Chapter 2
Management: A Social Dimension

2.1 Management

There has long been a managerialist approach to business and organisations. It has been assumed that a common set of management tools and techniques can be applied regardless of the domain of application. Management has become a field in itself, with domain knowledge relegated to a subordinate role. On this basis, students aspire to careers in “management”, and assume that they do not need to gain initial experience and knowledge of practice. In the UK, agriculture and manufacturing have declined. The focus is now on services, and in particular on financial services.

What Does CSR Offer for Managers?

The book is not detached and theoretical, but engaged and practical, grounded in the workplace. It does not rival the newly published *Encyclopaedia of CSR* (4 volumes, Idowu et al. 2013), or the forthcoming *Dictionary of CSR* (Springer, in press). Rather it is complementary to those publications. The intention is to make the link with the workplace, thereby assisting a process of sustainable culture change. There is now a considerable literature around CSR and Corporate Responsibility, but this is often theoretical in focus, and hard to penetrate for practitioners. We could, for instance, highlight entries in the *Encyclopaedia* and *Dictionary*, and locate them in a context of use and debate. Here we draw on my entries, which set out a European position.

Life is becoming more complicated for practitioners. In a globalised economy, as illustrated in *Global Practices of CSR* (Idowu and Leal Filho 2009) it is no longer enough to address local requirements, with companies demonstrating a commitment to CSR by going beyond the legal minimum in terms of publicly disclosed activities. Those companies which export, or which engage in international

R. Ennals, *Responsible Management*, CSR, Sustainability, Ethics & Governance,
DOI 10.1007/978-3-642-55401-8_2,

collaborations, find that local certainties can be a poor guide to the wider world. Mobility of labour means that workers may have increasingly diverse experience and expectations. Different professional groups bring additional complexities, as illustrated in *Professionals' Perspectives of CSR* (Idowu and Leal Filho 2009).

Responsible Management is practical in focus. It requires a change in corporate strategy, so that it is not simply directed by short term financial considerations and token gestures. This was explored in *Innovative CSR: From Risk Management to Value Creation* (Louche et al. 2010) and *Theory and Practice of CSR* (Idowu and Louche 2011). In a chapter in "Theory and Practice of CSR", I argued that many accounts of CSR tend to omit consideration of the workforce, preferring to concentrate on the wider community or the environment. Truly Responsible Managers respond to their workforce, as well as to external stakeholders.

2.2 The Social Dimension in Europe

In *Encyclopaedia* entries, I have argued that the European Union has taken an approach to CSR which represents a useful corrective. The European Commission talks about responsibilities of employers to employees, and has developed the European Social Model: a system of Social Partners, Social Dialogue, Social Benchmarking and Soft Law. The European Workplace Innovation Network (EUWIN) can be seen in this context, exemplifying innovative practice.

In contrast to the Liberal Capitalist model of CSR, which leaves activities to the discretion of companies, we could regard the European Social Model as providing innovative foundations for a sustainable approach to business and society. The various components of the model are rarely discussed in the UK, which has been a member of the EU since 1973. We may begin to understand why the Conservative UK governments of Margaret Thatcher and John Major declined to sign the Social Chapter of the Maastricht Treaty.

Social Partnership

Social Partners are defined in the European Union as representatives of employees and of employers. They have a distinctive role in European employment and social policy. However, no two countries have the same histories, in terms of institutions or employment relations. Thus, common agreed policies are given different national interpretations. Trade union membership is recognised as a right by the International Labour Organisation, whose conventions are binding on all member countries, but lack enforcement (Ozaki 1999).

Employers in the European Union are required to demonstrate Corporate Social Responsibility, starting with their conduct of employment relations. This is part of the European Social Model and is supported by a structure of directives, which arise from the process of Social Dialogue in which the social partners play an active role. For example, the directive on information and consultation of employees sets out what is required when companies are planning major restructuring or downsizing. Member states are required to transpose these directives into national legislation. European Law takes precedence over earlier national legislation (Monks 2008).

Companies who operate within the European Union are subject to European law and directives. For example, this means that when their operations are above a certain size, they are required to establish and support European Works Councils, which represent Social Partnership at the workplace level. Patterns of organisation and representation vary between countries.

Social Partnership, as summarised above, offers an alternative conceptualisation of enterprises. Enterprises are no longer simply dominated by managers, working on behalf of shareholders. They involve partnership and dialogue, which is intended to reach consensus. However, this does not take a consistent form across the 28 member countries, or in the countries around the world where European companies operate.

In terms of European Employment and Social Policy, Corporate Social Responsibility is not a matter of corporate philanthropy or public relations (European Commission 2002). It is a legal obligation. European and Anglo-American discourses on Corporate Social Responsibility have very different meanings in practice. If we take a simple definition of Corporate Social Responsibility as voluntarily going beyond what is legally required in a given context, we find considerable diversity.

One response would be to ask to what extent European Law and directives are followed in practice. How realistic is it to talk of Social Partnerships in former Communist countries such as Romania, where there was previously an absence of independent organisations for employers and trade unions? The lack of institutional history has meant token observation of directives. Advisors or consultants from one EU country can find themselves facing very different challenges in other countries.

In the UK, there has been almost no public discussion of Social Partnership, so even in business schools it is rare to find a student who is familiar with Social Partnership and Social Dialogue. Discussion of Corporate Social Responsibility is thus often conducted without considering what it means in terms of European Employment and Social Policy (Idowu and Leal Filho 2009). Almost inevitably, it can be relegated to the category of “optional extra.”

There is not an automatic correspondence between Social Partnership and Corporate Social Responsibility. Indeed, many companies which pride themselves on Corporate Social Responsibility, such as Body Shop, have refused to recognise or work with trade unions. This represents a clash of approaches. The Anglo-American business model faces a challenge, which legally cannot be ignored. The right to join a trade union is guaranteed under ILO conventions. New member countries in the European Union may assume that they can change the direction of Employment and Social Policy, so that it reflects their own traditions.

Sweden took this view, joining in 1996, and holding the EU presidency in 2001. Sweden had a history of political stability and consensus, which brought together government, employers, and trade unions in tripartite arrangements. Trade unions had close links with the Social Democratic Party, and their members were often appointed to senior government positions. The trade unions had an important role in the administration of pensions and welfare benefits.

Norway is a member of the European Economic Area but not the EU, yet Norway complies with all EU directives, with minimal delay. They have had a similar history, and the Social Partners (or Labour Market Parties) have worked together with government in developing and implementing programmes of research and enterprise development. Employers and trade unions have agreed on suitable projects for collaborative development. France had a different history, often involving conflict, but with a tradition of active engagement of trade unions in issues of work organisation. When a Swedish director-general for Employment and Social Affairs was followed by a French successor, European policy, as it was implemented by the European Commission, changed (European Commission 2002).

In Southern Europe, it has typically been harder to see the key characteristics of active and effective trade unions, with a high level of participation, conducting industrial relations with employers. One distinction is between contrasting models of employment relations: boxing and dancing. The UK epitomises the adversarial tradition of "boxing", and conducts employment relations against a background of class difference. Sweden has had experience of "dancing," constructive partnership in the work-place, and processes of change. Perhaps most difficult for the international CSR community is the question asked in the EU: How can true CSR take place in companies which do not recognise trade unions? (Monks 2008).

Overall, union membership is falling in most countries around the world, changing the balance of Social Partnership. This has implications for the practical development of CSR, built on shifting sands. A further complication is that national economies and policy environments are no longer separate and distinct. Ownership can be international and remote. Outsourcing and restructuring have transformed many organisations. Where CSR had formerly been integral to the culture and linked to social partnership, it may now have been stripped away, as companies go back to basics, and avoid all but essential activities.

Globalisation can work both ways. It can strengthen the hand of management as against the workforce and their representatives. Alternatively it can provide an international platform for trade union activity, which may be in association with NGOs, and pursuing a CSR agenda. Is there a danger that employers may use engagement in voluntary CSR as a means of avoiding the obligations of Social Partnership? There is clearly a need for informed debate.

Social Dialogue

Social Dialogue is an integral part of European Employment and Social Policy. It requires representatives of employers and employees to be consulted, and engaged in dialogue processes, at all levels in member countries of the European Union and in European institutions. In practice, each of the 28 European Union member countries has a different history of employment relations, with varied institutional arrangements and diverse economies. Therefore, the same vocabulary of Social Dialogue will have very different meanings in use. It may be that the European Union has now developed several distinct models for the conduct of employment relations and social policy, with implications for Corporate Social Responsibility, both in practice and in academic discussions.

The shared commitments and institutional structures of the founding members are not necessarily shared by new members who joined in 2004, with different historical and economic backgrounds. Countries such as Lithuania experienced a rapid transition from the Soviet Union to the European Union. They lack some of the institutions which are required.

The European Union, from its foundation, has sought to embed a social dimension in arrangements for employment and economic policy. It is unlikely to be able to compete with the USA on technology, or with the Far East on wage costs. It regards the knowledge of the people as a key resource.

Detailed provisions are set out in the Social Chapter, and included in the Acquis Communautaire to which new member countries are obliged to subscribe. Their previous national institutional arrangements varied greatly. Formal agreement was required to secure entry to the European Union. Detailed implementation is monitored less closely. The European Union can legislate for its 28 member countries, but it is engaged in global markets, over which it does not have legislative control. Social Dialogue has led to improvements in working conditions, on a basis of consultation, dialogue, and agreement, including working time, parental leave, part-time working, teleworking, and stress at work. The resulting directives are then transposed into national legislation in each member state.

To what extent can the European Union determine employment arrangements and relations in member countries? To what extent are national policies a matter for national governments? There is no movement in favor of a single European superstate. Under subsidiarity, many decisions are a matter for national governments. As a consequence, the treatment of workers varies country by country.

Is it socially responsible for companies to seek to enhance their competitiveness by not complying with EU directives? Is it morally acceptable for company profits to be increased while protection for working conditions is reduced? The question is whether Corporate Social Responsibility is just a matter of the expression of fine words at the level of strategic management, or whether there are to be checks on implementation in practice at the level of business operations.

Under European Employment and Social Policy, including Social Dialogue and Social Partnership, CSR is defined as integral to the way that enterprises operate. It is not an optional extra, but a legal requirement for companies to follow. CSR should be integral to corporate strategy and organisational culture. This means going beyond established business practice.

The relevant laws and practices apply to all companies, whatever their ownership or location of headquarters, with regard to their operations in the 27 countries of the EU, who came together to create collaborative advantage, plus EEA countries. There is close correspondence with ILO conventions and OECD guidelines. There are cross-references to the Universal Declaration of Human Rights.

We are led to assume that companies based in the EU observe the same principles and practices in their operations around the world. Research suggests otherwise. There has often been a strategy of "CSR in one country," as opposed to "International CSR," echoing the debate between Stalin and Trotsky regarding the development of socialism. In other words, there is a gap between declarative law and practice. This is partly explained by a lack of enforcement. The same problem arises with ILO conventions and the Universal Declaration of Human Rights.

In Scandinavia, there has been a tendency to go further, building on shared traditions of social equity, collaboration, tripartism, and respect for work. We can talk of socially responsible innovation. There was strong Swedish influence in developing European Employment and Social Policy, including Collaborative Advantage, Social Partnership, Social Dialogue, and Soft Law. Swedes were interested in Social Convoy, and studied German ideas and experience. However, Scandinavia is a relatively small subcontinent, and again we cannot assume that all companies follow, for example, Aker in seeking to practice "International CSR." Scandinavian countries tend to embed CSR in their programmes for international development. Scandinavians have been interested in the UN Global Compact, which, at its foundation, built on the European experience of Collaborative Advantage, Social Partnership, Social Dialogue, Open Co-ordination, Social Benchmarking, and Soft Law. Implementation has been limited.

In a developing country, competing companies may work according to many different legal and moral frameworks: local, American, European, Japanese, Chinese, etc. There is a current debate as to whether globalisation will lead to a convergence of practices. Starbucks and McDonalds are not likely leading partners in the UN Global Compact, which is a global attempt to create collaborative advantage. One complication is that, although the UK has been a member of the EU since 1973, little attention has been paid to the attendant obligations and legal responsibilities of membership. Indeed, UK employers tend to demand the right to pursue Competitive Advantage by disregarding EU regulations, which they dismiss as red tape. They profess not to understand "European English" and tend not to recognise the legitimacy of EU institutions. They debate whether the UK should join the EU, rather than recognising 40 years of membership. Thus, little collaborative advantage has been created. The British rarely attend European meetings, which only diminishes their influence on decisions. They are typically horrified by suggestions of "Social Convoy" and ignorant of "Social Partnership" and "Social Dialogue", in which they have not participated. Instead, their natural reference point has been the USA, and their memories have been of the British Empire.

Of course, we should not assume that citizens and employers from the other 27 EU member countries have a consistent position. Indeed, when it comes to key elements such as Social Partnership and Social Dialogue, institutional arrangements and traditions vary greatly.

The idea behind Open Co-ordination, Social Benchmarking, and Soft Law is that the heads of government of member states seek to create Collaborative Advantage by setting an agreed policy direction (Open Co-ordination), encouraging participants in member states to learn from examples of good practice (Social Benchmarking), and bringing about improvement in standards, through a collaborative process rather than legislation (Soft Law). The approach has been piloted in European Employment and Social Policy.

The practice of member states is intended to move toward convergence, without ever quite arriving. In Germany, for example, there is interest in Social Convoy, where employers have responsibilities for maintaining the employability of former employees. In practical terms, many employers in other EU countries distance themselves from such approaches. We are not going to arrive at a unified picture, nor should this be our objective. Cross-references may take readers to entries with apparently familiar words, but derived from a different culture. We will encounter or uncover disputes. Their resolution will require dialogue, not just textual analysis.

Given the increase in membership of the EU, is it realistic to seek to maintain consistent arrangements for Social Dialogue? Is the process viable, when a number of the EU member countries lack well-developed institutional structures for the Social Partners?

On the other hand, does Social Dialogue offer a practical way forward for a European Union whose membership is intended to continue to grow, but where there is little intention of developing a federal superstate, with a greater proportion of common legislation? Can Social Dialogue be seen as underpinning the UN Global Compact? European Employment and Social Policy provided a template for international arrangements.

This European model contrasts with Liberal Capitalist approaches as typically seen in the USA and UK, where there is a reluctance to include employment relations within discussions of CSR. This has prompted many companies to talk in terms of “Corporate Responsibility”, rather than CSR.

We could note that in Scandinavia there is a shared model of business and society in which work is respected, social equity is pursued, consensus and tripartism have been the norm, and democracy is seen as having a role in the workplace as well as in elections every 5 years.

In the UK we are not truly “European”, in that businesses and business schools have failed to grasp the obligations and implications of EU membership. We are not “Scandinavian”, although we can recognise some common ancestry for some of our research and practice. We are not “American”, although many businesses look to the USA for examples of good practice. We operate “offshore”, as an island economy which is no longer that of a great global power. We manufacture little. Financial engineering and a service economy dominate. Difficult questions are avoided, or deferred.

Collaborative Advantage

We need to offer a simple re-description of business. “Collaborative Advantage” is here defined to provide a foundation or counterbalance to “Competitive Advantage,” which has dominated business discourse and business education for many decades. This may mean adding a fresh perspective and looking at units of analysis beyond the individual enterprise.

It is not simply a matter of setting out a simple alternative to a conventional model of capitalism, in which “Competitive Advantage” has been emphasised. We will see the meaning of the term “Collaborative Advantage” in its use. Thus, Collaborative Advantage has many meanings around the world, rooted in diverse cultures. Companies and organisations are composed of individuals, who have come together, in a particular context, in order to create Collaborative Advantage. Building Social Capital is closely linked to developing structures which can generate financial capital. Typically, individuals do not operate in business by themselves. They work with others, toward common objectives. They build legal structures, such as limited liability companies, which provide them with legal protection. This means observing common conventions and ways of working, the rules of the particular chosen game. Ownership is pooled. Companies are often described as being “culturally situated.” They are configured in particular ways to fit the local context. This may give them Collaborative Advantage, by comparison with external rivals who lack such connections.

Business is not solitary and free standing, but has an inherent social dimension. Organisations come into contact in practical market situations, where knowledge is exchanged, accompanied by economic transactions. New arrangements may be agreed, for mutual benefit, for Collaborative Advantage. This may have the effect of reshaping the market. It is expected that those who collaborate will treat each other with social responsibility, recognising their relationships and reciprocal obligations. Social Capital is built up over time, through successive experiences of trust.

Business is concerned with developing sustainable enterprises. This means addressing the wider context, including relations with other economic actors. Partners today may be competitors tomorrow. Indeed, this may be planned, for example, in managed programmes of pre-competitive collaborative research.

Collaborative Advantage can be seen at several levels: within organisations, between organisations, and at a wider economic and social level, including regional, national, and international levels. It draws on insights and literatures from several social sciences. At each level, success depends on building collaborative relations.

Individuals and companies benefit from developing collaboration with appropriate partners, creating Collaborative Advantage. Collaborative Advantage involves partnerships, alliances, networks, coalitions, and clusters. It helps to explain how particular configurations arise: they are the results of sequences of decisions, rather than naturally occurring phenomena. They may be related to local institutions and traditions. Such relationships need to be seen as socially responsible, if they are to be sustainable. This is not a separate or additional dimension, but a reflexive characteristic of the relationships.

Conduct at the level of the single organisation will inevitably be interpreted and understood in the wider context. Creating Collaborative Advantage constitutes a form of corporate citizenship, engaging with others. It is recognised that there is a public sphere in which organisations are considered. Creating Collaborative Advantage may build new structures which take on roles which had previously been left to voluntary activities in the field of corporate social responsibility.

While businesses, business educators, and governments have emphasised the importance of securing Competitive Advantage, less emphasis has been given to the context of collaboration and Collaborative Advantage. Where entrepreneurs and managers do not know how to demonstrate social responsibility in their collaborative activities, their organisations will be disadvantaged in the longer term, together with others with whom they work. Anti-social irresponsibility is common.

The perspective of Corporate Social Responsibility is important in developing sustainability. It is integral to Collaborative Advantage and not a separate optional add-on category. Individuals and companies can be judged by the company they keep.

We illustrate the historical background for Collaborative Advantage through cases from around the world.

John Bellers, the seventeenth century English Quaker economist, argued that societies need the contributions of all of their members. He proposed new education and training related to useful work. The twentieth century company named after him offered employment and accommodation for the unemployed and homeless, paying wages and receiving rent, giving individuals dignity by enabling them to work together. John Bellers Ltd was a co-ownership company, part of a movement which includes the John Lewis Partnership, where employees are also partners or co-owners. Employment relations are based on partnership, rather than adversarial conflict.

Adam Smith, the Scottish Enlightenment philosopher, laid the foundations for Collaborative Advantage in “A Theory of Moral Sentiments” in 1759, before addressing core principles for capitalism in “The Wealth of Nations” in 1776. Collaboration provided the context for competition, within an Enlightenment framework of moral responsibility. Smith noted some adverse consequences of the division of labour and recommended that attention should be given to working conditions, the life of the worker outside work, and public facilities. He warned of the danger of managers acting as if they were owners rather than senior employees, acting against the interests of workers and the public.

Mohamed Yunus, Nobel Peace Laureate, founded Grameen Bank in Bangladesh. Taking his inspiration from traditional local markets, Yunus developed a system of “microcredit,” based on community collateral. Loans are repaid, and support can then be given to others. The level of repayments is higher than in conventional banking, resulting in more effective use of available funds. Each loan serves to test and strengthen local collaboration and results in an increased capacity to compete.

Kaoru Ishikawa founded Quality Circles in the Japanese automobile industry, with the intention of empowering workers whose skills were central to the success of the company. Workers came together to take co-ownership of the process of continuous improvement. Japanese automobile companies derived Collaborative Advantage from this relationship with their workforce, and the resulting reputation for quality products gave them Competitive Advantage in global markets.

Quality was a bottom-up process. A sales outlet for the Japanese automobile firm Isuzu in Thailand sought to increase the loyalty and engagement of their employees, by supporting their education and training, raising their level of knowledge, and thus improving the quality of service that they could offer to customers.

Jagdish Gandhi, an entrepreneurial school manager in India, visited Japan in 1992, was impressed by Quality Circles, and founded the Student Quality Circle movement at City Montessori School in Lucknow, India. Through the World Council for Total Quality and Excellence in Education, he supported the formation of national chapters in 25 countries. The network offers Collaborative Advantage to participating researchers and teachers and enables school students to develop skills which give them local Competitive Advantage.

In the town of Abbottabad, in the foothills of the Himalayas in the North West Frontier region of Pakistan, a new network is developing, seeking Collaborative Advantage. Schools have been piloting the use of Student Quality Circles and observing the rapid improvement in student confidence and language skills. Employers have attended presentations and recognised that such skills could play a valuable part in developing their businesses, which have been held back by problems of literacy and numeracy. Schools who are normally competitors have decided to collaborate, building a new system which offers their students Competitive Advantage.

In the Emilia Romagna region of Italy, a population of 3m gave rise to 300,000 SMEs, in sectors such as food, fashion, textiles, and automobiles. Supported by infrastructure provided by a communist regional government, industrial districts were collaborative environments; high-quality products were produced by networks and partnerships, supported by advice from intermediaries. The culture of the region was distinctive; neighbouring Tuscany and Veneto provided very different environments for business, with less emphasis on collective provision and more on individual entrepreneurialism.

In South Western Norway, companies around the Oddafjord came together to work in networks, with a common foundation of quality education. Through engaging in regular dialogue, they identified unexpected synergies between their activities. The toxic output of one factory process could be a valuable input for another factory, at the other side of the fjord. The networks were supported by projects addressing regional development, part of a national programme of enterprise development.

Across Europe, partner organisations concerned with work organisation and innovation are able to come together and collaborate on projects supported by the

European Commission. Exchanging experience on workplace innovation, they are working together to produce a handbook for social partners and policy makers, helping readers to produce new hybrid organisations of their own. The core challenge is to address such a diverse audience. In each country, the roles of the government, public, and private sectors are differently divided, leaving distinct areas for corporate social responsibility at company level.

In Mauritius, there is a long established Quality Circles movement, and the Mauritius National Productivity and Competitiveness Centre sees collaborative approaches in schools as offering enhancement of national Competitive Advantage. Schools are encouraged to organise Civic Action Teams, which are in essence Students' Quality Circles, addressing a range of problems within a wider social agenda. Despite the remote location in the Indian Ocean, there have been major developments in the Knowledge Economy and Business Process Outsourcing in Mauritius. Civic Action Teams, based on collaboration, can be seen as underpinning plans for national Competitive Advantage.

The Wola Nani charity and trading company in South Africa brought together women living with HIV/AIDS. A range of medical and social services are offered, and an income generation division is making products for sale. Papier mache bowls with distinctive design and decoration are made for export. Expert consultancy advice is sought from the Faculty of Art, Design and Architecture at Kingston University in the UK, to develop new designs and to improve production methods. With improved medical care, including the availability of antiretroviral medication, the women now live for many years after diagnosis, and they can both develop craft skills and take an active role in decision making.

In Kingston, UK, we explored forming the first Senior Quality Circle. Knowledge workers at the university, nearing the end of their working lives, came coming together to reflect on their experience, skill, and tacit knowledge. At a time of budget cuts and restructuring in higher education, workers need to take co-ownership of their knowledge and consider alternative approaches to work organisation. Senior managers who are new to the university may lack previous experience of the culture which they have joined. The contribution of particular individuals may only come to be appreciated after they have left: the Senior Quality Circle could enable contact to be maintained.

Success in business involves a twin track approach. Individuals and companies seek Competitive Advantage, but this is situated in a context of collaborative relationships.

Competitive and Collaborative Advantage are linked, each providing a backdrop for the other. Advantage is not secured simply by following textbook guidelines. It is a matter of exercising judgment in practice, built up incrementally through experience. It is based on trust, used to create social capital. As this develops, understanding is required and is tested through actions.

Experience of the credit crunch and global economic crisis has been that there were key deficiencies in understanding how systems work, including financial market systems and interconnections between organisations. Economic recovery depends on acting on recent lessons, such as with Enron, Lehman Brothers, and Goldman Sachs.

It is not sufficient to analyse business and economic activity in terms of individual firms and national government policies. We also need to consider the meso or intermediate level, which involves relations between firms and other organisations. There may be matchmakers who facilitate and catalyse collaboration. Emphasising Collaborative Advantage, in the context of Corporate Social Responsibility, means that qualitative approaches are likely to be needed, rather than traditional quantitative approaches. Successful collaboration requires relational understanding and the discovery of common languages which enable shared meanings. We will also encounter areas of misunderstanding and disagreement.

There is a case for revisiting business strategy, marketing, human resource management, accounting and finance, informatics, and operations management: both in practice and in how they are taught. Wherever there is mention of Competitive Advantage, we need to explore the underlying collaborative dimension. This has been the source of the common language which we use in business, which now appears unbalanced. Globalisation means that different markets are no longer completely separate. Collaboration has multiple dimensions. It is not adequate to concentrate only on local markets and relationships. However, international and cross-cultural collaboration can be complex, as there can be areas of misunderstanding. New collaborations and business configurations are needed. If they are to be sustainable, they will need to be seen as corporately socially responsible. They may take the form of new legal entities. Both business and business education face the need for radical reform. They have been based on partial knowledge and power imbalance. They have been more likely to promote the status quo than to encourage change.

Soft Law

Soft Law is a means, a dynamic process, of facilitating change in a particular direction. The focus is on the process of advancement. Soft Law can involve the creation of new de facto standards by consensus methods. Soft Law enables societies and economies to develop beyond the capability of conventional legislation and can be used as a precursor to legislation. CSR is a reflection of awareness that the conduct of organisations could be different and better. The recent series of collections of papers (Idowu and Leal Filho 2009; Idowu and Louche 2011) highlight the diversity of those differences and the absence of a common direction.

Taking the experience of the EU employment and social strategy, the process of Soft Law involves Open Co-ordination and Social Benchmarking (Zeitlin and Pochet 2005; Bruun and Bercusson 2001a). It is conducted within a context of EU regulation and national legislation. It is influenced by Social Partnership and Social Dialogue. Soft Law provides a direction of travel, rather than a set of "standards," whose status can be ambiguous. Unless they are monitored and inspected, they may mean little beyond aspirations.

In the UK, for example, cuts in funding for the Health and Safety Executive cast doubt on the credibility of officially announced standards in health and safety. One problem has been that UK law does not fully reflect the EU Framework Directive 89/391, as in the UK employers are free to disregard requirements for financial reasons, rather than, as in Ireland, taking account of best practice (Walters 2002). On that basis, EU Soft Law has had limited impact in the UK. This assumes an established context of collaboration, within which there can be Open Co-ordination of new developments or building of consensus by use of a particular instrument. Effective standards require consent if they are to be implemented, ideally accompanied by some degree of monitoring and inspection. The parallel with international law is partial, but instructive national laws tend to be enforced, while international law may be based on unenforced declarations. Soft Law seeks to find routes to de facto adoption, within a shared discourse (Bruun and Bercusson 2001a).

This is not simply a European phenomenon. It does presuppose a context, or arena, where there are encounters between groups and a shared willingness to collaborate. It is applicable to many cases where diverse cultures and traditions come together. In other regional groupings, such as SADC (in Southern Africa) and ECOWAS (in West Africa), we may see the development of analogous processes, which go beyond the national laws of member countries.

The Corporate Social Responsibility movement could itself be regarded as a set of examples of informal Soft Law, in that there is a growing collection of good practice cases against which interested companies are invited to benchmark themselves, in varied contexts. The intention of participating companies and managers is that effective standards are improved, but without the use of regulation. Companies, and in particular managers, have been targeted with arguments in favor of CSR, which are often based on enlightened self-interest.

McKinsey have distinguished between approaches to CSR which are cosmetic and driven by marketing and public relations, and those which reflect strategic CSR. The UN Millennium Development Goals awards ceremony was intended to motivate companies to participate, as partners and as sponsors, by invoking the model of the Oscars. It failed.

One problem with using only enlightened self-interest arguments in favour of CSR is that the interpretations of CSR are many and various, around the world and across the professions, defying easy management. Idowu and Leal Filho (2009) and Idowu and Louche (2011) highlight the extent to which CSR is culturally and professionally situated. In the EU, the starting point for CSR involves the obligations of employers to employees. This is located in a context of Social Partnership and Social Dialogue. Companies who wish not to recognise trade unions may prefer to talk of Corporate Responsibility, as they are worried about the "social" dimension. If they wish to operate in the EU, they will need to address the requirements of EU directives. In EU terms, it can be hard to talk of a company which does not recognise trade unions, such as The Body Shop, as engaged in CSR.

Open Co-ordination may require there to be an accepted facilitator, who can motivate separate but related development processes against a background of agreed policy or within an environment of common interest. This will be more difficult in an adversarial context. The role might be played by researchers, academics, or NGOs.

Action Researchers, as opposed to "inaction researchers," recognise their engagement in the problem being studied. In Latin America and Scandinavia, for example, Action Research is linked to an agenda of emancipation. See the *International Journal of Action Research.* This can provide a framework within which Soft Law can develop.

EU Employment and Social Policy provides an example of Soft Law. Heads of governments since 1997 have agreed on policy objectives and have then sought to develop instruments by which programmes could be developed and implemented, without immediately relying on regulation or compulsion. Taking account of the diversity of member countries, there has been reluctance to impose a single best way. The European model of Employment and Social Policy is intended to be based on a European perspective on Corporate Social Responsibility, which starts with the obligations of the employer to the employee. This strategy can be compromised by the contrast between perceptions of CSR in the EU and in international discussions based on voluntarism rather than regulation.

At the level of the United Nations, the Global Compact was intended to play a similar role, linking private sector companies and NGOs to the work of UN agencies in delivering the Millennium Development Goals. To date, companies have been slow to see the benefits of creating Collaborative Advantage by working together.

There are consistent areas of discussion around CSR and Soft Law. Lack of Consensus on Soft Law Initiatives, consent, participation, or a certain expectation of conformity is assumed in Soft Law programmes. This means that a careful balance must be struck in terms of competing interests, or a voluntary programme will break down. For example, the credibility of European Employment and Social Policy is in doubt when countries such as the UK feel entitled to opt out of arrangements which do not suit them. The Working Time Directive sets out a framework which is accepted in 27 out of 28 EU member countries.

It is hard to transpose European directives into national legislation, as the process takes time and requires attention to detail. For example, the EU Discrimination Directive of 2000 (Bruun and Bercusson 2001b) brings together legislation and institutional frameworks covering each of the previously separate forms of discrimination, based on gender, race, disability, sexual orientation, and age. In the UK, the new legislation and the new institutional arrangements have taken a decade to implement and take on significant meaning. The UK has felt free to disregard EU directives, labeling them "red tape". This removes the scaffolding on which EU Soft Law is built. During the many years of delay in addressing the EU discrimination directive, the UK played a limited role in the related Soft Law process.

Soft law is seen as one way of reducing the gap between leading-edge good practice and a long tail of activities in other organisations. Open Co-ordination

(Zeitlin and Pochet 2005) sets the terms for the set of national plans of action, on which European Commission officials comment. Reference is made to examples of good practice, from which companies can learn, in what is termed Social Benchmarking. Within the context of the EU, this encourages greater mutual knowledge and understanding among member countries, their governments, and their companies.

In the EU, one feature of Soft Law and Social Dialogue is that the option of regulation and legislation remains available if consensus routes do not succeed. Enforcement should not be necessary if consent is real. However, where the resolve of governments or other participants varies, there is a need for credible mechanisms for enforcement to be available, if the venture is not to fall into disrepute. This poses challenges for those who are proposing initiatives to be followed by companies, which tend to resist legislation and regulation. After all, it is argued, there should be the minimum of restrictions on the operations of companies, if they are to achieve Competitive Advantage.

The debate on regulation and voluntarism has been affected by the recent credit crunch and global economic crisis. It had been argued, by managers and politicians across much of the political spectrum, that the financial services required only "light touch regulation" or "self-regulation." The extent of the damage caused by the failure of financial markets and institutions has forced a reassessment of the situation. One complication resides in what Nobel economics laureate Joseph Stiglitz termed "information economics." Business has often been discussed as if all participants in a deal make their decisions based on full information and with equal access to particular information. This is typically not the case. There is power imbalance, and key information may be withheld.

The problem is made worse by complexity. Many of the instruments used in financial transactions, such as securitisation and derivatives, are complex and can be used to hide uncomfortable truths. Is it socially responsible to make decisions, affecting others, in a context that one does not understand? Is it acceptable to gloss over such complications and assert that all is going well?

Soft Law is set against a background of possible resort to hard law. Soft Law may reach the parts of a problem which hard law cannot reach, and vice versa.

Some key questions for the future in this area are:

- What happens to those who opt out from institutional arrangements which depend on Soft Law?
- Can free riders be accepted, benefiting from the actions of others without themselves complying?

These are broad questions for any democracy. Soft Law makes requirements of civil society and makes assumptions regarding compliance with decisions reached by consensus. In a society marked by division and power distance (Marmot 2004; Wilkinson and Pickett 2010), solutions may be required.

One of the problems of Soft Law initiatives is in relation to noncompliance with voluntary standards. Questions have been raised regarding the UK's noncompliance with several EU Soft Law initiatives. There are limits to which individuals can be allowed to remain in a club when they habitually disregard the rules. If consensus fails, harder measures may be required. We may decide that these questions are not new. Corporate Social Responsibility raises age-old political issues regarding fairness and participation. We might argue that it is a sign of the influence of pioneering CSR initiatives that we are now discussing sustainable processes of continuous improvement.

Social Convoy

The phrase "social convoy" is German in origin, recent and localised, but expressive. Social Convoy involves maintaining the employability of former employees through periods of economic change. It places obligations on ermployers. Social Convoy is a distinctively German concept, which has developed and described in the context of European Employment and Social Policy.

Accounts of Corporate Social Responsibility in the EU start with employers and their responsibilities to employees. This approach also has roots in the study of social networks and their implications for older people, including older workers. While occupational transitions increase, employees experience insecurity with regard to their individual employment situations, much more than employers. It could be seen as paternalist and in conflict with the short-term working of market forces. It presents an alternative which is worthy of consideration more than in the past. The formal guarantee of a job for life no longer exists. It is argued that society will have to respond to these changes, and research has to redirect its focus.

The new challenge is to adapt to the changing labour market, and maintain employability. The responsibility for the establishment of this new concept or characteristic cannot only be placed on the individual employees; nor should the consequences of company restructuring merely be borne by society in general. The companies themselves, which dismiss employees or ask for greater flexibility, should be considered responsible to a greater extent than in the past. Social Convoy regards employers as having enduring responsibilities for their former workforces, after restructuring and downsizing. It is their responsibility to maintain employability. At the same time, individuals should cease to be merely receivers of help and benefits, but should become active partners in the process of reorientation.

The normalisation of occupational transitions formed the start for the scientific evaluation of the European research project "Social Convoy and Sustainable Employability: Innovative Strategies for Outplacement/Replacement Counselling" (SOCOSE) co-ordinated by Thomas Kieselbach at the University of Bremen. The results of this project were based on interdisciplinary research. In five countries (Belgium, Germany, Italy, Spain, and The Netherlands), psychologists and social scientists analysed the Social Convoy, in the course of dismissal until successful re-integration into the labour market.

Two associated partners further contributed from the fields of labour law and business ethics. The main outcome of the project is a concept which can be used for outlining outplacement/replacement intervention strategies for employees affected by job insecurity within a wide variety of different settings and in different countries. These include globalisation, enterprise restructuring, occupational transition, employability, and Social Convoy.

In Germany, there has traditionally been a distinctive emphasis on the importance of skilled work, with particular reference to manufacturing industry. Companies have retained responsibility for workplace aspects of training, as part of the dual system of vocational qualifications. Social Convoy is linked to German approaches to skill, apprenticeship, and vocational training. Companies are actively engaged. Senior managers have often themselves started with technical qualifications, acquiring education in business and management later. Based on the assumption that future economic recovery and development will depend on the availability and deployment of appropriate skilled labour, it is argued that employers have a responsibility to maintain the employability of former employees. Social Convoy combines and extends responsibilities arising from German industrial culture and European employment and social policy. Decisions may be made to close factories, for reasons based on short-term economic problems. This has been a particular issue in the automobile industry, which has faced global competition. In many cases, single factories have dominated employment and economic activity for whole communities. The culture has been based on large employers, rather than SMEs and networks, but large enterprises can provide leadership and focus, as with RESON, a network of companies and support organisations in the automobile industry in Saxony, tackling a set of environmental projects.

The reunification of Germany could be regarded as Social Convoy on the grand scale. East Germans had formerly been part of the same country. Their economy had collapsed, for reasons beyond the control of individuals and their employers. It was regarded by Germans as a moral obligation to bring East Germans back into the new Germany, equipped to operate sustainable businesses. This was a lengthy and expensive process.

Social Convoy derives from a history of large enterprises, engaged largely in manufacturing. For economies with a large proportion of manufacturing employment, decisions by major employers have major significance for whole communities, whose future survival and viability may depend on a single factory. Impacts go far beyond large enterprises, affecting small- and medium-sized enterprises. Factories are linked to supply chains, with complex networks and social relationships. Closure can be seen as profoundly antisocial and irresponsible.

There have often been expectations of stable long-term employment, which have enabled workers to stay based in the same towns, with children expecting to follow their parents into the same patterns of employment. Such expectations are now being dashed. The result is uncertainty and instability. Economic cycles have meant that we have recently become accustomed to market fluctuations, with impacts on employment. There is a role for employers in cushioning employees from the worst effect of downturns. It has been assumed that although there may be periods when factories are mothballed, or change to part-time working and reduced production, a return to full production and full employment can be anticipated.

With globalisation, company ownership can change, and expectations of employees and employers may not be aligned. Globalisation has increased competitive pressures so that both cost and quality are under scrutiny. It is not inevitable that overseas challenges will be defeated.

Workers at the Cadbury factory in Keynsham, near Bristol, have had prolonged uncertainty. When Kraft completed the purchase of Cadbury, they promised to keep the factory open. They have since announced that Cadbury had moved key equipment to a new factory in Eastern Europe, and that the Keynsham factory would close. A Social Convoy approach would mean investing in maintaining the employability of the workforce. No such commitment has been given.

Tata (from India) bought Corus, including the former British Steel. Recession and the decline in demand have led to the mothballing of the Redcar plant, with large-scale redundancies. This would be a case for the application of Social Convoy, and would probably involve major government subsidy.

In Norway, the town of Raufoss was affected by the closure of the ammunition company at the end of the Cold War. There was a concerted programme, with government schemes and engagement by education and training organisations, as well as regional government. This enabled radical restructuring, and retraining, so that there could be conversion to sustainable civil production.

In the UK, at the end of the Cold War, the British Aerospace factory in Kingston faced closure, after decades of making military aircraft. Despite exploration of plans for civil production, or for hybrid use of the site, all buildings were demolished, making way for luxury housing. This also meant the end of apprentice training activity which had prepared engineers for the region. Some workers transferred to other factories. Many were made redundant.

Social Convoy represents a voluntarist and distinctively German contribution to a complex international problem. Long-term German employees of major manufacturing companies may have come to expect an ongoing relationship with employers. This might not mean a job for life, but there has been an expectation of continued contacts through periods of unemployment, during low phases of the economic cycle.

Is there a case for protectionism? How is competition to be addressed? Is it realistic to have protection locally, while claiming to work in a competitive market? How can globalisation be resisted? Can it be used as a stimulus for local innovation? Can individual regions or countries stand out against international trends? In each case, the operation of market forces is being restricted. In recent years, it has been argued that protection could be extended through legislation. To what extent can legislation protect employment? Is it rather a matter of developing good practice cases, and enabling processes of learning? Is it socially responsible to pretend that jobs can be protected? How can there be shared understanding of the practical realities of economic change? Are expectations different in successive generations?

Are European directives on information and consultation sufficiently strong? Have they been observed during the recent financial crisis? Are they robust enough to influence management decisions? What are the practical mechanisms for enforcement? What are the political dangers of seeking more consistent enforcement? If the same European directives are enforced differently in the member countries, what is the impact on the rights of workers, and thus on Corporate Social Responsibility? What is the role of governments, at different levels? In general, the greater the role of governments, the smaller should be the reliance on voluntary initiatives. Is it easier for governments to take a minimalist approach, leaving a major role to be played by Corporate Social Responsibility? Does that involve making simplistic assumptions regarding the good nature of employers? To what extent do employers take responsibility for training of their employees? What role is played by government?

Histories and traditions vary. In the UK, for example, there had been a system of industrial training boards, financed by a levy on companies, until the system was abolished by Margaret Thatcher, removing the traditional system of apprenticeships. Instead, a national system of vocational qualifications was introduced. Employers have felt free to criticise standards, rather than increasing their own involvement.

What are the implications for employers and trade unions? To what extent do they collaborate internationally? We are accustomed to employers collaborating internationally. How do we respond when trade unions follow that example? The key distinction is between adversarial industrial relations ("boxing") and a partnership approach ("dancing"). In each case, different gaps are left to be filled by companies, for reasons of commercial profit and social responsibility. Thus, definitions of what constitutes Corporate Social Responsibility vary greatly, and will continue to do so.

Can Social Convoy approaches be sustained through long-term economic difficulties? How can this be possible? Does it involve market distortions? Are other employers prepared to share the burden? Is Social Convoy culturally situated? Does it assume a framework of social partnership and social dialogue, as in the European Union?

What are other examples? In Sweden, the trade unions have a leading role in the handling of benefits for their members, thus extending the membership relationship beyond redundancy or retirement. Clearly, arrangements change over time. In Sweden, the employers have become less inclined to collaborate with trade unions, relegating the "Swedish Model" to the museum.

Could there be international legislation to cover such approaches? How could it be enforced, beyond expressions of good intentions and examples of good practice? What are the problems with leaving responsibility with individual company initiatives? Can Social Convoy be regarded as setting a direction for new initiatives with older workers, "seniors," whose status can change rapidly as they move in and out of the workforce? Can we envisage a form of social contract to cover relations between the generations? Does such an approach offer possible future directions for developing countries? It is tempting to try to secure the commitment of employers, without having to go through decades of preparation of the economic, social, and legal environment.

Global Compact

The United Nations, working in partnership with UN specialist agencies, NGOs, and business, is seeking to develop an ongoing collaborative relationship, addressing priority needs. The UN Global Compact covers such arrangements as they involve companies and other partners.

The United Nations Global Compact is a key implementation mechanism, linked to the United Nations Millennium Development Goals. It was introduced in a set of initiatives in 2000–2001, including the ILO Global Agenda for Employment. Private companies are encouraged to work with NGOs and United Nations specialist agencies, providing the economic locomotive to drive forward the Millennium Development Goals. The MDGs have been agreed by governments worldwide, as basic minimum preconditions of international sustainable development. The key is to develop alliances for employment: global, regional, and national alliances. They contribute to a fight against unemployment and a fight against poverty, in which employment is made the centerpiece for global development strategies. As with the European Union from 1997, this means a focus on "more and better jobs." The new labour market needs both a policy for human resource development, and a social floor in the form of labour standards and social protection, both a policy to promote good practice and a policy to prevent worst practice.

The UN Global Compact was envisaged as the means of delivery. It was to involve UN agencies, regional organisations, social partners, national governments, and business.

The United Nations adopted the Millennium Development Goals as part of the Millennium Declaration of 18 September 2000, the MDGs underpin development efforts worldwide, and are to be achieved by 2015:

Goal 1: Eradicate Extreme Poverty and Hunger

- Reduce by half the proportion of people living on less than a dollar a day
- Reduce by half the proportion of people who suffer from hunger

Goal 2: Achieve Universal Primary Education

- Ensure that all boys and girls complete a full course of primary education

Goal 3: Promote Gender Equality and Empower Women

- Eliminate gender disparity in primary and secondary education preferably by 2005 and at all levels by 2015

Goal 4: Reduce Child Mortality

- Reduce by two thirds the mortality rate of children under five

Goal 5: Improve Maternal Health

- Reduce by three quarters the maternal mortality rate

Goal 6: Combat HIV/AIDS, Malaria, and Other Diseases

- Halt and begin to reverse the spread of AIDS/HIV
- Halt and begin to reverse the incidence of malaria and other major diseases

Goal 7: Ensure Environmental Sustainability

- Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources
- Reduce by half the proportion of people without sustainable access to safe drinking water
- Achieve significant improvement in the lives of at least 100 million slum dwellers by 2010

Goal 8: Develop a Global Partnership for Development

- Develop further an open trading and financial system that is rule-based, predictable, and nondiscriminatory, including commitment to good governance, development, and poverty reduction—nationally and internationally
- Address the least developed countries' special needs. This includes tariff and quota free access for their exports, enhanced debt relief for heavily indebted poor countries, cancellation of official bilateral debt, and more generous official development assistance for countries committed to poverty reduction
- Address the special needs of land-locked and small island developing states
- Deal comprehensively with developing countries' debt problems through national and international measures to make debt sustainable in the long term
- In co-operation with the developing countries, develop decent and productive work for youth
- In co-operation with pharmaceutical companies, provide access to affordable essential drugs in the developing countries
- In co-operation with the private sector, make available the benefits of new technologies—especially information and communications technologies

Who is responsible for ensuring that the goals are delivered by 2015? The Millennium Declaration states (Art 5): "We believe that the central challenge we face today is to ensure that globalisation becomes a positive force for all the world's people."

Corporations tend to seek to reduce their exposure to taxation, thus reducing the capacity of national governments to harness resources for new initiatives. Leading corporations are declaring their corporate responsibility, and their concern for sustainability, as part of their marketing and communications strategies. Are they now prepared to step up to the plate and lead? Rhetoric is cheap. Commitment carries a cost. The depth of commitment may be measured when companies face difficult times. Truly innovative companies will seek collaborative advantage by engaging as partners.

The global economic crisis has resulted in the MDGs falling behind schedule and companies being slow to join the UN Global Compact. There is a need for a re-launch, informed by insights into both corporate strategies and the needs of the world's poor. The United Nations and its specialist agencies have lacked momentum and international credibility, partly due to the failure of leading countries to adhere to international law and abide by decisions of the United Nations.

How can we move beyond optional philanthropy? It is not enough to rely on goodwill and charity handouts. Research by McKinsey for EABIS has indicated that corporate philanthropy is not enough: it tends to be cut during hard times. CSR is only effectively sustained by companies when it is integral to business strategy and organisational culture. How can this be achieved?

The UN Global Compact was launched by Allan Larsson, former EU Director-General for Employment and Social Affairs, at the ILO Global Employment Forum in Geneva in 2001. The Global Compact built on the model of European Employment and Social Policy, and the call for "partnership for a new organisation of work" which had been issued in a 1997 Green Paper, influenced strongly by Scandinavian ideas. That approach had soon been rejected by the European Commission, partly because it took insufficient account of globalisation and the roles of multinational corporations.

Nobel Economics Laureate Joseph Stiglitz, former chief economist at the World Bank and adviser to President Clinton, spoke at the 2001 ILO Global Employment Forum, with an account which links a CSR agenda to that of the UN Global Compact. He concentrated on the human nature of labour. Individuals decide how hard they work and with what care. Their behavior is affected by their environment. They are profoundly affected by asymmetries of information, damaging bargaining powers, and distorting the working of the employment market. We now recognise that markets are not self-adjusting and efficient. Problems are worsened by the unequal distribution of wealth. Labour market flexibility tends to be at the expense of the worker. Stiglitz sets out a key role for the international community, counteracting credit rationing by the banks. He offered a focus of decent work, with full employment and better working conditions. Development involves transformation of society. Equitable, sustainable, and democratic development, promoting societal well-being and social justice, requires basic labour rights, including freedom of association and collective bargaining.

There is an historic opportunity to take forward corporate social responsibility at the global level. I is easy to publish rhetoric. The need is to translate ideas into practice. That means building critical mass. The initial challenge is to make a compelling business case. How can the survival of the planet, and the well-being of the poorest, be made into a commercial proposition? The answer is to regard CSR as providing backbone to a company which seeks to operate globally. No company can work alone. The UN Global Compact should be a place where kindred spirits are found and able to do business. CSR can offer a common focus, but it is not enough in itself. The Compact needs to meet the needs for Collaborative Advantage, adding value to the Development Awards, with a recent event in New York City organised in the tradition of the Oscars. The efforts failed. Instead, we need an approach to CSR which is integral to organisational culture and is taken forward through a new global process of open co-ordination.

Such a transformation will not be accomplished top-down with a single initiative to be "rolled out." Companies will come together to create Collaborative Advantage when they see it as in their interest to do so. This will necessarily be an incremental process, based on bilateral building of trust. Partnerships can be assembled into alliances, networks, and coalitions. Trust takes time to mature, enhanced by shared experience. All of these arguments apply at local, regional, and national levels. The UN Global Compact involves relations at international or global level, also crossing borders of countries and sectors.

There are private sector examples from which we can learn, such as Enterprise for Health, bringing together leading companies from different industry sectors across Europe, with a shared concern for workplace health. Participating companies gain from their involvement. The UN Global Compact should represent an outcome of globalisation, as traditional geographical barriers can be overcome. It should be a practical expression of world citizenship. It requires participants to accept the challenge of being a market force.

Social Benchmarking

Individuals and organisations are accustomed to conducting benchmarking exercises against comparable others in their fields, in order to gain an impression of their relative performance. The exercise helps in developing an appreciation of prospects for future collaboration or competition. It provides the basis for building partnerships, alliances and coalitions.

Within the European Union, Social Benchmarking has developed as a mechanism for taking forward improvements in line with agreed overall policy. Where a policy direction has been set by the European Council or the European Commission, there can be a process of open co-ordination (Zeitlin and Pochet 2005). Organisations in member states are asked to report against agreed criteria, on a regular basis. When the reports are submitted, the Commission provides commentary on the particular case, against the background of other cases. In addition, they provide suggestions of good practice cases within the EU, and recommend visits and contacts. This is intended to lead to learning from good practice, and an overall improvement in performance. This represents an example of "soft law" (Bruun and Bercusson 2001b). As the European Union continues to expand, it can become more difficult to secure agreement on new legislation.

For Social Benchmarking to function as an effective component of Soft Law, prompted by Open Co-ordination, there needs to be a situation whereby individual firms are not fully autonomous. The business model needs to take account of wider contexts, at several levels: local, regional, national and international. The issue is further complicated by globalisation, as companies may feel that they have loyalties and responsibilities beyond the local (Kaletsky 2010).

Thus, approaches to Corporate Responsibility and Corporate Social Responsibility may be transformed through Social Benchmarking.

Social Capital

Capitalism is not simply a matter of financial capital, although this can dominate attention due to the power of numbers, and pressure for evidence of short term financial performance. In particular, increased attention has been given to social capital (Putnam et al. 1994).

In a globalised economy, we might expect competition in financial terms to dominate, with success going to those with the lowest costs. However, it is clear that there are other dimensions which must be considered. There can be a "high road" to productivity and innovation, based on knowledge, as an alternative to a "low road", based on cost reduction.

No man is an island. In a given situation, individuals have access to Social Capital, resources which result from their interactions in the wider community beyond the workplace. An educated well-qualified population can enhance the effectiveness of companies.

This insight has been vital for work on regional development, and the design of appropriate policy. Successful regions such as the Italian region of Emilia-Romagna have been studied, with the objective of reproducing key features elsewhere (Ekman et al. 2011). However, attempts to copy the success story across other European regions have proved unsuccessful, unless the new regions have been able to identify their own distinctive niche characteristics. There has been a similar problem with efforts to replicate the economic success of Silicon Valley in California, which depends significantly on relationships with strong local universities.

Social Capital is more than skin deep. In the Knowledge Economy and Knowledge Society, individuals come together in communities, and in communities of practice. This crosses boundaries between work and social activity (Johnsen and Ennals 2012).

2.3 Corporate Social Responsibility

This account of Corporate Social Responsibility is based on European Treaties and Directives. It presents a model of CSR which is intended to be central to the working of business and society in Europe. It is not an optional extra, depending on voluntary good will by employers.

In this book we compare the European Union approach to CSR, based on the European Social Model, with the prevailing approach taken in Liberal Capitalist countries such as the USA and UK. In this chapter we have identified the key concepts behind the European Social Model, with a basis of Corporate Social Responsibility. The concepts and institutional structures have been developed in "European English", and represent the agreed position of the European Union. The UK has been a member since 1973.

Perhaps the problem lies in the different legal traditions. In the UK, an action is deemed to be legal unless it can be shown to be illegal in a court of law. There is an understanding of voluntary arrangements, but there have often been arrived at by companies and managers in order to resist the introduction of formal legal sanctions.

As the UK have consistently failed to engage in EU political processes, politicians have been able to argue that decisions about the future of the UK are being made in Brussels. There is rarely any discussion of Open Co-ordination, Social Benchmarking and Soft Law, whereby progress can be made by consent and collaboration.

It should be accepted that, whether or not one endorses the principles and instruments of the European Social Model, they do provide a coherent and consistent foundation for an approach to business and society which, at the core, emphasises Corporate Social Responsibility. CSR is not an optional extra in the EU.

Given that so many managers, students, and indeed politicians, profess ignorance about the EU, and the distinctive approach to CSR on which it is based, there are fundamental questions to be considered. In a country which is proud of a tradition of respect for the rule of law, how is it possible to disregard European Law, which by treaty takes priority over national law? Is ignorance an acceptable basis for a defence against charges of denying rights to workers?

It is not that Corporate Social Responsibility cannot provide a sound basis for business and society, but that this is often resisted by those in power, including employers and politicians. This book seeks to show that Responsible Management, including practical implementations of principles from European CSR, delivers results for business and society.

http://www.springer.com/978-3-642-55400-1

Responsible Management
Corporate Responsibility and Working Life
Ennals, R.
2014, IX, 161 p., Hardcover
ISBN: 978-3-642-55400-1