

2. Experts' Views on Sector-specific Corporate Responsibility

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Summary

Sector-specific corporate responsibility is an emerging subject both in practice and in the general CR discussion. In order to look into existing knowledge and perceptions of the concept, we surveyed CR experts in the eight European countries covered in the study via an online survey (see Section 2.1). These national perspectives were complemented by interviews with CR experts at international organisations and European business trade associations (see Section 2.2) and by a snap poll among national trade associations (see Section 2.3). Thus, the three parts form a topical and impressionistic picture of the state of sector-specific CR in Europe.

2.1 CR experts in European countries

Over the last decade, the term “corporate responsibility” has gained prominence in Europe. The notion is now widely used by different groups, although individual understandings may vary considerably. By contrast, the fact that sector-specific CR has no such pedigree leads to the question of whether and to what extent CR experts are aware of this concept. To get an initial picture of the general awareness of sector-specific CR, an explorative online survey was conducted in eight countries. CR experts were asked about their knowledge of and views on sector-specific CR in one (or more) of five industrial sectors.

Methodological approach

The online survey was conducted between the start of October and the end of December 2011. It comprises two sections. The first section focused on the general CR framework in the particular country, such as the CR understanding, main drivers and role of government. The second section dealt with sector-specific CR. First, respondents were asked to choose one or more of the five

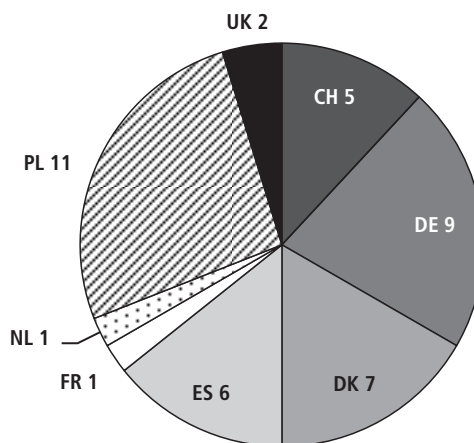
Questionnaire design

industrial sectors in question.⁹ In addition to general questions about the sector (e.g., its reputation and particular CR issues), respondents were asked to choose from among four types of CR initiatives in which the government has a significant role: awareness-raising, partnering, soft law and mandating. For each type, they provided examples, rated the prevalence of certain CR issues and evaluated the performance of such initiatives using a set of given criteria.

Sample In cooperation with our national academic partners, we identified a total of 310 CR experts who could be assigned to one of four societal groups: government (i.e., administration and politics), business (i.e., large companies, trade associations and business CR networks), civil society (i.e., NGOs, trade unions, foundations) and academia (i.e., universities, specialised consultancies and think tanks).

Response rate We had received 61 completed questionnaires. Since 19 respondents did not choose any sector at all, their questionnaires were excluded from the sample. The relatively low response rate might be interpreted as indicating a lack of familiarity with sector-specific CR so far. This observation is confirmed by some respondents. A significant number of participants left the questionnaire at some point without continuing with it later (about 37 per cent of the total sample).

Figure 2.1: Responses by country

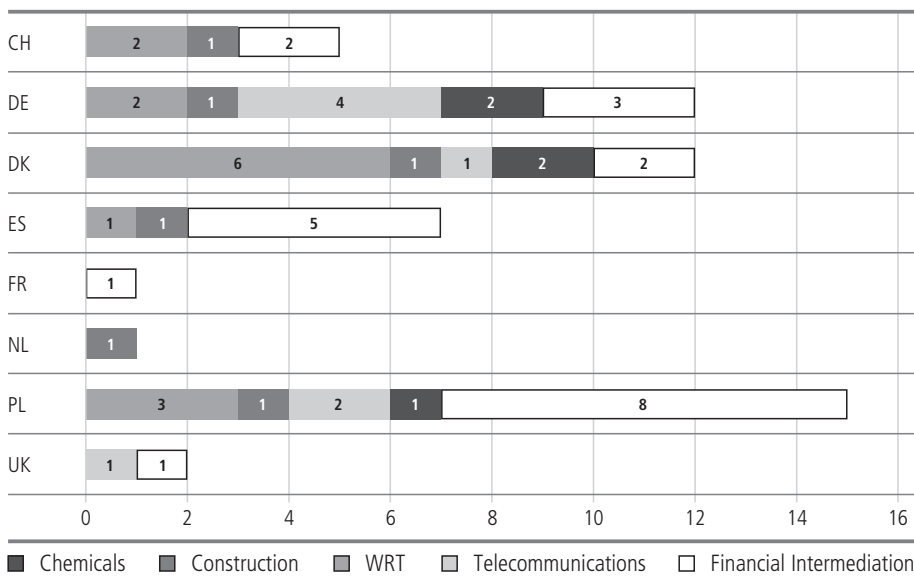


Final sample The expertise in sector-specific CR was distributed unevenly among the 42 valid questionnaires. First of all, three countries were considerably underrepresented in the sample of experts (France, the Netherlands and the UK), whereas

⁹ The information and communications technology (ICT) sector was not used in the survey but, rather, its subsector telecommunications. However, we observed that respondents and, later, interviewees understood telecommunications as the wider ICT industry when responding to our questions, for example, by referring to IT initiatives. We therefore changed the sector classification.

Poland accounted for a quarter of all respondents (see Figure 2.1). Some of the sector expertise was strongly influenced by responses from single countries: Germany accounted for half of all responses on telecommunications, Denmark accounted for six out of 14 responses on the wholesale and retail trade (WRT), and Spain and Poland constituted about 60 per cent of all responses on financial services (see Figure 2.2). Although the nature of the data does not allow conclusions to be drawn about individual countries and industry sectors, it still gives a general impression of how European CR experts perceive the concept of sector-specific CR.

Figure 2.2: Sector-specific expertise by country



Industrial sectors are faced with several CR issues, but it can be assumed that their priorities differ according to their needs. To test this thesis, the respondents were asked which of the seven core subjects were relevant to their industry (see Table 2.1). The core subjects were borrowed from those of the ISO 26000 guidance, which cover a broad range of issues divided into seven clusters.¹⁰

In the chemicals industry, all respondents claimed that there is one pre-vailing issue: environment. This concentration is remarkable given the indus-

Chemicals industry

¹⁰ These are: (1) organisational governance (e.g., transparency, incentive structures); (2) human rights (e.g., engagement with repressive states, discrimination); (3) labour practices (e.g., wages, employment practices); (4) environment (e.g., hazardous substances, emission of greenhouse gases); (5) fair operating practices (e.g., anti-corruption, fair competition); (6) consumer issues (e.g., fair marketing, sustainable consumption); and (7) community involvement and development (e.g., education and culture, promoting socioeconomic development).

try's wider scope of CR issues, especially in health and safety. It could be explained by the sector's persisting reputation as a polluter.

Construction

The two issues most often cited for the construction sector were environment and labour practices. This perception hints at the labour intensity in and the considerable environmental impact of the sector. It is noteworthy that operational and business practices, including corruption, were only named by two out of six experts, although construction continuously ranks low in Transparency International's Bribe Payers Index.¹¹

Wholesale and retail

Consumer issues, environment and labour practices were considered important issues in the WRT sector by over three-quarters of respondents. These three issues particularly reflect how the retail trade is in close interaction with consumers. More than half of the respondents also deemed human rights to be an important topic, which is more than in any other sector. The prominence of fair trade products could explain the relevance of this topic, which the experts said plays no apparent role in the construction, telecommunications and chemicals industries.

Table 2.1: CR issues in the five sectors (multiple selections possible)

Sector	n	CR issues						
		Organisa- tional governance	Human rights	Labour practices	Environ- ment	Fair oper- ating prac- tices	Consumer issues	Community involvement
Chemicals	5	20%	20%	20%	100%	20%	20%	20%
Construction	6	0%	0%	67%	83%	33%	0%	17%
WRT	14	29%	57%	79%	86%	36%	86%	21%
Telecom- munications	8	38%	13%	38%	75%	50%	75%	25%
Financial intermediation	22	64%	27%	32%	36%	73%	55%	23%

Telecommunications

In the telecommunications sector, three-quarters of the respondents named environment and consumer concerns as relevant sector issues. Half of the respondents also chose fair operating practices, which probably owes something to the special responsibility of former state-owned monopolists.

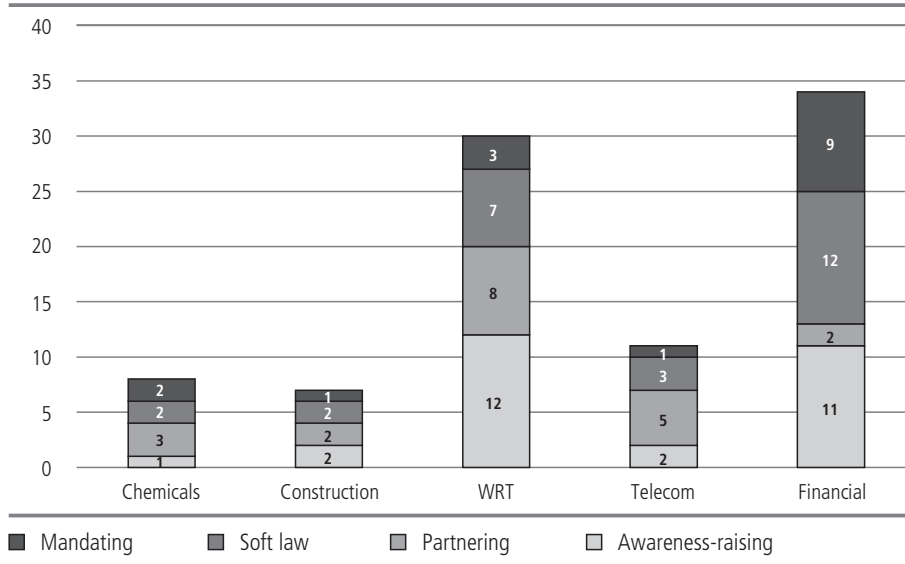
Financial services

In the financial services sector, the top CR issues were fair operating practices, organisational governance and consumer issues. This distribution can be seen as resulting from the recent debate about bonus payments, scandals concerning rogue traders and the sale of high-risk investments to unaware small investors. Notably, community involvement was the issue cited by the experts the least, although banks, in particular, invest in the communities by sponsoring things such as cultural and sporting events.

¹¹ www.transparency.org/research/bpi/overview.

CR in general can be promoted through different types of initiatives. Using the typology of four categories of CR initiatives (see Ch. 1.5), respondents were asked to indicate which types they were aware of in the respective sector (see Figure 2.3). The results show that the prevalence of types of initiatives varies across industries. For instance, while distribution in the construction and chemicals sectors is quite balanced, awareness-raising ranked on top in the WRT sector: 12 out of 14 experts were familiar with such initiatives, which probably reflects the use of (consumer) labels in this industry. In contrast, only two experts knew about mandating initiatives in this sector, which were also rather unknown in the telecommunications sector. Here, more than 60 per cent of the experts named partnering initiatives, which were barely mentioned for the financial services sector. Instead, experts in this latter sector were aware of the other three types. What is more, it is notable that many of them (about 40 per cent) were familiar with mandating initiatives in what is often viewed as one of the most regulated industries.

Figure 2.3: Types of initiative per sector (multiple selections possible)



Another part of the questionnaire dealt with the performance quality of the different types of initiatives. The experts were given a set of ordinally scaled criteria (e.g., effectiveness, legitimacy and impact potential) in order to evaluate the types of initiatives they had chosen. Each criterion had five manifestations, ranging from “low” (1) to “high” (5). Since the construction, telecommunications and chemicals sectors had a low response rate, we will focus on the WRT (see Table 2.2) and financial services (see Table 2.3) sectors here.

Performance quality

Initiatives in the WRT sector received rather medium ratings. At the same time, partnering and mandating initiatives were deemed more effective than

WRT

awareness-raising and soft law.¹² When it comes to the effectiveness of sector-targeting—that is, the appropriateness of initiatives vis-à-vis sector requirements—soft law ranked first. In terms of legitimacy—that is, whether companies deemed government engagement to be appropriate—mandating initiatives received a low rating.¹³ Interestingly, experts considered awareness-raising and partnering initiatives to be slightly more capable of contributing to societal welfare than soft-law and mandating initiatives. The evaluation—that is, the systematic appraisal of initiatives—was considered to be rather weak since the experts thought that only a fraction of the initiatives they knew about were evaluated. Overall, the ratings show medium results, with awareness-raising and partnering scoring slightly better.

Table 2.2: Evaluation of initiatives by type in the WRT sector (median ratings; number of respondents per industry in parentheses)

Criteria	Wholesale and retail trade			
	Awareness-raising (12)	Partnering (8)	Soft law (7)	Mandating (3)
Effectiveness	3	4	3	4
Effectiveness sector	3	3	4	3
Legitimacy	3.5	3	3	2
Potential	3.5	3.5	3	3
Participation	3	3.5	3	3
Evaluation	2	2	2	3

Financial services

In the financial services sector, the overall ratings are similar with some diverging aspects. Awareness-raising initiatives received below-average ratings in effectiveness, legitimacy and evaluation. Instead, experts preferred mandating initiatives, especially over soft law.¹⁴ The effectiveness of mandating initiatives was rated above average as was their potential to contribute to societal welfare, while soft law was ranked below average. These ratings may reflect an oft-cited cause of the financial crisis: the failure of the financial markets to sufficiently regulate themselves.

Interpretation

The survey of CR experts confirms the emerging nature of sector-specific CR. Only a small fraction of respondents viewed themselves as having expertise in this new field. The telephone interviews (see Section 2.2) and, to a certain extent, the research for the case studies confirmed this lack of consistent information about sector-specific CR. Apart from the fact that discussion of sector-specific CR is still in an early stage, one reason for the limited information available lies in the general difference between implicit and explicit CR.

¹² The median for mandating initiatives can be distorted here since only three experts evaluated this type.

¹³ See previous footnote.

¹⁴ The evaluation of partnering initiatives is not reliable since it rests on only two responses.

**Table 2.3: Evaluation of initiatives by type in the financial services sector
(median ratings; number of respondents per industry in parentheses)**

Financial services				
Criteria	Awareness-raising (11)	Partnering (2)	Soft law (12)	Mandating (9)
Effectiveness	2	4	3	4
Effectiveness sector	3	4	3	3
Legitimacy	2	3	3	3
Potential	3	3.5	2	4
Participation	4	4	3	3
Evaluation	2	2	2	2

As the case studies in this book show, many examples of sector-specific CR are not called “corporate responsibility” or tied to CR policies or programmes. Instead, they deal with bread-and-butter topics, such as providing internships, creating brochures on the sustainable dosing of detergents or using better packaging to produce less waste. In other words, sector-specific CR is rather more implicit than explicit. Indeed, the very term “sector-specific CR” has not yet been firmly established. Therefore, the response rate and the reactions to the survey show that a common language for sector-specific CR still needs to be developed. In fact, the responses we have received throughout the whole project indicate that the required expertise is in a formative stage.

At the same time, the experts’ responses indicate that the conditions of CR can differ considerably from industry to industry, as evinced, for example, by the relevant CR issues.

Sector-specific CR is more implicit than explicit

Conditions of CR differ across industries

2.2 CR experts in international organisations

The aim of the interviews was to grasp international perspectives on and recent trends in sector-specific CR, especially in Europe. The interviews were conducted between November 2011 and January 2012. Twelve CR experts from four groups were interviewed: international organisations, international business associations, international CR initiatives and European trade associations (see Table 2.4).

The interviews were based on an open interview guideline. The main questions concerned the state of sector-specific CR, the organisation’s experience in this field, success factors, trends and issues, and the role of governments. Due to the considerable variety of interviewees, not all of these questions could be used in each interview. However, except in the case of the interviews with representative of sector organisations, only limited familiarity with the concept of sector-specific CR was demonstrated, which reaffirms ear-

Sample

Interview guideline

lier observations on how expertise in this field is still patchy. Moreover, in some cases, certain subjects have developed further since the interviews were conducted.

2.2.1 International organisations

European Commission:
Most important public
actor

Representatives of two organisations on the international level were interviewed for the project: one Directorate-General (DG) of the European Commission and the International Labour Organization (ILO). The Commission can be safely called the most important public actor promoting CR in Europe (see Ch. 3.1). The two DGs mainly responsible for CR are the DG for Employment, Social Affairs and Inclusion (DG EMPL) and the DG for Enterprise and Industry (DG ENTR). However, we were only able to conduct an interview with the former.

Implementing recent
Communication on CSR is
the main task

The European Commission's DG EMPL oversaw a 2010 study on responsible supply-chain management in three industries.¹⁵ Furthermore, it is active in sectoral Social Dialogue Committees (SDCs). There are up to 40 SDCs, a number of which have an interest in CR. The DG EMPL clarified that the Commission had written a Communication on CSR in 2011 that focused on the international aspects of CR, non-financial disclosure, CR and education and training, and market reward for companies.¹⁶ At the moment, the Commission's main CR-related task involves implementing this Communication.¹⁷

Table 2.4: List of interviewed organisations

Group	Organisation	Link
European Union	European Commission, DG EMPL	www.ec.europa.eu/social
International organisations	International Labour Organization	www.ilo.org/sector
International business associations	BusinessEurope	www.buseneseurope.eu
	International Chamber of Commerce	www.iccwbo.org/policy/anticorruption
	European Association of Craft, Small and Medium-Sized Enterprises	www.ueapme.com
European trade associations	European Chemical Industry Council	www.cefic.org
	European Construction Industry Federation	www.fiec.org
	EuroCommerce	www.eurocommerce.be
	European Banking Federation	www.ebf-fbe.eu
	European Savings Banks Group	www.esbg.eu
International CR initiatives	Business Social Compliance Initiative	www.bsci-intl.org
	Global Reporting Initiative	www.globalreporting.org

¹⁵ www.ec.europa.eu/social/main.jsp?langId=en&catId=331&newsId=1014&furtherNews=yes.

¹⁶ www.ec.europa.eu/enterprise/newsroom/cf/_getdocument.cfm?doc_id=7010.

¹⁷ However, this topic does fall within the competence of the DG for Internal Market and Services.

Within its overall Decent Work Agenda, the ILO is dedicated to promoting a wide range of labour and, to a certain extent, human rights issues and, therefore, has a stake in CR.¹⁸ It was among the first international organisations to embrace CR when it adopted its Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy in 1977.¹⁹ While the ILO does not have an explicit policy on sector-specific CR, it encourages and implicitly supports sectoral CR initiatives through its Sectoral Activities Programme, which focuses on 22 major industries. Commerce, as the wholesale and retail trade is called within the ILO programme, provides an example. Here, for instance, the ILO supports the negotiation of Global Framework Agreements (GFAs) that are concluded between multinationals and global union federations and adhere to ILO norms.²⁰ Another example is the ILO's Better Work Programme, which aims to eliminate child and forced labour as well as other issues in countries such as Cambodia by monitoring factories and improving working conditions in cooperation with the factories' management.²¹

ILO: Addressing labour issues in sectors

The ILO indicated two enablers for voluntary GFAs: (1) respect of commitments by both parties and (2) continual dialogue between employers and employees. As for the future, the organisation wants to encourage the creation of further GFAs and the implementation of existing ones. The GFAs and CR in general are seen as strictly voluntary exercises that do not require government involvement. Instead, governments are responsible for the implementation of ILO standards within national labour legislation.

Global framework agreements

2.2.2 International business associations

In addition to (large) companies, business associations can be strong drivers of CR. Three cross-sectoral business organisations were interviewed for this project: (1) the International Chamber of Commerce (ICC), which claims to represent businesses worldwide; (2) BusinessEurope, a confederation of business associations in 35 European countries; and (3) the European Association of Craft, Small and Medium-Sized Enterprises (UEAPME), which specialises in representing European SMEs. All four organisations are engaged in the international CR debate.

Sample

The ICC has a Commission on Corporate Responsibility and Anti-Corruption that deals with general CR issues.²² However, there is no sector-specific CR policy. Claiming the role of a neutral intermediary, the ICC acts only upon demand by its business members. For example, when companies from the

ICC: Providing neutral sector forums for global business

18 The interview was conducted with John Sendanyoye, an ILO specialist on the commerce sector as well as on financial and professional services.

19 www.ilo.org/empent/Publications/WCMS_094386/lang-en/index.htm.

20 www.uniglobalunion.org/Apps/uni.nsf/pages/gfaEn.

21 Better Factories Cambodia (www.betterfactories.org).

22 The interview was conducted with François Vincke, Chairman of the ICC Commission on Anti-Corruption. More information on the Commission is available online at: www.iccwbo.org/about-icc/policy-commissions/corporate-responsibility---anti-corruption.

aeronautics and defence sectors followed the OECD Anti-Bribery Convention, they asked the ICC to provide a forum for adopting common anti-bribery standards. The aim of this forum was to create a level playing field in terms of anti-corruption standards for the sector worldwide.

In the context of the sector forum, three criteria seem crucial for the success of a given initiative. First, there has to be a real need or common pain shared by the participating businesses. Second, there has to be a practical interest in the initiative, such as the interest that companies had in complying with OECD rules to establish a level playing field. Finally, sector initiatives require a basic feeling of trust and confidence among participants that are often competitors.

BusinessEurope:
Welcoming business-led
sector initiatives

BusinessEurope is aware of sectoral specificities in CR.²³ CR is sometimes discussed in the sectoral social dialogue committees by sectoral trade unions and employers' organisations. The latter claim that CR should be voluntary and are led by businesses that see the issue in question as increasingly relevant to their operations. In their view, governments should promote such general or sector-oriented initiatives launched by businesses.

UEAPME: CR should be
adjusted to SMEs

The UEAPME also deems a sector-based perspective important because it believes that companies interested in CR need peers with which to discuss ways of implementation and best practices.²⁴ For this reason, where appropriate, the organisation includes CR in its sectoral policies. However, such initiatives do not deal explicitly with CR but, rather, address some of its issues, such as environmental management. Nevertheless, the UEAPME believes that CR initiatives should be adjusted to the size and type of a company rather than to the industry because CR ultimately depends more on each company's specific needs than on the characteristics shared across a sector. The sectoral approach, it believes, may still be too broad for SMEs.

According to the UEAPME, governments could foster SMEs' engagement in CR in two ways. First, they could offer technical support and expertise for the implementation of CR policies, such as on waste reduction, energy efficiency and human rights. Second, SMEs need more information about their supply chains in developing countries. This information could be gathered and provided by public bodies, such as the ILO, European and national embassies, and the European Commission.

2.2.3 International CR initiatives

There are many well-established international CR initiatives that often promote the concept through partnering and soft law. Some of them, such as the Business Social Compliance Initiative (BSCI), were specifically designed for a

23 The interview was conducted with Rebekah Smith, BusinessEurope's Social Affairs Adviser, who is responsible for CSR.

24 The interview was conducted with Luc Hendrickx, Director of Enterprise Policy and External Relations at the UEAPME.

certain sector. Others, such as the Global Reporting Initiative (GRI), address business in general but have introduced sectoral specifications.

The international BSCI is the successor to the German AVE Sector Model Social Responsibility (see Ch. 6.2).²⁵ Its aim is to improve working conditions in factories and farms in the international supply chain of its participating companies by offering a common code of conduct and a monitoring mechanism as well as capacity-building measures to implement the code. The code basically covers health and safety, social and labour issues, and environmental aspects. The BSCI initially addressed only one sector (retail), but it has grown to become what is now a cross-sectoral initiative (including, e.g., electronics, toys, food and agriculture). The major fault line has thus become the difference between food and non-food companies. The BSCI includes over 900 business participants and is active in several developing countries. Stakeholder dialogue at different levels—and particularly in supplier countries—is another important pillar of the BSCI.

BSCI: From sectoral to cross-sectoral initiative

The BSCI identifies two factors that have an impact on its success. First, its own and other standards need to be better known and understood by public procurers. There are still many government departments that cannot consider a responsible supply chain in their procurement decisions because they are unaware of such initiatives. Second, guidance is needed when it comes to understanding and assessing different standards and the differences/similarities between them (i.e., their “equivalence”). An assessment of different standards should be done on neutral grounds, it believes, such as through an EU initiative. The resulting guidance could help procurement agencies as well as consumers and (small) businesses.

Apart from socially responsible or sustainable public procurement, the BSCI thinks that governments could offer training to its SME participants. These companies lack the resources and expertise needed to develop all the capabilities required for responsible supply-chain management. In addition, the BSCI cooperates with governments in both home and host countries. In home countries, public bodies responsible for development and economic cooperation interact with the BSCI; in host countries, governments are invited to local roundtables in order to increase local ownership.

With its Sustainability Reporting Framework, which includes the Reporting Guidelines, GRI offers widely used guidance for sustainability reporting—synonymous with CR reporting—and is considered a *de-facto* standard.²⁶ GRI is referred to in these terms in several national and international policy documents and legislative instruments. GRI intends its Framework to be useable by organisations of any size, sector or location.

GRI: Guidance for sector-specific CR reporting

²⁵ The interview was conducted with Lorenz Berzau, Managing Director of the BSCI.

²⁶ The interview was conducted with a GRI representative.

The GRI Guidelines themselves are complemented by Sector Supplements which include additional guidance for industries like construction, financial services or oil and gas.²⁷ The Supplements were developed due to demand from specific sectors that needed guidance beyond the general Reporting Framework. The extractive, mining and metals industry can be seen as a key example of current sectoral CR reporting. Reporting in this sector is *inter alia* required by a provision on “conflict minerals” in the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was enacted by US Congress in 2010. GRI expects more of this reporting on social topics (e.g., on human rights) and reporting on biodiversity in coming years.

GRI mentions four success factors for reporting initiatives. First, multi-stakeholder working groups of experts need to be convened, including sectoral experts. The OECD process for developing its due diligence guidance for the mining sector can be seen as a good example. For GRI, working groups should be balanced in terms of their constituency representation, and include representatives from, for example, business, financial markets, the labour movement and civil society organisations. Second, the companies or organisations affected by reporting should be able to respond to drafts of proposed guidance during public comment periods, in order to gain their insights and win their support. Third, there is a need for alignment with existing reporting instruments. Finally, implementing reporting can benefit from an approach based on smart regulation.

Governments can play a vital role in supporting the alignment and implementation of CR reporting. On the one hand, international organizations can align their approaches by collaborating with each other. The GRI cites its Memoranda of Understanding with the UN Global Compact, the OECD and the Carbon Disclosure Project as examples. On the other hand, national governments could promote alignment by incentivizing the combined use of existing standards rather than developing their own.

2.2.4 European trade associations

Trade associations play a key role in promoting sector-specific CR

Evidence from the case studies shows that trade associations are key to sector-specific CR. In addition to being familiar with a sector's needs and capabilities, they are themselves active players in launching and managing CR initiatives. This applies to both national and international trade associations. For these reasons, we interviewed five trade associations, which represented four of the five sectors of this study: the European Chemical Industry Council (CEFIC), the European Construction Industry Federation (FIEC), EuroCommerce, the European Banking Federation (EBF) and the European Savings Banks Group (ESBG).²⁸

²⁷ www.globalreporting.org/reporting/sector-guidance/Pages/default.aspx.

²⁸ Given the impressionistic nature of the interviews, the selection is not meant to be representative or imply preference for any organisation. Some sectors have more than one trade association representing them. In most cases, all respective organisations were contacted. We were not able to conduct an interview with representatives of the ICT sector.

CEFIC implements the Responsible Care (RC) initiative in Europe (see Ch. 3.2).²⁹ The organisation stresses that it is not a CR programme and that it predates the CR debate. However, RC covers various aspects of CR in the sector, and many CR initiatives are launched by national trade associations under its umbrella. Moreover, this sector-specific initiative benefits from a long-term strategy that is not subject to short-term changes, as company CR programmes can be. During its 27 years of existence, RC has proven itself adept at fostering mutual trust not only among its participants, but also in relations between business and government. On the EU level, this implies cooperation with the Commission on the vulnerability of certain industries to terror or criminal acts as well as within the context of the joint Sustainable Chemistry Platform, among other things.

CEFIC: Hosting the global Responsible Care programme in Europe

In general, RC is a top-down programme that has developed on the global level and been promoted through regional associations, such as CEFIC in Europe. Implementation on the national level is carried out by national chemical associations and as a result of the commitment of senior company executives. However, there is a very firm bottom-up belief in it, as well. Specific for RC is the fact that it is implemented up to the shop-floor level of the production facility. As a result, a lot of improvement plans are defined on lower levels and subsequently implemented as part of company policy.

Implementation of RC on all levels

According to CEFIC, four factors have contributed to the success of RC, which has already attracted the interest of companies from other sectors. First, the fact that senior executives are aware of the initiative's relevance has led to strong commitment to it at the top levels. Second, participants are willing to improve the sector's battered reputation and to restore its credibility. Third, it is acknowledged that government regulation alone will not solve certain problems that, instead, require new forms of cooperation, such as that offered by RC. Fourth, the diffusion of the RC standard has been so successful that it is a must-have these days. In fact, even B2B customers sometimes require an RC certificate.

When asked about the most relevant CR issues, CEFIC mentioned some of the core RC subjects (e.g., climate protection, innovation and plant, product and transport safety), but also new issues (e.g., water and security). The organisation expects social issues to grow in importance in the coming years.

CEFIC thinks that government can support CR in the sector by helping companies remain competitive. This could be done by improving conditions for research and enhancing cooperation between science and business.

The European Construction Industry Federation (FIEC) does not have an explicit CR strategy in place, but its sustainability strategy does include CR principles.³⁰ In general, the organisation thinks that CR is a wide-ranging concept and

FIEC: Corporate Responsibility as part of sustainability

²⁹ The interview was conducted with Bernard Thier, Responsible Care Manager (until December 2011).

³⁰ The interview was conducted with Ulrich Paetzold, Director General of FIEC. The strategy is available online at: www.fiec.eu/DocShare/Common/GetFile.asp?PortalSource=147&DocID=8509&mfd=off&pdoc=1.

should be viewed as a company's specific, voluntary commitment much more than its meeting of statutory or contractual obligations. After initial, halfhearted attempts to adopt the concept, companies have realised that seriously engaging in CR can yield benefits, such as higher employee motivation, fewer accidents and injuries, and improvements in quality. Larger companies have started to demand CR from their subcontractors and thereby promoted it among SMEs.

As for sector-specific initiatives, these usually take place on the national and individual company levels. Guidelines developed by a multi-stakeholder initiative to enhance CR in the construction sector are a noteworthy example of a European initiative.³¹

According to FIEC, the success of CR in the construction sector depends on certain factors. First, general awareness about CR and its potential benefits for the company, its workers and society needs to be raised among companies. Second, owners and management need to be personally convinced of the added value of responsible business practices. Moreover, CR's potential impact on reputation needs to be stressed, taking into consideration the sector's bad image. However, the potential of CR goes beyond reputational gains; it is also likely to boost the overall competitiveness of the company. Last, market incentives—such as taking CR aspects into consideration in sustainable public procurement, provided they are directly linked to the subject matter of the contract—could help convince companies to become more active in CR.

FIEC holds that the industry's main CR issues are fair operating practices, environmental and social concerns, industrial relations and health and safety. Respect for human rights is usually not problematic in the EU, whereas international construction companies operating outside Europe sometimes have to deal with third-country competitors that do not respect the same rules as they do. Gender questions are not an important part of the CR debate in the sector, except for equal opportunities. Finally, anti-corruption, which is often perceived as a sector-specific CR issue, is regarded as a legal issue and therefore part of compliance with laws rather than voluntary CR.

Governments can have several positive impacts on CR in the industry, FIEC believes. Their most important role is awareness-raising since companies need to be convinced of the value of CR. Partnering and continuing support for business-led initiatives are further means of support. Governments could also provide good examples of how SMEs engage in CR. Indeed, FIEC members discuss good practice examples, and the association opposes mandating initiatives in the belief that CR should remain a voluntary commitment.

EuroCommerce: variety of initiatives in the WRT sector

EuroCommerce mentioned the many CR activities of its members, which include national associations, branch associations and companies.³² On the

³¹ www.improntaetica.org/file/docs/BRC_guideline_ENG_web.pdf.

³² The interview was conducted with Jürgen Noack, EuroCommerce's Manager for Advocacy and Communications.

European level, the organisation hosts a CSR Experts Group that gives members an opportunity to discuss recent European trends and policy initiatives as well as to exchange practices in an informal setting. In addition, EuroCommerce engages in projects with other European organisations. For example, in the framework of the laboratories programme of the European Alliance for CSR,³³ it led a sectoral laboratory on the local engagement of trade companies.³⁴ The European Commission strongly encouraged the retail sector to set up the Retail Forum for sustainability.³⁵ The sector went even further by setting up the Retailers' Environmental Action Programme (REAP).³⁶

For these and other sectoral CR initiatives to work, EuroCommerce considers two factors essential: First, a multi-stakeholder approach is needed. Indeed, the organisation underscores the importance of cooperation with NGOs, including critical ones. Second, open communication and transparency facilitate cooperation between different actors.

From EuroCommerce's point of view, there are a number of CR issues relevant to the sector. Sustainable global supply chains have become a major challenge for trade companies. Employees and working conditions in general are classic sector issues, as are customer relationships. EuroCommerce also mentions the environment and, in particular, the major issue of sustainable production and consumption.

The association welcomes government involvement in the form of facilitation, moderating, (financial) support and awareness-raising. European and national public authorities should, in particular, initiate multi-stakeholder platforms for mutual exchange. The association believes that CR should be voluntary and therefore sees no need for mandatory legislation.

Two trade associations were interviewed for the financial sector: the European Banking Federation (EBF)³⁷ and the European Savings Banks Group (ESBG).³⁸ This was done because commercial and savings banks differ considerably in terms of their business models and approaches to CR.³⁹ Despite these general differences, both associations claim that CR is a very relevant concept in the industry. The EBF refers to individual banks' CR policies and programmes. For such banks, CR has become a question of competitiveness. By contrast, the ESBG sees CR as an integral part of its identity and understanding of its responsibility to society.

EBF and ESBG: Different approaches to CR in the financial services sector

33 CSR Laboratories consist of practical, business-driven projects that deal with a certain CR issue as defined in the priority areas of the European Alliance for CSR: www.csreurope.org/pages/en/laboratories_quickguide.html.

34 www.csreurope.org/pages/en/local_engagement_of_commerce_companies.html.

35 http://ec.europa.eu/environment/industry/retail/index_en.htm.

36 <http://ec.europa.eu/environment/industry/retail/reap.htm>.

37 The interview was conducted with Florence Ranson, Senior Adviser Communications and PR at the EBF.

38 The interview was conducted with Laura Gutierrez, Legal Adviser Retail Banking at the ESBG.

39 See the case study on the Spanish savings banks.

In terms of experience with CR, however, the two associations differ. While the ESBG has been working closely with the European Commission since the beginning of the CR debate in Europe, the EBF has started to develop its position as a trade association towards CR in the EU and works together with CSR Europe to bring in a sectoral perspective to complement the work of individual banks. While the EBF already had an internal policy in place for exchanging best practices, it indicates that its engagement with CR was triggered by the European Commission's recent Communication (see above). However, it should be noted that the employers' associations—the EBF, the ESBG and the European Association of Co-operative Banks (EACB)—signed a joint statement on CSR with their counterpart UNI-Europa Finance in 2005 within the Sectoral Social Dialogue Banking Committee (SSDC).

Given the competitive nature of commercial banking, the EBF believes that successful CR has to provide added value to banks' brand and mission. This entails integrating CR into the corporate strategy, gaining the support of senior management, instituting regular CR reporting and pursuing a multi-stakeholder approach. The latter is also considered a success factor by the ESBG, together with awareness-raising.

The EBF's and ESBG's views differ when it comes to identifying the prevalent CR issues. The ESBG primarily mentions socioeconomic issues, such as financial education, community involvement and development, client protection and enhancing accessibility to banking. Such issues and economic development (e.g., lending to SMEs) reflect savings banks' traditional business model. However, the ESBG also mentions environmental issues or, rather, financing green growth, which means putting savings banks in a better position to grant loans to SMEs investing in eco-efficiency. In comparison, the EBF cites a broader range of issues. In addition to labour relations and financial education, community involvement, responsible investment, environmental awareness and financial inclusion, it also includes business behaviour and accountability.

Both the EBF and ESBG see a positive role for government in promoting sector-specific CR. The EBF thinks that governments could, *inter alia*, act as facilitators and moderators in partnering initiatives. Such initiatives should not be binding but, rather, should respect the voluntary nature of CR. While the EBF prefers international standards to a legal framework, the ESBG thinks that governments should engage in awareness-raising in general and support or facilitate the exchange of best practices.

Comparison

As these interviews with industry representatives show, CR is dealt with in the four sectors. However, the intensity of engagement and the experience differ so far. The same holds true for sectoral views on CR issues, success factors and preferred roles of government (see Table 2.5). The CR issues mentioned by the associations are usually linked to the core business of the respective companies. It is noteworthy that some issues were not mentioned at all.

This particularly applies to human rights, which have gained prominence in the general CR debate more recently.

According to the sector representatives, the success factors for sector-specific CR are equal to those for CR in general. Awareness-raising and multi-stakeholder approaches, in particular, seem to be important in most sectors. It is not the individual factors but, instead, the combination of different factors that determines their sector-specific nature. For example, the construction sector seems to benefit from reputational gains and market incentives in the form of public procurement. This can be explained by the sector's battered image and its large proportion of public customers. By contrast, the WRT sector relies on the multi-stakeholder approach together with transparent communication, as is warranted by its diverse and demanding customers.

Success factors depend on sector-context

Table 2.5: Views of European trade associations

Organisation	CR issues	Success factors	Role of government
European Chemical Industry Council	plant safety; product safety; climate protection; innovation; water; security	awareness among top management; reputational gains; cooperation beyond regulation; making CR an industry standard	supporting competitiveness; improving conditions of research
European Construction Industry Federation	fair operating practices; environment; social concerns and industrial relations; health and safety	awareness among companies and their management; reputational gains; market incentives	awareness-raising; partnering; support for existing initiatives; financing good examples by SMEs
EuroCommerce	supply chain; labour practices; environment; climate change; sustainable production and consumption	multi-stakeholder approach; transparent communication	awareness-raising; partnering
European Banking Federation	business behaviour; accountability; labour relations; community involvement; environmental awareness; financial inclusion	reputational gains; making CR part of strategy; support by senior management; regular reporting; multi-stakeholder approach	partnering; (international) soft law
European Savings Banks Group	financial education; community involvement; client protection; accessibility to banking; economic development; financing green growth	multi-stakeholder approach; awareness-raising	awareness-raising; exchanging best practices

All sector representatives appreciate the involvement of governments. Sector views differ less when it comes to the preferred role of this public engagement than they do regarding issues and success factors. Awareness-raising and

Cooperative government involvement preferred

partnering are the preferred types of government initiative. In turn, almost all sector representatives reject mandating initiatives because they do not conform with their understanding of voluntary CR.

2.3 National trade associations

Importance of national trade associations

Over the course of our research, it became clear that trade associations play an important role in promoting CR in their respective industry and are vital players in public-private cooperation. This was hinted at by several case studies and the interviews with CR experts in international organisations. To get a clearer picture, a poll with national trade associations in Europe regarding their views on CR was conducted. The results from this snap poll complement the overall picture of sector-specific CR that had been strongly determined by the views of CR experts (rather than industry experts).

Snap poll sample

The snap poll was conducted between 3 May and 12 June 2012. For each of the 27 EU and the 4 EFTA member states, the trade associations representing the five industries of this study were identified. Then, at least five associations in each country were invited via email to participate in the poll.⁴⁰ Overall, 183 associations were invited.

Snap poll questionnaire

By following a provided link, respondents filled out a short online questionnaire consisting of five items. After indicating their country, they were asked about the importance of CR in their industry, about the most relevant challenges and CR issues their industry confronted, and about their preferences regarding

Table 2.6: Participants by industry and country

	Sector				
	Chemicals	Construction	WRT	ICT	Financial services
Country	Belgium	Bulgaria	Estonia	Austria	Austria
	Bulgaria	Croatia	Germany	Denmark	Belgium
	Estonia	Czech Republic	Greece	Slovakia	Croatia
	Germany	Denmark	Luxembourg	Switzerland	Germany
	Greece	Romania	Netherlands		Hungary
	Poland	Spain	Portugal		Netherlands
	Switzerland	UK	Sweden		Norway
					Spain
					Sweden

⁴⁰ Whenever there was more than one trade association representing a particular industry, we invited all of them.

certain types of government support. All questions were partly standardised and consisted of predefined answers and a blank field for custom answers.

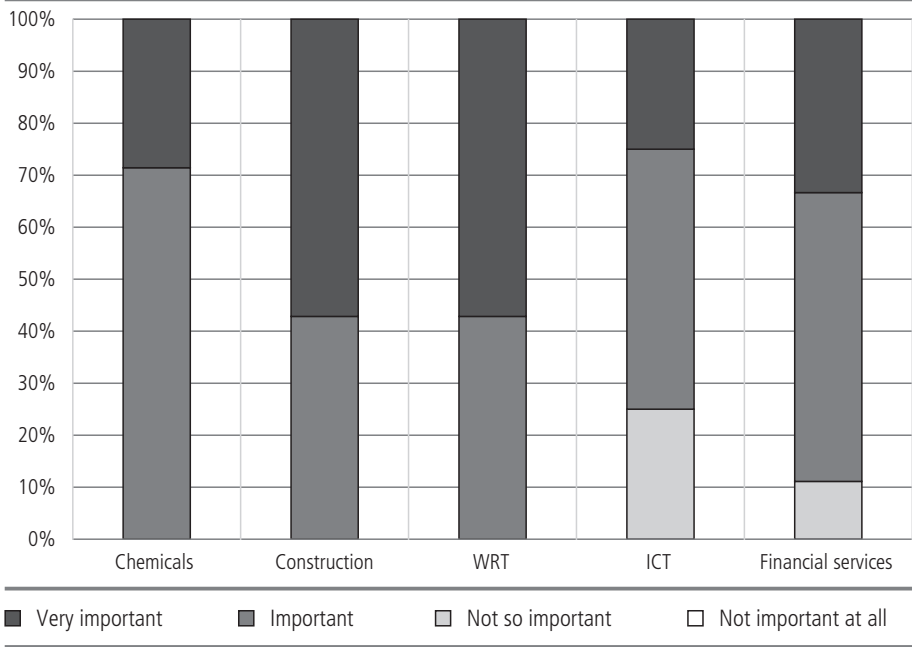
A total of 34 national trade associations participated in the snap poll, which represents a response rate of 18.6 per cent. While these answers are rather evenly spread across industries (except for ICT), the distribution across countries is skewed. France and Italy, two of the largest economies in the EU, are missing. In some industries, leading countries are not represented at all (e.g., with the financial services sectors in Switzerland and the UK). As a consequence, the following responses are not representative of national trade associations across the EU and EFTA but, rather, offer impressionistic evidence.

Country distribution

The industry experts were asked how important CR was in their sector (see Figure 2.4). In general, CR was largely seen as “very important” or “important” across all industries. Four out of seven representatives from the construction and WRT sectors deemed CR “very important”. Only two respondents in the sample stated that CR was “not so important” (financial services and ICT).

Relevance of CR

Figure 2.4: Relevance of CR by sector



The picture gets more diverse once global challenges are concerned (see Figure 2.5). Respondents could choose one or more of six given challenges appearing in a randomised order and name other challenges their industry faces. Most respondents viewed the financial and economic environment as a

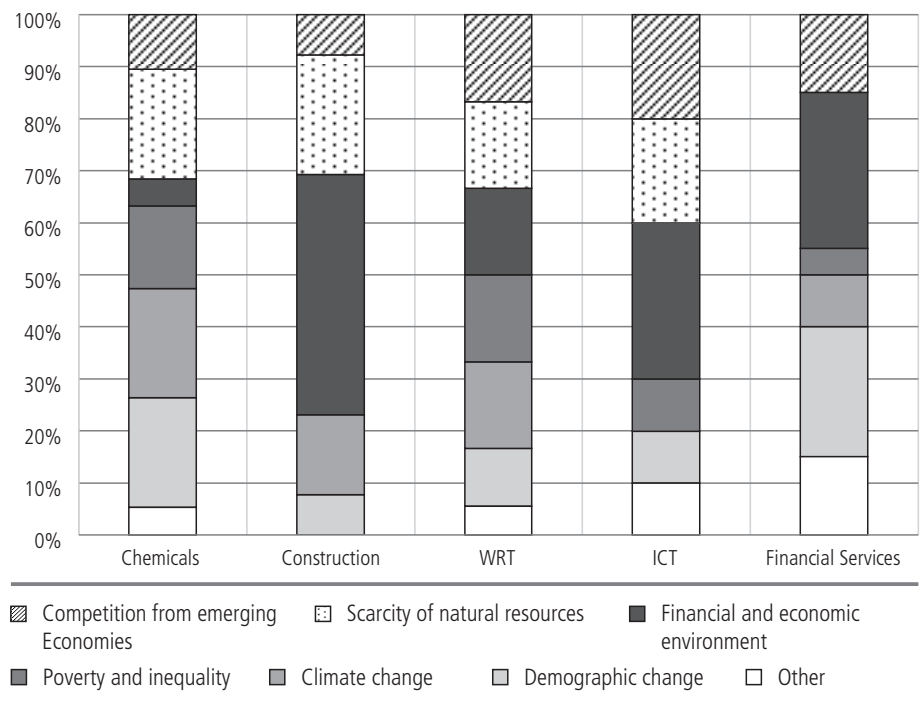
Global challenges

global challenge. This disproportionate share may well reflect the current economic turbulence.

Seen from a sectoral perspective, the relevance of global challenges differs significantly. In the chemicals sector, demographic change, climate change, scarcity of natural resources and poverty and inequality are the top challenges (each chosen by 4 out of 7 experts). By contrast, in addition to the economic environment, the construction representatives selected mainly the financial and economic environment (6 out of 7 respondents) and scarcity of resources (3 out of 7). The strong focus on the former could be explained by the sector's dependence on the economic cycle. In the WRT sector, the respondents considered climate change, poverty and inequality, financial and economic environment, scarcity of natural resources and competition from emerging markets equally important (each chosen by 3 out of 7 respondents). This even distribution could indicate the diverse nature of the sector, whose members deal with different products and consumers.

Representatives of the ICT sector also saw the economic and financial environment as a primary challenge (3 out of 4 respondents), followed by scarcity of natural resources and competition from emerging economies (each 2 out of 4). In financial services, demographic change and the economic situation were considered the most relevant challenges (with 5 and 6 out of 9 respondents, respectively), echoing the financial and public debt crisis.

Figure 2.5: Most relevant global challenges by industry (multiple selections possible)



Like global challenges, the relevance of CR issues depends on the industrial context (see Figure 2.6). The CR issues were modelled on the seven core subjects of ISO 26000 (see Section 2.1), and respondents were asked to choose the most relevant one(s) for their industry. In the chemicals sector, all respondents considered environment the top CR issue, followed by labour practices and corporate governance (each chosen by 4 out of 7). The unanimous agreement on the relevance of environment is typical of this industry and matched by no other sector in our study.

CR issues

In construction, there was no clear hierarchy of CR issues. Instead, the sector representatives deemed corporate governance, labour practices, environment and fair operating practices equally relevant (each chosen by 3 out of 7 respondents). The representatives of the WRT sector, by contrast, opted for labour practices (5 out of 7) and consumer issues (4 out of 7) as the most relevant CR topics, clearly mirroring the labour-intensive, consumer-oriented nature of the retail trade.

There was also a clear hierarchy of CR topics in the ICT sector, where representatives chose environment and community involvement (both chosen by 3 out of 4 respondents) and consumer issues (2 out of 4). Whereas environment can be explained in connection with aspects such as e-waste and energy-efficient computing, the perceived relevance of community involvement looks odd at first glance. One explanation might be the ICT sector's involvement in the modernisation of local administration and the access to information of local communities through ICT infrastructure and services.

Financial services representatives deemed corporate governance (7 out of 9), consumer issues (7 out of 9) and environment (5 out of 9) the most important CR issues. This can be attributed to the debate about the industry's behaviour before the financial crisis, including problems in their relationship with customers.⁴¹

All CR issues were distributed unevenly based on industry context. However, one of them received little attention overall. Human rights were only chosen by five out of 34 respondents, marking the lowest overall relevance, followed by community involvement (8 out of 34). As noted earlier, human rights still seem to be a new CR issue that has not yet fully arrived on industries' CR agenda (see Section 2.2).

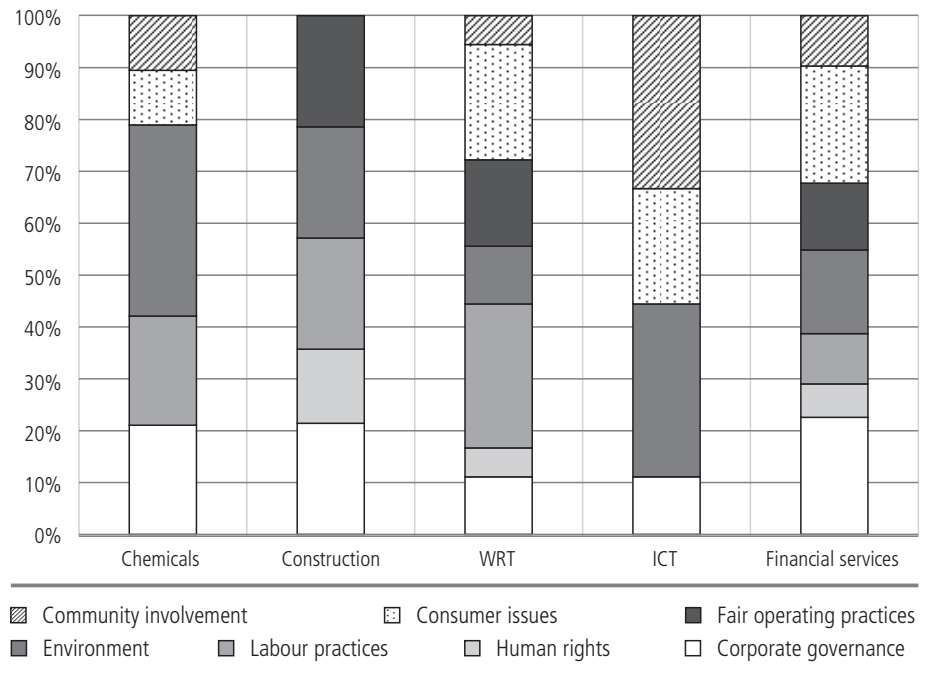
The last question of the snap poll was about the support that governments could offer businesses in order to mainstream CR in their industry (see Figure 2.7). Across all five industries, having governments provide financial support and serve as intermediaries or moderators were the least preferred forms of governmental backing.

Role of government

In the chemicals sector, respondents were in favour of better regulation (4 out of 7) and awareness-raising (3 out of 7). The reasons for this may be the

41 Compare the respective case studies in Poland (see Ch. 8.2) and the UK (see Ch. 11.2).

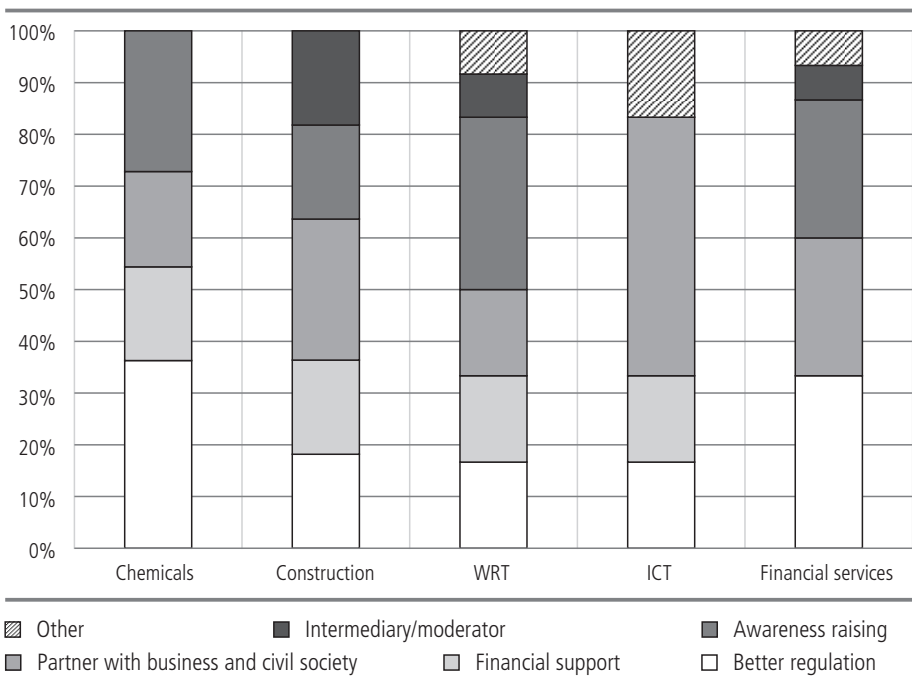
Figure 2.6: Most relevant CR issues by industry (multiple selections possible)



high degree of regulation regarding the storage and use of chemicals (especially by the EU's REACH regulation) and the industry's rather low reputation, which calls for raising more awareness of its existing CR credentials. In construction, partnering was the preferred form of governmental support (3 out of 7 respondents). Considering the various interests affected by new buildings and infrastructure projects, in particular, it seems reasonable to partner with different stakeholders. Partnering is also the preferred form of governmental support for the ICT representatives (3 out of 4), which conforms with the sector's preference for community involvement (see above).

The representatives of the WRT sector opted for awareness-raising (4 out of 7), which reaffirms the retail trade sector's focus on consumers and on initiatives such as labels and consumer education. In financial services, most respondents deemed better regulation a form of adequate governmental support (5 out of 9), followed by partnering and awareness-raising (each 4 out of 9). The industry is one of the most regulated and came under close scrutiny in the wake of the financial crisis. Both of these factors can explain the interest in better regulation, while increased awareness about the sector's responsibility and partnering with government and civil society could be seen as suitable means for restoring the trust that has been lost in recent years.

Figure 2.7: Preferred role of government by industry (multiple selections possible)



To conclude, the results of the snap poll reinforce observations made in the expert survey and the interviews. CR is relevant in all five industries, but challenges and issues differ considerably. This has an implication for collective action in specific industries. As the last question indicated, trade associations favour different forms of support that seem more likely to cater to their industry needs. For governments, these findings imply that it might make sense to adjust their CR policies to be sector-specific in order to increase their acceptance and efficacy.

Conclusion