

## European trade unions and CSR: common dilemmas, different responses

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## **Introduction**

This book has examined the relationship between corporate social responsibility (CSR) and trade unions across 11 European countries: Belgium, Finland, France, Germany, Hungary, Lithuania, Poland, Slovenia, Spain, Sweden and the United Kingdom. In this final chapter we offer a summary of the areas of distinctiveness within these countries as well as some conclusions addressing common themes that have emerged across many of them. Whilst national differences in attempts by unions to define and engage with CSR have been identified before, our book provides a more comprehensive coverage going beyond individual or small numbers of countries. Our aim has been to undertake a 'mapping exercise', profiling national differences through the lens of comparative institutionalism and sketching contemporary trade union perspectives and positions.

The chapter begins with two sections summarizing our key findings on the development of CSR across the 11 countries and trade union responses to it. By way of conclusion, it then draws attention to particular themes that emerged as significant during the course of the research. These include the relationship between CSR discourse and traditional trade union agendas, the contrasts between domestic and international dimensions of CSR, and the relationship between trade unions and non-governmental organizations (NGOs). Finally, the chapter suggests how trade union attitudes towards CSR across Europe can best be characterized, in broad terms, and offers some indication of how trade unions might usefully engage with this area in the future.

### **National variation in the development of CSR**

Our approach throughout the book has been to understand CSR in national context, to situate the development of CSR within specific economic and political regimes, and against the background of particular historical developments, rather than to follow the more popular conception of CSR as a generalist corporate blueprint for particular practices. We have considered within 11 different national settings how notions of CSR are generated, maintained and challenged.

In mapping these national patterns, we can see certain broad groupings emerging from our study. One of these might loosely be called the 'Nordic model', based on our findings from Finland and Sweden. In both these countries institutionalized patterns of interaction between employers and trade unions have been established over a long period, there is an acceptance of collective regulation, and trade unions have a strong legitimate status, with mandatory and codified rights. In recent years, CSR has become increasingly important for Finnish companies, and both companies and public authorities in Finland have promoted the application and communication of CSR in various forms, such as codes of conduct, standards, audits and reports. Deregulation of the national business system and increasing globalization are important reasons for this. Despite certain reservations, Finnish trade unions in general have a highly positive attitude towards CSR. This can be explained with reference to the national context. The unions view themselves as having a strong legitimate status in the Finnish institutional system, and they do not appear to be experiencing any marked sense of threat from CSR. Moreover, key features of the country's value system have been identified as pragmatism, high risk-aversion, co-operation, trust and honesty. These are considered to be important social resources, even if it is now acknowledged that Finns' values have become more individualistic and efficiency-oriented, and they can be seen as providing broad guiding principles for responsible business activities.

Sweden, like Finland, is commonly identified as a co-ordinated market economy (CME), with institutions reflecting higher levels of reliance on non-market co-ordination than those in more liberal market economies (LMEs). Whilst many of the prerequisites for the so-called 'Swedish model' have been challenged and eroded, Sweden remains one of the European countries with the lowest income differentials, the largest public sector, the highest labour-force participation rates and the strongest position for organized labour. Sweden has long been

marked by a clear division of roles between the state, employers and trade unions – with issues directly related to conditions of work being negotiated between the labour market actors, while social and economic policies have been the domain of the state. Consequently the ‘Swedish model’ did not encourage concepts such as CSR, and until the early 1990s Swedish companies outwardly appeared to be rather indifferent towards their social responsibilities. However, since the latter part of the 1990s the concept can now be considered an established phenomenon in Swedish business, promoted not so much by the traditional economic actors – the state, employers and trade unions – but more by business itself and by intergovernmental organizations, such as the United Nations and the European Commission.

Another country commonly depicted as a CME, or as an example of ‘continental European capitalism’ (CEC) (Amable 2003), is Belgium. As in the case of Finland and Sweden, these characterizations stress the importance of relatively stable political and social relations, and trade unions and employers’ associations remain powerful organizations. However, unlike Finland and Sweden, Belgium presents some particular features in relation to economic, linguistic, political and regional divides, which have led to successive reforms of the state structure since the early 1970s. Over this period Belgium has evolved from a unitary state into a federal state with distinct communities, regions and language areas. CSR in turn reflects this complexity, with initiatives organized at both national and regional levels. From 2000 to 2008, CSR was strongly promoted by the federal government and other stakeholders, with the number of CSR networks and initiatives increasing significantly and including a broad range of stakeholders such as business, government, trade unions and not-for-profit organizations. In 2006 the federal government adopted the Belgian CSR Reference Framework which was established through a multi-stakeholder consultation, a landmark document providing a common basis for all organizations in the country.

Germany is often described as the archetypal CME, with close relationships between companies, their suppliers and customers, internal decision-making structures and processes that are strongly consensus-based, and a longer-term orientation towards company finance. The industrial relations system is highly institutionalized, with legal codification of union rights, both at the company and industry levels. The principle of ‘social partnership’ within a corporatist structure provides a framework for collective bargaining. Consequently the importance of trade unions for Germany’s national business system remains strong. It is notable, however, that, compared with other European countries, Germany still appears to be relatively uncharted territory in terms of the concept of CSR. German firms do indicate certain types of engagement that can be described as CSR, but much of what is commonly considered as CSR is determined by civil society and enforced by the state. Given the German institutional and cultural context, the idea that firms themselves should develop their own standards of corporate responsibility has not become firmly established. This can be explained with reference to the argument that voluntary CSR practices will tend to be more common in liberal economies, where they act as a substitute for institutionalized forms of stakeholder participation, whereas in countries like Germany – where codified co-determination and strong employment rights already exist – one is likely to see less developed forms of voluntary CSR activity, and CSR will thus remain more ‘implicit’ than ‘explicit’ (Matten and Moon 2008).

Various authors have portrayed Spain as either approaching the CME model whilst lacking some of its formal elements, or alternatively as part of an intermediate category dubbed ‘Latin capitalism’, ‘mixed market economy’ or ‘state-influenced market economy’, in which the state is seen as a leading and influential actor (Rhodes and Apeldoorn 1998; Molina and Rhodes 2006; Schmidt 2009). Certainly the driving forces behind the implementation of CSR practices in Spain – which are still in their early stages – are national and regional governments, economic actors like large companies and, especially, the two largest trade union federations, UGT and CCOO. The agreements between governments, employers’ associations and unions that are central to the Latin or mixed capitalist model are the umbrella under which particular CSR initiatives are taken. The law encourages the voluntary implementation of CSR policies, and independently from government there are various other initiatives in which trade unions play an important role. Perhaps the most relevant is the CSR Research Centre, in which NGOs,

universities, CCOO and other experts collaborate to produce and exchange ideas to promote CSR initiatives. Spain's economy seems now to be moving towards the (weak) LME pole as a result of a number of deregulatory reforms that the conservative government has implemented since it took power in 2011. This transformation has affected the dynamics and the role of unions and employers' associations in the national business system, perhaps leading towards what has been termed 'disorganized decentralization' (Traxler 1995).

Like Spain, the main characteristic of the French national business system is commonly seen as the central role of the state. The state is a principal investor, a significant owner of key enterprises, and a major influence over the development of individual companies through strong business legislation. The French national business system has been represented as an example of the 'continental European model' (Amable 2003), or as occupying an intermediate position between the Anglo-American and the German models. Whatever the label, French unions are highly institutionalized and considered legitimate by the state and employer organizations. The state has a strong influence over the strategies and actions of French trade union representatives in the field of CSR. An example is the decision of the government to involve unions and other stakeholders in the national strategy on sustainable development. Being regularly consulted by the government on economic, social and environmental issues, the major French unions have been encouraged to develop their own proactive strategies towards CSR, even though major differences in approach remain between them. The most visible activity of the French public authorities in the field of CSR concerns the development of mandatory social and environmental reporting, which guarantees extensive information about corporate social and environmental strategies, practices and performance, hence again encouraging trade union activity in the field of CSR.

The UK occupies a particular place in typologies of national business models across Europe, and is often considered to be the principal European LME. There is no tradition of continental-style corporatism in the UK. Rather, the system is based on 'voluntarism' – that is, autonomous relationships between the parties, in which legislation plays a relatively minor role. The UK business system is generally identified with short-term finance, deregulated labour markets, generalist education and strong product market competition, rather than the long-term co-operative relations between firms and the active role of the state characteristic of CMEs. Issues concerning the responsibilities of business, especially towards employees as key stakeholders, have a long history and are central to trade union concerns, and yet have not necessarily received the same degree of attention within the discourse of CSR. Again this can be explained with reference to the way in which CSR has developed within a distinctive national institutional setting. The primacy given to shareholder value in the UK, coupled with the voluntarist system of industrial relations, have acted against the development of high-trust employment relationships and the co-ordinated regulation of the social obligations of business. As a result, CSR has evolved more as a response to deregulation and corporate scandals, driven by responsibly minded businesses and NGOs, rather than under pressure from trade unions. That said, since the 1990s the range of concerns addressed under the banner of CSR has widened considerably.

As well as covering northern and western Europe, our book has also encompassed a number of countries from eastern Europe. Certain commonalities are evident across these countries, alongside distinct national peculiarities, which are again explicable in terms of particular historical and institutional legacies. In Hungary, CSR is, on the one hand, frequently equated with the social welfare role of enterprises before the end of socialism, and, on the other hand, has been more commonly associated in recent years with inward foreign direct investment (FDI). Prior to 1989 enterprises in Hungary controlled a significant proportion of workers' lives, in terms of organizing housing, holidays and leisure activities, which defined the parameters of social responsibility quite differently from western European perspectives. The country is now a major recipient of FDI in the manufacturing sector, and was a regional first mover in offering attractive packages to encourage MNCs to make pioneering investments during the uncertain period following the fall of communism. Most of this FDI comes from CME economies – such as Austria, Germany, Luxemburg and the Netherlands – and there is thus an

opportunity to assess how far home country CSR practices are successfully transmitted to host country subsidiaries. In essence, our trade union respondents felt that the import of institutions from CME countries had not been a success, due to their mismatch with domestic economic circumstances, the minimal role for trade unions, and the underdevelopment of civil society more generally. This supports the argument that where host country institutions are weak, MNCs are able to introduce home country practices more selectively. CSR practices at enterprise level in Hungary are therefore largely driven by foreign definitions of the term which are not necessarily in line with long-established domestic understandings of 'social responsibility'.

In Lithuania trade unions are also relatively weak and CSR is, as in Hungary, associated almost entirely with foreign companies. Lithuania is often labelled as a liberal market economy (LME), based on its high degree of labour market flexibility, lack of collective bargaining, short-term investment, high job mobility and weak employee commitment. Overall the country is marked by a lack of both transparency in its business operations and integrity of its social institutions, which has led Lithuanian society to regard notions of social welfare and well-being as mere rhetoric and to trivialize violations of the public interest, all of which significantly undermines the development of CSR. Negative attitudes from employers and the wider society towards trade unions also persist from the Soviet past when they gained a reputation for ineffectiveness. Lack of recognition hinders unions from gaining wider support for their activities, and their engagement with CSR is therefore, not surprisingly, weak. Trade unions also lack understanding of CSR as a set of tools that they might engage with to help employers improve business performance, which in turn might strengthen their position in social dialogue. Accordingly, they tend to view foreign multinational companies, as well as the processes of social and environmental harmonization in the European Union, as the most likely drivers of change.

Slovenia is one of the relatively successful new European Union member states, and one of the few transition countries to join both the EU and the Eurozone with a fairly robust economy. The country has been characterized as a CME, which is rare among the post-communist transition countries. Slovenia also has a strong trade union movement, dating back to the Yugoslav model of company self-management, and high trade union density compared with other transition countries. There is relatively high employment protection, social dialogue with centralized wage bargaining, and long-term capital market and bank-based finance for companies. However, while workers' participation has been formalized to some extent, there is a lack of transparent corporate governance practices in Slovenian companies. Since 2007 the corporatist model of industrial relations has been significantly eroded in the face of widening social cleavages. This has resulted from a combination of the right-of-centre government policies in force until 2008, the global economic crisis, the pressures of Eurozone membership, the recent decline in union density, and corporate governance issues within Slovenian companies. The concept of CSR has entered into debate only recently. Despite the emphasis placed on CSR by EU institutions, trade unions in Slovenia are not a visible stakeholder in CSR. Whilst some positive initiatives have been emerging, at a national level these are relatively insignificant compared with other EU countries.

Finally, CSR is also a relatively new concept in public discourse in Poland. As in other eastern European countries, trade unions began to explore the field of CSR fully only after the country joined the EU in 2004 and, although they have advanced considerably in their engagement with the concept, they are still at the early stages of the process. Poland can be described as a case of 'embedded neoliberalism' (Bohle and Greskovits 2012), where a struggle between marketization and social protection takes place. The industrial relations system is pluralistic, with low density of union and employer organization, as well as moderate coverage of collective agreements. In the early phase of transformation CSR did not make a breakthrough into the mainstream of public discourse, but following EU accession attitudes began to change, and CSR became quite a fashionable concept, although this fashion rarely translated into action. In the latter part of the 2000s, a trend to integrate CSR into corporate strategies became visible, although the arrival of the global economic crisis has called further progress into question. In Poland the origin of capital is an important factor differentiating the approach of companies

towards CSR. Companies with foreign capital, especially multinationals, tend to display a higher level of CSR awareness than domestically owned firms. However, multinationals are also subject to criticism from trade unions, which note a reluctance on the part of international businesses to include employment and labour-related issues in their reporting activities.

Our starting point for mapping the nature and development of CSR within particular European countries has been to draw broadly upon the comparative institutionalist approach. In these terms we can see considerable diversity across the 11 countries represented in the book, with distinct differences emerging between so-called liberal and co-ordinated economies, and particular political and economic legacies impacting upon the understanding and implementation of CSR in post-socialist economies. However, whilst labels such as LME and CME are useful as ideal-typical constructs, they also mask considerable variety and nuance within national patterns, and the nature of CSR, as well as trade union approaches towards it, cannot simply be read off from the standard national system typologies. The status of the concept of CSR, and its degree of embeddedness in civil society, varies according to a range of factors: the strength of state intervention, the power of industrial relations actors, the level of foreign direct investment, the degree of engagement with European-level debates, and the extent of non-governmental initiatives. All these factors combine to fashion a particular role for trade unions in each country, and influence both their ability and their willingness to engage with CSR.

### **Trade union engagement with CSR**

Drawing upon a comparative institutionalist approach allows us to examine how the boundaries between business and society are constructed in different ways in different national settings. Seen through this theoretical lens, CSR comes to be considered not merely as the private concern of companies, but rather as a broader 'mode of governance' (Brammer *et al.* 2012) which reflects specific national institutional configurations. In many countries, trade unions play a significant role within this process of governance. Having sketched some of the key features of each of the 11 countries in the previous section, along with their implications for the role of trade unions in CSR, we now examine union perspectives and strategies in more detail. We consider what unions make of the rise of CSR, the extent to which they engage with corporate initiatives in this area, the degree to which they have developed their own explicit CSR policies, and their connections with national and European-level policy developments.

We began above with the Nordic model represented in our study by Finland and Sweden. In Finland our trade union respondents emphasized that unions should adopt a proactive stance of engagement with CSR, in addition to their traditional focus on collective bargaining, and reportedly did not feel unduly threatened by CSR. On the whole, attitudes towards CSR in the Finnish trade unions were the most positive in our sample, with CSR often regarded as a potential contributor to the development of working life and to dialogue between management and employees. Topics like wellbeing at work, continuing professional development, employee participation and flexible working were all typically considered relevant to CSR. Several interviewees agreed on the legitimacy of the European Commission's definition of CSR, and most Finnish trade unions adopt EU terminology in talking about CSR.

In Sweden our trade union respondents would, like their Finnish counterparts, explicitly use the term CSR when dealing with multinational businesses or acting at the intergovernmental level, and some of them recounted participation in EU, UN and OECD initiatives. The prevalence of CSR – which they generally regarded as a 'foreign concept' – depended, in their view, not on sector but on enterprise size and international orientation. However, there were a range of positions on CSR among the union federations, from LO (which actively engages with the concept) at one end of the spectrum, to SACO (which has not even discussed it) at the other. The degree of engagement reflects how far the unions perceive any overlap between CSR and traditional trade union concerns. In this regard, a number of respondents pointed to the voluntary nature of CSR compared with the 'binding' agreements which trade unions prefer. Consequently the Swedish trade unions seek to promote global

framework agreements (GFAs) with multinational companies rather than voluntary CSR tools such as codes of conduct and sustainability accounting.

This scepticism towards voluntary CSR was more pronounced among our Belgian trade union respondents, among whom we find a clear expression of distrust towards the concept, or rather towards the way it is perceived to be used by companies. International conventions, such as those adopted by the International Labour Organization (ILO), are seen as sufficient in terms of freedom of association, the right to collective bargaining and all other fundamental principles and rights at work. The added-value of CSR is consequently questioned. Indeed our respondents described CSR as a concept that had been defined solely by, and for, companies, and suggested that the name itself does not encourage workers to participate in the debate, but instead is rather exclusive. Moreover they felt that CSR too often remains at the level of rhetoric, providing a convenient way for companies to present themselves as 'responsible organizations', and serves as a 'marketing tool' with little substance and meaning. None of the Belgian trade unions we studied has, or has had, any formal internal structures to deal with CSR. The concept is discussed to some extent, but perhaps in a rather superficial way and only within the upper levels of the union hierarchy.

Trade unions in Germany also insist that CSR commitments should be laid down in binding agreements between companies and unions, in order to prevent companies from being allowed to define responsible behaviour for themselves. There is considerable scepticism towards the more management-centred approach to CSR, which unions see as mere 'window-dressing'. According to our respondents, many companies boast of their ability to ensure the quality of their products throughout their supply chains, and yet are unable to make binding statements concerning compliance with employee rights. Unions complain, in particular, that the verification of companies' compliance with voluntary agreements, or with social or environmental labels, is practically impossible. As a result, they too advocate GFAs, as binding and traceable agreements between companies and global union federations, individual unions or European works councils. They insist that only once international labour standards and the additional standards of the ILO have been fully observed and enforced can voluntary commitments by companies make an additional contribution. From a CSR perspective, trade unions are also just one stakeholder among many, which can conflict with their understanding of themselves as unique stakeholders *sui generis*, derived from the legal foundations of the German industrial relations system. In general, German trade unions have adopted a position that involves actively addressing CSR *issues* without necessarily explicitly relating them to the *concept* of CSR.

Our evidence suggests that trade unions in Spain adopt a broadly favourable stance towards CSR, at least in terms of perceiving it as an opportunity to render companies accountable for their sustainability claims. CSR is generally understood by the unions as a platform for demanding transparency from companies, especially with respect to managerial salaries and benefits. At the same time, Spanish unions acknowledge that CSR provides an opportunity for companies to improve their public image, and to promote a set of principles that may not necessarily lead to genuine improvements in their business practices. Evidence of a longer-standing trade union interest in CSR is revealed in the growing number of courses offered to train worker representatives in the principles of CSR and their introduction into collective bargaining. Several unions have set up research centres to help disseminate and monitor appropriate corporate policies. Trade unions' promotion of CSR initiatives is usually the result of three elements: the individual efforts of a certain affiliate or official, exposure to CSR practices in large companies, and/or participation in training schemes developed by unions.

All the major trade unions in France report involvement in the negotiation of agreements at company level related to sustainable development or CSR, whether these are transnational company agreements, national or site agreements. Apart from CGT-FO, all unions emphasize the importance of the legislation on mandatory reporting of companies' social and environmental impacts, and aim at its improvement. The *Environment Grenelle* process led the unions to develop a clear perspective regarding the way in which they perceive CSR and their

respective strategies inside and outside their organization. All the unions we studied have developed a communications policy and a discourse on CSR at the intersectoral level, mainly to allow their members to respond to potential requests for information from companies. However, French unions' engagement in disseminating the principles of sustainable development and CSR among their members differs according to their strategies. As the union that aims to be the most proactive in this field, CFDT has developed a large number of initiatives at both sectoral and regional level. The intersectoral level includes training sessions to help members understand the challenges and consider possible activity in the area of sustainable development and CSR.

In the UK there are also a number of trade unions reporting a fairly advanced level of engagement with CSR. The CSR debate has become more sophisticated in the recent past due to an increasing consensus over definitions of the issues based on documents like the UN *Guiding Principles on Business and Human Rights*. Central to the unions' understanding of CSR is the nature of stakeholder relationships. The TUC believes that the business community had earlier adopted a narrower approach, based largely on philanthropic activity, but that it has now accepted a broader understanding of CSR that includes workers and unions. The principal argument here is that companies should accept responsibility for the impact of their activities on workers, communities and the environment, particularly along their supply chains. Union engagement with CSR issues depends on a variety of contextual factors, such as sector, levels of labour intensity, the company's brand vulnerability and the union's membership profile. Pension funds should also be mentioned as a means by which some unions, like Prospect and Unite, engage with CSR. However, many unions in the UK still consider CSR to be used primarily as a shield to deflect criticism from company practices, and they are likely to remain sceptical unless good corporate practices across the range of CSR issues are open to formal trade union verification.

In Hungary CSR is still largely perceived as a concept imported from abroad. Where there is recognition of company-level social responsibility this tends to be in the continuation of popular socialist-era programmes, such as generous pension or health care schemes. As such, there is a developed sense among workers of what the 'social responsibilities' of firms should be, based on pre-1989 paternalistic company policies. Beyond this, the uptake of 'Western-style' CSR is hampered by a limited domestic discourse, weak unions, a sparse NGO presence, as well as a pre-established discourse in MNC subsidiaries. There was a general recognition among our respondents, although not an unchallenged one, that German companies paid more attention to worker involvement and took their social impact more seriously, but this was not necessarily linked to CSR. Regardless of how CSR is perceived, however, there is very little action taken by unions to engage with the concept. None of the Hungarian unions we studied has specific policies on CSR, and neither was CSR discussed as a topic nor used as a reference point internally, perhaps reflecting the lack of a domestic debate over the term more generally.

Our findings concerning Lithuanian trade unions' understanding of CSR, as well as their engagement with it, indicate that they tend to associate CSR either with personal duty and exemplary role-model behaviour towards people and the environment, or with a company's approach towards employee representation, the environment and sound accounting principles. The tendency of the Lithuanian unions to speak about CSR from a normative perspective is notable, and most definitions of the concept were infused with a morally-laden vocabulary denoting obligation. Few substantive actions have been taken from a CSR perspective by union representatives, and trade union policies with respect to the promotion of CSR still seem to be lacking. CSR remains a genuine challenge when bearing in mind the small size of companies that dominate the Lithuanian business system. With respect to the integration of CSR into their structures, none of the unions we studied had a CSR-related policy or a CSR officer.

CSR is a fairly recent phenomenon in Slovenia. The interviews with our trade union respondents revealed a familiarity with the basic idea of CSR, although usually there was no reference to the concept itself but rather to specific areas that come under the CSR umbrella. There seems to be no common definition of the term, and trade unions feel no special affinity with it. Overall, CSR as a concept was not seen as particularly effective and, as one interviewee

said, it is generally regarded as no more than ‘words on paper’, reflecting a high degree of scepticism towards corporate pronouncements in this area. Slovenian unions have no official documents or policies on CSR-related issues, apart from some basic materials prepared for member education purposes at seminars and conferences. That said, our respondents tended to see CSR as a very important issue for trade unions, and one that should be better understood by their members. A number of them agreed in principle with the ‘business case’ for CSR and equated this with the long-term success of organizations, which they saw as beneficial for all parties – owners, managers and employees.

In Poland, the concept of CSR is similarly not well known among rank-and-file trade union members, and union leaders – whose knowledge is more advanced – often treat CSR with caution, seeing it as a long-term threat rather than as an opportunity for organized labour. Considering the essentially adversarial nature of Polish industrial relations, this reluctance to embrace CSR is hardly surprising, as trade unions often suspect there is a hidden agenda on the part of employers engaging in CSR activities. Unions have consequently emphasized the importance of mechanisms that allow for the verification of CSR claims, such as CSR labels, mandatory information and auditing. For a number of our respondents, CSR is again seen as an essentially ‘foreign’ concept, which they tend to perceive as a non-affordable luxury, or even as mere capitalist propaganda. The approach of companies towards CSR is perceived as highly instrumental, with business interested in CSR only insofar as it provides a viable vehicle for public relations. None of the Polish unions we studied treats CSR as a strategic priority, as manifested by the lack of relevant CSR policies or documents. However, whilst the involvement of trade unions in CSR in Poland is moderate, the influx of EU funds which became accessible after EU-enlargement has boosted the interest of trade unions in CSR-related initiatives.

In terms of trade unions’ understanding of CSR, their degree of engagement with corporate initiatives in the area, and the importance they attach to the concept internally, our study suggests that many unions consider CSR as an imported or foreign concept, as more relevant for larger companies, and as characterized by a degree of informality and superficiality which severely weakens its impact. Consequently most unions will tend, not surprisingly, to direct their energies towards negotiating more formal agreements around CSR-related issues, rather than relying on the voluntary initiative of firms. We also found that CSR as a specific concept has in most cases not become integrated into the unions’ own policy development processes. There are variations across countries, with trade unions in some cases being more likely to have developed training courses around CSR issues or to have collaborated with NGOs, as well as government bodies, in the establishment of CSR campaigns and research initiatives. Overall, however, we find that where trade unions do engage more fully with the concept of CSR, their primary aim is to use it as a vehicle to promote their more established concerns, such as those relating to labour rights, employment protection and the quality of work.

## **Emerging themes**

So far in this concluding chapter we have sketched the nature of CSR in each country in our study and provided a broad outline of how trade unions have conceptualized and engaged with the concept. Whilst the book emphasizes national distinctiveness and stresses the need to frame understanding of these issues within specific historical and institutional trajectories, there have also been several common themes recurring throughout the country chapters.

### ***Trade union attitudes towards CSR – threat or opportunity?***

One of these themes might be described as the fundamental dichotomy at the heart of trade union attitudes towards CSR, wherein the discourse of CSR and its manifestation in corporate policy are seen at the same time as both a threat and an opportunity. The threat arises from the potential for the rhetoric of CSR to be appropriated by companies merely as a means to improve corporate image, with little substance in terms of practice, and indeed with the possibility of providing a smokescreen which cloaks damaging activities. The opportunity lies in the potential

that CSR commitments afford to trade unions for positive engagement with companies around issues which overlap and complement their more established concerns and priorities.

In every country we see our trade union respondents expressing some variant or mix of these two positions, with an emphasis towards one pole or the other depending upon their particular circumstances, political viewpoints and experiences. Even in those countries where trade unions are the most positive in terms of regarding CSR as largely in tune with their aims and objectives, there are nevertheless concerns expressed. In Finland, for example, many of our respondents suggested that CSR could be used as a cover for unacceptable practices, or as a means to undermine or bypass established channels of trade union representation and collective bargaining. Likewise in Sweden the emergence of the 'foreign concept' of CSR is perceived by many trade unionists as challenging the role of trade unions as the pre-eminent 'opposite number' to employers and the state. We found a particularly strong expression of scepticism and mistrust of CSR amongst our Belgian trade union respondents. They suggested that, despite the rhetoric of stakeholder engagement, in reality CSR may be having a negative impact on social dialogue, providing a legitimate bypass for companies to avoid engaging with trade unions. A respondent in Slovenia raised concerns over the consequences for workers' pay if companies devote increasing resources to caring for the environment. And in Germany the view was forcefully expressed that voluntary CSR agreements, whilst on the surface appearing to benefit workers, could at the same time undermine obligatory standards or encourage a movement towards deregulation. Our German respondents, like many others, stressed that companies should firstly implement international labour standards, such as those agreed by the ILO, and only then engage in voluntary CSR initiatives.

Whilst a degree of scepticism towards CSR was universal, we also found cases where trade union attitudes tended, in broad terms, towards the more positive end of the spectrum. In Spain, for example, a number of our respondents stressed that the CSR agenda gives unions scope to push for improvements in working conditions at plant level, and as such CSR may be less a means to undermine collective bargaining and more a complement to it. Some unions considered that CSR offered them an opportunity to expand their relevance in three ways: creating strategic alliances with other organizations (such as through CSR research centres); penetrating the difficult world of SMEs; and establishing co-operation with other, in particular international, labour organizations. In Slovenia too, our respondents tended to view CSR not as something that would undermine their activities, but rather as an important issue for trade unions that should be more broadly understood by their members, with the business case for CSR being generally accepted.

This more positive stance towards CSR is in some cases specific to particular trade unions, reflecting decisions on the part of senior officials to pursue the CSR agenda with greater purpose in an effort to align it more squarely with their wider aims. The role of such trade union 'champions' was referred to in several of our chapters, including Belgium, Slovenia, Spain and the UK. Two examples stand out. The first is that of Prospect in the UK. Here membership pressure led union representatives to actively engage with companies on CSR. Some energy companies, in which Prospect organizes, had been developing CSR policies without consultation with their employees, and the union became involved in response to member demands. The union then received funding from the UK government's Department for International Development (DFID) to develop a network of representatives to monitor supply chains and raise awareness of CSR issues. As a result CSR has opened up new policy and dialogue opportunities, and the union has developed specific training in CSR, covering areas like the Ethical Trading Initiative (ETI) and public procurement. This activity has since extended to stakeholder engagement training, covering international development and corporate accountability as well as environmental issues. The second example of a union CSR 'champion' comes from Belgium, and stands out as an exceptional case in that national context, as most Belgian trade unions expressed a high degree of cynicism and antipathy towards CSR. ACV-CSC Leuven is a case where the interest and drive of one particular official has led to the union paying considerable attention to the concept of CSR. According to this official, CSR challenges

trade unions to broaden their horizons and can help them to change their established models and develop their activities in imaginative ways.

In broad terms, the evidence provided by our respondents would suggest that most trade unions have a somewhat dichotomous attitude towards CSR, viewing it simultaneously as both a threat and an opportunity. The balance between the two depends upon various factors, such as the political stance of unions, the extent to which unions see any overlap between CSR and their traditional concerns, levels of trust between unions and companies, as well as the particular priorities and strategies of individual unions and union officers.

### ***Differences between the domestic and international context for CSR***

Whether CSR is considered a threat or an opportunity for trade unions is also partly linked to developments in the international sphere, and to perceptions in some countries of CSR as a 'foreign concept' that represents a challenge to domestic understandings of the proper role of business in society. A further common theme running through our country analyses has been the different challenges posed by CSR in the international as opposed to the domestic context. Respondents in every country referred to the contrast between a domestic understanding of the responsibilities of business that has evolved historically over a considerable period, juxtaposed with a more recently emerging international agenda – set both at the intergovernmental policy level and through the activities of inward-investing MNCs – which compels unions to adopt new positions and strategies.

Finnish unions, for example, whilst confident in their established position within their own country, do not feel they have the same institutional support in the international arena. In the domestic context, formal regulations and collective agreements, together with key Finnish social values such as trustworthiness, provided the framework for social responsibility in companies, whereas in the international context different standards and recommendations are encountered, and neither intergovernmental regulation nor common values in employee–employer relationships could be relied upon. Consequently Finnish unions are increasingly networking, negotiating and acting in co-operation with foreign unions, NGOs and multinational corporations.

A number of unions stressed that they place considerable emphasis on pushing international firms to negotiate formal GFAs, which are considered far preferable to the frequently more informal and voluntary nature of CSR initiatives. So in Sweden the officer with the CSR brief at LO, when asked if his union attempted to influence the design and implementation of MNC codes of conduct, replied that he focused instead on encouraging companies to sign GFAs, as these refer to ILO conventions and prescribe how a company should act in its home as well as in foreign countries. The sectoral union respondents in Sweden acknowledged that these agreements are often rather loosely formulated, but they are considered to be 'working documents' that the unions can progressively aim to 'tighten'. In the UK, trade unions' understanding of CSR also generally revolves more around international issues – such as ensuring corporate compliance with ILO conventions and other international regulations and campaigns on, for example, fair trade – rather than domestic issues. UK unions make extensive use of ILO regulations, OECD guidelines and the ETI Base Code, amongst other such frameworks, frequently working alongside NGOs and global union federations to campaign worldwide for decent labour standards.

Some of our respondents emphasized how the nature of CSR and the challenges it poses also vary according to company size, with large organizations tending to have the most developed CSR policies. In Slovenia, according to our interviewees, the widest differences in levels of CSR implementation are related to company size and overall business success, with larger and more successful companies more likely to take CSR-related issues seriously. In Lithuania, as in Hungary, CSR is a recent phenomenon that has so far gained most attention and engagement from large foreign companies which are more experienced players in global markets and possess greater resources to implement CSR strategies. The effect of company size is also evident in Spain, where only large international companies appear to have adopted CSR

tools, with SMEs tending to ignore them. In the case of MNCs, public opinion, concerns over corporate image and trade union presence may all play a role – independently from genuine conviction – in explaining deployment of CSR policies. In the case of SMEs, by contrast, a lack of trade union presence, the low cost of non-compliance with CSR principles, or simple ignorance of CSR policies has led to most SMEs remaining largely CSR-free. This of course represents a challenge for those unions who see benefits in CSR tools and would wish to encourage their adoption in smaller enterprises, especially as many of the economies in our study have high proportions of SMEs.

There is also a shared belief among our interviewees that MNCs have helped to spread awareness amongst union representatives of CSR practices that are already in operation at plant level in other countries. Additionally, involvement of trade unions in their European industry federations or global union federations has also contributed to greater awareness of CSR issues among union officials. Hence it seems that internationalization processes are fostering a degree of trade union learning through the dissemination of CSR practices from countries where the debates are more sophisticated. The development of international framework agreements initiated in the early 1990s by large French companies (such as Danone and Rhodia) has, for example, offered opportunities for unions to negotiate on CSR. From this point of view, certain companies and unions might be viewed as ‘institutional entrepreneurs’ (Greenwood and Suddaby 2006) that have contributed to a dynamic conducive to CSR. Many of these frameworks long predate current concerns over CSR, but CSR appears to open up a sphere of discourse that allows unions to pursue their own objectives under a new, more fashionable banner.

### ***Relations between trade unions and non-governmental organizations***

In considering how trade unions engage with the discourse of CSR at the international as well as the domestic level, we have encountered numerous instances where collaboration between unions and non-governmental organizations (NGOs) has occurred. Such collaboration is a further common theme that pervades most, but not all, of the previous country chapters. Whilst unions can clearly benefit from these relationships, co-operation with NGOs can also be problematic, and in a small number of countries it is effectively non-existent.

In Finland, our trade union respondents considered active co-operation with NGOs, both domestically and internationally, as crucial. Several NGOs or other movements and campaigns were mentioned, such as Finn-watch, Fair Trade and the Clean Clothes Campaign. Similarly in Sweden, Unionen was involved in a project called Fair Travel, a collaboration with the Church of Sweden and the Swedish Hotel and Restaurant Workers’ Union, aimed at evaluating codes of conduct of companies in the travel industry. In the UK trade unions also work alongside NGOs in various campaigns, such as the ETI, a joint initiative of businesses, trade unions, NGOs and the UK government’s Department for International Development to improve working conditions in international supply chains. In Spain, NGOs, universities, the union CCOO and other experts jointly set up a CSR research centre to exchange ideas, promote initiatives and monitor corporate practices. To some extent, collaboration with other stakeholders seems to have enabled certain trade unions to address one of their main concerns about CSR, centred around its voluntary nature, by pressing companies to make firmer commitments to responsible business practices.

Whilst the examples above were generally seen as positive initiatives on the part of unions, other examples were provided of tensions between unions and NGOs. For example, some of our German respondents detailed how NGOs tend to put pressure on companies by disseminating negative information about them, whereas unions do not wish to undermine corporate reputations, as doing so could endanger jobs, both in Germany and abroad. Similarly, in Slovenia, KNG cited the example of a potential conflict between the union and an NGO that arose from unsupported claims made by local environmentalists. In France we found evidence of trade unions developing a variety of positions towards NGOs. While CFDT, CGT and CFTC co-operate closely with NGOs, CFE-CGC and CGT-FO do not, and in fact criticize their growing role in relation to social regulation. CFE-CGC argues that NGOs tend to focus on protecting the

environment, whereas trade unions have a specific mandate to defend workers' interests, and these two are not always mutually compatible. The union insists, moreover, that NGOs lack legitimacy and representativeness. For CGT-FO, NGO leaders often represent only themselves, while unions communicate with their membership and have transparent processes for appointing leaders and developing strategies. These major differences explain, according to our CGT-FO respondents, why traditional bilateral social dialogue between employers and unions should not be widened to include NGOs.

Scepticism towards collaborating with NGOs was particularly evident in two cases. In Belgium, where mistrust of CSR was strongest among all the countries in the sample, unions said that they had received invitations to participate in stakeholder fora organized by the government, either at the regional or national level, or by multi-actor networks on CSR. However, they all admitted that they had not responded positively to the invitations as they saw no need to attend, and had very low expectations about the outcomes of the discussions. There was a similar situation in Lithuania, where our trade union interviewees also did not have much experience in co-operating with NGOs. Although they considered NGOs to be conducting important work, they regarded their activities as very different from that of trade unions, so union/NGO collaboration might divert attention from union/employer dialogue towards wider and more diluted forms of campaigning. Moreover, they saw the sheer number of NGOs as an obstacle to engaging in productive partnerships with them.

In summary, most trade unions we studied perceived relevant NGOs as partners. Several of our respondents commented on the potential for a symbiotic relationship between unions and NGOs, as NGOs are able to pursue agendas that the unions may find more difficult. An NGO may be able to condemn corporate practices in public, while a union, with its members' interests in the company at heart, will find itself more constrained but able to pursue a 'behind-the-scenes' approach. In this connection, unions stressed their ability, unlike NGOs, to secure direct access to corporate decision-makers. In some countries, such as Germany, our respondents expressed a particularly strong preference for the 'internal way', for management-union discussions of CSR projects. Differences also emerged in the type of campaigns and initiatives that unions and NGOs engage in. While NGOs were praised by our union respondents for their ability to monitor companies' activities abroad and to rally around environmental topics, the unions were more likely to engage in those initiatives – such as the ETI or the various Clean Clothes Campaigns – that are more closely aligned with their traditional interests in safeguarding employment rights and working conditions.

## **Final reflections**

This book has attempted to provide a snapshot of contemporary patterns of trade union engagement with CSR across Europe, and to contribute to a clearer picture of the varying ways in which CSR is both shaped by, and embedded within, wider institutional arrangements. We have utilized a broadly comparative institutionalist perspective to draw attention to the historical and political determinants of CSR within different countries, and to highlight how the concept is understood by key social agents. With this standpoint in mind, we have not interrogated the CSR policies of particular companies, nor attempted to judge the effectiveness of more general CSR frameworks and initiatives. Rather, our intention has been to provide an overview of current trade union thinking on CSR across a diverse range of countries, and to explore the kinds of challenges and opportunities which unions feel the concept poses to them and their members.

Our overall conclusion is that trade unions across Europe hold highly ambiguous attitudes towards CSR, in a combination of favouring CSR in principle but at the same time remaining sceptical about its implementation and effectiveness. In terms of their own policies in this area, our findings indicate that a majority of unions have not developed internal initiatives, do not have full-time officers with a specific CSR brief, and do not tend to present issues to their members in CSR terms. This ambiguity towards CSR may be explained by various factors: the concept is ill-defined in general, CSR principles may not be very strongly embedded in national

conceptions of the proper role of business in society, and – perhaps more than anything else – the way the term is used (and at times abused) within companies deters trade unions from active engagement with it. Together, these factors contribute to a broadly sceptical attitude towards CSR on the part of trade unions. CSR might be perceived as a fine concept in principle, but as too general and too vague in its application, and many of our trade union respondents do not see its relevance to the issues and problems that their members face in their day-to-day jobs. Rather, CSR is frequently perceived merely as a corporate marketing tool, more focused on the reputation of the company than on genuine improvements in working conditions or more responsible business practices. Moreover, unions report that CSR may threaten their role, challenging their power in social dialogue as well as their legitimacy with respect to other stakeholders.

However, despite a generally sceptical attitude and a lack of formal policy positions on CSR, our findings also reveal a considerable degree of trade union engagement with the concept. Unions responded positively to state initiatives in France and Spain to shape the national discourse on sustainable development. Elsewhere, several unions have used CSR to repackage well-established demands under a more fashionable heading in an attempt to gain leverage over companies. We have also reported evidence of a diverse range of considerable union initiatives around CSR in some countries, perhaps most notably in Finland, France, Lithuania, Spain and the UK. In terms of the European-level CSR agenda, and the greater scope for trade union engagement that comes from European funding opportunities, we observe a degree of pragmatism on the part of unions, in particular in Poland. Furthermore, many trade unions collaborate with NGOs across a wide range of joint campaigns and initiatives, albeit maintaining a degree of caution. Despite the broad picture of scepticism of CSR activities, most trade unions remain embedded within a web of various CSR-related initiatives involving a variety of stakeholders.

The debate on the responsibilities of business in a globalized economy has received renewed and urgent attention during the financial crisis. As the public demands greater corporate transparency, we would expect interest in CSR-related issues to increase. From a trade union perspective, the crisis has highlighted once more that unions cannot rely on the private voluntary activities of firms to realise responsible and sustainable business practices. Rather they will need to be pro-active across a number of fronts – engaged in efforts to promote transnational labour standards, working with MNCs in the development of international framework agreements, building effective coalitions with NGOs and other civil society organizations, and lobbying at the European level for improvements in the regulation of corporate governance.

In the light of their concerns over the voluntary nature of CSR, it is not surprising that we have found trade unions giving more attention to other means of pursuing their agendas. Most of our interviewees preferred to focus their efforts on negotiating more binding agreements, such as GFAs, and put CSR relatively low on their list of ways to improve working conditions. In countries such as Germany, where trade unions have established a strong position in the institutional framework, we find suspicion of CSR labels and standards to be particularly marked, accompanied by a clear emphasis on seeking more formal agreements with companies. A range of concepts have been advanced within the European labour movement in recent years which imply a broader and more substantial alternative to CSR. For example, Eurocadres (2006) has championed the idea of ‘responsible management’ and the ETUI has more recently advocated the ‘sustainable company’ (Vitols and Kluge 2011) as a potential way forward. The latter concept embraces a variety of features, such as employee representation at all levels of an organization including the board, controls over executive remuneration, employee share ownership and strengthened international framework agreements, as well as strong regulation in governing financial markets and environmental protection, amongst other issues.

We may question whether the concept of CSR is the most appropriate umbrella term for trade unions to frame their campaigns and demands around the social responsibilities of business. This is because CSR remains largely a management initiative, drawn up with management aims and objectives in mind. Much like other management fashions in the past –

such as productivity bargaining, the 'flexible firm' and 'employee empowerment' – unions are required to react to agendas that they did not themselves create. That is not to suggest that CSR lacks importance as a topic, on the contrary. The ambivalence in union attitudes reflects a genuine desire to strengthen corporate responsibilities, together with the equally genuine concern that management wants the answers on its own terms, to improve its public relations or to head off criticism that it relies, for example, on sweated labour. Whilst the concerns that underpin CSR remain critically important, as they focus on company relationships with their social environment and in particular with their range of stakeholders, our study suggests that trade unions might do well to find more robust alternatives around which to campaign – alternatives which, unlike 'corporate social responsibility', place their own priorities at the top of the agenda, more effectively combine an emphasis on strong regulation, collective self-regulation and civil society pressure, and chime more readily with wider calls for a more 'responsible capitalism'.

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