

Corporate social responsibility and trade unions: Perspectives across Europe

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Overview of the presentation

1. Overview of the project, headline findings

Chris Rees

2. Detailed discussion of individual countries, based on the literature on varieties of capitalism

Michael Gold

3. Discussion of two common themes, union-NGO interaction and distinction between domestic and international dimension

Lutz Preuss

4. Conclusions



Project Overview and Headline Findings

The rise of corporate social responsibility

The CSR landscape:

Transnational level – UN Global Compact, ISO 26000, GRI sustainability framework, ILO conventions, OECD guidelines

Government initiatives – encouraging minimum standards, facilitating collaboration, endorsing best practices

Private regulation – voluntary corporate codes of conduct

Monitoring CSR through IFAs

CSR at the interface between business and society

Emphasis in research on voluntary management practices is limited, so need a broader approach hence our book

Why trade unions and CSR?

Global financial crisis highlights (lack of) legitimacy and accountability in exercise of corporate power

Trade unions as representatives of one key stakeholder – employees

Emphasis on NGOs and CSR, so time to look at trade unions

What do unions understand by CSR?

How do unions engage with CSR? hence our book

Theory

Comparative institutionalism / varieties of capitalism

Consider CSR as a broader 'mode of governance' at national level, not merely the private concern of companies

How are the social responsibilities of firms and the role of trade unions embedded within broader institutional arrangements?

Can we discern different national patterns of union engagement with CSR?

Consider a representative sample of national institutional contexts and industrial relations structures across Europe

Method – the approach

Case studies of national union confederations and sector level unions

Semi-structured interviews + documentary evidence

Country teams of academics with a CSR / IR background

Data collection Oct 2011 – March 2013, 77 interviews, ca. 100 hours

The book is a ‘mapping exercise’ documenting union positions and providing an overview of current trade union thinking

Method – the countries

Case studies in 11 countries:

- UK – a liberal market economy
- Germany – a coordinated market economy
- France – a state-led market economy
- Belgium – one of the smaller western European countries
- Sweden and Finland – Nordic economies
- Spain – a southern European economy
- Hungary, Poland, Lithuania and Slovenia – eastern European transition economies

Method – the unions

Examples of unions interviewed:

- Belgium – ACV-CSC, ABVV-FGTB, ACLVB-CGSLB,
- Finland – SAK, Akava, STTK, TEK, Metalliliitto, JHL, SASK
- France – CGT, CFDT, CGT-FO, CFTC, CFE-CGC
- Germany – DGB, IG BCE, IG Metall, ver.di
- Hungary – LIGA, MSzOSz, EFEDOSzSz, VASAS, AHFSz
- Lithuania – LPSK, LDF, Solidarumas, LMP, LCPDPSF, MPF
- Poland – Solidarnosc, FZZ, KP, Budowlani, ZZMK, OPZZ
- Slovenia – ZSSS, KNSS, SKEI, KNG, SDGD, SDPZ
- Spain – CCOO, UGT
- Sweden – LO, TCO, SACO, IF Metall, SEKO, Unionen
- UK – TUC, Unite, Unison, GMB, Prospect

National variation in CSR and union role

Diversity in nature and development of CSR:

- distinct differences between so-called liberal and co-ordinated economies, and
- political and economic legacies in post-socialist economies

Status of CSR, and degree of embeddedness in civil society, varies according to a range of factors:

- strength of state intervention
- power of industrial relations actors
- levels of foreign direct investment
- extent of NGO initiatives etc.

Commonality in union responses to CSR

Despite differences in engagement with CSR, many unions:

- consider CSR as an imported or foreign concept, and more relevant for larger companies
- see CSR as characterized by a degree of informality and superficiality which severely weakens its impact
- prefer more formal agreements around CSR issues, rather than relying on voluntary corporate initiatives
- use CSR to promote established concerns, e.g. relating to labour rights, employment protection, quality of work
- have not integrated CSR into their own policy development processes

CSR: threat or opportunity?

Threat: CSR as mere rhetoric to improve corporate image, with little substance in practice, possibility of providing a smokescreen which cloaks damaging activities

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

Across all 11 countries we see some mix of these two positions

CSR: threat or opportunity?

Emphasis towards one pole or the other depending upon various factors:

- the political stance of unions
- the extent of overlap between CSR and traditional union concerns
- levels of trust between unions and companies
- the priorities and strategies of individual unions and union officers

Why the duality in union attitudes?

On the negative side:

- the concept is ill-defined in many countries, or seen as too general and too vague in its implementation
- CSR principles are not very strongly embedded in national conceptions of the proper role of business in society
- unions see little relevance of CSR to the day-to-day concerns of their members
- CSR may threaten unions' role, challenging their power in social dialogue and legitimacy with other stakeholders
- the way the term is used (and abused) within companies deters unions from active engagement with it

Why the duality in union attitudes?

On the positive side:

- considerable degree of pragmatic union engagement with the concept of CSR
- CSR used to repackage well-established union demands under a more fashionable heading to gain leverage
- unions collaborate with NGOs across range of joint campaigns, albeit maintaining a degree of caution

Despite the broad picture of scepticism towards CSR, most trade unions are embedded within a web of various CSR-related initiatives involving a variety of stakeholders



Detailed Findings

Institutional theory

How to understand TU responses to CSR?

‘Varieties of capitalism’ literature (Soskice, 1991):

‘*Liberal market economies*’ (e.g. USA, but also UK, Canada):
economic relationships are decentralised and short-term –
shareholder-driven systems

‘*Co-ordinated market economies*’ (e.g. Germany, Japan,
Sweden, Austria): economic relationships are determined
by strong regulatory networks and long-term interests

‘*State-led market economies*’ (e.g. France, South Korea): the
State plays a significant role in economic management
(added later by Kang and Moon, 2012)

Institutional theory and CSR

Though heavily oriented towards path dependency and social constraint (Crouch, 2007; Deeg and Jackson, 2008), these theories also provide the opportunity to analyse TUs' role within CSR

Three possible relationships between a variety of capitalism and CSR...

CSR and 'substitution effects'

Substitution effects:

Liberal market economies (LMEs): CSR explicit

Co-ordinated market economies (CMEs): CSR more implicit
CSR and institutional social solidarity act as substitutes
(Jackson and Apostolakou, 2010)

CSR and 'reflection effects'

Reflection effects:

On the other hand, to the extent that institutions empower certain stakeholders, then companies face greater pressures to adopt CSR policies to legitimise activity...

e.g. TUs use influence to pressurise companies to adopt better labour standards in their supply chains. CSR then 'reflects' institutional frameworks (Aguilera et al., 2007)

CSR and 'motivation effects'

Motivation effects:

LMEs: company motivation for CSR 'competitive'
(complements shareholder value)

CMEs: company motivation is mainly 'socially cohesive'
(complements stakeholder value)

State-led Market Economies (SLMEs): company motivation
mainly 'developmental' (complements public value of
corporate governance)
(Kang and Moon, 2012)

CSR and TUs

Our findings suggest limited application of this literature to understanding the relationship between TUs and CSR:

Substitution, reflection and motivation effects may be complementary explanations, e.g.

- Germany: CSR may both reflect TU influence within institutional structures and be motivated through corporate understanding of stakeholder value;
- UK: CSR may be both explicit, as a substitution effect (low levels of embedded institutional responsibility to wider stakeholders), and motivational (as public relations to promote shareholder value)

CSR and TUs

More seriously, varieties of capitalism literature is too crude to take account of institutional divergence across EU-28. In particular, what of central and eastern Europe (in our sample, Hungary, Lithuania, Poland and Slovenia)?

Just to take Poland...

- Mixed market economy (Mykhnenko, 2007)
- Dependent market economy (Nölke and Vliegenthart, 2009)
- Embedded neoliberalism (Bohle and Greskovits, 2012)

Poland does not fit either model, and in any case is still in transition...

CSR and TUs

- Hungary as ‘liberal dependent economy’ (King, 2007), ‘dependent market economy’ (Nölke and Vliegenthart, 2009) or ‘embedded neoliberal economy’ (Bohle and Greskovits, 2012) – overall reliance on external capital for R&D and employment
- Lithuania as LME – but capital markets, particularly the stock market is undeveloped (financial system dominated by foreign commercial banks) and national economy is characterised by high level of SMEs and poor business development
- Slovenia as CME – but corporate governance often ‘non-transparent’ (Golob, 2015: 136)

Principal findings: Cross-country differences

More fruitful to analyse significant differences in TU policy and engagement with CSR and compare irrespective of VoC:

- Finland, Spain – positive
- Belgium, Hungary, Slovenia – no engagement
- France – divergences between unions (CFDT proactive, FO reluctant)
- Germany, Poland, Sweden – scepticism, but some engagement
- Lithuania – divergences between unions (by sector, domestic v. international)
- UK – divergences between unions with varying skills bases (e.g. Unite, Prospect)

Principal findings: TU positions dynamic

TU positions dynamic:

TUs point out changing understanding of CSR in recent years – emerging concerns over training and enforcement of CSR policies

Most proactive TUs generally in countries that are already highly regulated (e.g. Finland)

Most TUs keenest to link CSR to international development and to attack poor labour standards globally (in line with members' interests)

'Seepage' of CSR from international into domestic agendas

Principal findings: Government involvement

Government involvement:

Government consultation on CSR encourages TUs to engage with CSR

e.g. French and Spanish governments encouraged CSR, to which TUs responded, but Hungarian government post-2010 elections has weakened tripartite institutions with deleterious effects on TU involvement with CSR

Principal findings: Union structures

Structure of TU movement itself:

Ideological aspects (e.g. France)

Nature of membership (e.g. UK)

Domestic v. international concentration (e.g. Hungary)

Manufacturing v. services (e.g. Lithuania)

Principal findings: Agency

Agency:

Evidence that TUs do try to shape CSR policies (such as links to international development)

Role of MNCs:

Hungary, Slovenia – evidence that CSR practice is promoted by German and North European MNCs.

TUs with generally strong power basis in Germany may be able to insist on adoption of high labour standards elsewhere – this concept of CSR is then picked up by TUs in subsidiaries...



Common Themes



Theoretical lens

Etzioni (1985) constituency-representing vs. public interest organisations:

- how wide is their social base?
- what are the interests of the group: monetary rewards versus symbolic or status issues?
- who benefits: only members or wider society?

Grant (1995) insider vs. outsider groups:

- are they recognised by government as legitimate spokesperson for a particular issue?
- are they included in formal consultation processes?
- do they agree to abide by certain rules of the game?

Theoretical lens

Campaigning NGOs typically public interest and outsider organisations (Yaziji & Doh, 2009)

Trade unions usually seen as constituency-representing and insider organisations

- tend to have a narrow social base
- aim for monetary rewards in addition to non-monetary ones
- these accrue predominantly to their members
- enjoy legally enshrined rights, at least in European countries, to represent employees

Findings: NGO approaches to CSR

Issues: Singular issue per NGO, but collectively cover a broad range: environmental issues, human rights, consumer protection, education, health care provision, international development and many others

Motive: Societal change in area of NGO remit

Strategies when engaging with companies: Philanthropic donations, partnerships with a company, participation in multi-stakeholder initiatives

Some barriers: Clash of interests between NGO and company; mismatch in terms of power; project implementation details; threat to NGO reputation

Findings: Union approaches to CSR

Issues: Traditional concerns of working conditions and employee rights; increasingly also wider, e.g. international development and environmental protection

Strategies: Emphasis on internal strategies, e.g. a need to train officials and members in the concept; behind the scenes negotiation; influence as trustees in pension funds; rarely confrontational approach

Motives: Safeguard member interests; improved legitimacy in wider society; recruitment of new members

Some barriers: Voluntary nature of CSR; fear of CSR usurping traditional union role; vagueness of the term; limited reach (e.g. into SMEs)

Union-NGO collaboration

Plenty of examples of collaboration, e.g.

- Finland: Finnwatch, Clean Clothes Campaign
- Sweden: Fair Travel
- UK: Ethical Trading Initiative (ETI)

In other cases scepticism

- Belgium: invitations to participate in multi-stakeholder fora not accepted
- Lithuania: activities of NGOs so different that they might divert attention from union-employer dialogue
- Germany: NGOs put pressure on a company by disseminating negative information, but unions not interested in harming a company, could endanger jobs

Union-NGO collaboration

TUC, UK:

“There has been an uneasy relationship historically [between unions and NGOs] because unions are all about slow, clunky democracy. [...] whereas NGOs tend to pluck it out of thin air and, you know, it’s the three or four people who are in the organization. So, it’s taken a while to culturally understand each other, politically understand each other...”

Discussion

Significant theme in the vast majority of the interviews: use the emerging debate to defend the interests of members

Somewhat less frequently unions also linked CSR to wider interests, e.g. environmental protection or public procurement

Involvement in formal consultation processes on CSR

e.g. France: “Grenelle de l'environnement”, 2007, large-scale consultation of national and regional government, companies, trade unions and NGOs to define the country's future policy on sustainable development

Discussion

Preference for direct access to corporate decision-makers as another prominent theme in the interviews

e.g. ACV Leuven, Belgium: became aware that Danone Belgium decided to appoint a CSR manager, expressed a strong interest to the company to work with the person

Many – although not all – unions expressed an awareness of the business case for CSR

But: unions also pushed for alternatives to internal negotiations, e.g. Global Framework Agreements

= Unions largely acted as one would expect from constituency-representing and insider organisations, but degree of pragmatism visible too

Domestic vs International Elements of CSR

Perception of CSR as threat or opportunity also depends whether unions organise in a sector that is domestic or international

e.g. SEKO, Sweden: “This [CSR] is an issue that arrived during the 2000s. Before, our counterparts weren’t even companies, they were public authorities.”

Distinction clearly visible in Finland

- domestically unions are in strong position, supported by formal regulation and strong societal values
- internationally neither intergovernmental regulation nor common values to rely on
- hence greater need for CSR to fill the gap

Domestic vs International Elements of CSR

Hungary

- CSR seen as recent phenomenon, mainly driven by MNEs
 - little domestic debate,
 - most closely related to the social role that enterprises played in workers' lives before the end of socialism
- but role of MNEs in transferring CSR from their home countries
- companies from CMEs more likely to engage in company-level CSR
 - also driven by corporate strategy: undertake R&D in Hungary (Audi) vs. exploit lost cost labour force (furniture maker)



Conclusions

Principal findings: Roots of scepticism

CSR initiatives generally fall under traditional TU agendas, but they come largely from management. Roots of union scepticism:

- Is CSR ever more than just window dressing? CSR may promote relative advances in emerging economies, but what is its role in regulated industrialised economies?
- CSR poses challenges to TUs too – members' interests versus those of wider society?
- CSR as a foreign import – what relevance to TU bargaining agendas at home?
- Field of CSR still lacks conceptualisation of how CSR relates to institutional frameworks: main issue is *TU room for manoeuvre* within those frameworks (agency)

The way forward?

Given corporate appropriation of the term CSR, and trade union scepticism towards it, should broader alternative agendas be pursued? –

- ‘the sustainable company’
- responsible capitalism agenda ...

Further research –

- International trade union federations ...

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