15 Corporate social responsibility in Europe: what role for organised labour?

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Introduction

Corporate social responsibility has increasingly become embraced by industry in Europe. Being largely a concept embedded in Anglo-American capitalism, however, with its emphasis on voluntary action rather than regulation, the transfer of CSR to the European setting has resulted in some tensions. A range of activities that may fall under CSR in the United States, such as the corporate provision of health care or education, have in Europe been undertaken largely on a tax-financed basis (Matten and Moon, 2005). Additionally, the corporate discretion of CSR is at odds with the more regulated frameworks in many European nations, which grant employees and trade unions a well-defined scope to influence corporate decision-making (Dobbin and Boychuk, 1999; Marsden, 1999; Bamber, Lansbury and Wailes, 2004). The impact of CSR on organised labour in Europe is therefore one of the most interesting examples of the impact an ascendant archetype from a dominant society can have on elements of the national business systems of other countries.

Interestingly, this topic is not widely discussed currently, and there seems to be a reluctance in both the industrial relations community to engage actively with CSR (Royle, 2005) and the CSR/business ethics literature to examine the role of trade unions (Preuss, Haunschild and Matten, 2006). Furthermore, there is considerable suspicion among trade unions of CSR, and it is only recently that major players have started engaging with the topic (e.g. Deutscher Gewerkschaftsbund, 2005). The sparse literature on the topic suggests a rather conflict-ridden relationship between CSR and organised labour, with writers judging CSR a threat to trade unions and works councils (Capron and Quairel, 2004; Sobczak, 2004). Our chapter aims to provide greater insight into this field of research by looking at

some recent cases of European companies engaging in CSR. Our interest is in elucidating the role of works councils and/or trade unions in these processes.

The chapter opens with a conceptual overview embedding our topic in more long-standing debates in management studies on national differences in organisational practices. We also briefly outline current aspects of the CSR debate and assess their links with industrial relations issues and organised labour more generally. We then move on to present recent research conducted collaboratively between three teams of researchers from France, Belgium and the United Kingdom. The three case studies all deal with the involvement of works councils and/or trade union representatives in the implementation process of CSR elements in three European companies. They are based on original research by the three teams, which was carried out using qualitative interviews and document analysis. After presenting the cases in some detail, we discuss key findings from this exploratory research. Finally, we offer some conclusions for the ongoing research agenda in the field of CSR and industrial relations.

A theoretical lens for understanding organised labour in Europe

Following Paul Edwards and Tony Elger (1999), capitalism constitutes a generic form of economic activity that is shaped by property rights, the accumulation of capital through competition and incessant innovation in both products and production processes. Nonetheless, distinctive national characteristics can be made out, as this generic form is shaped by the inter-action with institutional actors – such as firms, organised labour and the state – in a concrete cultural setting. These national versions of capitalism have grown historically, but they are not fixed for ever. Rather, firms operating in these are in turn subject to isomorphic pressures (DiMaggio and Powell, 1983) to adopt what counts globally as 'best practice', whether it is the Fordist organisation of production, quality circles or CSR. Hence, Smith (2005: 603) sees, within a TNC, a 'three-way tension of (a) generic features of capitalism and (b) particular forms of management and labor derived from the nationally embedded context . . . and (c) standardizing forces derived from dominant or global actors as they represent best practices to the firm'. Applied to our topic, we can thus say that the generic features of capitalism have led to different industrial relations systems across Europe, which in turn are challenged by CSR as an emerging new paradigm.

Capitalism as a political economy and technological system of production is shaped by a number of features that set it apart from other forms of human economic activity. At the centre of the system is the coordinating role of the market. While there is a degree of stability in some markets, producers generally do not know in advance what quantity of goods and services they are able to sell at what price (Smith, 1811 [1776]). Legally enshrined property rights, including property rights in the productive resources, divide society into waged labourers and employers. Work is undertaken for private gain rather than collective good or community status; it is, again, the market that determines the price and quantity of labour. Although labour cannot just be seen as a commodity, there is nonetheless an inherent conflict in capitalism between waged employees and the owners of capital. Waged labour is directed by managers, who are themselves employed as agents of the owners. Since the exact nature of the labour effort can rarely be specified in advance, there is also an inherent conflict between worker and management. Competition leads, furthermore, to a technological dynamism, with a myriad of firms competing to bring new products to the market. This dynamism often leads to a decrease in price for many products as process innovation allows these to be manufactured more cheaply, or it can lead to an increase in the choice in consumer goods (Schumpeter, 1992 [1942]). Technological dynamism also requires workers and managers to keep updating their skills or risk exclusion from the labour market however. Such a description of capitalism is, of course, an ideal type one, as in most societies markets coexist with forms of non-market allocation, private ownership with degrees of public ownership or wage labour with self-employment and unpaid work (Hyman, 2004).

When applied to a specific setting, these generic features of capitalism become subject to an adaptation process. Historical circumstances and cultural values mould capitalist institutions in distinctly national ways and produce a variety of organisational forms and practices. In many cases the adaptation process has been of such a magnitude that scholars have coined the notion of national business systems (Whitley, 1992, 1999) or national forms of capitalism (Albert, 1993). Such differences exist in the relative importance of the stock market and institutional investors in company financing (Hyman, 2004). There are differences in work organisation, whether managerial control is achieved through strict discipline or via the encouragement of responsibility. National differences are also evident in the degree to which employers perceive themselves as being responsible for providing training. To a large extent such national differences are imposed or reinforced by the state, as in national legislation that prohibits or

limits monopolies to larger or smaller degrees. Equally, governments differ in the distribution of funding for education, welfare and health, which in turn shapes the position of an individual within the labour market (Hyman, 2004).

In contrast to the more liberal market economy of the United Kingdom, most other European countries have a more coordinated market economy, where a dense network of institutions subjects the decisions of the individual economic actors to limitations of a collective and at times normative kind (Hyman, 2004). These coordinated market economies share a number of distinct features (Ebbinghaus, 1999). Employment is seen not just as a contractual matter but also as a social relationship, and therefore these countries show a broad acceptance of the need for collective regulation of employment to protect the weaker party. As a consequence, individual contracts are often subject to overriding collective ones, which largely determine remuneration and working conditions. Employee input or grievances can be addressed through a formal system of workplace representation, which is often enshrined in law. Moreover, organised labour and industry associations often have a legally enshrined role in the administration of welfare state functions.

Despite such similarities, Europe is better understood as a group of social models. André Saphir (2005) distinguishes four models – Nordic, Anglo-Saxon, Continental and Mediterranean – and analyses their performance in terms of both efficiency (whether they provide sufficient incentives to work) and equity (whether they keep the risk of poverty for the population relatively low). Nordic countries achieve both high employment and low poverty. Continental countries, such as Germany and France, achieve a low poverty risk, but are hampered in the efficiency of their social model by their stricter employment protection. Mediterranean countries, such as Italy and Spain, rank low on poverty avoidance, as do Anglo-Saxon countries, (the United Kingdom and Ireland), but in the latter employment rates are higher due to their lower degree of employment protection. Saphir argues that Anglo-Saxon and Continental countries demonstrate a trade-off between efficiency and equity; whereas the United Kingdom has an efficient but inequitable social model, the German one is more equitable but far less efficient. The high Scandinavian score on both scales, while partly a result of these countries having smaller national economies, is also explained by the greater investment in education, and hence human capital, that these countries undertake.

Such national differences can lead to an uneven process of economic development, which can be observed at various levels. At a national level

certain countries become economically more powerful than others, and societies are then no longer equal in their prospects of further economic development. Differences arising from the national remoulding of generic capitalist features are also visible at the level of technology. Both can – individually or in combination – create an international dominance effect, although this is usually of limited duration. The best-studied example of such temporary dominance is probably the success of the Japanese model during the 1970s and 1980s. The rise of the Japanese economy was ascribed to its historically grown pattern of strong links between manufacturers, suppliers and banks within the *keiretsu* structure, as well as the promise of lifelong employment for workers in the core firms of these groupings. These were accompanied by technological innovations, such as the concept of total quality management. As the attempts at adopting these features to non-Japanese contexts show, however, the diffusion process led to the societal origins being neutralised and the focus being directed to technical aspects. In other words, any dominance is also, at least in part, of a symbolic nature (Smith, 2005).

Having reviewed the shared and divergent patterns of capitalism within Europe, we will now examine the impact these have on the reception of CSR in European companies. We enquire what differences there are regarding the degree to which management in diverse European settings involves employee representatives in setting CSR priorities or what, conversely, the role of global pressures in the adoption of CSR practices is. Last but not least, our chapter aims to investigate whether European conceptualisations of CSR differ from US ones, and what implications such differences can have for unions and works councils in European companies.

The rise and spread of CSR in Europe

The 1990s saw a return to dominance of US capitalism, and with it the emergence of another symbolic notion: that of corporate social responsibility. Proponents of CSR argue that companies need to address an entire spectrum of obligations to society, including – but not limited to – economic and legal ones. CSR has thus been defined as 'actions that appear to further some social good, beyond the interests of the firm and that which is required by law' (McWilliams and Siegel, 2001: 117). Similarly, the Green Paper by the European Commission (2001) defines CSR by its voluntary nature. Other authors have argued that CSR need not be an altruistic activity but that it can

be applied in a strategic sense, and hence a business case for CSR can be made (Porter and Kramer, 2002; Vogel, 2005; Husted and de Jesus Salazar, 2006). Such definitions do not, however, address the question of what corporate obligations the concept should entail. One attempt at classifying the CSR requirements of companies is Archie Carroll's (1979, 1991) pyramid, which bases CSR on economic responsibilities, upon which legally required and morally expected responsibilities can be met and which culminates in discretionary philanthropic responsibilities.

The range of specific activities that are demanded of companies in the name of CSR is, again, vast. They are expected to integrate social preferences into product development or manufacturing processes. Within the firm, issues relating to employee rights and non-discrimination are raised. Companies are approached for donations by educational establishments, sports clubs or symphony orchestras. They are encouraged to contribute to community development projects, such as the redevelopment of derelict urban areas (Husted, 2003). There is no agreement yet in the CSR literature as to what the content of CSR should be. Perhaps the best-known initiative internationally to identify a list of possible problem areas that should fall under CSR is the UN Global Compact (Kell, 2003). Launched in 2000, it consists of ten universal principles in the areas of human rights, labour relations, the environment and anti-corruption that companies across the world can subscribe to. The labour principles require business to uphold the freedom of association and guarantee an effective recognition of the right to collective bargaining; to eliminate all forms of forced and compulsory labour; to abolish child labour; and to eliminate discrimination in respect of employment and occupation.

CSR is by no means a new idea (Carroll, 1999). After Howard Bowen's (1953) landmark book, an early voice in the academic debate was that of Levitt, who warned in 1958 that 'business's job is not government', and vice versa (47) – an argument that was taken up in Milton Friedman's well-known article in the *New York Times Magazine* in 1970. Since the 1950s CSR seems to have gone through waves of interest, yet over the last decade interest by both corporate critics and managers has been steadily increasing again. This is a result of three related developments (Vogel, 2005; Habisch and Jonker, 2005). First, political changes have led to a relative erosion of the power of national governments in industrialised countries. This is especially evident in their decreasing ability to control large TNCs, but it is also apparent in the persistence of social welfare problems, such as large-scale unemployment. Second, civil society in industrialised countries has undergone important changes in recent decades. There is now a growing awareness of environmental

problems and persisting social inequality. This awareness is coupled with new opportunities for addressing political and social concerns parallel to traditional party politics. Third, in the economic sphere we see an increasing mobility of corporations and a growing importance of financial markets for economic success. Magnified by media pressure and advances in IT, these three sources of pressure have raised expectations that business – given its growing economic role in society – should play a more prominent social role too.

In Europe, the academic debate on CSR is relatively young, but it is increasingly gaining momentum (Garriga and Melé, 2004). A particular focus has been on the practices of CSR in management education (Mahoney, 1990; Matten and Moon, 2004), the use of CSR tools (Langlois and Schlegelmilch, 1990; Kolk, 2005) and philanthropic donations for educational, social or environmental causes (Brammer and Pavelin, 2005). As this literature shows, these areas of CSR and their implementation in European companies have become widespread only quite recently. The rise and spread of CSR as an American idea can, incidentally, be observed in all parts of the globe, for instance in Africa, Australasia, South America and south, east and south-east Asia (Moon and Sochacki, 1996, 1998; Birch and Moon, 2004; Fukukawa and Moon, 2004; Chapple and Moon, 2005; Puppim de Oliveira, 2006; Visser, Middleton and McIntosh, 2005; Welford, 2005). There is thus evidence that generic – i.e. system-wide – trends in capitalism, such as an increased internationalisation of capital, the growing power of TNCs and the reduced power of nation states, as well as increased problems of institutional fragmentation between subsidiaries of TNCs, put policies on the corporate agenda that aim to link together the social conditions of workers internationally.

Given such a global expansion of CSR, the concept can be described, in the sense of Smith (2005) above, as a standardising force that is propagated by dominant actors and that is taken as representing best practice. At the same time, CSR is still part of a reshaping of generic capitalist features by national institutions, and it carries a strong national imprint. It is a corporate response to criticism regarding the role of business in society that has been moulded by American society, with its emphasis on voluntary action over regulation; hence the transfer to other parts of the globe, such as Europe, where capitalism has been shaped in a somewhat different fashion, is bound to lead to some tensions. A range of activities that may fall under CSR in the United States, such as the corporate provision of health care, education or sponsorship of the arts, have in Europe largely been financed through higher rates of taxation. Expenditure on health care or education is seen as the duty of

government, and so European companies have been less inclined to engage in philanthropic activities than American ones (Palazzo, 2002). Likewise, issues relating to good corporate governance and employee and managerial remuneration have in the United States often been settled by corporate policy, whereas most European countries either are characterised by extensive legislation covering such areas (Matten and Moon, 2005) or resolve these issues in what is often referred to as a 'corporatist approach', assigning social responsibilities to business by way of close and consensual ties between business associations, government and representatives of civil society, most notably employees (Molina and Rhodes, 2002).

Furthermore, the corporate discretion of CSR is at odds with the more regulated frameworks in many European nations, which grant employees and trade unions a well-defined and codified scope to influence corporate decision-making and which hence take care of many elements of the firm-level CSR policies in US corporations (Dobbin and Boychuk, 1999; Marsden, 1999; Bamber, Lansbury and Wailes, 2004). Given the cultural differences that underlie the notion, one can expect differences as to who counts as a legitimate stakeholder and who should consequently be consulted in the process of drawing up and implementing a CSR policy. With regard to organised labour, the question therefore arises of the extent to which unions and works councils in European companies should be involved in CSR activities. Equally, industry associations in Europe often take part in the design and review of the institutional framework governing business. At European Union level, such tripartite consultation has become institutionalised as social dialogue (Marginson, 2005).

The impact of CSR on organised labour in Europe is, therefore, one of the most interesting contemporary examples of the impact that an ascendant archetype from a dominant society can have on elements of the national business systems of other countries. It once again highlights the mutual influences between national business systems and the dominant mode of doing business. Just as the dominant mode influences and changes national business systems beyond its home system, it itself gets adapted and reinterpreted. Moreover, the topic of unions and CSR illustrates the challenges of international CSR research. This concerns particularly the question of whether an international operationalisation of CSR is possible in the first place, since each TNC has its own home-country-based organisational heritage and hence a predisposition towards a specific interpretation of CSR, which inevitably comes into contact and possibly conflict with those of the multiple host countries (Arthaud-Day, 2005).

The case studies

Methodology

We have applied a multiple case study approach (Yin, 2003) in order to compare union reactions to and involvement in CSR in different national and sector contexts. While it could be argued that this research method is limited in terms of the generalisation of its results, in particular across sectors (Hammersley and Gomm, 2000), a case study approach in comparative international business issues is particularly recommended in situations when a rather recent phenomenon is still insufficiently understood (Ghauri, 2004). The case material introduced in this section is based on empirical studies in three European coordinated market economies: France (Brabet, 2006), Belgium (Van Liederkerke and Louche, 2006) and Germany (Haunschild, Matten and Preuss, 2006). All the case studies were part of an EU-funded project initiated and coordinated by Eurocadres, the Council of European Professional and Managerial Staff, based in Brussels. Since the three cases cover only a small selection of European countries as well as three different industries (the textile industry, the agri-food sector and car manufacturing), this empirical approach has an explorative character, and is meant to be a first step towards an exploration of the role of unions or works council in CSR projects of European firms. All three case studies are based on semi-structured interviews as well as an analysis of secondary data. Case study 1 is not anonymised but case studies 2 and 3 have been, as in the original publications of the cases.

In the following section we first outline and then compare the cases. This comparison focuses on those CSR aspects that were relevant in the case firms, the involved actors and their strategies as well as an overall evaluation of the role of unions or works councils in each case. Whereas the original case data are more detailed in some respects, we have selected those aspects of the cases that shed light on the general relationship between CSR activities and union or works council involvement.

Case study 1: Van de Velde

The case company is a Belgian family company specialising in designing, manufacturing and trading luxury lingerie and underwear. Most production has been relocated to Hungary, Tunisia and China, and at the time of writing the company was in a healthy social and financial situation. Taking up a trade

union request concerning labour standards and working conditions in foreign branches, Van de Velde decided in 2003 to employ an independent audit office to examine the compliance of all production sites with the global social accountability standard SA8000, developed and overseen by Social Accountability International (SAI). SA8000 is an example of a code of conduct that can be considered as a typical and extremely popular CSR tool (Bondy, Matten, and Moon, 2006). Codes mainly help companies to commit themselves voluntarily to certain ethical standards in countries in which the institutional framework is weak and the risk of human rights and labour standard violations are high. Of the many approaches to self-regulation, SA8000 is one of the strictest and most rigid standards, in particular with regard to child labour.

Van de Velde's board of management sought to limit the union's influence in the project but at the same time agreed to keep the certification process open and transparent. The union, in return, promised to keep all problems emerging from the auditing process internal. The certification process started in Belgium and was then extended to the foreign branches. In Belgium, the certification process led to a formalisation of HRM procedures and practices, while major European suppliers were asked to commit themselves to SA8000 norms and standards too. Audits of the overseas branches revealed different problems. In Hungary the implementation of SA8000 was more difficult than expected, but it was achieved independently by the site in 2005. In Tunisia it was difficult to find an appropriate auditor, and the more hierarchical authority structures have restricted the required collaboration and dialogue. In addition, the rapid growth of the site limits the attention that management currently devotes to SA8000. The most difficult case is China, however. The branch there is more independent from Van de Velde, and it refuses SA8000 certification since it already has a Worldwide Responsible Apparel Production (WRAP) certificate, which is less demanding than SA8000. Furthermore, the state policy of compulsory pregnancy tests for female employees contradicts SA8000 values, and, at the same time, changing this practice is beyond the decision-making power of Van de Velde.

Although the trade union has not been deeply involved in the certification process, it can be seen as the triggering factor, and it regards the Van de Velde project as a pilot project for union involvement in CSR. Despite the initial fears of union members that SA8000 might make relocation of work to foreign sites even easier, the union fairly quickly acted as a sort of in-house non-governmental organisation NGO), creating within the company 'an international solidarity feeling that was previously not present' (Van

Liederkerke and Louche, 2006: 14). It also helped to mobilise people within the union around the CSR issue. Moreover, it initiated the establishment of contacts with union representatives in all the countries that Van de Velde has plants in (or NGO representatives, in the Chinese case). Management assessed the whole project positively regarding the formalisation of internal procedures, as well as reputation and image, but also stated that shareholders' and stakeholders' (and also competitors') interest in the project (and in CSR in general) had been rather limited. This, together with the high costs, has led Van de Velde's board of management to the conclusion that a continuation of audits to maintain the certificate might not be worthwhile. According to both parties, management and the union, however, the SA8000 project has strengthened an already good relationship and has created mutual trust.

Case study 2: Groupe Agro Alimentaire (AA Group)

This French case company employs about 90,000 people and is acting globally in the agri-food sector (dairy products, drinks, biscuits and cereal products). Its business strategy is based on organic growth and a combination of independent business units with common policies, programmes and tools. The company has a long tradition of dealing with social responsibility issues. More than three decades ago a two-pronged social and economic project, launched by the former managing director and the human resource director, turned the company into a 'social showcase'. Current activities, such as environmental and social responsibility reports or the AA Way guide (explained below), still refer to this project. AA signed up the UN Global Compact as well as agreements with international trade union organisations, and set up a European works council before this became enshrined in EU law.

The AA Way was designed by AA managers in 2000 as a reaction to the increasing globalisation of the company. The main aim of the AA Way was to 'enable the AA culture to be conveyed whilst clarifying standards and to be enriched by sharing best practice . . . It was used to bring together information that was vital for reporting in the framework of the NRA law and the Global Compact, but also information that was vital for controlling the Business Units and managing environmental and social risks' (Brabet, 2006: 24). Reporting topics include workers, consumers, suppliers, the environment, civil society and shareholders. The chapter on workers specifically refers to respecting human rights at work; guaranteeing equality; focusing attention on people; investing in people; promoting the unionisation of employees; seeking better performance through values; establishing

conditions for dialogue with workers and their representatives; and respecting ethical regulations.

According to the international food sector trade union UIF (a 2005 statement, quoted in Brabet, 2006: 21), AA respects trade union rights and negotiates with unions at every level. There is a long tradition of international meetings and shared policies between management and unions, covering, for example, the provision of adequate information to trade unions and other workers' representatives, gender equality, and a policy for providing training. In 2004 UIF and AA agreed on twenty social indicators in order to evaluate the extent to which agreements have been put into practice. Unions or other stakeholder representatives were not involved in the design of the AA Way, however. In addition, the implementation of the AA Way across the whole company and its business units has been monitored by a management steering committee. Although self-assessment in the business units includes worker participation, unions are not involved.

Case study 3: STARCAR

The case company is one of the major global car manufacturers, with production facilities in twenty countries and some 384,000 employees. Headquartered in Germany, the company is the country's second biggest car manufacturer and the fifth globally. Internationalisation of the company was pushed forward by a merger with a US company some years ago. The company describes itself as comparatively decentralised, with its headquarters playing a coordinating role. STARCAR is deeply embedded in the traditions and characteristics of the German industrial relations system. The corporate works council (Gesamtbetriebsrat) is the most important committee in this respect, representing about 160,000 employees in Germany. At the global level, employees are represented by the world employment committee (WEC), formally accepted by the company as the bargaining partner for global agreements in 2002. Both employer's and employees' representatives describe their relationship as constructive, characterised by an open discussion culture, mutual trust and reliability as well as a willingness to share information.

In 2000 STARCAR's chief executive officer (CEO) signed the UN Global Compact, which includes a commitment to meet standards in the areas of human rights, labour standards, environment and anti-corruption. Since then CSR has become a topic of considerable debate in STARCAR. In 2002, the WEC and STARCAR signed the company's 'corporate social responsibility

principles'. These principles have the status of a plant bargaining agreement (Betriebsvereinbarung) or international framework agreement in the terms of the International Metalworkers' Federation. They concentrate on social rather than environmental issues, including human rights (forced labour, child labour, equal opportunities, equal pay for equal value), working conditions (the protection of health, compensation, working hours, training, suppliers) and relations between employer and employee representatives.

CSR was initially promoted by the top managers, who signed the UN Global Compact without previous debate or consultation with either the works council or the human relations (HR) department. At the same time, the works council approached the HR department in order to negotiate mutual and binding global CSR agreements. This initiative was influenced by similar negotiations at Germany's no. 1 car manufacturer as well as requests from IG Metall (the chief metalworkers' union in Germany) and the International Metalworkers' Federation. Whereas the HR department at first refused to negotiate a legally binding CSR commitment, the initiative taken by top management persuaded it to start negotiations on CSR principles. The main strategic aim of the workers' representatives can be seen in going beyond one-sided company initiatives ('soft law') to achieve a legally binding commitment ('hard law'). The existing agreement is seen as a framework that now has to be developed further in order to specify its more general terms. In addition, procedures to enforce CSR agreements are to be developed.

Overall, STARCAR's works council is in a strong position in CSR-related topics. It has been able to use CSR, as well as its institutional strength based on the German industrial relations system, as leverage in subsidiaries, which are not subject to German law. Through the mechanism of a contractual framework and its legal status, CSR within the global group no longer has the character of a voluntary initiative on the part of the employer. The works council may not be the driver of all group-wide CSR activities but it definitely is a major CSR player, internationally promoting the codification and enforcement of STARCAR's CSR activities.

Comparative discussion of case research

The three cases are different with respect to industry, company size and national industrial relations system, but they also share some common characteristics. All the cases show that CSR-related topics have been taken

up as a reaction to an internationalisation of business. The initial drive for adopting CSR ideas in the first place came from external developments and stakeholder expectations. The role of the unions was different in the three cases, however. Whereas in the case of Van de Velde the union requested and promoted an audit of the company's social responsibility, in the cases of AA Group and STARCAR management initiated CSR activities without union demands and even without union consultation.

The cases also show that most aspects covered by the notion of CSR are not new for managers or unions in coordinated market economies. While there is now a broad range of concepts and terms used to describe new and increasingly expected corporate responsibilities (such as corporate social responsibility, sustainability, business ethics, compliance management and corporate governance), a shared language still has to be developed. Furthermore, all cases demonstrate the increasing demand on unions and works councils to internationalise their activities. This requires the development of knowledge of these foreign branches in addition to mobilising home-country workers around the problems in these branches. There is also a growing need to be aware of different national industrial relations systems, and rules of global worker representation and co-determination within TNC settings have to be developed and put into practice. An increase in intra-firm competition, which is likely to happen in most companies in the near future, would make worker representation far more difficult at the international level and is likely to cause conflicts between national unions and works councils. What has also been revealed by the cases is that traditional union issues are increasingly taken up by other actors such as NGOs, which often use a wider notion of social responsibility, including not only social but also environmental issues, and often a general critique of capitalism as well.

In the case companies unions have not seen CSR as a threat (see Preuss, Haunschild and Matten, 2006, for contrasting examples). The consequences of the CSR activities for the internal bargaining power of workers' representatives differ in the three cases, however. At Van de Velde, as well as at STARCAR, employer's CSR initiatives were not perceived as attempts to undermine or weaken the trust-based relationship between company and workers' representatives; rather, CSR has been used to maintain and strengthen the relationship. At AA Group, CSR did not have a negative impact on unions' position either; involvement in CSR-related activities remained unclear nonetheless, and not satisfactory from the unions' perspective (Brabet, 2006). The comparison of the three cases is summarised in table 15.1, which also provides some further company details.

Table 15.1 Trade unions and CSR: three TNC case studies

	Case study 1: Van de Velde	Case study 2: Groupe Agro Alimentaire (AA Group)	Case study 3: STARCAR
Country	Belgium, large part of production in Hungary, Tunisia and China	France, TNC	Headquarters in Germany, merger with large US company
Industry	Garment/textile industry	Agri-food sector (dairy products, drinks, biscuits, cereals)	Automobile industry
Company details	Family company, 3,000 employees	TNC, 90,000 employees, independent business units	TNC, 380,000 employees; worldwide production sites and sales organisation
CSR project	External SA8000 accreditation for working conditions in foreign branches	Internal 'AA Way' as strategic concept linking reporting and measurement of economic and social issues	Company initiatives (external UN Global Compact) and framework agreement between employer and works council (CSR principles)
External Forces and Drivers	Criticism and boycotts in textile and clothing sector; relocation of production sites	Problems of integration in a globalised company	Internationalisation; CSR activities of major competitor; union and works council demands
Role and strategy of Management	Board of management reacts to trade union demand with launch of SA8000 project; attempts to limit trade union influence in the project but keeps the process open and transparent	Long tradition in social responsibility management; recognition of and respect for workers representatives and unions as partners, but attempts to limit trade union influence in the AA Way project	Company initiatives fostered by top management as well as collective bargaining with national and international works councils; close cooperation with workers' representatives
Role and strategy of unions or works council	Trade union request as starting point for SA8000 accreditation; establishment of contacts with unions or NGOs in countries of foreign subsidiaries	Disappointment about lack of influence in AA Way project	CSR as catalyst for internationalisation and continued role of involvement in strategic decision-making; strives for mutual and binding agreements ('hard law')
Other relevant actors	SA8000 project accompanied by consultants; difficulties in finding capable auditors in Tunisia; problems implementing project at all sites, particularly at more independent Chinese branch; NGO replaces union contact in China	No evidence in case study	Increasing but so far informal engagement with NGOs
Summary	Management and unions see the SA8000 accreditation project as success; due to high costs and lack of stakeholder interest, however, the continuation of the project is in doubt	Despite a long tradition of reflective CSR management and a good relationship between company and worker representation, unions play a minor role in current initiatives that link social responsibility and business activities	STARCAR's works council is in a strong position in CSR-related topics; it uses CSR as leverage in subsidiaries that are not subject to German law; due to a contractual framework, CSR is no longer only a voluntary initiative of the employer

Discussion

Here we consider the case material with reference to the theoretical framework outlined at the beginning of this chapter, Smith's (2005) model of understanding variations in organisational practices and forms. The discussion focuses on the system, society and dominance effects that shape the roles unions and works council (can) play in current CSR projects. The three case studies highlight a number of important issues: first, in terms of understanding the spread of CSR as a new management idea; second, regarding our understanding of how these new management ideas become 'translated' and contextualised in different national and societal contexts; and, third, about the nature of the globalisation process and the forces of dominance currently shaping global capitalism.

Turning to the first aspect, the system effect, leading to some global universalisation of management practices, refers – among other things – to 'global technology or techniques and ways of working that are diffused as common standards' (Smith, 2005: 612). Interestingly, in all three of our cases we found that CSR entered the respective companies through global standards and systems of self-regulation. In the French and German cases, the key initiating element was the company joining the UN Global Compact, which led to the diffusion and implementation of CSR policies and practices within the respective organisations. In the Belgian company, CSR got on the agenda through the implementation of the global workplace standard SA 8000. In spite of variety in the industry, size and national background of the companies, we can identify CSR as a manifestation of a 'managerial discourse [. . .] creating common methodologies regardless of the sector or country in which the firm is operating' (Smith, 2005: 613). In a similar vein, the concern with CSR in these companies was not raised through their domestic operations. Rather, as the case of Van de Velde probably makes most clear, the adoption of CSR was triggered by the fact that the company is operating globally and faces stakeholder expectations of responsible behaviour in areas in which no mandatory legal framework forces it to do so.

As Dirk Matten and Jeremy Moon (2005) argue, this global spread of CSR can be understood from the perspective of new institutionalism. Following the analysis of the spread of the international quality standard ISO 9000 by Isin Guler, Mauro Guillén and John Muir MacPherson (2002), they suggest three isomorphic pressures as being instrumental to this phenomenon. The Belgian case exemplifies what we could see as isomorphic pressures: following

the scandals around sweatshops, most notably those involving Gap and Nike in the late 1990s, the garment industry faced considerable pressure from NGOs, consumers and other stakeholders to maintain minimum standards in their overseas operations. By contrast, the German case revealed strong traits of mimetic processes, as the move into CSR was very much perceived to be the result of top management following a trend among TNCs to sign the UN Global Compact. Finally, the French case highlights normative pressures, as CSR in AA was chiefly considered to be a state-of-the-art strategic concept for integrating certain areas of its global operations.

Our cases also shed an interesting light on the second aspect of Smith's model, societal effects and the role of national divergence in management practices. To begin with, our research has highlighted the fact that CSR is not a European idea, and that for all three companies the engagement with these issues was a rather recent phenomenon that had not hitherto been practised. Moreover, all the companies engaged in CSR for reasons other than many of the classic issues in the original, US-style practice of CSR, such as corporate philanthropy (Brammer and Pavelin, 2005), education (Timpane and Miller McNeil, 1991; Dowie, 2001) or health care (Hacker, 1997). For all the companies in our cases CSR got on the agenda because of issues arising beyond their home country, most notably in connection with the global supply chain (Van de Velde), subsidiaries in less developed countries (STARCAR) or the global governance of social responsibility within the global organisation (AA Group). Accordingly, CSR becomes contextualised within a specifically European agenda, without the baggage evident in its American genesis.

Our research also highlights the fairly different approaches to employee stakeholders on either side of the Atlantic. The role and rights of employees have been a long-standing item on US-style CSR agendas. This is neatly captured in a comment by the president of Studebaker Motor Company nearly a century ago (quoted in Heald, 1970: 36):

The first duty of an employer is to labor . . . It is the duty of capital and management to compensate liberally, paying at least the current wage and probably a little more, and to give workers decent and healthful surroundings and treat them with utmost consideration.

CSR sees the employer as the pivotal agent and conceptualizes his/her responsibility in terms of the *duties* he/she has to fulfil. On the opposite side, Europe has a long and vibrant tradition of conceptualising these responsibilities in terms of the *rights* of employees, which are embedded in and enforced through a dense network of mandatory regulation, often

referred to as the 'European social model' (Hyman, 2001a, 2001b, 2005). As Royle (2005) has shown, it is exactly at this point that US companies – otherwise known as leaders in the CSR field – struggle to embrace the different nature of industrial relations in Europe. Our research highlights these tensions in an interesting way. First, many of our respondents expressed concern regarding the voluntary nature of these initiatives, and the French case in particular shows that trade union representatives perceived the initiatives – though in themselves laudable – as a potential threat of their position. At STARCAR the works council was very eager not just to implement CSR policies but to integrate them into the usual regulatory framework of an agreement that transforms the voluntary commitments of employers into a mandatory and codified right of employees.

Second, the industrial relations framework in many European countries makes it a necessity for companies to involve their works council through the co-determination process, which turns works councils or trade union representatives into a 'natural partner' for CSR issues. This is certainly the case at STARCAR and Van de Velde, although the evidence of AA Group suggests that this is not necessarily the typical practice, and further research is required to ascertain the detailed determinants of union involvement in CSR. Finally, the examples of STARCAR and, most notably, Van de Velde provide evidence of a relatively active role for organised labour in CSR. As they are traditionally involved in many CSR-related issues, unions can assume, as it were, the role of an in-house NGO in pushing and implementing the CSR agenda throughout the global operations of a European company. In the two latter cases worker's representatives served as contact points for engaging with other civil society actors, and thus provided a pre-existing infrastructure for companies to engage with stakeholders – a phenomenon largely unmentioned in the predominantly US-authored stakeholder literature.

With regard to the third aspect, the dominance effects in Smith's model, one might argue that the spread of CSR is part of a broader Americanisation of global business practices. For some years now many commentators have been commenting on the export of the 'American model' of management practices to Europe (e.g. Djelic, 1998, and Mayer and Whittington, 2002). More recently, authors such as David Held (2004) have argued that, following the end of the Cold War and especially following the rise of global terrorism after September 2001, we have witnessed what he refers to as the 'Washington Consensus', which aims to shape economic and political processes according to the preferences of the only remaining superpower. Assisted by actors such as the World Bank, the IMF, the WTO and others, the world economy has been

characterized by a shift towards further economic liberalisation, privatisation and deregulation, placing TNCs in a pivotal global economic role. Hand in hand with these trends, corporations have increasingly taken up CSR in order to forestall or circumvent imperative regulation by national governments. Many commentators therefore see CSR as part and parcel of such a global shift (e.g. Bakan, 2004) and one of the key initiatives in the CSR area, the UN Global Compact, as a blatant example of even the United Nations being co-opted into this approach, which makes commitment to labour, human rights or environmental standards just an area of voluntary corporate discretion rather than of stringent national or supranational regulation (Monbiot, 2000; Bendell, 2004). Interestingly, in two of our three cases the initiative to engage in CSR was indeed triggered by the UN Global Compact, and in the Belgian case it was the adoption of one of the most-discussed global standards of corporate voluntary self-regulation (SA 8000) that led the company to engage in CSR. In this sense, then, CSR can in fact be interpreted as a reflection of the current dominance of the American model of capitalism, in particular the focus on shareholder value maximisation and the economic liberty of corporations.

From a trade union perspective this approach appears rather problematic, as codified worker's rights do not necessarily feature high on this agenda, if they are addressed at all. Indeed, trade union representatives heavily criticised the UN Global Compact as having been drawn up to the exclusion of the trade union movement, with these actors only recently starting to be integrated (Baker, 2004). As the French case shows, in becoming 'socially responsible' the company can in fact largely ignore its workers' official representatives. At the global level in particular we see that corporations, mostly by adopting codes of conduct, are in fact privatising the governance of workers' rights, and use CSR as a substitute for traditional industrial relations frameworks (Arthurs, 2005). While this can still be considered an improvement in developing countries with poor governance and low enforcement of workers' rights (see Blowfield and Frynas, 2005, for an overview), it becomes problematic in Europe, where employees have traditionally been protected by a fairly solid regulatory regime. Many commentators, though, have argued that current trends towards the regulation of industrial relations across the European Union tend to erode and weaken this position (Hyman, 2001b). Conspicuously, with its latest initiative in the area of CSR the European Commission has departed from the long-standing tradition of multi-stakeholder consultation (including organised labour) and has launched its new 2006 'European Alliance for CSR', which focuses solely on corporations and excludes other stakeholders' representatives such as NGOs and trade unions

(Gardner, 2006). Against this backdrop, the spread of CSR might indeed become a threat to the influence of trade unions and works councils, in which case it might actually be the French case, rather than the German and the Belgian ones, that is pointing to the way ahead.

Conclusions: towards a European research agenda on CSR

The exploratory research discussed in this chapter, though limited and hardly capable of being generalised, highlights some important issues for further research. First, we would argue that the 'export' of what is basically a US concept to Europe exposes the nature of CSR as an 'essentially contested concept' that is 'appraisive' (or considered as valued), 'internally complex' and having relatively open rules of application (Moon, Crane and Matten, 2005: 433–4). European corporations focus on different aspects of CSR from their North American counterparts, and they face a different institutional setting for their attempts to provide a new meaning for their role of 'responsible' societal actors. Ultimately, the recent European interest in CSR points to a necessity to define and contextualise CSR in different national and regional contexts.

Second, our research has shown that – though largely ignored in the contemporary CSR literature – trade unions and their representatives play an active role in CSR, in some cases even a genuinely pivotal one. The relative differences in responses, strategies and practices, however, suggest that there is still a large field of investigation in order to establish what the antecedents, contingencies and success factors of an involvement of trade unions in the CSR agenda might be. Finally, our research raises questions regarding the nature of the relation between organised labour and CSR. Two of our cases have suggested a relatively benevolent and harmonious integration of CSR, while the French case in particular might raise concerns about the impact of CSR on the role of trade unions. The jury is still out, therefore, on whether the currently rather apprehensive tone in much of the literature on CSR from a trade union perspective only partly captures the situation in an adequate fashion.

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