

**Corporate social responsibility within the
European sectoral social dialogue**

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1. Introduction

In recent years corporate social responsibility(CSR) has emerged as a subject that has gradually become a topic of hot debate at European level. Certainly this is due in part to the creation of CSR Europe (a business driven membership network at European level headed by Etienne Davignon, a former-Commissioner for DG Industry) and the development of a European strategy on CSR, but it is also a result of pressure from internal and external drivers on companies to make their behaviour more environmentally and socially responsible. This article considers the role played by the sectoral social dialogue committees in the developing debate on CSR. We consider how the social partners are tackling and promoting the concept of CSR in the framework of the European sectoral social dialogue? More crucially, what methods have been adopted? Why? And what are the implications?

2. Sectoral social dialogue

There are currently 29 formal European sectoral social dialogue committees covering workers in the manufacturing, service and transport sectors, and in both the public and private sectors. According to the European Commission these sectoral social dialogue committees currently cover approximately 50% of the European economy (Morin, October 2003).

European sectoral social dialogue's origins can be traced back to the first institutional developments at European level, which included social partnership as a central feature. The early years of social partner integration were marked by informal consultation and cooperation through Commission expert committees and *ad hoc* sectoral committees. In 1998, the various informal arrangements, which had developed alongside specific European policies, were reorganised and institutionalised with the creation of the new sectoral social dialogue committees (henceforth SSDCs). These committees have generated new opportunities for the social partners to meet and negotiate common actions. However, the continuing absence of crucial economic sectors – e.g. metal and chemical sectors – has long demonstrated a fundamental weakness in the system (Keller and Sörries 1999). The lack of coordination and fragmentation of employers' associations at European level has undermined the development of comprehensive sectoral structures (Keller 2003). However, the development of a SSDC in the shipbuilding sector (in 2003) and the proposals from other metal and chemical sub-sectors potentially provides evidence of a change in fortunes.

Among the current SSDCs there is a high level of heterogeneity, both in terms of quantity and quality, of the process and output of social dialogue. It is possible to differentiate between the SSDCs using a number of lenses. Some of the most productive and stable SSDCs operate in sectors which cover traditional EU policy domains, for instance the transport sectors (dialogue in the road transport sector which started in 1965) and the agricultural and sugar sectors (established in 1963 and 1968 respectively). However, others sectors more recently implicated by European integration have also developed constructive and progressive social dialogues (e.g. commerce since 1983 or both private security and industrial cleaning since 1992). Moreover, in a small number of sectors in which neither joint committees nor informal groups had previously existed, notably personal services and temporary work, the new framework for sectoral social dialogue has acted as a catalyst in the development of relations between the social partners.

Three pivotal factors behind a successful dialogue, which have an impact on national actors' behaviour, seem to be: a) a common interest (e.g. desire to improve the image and professionalism of a sector in the case of private security or industrial cleaning), b) a common identity (e.g. in the construction or beauty-care sectors where employers often work, or have done previously, in the same environment), and/or c) long standing mutual trust (e.g. agriculture). These factors determine the capacity of the social partners to agree to common ventures including difficult and contentious issues such as pay, profit margins and the recognition and implementation of trade union rights within and outside the EU. In her analysis, Weber (2001: 130) argues the fundamental importance of 'positive interactions between personalities in the negotiation teams'.

In terms of the output of the sectoral social dialogue, over 230 joint texts have been created to date. Alongside joint declarations or statements on issues such as equal opportunities, modernisation of work, training, enlargement and the future of the respective sector (see e.g. the commerce, electricity, cleaning and temporary agency work sectors), we can also identify an interesting trend in recent years in the adoption of 'new generation' texts such as charters, codes of conduct (e.g. textile, footwear, woodworking, hairdressing, leather and tanning sectors) or best practice guidelines (e.g. postal services). Increasing numbers of these tackle the concept and practice of corporate social responsibility, and it is the development of sectoral approaches to CSR that this research has concentrated on.

3. The concept of corporate social responsibility

Despite its fuzzy and ambiguous character this concept has managed to gain a foothold not only as a buzzword used by business leaders and politicians but also as a term used widely to denote a variety of policies to raise concerns and efforts put into raising social, environmental and labour market related standards in the EU – counterbalancing the negative aspects of the economic integration and globalisation.

As outlined by the Commission in the Green Paper from July 2001, CSR is a concept *"whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis"* and that being social responsible means *"going beyond the legal expectations and investing 'more' into human capital, the environment and the relations with stakeholders"* (EC 2001). The definition provided by the European Commission is both broad and complex, and despite the Green Paper's effort to highlight internal and external dimensions of CSR¹ confusion still remains concerning what is actually contained in the European approach towards CSR. Despite this perplexity, CSR is now considered to be an important tool in the process of achieving the strategic goals set by the Lisbon European Summit in 2000, i.e. that Europe should become the most competitive economy in the world by 2010, capable of ensuring sustainable economic growth and at the same time creating better jobs and greater social cohesion (EC Communication 2002).

¹ Internal dimension: health and safety, HRM (including life long learning, improved information structures in the company, equal pay, inclusion etc.), restructuring (social responsible management of industrial changes) and environmental concerns. External dimension: relations to the local community, relations to business partners, suppliers and consumers and human rights reflecting the ILO conventions on fundamental human rights and OECD guidelines for Multinational Enterprises.

Judging from the intensive debate in the consultation period following the publication of the Green Paper in 2001, CSR seems to be a subject that all parties hold strong opinions on. For the purpose of this paper we have focused on the social partners, but it is also important to acknowledge the contributions of other parts of civil society and think-thanks.

3.1. CSR and the social partners

Through their participation and contributions to the Multi-Stakeholder Forum on CSR, it is possible to identify some of the key concerns and incentives for the inter-professional and sectoral social partners.

One central issue, which tends to polarise opinion, is the dichotomy between mandatory and voluntary instruments for promoting and framing CSR activities. For the employers' side, UNICE (2002) stress that CSR is a voluntary and business-driven process, above and beyond the existing legal framework and should remain so. The main crux of this argument is that *one size cannot fit all*, and that 'in order to be successful, CSR policies must be developed from within the organisation and be adapted to its specific characteristics and circumstances' (UNICE 2002: 2). On the other side of the table, the general ETUC position on CSR could be characterised as sceptical, as contributions tend to focus on and highlight the threats of the voluntary route *vis à vis* the future of collective agreements as an instrument to regulate working conditions and practices, on the one hand, and, on the other, the potential reduced role of public authorities at all levels in social regulation.

At the sectoral level, some European industry federations also express concern and scepticism towards CSR, considering that as a policy it places responsibility for social progress in Europe solely on industry. For instance, the ETF fears that company codes on CSR will develop into a substitute for international regulatory frameworks and legally binding collective agreements. Moreover, as empirical evidence suggests (Pearson and Seyfang 2001), many such codes of conduct do not include or prioritise workers' rights to organise and bargain collectively. As the EMF puts it in their position on CSR, 'the new codes can be seen as an injury to the European social model', as they represent 'the privatisation of the regulatory framework with companies taking over the juridical power of the state' (EMF 2001). According to Gérard Fonteneau (2003), the ETUC's advisor on CSR, it is important that trade unions act on these concerns and threats about CSR, as it is *a fast moving train* that to date has been controlled primarily by management. However he does not support a strategy of 'if you can't beat them, join them' but rather recommends that unions should take part, support and commit to the development of a socially and environmentally sustainable approach to CSR. This approach has found support amongst many ETUC members. It should also be noted that the ETUC's approach to CSR has evolved significantly over the last few years.

A second major theme running through the debates on EU-level CSR policy has revolved around concerns about the transparency and credibility of company-based CSR activities. Consequently much discussion has been focussed on the different means of verifying company codes of conduct and CSR claims. Employers' organisations have stressed that rather than generating new legal instruments or burdensome procedures, the 'challenges facing companies with regard to transparency and accountability of their CSR policies are being taken up by companies themselves and are most effectively addressed through market-driven responses' (UNICE 2002: 1). On the other side of the table, trade unions are clearly

concerned that voluntary unregulated company-based codes of conduct/policies, which use a plethora of monitoring and reporting methods, are virtually impossible to evaluate in realistic terms. For instance, even those companies officially subscribing to internationally recognised codes (e.g. through the ILO, OECD, SA8000 and the UN Global Compact), are neither regularly nor independently evaluated due to the resources necessary. The confusion caused by multiple diverse systems and instruments has spawned a feeling among many observers that CSR policies tend to concentrate on 'covering up' rather than 'cleaning up'.

Another matter of concern from the viewpoint of trade unions is that the process of conducting company codes on CSR often involve NGOs and other private actors minimizing the scope of influence for trade unions on the development of social policies at plant level. This is of particular concern in terms of the accreditation of CSR policies, as in recent years a number of codes of conduct have been supported which arguably undermine internationally agreed fundamental labour rights. Moreover, there have been real concerns aired in the course of this research that conflicts and competition are intentionally created between the trade union movement and NGOs in an attempt to fragment their potential power in the debate.

Understanding these positions provides a contextual framework for analysing debates currently underway within the European sectoral social dialogue committees.

4. CSR in the European sectoral social dialogue

When looking at the general view provided by the table below it is clear that SSDCs can be divided into two groups, i.e. those who have taken up the subject of CSR and carried out CSR related activities and those who for different reasons have not taken CSR on board to date.

SSDCs that have taken up the topic of CSR

Sectoral social dialogue committee and social partners	Debates or Texts on CSR or related social topics	Date	Comments/ Status 2003
Agriculture EFFAT + GEOPA/COPA			The social partners are working with traditional social dialogue subjects and have not done any activities referring to the concept of CSR. The sub-sector for temporary agricultural workers is however preparing for negotiations of a CoC on social responsibility as a precondition for establishing a sectoral social dialogue committee.
Bank	CSR-project on the working program, a working group is set up.	Nov. 2002	UNI-Europa and FBE continues to pursue the topic on their own.
UNI-Europa + BFE, ESBG, GEBC	Working group meeting on CSR Employers associations (ESBG, GEBC) U-turns and state that they will no longer participate in the dialogue on CSR.	Feb. 2003 June 2003	No joint results have yet come out of the dialogue on CSR.
Civil Aviation ETF, ECA + AEA, ERA, ACLEUROPE, IACA			The concept of CSR has not been adopted as a heading for the ongoing work of the social partners. Contracts and agreements are preferred.
Cleaning UNI-Europa + EFCI			The sector has not discussed the concept of CSR but has concentrated on training and health and safety issues.
Commerce UNI-Europa + Eurocommerce	Agreement on fundamental rights and principles at work <i>European social dialogue on CSR is launched focusing on the employment related topics of CSR</i> Conference on CSR, Brussels and joint statement on CSR	Aug. 1999 May 2002 Nov. 2003	The sector has approached the topic of CSR step-by-step and has just signed a joint statement on CSR building on a number of earlier joint declarations on CSR related issues like violence (1995), child work (1996), fundamental rights (1999), racism (2000) and age diversity (2002).
Construction EFBWW + FIEC			With a focus on health and safety and training this SSDC has chosen a practical and issue-oriented approach to the promotion of the sectoral social and environmental responsibility without referring directly to the concept of CSR. No CoC or charter on CSR has been produced.

Electricity EMCEF, EPSU + Eurelectric			The social partners have not discussed the topic of CSR.
Footwear ETUF-TCL + CEC	Charter on child labour CoC on fundamental rights at work	March 1995 ² July 2000	The social partners have signed a CoC based on the core ILO conventions. ³ Currently the sector is developing the monitoring and verification procedures listed in the code.
Furniture EFBWV +UEA			This sector has chosen a practical and issue-oriented approach to the promotion of the sectoral social and environmental responsibility without referring directly to the concept of CSR. No CoC or charter on CSR has been produced.
Horeca and Tourism EFFAT + Hotrec	Joint comments on the Green Paper about CSR Negotiations on a CoC has been launched	Dec. 2001 Nov. 2003	The European Industry Federation EFFAT has conducted a first draft of a CoC on CSR and negotiations are currently taking place with the employers association Hotrec.
Inland Waterways ETF + UENF, OEB			The concept of CSR has not been adopted as a heading for the ongoing work of the social partners. Contracts and agreements are preferred.
Insurance UNI-Europa + CEA, BIPAR, ACME			CSR is not on the working program, but has been debated and it is an indirect part of the ongoing negotiations of a joint declaration on lifelong learning.
Leather and Tanning ETUF-TCL + Cotance	CoC on fundamental rights at work	July 2000	The code is based on the core ILO conventions but also holds additional paragraphs on working conditions, hours and pay. Currently the sector is developing the monitoring and verification procedures listed in the code.
Live Performance UNI-MEI + Pearle			The social partners have not touched upon the topic of CSR. They have prioritized other issues as training, health and safety and employment. No charter or CoC has been produced.
Mining EMCEF + CECISO, APEP			The social partners have not discussed the topic of CSR. Other topics have been more urgent.

² The charter was updated on October 21st, 1997.

³ Paragraphs on freedom of association and negotiation, child labour and minimum age, forced labour and non-discrimination.

Personal Services – hairdressing	CoC on ‘how to get along’	June 2001	Implementation is slowly progressing. Three countries have annexed the code to the collective agreement. Nordic partners are jointly preparing framework agreements on lifelong learning and health and safety, issues stemming from the code.
UNI-Europa Coiffure EU			
Postal Services			A working group in the committee is currently looking into the concept of CSR, debating what topics will be relevant for the sector to focus on in the future social dialogue. A ‘good practice’ conference is to take place early autumn 2004.
UNI-Europa + Posteurop			
Private Security	CoC and ethics on sector- and CSR-related topics.	July 2003	The code sets standards of professionalism and quality in the sector. The code is not referred to as CSR and the concept as such has not been discussed all though the resemblance with CSR themes is clear.
UNI-Europa + CoESS			The concept of CSR has not been adopted as a heading for the ongoing work of the social partners. Contracts and agreements are preferred. Currently two agreements are under negotiation; one on training and one on working conditions.
Railways			The concept of CSR has not been adopted as a heading for the ongoing work of the social partners. Contracts and agreements are preferred.
ETF + CER			
Road transport			
ETF + IRU			
Sea Fishing	Joint opinion about the respect for ILO standards to the Commission.	Dec. 2001	The text recommends that core labour standards should be inserted in the EU Fishing agreement with 3. World countries. Otherwise the concept of CSR has not been adopted as a heading for the ongoing work of the social partners. Contracts and agreements are preferred.
ETF + Europeche/ Cogeca (fisheries)			
Sea Transport			The concept of CSR has not been adopted as a heading for the ongoing work of the social partners. Contracts and agreements are preferred.
ETF + ECSA			
Shipbuilding			This SSDC was only set up in 2003 and has therefore not submitted any joint texts on CSR. The issues up for discussion in the SSDC are training and sectoral industrial policy.
EMF + WEM			First sector to sign a code specifically on CSR. The code will come into effect 1 st of January 2004.
Sugar	<i>Joint declaration on Social Responsibility and the Social Model in the Sugar Industry</i>	Dec. 2001	
EFFAT + CEFS	CoC on CSR	Feb. 2003	The first evaluation report about the implementation of CoC is in the making and will be debated February 2004.

Telecom UNI-Europa + ETNO			The social dialogue committee is working issue-oriented and has not taken up the broader concept of CSR but work with CSR topics as training and health and safety. No charters or CoC has been signed on these areas.
Temporary work			- no information available.
UNI-Europa + CIETT-Europe			
Textiles and Clothing ETUF-TCL + Euratex	CoC on fundamental rights at work	Sep. 1997	First sector to ever sign a CoC. The CoC is based on ILO conventions. Currently the sector is developing the monitoring and verification procedures listed in the code.
Woodworking EFBWW + CEI-Bois	Joint declaration on social accountability / CoC.	2002	The CoC asks the member organisations to respect the core ILO conventions and can therefore be regarded as a CSR related achievement. Other than this, the SSDC has chosen a practical and issue-oriented approach to the promotion of the sectoral social and environmental responsibility without referring directly to the concept of CSR.

Note: The table lists achievements and/or activities specifically related to CSR, i.e. codes of conduct, charters, and conferences and not achievements of the SSDCs in general.

In the 18 sectoral committees who have not tackled the concept of CSR, the inaction of the committee can be considered as a deliberate choice on the parts of the social partners, however this choice may be direct or indirect. In terms of those committees who have directly chosen not to discuss CSR, this decision can be considered a statement of opposition to the direction of the corporate and policy debate on the concept. These SSDCs tend to be composed of heavily sceptical trade union partners as described above (e.g. construction, furniture and the six transport related SSDCs), who are aware of the topic but have chosen to prioritise existing activities and sector-relevant issues (e.g. training, health and safety and industrial policy matters).

The reaction from the SSDC on construction is illustrative in this respect. When CSR began to gain momentum at the European level, the social partners in construction evaluated their existing activities and compared how these related to this new concept. After this self-analysis the social partners agreed that their activities were already socially responsible, and therefore decided not to take further notice of the concept as such, but to rather focus on existing joint activities and to prioritise the work on concrete joint positions. In other words, without identifying what social responsibility is in reference to the concept of CSR, CSR (according to the Commission's definition) has emerged regularly in the construction sectoral social dialogue, but has never been named.

There are a number of reasons why other SSDCs have indirectly chosen to focus on other issues, these relate to internal and external influences on their agenda setting. Crucially, a number of sectors have felt under pressure to respond to specific sectoral industrial policies (e.g. mining and telecommunications). Moreover, in the agricultural sectoral social dialogue, which is well established, employer opposition has blocked debates on CSR, as they prefer to stick with discussions on more traditional themes.

To date 11 of the 29 SSDCs have taken up the subject of CSR and of which seven have issued codes of conduct or framework agreements, directly or indirectly relating to CSR (textiles and clothing (1997), footwear (signed in 1995 and revised in 2000), leather and tanning (2000), hairdressing (2001), woodworking (2002), sugar (2003) and private security (2003)). Whereas the codes of conduct from the footwear, textiles and clothing, woodworking industries recommend their affiliates to respect the core labour standards, the codes of conduct from leather and tanning, hairdressing, sugar and private security contain a broader range of issues including pay, working conditions and health and safety – and in leather and tanning, private security and sugar the relations to subcontractors and the suppliers are also taken into consideration. Finally, a working group has been established in the postal services sector and the SSDC in the horeca and tourism sector is currently negotiating a code of conduct on CSR, these developments demonstrate that for a number of reasons more and more sectors are finding a means of framing CSR policies.

While, we have considered CSR in terms of a dichotomy between those who have and those who have not, the banking sector offers an example in which CSR has split the sectoral committee and jeopardised the social dialogue. Recent negotiations on a common approach to CSR, which aimed at creating guidelines on the matter, broke down because two of the three participating employers' associations, European Savings Banks Group (ESBG) and European Association of Cooperative Banks (GEBC), backed out of the talks. The two employers associations wanted to await the results of the Multi Stakeholder Forum before developing a sectoral approach. This represented an extremely sudden u-turn on the collectively agreed

work-programme for 2003, agreed in November 2002. Despite this set-back, UNI-Europa Finance and the third employers' association, Banking Federation of the European Union (FBE), agreed to pursue the topic on their own looking at CSR in terms of its employment aspects.

On the basis of this general overview of the sectoral social dialogue, this paper will proceed to analyse and compare some of the concrete results of negotiations on CSR.

5. Methods of promoting CSR in the sectoral social dialogue

Two main means of promoting CSR as seen in the SSDCs can be identified: a) codes of conduct, and b) the 'umbrella' policy approach. In order to discuss these methods and their strengths and weaknesses further, three examples were selected: the codes of conduct in the sugar and personal services sectors and the approach taken in the commerce sector.

5.1. The codes of conduct approach

According to the Commission, sectoral codes of conduct are an important outcome of the European social dialogue because they engender a process of benchmarking between competing companies creating an upward spiral in working conditions and corporate behaviour (Morin, October 2003). In order to assess if this position is tenable, two very different sectors were selected. On the one hand, the sugar sector remains a highly protected manufacturing sector, although it is internationalised and affected by the global trade regime. While the personal services (hairdressing) sector is essentially local and comparatively distant from the European policy level. Both sectors have produced comprehensive and similar codes of conduct on CSR. In the following sections the two codes will be discussed and compared in terms of sectoral circumstances, content and negotiation process, dissemination, implementation and monitoring and the impact of the codes of conduct.

It should be recognised that there has been a change in the terminology used to describe instruments, with many trade unions preferring to negotiate and conclude framework agreements rather than codes of conduct. The latter have often been seen as unilateral positions of companies rather than negotiated agreements. However, in this section we have used the terminology of the sectors concerned.

5.1.1. Sectoral circumstances and the origins of the codes

5.1.1.1. Sugar

The European Union is one of the world's largest sugar producers and consumers. The Commission (2002) estimates that the sugar industry provided employment for 45,000 workers in 2001, while others estimate that the total job pool of direct and indirect employment represents approximately 300,000 jobs⁴. During the period of 1968 to 1998 the production of sugar tripled and the workforce decreased by 50% (EC 2002a). The 56 existing European sugar companies receive a high level of export subsidies from the EU and are also protected by severe import restrictions, allowing the companies to dump the prices at the world market and create unfair world competition (OECD 2002). The European sugar sector has been restructured several times and is currently facing tremendous challenges in terms of

⁴ See: <http://www.responsiblepractice.com/english/insight/effat/>

adapting to WTO constraints and liberalisation waves, especially in light of the enlargement in 2004. Under these geo-political and economic circumstances, all avenues available to influence the EU's policy on the sugar industry are seen as indispensable to both sides of the negotiating table.

The formal sectoral social dialogue committee on sugar was established in 1999 but the informal social dialogue goes back to 1968. The social partners in the sugar industry are the European Federation of Trade Unions in the Food, Agriculture and Tourism sectors (EFFAT) and the employers association *Comité Européen des Fabricants de Sucre* (CEFS). EFFAT⁵ represents 120 national trade unions from 35 European countries and has more than 2,6 million members (organising about 20,000 workers employed in sugar processing companies). CEFS was established in 1953 and represents the European sugar manufacturers in all the EU countries except Luxembourg, plus Switzerland, Hungary, Slovakia and Slovenia.

The debate about the concept of CSR is well developed in the sugar industry. The concept as developed within the social dialogue clearly stresses the voluntary nature of CSR, and moreover, that CSR refers to activities which go beyond the required legal norms and standards. In a joint declaration from 2001 the social partners comment on the Green Paper on CSR listing existing initiatives and actions already realized within the sector and encouraging the Commission to promote the practical dimension of CSR – namely the exchanges of experience and good practice between companies. However, the Communication from the Commission from July 2002 was the starting point of the discussions and negotiations of the code of conduct. It was in reference to this Communication that EFFAT proposed to CEFS that the SSDC should take up the discussion. Initially EFFAT wanted a European agreement on CSR but the employers opposed and therefore the current code of conduct represents the compromise. After the initiative from EFFAT, the employers requested some time for internal discussions preparing the negotiations. The actual negotiation of the content of the code began in October and was finalised only four months later. The sugar industry was the first industry to sign a code of conduct explicitly on CSR in February 2003, which comes into effect in January 2004.

5.1.1.2 Personal services (hairdressing)

The hairdressing industry, which has a high level of female, part-time employment and staff turnover, employs about 1 million workers in Europe, amounting to about 8% of the total European service sector (Dublin Foundation 2001). The industrial structure and the local/domestic nature of the hairdressing business are important characteristics. The vast majority of salons are small to medium sized companies without or with limited international activities or relations. Only a few multinationals exist, these are often run on a franchise basis. While acknowledging that working conditions are better in some European countries than others, the sector is generally known for its poor working conditions with long hours, physically straining work and unhealthy working environments, high levels of occupational hazards, low pay and also an increasing problem of undeclared work. Often both employers and employees work in close proximity in these conditions, and therefore, the improvement of working conditions and the image of the sector provides the main motivation for social dialogue.

⁵ EFFAT was established in 2000 as a result of a merger between ECF-IUF (Food, Catering and Allied Workers) and EFA (Agriculture).

However the current geographical coverage of the sectoral social dialogue excludes Ireland, Spain and Portugal, and Luxembourg partially with only employers represented. The European social dialogue in the hairdressing sector developed in relation to a joint training project funded by the European Leonardo program in the mid-1990s. The social dialogue was officially recognised as a sectoral social dialogue committee on personal services (hairdressing) in 1999 technically covering hairdressing, beauticians and other related professions. However, until now sectoral social dialogue is only taking place in the hairdressing sector.

The social partners in the sector are UNI-Europa Hair and Beauty and Coiffure EU (founded in 1998 and formerly named CIC-Europe). Union membership rates vary enormously between the member states from 3% in Switzerland to 80% in Denmark (UNI Hair and Beauty Care 2002). In the majority of the EU countries the organisation of hairdressers is taken on by a broader trade union, only the Netherlands and Denmark have organisations specifically covering people in the hairdressing sector. The social partners both enjoy virtual monopoly of representativeness at European level and they are consulted directly by the Commission on social matters regarding the hairdressing sector.

The idea and initiative to produce a code of conduct was inspired by information given by the Commission based SSDC facilitator back in 1999 about the Green Paper on social partnership entitled “Partnership for a new organisation of work” submitted by the Commission in 1997 (EC 1997). The aim behind the creation of a code of conduct for sector, ultimately entitled *how to get along* was to raise the standards in the sector concerning training, health and safety, customer service and also to improve the image of the sector. The code was finalised in June 2001 and was two years on the way. As the concept of CSR was not broadly known and adopted at European level at the time, it was never a direct point of reference in the sectoral social dialogue and the term was never used during the negotiating of the code. In this respect the social partners in the hairdressing sector were ahead of their time when producing one of the first sectoral codes of conduct that extends beyond respect for basic labour standards. Moreover, the social partners did not integrate CSR as a concept of reference in the code, as the word ‘corporate’ was not seen to fit a sector like hairdressing. Today however, the social partners regard the content of the code as their tailor-made version of CSR but are continuing the process of implementation of the code without any special reference to the debate on CSR.

5.1.2. Content of the codes of conduct and negotiating process

In terms of the respective substantive scope of the codes of conduct/framework agreements there are many similarities between the two codes, although the structure and the emphasis placed on *internal* and *external* aspects of CSR differ. The sugar code is divided into three sections (introduction, minimum standards and monitoring, assessment and updating) with two annexes (a: coverage and b: good practices). The personal services code is composed of two sections; the first containing the principles of the code and, the other, containing guidelines for how to put the principles into practice underlining the importance of the practical approach of implementation.

Both codes contain fairly similar clauses on trade union and fundamental rights, health and safety, education and training, pay, working conditions and working time, undeclared work, and information and consultation rights. However, their differences are indicative of sectoral concerns. In the sugar code, emphasis is placed on restructuring and relations along the

supply chain. Restructuring is unique to the CSR code, as it is a theme that no earlier codes on labour standards touch upon. The clause emphasizes that in general, and also in case of restructuring, the sugar companies should act in a socially responsible way and inform and consult their employees in due time. It is not stated what a social responsible way might be or what 'in due time' means in reality. Nevertheless, in the light of EU enlargement, this minimum standard was a very important matter for the trade unions, as enlargement will involve major restructuring of sugar processing industries, for example in Poland. The clause on the expected level of socially responsible behaviour from suppliers, which include that major suppliers are expected to take the code into consideration, is also specifically CSR-related and distinctive in comparison with other instruments agreed in the sector. Special attention is drawn to the commitment of the industry and its suppliers to fight child labour, work against fraud and corruption, and to comply with and promote the OECD guidelines for multinational companies. Meanwhile, the code of conduct in the personal services sector places importance on the overall improvement of working conditions and the public image of the sector in light of the dominance of poor working conditions and pay and long working hours, therefore beyond the clauses already mentioned, much emphasis is placed on the reconciliation of working and private life and the development of a favourable working social environment (job rotation, sharing responsibility for the continuing development of the sector's needs, reduced stress etc.). Finally, in terms of the application of the codes, these clauses differ on the grounds that in the sugar sector minimum standards are presented, while in the personal services policy guidelines are used.

In addition to this discussion, it is important to consider the respective points of tension in the two negotiation processes, as these give a reflection of the different weights of the actors involved and what was possible substantively. In the sugar sector, according to the participants, the main point of contention revolved around defining minimum standards on trade union rights and information and consultation. This is not surprising. According to extensive research on codes of conduct and labour rights (Tsogas 2001), few corporate codes of conduct cover trade union rights, which indicates the potential level of opposition to their inclusion in a sectoral initiative. The issue of restructuring was particularly important for EFFAT, in the light of EU enlargement and the WTO talks, although a difficult issue, the employers were obliged to see its importance in the near future. The presence of these clauses is evidence of the solid relations between the social partners within the SSDC.

Alternatively, the process of deciding on broad topics for the personal services code went relatively smoothly but when it came to clarifying the actual wording below the headings of fair wages and particularly what constituted a fair profit the negotiations reached deadlock. After two aborted meetings the social partners decided to contact Roger Blanpain, an independent law professor, who was able to finalise a draft of the code which was suitable for all parties. It was he who proposed to divide the code into two sections and to include the paragraphs on core labour standards as part of the guidelines. After the external involvement, agreement was found without further tension. It is worth noting that before this European process, a similar effort was carried out at the Nordic level which showed, at least to the Nordic partners, that it was possible and valuable to both sides to co-produce a code on sectoral standards for acceptable working conditions, thus these social partners provided a core group of supporters for continuing the negotiations.

5.1.3. Dissemination, implementation and monitoring

Considering the voluntary nature of these European codes of conduct/framework agreements, the process and strategy *vis à vis* dissemination and monitoring are crucial to an understanding of the impact and depth of implementation.

Due to the fact that the code in the sugar sector is in its infancy, and is due to come into effect only in January 2004, little concrete information is available on the implementation to date. However, in principle the sugar social partners agreed to a two-pronged approach. On one side, an annual reporting system to verify, albeit internally, the implementation, and, on the other side, a benchmarking process based on reported and analysed good practices, which is intended to give the overall process dynamism. Section 3 of the code, which focuses on monitoring, assessment and updating, states that the social partners will jointly conduct an annual report assessing the implementation of the code of conduct. The first report, which is currently being drafted, will also look at what initiatives can be taken to ensure the adequate communication, promotion and training on CSR is undertaken. Finally it is stated that in order to ease the dissemination and implementation process the national representatives should translate the code into the different relevant European languages. During the process of negotiation EFFAT raised a suggestion about including a clause on external auditing to safeguard the actual compliance of the minimum standards, but the employers opposed this.

In addition, a list of good practice examples covering the same eight topics as the code was attached. There are examples from Austria, Denmark, France, Germany, Greece, Italy, the Netherlands, Spain, Sweden, United Kingdom and the European level. Most of the examples are within the areas of training and education, health and safety, fair pay (profit sharing, pension schemes, retirement conditions) and restructuring (new job offers, re-training, early retirement schemes or voluntary dismissal arrangements). From a CSR perspective, one of the most outstanding examples is however to be found on the topic of 'business relations and choice of suppliers'. In order to secure sustainability in all relevant business processes the Danish sugar company, *Danisco*, has included social performance on areas such as child labour, forced labour, harassment and equal treatment in its criteria for selecting suppliers. Moreover, through social dialogue on labour rights and social responsibility the ultimate goal is to change the attitude and perceptions of their existing suppliers.

The European social partners view this section as the central pin of the code, serving as a source of inspiration to other countries, and offering a means of upward competition to improve and go beyond respective national legal requirements. It is intended that these examples would be updated as needed.

In the code of conduct from personal services nothing was formally agreed concerning procedures for monitoring except that the social partners should carry out the necessary follow-up of the code in the framework of the sectoral social dialogue. However, after signing the code at European level the committee decided to opt for a self-translation procedure, which placed the responsibility of translation on the national social partners allowing them to adapt the code to their traditional wording. The idea was that such a procedure would ease the implementation process. Subsequently, the national social partners' actions can be divided into three groups.

The first consists of those who translated the code jointly and as a result agreed to annex it to the national collective agreement(s). Since 2001, Italy, Sweden and Denmark have carried out this type of implementation, meaning that the code has a tangible legal position. This strategy is striking and deserves to be highlighted as a potential means for easing the problems of national implementation and compliance with codes of conduct; for example, in the case of Italy (the first country to adopt the code), it was the process of translating together that generated consensus.

The second group is composed of those national social partners who translated their version of the code but have not taken further action to date. The Finnish, Austrian and German social partners belong to this group. The French and Greeks have also translated the code but not jointly, for the French it was the employers' representative and for Greece it was the trade union representative. The English version was the original, therefore the British have not translated the code but they belong to this group since no further implementation efforts have been made beyond joint recognition.

The third group is made up of the national social partners who have not submitted their version of the code nor taken any steps towards implementation of the code whatsoever. Spain, Portugal and Ireland are in this group, as they do not actively participate in the sectoral social dialogue. In the Netherlands the employers initiated a more formal implementation process but the trade union organisation stalled the process referring to the misty and vague definition of the principles and guidelines and the fact that the existing agreements offer the same or better standards.

Looking at this division, it is evident that the majority of the national social partners have not succeeded in taking any further steps towards a more formal or comprehensive implementation of the code. The ideal goal from a trade union perspective - legally binding framework agreements - has been far from reached. With the exception of the Nordic partners, who have just agreed to have a joint meeting about further follow-up implementation concerning the issues of health and safety and lifelong learning, there is little evidence that this is going to happen in the near future (if at all). Even though the social partners agree that the code is politically binding and that it lays down the foundation for future activities on the European, as well as national, level it is clearly easier to wriggle out of a soft regulation such as a code of conduct. Moreover, for a small service sector such as hairdressing, which is commonly organised by broader sectoral organisations, there are additional challenges in terms of prioritising the sector's efforts in the collective bargaining system.

In defending the limited implementation, the European social partner organisations tend to argue that the code of conduct refers to common practices already underway in European salons, and therefore, there is less motivation to implement the code. Another obstacle to successful implementation, as seen in France, is insufficient information flowing between the European and national social partners about what is being discussed and produced at European level. The French hairdressing sector consists of multiple employers' associations (although allocated one seat in the SSDC). They all rejected national negotiations on implementing the code because they felt that they had not received satisfactory information about its content during the drafting process. Moreover, in-depth research on the attempted implementation processes of the code in France and Germany (Taylor 2002), also highlights

changes in the system of industrial relations, transaction costs, internal union rivalry and existing organisational bureaucracy provide major stumbling blocks.

Motivated by a wish to enforce and improve the national implementation of the agreements reached at European level, the social partners in personal services are currently progressing on the development of new and stronger procedures for monitoring. More specifically, the setting up of a monitoring body, the 'so-called' hairdressing council, has been initiated, which should consist of different colleagues from the SSDC depending on the issue. The council would also serve as knowledge sharing unit, so that good practices are better known. Moreover, the trade unions in the Nordic countries have set up a special common secretariat that is preparing and discussing safeguarding procedures and different forms of sanctions including fines for not meeting the standards agreed in the code or in other joint agreements. The Nordics hope that their debate and preparations will inspire the European social partners to set up a similar body at European level. The establishment of such a sectoral monitoring council observing the progress of implementation and compliance of the sectoral code of conduct would be groundbreaking and is a promising tool to ensure that efforts made at European level have a real and added value at national level.

5.1.4. Impact of codes of conduct

As declarations of intent based on compromise and containing general recommendations from the SSDC to their national affiliates the codes of conduct unsurprisingly do not set quantitative goals but affirm vaguely defined standards concerning ways to create an positive working environment or to promote social responsibility in the sector. This must be seen as an inherent aspect of the nature of voluntary agreements. The crucial question is can codes of conduct have an impact on the national level? If they so, how?

In order to explore these questions more thoroughly, it is useful to draw into the comparison other longer established framework agreements stemming from the sectoral social dialogue, which touch on at least some of the issues tackled within the CSR codes of conduct. Therefore, in the following comparative section examples from the textiles and clothing, tanning and leather and footwear SSDCs will be considered.

5.1.4.1. Impact at national level inside the EU

Obviously to have any significant impact within the EU, a code of conduct must be known and recognised as a standard-setting tool. Therefore, effective dissemination policies are crucial. However, a wealth of research on the sectoral social dialogue exists arguing and demonstrating that little is generally known about any of the results of negotiations at European level. Consequently, the social partners face an uphill struggle to disseminate the codes of conduct concluded, although there seem to be significant differences between countries and sectors in terms of the attention paid to the European process.

Moreover, once national social partners know about the code of conduct it must offer them some kind of *added value* to be taken seriously (higher standards, better or broader guarantees, sectoral image improvement etc.). It is clear from assessments of the personal services' code that for some social partners an added value has been elusive.

According to those who had the longest experience of implementing and working with European sectoral codes of conduct in the textile sectors, the best means of ensuring that a code has an impact at national level is through integration into the national collective agreements giving the codes of conduct legal force. Through the necessary national negotiations, social partners would gain a full understanding and make their mark on the European code, thus potentially developing a heightened loyalty and commitment to the principles, as occurred through the negotiations in the Italian personal services sector. One of the finest examples in this respect is the textile sector (1997), where 14 out of the 15 sets of national social partners have implemented the code as part of their collective agreements. This was further nuanced by the chairman of the SSDC on personal services who highlighted that negotiations should not necessarily focus on integrating the whole code as an annex but rather individual aspects or clusters of issues could be better implemented through specific amendments to the national collective agreements. Between the Nordic personal services social partners (including both delegations' chairmen) negotiations have already been initiated on health and safety and training matters.

However, as a result of the legal gap, i.e. the non-binding nature of a voluntary code of conduct and the lack of sanctions, it is not feasible for the social partners to force their national organisations to implement the code with binding force. Therefore active encouragement and technical support is necessary, particularly in sectors which are under significant structural stress (e.g. textiles or sugar), and strategies such as co-translating have proved to provide a frame for the opening of subsequent negotiations.

Beyond the national level social partners, an effective code of conduct should also be recognised at workplace level, to ensure that complaints and violations of the code are reported. In Denmark the implementation negotiations between the national social partners in the hairdressing sector went smoothly, but the social partners are less certain about the practical compliance of the code and the actual improvements of everyday routines and ways to get along in the salons. Awareness about the adopted principles and guidelines of the code is low not only amongst Danish employers and employees but in general. Together with the collective agreement the code (if implemented at all) is viewed upon as something you can fall back on if disagreement occurs. To increase the local awareness about the code the secretariat of the hairdressing committee is currently debating on the production of a poster to be put up at the walls of the salons listing the most important principles and guidelines of the code. Alternatively, in the leather and tanning sector a leaflet campaign has operated to ensure that employees are informed of their rights under the code of conduct, approximately 100,000 copies have been disseminated in 11 different languages (including those of the new member states and candidate countries). This dimension of dissemination poses major challenges for the European social partners but is essential to the success.

5.1.4.2. Impact of codes of conduct outside the EU

It is explicitly stated and repeatedly stressed that the majority of the codes of conduct concluded in the sectoral social dialogue have a global dimension, in terms of ensuring the social and environmental standards operating at different points in the production and supply chains. In terms of the impact of the existing codes of conduct outside the EU member states, it is really the sugar, textile and clothing, leather and tanning and footwear codes which are

considered here, since in the personal services sector little discussion has been held on the implications of enlargement, although UNI-Europa covers the accession countries.

While the clauses on supplier behaviour and socially responsible supplier selection criteria within the sugar code of conduct have been presented it is useful to address the practicability of implementing and verifying the application of the code along the production and supply chains. Therefore the experience of the sectors covered by the European Trade Union Federation for Textiles, Clothing and Leather (ETUF-TCL) are relevant. According to Patrick Itschert, General Secretary of the ETUF-TCL, beyond the ideal solution of having shop stewards in every plant monitoring agreed codes, it is possible to identify a number of application tools available to the trade union signatories of these codes of conduct: a) involving international verification bodies (e.g. ILO, OECD etc.), b) 'naming and shaming' companies who violate the codes signed, and c) convincing market leaders to develop and participate in joint projects and apply peer pressure to other companies.

All three of these tools may be applied at different times and in different formations depending on the company and the trade unions involved. Despite the existence of clauses in the leather and tanning and footwear codes mentioning the possibility of external and independent control if needed, and fierce attempts by the ETUF-TCL and its international counterpart, independent verifications have not yet taken place. Therefore a three-fold strategy has been adopted. Firstly, discussions are currently underway with the employers' organisations and the ILO on the verification of the code in the textile sector in Turkey. Secondly, a pilot project was launched in November 2003 in the tanning sector, in which the sectoral social partners have jointly selected 10 companies (5 proposed by each side of the table) to evaluate different methods of implementing and ensuring the application of the code. A second stage of the project intends to evaluate the same companies' production chains. This work could potentially form the foundations for the drafting of a specific code of conduct covering all the sectors represented by ETUF-TCL. Finally, the third dimension is the promotion of plant level multi-stakeholder forums on CSR policies.

In order for these strategies to bear fruit it is essential that effective and efficient lines of communication and information are developed between, on the one hand, actors at different levels and, on the other, actors on the same level. Thus, in short, the relationships between trade unionists and worker representatives at the plant level, company level, within the European works council (where they exist), national sectoral level, European sectoral level and the international organisations must be interlinked and capable of providing the necessary, timely information about companies' compliance with their own and sectoral codes of conduct. Through working relationships built in certain EWCs, using the available worker representatives' information and consultation rights, the ETUF-TCL has been able to gain access to information about the location of non-EU production plants. Consequently, via the international federation and personal connections, contact can be made with the local trade unions who are able to verify the application of a company's code of conduct. This information can then be used to press the company to 'clean up' its practices.

These examples and strategies provide a means to ensure that voluntary codes of conduct have 'teeth' in practice, particularly in relation to image-conscious multinational companies.

The effect on small and medium sized enterprises is likely to be quite different and these strategies may be operationally difficult.

5.1.5. Sub-conclusions on the sectoral codes of conduct

The codes of conduct concluded within the sectoral social dialogue to date, have been largely hailed by the Commission as ground-breaking in terms of substantive scope and coverage, since nearly all the codes explicitly have an external dimension beyond the current sectoral social dialogue committee members. Moreover, the codes of conduct have had a number of spillover effects, primarily in generating new levels of consensus on future work and new sectoral social dialogue projects and campaigns, and secondly, in relation to the European institutional debate on CSR and the work of the multi-stakeholder forum. However, it should be noted that little has been commented on here in relation to the academic and scientific debate on the strengths and weaknesses of voluntary codes of conduct to improve working conditions and underpin industrial relations (e.g. Blanpain 2000), although these debates have formed the backdrop of this research.

5.2. The ‘umbrella’ policy approach

The commerce sector provides an interesting example of an alternative approach to promoting CSR in the sectoral social dialogue. This approach is best described as an ‘umbrella’ policy, as in comparison to the code of conduct approach the commerce sector have chosen to consolidate its existing declarations and policies which are relevant to CSR through a new joint statement and process.

5.2.1. Sectoral circumstances and the origins of the ‘umbrella’ policy approach

The European commerce sector is a growing and dynamic economic area, representing 13% of European economic activities and 21% of the growing service economy. 22.5 million people are employed within the 4.7 million commercial enterprises, in the EU (www.euro-commerce.be). While many of the most prominent players in the sector are multinational, for instance, Carrefour, Tesco, Metro AG or Wal-Mart, the majority of enterprises (approximately 95%) are of a small to medium size.

The organisation of work in the retail sector is becoming increasingly standardised, according to comparative research, as in other traditional service sectors. These sectors are composed largely of female and young workers, working atypical hours for lower wages. Data from the NESY study (Mermet et al 2001a, 2001b), on selected countries, indicates that in Germany, 71% of retail trade workers are female and 51% of workers are on part-time contracts (nearly 17% work less than 15 hours per week) (data from 1998). In France, 56% of workers are female and 34% are employed on a part-time basis (data from 1996). In Scandinavia high school and university students make up a sizeable chunk of the retail trade workforce, and they represent the functional equivalent of ‘2nd earner’ women in Germany.

Throughout the service sectors, from commerce to the business services, providers have been attempting to achieve economies of scale by standardising products and processes. Mass production dictated by the needs of the market is ever more common in the services sectors (Lehndorff 2002). As a result of the process of globalisation and more particularly the internationalisation of capital, a company’s overall performance on the international markets is increasingly used as an indicator for success. Employees must meet the demands of the

market in terms of the services they are producing and the overall performance of the company. The increased use of competitive internal benchmarks (between different locations, work units or project groups) means that this market competition is a daily aspect of working life for commercial workers.

The result of the standardisation in these sectors has been falling skill levels for the majority of workers but a need for improved skills for those in positions of preparation and organisation (Lehndorff 2002). For employees, this poses major questions on their personal employability in a period in which jobs are emerging and disappearing relatively quickly and changing their content regularly. Through the commerce sectoral social dialogue and in direct representations to the European Commission, UNI-Europa Commerce and Eurocommerce have stressed that European retail and wholesale trade need to develop in a direction which provides good services to the consumer, while ensuring commercial workers have secure and good quality jobs.

The sectoral social dialogue committee in the commerce sector was established in 1983, but formally recognised by the Commission in 1990. The SSDC is characterised by a constructive climate where both sides of the table are equally committed to combat the challenges faced in the retail and wholesale sides of the sector.

5.2.2. CSR and the commerce sector

The debate on CSR was initiated in the context of the European institutional debate, particularly the Green Paper and Multi-Stakeholder Forum. The commerce sectoral social partners consider their approach to be three-pronged: 1) through social dialogue, 2) participation in the multi-stakeholder forum, and 3) the activities of an internal working group on CSR. In November 2003, the social partners framed this approach by signing a joint statement on CSR, which collated a number of previous declarations and outlined further actions.

Importantly, the commerce sector's approach to CSR is strongly company based, meaning that the sectoral organisations are largely limited to information exchange on and between the different member companies' home-grown CSR policies, thus a sectoral code of conduct was not a realistic or desired option. Moreover, during the conference which launched the joint statement, both sectoral social partners and their affiliates stressed that CSR did not mean meeting legal requirements, but was rather above and beyond these requirements in the social and environmental spheres. The aim of the sectoral approach is to generate competitive upward benchmarking between European commercial companies in terms of the innovativeness and creativity of their CSR programmes and policies, to counteract the downward pressure presented by large market players, such as Wal-Mart, who are accused of social and wage dumping.

5.2.3. Existing policies and monitoring

The declarations included in the CSR statement cover issues such as fundamental rights (1999), child labour (1996), violence in commerce (1995), racism and xenophobia (2000) and age diversity (2003). It is possible to conclude that the substantive scope of the CSR approach is not as broad as that contained in the codes of conduct, and there are notable gaps in the approach on core CSR issues such as restructuring, the activities of suppliers and job security.

These holes in the sectoral frame potentially indicate the areas of ‘non-decision making’ in which controversial issues and topics are excluded at the level of agenda setting, and softer subjects form the foundations of consensus.

However, through the previous application and observance of these declarations, it is possible that the depth of these individual pillars and existing actions may enable a smoother and effective implementation. Moreover it is quite possible that as more controversial issues are resolved through working groups and SSDC discussions more aspects could be integrated into the CSR framework. Therefore there is an implicit dynamism in the approach allowing flexibility.

In terms of monitoring the strategy, the social partners committed themselves to explore concrete measures to promote CSR, to collect and disseminate good practices and to ensure monitoring of the social dialogue related to CSR and the joint statement. However, nothing was formally agreed in terms of how or when this monitoring would take place, which suggests that the process is potentially even weaker than the codes of conduct. The argument from the employers’ side of the table was that the involvement of explicit monitoring systems in process would complicate and burden the enterprises considering that small and medium sized companies dominate the sector.

5.2.4. Implications of the ‘umbrella’ approach

The ‘umbrella’ approach developed in the commerce sector has a number of clear strengths. Firstly, it allows a high degree of flexibility in terms of different policies for different sized companies, different countries/regions and different economic circumstances, although the social partners have been very clear that this should not be misconstrued as flexibility without limits. Ultimately they stress that respecting the law alone cannot be considered as CSR. It will be possible to analyse this in the future through the criteria for the selection of good practices and benchmarks.

If this benchmarking process, is capable of and does generate positive competition then the strategy can be considered to be a success story in voluntary market-led policies. However, the social partners have a real challenge in convincing different companies of the economic benefits associated with a proactive CSR policy, particularly in the face of aggressive competition from companies who have rejected the need for CSR policies.

Secondly, as suggested above, one of the main strengths of this approach is that it builds on fairly sure ground, which the social partners have worked for many years to lay the foundations. Therefore, it could be seen as a statement of renewed commitment and consolidation of actions already developed and taken. Alternatively, from a rather cynical perspective, the statement and strategy could be seen as a regurgitated product, which does not move beyond existing lines of agreement and has been thus merely produced to satisfy the needs of the European institutional debate.

6. Conclusion: to be or not to be CSR (sectorally speaking)

From the research conducted, it is apparent that many of the sectoral social dialogue committees, whether they consider themselves to be active or not on CSR, have been grappling with the core issues raised by the concept over a number of years. The development

of the European institutional debate on CSR has clearly led to the ‘re-definition’ of activities carried out in the framework of the sectoral social dialogue in some cases offering new impetus to common actions and broadening the scope of debate, while in others offering ‘old wine in new bottles’. As Andrew Fielding (Deputy Head of Cabinet of Commissioner Diamantopoulou) stated when opening the Commerce sector’s conference on CSR, the sector had been ‘doing CSR without knowing it’ over a number of years.

The sectoral social dialogue committee’s various initiatives provide a means of giving CSR a tangible form at European level relevant to the circumstances of the specific sectors. In comparison to the ‘umbrella’ policy approach identified in the commerce sector, the code of conduct approach has the advantage of providing a broad framework to tackle the multi-dimensional nature of CSR. Moreover, the definition (albeit vague in many instances) of sectoral standards (whether minimum or otherwise) in a semi-legal format, which as demonstrated by a number of codes of conduct can be integrated into national sectoral collective agreements, provides a more accessible basis for developing verification and monitoring policies and instruments. Both the approaches offer a means of focusing and developing common sub-projects and campaigns on specific CSR-related issues identified. It is important to stress that these sectoral initiatives are pioneering in the sense that they are moving beyond the existing lines of the Commission’s policies and making CSR tangible.

Consequently it is clear that the success of a social dialogue focused on CSR depends on the sectoral circumstances (e.g. ‘sectors under pressure from internationalisation’ like sugar and textiles), and the potential mutual gains possible for the social partners (e.g. developing socially effective restructuring policies, or improving the quality of the sector). Crucially, a constructive and positive atmosphere within the sectoral social dialogue is essential built on efficient channels of communication between the European and national levels, which ease the delegation of bargaining mandates to the European level and the implementation process.

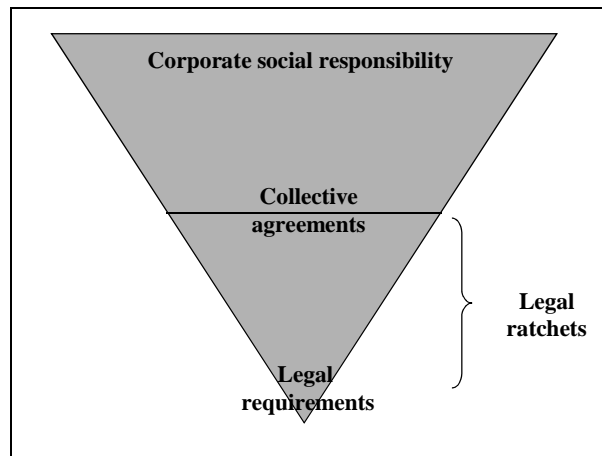
6.1. How can CSR be tamed by the sectoral social partners and public authorities?

Due to the absolute opposition of European-level employers’ organisations to follow the provisions of the Treaty and create a mandatory European agreement on CSR whether at inter-professional or sectoral level, the sectoral social partners have the choice of doing nothing or pursuing initially voluntary strategies. The initiatives investigated in this paper demonstrate some of the positive dimensions of the voluntary approach; namely, the generation of a company-based benchmarking process, based on joint identification of good practices, which arguably increases the motivation to be more innovative than competitors in order to attract new and maintain old customers. Furthermore, the inherent flexibility associated with a voluntary approach, in terms of developing specific policies according to location, company size, sector and economic environment, represents another advantage and incentive for employers. Employers’ eagerness to be seen as corporately socially responsible both towards shareholders, customers and employees, provides a lever for trade unions to ensure that company policies are credible and respect labour rights. As demonstrated by such large multinationals such as Nike, Levi Strauss or Shell, the weapon of public exposure may be blunt but if well managed it can be very effective. The use, or threat, of ‘naming and shaming’ has proved to be enough for some market leaders to invite trade unions into the

process and even develop joint programmes with both union members and their European and international federations.

Clearly trade unions, as well as NGOs, must be cautious about getting involved to ensure that their personal credibility and interests are not jeopardised, therefore it is vital that common activities seek to strengthen the industrial relations system and underpin labour law in a period of rapidly changing economic circumstances. The alternative is essentially the collective trade union nightmare, that CSR represents an erosion and ultimately destruction of collective arrangements, particularly the conclusion and role of collective agreements in national and European law.

Potentially, collective agreements could have a strong role to play in the policy of CSR as a means of consolidating advances made either at sectoral or company level. If we consider the three levels of hard and soft social and employment regulation, while recognises that the practical application and practice differs in each member state, it is possible to speculate on a potential dynamic between them: a) legislation, b) collective agreements and c) CSR in a soft law form.



Social and employment legislation traditionally covers legal minimum requirements that companies are obliged to meet in relation to working conditions, environmental conditions and employment relations. Collective agreements ideally should improve on these minimum standards and specifically regulate the working conditions and employment relations of a specific work-force, whether European, national, sectoral or company based. CSR has the merit of providing a broad space for the development of innovative approaches to a whole variety of issues, according to the economic and market circumstances, but also as a means of preparing or 'softening up' areas of consensus. The dynamic interaction would exist at the interface, as issues become the subject of discussion between the social partners and if consensus develops through the evolution and joint-application of CSR policies (whether the inclusion of workers with disabilities, or the improvement of health and safety provisions), it may be possible to integrate long-established aspects into the collective agreement. Through the integration of areas of consensus the relevant collective agreement would act as a legal ratchet ensuring that a company or sector's CSR policy could constantly develop above and beyond the legal norms. This would demonstrate companies' commitment to the industrial relations systems and therefore, provide evidence to counter or strengthen trade union, and NGO, fears about 'CSR as cover-up'. For their part, trade unions must guarantee that efficient

and effective channels of communication and information exist between both the different levels of industrial relations and the actors in those levels, in order that pressure can be effectively placed on the relevant decision-makers within companies and employers' organisations to ensure that responsibilities and commitments made within CSR policies are maintained. Otherwise the tool of public disclosure remains blunt and difficult to wield, and moreover, trade unions will be limited to making reactive policies rather than informed proactive strategies.

The second major threat highlighted from voluntary CSR was that of the erosion or abdication of public authorities' responsibilities in the social field. This is a much broader debate and concern than simply surrounds CSR, concerning the 'reducing shadow of the state'. Therefore our final conclusion rests on the ways in which legislation and public policy could underpin a voluntary approach to CSR. As highlighted by Ieke van den Burg (the MEP rapporteur on the Commission's Green Paper on CSR), it is neither likely nor perhaps desirable to pursue a comprehensive framework Directive on CSR at European level. However, it is clear that to ensure the transparency and credibility of company-based CSR policies certain specific areas should be regulated, primarily the area of social and environmental reporting. Several countries already have national accounting systems which take into account social aspects at least (e.g. France, Belgium, Denmark). This would be a central role for public authorities within the process. Moreover, CSR should be mainstreamed into European and national financial and accounting policies, and the developing European policy framework on public procurement, to ensure that the European Union is consistent in its role as a promoter of economic growth, sustainable development and social dialogue.

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- Harald Wiedenhofer, General Secretary for EFFAT, November 2003.
- Telephone interviews with all EIFs involved in the Sectoral Social Dialogue Committees, October 2003.

Meeting participation

Sectoral social dialogue committee meeting for personal services (hairdressing) the 30th of September 2003, Brussels.

Conference “CSR in Commerce” arranged by the social partners in the commerce sector with support of the European Commission. 4-5 November 2003, Brussels.

Steering Committee meeting of the sectoral social dialogue committee on sugar the 14th of November 2003, Brussels.

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