront industry and governments, challenging them to take action to [protect the oceans](#). Spontaneous protests in support of Greenpeace and against Shell broke out across Europe, and in Germany some Shell stations Germany reported a 50% loss of sales. In response to strong public pressure, Chancellor Kohl raised the issue with the UK government at a G7 meeting, which refused to back down on plans to allow the Spar to be dumped into the ocean. However, public pressure proved too much to bear for Shell, which finally reversed its decision and agreed to dismantle and recycle the Spar on land. More importantly, the decision led to a ban on the ocean disposal of such rigs by the international body which regulates ocean dumping.¹³⁷

CONSUMER EXPECTATIONS

“Social pressures often indicate the existence of unmet social needs or consumer preferences. Businesses can gain advantage by spotting and supplying these before their competitors.”¹³⁸

In “Political Consumerism – A new Phenomenon of Political Participation? - Stolle, Hooghe, and Micheletti define “political consumerism” as the “buying or boycotting of products and services based on political or ethical values”. Political consumerism is thus considered a new, alternative, and additional form of civic participation where the actors use the market as a political arena. Acts of political consumerism is an individualized form of action; it is less organized, less structured, and more spontaneous than conventional political participation. Political consumerism reflects trends towards globalization, individualization, and post-modernization.¹³⁹

To cite the authors: “Political consumers choose particular producers or products because they want to change institutional or market practices. They make their choices on the basis of attitudes and values regarding issues of justice, fairness, or non-economic issues that concern personal and family well-being and ethical or political assessment of favorable and unfavorable business and government practice. Regardless of whether political consumers act individually or collectively, their market choices reflect an understanding of material products as embedded in complex, social and normative context which may be called politics behind products.”¹⁴⁰

Micheletti, Føllesdal, and Stolle’s definition implies that it is not sufficient to buy or boycott certain products; the consumers also have to be familiar with the rationale behind any campaign or label. Moreover, it requires that the consumers participate in these kinds of acts on a regular basis. Political consumerism is a life style-related form of civic involvement; it is a multi-dimensional phenomenon, including attitudinal, behavioral, and habitual elements.¹⁴¹

¹³⁶ <http://www.greenpeace.org/international/about/history/the-brent-spar>, September 22, 2005.

¹³⁷ Ibid

¹³⁸ Davis, Ian: “The biggest contract - Business and society”, Special Report (2), *The Economist*, US edition, May 28, 2005.

¹³⁹ Micheletti, Føllesdal, & Stolle, 2003.

¹⁴⁰ Micheletti, Føllesdal, & Stolle, 2003

¹⁴¹ Ibid

Political consumerism has a national agenda

In order to understand why political consumerism is widespread in some countries while being limited in others, it is necessary to examine national policies, market structure, and the impact and goals/initiatives of interest groups.¹⁴² From an international perspective, German consumers are relatively political conscious in their purchasing behavior and they have a tendency to chose their own area of personal investment, i.e. animal welfare, environment, ecology.¹⁴³

The study “Themenspot Verbraucher und Corporate Social Responsibility”, conducted by IMUG in 2003 shows that 2/3 German consumers claim that they are interested in receiving social and ecological information about the product that they purchase. The hottest interest areas among German consumers are labor conditions, child labor, and the environment.¹⁴⁴

Studies on political consumerism in Germany, France, Denmark, Sweden, and Norway reveal a gender gap unusual for acts of political participation as clearly more women than men engage in these activities. Regardless of nationality, the political consumer is typically adult, female, possessing higher education, and relatively well off. This backs up the thesis that political consumers belong to the group who is most active in all forms of political participation and not especially among young citizens.¹⁴⁵ The same IMUG-report gives reason to believe that political consumerism is on the decline in Germany, even though CSR has never been given so much attention as in the moment. According to the report, 30 % of German consumers claimed that they would always purchase “ethical” products, whereas in 2003, only 10% said that they would.¹⁴⁶

Nevertheless, German consumer magazine Test has joined the growing numbers of European magazines that are including social and environmental factors in their ratings of products. Test sells 650,000 copies a month and is widely considered Germany’s leading consumer guide. Traditionally it has ranked products on factors such as value for money and ease of use, but since 2004 it has also been ranking products based on factors such as whether production practices comply with international social, labour, and environmental standards. Thus, issues of corporate social responsibility are finding their way out to mainstream German consumers. Stiftung Warentest (SWT), the company that publishes Test, says the inclusion of these criteria could help to drive positive change, and that consumers now want this information.¹⁴⁷

¹⁴² TemaNord 2003:557, The ethical consumer in the Northern countries: How to involve the consumers in ethical consumption?, 2003.

¹⁴³ TemaNord 2003:557, The ethical consumer in the Northern countries: How to involve the consumers in ethical consumption?, 2003.

¹⁴⁴ IMUG: “Themenspot Verbraucher und Corporate Social Responsibility”, June 2003.

¹⁴⁵ Micheletti & Stolle: “New Forms of Political Participation? - How Young Citizens Engage in Purchase and Discursive Political Consumerism”, 2004.

¹⁴⁶ IMUG: “Themenspot Verbraucher und Corporate Social Responsibility”, June 2003.

¹⁴⁷ Blyth, Alex: “Consumer magazine joins trend to rank products on corporate responsibility” in Ethical Corporation Magazine, 02.07.04. For more information see: <http://www.ethicalcorp.com>.