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Corporate Social Responsibility Around the World

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Introduction

Much of the work and application of corporate social responsibility or ethical best practices has occurred in the USA, Canada and UK. In all these countries corporate social responsibility is increasing for a variety of reasons, not least because it makes economic sense for large Trans-National Corporations (TNCs) in these countries to act socially responsibly. But is this just an English speaking phenomenon? In the future do TNCs located in all countries need to be more socially responsible than before? Will not being socially responsible mean that it will be just that much harder to compete in the global market place? These questions and how they are being tackled around the world are what I look at in this article.

The notion of corporate social responsibility differs from country to country. Clearly local cultures affect how consumers expect companies to behave as does the response and type of product that a company will sell in a given country. Sometimes culture and economics combines to produce different products. For instance, for many years visitors from Europe to North America were astonished at the size of their cars compared with their European equivalent. Wide open country and cheap oil contributed to this as did higher taxes on oil and the more confined space that Europeans were accustomed to. Yet, some convergence can be seen as the environmental lobby presses for less gas-guzzling cars and congestion increases. In fact the astonishing convergence in the look of cars today across countries compared to a decade or so ago attests to the rapid convergence of tastes and culture - the strange looking Citroen "Deux chevaux" or the "Trabant" are now, unromantically, mainly confined to the past.

In a similar way, the interpretation of social responsibility differs from country to country. Undoubtedly, the United States and Canada are the clear leaders in the application of corporate social responsibility standards to their companies as can be seen by the increasing variety of awards being given for good practice. That the US has gone so far along this path is probably due to the openness of its society, its freedom of information act, the fact that private enterprise is the foundation of its culture and to the rapidity in which its citizens resort to litigation. The next country that seems to have gone further along this path than any other except the US and Canada is the UK. There, as a result of the Thatcher revolution, business has been given prominence over the public sector for the first time since the nineteenth century. A plethora of institutions and networks have arisen to monitor and comment upon the ethical and social responsibility of business.

How does the situation look in other large industrialized countries regarding social responsibility? Next I look at the main industrialized countries Japan, Germany, France and Italy, some of the smaller countries such as Holland and Denmark. I also provide an overview of what is happening in Asia, Africa and Latin America.

1 Japan

The Asian crisis of 1997 and 1998 has touched Japanese institutions and its major companies to the core. The patronage of banks supported by government to the major companies has exposed major weaknesses in the operation of market practices. But does this mean that social responsibility will have to reduce so that Japan can compete better with its Asia neighbors? Will Japan be forced to downgrade its levels of social and labor care so as to compete with other countries in the region? When survival of a company is at stake in a period of lower growth or recession the bottom line becomes even more important. Companies will have a hard look at labor conditions, at their community projects around the world and then will often start the relocation of production to cheaper labor cost countries. Such relocations occurred in Japan in the mid-

1970s as it responded to the early 1970s oil shock. Yet, it is precisely at these times that companies need to look at corporate social responsibility. Japan needs this to ensure that other industrialized market companies do not under-cut its production costs by moving to the most exploitative and lower labor cost countries.

Issues of social responsibility are not new in Japan. Although such questions are not as developed as in the USA with its more open society, there has been a long tradition of corporate social responsibility in Japan. In the 1960s, issues of corporate social responsibility in Japan were discussed in terms of labor-management conflicts and by the 1970s concern changed to the issues of pollution and environmental protection. This shift was commensurate with the worldwide concern at that time prompted by the Stockholm World Environment Conference of 1972. Although Japan was perceived from the outside as a lukewarm player, it was particularly concerned with the crowded conditions in its islands and about its fragile dependability on imported oil. The conference followed shortly after the year 1970 in which Japan's long-lasting rapid growth had had its strongest boom (the Izanagi boom) since the nation had been created. At that time, critical remarks were made for the first time regarding the single-minded growth objective adopted by Japanese corporations during the postwar period.

Japanese corporations took the brunt of internal criticisms, and these increased in their intensity in 1974 after a series of crises - the international monetary crisis, the food crisis, the oil shock and rampant inflation - led to the oil industry trying to ruin petroleum prices by withholding supply. Japanese corporations were quick in their attempts to deal with this by responding seriously and defining standards for proper management activities at various levels so that corporations could act in a more socially responsible manner. But, when the Japanese economy re-entered a period of slower growth after the oil crisis, corporate efforts to be more socially responsible gradually but steadily disappeared as corporations began to trim their own management.

The Japanese economy began to expand again in 1986 resulting in an economic boom (the Heisei Boom) that was almost as big as the Izanagi Boom. Corporate social responsibility then re-emerged. This time, in addition to terms like social responsibility, corporate contributions to society and the community were prominent and ushered in a philanthropy boom. Many corporations created departments specifically aimed at such activities and philanthropic activities were boosted by corporate councils (support to local communities art and culture activities) councils and a 1% club. For example, the Toyota Motor Company formulated a corporate philosophy of open and fair corporate actions expressly so to be seen as a corporate citizen that could be trusted internationally. Japanese corporations have since become more focused in their relations with local communities and with countries where they are located.

While, in the past, Japanese corporations a goal pursued supplying good products cheaply, what was most strained was the lives of Japanese citizens. Excessive work hours -- the inefficiency of overtime work that was done just because others were doing the same -- have resulted in desires for a more shortened work life and an enriched family life. Large Japanese companies are gradually having a hard look at these issues as well as the wider issues of corporate social responsibility to other stakeholders.

Today, Japan is again in a period of slower growth. Corporate social responsibility is likely to be put on the back-burner once more. But what will this mean for longer term prosperity of Japan? The globalization of the world's economy may make this more difficult than before. Globalization not only means freer capital, human and technology flows. It also means a rapid increase in information flow. It is more than possible that if Japanese corporations regress in their levels of social responsibility this could harm their global marketing position. Japanese cars or computers assembled in exploitative conditions either in Japan itself or, more likely, in poorer Asian countries will not escape the inquisitive eye of the world's consumers. Good practice in Asia will be aided and abetted by leading manufacturers in the USA who will seek to install a level playing field. Consequently, a planetary raising of the rules in which businesses conduct their global affairs will come about simply because of the increased globalization of information. It is unlikely, therefore, that Japanese corporations will or even should reduce their levels of social responsibility as they have done in the past.

2 Germany

The same issue of globalization and cheaper production in other countries also confront most if not all of the large TNCs based in Germany - Siemens, BMW, Volkswagen for instance. Higher labor costs than its competitors have forced these companies to locate their production to cheaper labor cost countries - Germany was the most expensive country in which to do business followed by the US, Belgium, Britain and France far ahead of low cost countries such as China, Thailand, Hungary, Malaysia, Indonesia and South Africa.

Nevertheless, social responsibility is a key issue. Volkswagen, for instance, established a Group Works Council in 1992 to arrive at a mutual understanding with its employees and their representatives concerning the company's restructuring process caused by the early 1990s worldwide recession and ever increasing competition in the auto industry. The Council provides information and early consultation on a number of issues such as securing of jobs and plant structures, productivity and cost structures, working conditions (working hours, wages and salaries, job design), new production technologies, new forms of work organization, work safety, plant environment protection, effects of political developments on the Group etc. Consultation is particularly emphasized when cross-border transfers of production are planned.

Indeed, Germany has had a long history of social involvement by enterprises in society. During the 19th century, social reformers could be found not only in churches and the scientific community but also within the business community. The two extremes were Ernst Abbé (1840-1905) and his company Carl Zeiss that stood for profit sharing, employee representation, safety at work and a reduction in working hours, and Alfred Krupp (1812-1887) of the company Krupp who set up medical insurance, a pension scheme and built 3277 flats for 16700 employees. Abbé reflected the more democratic side of German company life at that time which respected employees as people of full value; while Krupp's attitude was anti-democratic, feudalistic and patriarchal. The latter attitude was more common at that time and in line with the ideas of Bismarck who established a social insurance system at the end of the 19^{th} century but forbade worker associations.

The social system in Germany has survived World War I, runaway inflation in the 1920s, World War II, a reform of the monetary system in 1948 and the reunification of the two Germanies. After World War II, the concept of "Soziale Marktwirtschaft" (social market economy) was established. This system combined elements of the capitalist economy with labor market regulations and a system of social security.

However, according to Britta Rudolph, in contemporary Germany job-sharing exists between private enterprise and the state at all federal levels but no extensive literature exists on voluntary initiatives. The social provisions offered by enterprises are either required by law or in accordance with union agreement but, nevertheless, close to the "cradle to grave" social care that was once only the preserve of communist states. These social provisions and the relatively high level of the Deutschmark have brought home to Germany the question of globalization probably more than any other country in the west. Discussions about labor costs and fringe benefits have become more and more heated. Enterprises threaten to cut jobs in Germany and to export them to foreign countries with lower wages.

When the unemployment rate in Europe passed 11 per cent in the early 1990s, work-sharing particularly in Germany moved to the top of the agenda. Germany still has one of the highest unemployment rates in Europe at around 10% - below Italy, France and Spain however. The idea, as in France in 1998, was to spread the available work to as many workers as possible. Volkswagen (VW), for instance, suggested the reduction of working hours or laying off 30% of its workforce. In October 1993 Volkswagen proposed to its workers a four-day week with commensurate pay reductions - down from five days for its workers in Germany. This reduction was symptomatic of the response to the employment problem, and in VW's case was not only due to the European recession but also to the higher of productivity required to survive in the car industry. VW reckoned that it would produce the same number of cars in 1994 as in 1993 (1.4mn) at the same time as a 11 to 15 percent productivity increase and switching parts manufacture from inside Germany to cheaper producers outside. The need to hoard skilled labor in case of an upturn was the basis of VW's reasoning but the need to reduce its workforce from 103,000 to 72,000 because of "overmanning" was also crucial, as was its agreement with the government of Lower Saxony to maintain its workforce at 100,000.

As an alternative to VWs request, Germany's Economic Minister at the time called for three months unpaid vacation a year . But the trade unions, having long fought for a reduction in the number of hours worked, shuddered at the idea of taking an equivalent cut in pay.

Change is near on the welfare front as well. Germany has had far-reaching public social and educational system for decades, so there had been no need of support from enterprises. Now the situation has changed, leading to schools and social services lacking funds to buy equipment and to pay staff.

Consumers in Germany are also very demanding and have led the worldwide movement to ban carpet imports from countries, such as Nepal and India, who were using child labor. Yet there is no doubt that the social benefits in Germany need to be restructured to make Germany competitive not only with the Third World but also with its partners in the European Union. But where should this end? Not at the levels of the working conditions of prisoners in China. What is required is a planetary bargain wherein reasonable levels of wages and social benefits are agreed. The idea should not be to bring Germany's conditions down to the lowest common denominator but to bring the world much closer to Germany's social provisions.

3. France

France's highly centralized and paternalistic state whereby most large corporations are either wholly or partially state owned has a completely different approach to social responsibility than almost any other country. Like Germany, social costs are very high - whereas in the UK payroll taxes add 10 per cent to the wage bill, in France the government takes 45.5 per cent for health, social security and pensions. This high take leads to many workers resorting to the black economy. Many workers receiving unemployment pay also work as casual labor as waiters, cooks and ancillary staff in the vacation resorts scattered around France.

To avoid these hefty social charges, many companies are thinking of relocating to the UK where charges are lower - 150 French entrepreneurs attended a conference in July 1997 organized by the association "La France libre ... d'entreprendre" and 15 companies did so in 1997. Already the water company Générale des Eaux, petrochemicals producer Elf Aquitaine and chemical company Rhône Poulenc have their HQs in the UK. Most large private firms believe they pay enough in taxes and social charges to the State that social responsibility is a long way down their list of business priorities.

Quasi state-owned firms like car manufacturer Renault engage in socially responsible activities but these are more an extension of the State's wishes than a corporate programme on social responsibility. For instance, Renault offers courses to young unqualified school leavers for jobs in many industrial sectors. The courses are planned by cooperation between Renault and around 40 companies not all publicly owned companies.

The issue of globalization is of major concern in France with its high levels of unemployment in excess of 12% and low rate of economic growth of one per cent (both in 1997). Yet, the restructuring of industry in France has been extremely slow, leaving the Government to pick up the losses of quasi-state-owned companies such as Air France and Credit Lyonnais; or financing deficits through the alternative taxation system of high prices to consumers of the wholly state owned companies such as EDF (Electricité de France) or France Telecom.

The initiative by French socialist prime minister Lionel Jospin to reduce unemployment through reducing working time to 35 hours per week has led to widespread discussion. Most enterprises argue that such a provision will actually result in job losses since labor costs will rise and enterprises will employ less, not more workers.

The case for shorter hours is simple. Jospin assumes that there is a certain amount of output to produce and hence a certain total number of hours of work to be done each week. As there are unemployed people who are desperate to work, it would be much better to reduce the hours worked by each worker and increase the number of workers. This would allocate a given amount of work both more fairly and efficiently. Unwanted leisure would be reduced, valued leisure would increase, and unemployment would fall.

But this approach assumes that output would be unaffected. A number of countervailing forces are at work. First, increases in productivity mean that output could rise even as the number of hours reduces. Second, output could fall if the work-sharing procedure leads to a fall in unemployment since there is a direct link between unemployment and inflation. The Government's knee-jerk response to rising inflation to date is immediately to raise the rate of interest thus reducing economic activity and output and, consequently, more unemployment. Third, if productivity increases but prices of its products fall in real terms, then the firm is forced to reduce payments to its workers as they reduce their hours of work. Fourth, operating overhead costs per person employed are not much different if the person works a four or a five day week. And it is probably true that reducing the workforce by 20% instead of reducing the working time by 20% will be cheaper for the firm. Thus work sharing might not reduce unemployment.

Depending on what happens to output and its price, the effect of shorter working hours is mixed. Shorter hours are advantageous to employers if output and prices do not fall. But reduced hours mean that wages must be proportionately reduced. Then employers profit from the extra productivity and can afford to have labor costs remain fixed at previous levels. The extra gains in productivity do not reduce the unemployment rate but, obviously, may prevent it from rising at least in the short term. However, French trade unions are reluctant to accept wage cuts and some insist that regular full-time workers whose weeks are cut to 35 hours or so keep their 40-hour pay and benefits. And, health costs and pensions costs to the enterprise are very much the same for shorter working weeks if the employee depends on his or her job for future security.

Probably the best outcome is for workers to accept temporary hours of work and wage reductions, with costs supported by Government if need be. The anticipation is that output will eventually rise and full-time working can be resumed. The expectation that output will rise assumes, of course, that the firm is in a cyclical position regarding output and that the government is willing to pursue counter-cyclical policies. Workers must also take care to negotiate a return to full-time working once the good times return. But, if the firm's product is seen to be in long term decline then the worker's best bet is to use the extra hours liberated from short-time working to obtain some extra training. Governments could help here through the setting up of a reconversion fund for this purpose.

Abroad, French foreign investment has been protected either through its policy of "Territoires Outre Mer (DOM-TOM)" overseas where countries such as French Guyana, Reunion, Guadeloupe etc. are actually departments of France; or through its support of some of the most corrupt and brutal dictators in Africa such as Mobutu in Zaire, Bokassa in the CAR or Liamine Zeroual in Algeria. In the latter case companies such as Elf Aquitaine, EDF or French mining concerns benefit from its government's blind eye and enjoy the profits earned from unprotected and exploited labor. This policy of benign neglect has only slowly begun to change under new left leaning prime minister Jospin. A big reduction (the talk is of a 40% cut) in the 8400 French troops permanently stationed in six African countries and the closure of two bases in the CAR heralds the possibility of a new approach to France's involvement in the Third World. Whether this new approach will also lead to increases in corporate social responsibility by French multinationals is still too early to say.

Do enterprises in France need to be more socially responsible to compete globally? It could be argued that the level of social provision by enterprises is so high in France that more social responsibility at home is not necessary. One of the major problems in France is that the provision of social services from health to social security to personal insurance is grossly inefficient leading to high social costs for employers and employees alike. Enterprises are forced by law to adhere to state run enterprises that provide all sorts of social care. French enterprises can continue to operate despite these high social costs and increasing globalization for at least three main reasons: first through the protected nature of the French State (often illegal but ignored in practice), second, because of the integration of the French "empire" through its DOM-TOM States and third, through the fiercely patriotic spending patterns of French consumers. It is rare, for instance, to see foreign made cars on French roads and it is unusual to enter a French super-market and find anything other than French wines. Protection is also carried out by French workers - the blocking of British lamb imports or Spanish tomatoes at French ports of entry although illegal are legendary. Further, there is hardly a consumer movement in France that objects to textile importer Printemps, for instance, using cheap labor in poor countries, a practice common in the United States, the UK and Germany. Nevertheless, as France increasingly converges with its European partners, questions will be asked of France's social responsibility outside of its shores.

4. Italy

The level of social responsibility in Italy is difficult to judge since no overall data are available. The industrial system in Italy historically has been characterized by the predominance of the state. The largest Italian companies, such as ENI (Ente Nazionale Idrocarburi, petroleum company Agip's holding group), ENEL (electricity), IRI-STET (telecommunications) TELECOM (telecommunication), ANSALDO (electromechanical) and Alitalia (air travel) are owned and managed by the state.

The impact of globalization has forced Italian entrepreneurs to re-examine national practices. In the 90s the evident inefficiency of nationalized companies, in comparison with foreign competitors, became more and more recognized by public opinion and this inefficiency has forced the issue of privatization onto the political agenda. The debate on whether and how to private national companies, especially when producing and offering public utilities, has played and is still playing a central role in the political arena, with the result that the privatization issue in Italy has become a long drawn out affair and remains unrealized as yet. Nevertheless, in 1996 the first privatization began (of ENI) and the offer to the public of the company's shares was very successful.

Another driving factor toward privatization, and in a broader sense for the reorganization of the corporate sector, has been the increasing unemployment experienced in the 90s. Given the unbalanced structure of the Italian economy, with most industrial and commercial activities concentrated in the Northern Regions, there is a great difference between the North and the South part of Italy.

Given the centralized structure of the economy, socially responsible initiatives in Italy have not often been associated with particular entrepreneurs rather they have been the result of public debate and negotiation with the interested social partners. Trade unions, in particular, have played a central role through a widely diffused negotiation process with company managers and government representatives. Thus, in most cases, such as in company downsizing after mergers and acquisitions, or in a severe industrial crisis such as that experienced by the steel industry, the state was the major player in terms of socially responsible initiatives. These often took the form of early retirement programmes for workers that would have lost their job, or other forms of social benefits for workers. These policies contributed to a dramatic increase in public social expenditure, which - together with the old average age of the population - has resulted in a severe financial crisis of the national institute for pension funds (INPS). Consequently, private involvement in social responsible initiatives assumes in today's Italy a crucial importance more than ever before.

Despite the predominance of the state, an important and peculiar characteristic of the Italian industrial sector is the presence of a very few but very important family-owned companies. Family dominance is the case of the largest car producer FIAT (Agnelli), the Benetton Group (clothing, restoration and F1 racing team), Del Vecchio (the owner of Luxottica, world' s leader in ice-cream, quoted on the NYSE and the biggest tax-payers in Italy), Moratti (petroleum), Dioguardi (construction), Pirelli (rubber), Berlusconi (media), De Benedetti (founder of Olivetti, PC and telecommunications), Barilla (food), Marcucci (media) and Zegna (clothing). It is difficult to find a comprehensive source of information about social initiatives of these companies.

However, there exists some anecdotal evidence of these companies increasing involvement in the social arena:

* Benetton has sponsored several initiatives that foster young people in the arts such as theater and photography;

* Zegna, a member of the SVN Europe - has built a natural park ('Oasi Zegna') near its founder's birthplace in Biella that is open to the public;

* Dioguardi: in 1994 the group's directors anticipated a significant reduction in turnover. Initially Dioguardi avoided laying off any of its employees by reaching an agreement with its labor unions and the state. The company negotiated 'contracts of solidarity' with all non-managerial employees. These foresaw a 10% reduction in working hours and a commensurate reduction of pay, a portion of which was to be supplemented by the state.

The diffusion of corporate codes of ethics in the Italian business community is still of marginal relevance. This absence is not the case for all of the major Italian enterprises. Some have a written "chart of values" (for example, ENI and Agip), and a written statement of principles for conducting business (e.g. Fiat) is quite common. Nor is it the case for many Italian branches or affiliated companies of transnational corporations (such as IBM, Hewlett-Packard, Shell, Zeneca, Ciba and many others). The corporate code of ethics developed abroad by the head office are usually adopted, either in the original version or after being translated into Italian and, in some cases, adapted for the Italian context. Nonetheless, an overview of the Italian business sector as a whole shows that the diffusion of corporate codes of ethics has had few incidences to date.

One significant example, however, is given by the experience of Glaxo Wellcome Italy, an affiliated company to the TNC with more than 2,000 employees. Since 1995, an integrated ethics programme (including training and the design of compliance structures) to develop a corporate code of ethics has been carried out. The code of ethics is being developed through a stakeholder approach, i.e. defining the companies' social and ethical responsibility in its relations with customers, employees, shareholders, suppliers, partners, competitors, government agencies and local communities.

But the overall situation in Italy is far from the North American example where around 90% of the Fortune top 500 US companies have written ethical policies. This difference is mainly because, apart from the cultural differences between the European and the American contexts, the diffusion of corporate codes of ethics in the USA has been strongly encouraged by a Federal law, namely the Federal Sentencing Commission Guidelines (FSCGs). The presence of an effective corporate ethical programme is, in fact, considered good proof of the "bona fide" of corporate behaviors, and can allow a corporation to have a diminished fine in the case of misdemeanors. No such arrangement exists in Italy.

Yet in the last few years the situation in Italy seems to be changing. Shaken by the deep corruption scandals uncovered by the "Mani pulite" ("clean hands") judicial investigation, the Italian society has entered a new phase of critical re-examination and rethinking of the role of private corporations. The design of new rules in order to avoid collusion agreements between private businessmen, political representatives and public administrators has become a central point in the agenda of policy makers.

Signs of this new climate can be seen both from the public (administration) and the private (corporation) side. A first important event has been the government decision (1994) to introduce a "Code of conduct for public officials" that states what are the fundamental duties of any employee of the Italian public administration to behave ethically. Again, this development has a well-known precedent in the USA -- the Ethics in Government Act of 1978 -- whose structure seems to have inspired the Italian legislators. After the introduction by law of this general code, the different organisms of the public administration are expected to adopt it and make it more specific to reflect the ethical aspects connected to the nature and the scope of the services they provide to the community. To date, only a few administrations seems to have followed this process - Regione Lombardia and Provincia di Vercelli appear to be the only ones.

A peculiar approach was also followed by some Italian companies in the 70s to create what was called a 'social balance'. The approach was introduced as an extension of the usual financial accounting system and was aimed to provide to the public a monetary assessment of the social impact of corporate activities. This approach was not widely adopted, probably because the interpretation of the data presented was too complicated for the public at large. More recently, in the 1990s interest has been revived. And several companies (Coop-association of cooperative societies, Unipol-insurance and the FS-Railways) have published a new type of social balance following the stakeholder approach. These have provided a more qualitative and readable set of information on social performance of these companies. As such they are much closer to social and ethical auditing than the social balances solely based upon monetary indicators.

5. Smaller European Countries

The size of a country is no hindrance to social responsibility. Denmark, the Netherlands, Switzerland and Ireland, all looked at briefly next, are forced to interact on global markets because of their small domestic markets. Hence these four countries have become some of the most open and efficient exporters in the world. At the same time, each of these countries has become known for high levels of social (and environmental) responsibility at home. Because of their own efforts, they are particularly keen to see a planetary bargain that does not favor the lowest common denominator.

In Denmark the social responsibility of enterprises is probably more developed than in the other three although no one indicator shows this. Since 1994 the Ministry of Social Affairs has conducted a campaign entitled "Our Common Concern - The Social Commitment of Companies". This campaign is an attempt by the government to create a new strategy in Danish social policy to encourage companies to play a greater role. Consequently, many Danish companies have increasingly focused their attention on the social conditions connected with the operation of business. The "New Partnership for Social Cohesion" is an initiative of the Ministry and its publications form the basis for many of the country briefs presented here. The partnership starts from the observation that there are a number of business networks which collaborate on defining social responsibility - an estimate by SustainAbility Ltd counts 36 such business networks covering some 6000 companies. The interest of the Danish Government stems from its "international obligation to offer its cooperation to develop...a new partnership for social cohesion".

Although not explicitly stated its interest presumably stems from its concern that government can only go so far in satisfying the public's social concerns.

One of the more recent initiatives of the Ministry has been the formation of a network of prominent company leaders who are to develop and advise on campaign initiatives. The network project's brochures cite three large Danish companies - Novo Nordisk, Grundfos and Pressalit - who are active in the network and have started many social initiatives in their own companies. A special feature of the new Danish partnership is the voluntary participation of enterprises and public authorities. The basic point of view of the Danish initiative is that enterprises, as well as other stakeholders in society are dependent on each other - and that they prosper by recognizing this dependency. This way of looking at society creates scope for the social responsibility of enterprises but it does not say anything about the scale of such social responsibility. This latter point has not been addressed either in the Danish literature or elsewhere. It is essentially a normative question on ends rather than means and essentially related to the quality of life and something that many have struggled with but none have satisfactorily defined.

In the Netherlands, the concern about social issues among the population is fabled. The Netherlands, along with Sweden, is one of the few countries worldwide who give 1% of their GDP for development aid. It thereby obtains continual prestige internationally for its concern. The same is true for its concern with social issues worldwide, although State initiatives, such as that seen in Denmark, have been confined to the environmental field to date - for instance its recent financial support to the World Conservation Union (IUCN) to move its European HQ to Tilburg.

Nevertheless, enterprises have played a major role in social policy within the Netherlands for many decades. Together with the trade unions and government they have determined to a large extent the evolution of social arrangements. Because of this, Einerhand believes, that there was little room or even necessity for a more pronounced role of enterprises in the social field. From World War II onwards central agreements between government and its social partners dominated the playing field. But these agreements have decreased in importance during the past ten years, and the agreements at the national level are less than ever binding for the subsequent negotiations of social partners at company level. The talks between government and social partners may result in a

But what about stakeholders? The system is rather rigid. For employees, there are three main ways in which enterprises play a role in arranging social benefits. Through their role at a central level with the government and trade unions, through their role in negotiating trade agreements that cover about 80% of all employees in the country and at company level. These latter are for those companies not covered by trade agreements where they are allowed to define benefits for employees themselves.

For local communities, initiatives are a result of agreements at company level either which have an effect on the local community or there are specific initiatives. The Netherlands has a strong tradition of community support. For example, one company Gist-Brocades (a bio-chemical company) saw that it was unable to help directly with the problem of low-educated unemployment having few or little possibilities in its operations. It, therefore, decided to offer 0.5% of its total wage bill to projects for the long-term uneducated unemployed in the Delft region where they are located. It aimed to create several hundred jobs.

For the society at large, enterprises cooperate with the government to define the socio-economic policy of the country. Einerhand says that this "influence cannot be underestimated". For instance, part-time work was encouraged through the trade agreements to promote a better integration of women into the labor market.

Arrangements were made so that part-time work was possible for all jobs in enterprises unless the interests of the enterprise would be damaged by this.

Internationally, one of the world's largest TNCs - the Dutch/UK corporation Royal Dutch Shell based in Rotterdam - has been active in examining its social actions globally and this initiative has been given extra impetus from the public scrutiny earned from the Brent Spar fiasco. To date Dutch firms such as Shell and Philips have been known for their social responsibility at home - for instance Shell runs the STEP-programme (Shell Technology Enterprise Programme) that aims to help small firms solve practical problems by providing students to work on real projects during their school work experience programmes. Under the programme, job opportunities for graduates in the small business sector are also identified. Each student is paid $US150 a week usually funded by the host company and partly by the local Training and Enterprise Council. In addition to tangible learning opportunities, STEP helps to build excellent links between business and local students. In the UK, Shell through its "Better Britain Campaign" has a scheme for providing support for community-based environmental projects, now in its third decade and in Germany "Jugendwerk der Deutsche Shell" is one of the main community initiatives. It plays a major role in youth research and has also been committed to road safety training for more than 40 years

Gradually, however, Dutch TNCs are looking at their international operations outside of the industrialised world not only in the environmental sphere but also in the social responsibility area. They have seen that consumers in the Netherlands simply will not accept exploitation of workers in poorer countries especially children. But they have also seen that involving local communities in its operations internationally is good for business since it helps to develop a loyal and motivated local workforce.

Switzerland is known as the seat of financial capitalism and had, until recently, a reputation as a safe haven for capital. That this safe haven was used by dictators such as Mobutu of Zaire, Marcos of the Philippines to hide their personal wealth plus concerns in 1997 about the unclaimed bank accounts of Jews exterminated by the Germans in the Second World War has left its worldwide reputation damaged. Yet, unlike neighbouring France, the Swiss have an enviable reputation on environmental regulation.

Migros, the nationwide supermarket chain, has an unspoilt and worldwide reputation for corporate responsibility and philanthropy. Through a Acultural levy@ placed upon the good and services that Migros offers it supports a wide variety of social causes:

However, ethical reflection in matters of investment is still embryonic, according to the Swiss Bank with the curious name of Banque Scandinavie en Suisse. This bank has recently started an ethical investment fund and believes that corporate social responsibility issues are at a similar stage to the musings on ecology matters of some 15 years ago. Today the terms of ethical policy still depend largely on the management=s sense of values but more and more companies are intent to give themselves a set of written rules of ethics ensuring socially responsible behaviour.

Previously, Nestlé with headquarters in Vevey near Montreux but very little else, was known for the slogan Ait kills babies@ through a massive campaign for it to promote breast feeding for babies in the Third World instead of its milk powder products. Stung by this Nestlé has made huge efforts to change its image and has signed a business charter for sustainable development. This has also been the case for Sandoz which now attaches considerably more attention to environmental questions since it polluted the Rhine River some years ago - the Schweizerhalle catastrophe. However, according to the Swiss Infocenter, a Swiss consultancy on corporate responsibility for investors, the Sandoz group has Atwo different faces@. On the one hand it shows a progressive sensitivity for ecological issues but on the other it has little to boast about on the social front. It is organised along strict hierarchic lines, it knows no strikes and is Apaternalistic...hardly ambitious in social partnership matters@, says the Infocenter. Recently, it joined with Ciba-Geigy to form chemical giant Novartis. But little evidence of corporate social responsibility emanates from its company reports to date, although there are plans to work toward a code of ethics and best practice. Curiously, of the nine Swiss enterprises I study in *The Planetary Bargain* with data from the InfoCenter, Novartis is ranked the highest. This might suggest that Novartis has cleaned up its image since it took over Ciba-Geigy or that it is simply the best of a poor bunch.

Finally, in *Ireland* social initiatives by individual enterprises beyond what is an integral part of the employment contract, are not widespread. The social responsibility of enterprises in these areas is exercised through their representation in the social partnership mechanisms that exist at both national and local levels. At the national level these are carried out through the National and Economic Social Council

(NESC) formed in 1973 to advise the government on social and economic policy and through the negotiation of the multi-annual national agreements on economic and social issues that have been continually negotiated since 1987. According to O=Connor of the NESC, much of the success of the Irish economy over the past decade can be attributed to the social partnership approach of 1987.

In addition, there are a wide range of locally based initiatives in the urban and rural areas in Ireland. While unemployment, particularly long-term unemployment, is the key motivating factor there is increasingly a broader focus adopted in the local development effort. So while social initiatives by individual enterprises in employment, education and welfare beyond what is integral to the employment contract, are not typical in Ireland. Nonetheless, employer representative bodies are involved in social activities both at a national level through social partnership mechanisms and at local level through support for and participation in local development initiatives.

In concluding this paper, it is noteworthy that socially responsible initiatives are becoming increasingly widespread within the industrialised countries covered here. Yet, steps outside of these countries to wider international issues are still halting. The Governments themselves are beginning to be involved in the international social arena through the child labour initiative of the ILO and, in the same organisation, through international labour laws. Worldwide, TNCs are increasingly becoming involved in social issues through such bodies as the Caux RoundTable and through the large number of TNC business networks that have sprung up in the last five years or so. The experiences documented here show a considerable awareness of social responsibility issues within the countries considered. However, national level indicators of the type proposed in *The Planetary Bargain* to measure different aspects of social responsibility are not generally available. Consequently, the discussion in this paper has had to remain more at the anecdotal level than I would have liked.