

The Role of Governments in Promoting CSR

Overview of International Experience

***Regional Meeting for GC Focal Points
in EE and the CIS
28-29 May 2008, Athens***

Direct involvement of governments is diverse across 3 groups of countries

- **European countries with a long tradition of CR;**
- **New EU member states and candidate countries;**
- **CIS countries with limited CSR acceptance**

Key drivers for governments to promote corporate responsibility

- **Globalization and challenges faced by the new economy**
- **New models of governance and the welfare state crisis**
- **National competitiveness and innovation**
- **Sustainable development**
- **Partnership approach**

Source : Albareda, Ysa, Lozano, 2005

Models for public policies for CR across the EU-15 countries

Model	Characteristics	Countries
Partnership	Partnership as a strategy shared between sectors for meeting social and employment challenges	Denmark, Finland, the Netherlands, Sweden
Business in the community	Soft intervention policies to encourage company involvement in governance challenges affecting the community	Ireland, the United Kingdom
Sustainability and citizenship	Emphasis on a strategy of sustainable development	Germany, Austria, Belgium, France Luxembourg
Agora	Creation of discussion groups for the different social actors to achieve public consensus on CSR	Italy, Spain, Greece, Portugal

Examples of CR Policies and Programmes

GOVERNMENT - BUSINESS - CIVIL SOCIETY

from soft to hard

POLICIES

1. Raising awareness

PROGRAMMES:

- Identify and promote companies leading in CR
- Offer CR services and support to CR initiatives in companies or partnerships
- Promote CR through websites, publications, specialist journals
- Undertake surveys and communication campaigns
- Sharing good practice and knowledge dissemination
- Create National Resource Centers (*G-B-CS*)

TELOS

POLICIES

2. Voluntary initiatives

TELOS

PROGRAMMES:

- Promoting the uptake of CR policies, publication of CR reports
- Encourage the sharing and promotion of good practice
- Promotion of SRI, environmental standards, fair trade, sustainable consumption, work life balance, equal opportunities, employee volunteering, employee conditions, life long learning
- Encouraging business networks
- Promotion of public-private partnerships or public-private-civil society partnerships
- Round tables on Code of Conduct (*G-B-CS*)
- Support for socially responsible consumption (*G-CS*)

POLICIES

3. Capacity building

SOFT

PROGRAMMES:

- **Support business-university research programmes (instruments, good practice, comparative studies)**
- **Develop guidelines and provide technical assistance**
- **Incentives for sustainability reports**
- **Multi-stakeholder Forums (G-B-Cs)**
- **Surveys and CR Awards (G-CS)**

POLICIES

4. Stakeholders

SOFT

PROGRAMMES:

- **Evaluation and communication programmes on the impact of CR programs on stakeholders**
- **Market mechanisms to favor CR (price policies, competition policies, investment principles)**
- **Promote multi-stakeholder dialogue**
- **Promote transparency mechanisms (G-CS)**

POLICIES

5. International

SOFT

PROGRAMMES:

- **Incentives for adopting international CR standards**
- **Promote CR good practice in the South (labour standards, human rights, anti-corruption)**
- **International partnerships (*G-B-CS*)**
- **Networks and alliances**
- **Multi-stakeholder forums**

POLICIES

6. Convergence and transparency

PROGRAMMES:

- **Promote fair trade labeling systems**
- **Encourage standardization of SRI analysis**
- **Promote inclusion of international CR agreements in Codes of conduct**
- **Codes of Conduct (G-B-CS)**
- **Social enterprise definitions (G-CS)**

SOFT

POLICIES

7. Evaluation and accountability

PROGRAMMES:

- **Accountability and auditing mechanisms**
- **Triple bottom line reporting initiatives**
- **Social and environmental labeling**

POLICIES

8. Tax and funding systems

PROGRAMMES:

- **Tax incentives for CR**
- **Funding streams for CR**
- **Promote SRI through fiscal mechanisms**

POLICIES

9. Legislation

HARD

PROGRAMMES:

- **Transparency regarding socially responsible investment**
- **Obliging companies to produce sustainability reports**
- **Regulation regarding public contracts and selection processes**
- **Environmental legislation**
- **Adaptation of international agreements to national standards**

SECTOR SPECIFIC ISSUES

SMEs

- **Promotion/incentives for good CR practice in SMEs**
- **Raising awareness of impact of operations in the South**
- **Support SMEs in impact assessment**
- **Research on social/environmental impact of SMEs**
- **Promote the exchange of good practice and business case for CR in SMEs**
- **Public campaigns directed at SMEs**
- **Encourage cooperation between large companies and SMEs**

SECTOR SPECIFIC ISSUES

Community action

- Favorable tax incentives for business in the community
- Urban regeneration projects
- Education projects in poor areas

Corporate restructuring

- Work with facilitators to promote CR in restructuring programmes
- Encourage good practice and its dissemination

SECTOR SPECIFIC ISSUES

Socially responsible investment and fair trade

- Pension schemes with social, environment criteria
- Transparency in the definition of SRI
- Selection, retention and realization of investment with CR considerations
- Consumer rights

Management of social organizations

- Improve management of social enterprise
- Environmental and social criteria for public contracts to socially financed organizations

CSR Practices in the New EU member states and candidate countries

- **Different ministries at different governmental levels deal with questions related to CSR, although none is really yet taking a lead role;**
- **Systematic government incentives and initiative is generally missing;**
- **General perception, both in the business community and the public at large, that CSR is the primary role of government;**
- **Most companies consider as their responsibility to operate in compliance with the legal and regulatory environment of the given country.**

Recommendations for the national governments

- **Identify a named Department to lead on CSR issues;**
- **Consult widely with interested parties on CSR;**
- **Develop National CSR strategies;**
- **Lead by examples – producing Government level reports, integrating CSR issues into public procurement and adopting relevant legislation.**

CIS region

- **The concept of the CSR/GCompact is not very well known, promoted and in the language of policy-makers;**
- **A public-private dialogue initiated around the CSR/GC concept to achieve its public acceptance;**
- **The government is reluctant to take a lead in endorsing and pursuing CSR; no responsible unit;**
- **Business concerns regarding government regulation**
- **Lack of publications, events, knowledge sharing**

Belarus case

- **The GC Initiative seen as an entry point for introducing a CSR concept**
- **The problem is to identify the government /inter-ministry commission to discuss recommendations on the National CSR agenda**
- **Business community is not motivated being oriented mainly on the local markets**



**CORPORATE SOCIAL RESPONSIBILITY AS A TOOL
FOR IMPROVING NATIONAL COMPETITIVENESS AND
PROMOTING INVESTMENTS:
RECOMMENDATIONS TO THE GOVERNMENT OF
BELARUS**

*The document was developed by UNDP in line with the
FIAC Work Plan for 2006, submitted to the Council of
Ministers in March 2007*

References

- **Albareda, L.; Buckland, H.; Lozano, J. M.; Midttun A.; Perrini, F.; Tencati, A. (2006) “The Changing Role of Government in Corporate Responsibility”, ESADE, SDA Bocconi and NSM, www.eabis.org**
- **Line, M.; Braun, R. (2007) “Baseline Study on CSR Practices in the new EU member states and candidate countries”, UNDP, csrnetwork Ltd., Braun and Partners, Ltd.**
- **“Corporate Social Responsibility – National public policies in European Union (2007)”, European Commission.**



THANK YOU

Very much