12. Features and Trends of Sector-specific Corporate Responsibility in Europe

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Summary

This study is an initial foray into the emerging field of sector-specific Corporate Responsibility (CR). While the previous chapters have presented the empirical evidence that had been gathered, this chapter aims to make sense of the data. At first, this chapter offers a review of the empirical findings of sector-specific CR at the national level. Firstly, we outline three institutional approaches used by policymakers to promote sector-specific CR and four roles that public actors play in such initiatives (see Section 1). The next section presents an overview of the broad variety of sector-specific CR initiatives in the eight countries of research (see Section 2). After reviewing the general patterns of sector-specific CR, we deal with the strengths and limitations of different types of sector-specific initiatives. In doing so, we first introduce five performance criteria and then apply them to the illustrative examples presented in the country reports (see Section 3). The chapter ends with concluding remarks on the performance potential of the different types of sector-specific initiatives (see Section 4) and a short summary of the main findings (see Section 5).

12.1 Government approaches to promoting sector-specific Corporate Responsibility

European governments have used three approaches to sector-specific CR

As shown throughout this book, public actors at the European and national levels have been promoting sector-specific CR despite the lack of a public debate. This holds especially true for national governments, which are the focus of this book. As we have observed in the course of our research, none of the eight countries has an overarching approach to sector-specific CR. At the same time, there are diverse examples of sector-specific public-private collabo-

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ration with varying degrees of government involvement. Based on our empirical observations, we have identified three approaches to sector-specific CR that European governments have used in order to promote public-private collaboration in industrial sectors (see Table 12.1). The rest of this section deals with these institutional approaches and the concrete roles that governments play in order to promote public-private collaboration through sector-specific CR initiatives.

Table 12.1: Typology of governmental approaches to sector-specific CR

Approaches	Promotion through	National level
Evolutionary	pre-existing institutions (ministries, regulatory agencies, etc.) and government-led institutions (working groups, roundtables, etc.)	Industrial Watches (Spain); Working Group on Responsible Investment (Poland); Federal Office of Public Health (Switzerland); Procurement Agency of the Ministry of the Interior (Germany)
Intermediary	government-founded institutions (non-profit companies, foundations, etc.) launched to promote sector-specific CR	Waste & Resources Action Programme (UK); *MVO Nederlands* (Netherlands); *Observatoire BBC* (France)
Strategic	inclusion of sector-specific measures in CR strategies and the development of sectoral strategies	Action Plan for CSR (Denmark); Strategy for Sustainable Construction (UK); *Duurzam inkoppen* (Netherlands)

Evolutionary approach

New role of public institutions

This governmental approach to promoting sector-specific CR takes place within the mandate and the competences of already existing institutions, such as ministries, regulatory agencies and/or public procurement agencies. On the one hand, public actors engage directly in sector-specific initiatives by launching or joining new governance mechanisms and institutional arrangements. On the other hand, public authorities launch new institutions, such as stakeholder forums or working groups, in which they are one among several actors. In this regard, the *evolutionary* approach refers to the changing role of public institutions and emphasises the new types of governance mechanisms and institutional arrangements that public actors are increasingly employing in the field of CR. The latter is evinced by the high number of awareness-raising and partnering initiatives based on horizontal governance structures and processes (see Table 12.2).

The example of the so-called "Industrial Watches" (*Observatorios Industriales*) in Spain demonstrates this approach. The Watches are multi-stakeholder forums created by the Spanish Ministry of Industry, Tourism and Trade (MINETUR) in 2005 within the framework of the so-called "Declaration for Social Dialogue 2004". The aim was for them to become permanent discussion platforms for the 10 key production sectors in Spain. In particular, the Watches

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have advisory functions: They produce studies and reports and make policy recommendations to the government concerning the international competitiveness of the sectors. Each is composed of representatives of ministries, trade unions and business associations. Likewise, they are coordinated and funded by MINETUR, hold monthly meetings and have annual plans of activities approved by all participants. Although it was not an explicit part of their original mandate, some of the Watches (including that of the chemicals sector) have started to make specific recommendations on environmental and social aspects and have grown to become important players in the field of CR (see Ch. 9.2).[531]

Intermediary approach

Promotion through government-founded institutions

Some governments have promoted sector-specific CR through separate institutions explicitly dedicated to advancing CR. These government-founded and/or -funded institutions vary in terms of their legal and organisational forms (multi-stakeholder platforms, non-profit organisations, etc.) as well as the spectrum of issues they deal with. The difference between this and the previous approach is that the government is involved indirectly, that is, via an entity that is generally not a public-sector institution. *MVO Nederland* in the Netherlands exemplifies this approach.

MVO Nederland is an independent partner-supported NGO founded in 2004 by the Dutch Ministry of Economic Affairs. Among other government-funded projects, it realises a programme together with over 70 sector associations in order to support them in making CR more concrete for their members. The government is represented in the multi-stakeholder Programme Council by the Ministry of Agriculture, Nature and Food Quality. The Council advises the MVO's board on strategic issues.[532]

Strategic approach

Integration of sector-specific CR into more comprehensive strategies

Public actors can promote sector-specific CR by integrating sector-specific measures into CR strategies (Danish Action Plan for CSR) and/or by creating sector strategies that deal with the industry's sustainability (UK Strategy for Sustainable Construction). The Danish government is a role model with regard to the former. Already in 2008, it published a National Action Plan including sector-specific activities and declared its willingness to create partnerships for climate responsibility in four sectors: financial investment, retail trade, construction and maritime affairs (Danish Government 2008). In the new action plan from 2012, the government expanded its sector scope to include guidelines for the fashion industry, increased activities related to the

531 Due to severe budget cuts, the government decided to suspend their funding in 2012. See: www.ccoo.com/comunes/recursos/1/doc108864_PGE_2012_MINETUR.pdf.

532 www.mvonederland.nl/content/pagina/aan-slag-met-mvo-oud.

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shipping sector and strengthened its promotion of the Nordic Ecolabel (Danish Government 2012).

Four roles of governments in sector-specific initiatives

As mentioned above, government involvement in sector-specific initiatives takes place through three different approaches. This study's illustrative examples show that public actors—whether national or regional ministries, regulatory agencies or other public institutions—play different roles with varying degrees of involvement in such initiatives. In this regard, we have identified four roles of public actors within public-private collaborations:

Contribute: Governments can provide financial, technical and/or organisational support. In particular, in addition to funding, they can report on the outcomes of collaborations or provide know-how, such as assistance in creating content or organising conferences.

Facilitate: Governments can participate in developing such initiatives, join as patrons of private-led sector collaborations (which, e.g., could involve hosting the meetings of the initiative's working groups) or be an active member of a multi-stakeholder forum.

Manage: Governments can be involved in an initiative's governance structure (e.g., steering committees or expert groups). They can also assume intermediary or monitoring functions, for example, by making sure that companies are meeting their voluntary commitments.

Regulate: Public actors can engage by performing their traditional regulatory function. On the one hand, they can lead by example by setting standards for their own behaviour, such as with public procurement. On the other, they can use soft-law and mandating initiatives in order to encourage private engagement or set minimum standards through sector-specific initiatives.

As these four roles of governments suggest, public actors do not necessarily have to launch sector-specific initiatives in order to promote them. In fact, in many cases, they jointly launch such initiatives with private actors or join initiatives that were launched by solely private actors at an earlier stage.

Trade associations as key drivers of sector-specific CR

On the private side, the main actors are trade associations, business networks, individual companies and civil society organisations. The role of trade associations deserves particular mention: Whenever public actors have not been initially involved in launching a sector-specific initiative, this role has usually been played by trade associations. Indeed, they have been initiators and decisive multiplicators of CR initiatives among companies because they are natural intermediaries between companies that are otherwise competitors. At the same time, some initiatives have also been created by individual companies and/or business or CR networks.

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12.2 Variety of sector-specific initiatives

Over the course of our research, we identified 65 sector-specific CR initiatives in the eight countries we analysed. This number might even be higher since many of them have an implicit character and are therefore often not referred to as CR. However, this number still allows for some general statements to be made on the state of sector-specific CR in Europe.

Awareness-raising and partnering are the prevalent types of sector-specific initiatives

Out of these 65 initiatives, 49 belong to the awareness-raising and partnering types. In contrast, we only found two mandating initiatives (see Table 12.2), which underscores the changing role of public actors, such as ministries and public agencies, from top-down regulators to actors in co-governance arrangements (see above).

Table 12.2: Number and type of sector-specific CR initiatives documented in Appendix 1

	Total	Awareness-raising	Partnering	Soft law	Mandating
Total	**65**	**26**	**23**	**14**	**2**
Chemicals	**5**	2	3	-	-
Construction	**15**	3	3	9	-
WRT	**19**	11	5	3	-
ICT	**11**	5	5	1	-
Financial services	**15**	5	7	1	2

The sector makes a difference

Although the identified initiatives are relatively evenly distributed among all industry sectors,[533] certain industries have varying degrees of affinity for certain types of initiatives. For example, while most soft-law initiatives are to be found in the construction sector, awareness-raising is the most common type in the WRT sector. Interestingly, the financial services sector is the only sector in which we have found mandating CR initiatives. What is more, these "patterns of affinity" can be generally observed across the eight countries despite their cultural and socioeconomic differences.

Imitation and adaptation of sector-specific initiatives

Furthermore, similar types of initiatives exist in parallel across different countries and/or levels. They often develop within different enabling conditions and can be successful despite their different genesis and ownership. For instance, low-energy housing initiatives such as Switzerland's *Minergie*

533 The chemicals sector seems to an exception in this regard, as we only found five initiatives in it. The reason for this might be the presence of national chapters of the Responsible Care programme which would obviate the need for further sector-specific initiatives.

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(see Ch. 10.2), France's *Effinergie* (see Ch. 5.2) and Germany's *Passivhaus*[534] have the same aim. However, they were initiated by different groups of actors and demonstrate varying degrees of government involvement. Similarly, the *AVE-Sektorenmodell* (see Ch. 6.2) was scaled up to the European level to become the Business Social Compliance Initiative (BSCI). However, unlike its *AVE* predecessor, the BSCI does not include government involvement. The same holds true for Responsible Care, a purely private global initiative that cooperates with governments on certain issues. However, in the case of Poland, the government is involved in the governance structure of the national chapter.

The development of sector-specific initiatives depends on the particular context

As this section has shown, one can identify three governmental approaches to sector-specific CR across Europe and four roles of governments within sector-specific initiatives. These approaches and roles are expressed through four types of initiatives, namely, the types of public-private collaboration that we introduced in the beginning of this book: awareness-raising, partnering, soft law and mandating. Interestingly, if the rarer mandating type is disregarded, one sees that none of the other types is particularly dominant within the eight countries despite their different types of market economy (Hall and Soskice 2001), corporatist traditions (Siaroff 1999) and governmental actions or policies on CR (Albareda et al. 2007). Instead, what really matters is the particular context—or, in other words, the concrete problem in a given industry that needs to be addressed and solved by a sector-specific initiative.

This raises a number of questions about the sector-specific initiatives. Which type of initiative is more appropriate for addressing and solving a given problem? Can we identify criteria for good performance that do not depend on the different country and sector-specific context or on the type of public-private collaboration? The aim of the next section is to elaborate on these characteristics by evaluating the initiatives against some basic performance criteria.

12.3 Good performance of sector-specific initiatives

Performance of sector-specific CR initiatives between legitimacy, effectiveness and efficiency

As understood in this project, sector-specific initiatives with government involvement constitute different types of institutional arrangements aimed at solving particular societal problems via public-private collaboration. Accordingly, such initiatives represent alternative governance mechanisms to the traditional mode of "government", that is, top-down regulation. Their performance should therefore conform to the very same principles that characterise traditional forms of governance: legitimacy, effectiveness and efficiency.

534 www.passiv.de/en/index.php.

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In order to be perceived as legitimate by their participants, initiatives should allow for both the business and the public cases.[535] In other words, they should offer business opportunities while fulfilling societal expectations. For this reason, each criterion in our evaluation has two aspects, and every initiative can be viewed from two sides. Furthermore, initiatives should be effective in the sense that they provide companies and society with short- and long-term benefits. Lastly, they should be efficient, that is, strike a balance between inputs and outputs. While initiatives should abide by certain procedural aspects (e.g., inclusiveness, openness and transparency) they should offer positive cost-benefit relationships for both companies and public actors.

Taking these factors into account, we defined five ideal criteria for good performance of sector-specific CR initiatives: (1) *design*, (2) *ownership*, (3) *reliability*, (4) *immediate effect* and (5) *potential impact*. The choice of criteria was influenced by the evaluation used in the expert survey (see Ch. 2.1) as well as by previous work on government CR policies (Peters and Röß 2010, Welzel et al. 2007). All five criteria were regarded as equally important and have two indicators (except for the *immediate effect* criterion).

Overall evaluation sample

Although all 24 illustrative examples of sector-specific initiatives were evaluated, their results cannot be easily compared and ranked for a number of reasons. Firstly, they reflect different types of public-private collaboration with different rationales. Secondly, as is the case with more general CR initiatives, there is an uneven distribution of types of initiatives within both countries and sectors (see Table 12.3). This particularly applies to mandating initiatives, which—if understood according to our definition—are rare beasts.[536] Thirdly, as the case studies point out, each initiative has its specific country and industry context. In most cases, the initiatives have grown organically in their respective environment rather than by replicating a global or European model.

535 The actual business case, as understood in this study, is synonymous with a rationale that is primarily concerned with the company's interests. However, rather than being limited to "companies", it also includes networks and associations, all of which have slightly different views. Likewise, the public case is used synonymously with the "public good" or, in other words, the long-term interest of society. It also includes societal actors, such as non-profit organisations, trade unions, the media and academia.

536 Treating Customers Fairly was the only purely mandating initiative among the 24 case studies.

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Table 12.3: Number and type of sector-specific initiatives included as illustrative examples

	Total	Awareness-raising	Partnering	Soft law	Mandating
Total	**24**	**7**	**7**	**9**	**1**
Chemicals	**3**	2	1	-	-
Construction	**6**	-	1	5	-
WRT	**7**	3	3	1	-
ICT	**2**	1	-	1	-
Financial services	**6**	1	2	2	1

Best practice illustrative examples

This said, it makes more sense to present the evaluation results with illustrative examples rather than with a constrained comparison. The aim is to show how the quality of sector-specific CR can be assessed and how such initiatives work. While the evaluation shows that no actual initiative can meet all five criteria, some initiatives score remarkably well across the board and are considered as models of best practice because they are most likely to cater to the interests of both sides of public-private collaboration (see Appendix 2). At the same time, other initiatives are particularly well suited to addressing certain performance criteria and are therefore presented below as good examples.

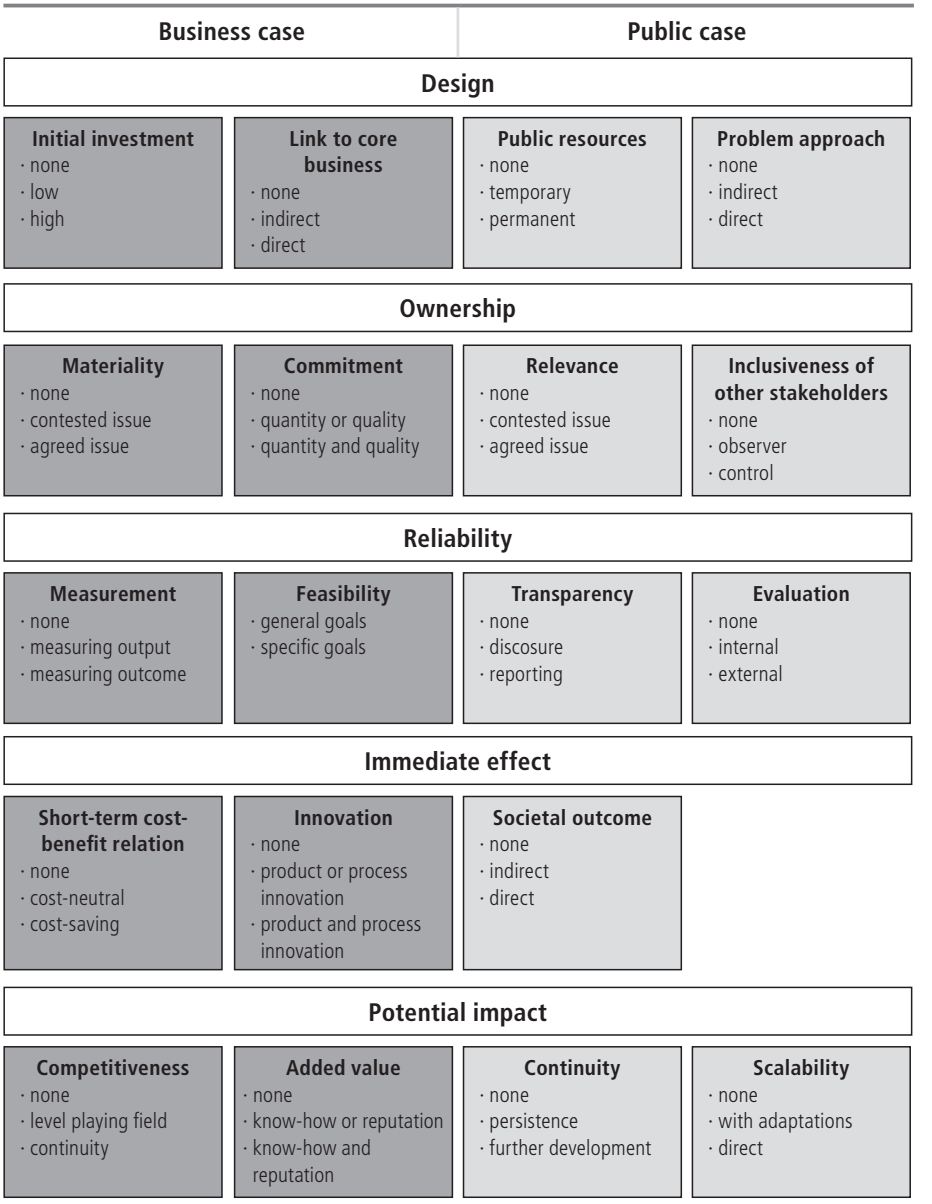
Design: the initial and operating costs and approach to the problem

The *design* of sector-specific initiatives is important with regard to actors' willingness to participate. It has two dimensions: First, there are the resources that are required to participate. For business, this is the initial investment. Since costs are a potential entry barrier for participants, no or low costs are preferable.[537] For the public side, given the size of public budgets, it is not immediately clear whether a few thousand, hundred thousand or million euros are comparatively low or high costs. For this reason, public resources are assessed in terms of their duration. The underlying assumption is that CR initiatives should not be extensions of government policies or programmes but, rather, draw on the potential of the private sector.

537 No costs means no *extra* costs; it is taken for granted that any serious commitment demands some organisational costs (e.g., working hours or infrastructure use). As long as these internal costs do not require significant investments (e.g., new employees), they are regarded as "no/internal costs".

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Figure 12.1: Criteria for good performance of sector-specific CR initiatives



The second dimension of the design assesses the relationship between the aim of the initiative and the participants' overall rationale. For the business case, this is the link between the initiative and the core business. The presumption is that it makes more sense for companies to join an initiative if its aims are linked to their core business. As for the public case, the question is about government's core business, namely, addressing and solving societal problems. Hence, initiatives that tackle the causes rather than the symptoms of a given societal problem offer the best public case.

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Kanon Dobrych Praktyk Rynku Finansowego (see Ch. 8.2)
The canon is a Polish soft-law initiative consisting of 16 principles of responsible business behaviour in the financial services sector, with an emphasis on consumer protection. There are no costs attached to the initiative – either for business or for government and other actors – which translates into a low entry barrier for all interested parties. The canon was developed by representatives of 30 organisations in regular meetings coordinated by the responsible regulatory body. Apart from the working hours of the participants, no further costs were incurred.

The canon is also practical because it is directly related to the core business of the industry. Instead of applying to their general conduct, it specifically refers to their daily business operations in retail banking. The same holds true in terms of the initiative's problem approach: It addresses the problem of information asymmetries between financial institutions and customers at the structural level. From a public perspective, a soft-law initiative can improve the financial framework in which the problem is situated.

Ownership: participation and materiality

Even the most appealing initiative may struggle with attracting participants if they do not own a stake or share in it that makes them view it as legitimate. *Ownership* is described by two indicators. The first relates to the challenges addressed by the initiative. A contested challenge is one that only part(s) of a sector recognise or that only experts from one field deal with. Once other fields or actors are involved, the challenge is considered "agreed" because it rests on a wider basis of approval.[538] From both perspectives, it is desirable to have agreed challenges because they boost an initiative's ownership.

The second indicator for ownership concerns the degree of participation. In the business case, commitment can be considered both in terms of quality (participation by large companies) and quantity (engagement of large parts of the industry). The participation of trade organisations is an indicator of quantity because they usually represent a large number of companies.

The public case is expressed by inclusiveness of third actors, such as civil society organisations. Whereas observation limits actors to a passive role, control relates to any active stake they may have, either through formal structures or procedural involvement (e.g., being one of the founding members). In this regard, participation of controlling actors is most desirable because it distributes ownership among several actors.

538 For example, an environmental challenge is not "agreed" if only the Ministry of Environment deals with it since it is one specialised department (that is responsible for the topic anyway). However, if representatives from the Ministry of Economics or an NGO are also involved in the initiative, it can be seen as having broader backing and, hence, be deemed an "agreed" challenge.

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***Initiatief Duurzame Handel* (IDH)** (see Ch. 7.2)
IDH is a partnering initiative in the Netherlands that uses matched funding to direct money towards investments that build sustainable supply chains worldwide. Since all of the projects launched under the IDH umbrella are voluntary and initiated by the companies themselves, the initiative naturally enjoys agreement within the industry. Indeed, in this way, companies decide how the challenge of global supply chains affects their business and how they can address it best. Moreover, IDH projects integrate the interests of many other stakeholders, including the government and various NGOs, whose cooperation testifies to the fact that a wider range of stakeholders agree on the initiative's aims.

The large number of companies in IDH projects shows just how committed businesses are to the initiative. The quality of the commitment is also remarkable, as can be seen from the participation of well-known multinationals. Such commitment underscores the broad business approval of the initiative. What is more, IDH has also attracted other actors eager to make significant investments (e.g., NGOs have contributed some €27 million), which increases the amount of control they have over the initiative as well as their ownership.

Reliability: transparent evaluation and specific goals

The success of sector-specific initiatives appears likelier if they are *reliable*, that is, if the results of their activities are measurable and made transparent. The measurement of processes is particularly important for companies because it is a standard element in their everyday operations. While measurable outputs (e.g., numbers of audits and contracts or click rates) can convey relevant information, outcomes are preferable. For the public case, measurement is tied to transparency since even the best measurement system is useless for the public if its numbers are not accessible.[539]

Apart from being measurable, goals should be perceived as feasible in order to attract business participation. In this case, we distinguish between general and specific goals. Specific goals are easier to tackle and thus preferable to general goals. At the same time, evaluations have become a common tool in the public sector for assessing policies, especially if considerable public funding is involved. An internal or in-house evaluation can be done by any participant and be rather informal. By contrast, an external evaluation is performed by a third party in a methodical manner and can therefore be more objective.

539 The difference between disclosure and reporting is the degree of formality. Disclosure is unstructured information given in different forms (e.g., on websites, in newsletters or in conversation). By contrast, reporting presents information in an often standardised and comparable format (e.g., GRI reports).

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***Frivillig gældsrådgivning* (FG)** (see Ch. 4.2)
The FG is a Danish partnering initiative between government, banks and NGOs that provides free financial advice to over-indebted Danes. The goals are measurable beyond simple outputs (e.g., number of consulted persons) and refer to aspects such as client satisfaction with the initiative or the experiences of the bankers who have voluntarily participated in the project.

Such information was included in an external report published on the FG by a third party. Indeed, according to our criteria, this is the best kind of evaluation possible—and hardly ever fulfilled by the sector-specific initiatives in our sample. If there is an evaluation, it is often internal and, thus, presumably less reliable than an external one. The evaluation of the FG reaffirms that the initiative was feasible. Its goal of providing indebted people with debt consultancy made it look manageable to business participants and constituted a common goal against which its progress and final success could be measured.

Imediate effect: cost-benefit relations and societal outcomes

The *immediate effect* of a sector-specific initiative is among the most important criteria for good performance. Businesses are primarily concerned with how an initiative relates to their efficiency, which is linked to the initial investment they make in order to engage in an initiative. If there is no effect in terms of the cost-benefit relation, at least in the short term, their investment was pointless. Another potentially beneficial effect is innovation, which can result from changes in the core business induced by CR initiatives. For the public case, the effect is measured by the societal outcomes. Indirect outcomes are implicit, unclear or merely symbolic. In contrast, direct outcomes are explicit, clear results that make an actual difference. Such outcomes are the preferred effect for the public case.

ITK-Beschaffung (see Ch. 6.2)
ITK-Beschaffung is a German soft-law initiative that develops guides for government agencies that want to procure green ICT products according to technical criteria that are in line with procurement law. The use of such guides improves the quality of public calls for tender and thereby reduces companies' transaction costs. This cost-saving for business is complemented by the possible innovations that can be triggered by green public procurement. Public procurers, on the other hand, can use a set of technical benchmarks to assess products and thereby choose the company with the best offer for them in terms of factors such as energy efficiency and life-cycle costs.

The positive outcome for the public is also clear. First, if the public administration's ability to procure energy-efficient products is improved, it helps reduce public expenditures. Second, decreased public demand for electricity is tantamount to a reduction in carbon emissions. The result is that *ITK-Beschaffung* closely links efficiency gains for business with positive outcomes for the public.

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Potential impact focuses on the long-term results of sector-specific initiatives. Impact is characterised as "potential" because participants can only presume what it could be rather than foresee it. For the business case, this is the competitiveness of a company or its long-term survival. A level playing field means that participating companies operate under the same conditions, such as by adhering to certain standards of behaviour. This is especially an advantage when looking at an industry as a whole. However, for an individual company, it is more desirable to obtain a competitive advantage.[540] For the public case, the long-term outcome is reflected by the continuity of the initiative itself. If it contributes to the public good (i.e., has positive societal outcomes), then it should be further developed.

In addition to affecting competitiveness, participating in an initiative can also have intangible benefits, such as improvements in a company's know-how and reputation, and generate added value. The latter offers benefits that support a company's long-term survival, such as keeping its license to operate or generating more knowledge about customers.[541] The added value for the public case results from the scalability of initiatives in other industries, countries or laws. The idea here is to replicate a successful initiative to other countries or industries or make it a legal standard for all. Since adaptations can be linked to additional costs and may not be feasible in every case, direct scalability is more desirable. It is noteworthy that scalability does not necessarily have to be planned; it can also be an unintended consequence of launching an initiative.

Plan de Contratación Pública Verde (see Ch. 9.2)
This Spanish soft-law initiative allows central government procurement agencies to give preference to companies with operating environmental management systems. The main impact was observed in the construction sector. While Spanish businesses were sceptical at first, their subsequent adoption of such instruments resulted in competitive advantages for them vis-à-vis their international competitors. As a result, they were among the leading companies in the renowned Dow Jones Sustainability Index. There is also a long-term effect for the public case because the initiative will be further developed, for example, by introducing new criteria (e.g., a company's carbon footprint).

540 Whether the potential impact of an initiative can be a level playing field or a competitive advantage might depend on its design and type. For example, soft-law and mandating initiatives usually aim to create a level playing field rather than competitive advantages.

541 In fact, for some industries and companies, added value is part of their competitiveness. For example, brand manufacturers have to pay particular attention to their reputation, which can be considered one of their most valuable assets.

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With respect to added value, construction companies have already benefited. By complying, they have gained knowledge about sustainable construction and enhanced their reputations by becoming known for their high environmental performance. This is matched by the scalability of the initiative, as seen by the fact that green public procurement has been practiced all over Europe for some years now. Even so, the Spanish case demonstrates a particularly successful implementation that could be directly emulated in other countries and possibly other industries.

Merits and limitations of the evaluation model

The strength of this evaluation model is that it corresponds to the principles of good governance by offering a balance between legitimacy, effectiveness and efficiency. At the same time, the model demonstrates certain limitations. Firstly, the manifestations of some criteria cannot be as clear-cut as some might wish. Secondly, all criteria were regarded as equally important although, in practice, industry and other context variables might lead to different prioritisation. For example, initiatives aiming at mutual trust will probably pay particular attention to legitimacy and reliability. By contrast, initiatives striving for quick wins on specific issues may pursue high reliability and immediate effect while perhaps deliberately sacrificing a degree of ownership.

12.4 Strengths and limitations of sector-specific initiatives

As demonstrated in the previous section, a set of criteria for good governance determines how well a sector-specific initiative performs. Furthermore, there is a broad variety of institutional arrangements in which public actors play different roles. For example, although a CR conference and a fair-trade label can both be classified as awareness-raising initiatives, they have different characteristics. Thus, each type of initiative or public-private collaboration has particular strengths and limitations that determine its overall performance. The rest of this chapter deals with the characteristics of the different types of initiatives and the degree of government involvement.

12.4.1 Awareness-raising

Awareness-raising is the most common type of sector-specific initiative at the national level. More than a third of the identified initiatives belong to this type. Almost half of them (11) are in the WRT sector, which could be explained by the prevalence of consumer labels and standards in this industry. Seven such initiatives were featured in the country profiles (see Table 12.3).

Moderate legitimacy

In general, awareness-raising initiatives are attractive for companies because they do not require high investment as long as they target a specific audience and therefore do not entail high marketing costs. They also tend to have a direct link to the core business of companies and can be used to achieve

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specific goals. Furthermore, most awareness-raising initiatives are inclusive and allow for the participation of a broad range of other actors, which contributes to their perceived legitimacy. However, they struggle with addressing societal challenges at the structural level, which generally leads to an indirect societal outcome. As a result, the legitimacy of awareness-raising can be defined as moderate.

Moderate effectiveness

Despite their low initial investment, most of these initiatives are cost-neutral because they rarely have direct or tangible cost benefits. At the same time, their impact on competitiveness depends on the companies themselves and how they deal with the non-monetary benefits, such as increased knowledge and know-how. Due to their limited societal outcomes, which are central for the public case, their effectiveness can be only considered moderate.

High efficiency

Awareness-raising initiatives can be called efficient because they create value for both business and public actors without requiring the investment of too many resources. For companies, they are considered relevant because they bring added value and demonstrate a high potential for fostering innovation. From the public point of view, such initiatives are easy to scale up and upgrade due to their relatively low costs and high degree of acceptance by companies. Therefore, awareness-raising initiatives demonstrate high efficiency.

Public actors as supporters and managers

Regarding the seven examples from our case studies, the most significant role that public actors play in awareness-raising initiatives is that of contributor and manager. On the one hand, public actors are supporting such initiatives mostly through funding, but also through communication and technical know-how. However, public funding does not guarantee that an initiative will perform well. For instance, *Forum Waschen* – one of the best-performing awareness-raising initiatives – functions without any government support. Moreover, governments participate in the management of sector-specific initiatives, especially through steering and monitoring activities, both of which seem to guarantee better performance of the respective initiative.

On the other hand, public actors are less active as participants and regulators in awareness-raising initiatives. It is worth mentioning, however, that public participation in terms of initiating or co-initiating such initiatives seems relevant to performance. Three of the four best-performing ones involved governments playing the role of initiator (*Forum Waschen*, a purely private initiative, was the fourth).

12.4.2 Partnering

Partnering is the second-most-common type of sector-specific initiative.[542] In total, we found 23 partnering initiatives that were relatively equally distrib-

542 Since we wanted to avoid a hybrid type of initiative, several initiatives with partnering characteristics were classified as awareness-raising or soft-law initiatives based on the goals they pursued or results they achieved.

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uted among the different sectors (except for the financial services sector, which accounted for almost a third of the related initiatives). For the purposes of our evaluation, we regarded seven partnering initiatives: three from the WRT sector, two from the financial services sector and one each from the chemicals and construction sectors.

High legitimacy

Partnering initiatives may be seen as legitimate. Firstly, they have a link to core business and address the respective societal challenge at the structural level. Therefore, such initiatives are considered relevant by all actors and demonstrate moderate-to-high commitment on the part of businesses. Furthermore, partnering initiatives are usually inclusive and involve other actors. Similarly, they are reliable and set specific goals that are easy to measure, even in terms of outcome. In sum, partnering initiatives strike a balance between public and private concerns and offer win-win situations.

High effectiveness

Regarding short- and long-term results, partnering initiatives generally have direct societal outcomes as a result of their practical goals and project-like nature. On the business side, such initiatives demonstrate high innovation potential and often offer short-term cost-benefit gains. Furthermore, they can have a major impact in terms of increasing competitiveness and creating added value for companies. At the same time, exactly this project-like nature might be a reason to phase them out, with the result that they are often not permanent. However, partnering initiatives are scalable.

Moderate efficiency

A basic limitation of partnering initiatives is their efficiency. The reason behind this might be their concrete, project-oriented character, which requires substantial financial means in order to achieve the intended goals. Although they offer monetary benefits or added value in the long term, their short-term cost-benefit relation might range from low to moderate despite their high potential to foster innovation. Accordingly, they might be more attractive for larger companies that can afford to invest in such projects. The same holds true for the scalability to other sectors and countries, which also depends on financial investment.

Public actors: initiators and financial supporters

In partnering initiatives, public bodies primarily act as contributors and participants. In this regard, they are crucial at the beginning of the process, both as initiators and financial supporters. This was the case with all the illustrative examples encountered during our research. On the one hand, sector-specific partnering initiatives require substantial resources. For this reason, participating governments always provide funding, thereby making the initiative viable in the first place. Moreover, in many cases, they also deliver technical support and know-how. On the other hand, governments are often the (co-)initiators of such partnerships and are either involved as individual members or patrons. Beside these two roles, public actors often participate in the management of such initiatives (e.g., in steering committees).

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12.4.3 Soft law

Soft-law initiatives are the third-most-common type of sector-specific initiative at the national level. Out of the 14 soft-law initiatives we found in the eight countries over the course of our research, more than half were found in the construction industry. This could be explained by the high relevance of public procurement and building standards, which are classified as soft law in this study. As part of our evaluation, we assessed nine soft-law initiatives: five from the construction sector, two from the financial services sector and one each from the ICT and WRT sectors.

Moderate legitimacy

In general, soft-law initiatives address problems at the structural level and demonstrate a link to core business. They address challenges that are recognised by both society and particular sectors, generate strong commitment and allow for inclusive structures. In addition, they define precise and measurable goals and report on their work in progress. Whereas soft-law initiatives tend to be viewed as offering a legitimate public case, this is not the case for companies. The latter might be especially true in so-called "pull-initiatives", that is, government-led initiatives in which companies are urged to create and act in accordance with certain standards (e.g., *Plan de Contratación Pública Verde*, discussed above). However, companies still prefer this kind of self-regulation over legislation. In other cases, however, private actors are themselves the initiators of soft law and, as such, view so-called "push-initiatives" as legitimate (e.g., *ITK-Beschaffung.de*, discussed above).

High effectiveness

The short-term effect of such initiatives is rather high. Although soft law does not necessarily create short-term monetary benefits, it does foster innovation and a level playing field. In fact, in public procurement processes, companies that adhere to such instruments can enjoy direct benefits by participating in public tenders. At the same time, such initiatives have direct societal outcomes, are considered appropriate and generate high level of business commitment. Furthermore, in the long run, they encourage competitiveness by introducing higher standards in an environment of constantly growing regulation and innovation-driven product improvement. Lastly, soft-law initiatives are relatively flexible and easy to upgrade, although scalability might be limited due to the initial investments required.

Moderate efficiency

In terms of efficiency, soft-law initiatives are similar to partnering ones due to their mixed short-term effects. The latter are cost-neutral or sometimes even cost-intensive because business actors often have to make high initial investments. However, soft law encourages innovation and assures a level playing field for all companies. In the long term, it might even enhance competitiveness. From the public point of view, such initiatives have direct societal outcomes, are scalable and persist for a long time. At the same time, they rarely generate high public costs due to the low compliance costs when compared to top-down regulation.

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Public actors: initiators, financial supporters and regulators

Similar to the case with partnering initiatives, the most common role that public actors play in soft-law initiatives is that of (financial) contributor and/or (co-)initiator. Regarding the former, it must be emphasised that, although public support is necessary, it is often not substantial and limited to member fees and other small contributions. Moreover, public actors often provide technical support and know-how. Regarding the latter, they serve as (co-)initiators of such initiatives and often act as their patrons, thereby lending credibility to such regulation.

However, in contrast to awareness-raising and partnering initiatives, soft-law initiatives involve governments as regulators. As such, they often play a role in defining and setting certain standards or in encouraging companies to participate voluntarily. Especially in sectors with a high degree of public procurement, such as construction and WRT, public actors themselves can be the targets of such regulation. As a result (although with some exceptions), governments are often the initiators of such initiatives. Lastly, public actors frequently perform monitoring functions in soft-law initiatives, which seems to be significant in terms of their performance: Public actors perform this role in the five best-performing soft-law initiatives of the ones we analysed.

12.4.4 Mandating

Mandating initiatives are the least common type of sector-specific initiative. We only identified two initiatives of this type, of which only one was analysed and evaluated in the case studies. Given the limited evidence, it is difficult to make general statements on this type. However, the performance of "Treating Customers Fairly" (TCF), the only mandating initiative evaluated in this study, might provide clues about some general features of mandating initiatives in terms of their legitimacy, effectiveness and efficiency.

Moderate legitimacy

As observed in practice, mandating initiatives generally have an ambivalent degree of legitimacy. On the one hand, they are seen as legitimate by society at large. However, they are sometimes exclusive and do not involve third-party actors, such as NGOs. On the other hand, companies often do not regard such initiatives as appropriate. Although there are cases in which companies practice "responsible lobbying" and engage in policy dialogue with politics in order to establish certain norms and standards, this is much more the exception than the rule.

Low effectiveness

Moreover, owing to their lack of sanctions, the success of mandating initiatives seem to depend on company collaboration. As the TCF example suggests, such initiatives may fail precisely because of a lack of cooperation. The latter might often be reinforced by substantial monitoring costs for public authorities as well as high implementation and compliance costs for companies resulting from high standards and norms. As a result, their effectiveness might be limited.

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Moderate efficiency

Lastly, mandating initiatives might not be very efficient. On the one hand, despite their lower initial costs (such as in the case of TCF), they might suffer from low commitment and inclusiveness. On the other hand, the short- and long-term results of such initiatives do not seem to neutralise the drawbacks mentioned above. Therefore, their efficiency might be considered moderate.

Public actors: regulators and managers

Regarding the role of public actors, they surely play a key role as regulators, managers (especially in terms of monitoring) and providers of financial and technical know-how. This was also the case with TCF.

The following table (Table 12.4) summarises the findings of this chapter. It offers an overview of the strengths and limitations of each of the four types of sector-specific initiatives. Moreover, it presents the most common roles that public actors play in such initiatives. Although some of the illustrative examples that we analysed suggest a causal relation between the performance of a certain type of initiative and the respective role that public actors have played in them, this is not always the case.

Table 12.4: Performance of and government involvement in sector-specific initiatives

	Awareness-raising	Partnering	Soft law	Mandating
Legitimacy: Business vs. public case	moderate	high	moderate	moderate
Effectiveness: Short- vs. long-term benefits	moderate	high	high	low
Efficiency: Costs vs. benefits	high	moderate	moderate	moderate
Role of governments	- financial and technical assistance (*contribute*); - steering and monitoring (*manage*); - initiation (*facilitate*)	- (co-)initiation and membership (*facilitate*); - financial, communication and technical assistance (*contribute*); - steering (*management*)	- financial and technical assistance (*contribute*); - (co-)initiation (*facilitate*) - setting standards and leading by example (*regulate*); - monitoring (*manage*)	- setting standards (*regulate*); - monitoring (*manage*); - financial and technical assistance (*contribute*)

12.5 Summary of findings

Conclusion

As indicated at the beginning of this chapter, this explorative study is an initial exploration in the emerging field of sector-specific CR. After having systematised and analysed the collected empirical data, we tried to answer the following questions: (1) How do governments across Europe promote sector-specific CR? (2) What roles do public actors play in sector-specific initiatives?

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and (3) What makes a well-performing initiative? Given these aims, this chapter's findings can be summarised as follows:

Promotion of sector-specific CR
Public actors across Europe have been using three approaches to promoting sector-specific CR: *evolutionary*, *institutional* and *strategic*. The *evolutionary* approach refers to the changing role of public institutions and emphasises the new types of governance mechanisms and institutional arrangements that public actors are increasingly employing in the field of CR. The *institutional* approach takes place through government-founded and/or -funded institutions. In addition to having different legal and organisational forms, they can deal with a broad spectrum of issues. The *strategic* approach refers to promoting sector-specific CR by integrating sector-specific measures into CR strategies and/or creating sector strategies related to the particular industry's sustainability.

Role of governments
Governments play four roles in sector-specific CR initiatives corresponding to different degrees of government involvement: They can *contribute*, *facilitate*, *manage* and/or *regulate*. In this regard, the role of government depends on the initiative's type and goals. However, certain patterns can be identified:
Contributing and *managing* roles are the most common ones for public actors in sector-specific initiatives. They can be observed in each type of initiative. While *contributing* is generally related to financial assistance, *managing* refers to steering and monitoring functions. At the same time, public actors also *facilitate* all types of initiatives with the exception of mandating ones. This role is particularly related to (co-)launching initiatives. Lastly, public actors also assume a *regulating* role, especially in soft-law and mandating initiatives. In soft-law initiatives, in addition to setting standards, they often lead by example by being addressees of such regulations themselves (see Table 12.4).

Good performance of sector-specific initiatives
There are five ideal criteria related to the good performance of sector-specific initiatives: (1) *design* (i.e., the initial costs and approach to the problem); (2) *ownership* (i.e., high participation and materiality); (3) *reliability* (i.e., transparent evaluation and specific goals); (4) *immediate effect* (i.e., positive cost-benefit relations and direct societal outcomes); and (5) *potential impact* (i.e., long-term benefits and scalability). Since sector-specific initiatives represent governance mechanisms for public-private collaboration, the criteria strike a balance between legitimacy (business vs. public case), effectiveness (short- vs. long-term benefits) and efficiency (costs vs. benefits).

Although certain modes of public-private collaboration are better suited to addressing certain types of problems and goals, the type of initiative is not decisive when it comes to determining how a sector-specific initiative will per-

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form. However, as Table 12.4 indicates, some initiatives are better suited than others to address certain aspect of good governance.

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