

**The Meaning of Large Companies' Corporate Social
Responsibility for Enterprise Management,
Economic Success and Social Balance in Globalising
Europe**

**Význam společenské odpovědnosti velkých firem pro
management, ekonomický úspěch a sociální soulad v
globalizující se Evropě**

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Faculty of Management and Economics**



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Abstract

In the company practice it is recognized increasingly that the economic success not only depends on the quality of the products, but also on the company image and its social acceptance. The so called triple bottom line captures an expanded spectrum of values and criteria for measuring organisational and societal success; economic, environmental and social. Wherever the new power called "corporate social responsibility" disposes of a high recognition, public relations also own a bigger meaning. And beside brand management and public relation management, a third growing element should be seen, the value management. The question, which is to ask completing, reads as follows: How attractively can a European economic and social order, which is not undisputed within an area of scarcely half billion people itself and therefore does not occur in a profiled and self-conscious way, become for just under 6 billion non-union members, who do not show a tradition of the social welfare state? How will European industrial leaders respond to appropriate models, if they acquire their relationship and knowledge capital increasingly in business schools, which are mainly influenced by American ideas? In the light of the goal of a Europe as "know-how area" (Lisbon goals)¹ thereby in particular the balance of trade and service transactions based on knowledge products should be kept in the eye, in order to stimulate the future competitiveness of the European economic area. The questionnaire which the author carried out in 50 large companies shows the necessity which forces, beside the retracting states, especially large companies to carry on their shoulders responsibility for social, ecological and economic tasks and the needs of the population.

Abstrakt

Firemní praxe dochází stále častěji k poznání, že ekonomický úspěch nezávisí pouze na kvalitě produkce, ale také na image firmy a její sociální přijatelnosti. Takzvaný trojitý pilíř zahrnuje široké spektrum hodnot a kritérií pro měření organizačního a společenského úspěchu; ekonomické, environmentální a sociální. Všude, kde je nová síla zvaná společenská odpovědnost firem všeobecně respektována, mají stále větší význam společenské vazby. A vedle řízení značky a vztahů k veřejnosti by měl být rozpoznán i třetí rostoucí prvek – hodnotový management. Otázka, která vyžaduje řešení, zní: Jak se může stát evropský ekonomický a organizační řád, přijímaný bez diskuse téměř půl miliardou lidí v Evropské unii, a tedy neexistující v profilevané a uvědomělé podobě, přitažlivým pro téměř 6 miliard lidí mimo Evropskou unii, kteří nezažili tradici státu společenského blahobytu? Jak budou evropští kapitáni průmyslu vytvářet správné modely, jestliže získávají svůj vztahový a znalostní kapitál stále více v business schools, které jsou ovlivňovány hlavně americkými myšlenkami? S ohledem na cíl Evropy jako "oblasti know - how" (Lisabonské cíle)¹ je nutné dbát o zachování rovnováhy zejména v oblasti transakcí v obchodě a službách, založené na znalostních produktech, k tomu, aby byla stimulována budoucí konkurenceschopnost evropské hospodářské oblasti. Dotazník který autor uplatnil v 50 velkých firmách ukazuje nezbytnost která nutí, vedle zanikajících států, zvláště velké firmy, aby vzaly na svá bedra zodpovědnost za sociální, ekologické a ekonomické úkoly a potřeby obyvatelstva.

¹ *Lisbon Declaration* of May 23, 2000 - *Lisabonské vyhlášení* z května 23, 2000
http://www.efc.be/ftp/public/TMCD/May2000_Lisbon_Declaration.pdf

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Rozšířený abstrakt

➤ Úvod

V praxi je otázka společenské odpovědnosti firem (dále jen CSR) podrobována rozsáhlé diskusi a kritice. Zastánci argumentují tím, že existuje mnoho dobrých důvodů pro CSR, protože firmy z ní mohou profitovat nejrůznějšími způsoby díky tomu, že fungují s mnohem širší a delší perspektivou než je jejich vlastní okamžitý krátkodobý zisk. Kritici dokazují, že CSR odvádí firmy od základní ekonomické role jejich podnikání, jiní říkají, že to není nic jiného než povrchní kaširování, a další zase dodávají, že je to pokus vyhnout se roli vlády jako hlídače silných nadnárodních společností.

Firmy obhajují CSR třemi skupinami argumentů: *první kategorie* souvisí s pojetím firmy jako občana ve smyslu „citoyen“ (pojem používaný ve Velké francouzské revoluci). Firmy jako občané mají práva právě taková, která je chrání před zásahy státu². Ve veřejných diskusích jsou však s těmito právy stále více konfrontovány povinnosti. Výjimečné speciální povinnosti náležejí velkým podnikům jako kvazi-veřejným institucím, protože jejich rozhodnutí mají někdy drastické důsledky pro životní podmínky některých zájmových skupin. *Druhá kategorie* je založena na procesu globalizace jako obratu od poptávkově orientované k nabídkově orientované hospodářské politice. Velké koncerny stejně jako subjekty mezinárodních finančních trhů získaly moc a nezávislost vůči národní politice, což mění TABLES: jednotlivé lokality soutěží o přilákání investic, ratingové agentury a analytici řeší náklady veřejného dluhu. Lokalizační rozhodnutí firem ovlivňují vývojové změny v populaci celých regionů mnohonásobnými efekty, především prostřednictvím technologických transferů. *Třetí kategorie*, přímo propojená s druhou kategorií, souvisí se selháním politiky a s faktickým odklonem mnoha států od společensko-politické odpovědnosti a dosavadní nabídky veřejně poskytovaných statků. Protože by nikdo neměl eskalovat, pokud možno, sociální a ekologické konflikty, protože by jinak mohl hrozit kolaps výrobních systémů, musí někdo naplnit toto vzniklé vakuum politikou. CSR přímo přináší tzv. trojitý pilíř, který zahrnuje široké spektrum hodnot a kritérií měření organizačního a společenského úspěchu: ekonomické, environmentální a sociální.

➤ Organizační a právní formy podnikatelských jednotek z hlediska privatizace a společenská odpovědnost firem

▪ Vlastnictví

Ján Porvazník a kol. ([27], s. 299-306)³ zdůrazňuje, že podle římského práva termín vlastnictví zahrnuje „právo na držení věci, používání, převzetí a využívání jejích plodů a právo na disponování věci (ins possidendi, ins utendi, ins fruendi, ins dispendendi). Takže vlastnická práva tvoří část ekonomických a právních charakteristik organizace. Nejznámějšími způsoby vytváření vlastnických práv jsou: 1. Vytvoření, 2. Koupě, 3. Výměna, 4. Akvizice 5. Dar, 6. Dědictví a 7. Privatizace.

▪ Privatizace a nové formy podnikání

Globální zdroje jsou podle Zeleného [36] hlavním tahounem dosahování globální konkurenceschopnosti a udržitelnosti. Spolu s tím se firmy a podnikání staly hlavními hybnými silami změny a dynamiky společnosti. Zelený říká, že jestliže se mobilita rozšířila

² univerzální vyhlášení lidských povinností, InterAction Council, September 1, 1997, http://www.aph.gov.au/house/committee/jfadt/dialog/dial_ap4.pdf

³ viz LITERATURA s. 95-97

z pouhých fyzických objektů na myšlenky, informace a znalosti, může člověk fungovat kdekoliv, takže síť lze také vidět jako nové hranice organizace a managementu. A skutečně dramatická změna probíhá ve stadiu orientace od finálního produktu (kde je proces daný a těžiště je ve finálním produktu) přes procesní operace (kde se objevuje komplexní řízení jakosti – TQM) k procesům rozdělování (jak zákazníci tak dodavatelé se stávají globálními zdroji). Výsledkem rozdělovacího procesu a globálního zásobování se stává (včetně Shihsovy „Smějící se křivky“ související s přidanou hodnotou) fenomén outsourcingu. Aktivita, které firmy zadají jiným subjektům, by mohly produkovat stabilnější síť. Mezi nové formy podnikání patří zejména masové směřování k zákazníkovi („napřed prodej, pak vyrob“), vyloučení zprostředkování (zruš mezičlánek), práce doma, komplexní dodávky a místa soustředění (kam dodavatelé dodávají funkční součásti).

▪ **Iniciativy CSR a nevládní organizace**

Selhání státu v tradičních oblastech jako je společenský blahobyt, bylo v 70. – 80. letech výchozím bodem pro vývoj spojený s CSR a zakládáním tisíců nevládních organizací (NGO)⁴ a - často podobně používaného pojmu - neziskových organizací (NPO)⁵, které se snaží kompenzovat vakuum ponechané uvedeným odklonem států. Většina Evropských zemí dokončila vývoj nezávislé občanské společnosti. Všude ve světě NPO slouží jako důležité právní organizace pro občanskou společnost. Hlavním cílem těchto organizací je realizovat široké spektrum společensky prospěšných činností v různých oblastech veřejného života: kultura, vzdělání, medicína, sport, rekreace, ekologie, ochrana životního prostředí, sociální zabezpečení, podpora chudých, ochrana lidských práv jedinců a právních jednotek, atd., Tedy, stručně řečeno, všude, kde se oslabují aktivity tradičního státu lze nalézt následující právní formy NPO, mimo jiné [19]: charita, nadace, veřejné asociace, veřejné organizace, společenská hnutí, veřejné fondy, veřejnoprávní subjekty, svazy (unie), odborové svazy, fondy (soukromé, firemní, veřejné (městské), nekomerční partnerství, spotřební družstva, náboženské skupiny.

▪ **Výsledky**

Na vlně globálního zásobování a s tím souvisejících síťových odvětví vznikají nové a nečekané organizační a právní formy podnikatelských, jako např. komplexní dodávky nebo místa soustředění, a NGO/NPO jako charity a nadace, které lze chápat jako vedlejší produkty privatizace a outsourcingového hnutí a měly by vyrovnat nerovnováhy svou společenskou odpovědností.

➤ **Individuální vlastnosti manažerů a jejich vliv na udržitelný výkon firem a institucí**

▪ **Manažerská efektivnost**

Jaké vlastnosti jsou nejdůležitější pro manažery, aby byli účinní pro své firmy nebo veřejné instituce? Předpokládáme-li, že jedním z největších cílů kterékoliv společnosti je produktivita, pak podle definice Farmer a Richman [6] společenská efektivnost spočívá v tom, jak dobře a efektivně manažeři firmy naplňují její cíle v daném prostředí.

• **Entuziasmus nebo moc**

Podle Dr. Imparato [15] méně efektivní manažeři se domnívají, že jejich moc ovlivňovat chod věcí je velmi omezená a skutečná moc zůstává v rukou top managementu. Říkají: „Nelze se snažit o chod věcí, dokud vyšší nadřízení tyto věci nespojí dohromady.“ Také věří, že jejich moc vychází z jejich funkce a pozice v organizačním schématu. Vysoce efektivní manažeři rozlišují formální autoritu a moc.

⁴ v angličtině: Non Government Organizations (NGO)

⁵ v angličtině: Non Profit Organizations (NPO)

- **Osobní kvality**

V dokonalém světě by projekty byly realizovány včas, za nižší než stanovenou cenu a bez větších problémů nebo překážek, které by bylo nutné překonávat. Ale my nežijeme v dokonalém světě. – firmy a jejich projekty mají problémy. Když se manažeři setkají se stresovou situací, zdá se jim zajímavá, cítí, že mohou ovlivnit výsledek a vidí ji jako příležitost. Tedy úspěšní manažeři - takzvané vůdčí typy - často vykazují kladné osobní rysy jako je důvěryhodnost, morálka, integrita a pokud jde o jejich chování, jsou plní iniciativy a projevují „přímý hodnotící styl“ ([27], s. 91,92), což v zásadě znamená, podle Porvazníka a kol., že jsou rozhodní ve svých aktivitách i činnostech, mají rádi kontrolu a nesnášejí nečinnost. Jak Dr. Imperato [15] zjistil, méně efektivní manažeři nemají rádi změnu, preferují předvídatelnost, řád a stabilitu.

- **Výsledky**

Neadekvátní pochopení své role často vysvětluje, proč tolik manažerů není schopno převést své znalosti do vyššího pracovního výkonu. A když nechápou svou roli, nebudou schopni akumulovat své kvality a kapacity, které potřebují k tomu, aby svou motivaci obrátili správným směrem, aby motivovali ostatní a konečně i své firmy a instituce ke správným cílům jako je ekonomická výkonnost, efektivnost a udržitelnost. Aby bylo dosaženo vyšších cílů firmy, manažeři musejí chápat svou roli nejen pro dosahování krátkodobého úspěchu firmy, ale také, a dokonce více, pro dosahování dlouhodobých cílů, jako je společensky odpovědné chování jejich firmy.

➤ **Význam CSR pro řízení značky, řízení hodnoty, řízení vztahů k veřejnosti a řízení rizika ve firmě**

- **Význam CSR pro řízení značky**

V centru všech marketingových aktivit stojí značka. Zřejmě nejvýznamnějším marketingovým výkonem firmy je zavést a udržet významné značky, aby tak byla zachována budoucnost firmy ([17], s. 689). Tedy zdokonalení značkové image firmy by mohlo znamenat skutečně vyšší úroveň komunikace. Hand a Lev ([11], s. 7) označují značku za rozšířené nehmotné aktivum v oblasti spotřebního zboží, jehož hodnota je určena kombinací inovace a organizační struktury. Značky mohou být dražší než továrny a výrobky, protože kupující, tržní podíly i zisky jsou s nimi úzce spojeny. Značkové výrobky mají dvakrát vyšší prodejní ziskovost než neznačkové výrobky v oblasti potravin. Případ firmy Icon Brand Navigation ukázal pojetí, podle kterého důvěra ve značku vyjadřuje dlouhodobé změny spotřebitelských postojů. Zatímco obraz značky může být krátkodobě ovlivněn změnami ve vzhledu značky, důvěru ve značku lze měnit pouze v dlouhém období. Dlouhodobě existující značky disponují významnou důvěrou ve značku, která vychází z osobních i mediálních kontaktů se značkou. Na přelidněných trzích, bojují firmy o jedinečnou prodejní perspektivu, což je, podle mínění spotřebitelů, odvádí od konkurence. CSR může hrát roli v budování loajality zákazníků založené na významných etických hodnotách. Organizace poskytující služby podnikání mohou také vydělat na budování pověsti může zahrnující integritu a nejlepší praxi [26].

- **Význam CSR pro řízení hodnoty**

Rostoucí vliv nehmotných aktiv na hodnotu firmy nutí firmy změnit myšlení: protože zákazníci budou poptávat v budoucnosti více důvěry a stálosti, je nutný posun od samotného řízení značky k řízení hodnoty. Hodnoty jako přátelství, náboženství a rodina zažívají ve společnosti renesanci. Firmy to musejí brát v úvahu. Mündemann obhájí nutnost firemní kultury spolu s faktem, že není další volný prostor pro kulturu. „V sociálním systému firmy je

vždycky kultura.“ ([24], s. 51).

- **Význam CSR pro řízení vztahů k veřejnosti**

Pro řízení vztahů s okolím je zásadní otázka vnímání. „Firmy skutečně hospodaří v ovzduší názorů. Aby byly úspěšné a ziskové, musejí brát v úvahu, jak je vnímá okolí.“ [4]. Význam této závislosti na vnímání vzrostl v posledních několika letech.

- **Výsledky**

V praxi firem se stále více ukazuje, že ekonomický úspěch nezávisí pouze na kvalitě výrobků, ale také na image firmy a její sociální přijatelnosti. Příčinnost existuje v obou směrech: úspěch způsobuje dobrou image a dobrá image způsobuje úspěch. Významnými tahouny hodnoty udržitelného úspěchu ve veřejných vztazích jsou image a značka, zejména důvěra ve značku, což znamená neviditelný podíl značky. A kromě řízení značky a řízení vztahů s veřejností se může ve vývoji CSR projevit třetí rostoucí síla – řízení hodnoty. Hodnoty, jako je přátelství, náboženství a rodina zažívají ve společnosti renesanci. Společnosti musí jevit se k tomu, protože zákazníci budou požadovat v budoucnu stále více víry a konstantnost.

➤ **Ekonomicky motivovaný přístup k CSR**

- **Význam udržitelnosti v ekonomicky motivovaném přístupu k CSR**

Takzvaný trojitý pilíř zahrnuje široké spektrum hodnot a kritérií pro měření organizačního a společenského úspěchu – ekonomické, ekologické a sociální. Po ratifikaci Standardu TBL ICLEI Organizace spojených národů pro účetnictví měst a obcí na začátku 2007, se stalo hlavním přístupem k veřejnému sektoru účetnictví na základě úplných nákladů. Prakticky, účetnictví podle trojitého pilíře znamená rozšíření tradičního rámce vykazování tak, aby zohledňoval ekologickou a sociální výkonnost, nejen finanční výkonnost. Udržitelnost je stále více nahlížena jako integrální součást aktivit firmy a chápe se jako dlouhodobě investovaná a optimalizovaná ekonomická přidaná hodnota [28]. Z pohledu výkonnosti je udržitelnost stále více a více zajímavá pro kapitálové trhy.

- **CSR jako faktor přidané hodnoty**

Mnoho kritiků požaduje důkazy, že prostřednictvím CSR roste hodnota firmy. Existuje teorie "externalit", která zahrnuje předpoklad, že veškeré vnitřní efekty firmy oddělené od firemních transakcí, se budou odrážet v peněžní hodnotě transakce, ale ne v externích vlivech. Tyto "externality" mohou být vyvolány např. inovacemi, přitahováním dalších investic do míst, kde firma sídlí, nebo podporou a udržováním nehmotných aktiv jako je kooperace a důvěra. Mnoho ukazatelů CSR má kvalitativní podstatu a mohou být stěží měřeny finančně. Ačkoliv konečné ohodnocení ekonomické přidané hodnoty dosud nemohlo být vytvořeno, předpokládá kladný vliv CSR na ekonomickou výkonnost firem v mnoha směrech.

- **Výsledky**

Rostoucí neschopnost státu poskytovat společenské přínosy ovlivňuje kapitálový trh, který je pro firmy zajímavý tím, že je bude poskytovat. Tedy tento trh je iniciátorem CSR. Firmy se dostávají společně s dalšími subjekty společnosti, včetně zájmových skupin, do konkurenčních vztahů, které jsou prudce zesilovány globalizací.

➤ **Úloha velkých firem v ekonomikách a společnostech v globalizující se Evropě**

- **Místo ekonomické etiky ve firemní etice**

Moderní, vysoce diferencované společnosti jsou charakteristické, podle Luhmanna tím, že řeší problémy ve specializovaných subsystémech vysoce efektivně, zejména proto, že každý subsystém může ve svých rozhodnutích zohlednit vždy jen jeden rozdíl. V tomto smyslu výzkum požaduje pravdu, ale ne praktičnost, technologie žádá vyrobiteľnost, ale ne zdůvodnění, politika žádá volební výsledek a ekonomie pouze ziskovost [21].

▪ CSR a jiná pojetí

Velká část akademických diskusí o CSR se točí kolem modelu vytvořeného Carrollem [3] v roce 1979. Tento model byl, částečně rozporuplně, prezentován v různých publikacích. Model pracuje s rozlišením polí, která konstruuje nad sebou, a tvoří tak postupný obal. Zároveň tento model ukazovaný jako pyramida by podle Carrolle měl být chápán integrovaně a ve své celistvosti může být interpretován jedinečně jako CSR.

▪ Praxe vývoje CSR

Tedy jaké mohou být výsledky uplatňování CSR? Jako důsledek oddělení vlastnictví od řízení a důsledek rostoucí komplexnosti růstu ve směru produktu, funkční a tržní mnohotvárnosti, nejsou zájmy a požadavky ponechány experimentální praxi dobrovolných aktérů, ale jsou zprofesionalizovány. CSR pak spočívá ve vyjasnění cílů, definování procesů, určení odpovědných osob i peněz na realizaci opatření. Tady mohou být iniciativy zaměstnavatelů i zaměstnanců a také nové směry spolupráce s nevládními organizacemi.

➤ Závěr

Podle autorova názoru, otázka k řešení se musí číst následovně: Jak přitažlivý by mohl být evropský ekonomický a společenský řád, o němž se nediskutuje mezi unijními občany, a jak se tedy může daný problém objevit ve vyprofilované a sebeuvědomovací podobě pro téměř 6 mld. ostatního obyvatelstva světa, když většina z nich nezažila tradici státu společenského blahobytu? Jak mohou evropští kapitáni průmyslu vytvářet správné modely, když svůj vztahový a znalostní kapitál získávají především v business schools ovlivňovaných zejména americkými myšlenkami? Obecně se musíme ptát: Je přitažlivý starý model pojištění, který disponuje jednotlivci schopnými pracovat od 60 let věku v tzv. sociálních sítích a lidmi, kteří potřebují péči nad 80 let věku v domech s pečovatelskou službou, kde už nejsou nadále sociálně integrovaní? Autor nemá pochyby o tom, že Evropa má potenciál vytvořit systémovou konkurenci se svým vlastním modelem. Pro takový model ovšem musejí být vytvořeny poptávky, má-li získat rozhodující moc v nové hře s globálními silami na ekonomické, politické a kulturní úrovni. V první řadě musí být formulován jasně, aby byl akceptovatelný ostatními. Za druhé, musí být ve své výstavbě konzistentní. Teze o několika stejně vhodných modelech v systémové konkurenci vypovídá zejména o tom, že jednotlivé prvky z různých systémů nemohou být beze změny přenášeny do kontextu jiných systémů, protože pak by neseděly do dané konfigurace ostatních koordinovaných prvků a vztahů. Pro tento účel dílčí předpoklad například prvků amerických systémů je obvykle kontraproduktivní. Nadto evropský model musí být tak dalece propracovaný, že nebude vykazovat větší vnitřní diference než jiné modely. A konečně, musí brát v úvahu radikální změnu z přelomu tisíciletí a začátku tohoto století. Globalizace a digitální propojení byly často špatně odhadovány a přetěžovány přehnanými prognózami, nicméně silné transformační síly jsou mimo pochybnost. Evropský ekonomický a společenský řád pak nemůže být omezován jen na obranu sociální architektury založené na intenzivním ovlivňování transakčních nákladů, která byla vhodná pro společnosti v industriální éře. Ale Evropa s její zkušeností a citlivostí na sociální architektury je schopna přinést sociální inovace. Evropské chápání CSR by mohlo zformovat tu komponentu, která na jedné straně buduje myšlenky na základě minulého schváleného, ale na druhé straně zohledňuje nevyhnutelné změny evropského ekonomického a společenského modelu, a tedy by mohla dát směr této změně. architektury může ukázat sociální inovaci. Dotazník který autor uplatnil v 50 velkých firmách ukazuje nezbytnost která nutí, vedle zanikajících států, zvláště velké firmy, aby vzaly na svá bedra zodpovědnost za sociální, ekologické a ekonomické úkoly a potřeby obyvatelstva.

Introduction

The practice of corporate social responsibility is subject to much debate and criticism. Proponents argue that there is a strong business case for corporate social responsibility, in that corporations benefit in multiple ways by operating with a perspective broader and longer than their own immediate, short-term profits. Critics argue that corporate social responsibility distracts from the fundamental economic role of businesses, others argue that it is nothing more than superficial window-dressing; still others argue that it is an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. The justification of corporate social responsibility by companies feeds itself from three categories of arguments: *A first category* refers to the position of companies as a citizen, in the sense of “Citoyen”, a term used in the French revolution. As citizens companies have rights, essentially such, which protect against encroachments of the state⁶. In the public discourse however increasingly duties are confronted to these rights. Excellent special duties belong to large enterprises as quasi-public institutions [34]⁷, because their decisions have partly drastic consequences for living conditions of selected stakeholders. *A second category* is based on the globalisation process and a reversal of a demand-oriented into a supply-oriented economic policy. Large concerns as well as particularly the actors on international financial markets won power and independence in a way towards national policy, which turns the tables: locations compete for the attraction of investments, rating agencies and analysts decide on the costs of the national debt. Location decisions of companies affect the development chances of populations of whole regions over multiplier effects, above all however over technology transfers. *A third category*, directly interlaced with the second category, refers to the failure of politics and to a factual retreat of many states from socio-political responsibility and the supply along up to now as publicly regarded goods⁸. Since one - if possible - should not let escalate social and ecological conflicts, because otherwise the collapse of the productive systems threatens, someone must fill the left vacuum by politics. Corporate social responsibility centrally brings out the so called triple bottom line which captures an expanded spectrum of values and criteria for measuring organisational and societal success; economic, environmental and social.

⁶ see draft of an *universal declaration of human responsibilities*, proposed by the InterASction Council, September 1, 1997, http://www.aph.gov.au/house/committee/jfadt/dialog/dial_ap4.pdf

⁷ see according links in chapter LITERATURE p. 95-97

⁸ see the *General Agreement on Trade in Services (GATS): objectives, coverage and disciplines* http://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm

1. Social Responsibility in the view of churches

Catholic Church

One strong source for the movement of Corporate Social Responsibility is the Catholic social teaching which focussed very early the theme of social justice or responsibility.

The Catechism of the Catholic church⁹ emphasizes continuously the social obligations of ownership and assets. Following this society ensures social justice when it provides the conditions that allow associations or individuals to obtain what is their due, according to their nature and their vocation. Social justice is linked to the common good and the exercise of authority. The Catechism leads to these conclusions:

Respect for the human person

1929¹⁰ Social justice can be obtained only in respecting the transcendent dignity of man. The person represents the ultimate end of society, which is ordered to him:

What is at stake is the dignity of the human person, whose defense and promotion have been entrusted to us by the Creator, and to whom the men and women at every moment of history are strictly and responsibly in debt.

1930 Respect for the human person entails respect for the rights that flow from his dignity as a creature. These rights are prior to society and must be recognized by it. They are the basis of the moral legitimacy of every authority: by flouting them, or refusing to recognize them in its positive legislation, a society undermines its own moral legitimacy. If it does not respect them, authority can rely only on force or violence to obtain obedience from its subjects. It is the Church's role to remind men of good will of these rights and to distinguish them from unwarranted or false claims.

1931 Respect for the human person proceeds by way of respect for the principle that "everyone should look upon his neighbor (without any exception) as 'another self,' above all bearing in mind his life and the means necessary for living it with dignity." No legislation could by itself do away with the fears, prejudices, and attitudes of pride and selfishness which obstruct the establishment of truly fraternal societies. Such behavior will cease only through the charity that finds in every man a "neighbor," a brother.

1932 The duty of making oneself a neighbor to others and actively serving them becomes even more urgent when it involves the disadvantaged, in whatever area this may be. "As you did it to one of the least of these my brethren, you did it to me."

1933 This same duty extends to those who think or act differently from us. The teaching of Christ goes so far as to require the forgiveness of offenses. He extends the commandment of love, which is that of the New Law, to all enemies. Liberation in the spirit of the Gospel is incompatible with hatred of one's enemy as a person, but not with hatred of the evil that he does as an enemy.

Equality and differences among men

1934 Created in the image of the one God and equally endowed with rational souls, all men have the same nature and the same origin. Redeemed by the sacrifice of Christ, all are called to participate in the same divine beatitude: all therefore enjoy an equal dignity.

⁹ source: Catechism of the Catholic Church, <http://www.vatican.va/archive/catechism/p3s1c2a3.htm>

¹⁰ source: Catechism of the Catholic Church, numbers used by Catechism

1935 The equality of men rests essentially on their dignity as persons and the rights that flow from it:

Every form of social or cultural discrimination in fundamental personal rights on the grounds of sex, race, color, social conditions, language, or religion must be curbed and eradicated as incompatible with God's design.

1936 On coming into the world, man is not equipped with everything he needs for developing his bodily and spiritual life. He needs others. Differences appear tied to age, physical abilities, intellectual or moral aptitudes, the benefits derived from social commerce, and the distribution of wealth. The "talents" are not distributed equally.

1937 These differences belong to God's plan, who wills that each receive what he needs from others, and that those endowed with particular "talents" share the benefits with those who need them. These differences encourage and often oblige persons to practice generosity, kindness, and sharing of goods; they foster the mutual enrichment of cultures:

I distribute the virtues quite diversely; I do not give all of them to each person, but some to one, some to others. . . . I shall give principally charity to one; justice to another; humility to this one, a living faith to that one. . . . And so I have given many gifts and graces, both spiritual and temporal, with such diversity that I have not given everything to one single person, so that you may be constrained to practice charity towards one another. . . . I have willed that one should need another and that all should be my ministers in distributing the graces and gifts they have received from me.

1938 There exist also sinful inequalities that affect millions of men and women. These are in open contradiction of the Gospel:

Their equal dignity as persons demands that we strive for fairer and more humane conditions. Excessive economic and social disparity between individuals and peoples of the one human race is a source of scandal and militates against social justice, equity, human dignity, as well as social and international peace.

Human Solidarity

1939 The principle of solidarity, also articulated in terms of "friendship" or "social charity," is a direct demand of human and Christian brotherhood.

An error, "today abundantly widespread, is disregard for the law of human solidarity and charity, dictated and imposed both by our common origin and by the equality in rational nature of all men, whatever nation they belong to. This law is sealed by the sacrifice of redemption offered by Jesus Christ on the altar of the Cross to his heavenly Father, on behalf of sinful humanity."

1940 Solidarity is manifested in the first place by the distribution of goods and remuneration for work. It also presupposes the effort for a more just social order where tensions are better able to be reduced and conflicts more readily settled by negotiation.

1941 Socio-economic problems can be resolved only with the help of all the forms of solidarity: solidarity of the poor among themselves, between rich and poor, of workers among themselves, between employers and employees in a business, solidarity among nations and peoples. International solidarity is a requirement of the moral order; world peace depends in part upon this.

1942 The virtue of solidarity goes beyond material goods. In spreading the spiritual goods of the faith, the Church has promoted, and often opened new paths for, the development of temporal goods as well. And so throughout the centuries has the Lord's saying been verified:

"Seek first his kingdom and his righteousness, and all these things shall be yours as well":

For two thousand years this sentiment has lived and endured in the soul of the Church, impelling souls then and now to the heroic charity of monastic farmers, liberators of slaves, healers of the sick, and messengers of faith, civilization, and science to all generations and all

peoples for the sake of creating the social conditions capable of offering to everyone possible a life worthy of man and of a Christian.

In brief

1943 Society ensures social justice by providing the conditions that allow associations and individuals to obtain their due.

1944 Respect for the human person considers the other "another self." It presupposes respect for the fundamental rights that flow from the dignity intrinsic of the person.

1945 The equality of men concerns their dignity as persons and the rights that flow from it.

1946 The differences among persons belong to God's plan, who wills that we should need one another. These differences should encourage charity.

1947 The equal dignity of human persons requires the effort to reduce excessive social and economic inequalities. It gives urgency to the elimination of sinful inequalities.

1948 Solidarity is an eminently Christian virtue. It practices the sharing of spiritual goods even more than material ones.

The universal destination and the private ownership of goods

2402 In the beginning God entrusted the earth and its resources to the common stewardship of mankind to take care of them, master them by labor, and enjoy their fruits. The goods of creation are destined for the whole human race. However, the earth is divided up among men to assure the security of their lives, endangered by poverty and threatened by violence. The appropriation of property is legitimate for guaranteeing the freedom and dignity of persons and for helping each of them to meet his basic needs and the needs of those in his charge. It should allow for a natural solidarity to develop between men.

2403 The right to private property, acquired by work or received from others by inheritance or gift, does not do away with the original gift of the earth to the whole of mankind. The universal destination of goods remains primordial, even if the promotion of the common good requires respect for the right to private property and its exercise.

2404 "In his use of things man should regard the external goods he legitimately owns not merely as exclusive to himself but common to others also, in the sense that they can benefit others as well as himself." The ownership of any property makes its holder a steward of Providence, with the task of making it fruitful and communicating its benefits to others, first of all his family.

2405 Goods of production - material or immaterial - such as land, factories, practical or artistic skills, oblige their possessors to employ them in ways that will benefit the greatest number. Those who hold goods for use and consumption should use them with moderation, reserving the better part for guests, for the sick and the poor.

2406 Political authority has the right and duty to regulate the legitimate exercise of the right to ownership for the sake of the common good.

Respect for persons and their goods

2407 In economic matters, respect for human dignity requires the practice of the virtue of temperance, so as to moderate attachment to this world's goods; the practice of the virtue of justice, to preserve our neighbor's rights and render him what is his due; and the practice of solidarity, in accordance with the golden rule and in keeping with the generosity of the Lord, who "though he was rich, yet for your sake . . . became poor so that by his poverty, you might become rich."

Respect for the goods of others

2408 The seventh commandment forbids theft, that is, usurping another's property against the

reasonable will of the owner. There is no theft if consent can be presumed or if refusal is contrary to reason and the universal destination of goods. This is the case in obvious and urgent necessity when the only way to provide for immediate, essential needs (food, shelter, clothing . . .) is to put at one's disposal and use the property of others.

2409 Even if it does not contradict the provisions of civil law, any form of unjustly taking and keeping the property of others is against the seventh commandment: thus, deliberate retention of goods lent or of objects lost; business fraud; paying unjust wages; forcing up prices by taking advantage of the ignorance or hardship of another.

The following are also morally illicit: speculation in which one contrives to manipulate the price of goods artificially in order to gain an advantage to the detriment of others; corruption in which one influences the judgment of those who must make decisions according to law; appropriation and use for private purposes of the common goods of an enterprise; work poorly done; tax evasion; forgery of checks and invoices; excessive expenses and waste. Willfully damaging private or public property is contrary to the moral law and requires reparation.

2410 Promises must be kept and contracts strictly observed to the extent that the commitments made in them are morally just. A significant part of economic and social life depends on the honoring of contracts between physical or moral persons - commercial contracts of purchase or sale, rental or labor contracts. All contracts must be agreed to and executed in good faith.

2411 Contracts are subject to commutative justice which regulates exchanges between persons in accordance with a strict respect for their rights. Commutative justice obliges strictly; it requires safeguarding property rights, paying debts, and fulfilling obligations freely contracted. Without commutative justice, no other form of justice is possible.

One distinguishes commutative justice from legal justice which concerns what the citizen owes in fairness to the community, and from distributive justice which regulates what the community owes its citizens in proportion to their contributions and needs.

2412 In virtue of commutative justice, reparation for injustice committed requires the restitution of stolen goods to their owner: Jesus blesses Zacchaeus for his pledge: "If I have defrauded anyone of anything, I restore it fourfold." Those who, directly or indirectly, have taken possession of the goods of another, are obliged to make restitution of them, or to return the equivalent in kind or in money, if the goods have disappeared, as well as the profit or advantages their owner would have legitimately obtained from them. Likewise, all who in some manner have taken part in a theft or who have knowingly benefited from it - for example, those who ordered it, assisted in it, or received the stolen goods - are obliged to make restitution in proportion to their responsibility and to their share of what was stolen. 2413 Games of chance (card games, etc.) or wagers are not in themselves contrary to justice. They become morally unacceptable when they deprive someone of what is necessary to provide for his needs and those of others. The passion for gambling risks becoming an enslavement. Unfair wagers and cheating at games constitute grave matter, unless the damage inflicted is so slight that the one who suffers it cannot reasonably consider it significant. 2414 The seventh commandment forbids acts or enterprises that for any reason - selfish or ideological, commercial, or totalitarian - lead to the enslavement of human beings, to their being bought, sold and exchanged like merchandise, in disregard for their personal dignity. It is a sin against the dignity of persons and their fundamental rights to reduce them by violence to their productive value or to a source of profit. St. Paul directed a Christian master to treat his Christian slave "no longer as a slave but more than a slave, as a beloved brother, . . . both in the flesh and in the Lord."

Respect for the integrity of creation

2415 The seventh commandment enjoins respect for the integrity of creation. Animals, like

plants and inanimate beings, are by nature destined for the common good of past, present, and future humanity. Use of the mineral, vegetable, and animal resources of the universe cannot be divorced from respect for moral imperatives. Man's dominion over inanimate and other living beings granted by the Creator is not absolute; it is limited by concern for the quality of life of his neighbor, including generations to come; it requires a religious respect for the integrity of creation.

2416 Animals are God's creatures. He surrounds them with his providential care. By their mere existence they bless him and give him glory. Thus men owe them kindness. We should recall the gentleness with which saints like St. Francis of Assisi or St. Philip Neri treated animals.

2417 God entrusted animals to the stewardship of those whom he created in his own image. Hence it is legitimate to use animals for food and clothing. They may be domesticated to help man in his work and leisure. Medical and scientific experimentation on animals is a morally acceptable practice, if it remains within reasonable limits and contributes to caring for or saving human lives.

2418 It is contrary to human dignity to cause animals to suffer or die needlessly. It is likewise unworthy to spend money on them that should as a priority go to the relief of human misery. One can love animals; one should not direct to them the affection due only to persons.

The social doctrine of the church

2419 "Christian revelation . . . promotes deeper understanding of the laws of social living." The Church receives from the Gospel the full revelation of the truth about man. When she fulfills her mission of proclaiming the Gospel, she bears witness to man, in the name of Christ, to his dignity and his vocation to the communion of persons. She teaches him the demands of justice and peace in conformity with divine wisdom.

2420 The Church makes a moral judgment about economic and social matters, "when the fundamental rights of the person or the salvation of souls requires it." In the moral order she bears a mission distinct from that of political authorities: the Church is concerned with the temporal aspects of the common good because they are ordered to the sovereign Good, our ultimate end. She strives to inspire right attitudes with respect to earthly goods and in socio-economic relationships.

2421 The social doctrine of the Church developed in the nineteenth century when the Gospel encountered modern industrial society with its new structures for the production of consumer goods, its new concept of society, the state and authority, and its new forms of labor and ownership. The development of the doctrine of the Church on economic and social matters attests the permanent value of the Church's teaching at the same time as it attests the true meaning of her Tradition, always living and active.

2422 The Church's social teaching comprises a body of doctrine, which is articulated as the Church interprets events in the course of history, with the assistance of the Holy Spirit, in the light of the whole of what has been revealed by Jesus Christ. This teaching can be more easily accepted by men of good will, the more the faithful let themselves be guided by it.

2423 The Church's social teaching proposes principles for reflection; it provides criteria for judgment; it gives guidelines for action:

Any system in which social relationships are determined entirely by economic factors is contrary to the nature of the human person and his acts.

2424 A theory that makes profit the exclusive norm and ultimate end of economic activity is morally unacceptable. The disordered desire for money cannot but produce perverse effects. It is one of the causes of the many conflicts which disturb the social order.

A system that "subordinates the basic rights of individuals and of groups to the collective organization of production" is contrary to human dignity. Every practice that reduces persons to

nothing more than a means of profit enslaves man, leads to idolizing money, and contributes to the spread of atheism. "You cannot serve God and mammon."

2425 The Church has rejected the totalitarian and atheistic ideologies associated in modern times with "communism" or "socialism." She has likewise refused to accept, in the practice of "capitalism," individualism and the absolute primacy of the law of the marketplace over human labor. Regulating the economy solely by centralized planning perverts the basis of social bonds; regulating it solely by the law of the marketplace fails social justice, for "there are many human needs which cannot be satisfied by the market." [207] Reasonable regulation of the marketplace and economic initiatives, in keeping with a just hierarchy of values and a view to the common good, is to be commended.

Economic activity and social justice

2426 The development of economic activity and growth in production are meant to provide for the needs of human beings. Economic life is not meant solely to multiply goods produced and increase profit or power; it is ordered first of all to the service of persons, of the whole man, and of the entire human community. Economic activity, conducted according to its own proper methods, is to be exercised within the limits of the moral order, in keeping with social justice so as to correspond to God's plan for man.

2427 Human work proceeds directly from persons created in the image of God and called to prolong the work of creation by subduing the earth, both with and for one another. Hence work is a duty: "If any one will not work, let him not eat." Work honors the Creator's gifts and the talents received from him. It can also be redemptive. By enduring the hardship of work in union with Jesus, the carpenter of Nazareth and the one crucified on Calvary, man collaborates in a certain fashion with the Son of God in his redemptive work. He shows himself to be a disciple of Christ by carrying the cross, daily, in the work he is called to accomplish. Work can be a means of sanctification and a way of animating earthly realities with the Spirit of Christ.

2428 In work, the person exercises and fulfills in part the potential inscribed in his nature. The primordial value of labor stems from man himself, its author and its beneficiary. Work is for man, not man for work.

Everyone should be able to draw from work the means of providing for his life and that of his family, and of serving the human community.

2429 Everyone has the right of economic initiative; everyone should make legitimate use of his talents to contribute to the abundance that will benefit all and to harvest the just fruits of his labor. He should seek to observe regulations issued by legitimate authority for the sake of the common good.

2430 Economic life brings into play different interests, often opposed to one another. This explains why the conflicts that characterize it arise. Efforts should be made to reduce these conflicts by negotiation that respects the rights and duties of each social partner: those responsible for business enterprises, representatives of wage-earners (for example, trade unions), and public authorities when appropriate.

2431 The responsibility of the state. "Economic activity, especially the activity of a market economy, cannot be conducted in an institutional, juridical, or political vacuum. On the contrary, it presupposes sure guarantees of individual freedom and private property, as well as a stable currency and efficient public services. Hence the principal task of the state is to guarantee this security, so that those who work and produce can enjoy the fruits of their labors and thus feel encouraged to work efficiently and honestly.... Another task of the state is that of overseeing and directing the exercise of human rights in the economic sector. However, primary responsibility in this area belongs not to the state but to individuals and to the various groups and associations which make up society."

2432 Those responsible for business enterprises are responsible to society for the economic and ecological effects of their operations. They have an obligation to consider the good of persons and not only the increase of profits. Profits are necessary, however. They make possible the investments that ensure the future of a business and they guarantee employment.

2433 Access to employment and to professions must be open to all without unjust discrimination: men and women, healthy and disabled, natives and immigrants. For its part society should, according to circumstances, help citizens find work and employment.

2434 A just wage is the legitimate fruit of work. To refuse or withhold it can be a grave injustice. In determining fair pay both the needs and the contributions of each person must be taken into account. "Remuneration for work should guarantee man the opportunity to provide a dignified livelihood for himself and his family on the material, social, cultural and spiritual level, taking into account the role and the productivity of each, the state of the business, and the common good." Agreement between the parties is not sufficient to justify morally the amount to be received in wages.

2435 Recourse to a strike is morally legitimate when it cannot be avoided, or at least when it is necessary to obtain a proportionate benefit. It becomes morally unacceptable when accompanied by violence, or when objectives are included that are not directly linked to working conditions or are contrary to the common good.

Unemployment almost always wounds its victim's dignity and threatens the equilibrium of his life. Besides the harm done to him personally, it entails many risks for his family.

Justice and solidarity among nations

2437 On the international level, inequality of resources and economic capability is such that it creates a real "gap" between nations. On the one side there are those nations possessing and developing the means of growth and, on the other, those accumulating debts.

2438 Various causes of a religious, political, economic, and financial nature today give "the social question a worldwide dimension." There must be solidarity among nations which are already politically interdependent. It is even more essential when it is a question of dismantling the "perverse mechanisms" that impede the development of the less advanced countries. In place of abusive if not usurious financial systems, iniquitous commercial relations among nations, and the arms race, there must be substituted a common effort to mobilize resources toward objectives of moral, cultural, and economic development, "redefining the priorities and hierarchies of values."

2439 Rich nations have a grave moral responsibility toward those which are unable to ensure the means of their development by themselves or have been prevented from doing so by tragic historical events. It is a duty in solidarity and charity; it is also an obligation in justice if the prosperity of the rich nations has come from resources that have not been paid for fairly.

2440 Direct aid is an appropriate response to immediate, extraordinary needs caused by natural catastrophes, epidemics, and the like. But it does not suffice to repair the grave damage resulting from destitution or to provide a lasting solution to a country's needs. It is also necessary to reform international economic and financial institutions so that they will better promote equitable relationships with less advanced countries. The efforts of poor countries working for growth and liberation must be supported. This doctrine must be applied especially in the area of agricultural labor. Peasants, especially in the Third World, form the overwhelming majority of the poor.

2441 An increased sense of God and increased self-awareness are fundamental to any full development of human society. This development multiplies material goods and puts them at the service of the person and his freedom. It reduces dire poverty and economic exploitation. It makes for growth in respect for cultural identities and openness to the transcendent.

2442 It is not the role of the Pastors of the Church to intervene directly in the political struc-

turing and organization of social life. This task is part of the vocation of the lay faithful, acting on their own initiative with their fellow citizens. Social action can assume various concrete forms. It should always have the common good in view and be in conformity with the message of the Gospel and the teaching of the Church. It is the role of the laity "to animate temporal realities with Christian commitment, by which they show that they are witnesses and agents of peace and justice."

Love for the poor

2443 God blesses those who come to the aid of the poor and rebukes those who turn away from them: "Give to him who begs from you, do not refuse him who would borrow from you"; "you received without pay, give without pay." It is by what they have done for the poor that Jesus Christ will recognize his chosen ones. When "the poor have the good news preached to them," it is the sign of Christ's presence.

2444 "The Church's love for the poor . . . is a part of her constant tradition." This love is inspired by the Gospel of the Beatitudes, of the poverty of Jesus, and of his concern for the poor. Love for the poor is even one of the motives for the duty of working so as to "be able to give to those in need." It extends not only to material poverty but also to the many forms of cultural and religious poverty.

2445 Love for the poor is incompatible with immoderate love of riches or their selfish use: Come now, you rich, weep and howl for the miseries that are coming upon you. Your riches have rotted and your garments are moth-eaten. Your gold and silver have rusted, and their rust will be evidence against you and will eat your flesh like fire. You have laid up treasure for the last days. Behold, the wages of the laborers who mowed your fields, which you kept back by fraud, cry out; and the cries of the harvesters have reached the ears of the Lord of hosts. You have lived on the earth in luxury and in pleasure; you have fattened your hearts in a day of slaughter. You have condemned, you have killed the righteous man; he does not resist you.

2446 St. John Chrysostom vigorously recalls this: "Not to enable the poor to share in our goods is to steal from them and deprive them of life. The goods we possess are not ours, but theirs." "The demands of justice must be satisfied first of all; that which is already due in justice is not to be offered as a gift of charity"

When we attend to the needs of those in want, we give them what is theirs, not ours. More than performing works of mercy, we are paying a debt of justice.

2447 The works of mercy are charitable actions by which we come to the aid of our neighbor in his spiritual and bodily necessities. Instructing, advising, consoling, comforting are spiritual works of mercy, as are forgiving and bearing wrongs patiently. The corporal works of mercy consist especially in feeding the hungry, sheltering the homeless, clothing the naked, visiting the sick and imprisoned, and burying the dead. Among all these, giving alms to the poor is one of the chief witnesses to fraternal charity: it is also a work of justice pleasing to God: He who has two coats, let him share with him who has none and he who has food must do likewise. But give for alms those things which are within; and behold, everything is clean for you. If a brother or sister is ill-clad and in lack of daily food, and one of you says to them, "Go in peace, be warmed and filled," without giving them the things needed for the body, what does it profit?

2448 "In its various forms - material deprivation, unjust oppression, physical and psychological illness and death - human misery is the obvious sign of the inherited condition of frailty and need for salvation in which man finds himself as a consequence of original sin. This misery elicited the compassion of Christ the Savior, who willingly took it upon himself and identified himself with the least of his brethren. Hence, those who are oppressed by poverty are the object of a preferential love on the part of the Church which, since her origin and in spite of the failings of many of her members, has not ceased to work for their relief, defense, and

liberation through numerous works of charity which remain indispensable always and everywhere."

2449 Beginning with the Old Testament, all kinds of juridical measures (the jubilee year of forgiveness of debts, prohibition of loans at interest and the keeping of collateral, the obligation to tithe, the daily payment of the day-laborer, the right to glean vines and fields) answer the exhortation of Deuteronomy: "For the poor will never cease out of the land; therefore I command you, 'You shall open wide your hand to your brother, to the needy and to the poor in the land.'" Jesus makes these words his own: "The poor you always have with you, but you do not always have me." In so doing he does not soften the vehemence of former oracles against "buying the poor for silver and the needy for a pair of sandals . . .," but invites us to recognize his own presence in the poor who are his brethren:

When her mother reproached her for caring for the poor and the sick at home, St. Rose of Lima said to her: "When we serve the poor and the sick, we serve Jesus. We must not fail to help our neighbors, because in them we serve Jesus."

In brief

2450 "You shall not steal" (Ex 20:15; Deut 5:19). "Neither thieves, nor the greedy . . ., nor robbers will inherit the kingdom of God" (1 Cor 6:10).

2451 The seventh commandment enjoins the practice of justice and charity in the administration of earthly goods and the fruits of men's labor.

2452 The goods of creation are destined for the entire human race. The right to private property does not abolish the universal destination of goods.

2453 The seventh commandment forbids theft. Theft is the usurpation of another's goods against the reasonable will of the owner.

2454 Every manner of taking and using another's property unjustly is contrary to the seventh commandment. The injustice committed requires reparation. Commutative justice requires the restitution of stolen goods.

2455 The moral law forbids acts which, for commercial or totalitarian purposes, lead to the enslavement of human beings, or to their being bought, sold or exchanged like merchandise.

2456 The dominion granted by the Creator over the mineral, vegetable, and animal resources of the universe cannot be separated from respect for moral obligations, including those toward generations to come.

2457 Animals are entrusted to man's stewardship; he must show them kindness. They may be used to serve the just satisfaction of man's needs.

2458 The Church makes a judgment about economic and social matters when the fundamental rights of the person or the salvation of souls requires *. She is concerned with the temporal common good of men because they are ordered to the sovereign Good, their ultimate end.

2459 Man is himself the author, center, and goal of all economic and social life. The decisive point of the social question is that goods created by God for everyone should in fact reach everyone in accordance with justice and with the help of charity.

2460 The primordial value of labor stems from man himself, its author and beneficiary. By means of his labor man participates in the work of creation. Work united to Christ can be redemptive.

2461 True development concerns the whole man. It is concerned with increasing each person's ability to respond to his vocation and hence to God's call (cf. CA 29).

2462 Giving alms to the poor is a witness to fraternal charity: it is also a work of justice pleasing to God.

2463 How can we not recognize Lazarus, the hungry beggar in the parable (cf. Lk 17:19-31), in the multitude of human beings without bread, a roof or a place to stay? How can we fail to hear Jesus: "As you did it not to one of the least of these, you did it not to me" (Mt 25:45)?

Evangelic Church

But not only the Catholic church has set roots for social justice, but also Dr. Martin Luther who nailed his 95 theses - which were meant as addition to a letter to the archbishop of Mainz - in 1517 to a church entrance door in Wittenberg. Especially theses 43-46¹¹ make that clear:

43. Christians are to be taught that he who gives to the poor or lends to the needy does a better work than buying pardons;

44. Because love grows by works of love, and man becomes better; but by pardons man does not grow better, only more free from penalty.

45. Christians are to be taught that he who sees a man in need, and passes him by, and gives [his money] for pardons, purchases not the indulgences of the pope, but the indignation of God.

46. Christians are to be taught that unless they have more than they need, they are bound to keep back what is necessary for their own families, and by no means to squander it on pardons.

¹¹ Source: <http://www.iclnet.org/pub/resources/text/wittenberg/luther/web/ninetyfive.html>

2. Social Market Economy, Freiburg School, Ordoliberalism and Konrad Adenauer

The social market economy was the main economic model used in Western and Northern Europe during the Cold War era. It originated in West Germany, and it is known as *Soziale Marktwirtschaft* in German. In West Germany, the social market model was created and implemented by the Christian Democrat Ludwig Erhard, Minister of Economics under Konrad Adenauer's chancellorship and German Chancellor in his own right from 1963 to 1966. While social market economies are often seen as the realization of ordoliberalism and do in fact chiefly stem from the theories of the ordoliberals, the systems actually put into effect in Europe after the Second World War were strongly influenced by social democracy and generally have a slight social-democratic bent. The social market economy seeks a middle path between socialism and capitalism (i.e. a mixed economy) and aims at maintaining a balance between a high rate of economic growth, low inflation, low levels of unemployment, good working conditions, social welfare, and public services, by using state intervention. Basically respecting the free market, the social market economy is opposed to both a planned economy and *laissez-faire* capitalism. Erhard once told Friedrich Hayek that the free market economy did not need to be made social but was social in its origin. In a social market economy, collective bargaining is often done on a national level not between one corporation and one union, but national employers' organizations and national trade unions.

The Freiburg School is a school of economic thought founded in the 1930s at the University of Freiburg. It builds somewhat on the earlier historical school of economics.

Ordoliberalism (also called German neoliberalism) is a school of liberalism emphasizing the need for the state to ensure that the free market produces results close to its theoretical potential (see allocative efficiency). The theory was developed by German economists and legal scholars such as Wilhelm Röpke (who spent the Nazi period in exile in Turkey), Walter Eucken, Franz Böhm and Hans Grossmann-Doerth from about 1930-1950; Ordoliberal ideals (with modifications) drove the creation of the post-World War II German social market economy and its attendant "Wirtschaftswunder".

Ordoliberal theory holds that the state must create a proper legal environment for the economy and maintain a healthy level of competition through measures that adhere to market principles. The concern is that, if the state does not take active measures to foster competition, firms with monopoly or oligopoly power will emerge, which will not only subvert the advantages offered by the market economy, but also possibly undermine good government, since strong economic power can be transformed into political power. Quoting Stephen Padgett: "A central tenet of ordo-liberalism is a clearly defined division of labor in economic management, with specific responsibilities assigned to particular institutions. Monetary policy should be the responsibility of a central bank committed to monetary stability and low inflation, and insulated from political pressure by independent status. Fiscal policy - balancing tax revenue against government expenditure - is the domain of the government, whilst macro-economic policy is the preserve of employers and trade unions." The state should form an economical order instead of directing economical processes. Wilhelm Röpke considered Ordoliberalism to be "liberal conservatism" against capitalism. Alexander Rüstow also has criticized *laissez-faire* capitalism. The Ordoliberals thus separated themselves from classical liberals like Ludwig von Mises and Friedrich Hayek. For their political philosophy, Ordoliberals were influenced by Aristotle, Tocqueville, Hegel, Spengler and Karl Mannheim. Following the fall of the Berlin Wall on 9 November 1989, most centre right parties gradually moved towards the highly capitalist economic policies of neoliberalism, and a significant por-

tion of the centre left made a similar move, developing the "Third Way". Nevertheless, a commitment to some form of social market economy was present in the European Union Constitution (now in limbo following the referendums in France and the Netherlands).

Konrad Adenauer was born as the third of five children of Johann Konrad Adenauer (1833-1906) and his wife Helene (1849-1919) (née Scharfenberg) in Cologne. His siblings were August (1872-1952), Johannes (1873-1937), Lilli (1879-1950) and Elisabeth, who died shortly after birth. In 1894, he completed his matura and started to study law and politics at the universities of Freiburg, Munich and Bonn. He was a member of several Roman Catholic students' associations under the K.St.V. Arminia in Bonn. He finished his studies in 1901. Afterwards he worked as a lawyer at the court in Cologne. As a devout Roman Catholic, he joined the Centre Party in 1906 and was elected to Cologne's city council in the same year. In 1909, he became Vice-Mayor of Cologne. From 1917 to 1933, he served as Mayor of Cologne. He had the unpleasant task of heading Cologne in the era of British occupation following the First World War and lasting until 1926. He managed to establish faithful relations with the British military authorities and flirted with Rhenish separatism (a Rhenish state as part of Germany, but outside Prussia). During the Weimar Republic, he was president of the Prussian State Council ("Preußischer Staatsrat") from 1922 to 1933, which was the representative of the Prussian cities and provinces. When the Nazis rose to power in 1933, the Centre Party lost the "elections" in Cologne and Adenauer fled to the abbey of Maria Laach, threatened by the new government after he had refused even to shake hands with a local Nazi leader. The hosting of Adenauer for a year at this abbey was cited by its abbot after the war, when accused by Heinrich Böll and others of collaboration with the Nazis. He was imprisoned briefly after the Night of the Long Knives. During the next two years, he changed residences often due to reprisals inflicted on him by the Nazis. In 1937, he was successful in claiming at least some compensation for his once confiscated house and managed to live in seclusion for some years. According to Albert Speer Hitler expressed admiration for Adenauer, noting his building of a road circling the city as a bypass, and of a "green belt" of parks. However, both Hitler and Speer felt that due to Adenauer's principal political views and general stubbornness, he couldn't possibly play any role within their movement nor be helpful to the Nazi party in any way. After the failed assassination attempt on Hitler, in 1944, he was imprisoned for the second time, being known as an opponent of the regime. But no active role in the plot could be connected to him by the Gestapo and he was released some weeks later. Shortly after the war, the Americans installed him again as Mayor of Cologne, but the British administration dismissed him for his alleged incompetence.

After his dismissal as Mayor of Cologne, Adenauer devoted himself to building a new political party, the Christian Democratic Union (CDU), which hoped to embrace Protestants as well as Roman Catholics in a single party. In January 1946, Adenauer started a political meeting of the future CDU in the British zone as its doyen (the oldest man in attendance, "Alterspräsident") and was informally accepted as its leader. Adenauer worked diligently at building up contacts and support in the CDU over the next few years, and he sought with varying success to impose his particular ideology on the party. His was an ideology at odds with many in the CDU who wished to unite socialism and Christianity; Adenauer preferred to stress the dignity of the individual, and he considered both communism and Nazism materialist world views that violated that dignity. Adenauer's leading role in the CDU of the British zone won him a position at the Parliamentary Council of 1948, called into existence by the Western Allies to draft a constitution for the three western zones of Germany. He was the chairman of this constitutional convention and, like George Washington in the United States, vaulted from this position to being chosen as the first head of government once the new "Basic Law" had been

promulgated in May 1949. At the German federal election, 1949, Adenauer became the first Chancellor of the Federal Republic of Germany (Ger. Bundeskanzler) after World War II. He held this position from 1949 to 1963, a period which spans most of the preliminary phase of the Cold War. During this period, the post-war division of Germany was consolidated with the establishment of two separate German states, the Federal Republic of Germany (West Germany) and the German Democratic Republic (East Germany). The first elections to the “Bundestag” of West Germany were held on August 15, 1949, with the Christian Democrats emerging as the strongest party. Theodor Heuss was elected first President of the Republic, and Adenauer was elected Chancellor on September 16, 1949.

Adenauer’s achievements include the establishment of a stable democracy in defeated Germany, a lasting reconciliation with France, a general political reorientation towards the West, recovering limited but far-reaching sovereignty for West Germany by firmly integrating it with the emerging Euro-Atlantic community (NATO and the Organisation for European Economic Cooperation). Adenauer is also associated with establishing an efficient pension system, which ensured an unparalleled prosperity for retired persons, and - along with his Minister for Economic Affairs and successor, Ludwig Erhard - with the West German model of a social market economy, which showed itself as a mixed economy with capitalism moderated by elements of social welfare and Catholic social teaching allowing for the boom period known as the “Wirtschaftswunder” (“economic miracle”) and produced broad prosperity. Thus, Adenauer ensured a truly free and democratic society which had been almost unknown to the German people before - notwithstanding that more or less hopeless attempt between 1919 and 1933 (the Weimar Republic) - and which is today not just normal but also deeply integrated into modern German society. He thereby laid the groundwork for the Western world to trust Germany again in spite of the crimes that had been committed by the Nazis. Precisely because of Adenauer’s former policy, a later reunification of both German states was possible. A unified Germany remained part of the European Union and NATO.

In retrospect, mainly positive assessments of his chancellorship – especially the establishment of a social market structure which might be called the roots of the movement of Corporate Social Responsibility - prevail, not only with the German public, which voted him the “greatest German of all time” in a 2003 television poll, but even with some of today’s left-wing intellectuals, who praise his unconditional commitment to western-style democracy and European integration.

3. Essentials of the GREEN PAPER – “Promoting a European framework for Corporate Social Responsibility” - by the Commission of the European Communities¹²

Although in Europe in last decades there have been established discussions about the question in which social and ecological areas companies should take over responsibility, the comprehension about CSR in Europe was poor - with the exception to Great Britain. Nevertheless, this changed at the beginning of the 21-st century when some financial scandals appeared and the European Union (EU) invented the subject CSR. In March, 2000 the European council appealed to the sense of responsibility of the companies and next year the commission of the European Economic Areas published the Green Paper with „ European basic conditions of the social responsibility of the companies“[2]. Responding to the understanding of the European commission not only the social sphere belongs to CSR, but in the same extent this concept also contains ecological aspects. These circumstances become also clear if one looks at the CSR definition of the EU: „ CSR is a concept which serves the companies as a basis to integrate social interests and enviromental concerns into her activity and into the interrelation with the stakeholders on voluntary basis “. According to the definition of the EU two dimensions are to be distinguished. On the one hand, there is the internal dimension which contains the subjects industrial safety, human resource management, adaptation to the change as well as environmental consequences and management of the natural resources. Besides there is an external dimension in which the contact is discussed to local communities and business partners and which encloses the subjects human rights and global environment protection.

...What is Corporate Social Responsibility?

20.¹³ Most definitions of corporate social responsibility describe it as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

21. Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing “more” into human capital, the environment and the relations with stakeholders. The experience with investment in environmentally responsible technologies and business practice suggests that going beyond legal compliance can contribute to a company’s competitiveness. Going beyond basic legal obligations in the social area, e.g. training, working conditions, management-employee relations, can also have a direct impact on productivity. It opens a way of managing change and of reconciling social development with improved competitiveness.

22. Corporate social responsibility should nevertheless not be seen as a substitute to regulation or legislation concerning social rights or environmental standards, including the development of new appropriate legislation. In countries where such regulations do not exist, efforts should focus on putting the proper regulatory or legislative framework in place in order to define a level playing field on the basis of which socially responsible practices can be developed.

23. Whilst so far corporate social responsibility is mainly promoted by a number of large or multinational companies, it is relevant in all types of companies and in all sector of activity, from SMEs to multinational enterprises (MNEs). Its wider application in SMEs including

¹² Source: Brussels, 18.7.2001 COM(2001) 366 final

¹³ Numbers indicated by Green Paper

micro-businesses is of central importance, given that they are the greatest contributors to the economy and employment. Although many SMEs already take up their social responsibility, particularly through community involvement, further awareness raising and support to disseminate good practice could help promote corporate social responsibility among them. Worker co-operatives and participation schemes, as well as other forms of co-operative, mutual and associative enterprises structurally integrate other stakeholder interests and take up spontaneous social and civil responsibilities.

24. A number of companies with good social and environmental records indicate that these activities can result in better performance and can generate more profits and growth. For many companies, this is a new activity and longer term evaluation remains to be done. The economic impact of corporate social responsibility can be broken down into direct and indirect effects. Positive direct results may for example derive from a better working environment, which leads to a more committed and productive workforce or from efficient use of natural resources. In addition, indirect effects result from the growing attention of consumers and investors, which will increase their opportunities on the markets. Inversely there can sometimes be a negative impact on a company's reputation due to criticism of business practices. This can affect the core assets of a company, such as its brands and image.

25. Financial institutions are making increasing use of social and environmental checklists to evaluate the risks of loans to, and investments in companies. Similarly, being recognised as a socially responsible enterprise, for example through listing in an ethical stock market index, can support the rating of a company and therefore entails concrete financial advantages. There is a need for a better knowledge and further studies on the impact of corporate social responsibility on business performance. This could be a field for further research between companies, public authorities and academic institutions. These efforts could be supported by the Framework programmes for research and technology development...

Corporate social responsibility: the external dimension

42. Corporate social responsibility extends beyond the doors of the company into the local community and involves a wide range of stakeholders in addition to employees and shareholders: business partners and suppliers, customers, public authorities and NGOs representing local communities, as well as the environment. In a world of multinational investment and global supply chains, corporate social responsibility must also extend beyond the borders of Europe. Rapid globalisation has encouraged discussion of the role and development of global governance: the development of voluntary CSR practices can be seen as contributing to this.

43. Corporate social responsibility is also about the integration of companies in their local setting, whether this be in Europe or world-wide. Companies contribute to their communities, especially to local communities, by providing jobs, wages and benefits, and tax revenues. On the other hand companies depend on the health, stability, and prosperity of the communities in which they operate. For example, they recruit the majority of their employees from the local labour markets, and therefore have a direct interest in the local availability of the skills they need. Furthermore, SMEs often also find most of their clients in the surrounding area. The reputation of a company at its location, its image as an employer and producer, but also as an actor in the local scene, certainly influences its competitiveness.

44. Companies also interact with the local physical environment. Some rely on a clean environment for their production or offering of services - either clean air or clean water or uncongested roads. There can also be a relationship between the local physical environment and the ability of business to attract workers to the region they are located in. On the other hand, business can also be responsible for a number of polluting activities: noise, light, water pollution, air emissions, contamination of soil, and the environmental problems associated with transport and waste disposal. The environmental education of the community.

45. Many companies become involved in community causes, notably by means of provision of additional vocational training places, assisting environmental charities, recruitment of socially excluded people, provision of child-care facilities for employees, partnerships with communities, sponsoring of local sports and cultural events or donations to charitable activities.

46. The development of positive relations with the local community and thereby the accumulation of social capital is particularly relevant for non-local companies. Multinational companies increasingly use these relations to support the integration of their affiliates into various markets in which they are present. The familiarity of companies with the local actors, the local environment traditions and strengths is an asset from which they can capitalise.

Business partners, suppliers and consumers

47. By working closely with business partners, companies can reduce complexity and costs and increase quality. Selection of suppliers is not always exclusively through competitive bidding. Relationships with alliance and joint venture partners and with franchisees are equally important. In the long run building relationships may result in fair prices, terms and expectations along with quality and reliable delivery. In adopting socially and environmentally responsible practices all companies however have to respect the relevant rules of EU and national competition laws.

48. Large companies are at the same time business partners of the smaller ones, be it as their customers, suppliers, subcontractors or competitors. Companies should be aware that their social performance can be affected as a result of the practices of their partners and suppliers throughout the whole supply chain. The effect of corporate social responsibility activities will not remain limited to the company itself, but will also touch upon their economic partners. This is particularly the case for large companies, which have outsourced part of their production or services and, therefore, may have acquired additional corporate social responsibility with regard to these suppliers and their staff, bearing in mind that sometimes economic welfare of these suppliers depend primarily or entirely on one large company.

49. Some large companies demonstrate corporate social responsibility by promoting entrepreneurial initiatives in the region of their location. Examples for such practices include mentoring schemes offered by large companies to start-ups and local SMEs, or assistance to smaller firms on social reporting and communication of their corporate social responsibility activities.

50. Corporate venturing constitutes a further way for large companies to facilitate the development of new innovative enterprises. Corporate venturing means that the large enterprise takes a minority stake in a promising start-up and promotes its development. This offers various advantages to both partners, including a better grip on innovative developments for the large company and easier access to financial resources and to the market for the small company.

51. As part of their social responsibility companies are expected to provide products and services, which consumers need and want in an efficient, ethical and environmentally aware manner. Companies, which build lasting relationships with customers by focusing their whole organisation on understanding what the customers need and want and providing them with superior quality, safety, reliability and service are expected to be more profitable. Applying the principle of design for all (making products and services usable by as many people as possible including disabled consumers) is an important example of corporate social responsibility...

A holistic approach towards Corporate Social Responsibility

61. While companies increasingly recognise their social responsibility, many of them have yet to adopt management practices that reflect it. Where they have to integrate it in their day-to-

day management involving their whole supply chain, companies' employees and managers need training and retraining in order to acquire the necessary skills and competence. Pioneering companies can help to mainstream socially responsible practice by disseminating best practice.

62. While corporate social responsibility can only be taken on by the companies themselves, stakeholders, particularly employees, consumers and investors, can play a decisive role - in their own interest or on behalf of other stakeholders in areas such as working conditions, the environment or human rights - in prompting companies to adopt socially responsible practices. They require effective transparency about companies' social and environmental performance.

Social responsibility integrated management

63. Companies' approaches in dealing with their responsibilities and relationships with their stakeholders vary according to sectoral and cultural differences. At the start companies tend to adopt a mission statement, code of conduct, or credo where they state their purpose, core values, and responsibilities towards their stakeholders. These values then need to be translated into action across the organisation, from strategies to day-to-day decisions. This involves practices such as adding a socially or environmental dimension in plans and budgets and evaluating corporate performance in these areas, creating "community advisory committees", carrying out social or environmental audits and setting up continuing education programmes.

64. As issues of corporate social responsibility become an integral part of corporate strategic planning and routine operational performance, managers and employees are required to make business decisions based on additional criteria to those they were traditionally trained to expect. Traditional models of organisation behaviour, strategic management and even business ethics do not always give sufficient preparation for managing companies in this new environment.

65. In response to the need to integrate corporate social responsibility into the training of existing managers and employees and to anticipate the skills that will be required of the managers and employees of the future, courses or modules in business ethics become quite a common element of business degrees. They tend, however, to cover only a limited part of what is meant by corporate social responsibility.

Social responsibility reporting and auditing

66. Many multinational companies are now issuing social responsibility reports. While environmental, health, and safety reports are common, reports tackling issues such as human rights and child labour are not. Moreover companies' approaches to social reporting are as varied as their approaches to corporate social responsibility. In order for these reports to be useful, a global consensus needs to evolve on the type of information to be disclosed, the reporting format to be used, and the reliability of the evaluation and audit procedure.

67. Few of them provide much detail on their policies and performance on human resource management and on employment issues such as bargaining and recognition, staff consultation and training and board accountability. In 1998, the High Level Group on Economic and Social Implications of Industrial Change set-up at the invitation of the European Council, invited thus companies of more than 1000 employees to publish voluntarily a "Managing change report" i.e. an annual report on employment and working conditions. The Group indicated that the report should be developed in consultation with employees and their representatives in accordance with national traditions. The Group suggested a framework, which would deal with policies, practices and performance regarding employment and working conditions, particularly anticipation of structural change, communication, employee involvement and social dialogue, education and training, employee health & safety and equal opportunities.

68. Furthermore, as suggested by the High Level Group on Change the Commission proposed in its Social Policy Agenda the establishment of a Monitoring Centre on Change as a means to develop a proactive approach to anticipating and managing change. The Dublin Foundation has now included this initiative in its Four Year Rolling Programme, stressing its role in understanding and anticipating change so as to make better decisions, as well to make better decisions, as well as assisting key actors in their understanding, anticipation and management of industrial change through the provision of reliable and objective information.

69. Increasingly public initiatives are supporting the development of social and environmental reporting.

70. In addition, a variety of organisations are developing standards for social accounting, reporting and auditing. These standards pursue varied approaches from process to performance standards, from voluntary to mandatory standards, from single-issue to multiple issues standards, and only a handful cover the full spectrum of corporate social responsibility issues.

71. Major international initiatives are focusing on the globalization of social standards, public disclosure of information and the development of social reports, i.e. the Social Accountability 8000 standard and the Global Reporting Initiative. The complexity of creating global standards applicable to any culture and country has, however, created a lot of controversy. Internationally agreed standards, such as the ILO fundamental conventions, as identified in the 1998 Declaration, constitute by their universal nature the most appropriate basis for such initiatives.

72. Furthermore, there is a need to provide companies, and in particular SMEs, with guidance and tools that enable them to report on their corporate social responsibility policies, processes and performance in an effective manner. By sharing their expertise and offering capacity building skills large pioneering companies can support SMEs in this area.

73. Verification by independent third parties of the information published in social responsibility reports is also needed to avoid criticism that the reports are public relations schemes without substance. Indeed such services are already beginning to be offered by a variety of companies, which would need to perform them following agreed standards. The involvement of stakeholders, including trade-unions and NGOs, could improve the quality of verification.

Quality in work

74. Employees are major stakeholders of companies. In addition, implementing corporate social responsibility needs commitment from the top management, but also innovative thinking and, thus, new skills and closer involvement of the employees and their representatives in a two-way dialogue that can structure permanent feedback and adjustment. Social dialogue with workers' representatives, which is the main mechanism of definition of the relationship between a company and its workers, therefore plays a crucial part in the wider adoption of socially responsible practices.

75. Furthermore, as the issues related to corporate social responsibility are wide-ranging and affect practically all company activities, workers' representatives need to be consulted extensively on policies, plans and measures, as proposed in the Commission's draft Directive establishing a general framework for informing and consulting employees in the European Community (COM(98)612). In addition, social dialogue needs to be widened to cover issues and instruments for improving companies' social and environmental performance, e.g. through awareness raising among management and workers, training schemes, schemes aimed at guiding companies on their social and environmental performance, and strategic management systems integrating economic, social and environmental considerations.

76. Some companies are also recognising the link between environmental performance and

better quality jobs. Increased environmental performance can come about through the adoption of clean technology. Clean technology is itself usually associated with more high-tech and rewarding jobs for employees. Thus, the adoption of clean technology can improve environmental performance and job satisfaction simultaneously, whilst increasing profitability.

77. At a time when skill shortages are becoming a problem in some sectors and when more candidates are asking about companies' employment policies, various instruments can help improve information and transparency about best practice in the area of human resources management. Some countries already contribute to promoting companies that are good workplaces by publishing lists of best employers.

78. At the invitation of the European Council in Lisbon, which stressed the importance of investing in people, the Commission is exploring ways to introduce a European award for particularly progressive companies, in order to give higher priority to lifelong learning as a basic component of the European social model. Similar prizes will recognise companies, which have developed good practice to promote gender equality or provide opportunities for people with disabilities...

Socially responsible investment

84. In recent years, socially responsible investing (SRI) has experienced a strong surge in popularity among mainstream investors. Socially and environmentally responsible policies provide investors with a good indication of sound internal and external management. They contribute to minimising risks by anticipating and preventing crises that can affect reputation and cause dramatic drops in share prices. As the demand for SRI funds in Europe increases rapidly, mainstream investment houses are responding by bringing out more of them, but there is little information published on their number, size, and performance except in the United Kingdom where socially responsible investing accounts for 5% of all funds invested.

85. SRI funds invest in companies complying with specific social and environmental criteria. Criteria can be negative, thus excluding tobacco, alcohol and armament industries. Criteria can also be positive, including socially and environmentally proactive companies. Another important option for investors is to engage in shareholder activism to induce company management to adopt socially responsible practices. Shareholder activism is expected to increase together with the importance of corporate governance issues and the development of pension funds.

86. For SRI to grow further however, financial markets need to improve their awareness of its potential returns. Following the Social Investment Forum established in 1991 in the UK Social Investment forums (SIF) have been recently set up in France, Germany, the Netherlands and Italy to provide information on corporate social responsibility policies and to promote and encourage the development of SRI. The planned European Social Investing Forum, a network of national SIF, is expected to support the further development of SRI.

87. SRI is an emerging market with many specialised screening agencies (non-financial analysts) using a number of different tools and metrics. As a consequence companies seem overloaded with excessive and divergent information requests. Thus a further expansion of SRI may encounter a growing aversion and non-co-operation from companies. A positive response to this can be found in preliminary standardisation efforts in social reporting, which are joined by major screening agencies. There is, however, a need for more convergence between indicators developed by companies and the criteria used by analysts to assess a company's social and environmental performance. Furthermore, the lack of transparency in evaluation methods used by screening agencies may also restrain large investors from making significant socially responsible investments. There is, therefore, a need for further standardisation, harmonisation and transparency in screening tools and metrics used by screening agencies.

88. The European Council in Stockholm recognised the need to create a dynamic and efficient

European Securities Market by the end of 2003. In this context European market indices identifying companies with the strongest social and environmental performance will become increasingly necessary as a basis for launching SRI funds and as a performance benchmark for SRI. To ensure the quality and objectivity of these indices the assessment of the social and environmental performance of companies listed in them should be done on the basis of the information submitted by the management but also by the stakeholders. Furthermore, external audit and internal quality assurance procedures should be used to monitor and maintain the accuracy of the input data, assessment procedures and results.

The Consultation Process

89. The Green Paper invites public authorities at all levels, including international organisations, enterprises from SMEs to multinational enterprises (MNEs), social partners, NGOs, other stakeholders and all interested individuals to express their views on how to build a partnership for the development of a new framework for the promotion of corporate social responsibility, taking account of the interests of both business and stakeholders. Enterprises need to work together with public authorities to find innovative ways of developing corporate social responsibility. Such a partnership could make a significant contribution to achieving the objective of promoting a model of corporate social responsibility based on European values.

90. The word “framework” should be given a broad interpretation. Proposals should build on the voluntary nature of corporate social responsibility and identify ways in which it can contribute to achieving sustainable development and a more effective way of governance. The level and content of such a framework should be clarified through discussions during the consultation period of the Green Paper.

91. The European institutions – the Parliament, the Council of Ministers, the Commission - as well as the Economic and Social Committee and the Committee of Regions can stimulate the debate, give political support and organise an exchange of information and knowledge about corporate social responsibility.

92. The main questions are:

The Role for the EU

What could the European Union do to promote the development of corporate social responsibility at European and international level? In particular, should the EU add value and complement existing socially responsible activities by:

- Developing an overall European framework, in partnership with the main corporate social responsibility actors, aiming at promoting transparency, coherence and best practice in corporate social responsibility practices?
- Promoting consensus on, and supporting, best practice approaches to evaluation and verification of corporate social responsibility practices?
- and/or by which other means?

Companies and CSR

- What is the role of corporate social responsibility in corporate business strategies?
- What are the driving forces for companies to assume their social responsibility? What are the expectations behind such engagements? On which areas do these engagements focus? What is the benefit for companies?
- What are the most important best-practice ways to implement and manage corporate social responsibility? What best practice exists for SMEs?
- How best can we take forward the invitation to business in the Commission's proposal for a sustainable development strategy to publish a "triple bottom line" in their annual reports to shareholders that measures their performance against economic, environmental and social

criteria?

- What are the best ways to build links between the social and environmental dimensions of corporate social responsibility?
- What are the best means to promote further knowledge about the business case for corporate social responsibility and its value-added?

Main Actors and Stakeholders

- What are the best ways to establish and develop a process of structured dialogue between companies and their various stakeholders on corporate social responsibility?
- What should be the respective roles of the main actors, i.e. companies, social partners, public authorities, NGOs in promoting corporate social responsibility?
- How can the European Union promote greater application of corporate social responsibility principles through its policies both within European and internationally, including its political dialogue and partnership agreements, as well as its programmes, and its presence in international fora?

Evaluation and Effectiveness

- What are the best means to develop, evaluate and ensure the effectiveness and reliability of corporate social responsibility instruments such as codes of conduct, social reporting and auditing, social and eco-labels, socially responsible investing?

Actions to Support CSR

- What actions are most appropriate to promote and support the development of corporate social responsibility? What levels (the firm, local, regional, sectoral, national, European and international) are most appropriate to implement such actions?

Such actions could include:

- support for training and retraining, to ensure managers have the skills and competences necessary to develop and promote corporate social responsibility;
- dissemination and exchange of information, in particular in relation to good corporate social responsibility practice, standard setting, benchmarking and monitoring, accounting, auditing and reporting;
- medium-term social policy analysis and research;
- analysis of the role of the legal framework.

93. As stated in the introduction, the main aim of this Green Paper is to raise awareness and stimulate debate on new ways of promoting corporate social responsibility. At this stage the Commission does not wish to pre-judge the outcome of that debate by making concrete proposals for action. The Green Paper is being given a wide circulation and it is hoped that it will be discussed at local and national level, as well as at European level...

4. Organisational and legal forms of business units towards privatisation and corporate social responsibility

4.1 Ownership

In past times Economists found that by knowing an organisation's primary system of production, you could predict their structure: 1) Unit production/small batch, 2) Mass production/large batch, 3) Continuous Production (e.g., chemical companies, oil refineries, electric power plants). It has been seen that a natural selection of organisations takes place. Whose structures are not fitted to the environment will not perform well and will fail. Most new organisations fail within the first few years. If the environment is stable, this selection process will lead to most organisations being well-adapted to the environment, not because they all changed themselves, but because those that were not well-adapted will have disappeared. We tend to view organising a matter of decision-making: we decide to arrange the people, jobs, and positions that we have available to meet management's needs. But, there are real constraints on the forms of organisation available to us. Hospitals tend not to be structured like fast food restaurants, and banks are not organized like a manufacturing plant. The task - or type of work to be done, the technology - the way we know how to do something -, and our knowledge of what has worked and what does not work influence and limit our choice of organisational design. The classic theorists, Taylor, Fayol, and Weber contributed to the architectural perspective on organisations by focusing on their structural attributes like size and span of control. For most of America's and Europe's business history firm's produced a single product for a local market.

The organisational structure to support this business strategy is the functional form. This simple form is organized around a division of labor into specialized functions (or departments) that interrelate to create, deliver and manage a product. This form is often characterized as organizing inputs for transformation into a single output. By the 1950's nearly all of the diversified firms used the multi-divisional form (MDF). The MDF structure organized businesses under a corporate headquarters - with the board of directors and chief officers - that functions as banker, strategist, and coordinator for multiple business units - sometime termed "strategic business units". In the business units functional activities, e.g. marketing, are organised as departments with division managers on top. This form is often characterized as organising by outputs or products. To retain direct control of each business unit's functions - human resources, finance, and production -, the matrix form has been suggested by some theorists and has been embraced by a few corporations.

Ján Porvazník and Colleagues ([27], pp. 299-306) emphasize that according to the Roman law the term "ownership" includes "the right to keep a thing, to use it, to take and use its fruits, and the right to dispose with it (ins possidendi, ins utendi, ins fruendi, ins dispodendi)". So ownership rights form part of the economical and legal characteristics of an organisation. The best-known ways of the creation of ownership rights are: 1. Creation, 2. Purchase, 3. Exchange, 4. Acquisition by prescription, 5. Donation, 6. Inheritance and 7. Privatisation.

Three forms of ownership can be differentiated: Private ownership, public ownership and mixed ownership. Public ownership - by state, governments, regions or municipalities - occurs in public organisations which operate in the social sphere, e.g. hospitals, schools, social and cultural facilities, and in the economical area, e.g. transport companies, communication companies, waterworks and waste water treatment plants.

4.2 Privatisation and new forms of business

Privatisation is perceived firstly as the transfer of assets from public ownership to private hands and secondly as the general reduction of governmental interference, or a combination of both. Privatisation plays an important role, because in the last about 20 years in states of western Europe likewise in countries of Central and Eastern Europe - especially after the political change - a relevant shift has set in from public ownership to private ownership. So in Germany postal services which traditionally have been in public hand^[2] have been privatised in the 90s to postal bank corporation, telekom corporation and postal mail corporation; in Germany there is led a discussion now about a similar privatisation of German railway. In German population apprehensions come up now that a privatisation of the railway may lead to disregarded tracks like in Great Britain where some severe accidents have been traced back to this fact, because after privatisation the cost-intensive track review has been minimized. The other fear in Germany points to "outside areas" where private railway lines could be abandoned. The state in most European countries is stimulated to the development of production activities, mainly in network branches and the mining industry. In Germany hard coal mining will be - although showing wide deficits every year - still subsidized up to the 2030s, because politicians and government fear the consequences of dismissals of thousands of miners. So there are several reasons that can explain the existence of public ownership: malfunction of the market (due to high competition; in some states this phenomenon is found in agricultural economy and in dairy industry, where the milk price often is controlled and subsidized), natural state monopoly (where no private corporation is able to produce with significant savings in production costs; in Germany formerly an example has been the electricity industry, but about 5 years ago it has been deregulated for international operation corporations like EON or the French EDF, national tradition, electoral bases, which want public interventions in some industries or areas, the crisis of certain branches (e.g. the building industry in Germany, where the former chancellor Gerhard Schröder in 2000 commanded a financial governmental support to the bankrupt Holzmann Corporation in order to save workplaces) and finally nationalisation.

There are relevant reasons for governments to follow the power of privatisation process: the low effectiveness of public companies, the wasting of production resources by certain employees and management workers, the lack of state resources and with that the financial decline and needs of state and public organizations, e.g. in Great Britain, where in the 80s with the "Thatcher era" the collapse of public finances led to a withdrawing of the state from social welfare tasks, to pauperization and subsequently to social riots), the failure of state industrial projects and the possibility of fighting out certain markets. Peter Drucker mentions, that pure change of ownership without adequate changes of other characteristics is not enough to the effectiveness of the non-effective course of work process. Now there occur non-traditional ownership forms like fluctuating ownership in local and global networks, ownership in communes, ownership of (religious) organisations and transnational ownership.

Global sourcing is recognised by Zelený ([36], pp. 30-40) as the main driver of attaining global competitiveness and sustainability. With it business and entrepreneurship have become the main drivers of societal change and its dynamics. Zelený posits that for mobility has expanded from mere physical objects to ideas, information and knowledge; one can act anywhere, so that networks are to be seen as the new frontiers of organisation and management. An in fact dramatic change takes place from the stage of final-product orientation (where the process is given and the final product is in the focus) over the stage of process-operations orientation (where total quality management emerges) to a distributed-process orientation (both customers and suppliers become global sources). As an effect of distributed process and global sourcing, the outsourcing phenomenon - captured by Shih's

"Smiling Curve" belonging to added value - manifests itself. Outsourced activities are regarded to produce more stable networks. The new forms of business show themselves particularly as mass customisation -"first sell, and then produce" -, disintermediation - "eliminate the middleman" -, work at home, menu-based delivery and co-location - where suppliers deliver functional parts -.

4.3 Initiatives of corporate social responsibility and non government organisations

The "failure" of the states in traditional areas like social welfare was in the 70s up to the 80s the "initial spark" for a development like "corporate social responsibility" and the foundation of thousands of non government organisations (NGO) and - often similarly used - non profit organisations (NPO), which are trying to compensate the vacuum left behind by the retracting states. Most of European countries have completed the development of independent civil societies. All over the world non profit organisations (NPO) serve as important legal organisations in civil societies. The main goal of these organisations is to advance a wide range of socially beneficial activities in different spheres of public life: culture, education, medicine, sports, recreation, ecology, environment protection, social security, support of the poor, protection of human rights of individuals and legal entities, etc., briefly everywhere where traditional state activity has weakened. The following legal forms of NPO have been found among others [19]: charity, endowment, foundation, public association, public organisation, social movement, public fund, public entity, association (union), professional unions, funds (private, corporate, public (municipal)), non-commercial partnerships, consumers' cooperatives, religious groups.

4.4 Results

In the "wave" of global sourcing and upcoming network organisations both new unexpected organisational and legal forms of business units such as menu-based deliveries or co-locations and NGO/NPO such as charities and endowments, which might be seen as by-products of the privatisation and outsourcing movement tend to equalize the disbalances by their corporate social responsibility.

5. Individual qualities of managers and their influence on the performance of companies and institutions

5.1 Managers' effectiveness

Assuming that one of the major goals of any society is productivity, managerial effectivity is defined by Farmer and Richman [6] as simply how well and efficiently the managers of an enterprise accomplish enterprise objectives in a given environment. If the objective is productivity, the efficiency is given by $E = O/I$, where E is efficiency, O is output and I is input. While this concept is clear, Farmer and Richman realize that, in measuring the efficiency of management, an analyst will encounter some difficulties in measuring inputs and outputs. By a number of means - like measurements of return on net worth, return on assets or competitiveness in (export) markets - science and economy both try to overcome constraints. Managers' "performance" is often interlinked today to the stock indexes of their enterprises. Schäfer ([28], p. 32) has the opinion that ethical, ecological and social criteria exist for the corporate social responsibility of a company, which may be implemented in company life, company production and in company output by all actions of their managers, and they have direct or indirect economic consequences on the company value. The result may be shown by the Dow Jones Sustainability index, an index of the Zurich rating agency SAM which measures the financial performance of the internationally leading companies oriented to sustainability performed by managers' arrangements. Although Schäfer's model may have deficiencies and the link from manager activity to company success often may be of indirect nature, it is widely undenied that companies' success depends on the qualities of their "steering-personnel", the managers. So what qualities are the most important for a manager to be effective for his enterprise or public institutions¹⁴? Below the most important ones are listed:

5.1.1 Enthusiasm or power

As Dr. Imparato [15] sees, less-effective managers consider their power to get things done severely limited, since they believe that real power resides with top management. They say, "It doesn't pay to try to get things done until senior management gets its act together." They also believe that power comes from job titles and positions on organizational charts. Highly effective managers distinguish formal authority and power. Although they recognize that top management has more formal authority, they believe that power, like respect, is earned, not given out. Since these managers' views, *anyone* can have power as the ability to influence people and get things done.

5.1.2 Personality qualities

In a perfect world, projects would be delivered on time, under budget and with no major problems or obstacles to overcome. But we don't live in a perfect world – companies and their projects have problems. When managers encounter a stressful event, they consider it interesting, they feel they can influence the outcome and they see it as an opportunity. Therefore successful managers - so called leader types - often show positive personality traits like credibility, morality, integrity, and as for their behaviour, they are socially full of initiative and show the "direct evaluation style" ([27], pp. 91,92), what primarily means that they are decisive in actions and decisions, they like control and dislike inactivity. How Dr. Imparato [15] found out, less-effective managers dislike change, and prefer predictability, order and stability. Effective managers stand for their ideas and are tough, persistent, and

¹⁴ in that sense public institutions and their managers follow the same rules of efficiency

consistent in how they express those ideas. They're also eager to enroll others in the same point of view. They go to great length to avoid acting expediently or appearing opportunistic. The basis for that elaborate form of managing should be somatic qualities ([27], p. 102) in order to persist stress (e.g. to keep "cool under pressure").

5.2 Results

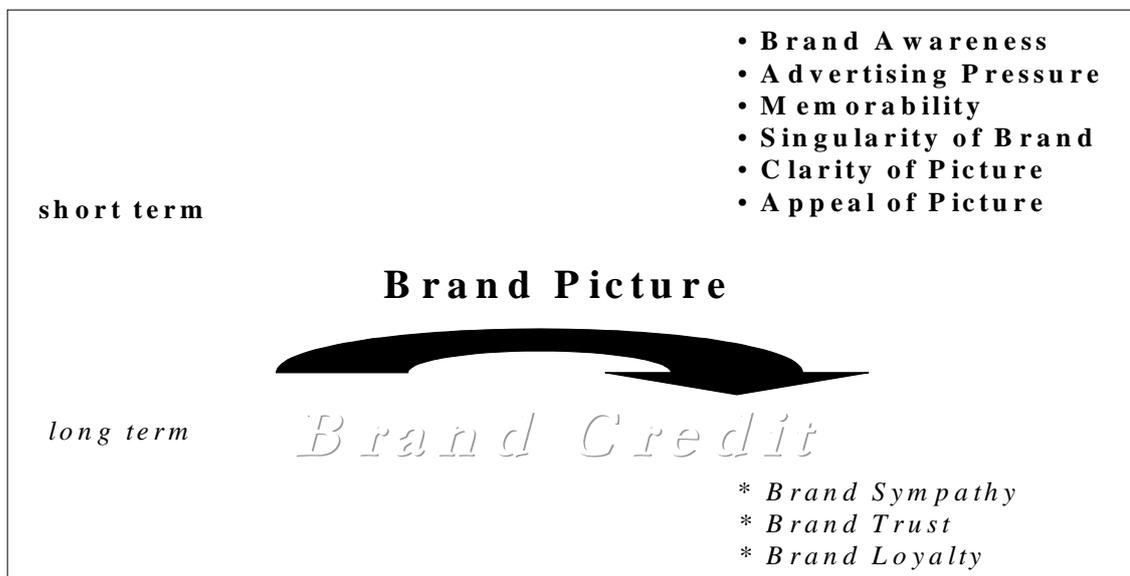
Inaccurate role perception explains why so many managers can't translate their knowledge into higher job performance. And if they don't understand their role, managers won't be able to accumulate the qualities and capacities they need to channel their motivation in the right direction, to motivate others, and in the end their companies or institutions to the proper goals like economic performance, efficiency and sustainability. To fulfill the higher aims of an enterprise the managers need to understand their role not only in promoting the short term company success but also, or even more, in promoting the long-term aims like corporate social responsibility of their companies.

6. The meaning of corporate social responsibility for brand management, value management, public relation management and risk management of enterprises

6.1 The meaning of corporate social responsibility for brand management

In the centre of all marketing activities stands the brand. The probably most significant marketing performance of a company is to introduce and conserve significant brands to save with it its future ([17], p. 689). Hence, in the company the upgrading of the brand image should display the real upper destination of communication. Hand and Lev ([12], p. 7) mark the brand as a widespread intangible asset in the consumer goods range which value is determined by a combination of innovation and organisational structure. Brands can be more valuable than factories and products, because buyers, market shares and profits are tied to them. Brand products show a twice as high sales profitability than no-branded products in the food range. The case of the firm Icon Brand Navigation shows that they found the concept of brand credit to express the long-term changes of consumer attitudes. While the brand picture only at short notice can be influenced by changes in the brand appearance, the brand credit can be changed only in the long term. Long time existing brands dispose of a distinctive brand credit, which results from personal and mass-media contacts with the brand. In crowded marketplaces, companies strive for a unique selling proposition which can separate them from the competition in the minds of consumers. Corporate social responsibility can play a role in building customer loyalty based on distinctive ethical values. Several major brands are built on ethical values. Business service organisations can benefit too from building a reputation for integrity and best practice [26].

Figure 1: *Brand credit-model* (embedded image)



Source: Author's illustration to Esch, Franz-Rudolf, *Strategy and practice of brand leadership*, 2004, Munich, Vahlen, ISBN-10: 3800632365 - ISBN-13: 978-3800632367

The brand credit contains e.g. market sympathy, market trust and market loyalty. The meaning of a well upgraded brand credit becomes evident, above all, in crisis situations. Thus neither the "Brent Spar"-affair could display a serious threat for Shell[®] in the long term, nor

the "moose-test"-crisis of the brand Mercedes[®] had a lasting damaging effect. So brand differentiation plays an important and a constantly growing role.

6.2 The meaning of corporate social responsibility for value management

The growing influence of intangible assets on the company value forces the companies to a change in thinking: For customers will demand more and more trust and permanence in future, a change of the pure brand management is necessary to the value management. Values, like friendship, religion and family experience have a renaissance in the society. The companies must face it. Mündemann justifies the necessity of a company culture also with the fact that there is no space free of culture. "There is a culture in the social system company always" ([24], p. 51).

6.3 The meaning of corporate social responsibility for public relation management

For public relation (PR) management the question of perception is principal. "Companies do operate in a climate of opinion. To be successful and profitable, they must take into account how they are perceived" [4]. The meaning of this perception dependence has grown during last years.

The media system, understood as an observation system of the society, has increased in many states and today controls in many societies the mechanisms of the public perception and making something a subject of discussion, which is why modern societies are seen increasingly as media and communication societies. Hence, a significant value driver of the lasting PR success is the image. In the company practice it is recognised increasingly that the economic success not only depends on the quality of the products, but also from the company image and his social acceptance. A causality exists in both directions: Success causes a good image, and a good image causes success. For the PR management the stakeholder concept also is of big meaning. Who succeeds in making clear his central competence to the most important stakeholders is recompensed for it from the markets. Besides, the destination of the PR should be to win understanding and sympathy of wide parts of the public. The important meaning of PR for the conversion of CSR shows itself also in a narrow mutual connection of PR and CSR as a parameter for the economic trial. Everywhere where CSR disposes of a high recognition, PR also owns a bigger meaning. However, another connection between PR and CSR also shows itself in the problems with the successful measurement. Also the success of a communication policy is hardly to be forecast ex ante and to associate ex post hard to a concrete communication policy, so that about the success of CSR-referring PR general statements are not possible nowadays yet.

6.4 The meaning of corporate social responsibility for risk management

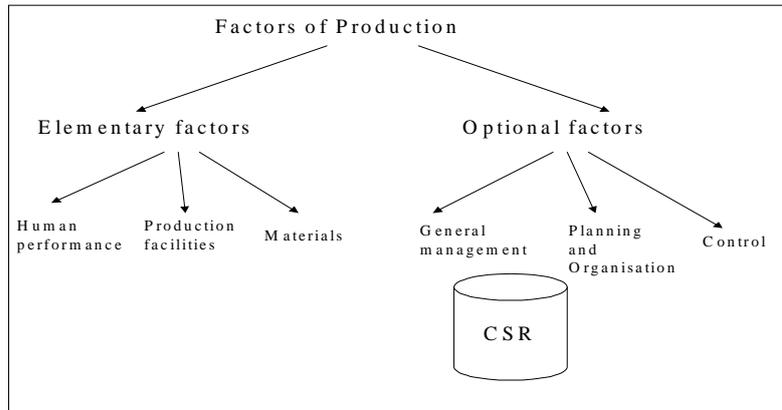
Managing risk is a central part of many corporate strategies. Reputations that take decades to be built up can be ruined in hours through incidents such as corruption scandals or environmental accidents. These events can also draw unwanted attention from regulators, courts, governments and media. Building a genuine culture of 'doing the right thing' within a corporation can offset these risks [20].

6.5 Results

In the company practice it is recognised increasingly that the economic success depends not only on the quality of products, but also on the company image and social acceptance. Causality exists in both directions: success causes a good image, and a good image causes success. Significant value drivers of sustainable public relation success are the image and with it the brand, especially the brand credit that means the invisible share of a brand. And beside brand management and public relation management a third growing power in the development of corporate social responsibility should be seen, the value management. Values, like friendship, religion and family experience have a renaissance in the society. Jung [16] subdivides the factors of production into elementary factors and optional factors.

Here corporate social responsibility (CSR) could be integrated in future as follows:

Figure 2: *System of factors of production including CSR* (embedded image)



Source: Author's illustration to Jung, Hans (1999/2006): *General business studies*, Munich

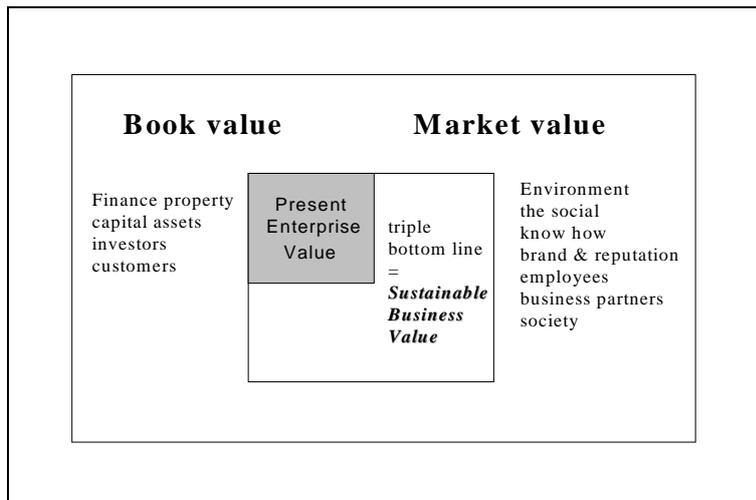
The recognition of corporate social responsibility as a company factor of production displays the conclusion of the realisation process and the ripening process in the companies and in the whole society. Corporate social responsibility is still a component of a learning trial for all people involved in society, but companies are the units which can justify early their existence authorisation with premature recognition and application of corporate social responsibility and therefore can ensure themselves also in sustainable effect of a strong competitive position. Corporate social responsibility is - and will probably become in future more and more - a central component in management and success-factor for companies.

7. The economically motivated approach to corporate social responsibility

7.1 The meaning of sustainability in the economically motivated approach to corporate social responsibility

Beyond government institutions voices from companies are being increasingly heard, which point to the positive effect of corporate social responsibility (CSR) on companies. Orlitzky et al. refer to the complexity of the positive leverage from CSR on the companies, here called "corporate social performance" (CSP): „CSP increases managerial competences, contributes to organizational knowledge about the firm's market, social, political, technological, and other environments, and thus enhances organizational efficiency, and helps the firm build a positive reputation and goodwill with its external stakeholders" [25]. This thesis is not indisputable. However, at last it displays the only up to now recognisable possibility to start the argumentation for appreciation value by CSR. The EU definition of CSR lists in two of five dots of the sustainability concept. Furthermore, other concepts could be mentioned, like industrial safety and reliability. Because these are of benefit at least for the companies themselves, it is possible then to display them as a property value or an asset, so the concept of immaterial asset or intangible asset should be examined in this meaning for economic value added. The historical origin of the idea of sustainability lies in the Saxon forestry about 1700, and so sustainability according to its origin can be attributed to economically motivated approach; although later there have been also strong normative attempts for sustainability. In Saxon forestry an extensive silver mining led during the time to a considerable wooden consumption which was connected with an excessive deforestation of woods. Carlowitz introduced the concept of sustainability in this connection for the first time. It is based on the simple basic principle that in a certain period only so much wood may be hit as by new plantations can grow again. Also Siemens recognised in 1884: „ For instantaneous profit I do not sell the future!" ([7], p. 9). The best known and politically most important definition of sustainable development was compiled by the UN commission for environment and development which was appointed in 1983. Then the Brundtland Commission defined a development as sustainable if it satisfies the needs of the present without risking that future generations cannot satisfy their own needs. In the anglo-saxon literature the concept "sustainable development" (SD) is also common. The Brundtland report of 1987 referred to the problem fields of population and human resources, food, biodiversity, energy, industry, urbane challenge, management of oceans, antarctic and space, military conflicts as well as of the institutional and juridical change, however, with explicit rise of economic growth ([35], p. 85). In 2002 sustainable development was manifested at the environmental summit in Johannesburg as an example of responsible action. Simonis formulated on this basis a demand for economic growth under social, economic, structural and ecological aspects ([35], p. 89). With the background of the accentuation of economic success as a main business objective sustainability means that economic growth and social prosperity should be associated with the concurrent preservation of natural resources ([29], p. 32). PriceWaterhouseCoopers developed for it a following diagram:

Figure 3: *Sustainable Business Value* (embedded image)



Source: PriceWaterhouseCoopers in Wijn, A., 2004, *Sustainable Management*, Powerpoint presentation, <http://www.sustainable-coffee.net>

This picture illustrates that sustainable management expands the concept of company value considerably and thereby directs the look at other leverage sizes. The so called triple bottom line (or "TBL", "3BL", or "People, Planet, Profit") captures an expanded spectrum of values and criteria for measuring organisational (and societal) success; economic, environmental and social. With the ratification of the UN ICLEI TBL standard for urban and community accounting in early 2007, this became the dominant approach to public sector full cost accounting. In practical terms, triple bottom line accounting means expanding the traditional reporting framework to take into account environmental and social performance in addition to financial performance. The phrase was coined by John Elkington in 1994 [5a]. It was later expanded and articulated in his 1998 book *Cannibals with Forks: the Triple Bottom Line of 21st Century Business* [5b]. Sustainability is increasingly seen as an integrative component of enterprise action and it is understood with it as a long term invested and optimised economic value added. For performance considerations sustainability becomes more and more interesting for capital markets.

7.2 The meaning of intangible assets in economically motivated approach

Immaterial assets - also intangible assets called, win increasingly in meaning. During the last years a growing number of company purchases and amalgamations had an essential leverage on the risen meaning of the topic of immaterial assets within the scope of financial reporting of companies ([1], p. 125). Hand and Lev define intangible assets as: "...claims to future benefits that do not have a physical or financial form" [12]. Obviously, immaterial assets distinguish themselves by a higher profitability. The reason for it lies in three specific characteristics which make a distinction between immaterial and material assets: 1) sinking unit costs with increasing application up to the natural monopoly and constantly rising benefit; 2) non-competition of consumption and non-competition of production. The asset cannot be consumed and cannot be displaced by other assets. It follows from this fact that also no depreciation takes place; 3) extremely low marginal costs close to zero: an already created asset can be multiplied arbitrarily and nearly free of charge ([11], pp. 306f.). The fact is noteworthy, on this occasion that apparently positive external effects can be found on the production side as well as on the consumers' side.

7.3 Corporate social responsibility as a value added factor

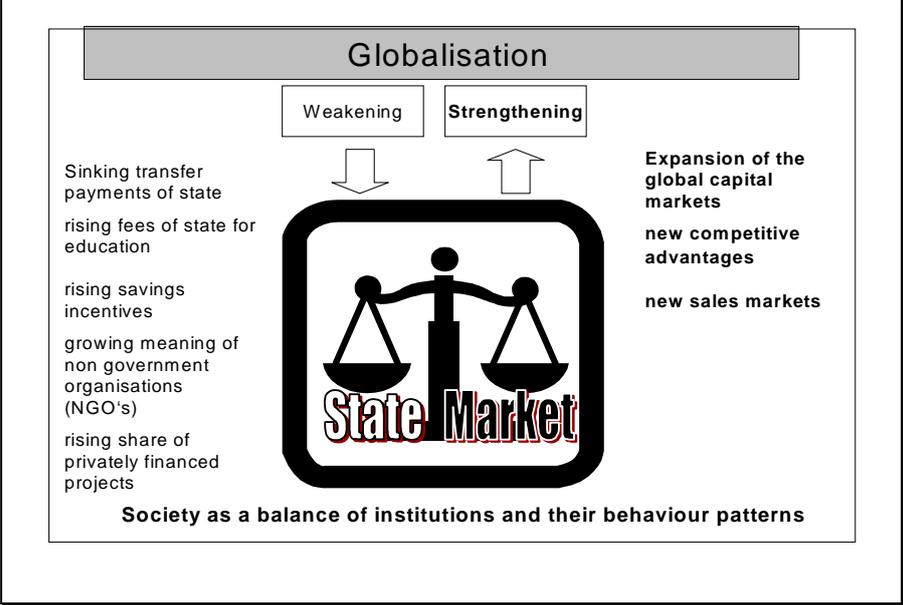
Many critics require proofs of increasing company value through corporate social

responsibility. There is a theory of "externalities" which implies the assumption that all internal leverage on the company value which is released by a company transaction will be reflected in monetary value of the transaction but not yet the external influences. These "externalities" can be generated, e.g., by innovations, by attraction of other investments to company location or by support and maintenance of immaterial assets like cooperation and trust. Many indicators of corporate social responsibility are of qualitative nature and can hardly be measured financially. Although a final proof of economic value added contribution could not be supplied yet, a positive leverage of CSR on economic performance of companies is supposed to work in many ways.

7.4 The development of a market with corporate social responsibility

The breakthrough of corporate social responsibility in Europe was released again - as with the industrialisation at the end of the 18th century - by a crisis. Once more Great Britain was the first country in which the social circulations became apparent. Moon sees the high unemployment, the expiration of cities and social riots in Great Britain at the beginning of the 80-ies of the 20th century as a determining release for CSR debate in Europe ([23], pp. 51-66). The changes concerned the society are defined by Habisch and Jonker as follows: „Society could be understood as in equilibrium between various institutions and corresponding behavioural patterns" ([10], p. 3). The progressive globalisation limits the possibilities of governments more and more and allows companies, on the other side, more and more to access to more advantageous locations and outlet markets ([10], p. 167). Sloterdijk sees in capital movement, hence, nothing lower than „the driving force to all modern emancipations" [32]. The origin of this market might be illustrated in following picture:

Figure 4: *Development of a market by corporate social responsibility* (embedded image)



Source: Author's illustration

7.5 Results

The growing inability of the state to provide social benefits affects capital market, which makes it interesting for companies to offer these benefits. Therefore the market is originating for corporate social responsibility. Because globalisation changes the balance between the state and the market toward the disadvantage of the state, market demand for social benefits or services, for example education, culture or security can increasingly be seen and the state is withdrawing more and more from the supply side and leaving this aspect to the market. The

companies operate together with other agents in the society including stakeholders in a competition that is tremendously increased by globalisation. Only the company, which asserts itself in it, can offer safe and interesting workplaces and an adequate payment of interest to the sponsors, and expected benefits to the society. Companies can only profit from growing moral legitimisation. The reaction of the nation states on their weakening exists again in their interlinking under aid of global institutions like the EU, UNO or WTO.

8. The role of large companies for economies and societies in globalising Europe

8.1 Positioning of economic ethics to company ethics

Sustainable economic management means that equally with economic purpose justice also criteria of people justice and ecological justice are taken into account, whereby however for all three concepts uniform concepts and theoretical justifications are certainly not present. At the level of the Community there is a number of explanations and regulations, which constitute a basic order for the promotion of the three columns of sustainability. Despite the Community discussion nearly all member countries also set national steps in this topic and produced partly national directives, which take into account the differences in the corporation law, in particular in the arrangement of the highest steering organs as one- or two-body systems or as mixture systems with option. The justification of a Corporate Social Responsibility by companies feeds itself from three categories of arguments: A first category refers to the position of companies as a citizen, in the sense of "Citoyen", a term used in the French revolution. As citizens companies have rights, essentially such, which protect against encroachments of the state. In the public discourse however increasingly duties are confronted to these rights. Excellent special duties belong to large enterprises as quasi-public institutions, because their decisions have partly drastic consequences for the living conditions of selected stakeholders. A second category bases on the globalisation process and a reversal of a demand-oriented into a supply-oriented economic policy. Large concerns as well as particularly the actors on the international financial markets won power and independence in a way towards national policy, which turns the tables: Locations compete for the attraction of investments, rating agencies and analysts decide on the costs of the national debt. Location decisions of companies affect the development chances of populations of whole regions over multiplier effects, above all however over technology transfers. A third category, directly interlaced with the second category, refers to the failure of politics and to a factual retreat of many states from socio-political responsibility and the supply along up to now as publicly regarded goods. Since one - if possible - should not let escalate social and ecological conflicts, because otherwise the collapse of the productive systems threatens, someone must fill the left vacuum by politics. One does not want to debate any more the right relationship of market and state, but to replace the state altogether by market forces. This attitude is brought on a point to in the slogan "Governance instead of Government". It is justified with a (allegedly) longer decision horizon of economic leaders towards state leaders and particularly with a professionalism of the first mentioned.

Modern, highly differentiated societies are characterised according to Luhmann by the fact that they process problems in specialised subsystems highly efficiently, evenly because each subsystem has to take into account only one guidance difference with its decisions: In this sense research asks for truth, but not for practicability, technology asks for workability, but not for justification, policy asks for voter effect and economics just after profitability [21]. This position meets with Friedman's famous article from 1970: "The only social responsibility of business is to increase its profits" [8]. The Corporate Governance debate in the USA argues even sharper: Charitable projects, which are undertaken by agents without order of the owners, were theft and hidden expropriation, since they would contradict the order to find and implement projects with maximum capital return flow. Despite this sharp positioning the representatives of a restriction to the logic of economics do not take themselves as explicitly unethical. In their argumentation social objectives are to be

understood as a task of policy and should be embodied in basic framework of it. They attach thereby at the moral philosopher Adam Smith, who was likewise starting in his theory from an institutional framework within the invisible hand of the market then develops its benediction effect [33]. Bloome-Drees and Homann [13] also represented this position, which can be found in concepts of social market economy or eco-social market economy again. It has to be recognised that the reality of economic decisions exceeds the borders of clear calculations [2]. The up-to date defined economic success bases for such calculations are only insufficiently reflected. Luhmann points out in his theory that the high efficiency of one-sided specialisation goes hand in hand with the price of negative external effects, of conflicts and communication problems and a sub optimal overall system rationality [30]. Proponents of company ethic start here in accordance with the idea of corporate social responsibility: On one hand, say the representatives of the "Erlangen School", the function of management and the agency for ordering capital owners implies that there would be an estimating in decision making. As suggested, only closed theoretical models with strict, unrealistic premises lead to clear results, but in practice we have to deal with uncertainties. From this perspective even Homann calls for an assumption of responsibility taken by company leaders [14]. However he sticks to rational-choice approaches: Deciders in companies - contrary to politicians dependent on voting cycles - would have a long-term decision horizon and they would clearly recognize that they might not see off themselves the branches, on which they sit. Therefore it would lie in the interest of company leaders to preserve the environment and not to let increasing social gaps too much and to ensure cross-cultural peace. This - quite provoking - position is found both in the Enzyclica "Centesimus Annus", in 1991 of the former Pope John Paul II as well as in the "Global Compact" of the former general secretary of UN Kofi Annan. Anyhow this position has been taken up by many corporation managements.

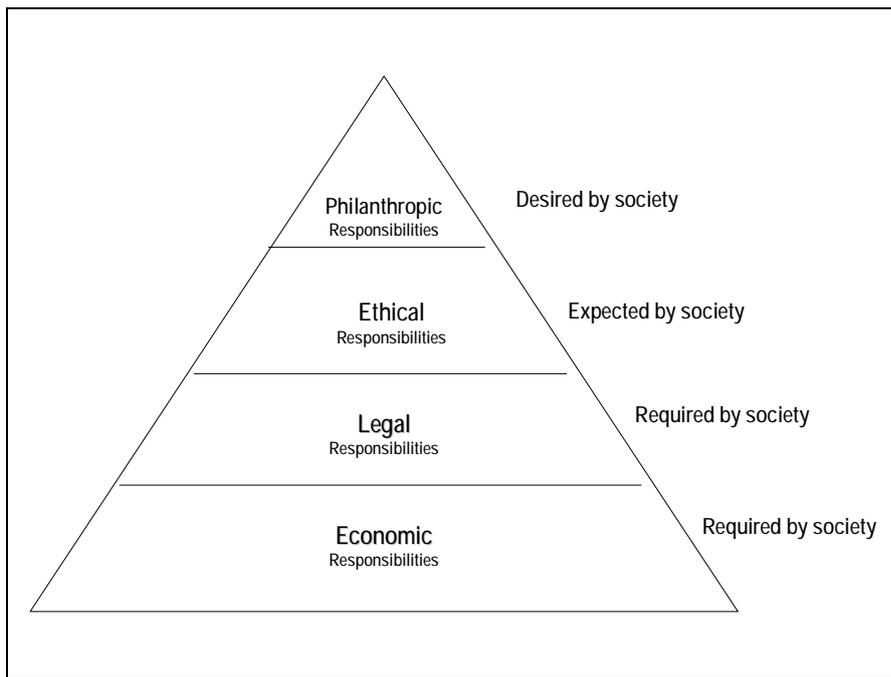
8.2 Corporate social responsibility and other concepts

A good part of the academic debate around corporate social responsibility circles around a model, which was developed by Carroll [3] in 1979 and was partly contradictory represented in the course of different publications: It works with distinctions of fields, which construct one on the other and suggest thus a gradual cover. At the same time the model, which has been displayed as a pyramid, should - with Carroll - be understood integrally and can be defined only in its entirety by corporate social responsibility.

The basis of any social contribution is as with Friedman - who postulated in his famous article in the year 1970: "The only social responsibility of business is to increase its profit" - the economic profitability. This is regarded obviously - and counterfactual - as social and ecologically neutral. In the next field it concerns the observance of the law. Carroll seems here to go out from an independence of the legislator from lobby on the one hand and from a clarity free of interpretation as well as a complete implementation of the law on the other hand. All these three assumptions could be questioned, what impairs the attractiveness of the apparently simple and clear model somewhat. In the third field Carroll settles that behaviour, which is expected by society in the - each time - dominant moral concept. Examples would be many measures of modern human resource management, which enable the compatibility of occupation and private lives for the employees and the increase of their value on the job market. After World War II job security and the creation of occupation could have been counted into this category, at the end of the 20th century the expectations of the society have shifted towards a relevant contribution to employment abilities. In the ethical discourse a position of relativity of values come up, which is - as a statistical majority - essentially expressed by conclusive behaviour on markets. Therefore social responsibility can also be formulated as business case

and vis-à-vis objections of the financial source can be argued: Social responsibility counts herself over turnover and margin increases or cost reductions by more loyal employees. The literature of Corporate Social Responsibility refers in about 80% to this characteristic, rarely explicit, usually this can be concluded however from the texts. As a fourth stage Carroll intends philanthropic contributions. Here he does not speak any more of responsibility, but refers to a strong tradition in the USA of private and private sector well-being activity, which is promoted also for taxation and fills gaps of responsibility, which could not occur in that way in the European model.

Figure 5: A three dimensional model of corporate social performance (embedded image)



Source: Carroll, A.B., *A three dimensional model of corporate social performance*, in *Academy of Management Review*, 497-505, displayed by Crane, A., Matten, D. (2004/2006): *Business Ethics: Managing Corporate Citizenship and Sustainability in the Age of Globalization*, Oxford University Press ISBN 0199284997 – ISBN-13 9780199284993, Oxford, p.43.

8.3 Results

So, what will be the outlines of the practice of corporate social responsibility? As a consequence of separating property and management, and as a consequence of increasing complexity by growth along the dimensions product, functional and market variety, concerns or requests are not left any more to the experience practice of action carriers, but they are professionalised. Also thinking about corporate social responsibility experienced in the last years in countries of the European Union make a version in such a way that goals are clarified, processes are defined and responsible people are determined, as well as an account is given in a report system. There are initiatives of employer and employee federations, also new lines of cooperation between companies and NGO develop. In this process outlines of different positions sharpen themselves and tensions as well as concrete questions of the organisation come up. Essentially the position represented by employer or management can be described as follows ([22], pp. 331-352): First of all, activities, according to an individual term of responsibility, all actions of companies should remain voluntary and may not be

legally or contractually narrowed in order that they don't impair the flexibility of companies to react to cyclical and structural changes. Secondly, the win-win character of corporate social responsibility is emphasized, whereby probably a concretisation as cultural and social sponsoring is implicitly meant. Ethic is seen as a business case, the value responsibility thereby is put stronger on the demand side than on the (allegedly only reacting) supply side. The companies will turn out to do a lot of goods, speak about it and earn thus to it. Thirdly, the creation of transparency is probably affirmed, the type of reporting and examination should however not be standardised but be left to the estimating of the responsible actors. Fourth, no responsibility for non-intended consequences of collectively interlinking economic action during the globalisation process is accepted, but it will rather be referred to very concrete projects in the local or regional environment. E.g. Daimler corporation¹⁵ finances a rain forest project and starts an anti-AIDS campaign and a treatment programme in South Africa from personnel-economic considerations, but it is however not willing and probably not able to take over responsibility of the problem of the climate change or the destruction of living conditions for native populations, although this company with its economic style and its remarkable influence on (inter-) national sets of regulations may be weaving along those interlaced samples, which bring out the mentioned problems. From an interlaced perspective it therefore can hardly surprise that NGOs, trade unions and representatives of native groups represent rather the positions as following: Beside the local perspective employee positions emphasise participating in global samples in the sense of the structure theory of Giddens [9]. Representatives of a dualism between economic and socio-ecological goals accuse those people who are emphasizing complementarity that they would set only illusory activities respectively would perform only a marginal repair work to social and ecological damages, in whose emergence economic logic substantially takes part. In reverse, representatives of the economic system are afraid of companies to be so far limited through regulations which are motivated by individual cases that they have to start in global competition with a serious handicap. Both positions can state good reasons, which derive frequently from border lines. Between them a negotiation terrain lays, which is to be explored in the discourse. In the area of overlapping real economic creation of value with social and ecological goals detail problems of the degree to commitment, transparency and control might be quite solved. European companies could win thereby attraction towards customers and employees and could gain a model effect in other marketing areas, if the European model proves to be internationally competitive in the system- and idea-contest.

¹⁵ <http://www.daimler.com>

9. Reasons and developments for the takeover of Corporate Social Responsibility by companies in Germany

Introduction

Germany applies in 2001 above a surface of 357,020 sq. kms, the population around catches 82,330,000 million people (2000: 82,260,000). Of it 40,326,000 persons (49.1%) were gainfully employed in 2000. In 2001 there were 2.4% of the employed persons in the agriculture, forestry and fishery, 22.0 % in the producing trade without the building trade, 6.7 % in the building trade, 25.4 % in trade, guest's trade and traffic, 15.2% in the area of financing, renting and services for companies and 28.3% in the sector of public and private service providers (cf. "Germany in figures" in 2002). While trying to explain how many of these persons have been employed in small and middle companies or to define the boundary between them and large companies in Germany one pushes fast to his borders, because there are not enough actual statistical facts offered from the Statistical Federal Office¹⁶. Merely on data delivered by the Institute Of Middle Class Research¹⁷ in Bonn which refers again to the Statistics of Value Added Tax (VAT) can be fallen back sensibly. At first the term small and middle companies in Germany must be quantitatively defined. After the Institute Of Middle Class Research companies are small, if they have up to 9 employees and dispose an annual turnover below ½ million €, middle companies dispose of 10-499 employees and have a turnover of from ½ to 50 millions € Large companies have 500 and more employees and a turnover of more than 50 millions € So in Germany small and middle companies are differently defined in her size than in the European discussion (up to 249 employees). After the Institute Of Middle Class Research in 1999 there were 3.2 millions small and middle companies with about 20 millions employees. This is 99.3% of all companies that gain 44.8% of the overall turnover of all. 69, 3% of the employees work in a small or middle enterprise (cf. Hauser in 2000). Out of this the meaning of the small and middle companies becomes clear for Germany, also which big number of enterprises and employees and which potential is neglected if the subject Corporate social responsibility of the companies remains limited only on large companies. With the initiative New Quality of Work already one of the - federal - German measures and developments should be mentioned which have an effect on the behaviour of the companies belonging to corporate social responsibility. The initiation and advancement of social debates to the future of the work itself referring to the professional life of tomorrow has direct influence on the behaviour of companies. Other German discussions, initiatives among other things which demand the confrontation with the social responsible abilities of companies are, e.g.:

1. Initiative new social market economy¹⁸

The initiative new social market economy is a union of a number of persons from economy, science, culture, policy (e.g., Randolf Rodenstock, Wolfgang Clement, Arnd Oetker, Lothar Späth). The initiative is based on the thought that the well-proofed ordinal system of the social market economy must be adapted to the sphere terms of the 21-st century: to the global competition, to the challenge of the information society and service society, to the changes in the working-process and to the demographic change which has lasting consequences on our pension system and social system. It is ascertained, that in the German population the econo-

16in German: "Statistisches Bundesamt"

17 in German: "Institut für Mittelstandsforschung"

18 in German: Initiative Neue Marktwirtschaft

my and social system has lost approval. According to an Allensbach survey in whole Germany only 43 percent of all interviewees have a good opinion of the social market economy. Only 41 percent feel the social market economy as human, only 43 percent as a just system. Above all more and more people meet the companies with mistrust. Also with the necessary reforms from the start a social clearing and workplace losses become linked. For the necessary reforms of the economic system in Germany a social climate change is reminded. The initiative new social market economy wants to clear up, how our economic system functions and wants also set an impulse for a wide social debate how we can meet the challenges of our time. Besides, new economy politics means: "Less is more" - the state should limit itself to his central competences and guarantee a free and fair competition. Less bureaucracy, shorter approval terms and extensive discharges with taxes and deliveries create free rooms for the initiative of citizens and companies.

2. The German Parliament – Enquiry Committee of citizen engagement¹⁹

The Enquiry Committee would like to stimulate the public debate around the engagement of citizens and companies also in Germany and promote new initiatives in this area. By the globalisation of the economic relations and the spreading of new information technologies and communication technologies a basic change takes place in the economy. Before the background of this process of change new forms of democratic self control and an expansion of the potentials in the citizens' society are needed. Besides, a new role also comes to the economic enterprises and companies. On account of their financial, but also organisational and informational competence enterprises can take a mobilising and supporting function. They can create basic conditions to promote the engagement of their employees and can open possibilities to ease the crossings between dependant work and citizen engagement.

For new formats of citizen engagements can be created, it requires the cooperation of very different actors: companies, trade unions, charitable organisations as well as engaged citizens and female citizens. And suitable sociopolitical measures and juridical reorganisations also (e.g., in the labor legislation, in the tax right) are not least necessary to improve the conditions on the engagement of citizens and companies.

The thesis, that single-economic purpose rationality and social well being stand together in unconditional harmony, counts as disproved by some intense unsolved social and ecological problems such as

- unemployment,
- intensifying social dissimilarities in the industrial nations,
- poverty and missing developing perspectives in many developing countries,
- global environmental problems,
- the not yet estimate able results of modern technologies (atomical and biological technologies plus genetic engineering)

There can clearly be recognised, that in Germany like in most of European countries the corporate social responsibility becomes more and more an important factor for the companies. It may be previewed (but this is still waiting in my thesis to be proved!) that a long-term successful existence for companies - especially for those of big size in personal and turnover - will depend on effective and lasting efforts in fulfilling their social responsibility.

¹⁹ in German: Deutscher Bundestag – Enquete-Kommission des bürgerschaftlichen Engagements

General understanding of Corporate social responsibility in Germany

After in Germany it cannot be referred to relevant scientific literature belonging to the subject corporate social responsibility, the understanding can be made clear by statements of different representatives of enterprises to this topic. In the same way the German understanding of corporate social responsibility becomes clearly by statements of representatives or unions of enterprises to the European debate, more exactly to the "Green Book: European conditions for the social responsibility of the enterprises ".

According to definitions from the German literature corporate social responsibility is called, e.g.:

" The enterprise is obligated towards the society, i.e. towards all human beings to do everything in its power to promote actively and by right action the idea of a sensibly human life (Göbel in 1992, p. 61)." or

„The social responsibility of the enterprise must be realized by four different partial responsibilities. These enclose beside an economic and legal responsibility, an ethical responsibility as well as a voluntary responsibility going out it " (Dyllick in 1992, p. 95).

More definitions in German from in practice standing enterpriser make especially clear, how corporate social responsibility in the everyday action is understood and carried out by the really given basic conditions:

Dr. Raimund Medrisch, BMW Group, Munich:

"corporate social responsibility is the "sum of all responsibility of an enterprise, if it is up now to political, social or ecological area. The thought the one of giving and taking. The society creates many conditions, with help enterprises to take part in economy, therefore something gets back to the society." (cf. echo - the communication research group in 2001, p. 43)

Dr. Stefan Lütgens, Kraft Foods Germany, Bremen:

"Corporate social responsibility has to do with the responsibility of enterprises for social interests. Besides, it is also directed inwards, also concerns regulations like part-time work etc. [...] It also concerns the way to define values of own behaviour, so the ethical aspect will be added " (cf. echo the communication research group in 2001, p. 47).

Dr. Elisabeth Alteköster, Volkswagen AG, Brussels:

„ Corporate social responsibility is the answer to the question, what the enterprise sector is able to contribute for the solution of social problems after the legal obligation.

But not in terms of altruism or social sponsoring, but in the linking of economic self-interest and social use. " (echo - the communication research group in 2001, p. 47).

On account of the European debate to the corporate social responsibility it is to the definition in the European Green Paper to become important. The relevance of the green book for Germany becomes clear by his attention and by the statements from German representatives of companies and representations. In the Green Paper corporate social responsibility is defined as a draft „ for the companies to serve as a foundation to integrate on voluntary base social interests and enviromental concerns in their enterprise activity and in the interrelations with the stakeholders. To act in a socially responsible way does not only mean to keep the legal regulations but means - after legal conformity - to invest ,more ' in human capital, in the environment and in the relations with other stakeholders." (European committee, central management employment and social in 2001, p. 7).

This definition and this understanding stands so far in no contrast to the understanding of corporate social responsibility in Germany.

Internal and external dimension of Social Responsibility

The last called statement to the social responsibility in companies implies: there is an internal and external dimension of social responsibility, this already answers basically the question with which social responsibility should be shown:

The internal dimension of social responsibility in companies is directed inwards in the company and concerns, primarily, the employees. Here it is about questions like investments in human capital, industrial safety and management of the change (e.g., contact with fears of the employees by restructuring or efforts to avoid company closing) and environment-conscious actions in dealing with natural resources used in the production.

The external dimension of the social responsibility in companies stretches beyond the "work gate", refers to the local communities and covers beside the employees and the stockholders a huge number of other stakeholders like business partner and suppliers, customers, authorities, local communities and environment protection organisations. Besides, the external dimension does not stop on the national and European borders (cf. European committee, central management employment and social in 2001, p. 9 and 12). Just with the external dimension another concept also becomes within the scope of corporate social responsibility. It appeared in Germany only approx. for 3 years increasingly also picks out as a central theme and is called corporate citizenship. Corporate citizenship describes the role of the companies as 'citizens' in the community whose engagement strategically is integrated in the enterprise development (Damm / Long in 2001, p. 19), or also:

[corporate citizenship] "is the attempt, to tie together a company in various matters with the community in which it is active. This company should be involved like a good citizen in the community, it should be a good Corporate Citizen (citizen)." (Westebbe in 1995, p. 13).

The concept corporate citizenship is used partly synonymous to the concept of corporate social responsibility nevertheless, it is - especially in Germany - of younger date and represents other developments: CC points out more the engagement from the civil status of the enterprise (with rights and duties). A differentiation of the concepts becomes partially in this respect that Corporate social responsibility is looked as the higher, European idea, with worldwide claim and worldwide responsibility while CC refers more on local economical activity. Another concept that shows nearness to social responsibility and intensified the debate about Corporate social responsibility is the idea of sustainability or sustainable management.

Besides the connection between Corporate social responsibility and lastingness is differently laid out. On the one hand, Corporate social responsibility is connected especially with the social dimension of the magic triangle (the social, ecology, economy):

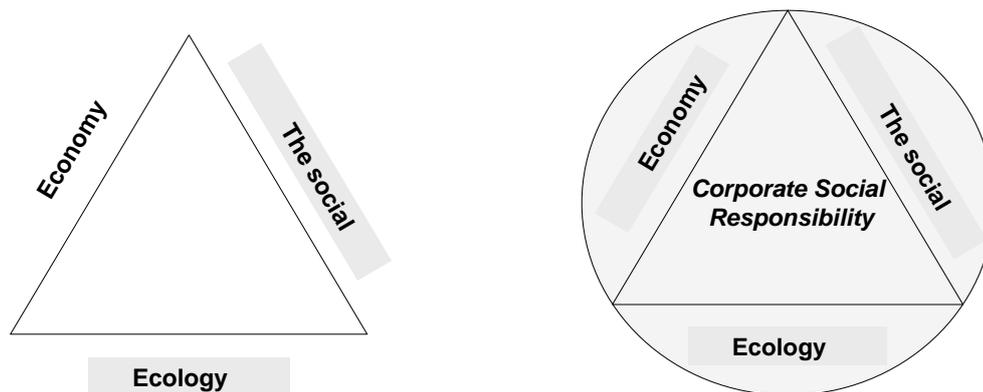
Reinhold Kopp, general representative and leader government-relations of the Volkswagen AG:

„For us Corporate social responsibility is in such a way a little bit like the specification of the lastingness in the social area. We see ourselves embedded in this magic triangle from economic responsibility, ecological responsibility and social responsibility. We have to integrate these three purposes and to position them

mutually in a stable system." (action common sense²⁰ inc. in 2002, p.28)

On the other hand, above all, the dimensions ecology and social are connected with corporate social responsibility. These dimensions are also picked out as a central theme in the Green Book, above all, belonging to corporate social responsibility. Besides, for Germany can be ascertained that environment protection and nature conservation are the farthest and most intensive developed dimensions of corporate social responsibility while the dimension of the social up to now still is to be looked as "stepchild" (cf. European Commission in 2002, p. 12; Gray in 1999, p. 11 and 45).

Figure 6: *Corporate Social Responsibility* (author's illustration)



At other place corporate social responsibility is equated with sustainability:

„Corporate social responsibility and business social responsibility stress worldwide responsibility from companies as a part of the world society. The claim is international and very far formulated. He encloses economic action from the beginning of the production (in the different production locations) up to consumption (guarantee of imposed standards towards the customers). Corporate social responsibility refers to the areas of environment and fair trade as well as to the observance of social standards, in particular also in the countries of the so-called Third World.” The draught of Corporate social Responsibility is based on the image of a lasting development." (Mutz among other authors in 2001, p. 16)

Corporate social responsibility can be understood as a contribution of the economy or the enterprises for the lasting development. (cf. European Commission in 2002, p. 12). The problematic and partly contradictory definition of Corporate social responsibility, corporate citizenship and similar concepts complicates a general-valid definition of corporate social responsibility for Germany. The importance of each dimension (economy, ecology or the social) turn out from the specific needs of the concrete company.

²⁰ in German: Aktion Gemeinsinn e.V.

10. Debate of Corporate Social Responsibility in Germany

The external dimension of corporate social responsibility is discussed in Germany primarily under the headline of corporate citizenship. The activities of corporate citizenship belong mainly to the (for German relatively new) area of corporate volunteering, this means the citizen like engagement of the employees and female employees that is supported on the part of the companies. Corporate citizenship also is identified as corporate giving, which is widespread in Germany and encloses donations and sponsoring. For Germany corporate citizenship is a relatively young concept intensely discussed for approx. 6 years. Measures in this context are, above all, realized in the area of culture, youth, education and the social in the narrower sense. Efforts in the area of the internal dimension of corporate social responsibility become clearly in Germany, e.g., by the only recently agreed initiative „INQW - Initiative New Quality of Work“²¹. The federal republic, countries, social security partners, social partners and companies agreed in the realization of this initiative. Within the scope of the initiative New Quality of Work cooperative projects with positive terms of employment conducive to personality and conducive to health are connected with the necessity of competitive workplaces. That means: the demand of working contents, professional education and continuing education, health protection, a creation appropriate for human needs in professional life, more flexibility in the organisation of the working process and a stronger consideration of familiar interests. Health, qualification, motivation, creativity and innovation ability are the key requirements which companies and the national economy need as a whole to be able to exist in future in the global competition. The initiative New Quality of Work will enclose three strategical spheres of activity in Germany in the first step: At the first step a wide social debate should be initiated to the future of the work with the purpose, to sharpen the public consciousness for the creation wishes and needs of the professional life from tomorrow. As a second step in well-chosen branches common draughts will be developed and put into action by the cooperation partners in order to develop common concepts for the improvement of the working process in own responsibility. In a third step practice examples are created and accumulated for suitable spheres of activity to the creation of the work. These examples should be made available for companies (action common sense²² inc. in 2002, p. 28).

²¹ in German: „INQA - Initiative Neue Qualität der Arbeit“

²² in German: Aktion Gemeinsinn e.V.

11. Corporate Social Responsibility and firm performance

General implications

With Mackay, Mackay, Barney debates continue to rage about whether or not firms should engage in socially responsible behavior. On the one hand, traditional economic arguments suggest that managers should make decisions that maximize the wealth of their firm's equity holders. Managers do this by making decisions that maximize the present value of the firm's future cash flows. To the extent that socially responsible activities are inconsistent with these economic objectives, traditional financial logic suggests that they should be avoided. Indeed, firms that engage in such activities - especially when they are very costly - may be subject to various forms of market discipline, including limited access to low-cost capital, the replacement of senior managers, and takeovers. On the other hand, some business and society scholars have argued that firms have a duty to society that goes well beyond simply maximizing the wealth of equity holders. These scholars argue that such a narrow focus can lead management to ignore other important stakeholders - including employees, suppliers, customers, and society at large - and that sometimes the interests of these other stakeholders should supersede the interests of a firm's equity holders in managerial decision making, even if this reduces the present value of the firm's cash flows. One way to resolve this conflict is to observe that at least some forms of socially responsible behavior may actually improve the present value of a firm's future cash flows and, thus, may be consistent with the wealth-maximizing interests of the firm's equity holders. For example, socially responsible behavior can enable a firm to differentiate its products in its product market, can enable a firm to avoid costly government-imposed fines, and can act to reduce a firm's exposure to risk. All of these socially responsible actions can increase the present value of a firm's future cash flows and are therefore consistent with maximizing the wealth of the firm's equity holders. However, from a broader theoretical perspective, the entire effort to discover how socially responsible activities can increase the present value of a firm's future cash flows is problematic. After all, the essential point of many business and society scholars is that the interests of a firm's equity holders sometimes need to be set aside in favor of the interests of the firm's other stakeholders. That is, according to social responsibility theorists, firms should sometimes engage in activities that benefit employees, suppliers, customers, and society at large, even if those activities reduce the present value of the cash flows generated by the firm. Focusing the study of corporate social responsibility on those actions that increase the present value of a firm's cash flows fails to address this central theme in the corporate social responsibility literature. In this context, not just examples of socially responsible actions that can have a positive impact on a firm's cash flows - so-called profit-maximizing "ethics" - are required but, rather, a theory that suggests the conditions under which firms will engage in socially responsible activities, even if those activities reduce the present value of a firm's cash flows - so-called costly philanthropy. In this paper we propose such a theory. This theory builds on the simple observation that equity holders may sometimes have interests besides simply maximizing their wealth when they make their investment decisions. Sometimes, they may want the firms they invest in to pursue socially responsible activities, even if these activities reduce the present value of the cash flows generated by these firms.

Assumptions and Definitions

Before developing the model, it is helpful to define its key terms and specify its central assumptions. It may be noted that much of the current confusion in the Corporate Social Responsibility Literature is due to a lack of clarity about definitions and assumptions.

What Is Socially Responsible Behavior?

A wide variety of definitions of Corporate Social Responsibility have been proposed in the literature. While these definitions vary in detail, many focus on voluntary firm actions designed to improve social or environmental conditions. This is the definition of corporate social responsibility we adopt here. Of course, within this broader definition, different stakeholders may have different preferences for specific socially responsible activities they would like to see their firm invest in. Moreover, these preferences may vary as the currency of social issues evolves over time. However, as long as a firm's actions are consistent with this general definition of social responsibility - that is, as long as they are voluntary and designed to improve social or environmental conditions—they are considered socially responsible for the purposes of the model developed here. The specific decision-making context modelled here focuses on determining the total demand for investment opportunities in firms engaging in specific socially responsible activities; the current supply of those opportunities in the market; and whether current supply is less than, equal to, or greater than demand. In this sense, the opportunity to invest in a firm that is engaging in specific socially responsible activities can be thought of as a “product” that is sold by firms to potential equity investors as “customers.” Of course, equity holders as “customers” for opportunities to invest in socially responsible firms may vary in the kinds of corporate social responsible activities they would.

What Is Firm Performance?

A wide variety of definitions of firm performance have also been proposed in the literature. Both accounting and market definitions have been used to study the relationship between corporate social responsibility and firm performance. However, since most social responsibility scholars seek to understand the ways that socially responsible corporate activities can create or destroy shareholder wealth, market definitions of firm performance seem likely to be more appropriate than accounting definitions of firm performance in this context. In fact, in the model developed here, we adopt such a market definition of firm performance by focusing on how socially responsible corporate activities affect a firm's market value. Market value is defined as the price of a firm's equity multiplied by the number of its shares outstanding. Thus, our model addresses the following question: Supposing managers seek to maximize the market value of their firm in their decision making, will they ever choose to invest in socially responsible activities that reduce the present value of their firm's cash flows? Of course, there is some controversy about the assumption that managers seek to maximize the market value of their firms in their decision making. Some have suggested that under conditions of uncertainty and imperfect information, managers cannot know, *ex ante*, how to maximize the market value of their firm. Others have suggested that managerial interests are often inconsistent with maximizing the value of a firm. However, some of these same authors argue that managers who fail to maximize the market value of their firm, *ex post*, may be subject to a variety of market sanctions, and, thus, the assumption that managers seek to maximize the value of their firm is a useful approximation. For our purposes here, whether or not managers can or do seek to maximize the value of their firm in their decision making is less important. Rather, we conduct a simple “thought experiment”: since corporate social responsibility scholars have been interested in understanding the economic consequences for a firm implementing socially responsible activities, we develop a model where managers are assumed to focus on maximizing the market value of their firm, and we examine the impact of socially responsible activities on this market value. In this sense, the assumption that managers seek to maximize the market value of their firm in their decision making provides a standard against which to evaluate the economic consequences of engaging in socially responsible activities that reduce the present value of a firm's cash flows. Yet while we examine the market value conse-

quences of firms' pursuit of socially responsible activities that reduce the present value of their cash flows, we do not assume that maximizing the present value of a firm's cash flows and maximizing a firm's market value are equivalent. Such an assumption is only justifiable if all of a firm's current and potential equity holders are solely interested in maximizing their wealth in making their investment decisions. If, however, at least some of these investors have interests besides simply maximizing their wealth in making investment decisions, then "maximizing the present value of a firm's cash flows" and "maximizing firm value" are no longer equivalent concepts.

Market Efficiency Assumptions

The model presented here also assumes that capital markets are semi-strong efficient. This means that publicly available information about the perceived value of a firm's assets will, on average, be reflected in the market price of those assets. Semi-strong efficiency, in particular, implies that if firms engage in specific socially responsible activities in a public way, current and potential equity holders will be aware of both the nature of these activities and their impact on the present value of a firm's future cash flows and will, on average, prefer to invest in. The model developed here adopts the simplifying assumption that these equity investors all have a preference for investing in firms pursuing a particular socially responsible activity—although this specific activity is not important in the model. Without loss of generality, this preference can also be interpreted as a preference for a particular bundle of socially responsible activities. This simplifying assumption is relaxed in the model extensions section of the paper. Mackey, Mackey, and Barney adjust their valuation of a firm's equities accordingly. There is substantial evidence that U.S. capital markets are, overall, semi-strong efficient. This does not mean that the value of a firm's equity always equals the true underlying value of the firm; certainly, there is a great deal of private information about the value of those assets and investor decisions are often systematically nonrational and affected by emotions. However, semi-strong efficiency does suggest that whatever public information exists about the value of a firm's assets is, on average, likely to be reflected in the price of those assets. In this context semi-strong efficiency suggests that when a firm publicly pursues socially responsible activities that reduce the present value of its cash flows, current and potential investors will factor these actions and their consequences into decisions about whether or not to buy or sell this firm's stock.

Socially Responsible Activities and Firm Cash Flows

Finally, while acknowledging that some socially responsible activities can sometimes have a positive impact on the present value of a firm's cash flows, our model examines the consequences of only those socially responsible activities that reduce the present value of a firm's cash flows. In this way the model focuses on a central theoretical issue raised by those who study corporate social responsibility that managers should sometimes abandon efforts to maximize the present value of their firm's future cash flows in favor of socially responsible activities that reduce the value of those cash flows. Obviously, identifying socially responsible activities that increase the present value of a firm's cash flows is interesting in its own right. However, no new theory is required to explain why firms will pursue such activities, once identified. Such actions are consistent with received economic and financial theories of firm behavior. But new theory is required to explain why firms might pursue socially responsible actions that reduce the present value of their cash flows. Focusing the model only on these situations helps develop this critical aspect of the theory of corporate social responsibility.

Mackey, Mackey and Barney's model

In this section they present a simple model of the supply of and demand for opportunities to invest in socially responsible firms. They use this model to describe the impact that beginning or ending socially responsible activities that reduce the present value of a firm's cash flows will have on the firm's market value. As is always the case, they adopt a variety of simplifying assumptions. Many of these assumptions are technical in nature and do not have an impact on the conclusions drawn from the model. Some are more substantive in nature and might have an impact on these conclusions. However, several of these substantive assumptions are relaxed, and the conclusions of the model are reexamined. While relaxing these assumptions does generate important insights, it does not affect the model's central conclusion: the impact of socially responsible activities that reduce the present value of a firm's cash flows on a firm's market value depends on the supply of and demand for opportunities to invest in these types of firms.

Implications and discussion

The central assertion of Mackey, Mackey and Barney's [21b, p.823,824] model is that the opportunity to invest in a firm engaging in socially responsible activities is a "product" firms sell to current and potential investors. Sometimes, current and potential equity holders may prefer to invest in firms pursuing such activities, even if those activities reduce the present value of the firms' cash flows. The central conclusion of Mackey, Mackey and Barney is that the supply of and demand for these investment opportunities determine when socially responsible activities that reduce the present value of a firm's cash flows will be positively or negatively related to that firm's market value. Beyond this central assertion and conclusion, the arguments developed here have a variety of other empirical, theoretical, and practical implications.

Empirical Implications

Overall, the model suggests that there will be a positive correlation between firm choices about investing in socially responsible activities and firm value. This is because the model adopts the assumption that managers make these choices - to begin socially responsible activities, to cease socially responsible activities, or to maintain their current strategies whether they are socially responsible or not - in a way that maximizes the market value of a firm. Recent reviews of the empirical corporate social responsibility literature generally are consistent with this expectation although it may be suggested that the empirical results, while positive overall, are nevertheless mixed. However, the model developed here suggests that efforts to examine the "overall" correlation between socially responsible activities and firm performance may be less interesting than examining the relationship between the supply and demand conditions under which these decisions are made and a firm's market value. Sometimes, beginning socially responsible activities will increase a firm's market value; sometimes it will reduce its market value. Sometimes, ending socially responsible activities will decrease a firm's market value; sometimes it will increase its market value. And, sometimes, continuing current socially responsible activities - by either continuing to invest in these activities or continuing to not invest in these activities - will increase a firm's market value; sometimes it will decrease a firm's market value. Only by examining the supply of and demand for socially responsible investment opportunities at the time these decisions are made can the relationship between a firm's social responsibility strategies and its market value be understood. Of course, it will often be difficult to directly measure the supply of and demand for socially responsible investment opportunities. However, it may be possible to develop surrogate measures of these concepts. For example, changes in the number of firms who score high on various aggregate measures of social responsibility might indicate changes in the supply of so-

cially responsible investment opportunities. Also, changes in the total dollars invested in socially responsible mutual funds as a percentage of the total dollars invested in all mutual funds might be an indicator of changes in total demand for socially responsible investment opportunities. Public opinion polls on the importance of various social issues in an economy might also provide some indication of the level of demand for socially responsible investment opportunities. Whatever measures are ultimately developed, the model presented here suggests that understanding the relationship between the supply of and demand for socially responsible investment opportunities is central to understanding the relationship between socially responsible activities and firm performance, at least as measured by a firm's market value.

Theoretical Implications

The model also has a variety of theoretical implications, both for the study of firm value more broadly and for the study of the relationship between corporate social responsibility and firm value.

Decoupling cash flow and firm market value.

Traditional financial logic suggests that firms maximize their market value by maximizing the present value of their cash flows. This link between a firm's market value and the present value of its cash flows is based on the often unstated assumption that all of a firm's equity holders have the same interests: to see their wealth maximized in making their investment decisions. However, by recognizing that some equity holders may sometimes have interests besides simply maximizing their wealth in making their investment decisions, we decouple "maximizing a firm's market value" from "maximizing the present value of a firm's cash flows." Here, a firm's market value is determined by the supply of and demand for the kind of investment opportunities created by the firm's strategies - in this case, the opportunity to invest in firms implementing different corporate social responsibility strategies. In fact, there is some reason to believe that at least some current and potential equity investors may be willing to sacrifice some of their wealth-maximizing interests to invest in firms pursuing socially responsible activities. For example, there continues to be significant and steady demand for mutual funds that specialize in investing in firms that meet certain corporate social responsibility criteria. Indeed, in 2003 about one out of every ten dollars under professional management in the United States was invested in these kinds of mutual funds. Moreover, those who invest in these funds often pay a financial penalty for doing so. This penalty can be as high as 3.5 percent for actively managed socially responsible mutual funds. Thus, at least some investors are apparently willing to invest in firms that engage in socially responsible activities even though these investments may generate lower returns than investments without regard to a firm's socially responsible activities. It is this demand for opportunities to invest in socially responsible firms, and its relationship to the supply of these investment opportunities, that determines the market value of a firm. Thus, even though the present value of the cash flows generated by socially responsible firms may suffer, the market value of these firms can still increase.

Managerial values and socially responsible investments.

This analysis also has implications for the study of the relationship between senior managers and socially responsible activities. In particular, it suggests that senior managers do not have to have particularly strong or unusual moral or value-based commitments to lead their firms to engage in socially responsible activities that reduce the present value of their cash flows. Rather, as long as demand for socially responsible investment opportunities is greater than supply, managers looking to maximize the market value of their firm will find it in their self-interest to make such investments. Managerial or corporate altruism is not required to explain why firms may sometimes make these kinds of investments. Indeed, throughout this paper we

adopt the standard economic assumption that firms are trying to maximize their market value. Because firms are profit maximizing, they are willing to change their type - from socially responsible to traditional profit maximizing and back - to the extent that these actions maximize their market value. In other words, this is a theory of social responsibility that does not depend on the existence of agency conflicts between a firm's managers and its equity holders.

Practical Implications

Finally, the theory developed here has practical implications, both for those charged with making decisions about whether or not invest in socially responsible activities—managers—and those who would like to see the absolute level of such investments in society increase.

The managerial task.

At first, the task managers face in firms contemplating whether or not to change their social responsibility policies seems daunting. After all, in the model, managers are required to estimate the supply of socially responsible investment opportunities in an economy and the demand for these investment opportunities, and then evaluate whether or not they should change their social responsibility policies accordingly. While daunting, this task is actually not materially different from the task managers face when estimating the supply of and demand for any of their products or services in the product market. While the product - socially responsible investment opportunities - and the market - current and potential equity investors - are different, the essential challenge of discovering the level of supply and demand is very similar. Thus, it would not be surprising to see managers adopt many of the same mechanisms and tools they use to gauge supply and demand in the product market to gauge supply and demand in the market for socially responsible investment opportunities. For example, firms often use customer focus groups and product tests to estimate demand in the product market. In the market for socially responsible investment opportunities, it is likely that firms will use focus groups with current and potential investors, along with smaller tentative changes in their social responsibility policies, to estimate the demand for these types of investment opportunities. Ascertaining the current level of supply of these investment opportunities may be more difficult. Managers can attempt to measure this supply through benchmarking the activities and disclosures of their product market and equity market competitors. Indeed, it seems reasonable to expect that the relationship between the supply of and demand for socially responsible investment opportunities will change over time. In some economic conditions - for example, when there are significant earnings pressures and large numbers of unfriendly takeovers—there may well be a shortage of socially responsible investment opportunities. In other settings there may be an excess number of these investment opportunities. While at first the decision about whether or not to invest in socially responsible activities seems very complex, the model presented here does suggest a way that these decisions can be significantly simplified. In particular, the model suggests that the only time a firm seeking to maximize its market value should change its social responsibility policies is when either the demand for or the supply of these investment opportunities changes dramatically. Thus, managers need not directly estimate the size of this demand or supply - only significant changes in these parameters. Shifts in demand for these investment opportunities will often reflect specific exogenous shocks in the economy. Thus, for example, when the government in South Africa abandoned its apartheid principles, socially responsible activities that supported a ban on business in South Africa were no longer in demand. Obviously, in this kind of setting, continuing to maintain these policies, because they reduced the present value of a firm's cash flows without any compensating firm value advantages, would have reduced a firm's market value. More recently, various business scandals may have increased demand for socially responsible activities, as investors look to put their money into companies whose management they respect

and trust. Firms can also create their own “exogenous shocks” by becoming more international in scope. While equity holders in one country market may have one set of preferences for investing in socially responsible firms, equity holders in a second country market may have a different set of preferences. By beginning to trade in different markets, firms may have to adjust their social responsibility policies to be more consistent with the preferences of the new stockholders they are trying to attract. Of course, this could mean that a firm will become either more or less socially responsible, depending on the preferences of equity holders in the markets into which it is entering. Estimating changes in supply and demand for socially responsible investment opportunities is likely to be more challenging when these parameters evolve slowly over time in an economy. In these settings it would not be surprising to see managers change their policies toward social responsibility only very slowly and incrementally. In this way firms can estimate the total demand for and supply of socially responsible investment opportunities in an economy and adjust their own policies accordingly.

Changing the demand for socially responsible investment opportunities

Finally, this model also has implications for those interested in increasing the level of socially responsible firm activities in the economy. Thus far, we have assumed that the demand for socially responsible investment opportunities was given, and the task facing firms was to estimate that demand and the relevant supply of these investment opportunities in determining their strategic actions. However, the actions of various individuals and groups in an economy could have an impact on this demand. Successful efforts to increase the demand for socially responsible investment opportunities would have the effect of making it in the value-maximizing interests of more firms to make such investments. According to the model developed here, the task facing those interested in seeing the level of socially responsible investments made by firms in an economy increased is to engage in activities that change the preferences of potential investors. Marketing campaigns that highlight the social responsibility failures of some firms, the social responsibility successes of other firms, and how investment dollars are used to either help or hurt society may have the effect of increasing the number of people looking for socially responsible investment opportunities in an economy over time. When demand for these investment opportunities increases, value-maximizing managers will find it in their self-interest to begin to make these investments, even if doing so reduces the present value of their cash flows. The model also suggests that direct appeals to managers to increase their level of investment in socially responsible activities without a corresponding increase in demand for these kinds of investment opportunities are unlikely to be successful. Managers have the market-enforced responsibility to maximize the market value of their firm. While the model developed here demonstrates that engaging in socially responsible activities that reduce the present value of a firm’s cash flows can sometimes increase a firm’s market value, it can only be expected to do so when demand for these investment opportunities is greater than supply. In this sense, increasing the overall level of demand for these investment opportunities is likely to precede firm decisions to increase socially responsible activities, especially when those activities reduce the present value of a firm’s cash flows.

Results

In the beginning it could be argued arguing that efforts to examine how socially responsible activities can increase the present value of a firm’s cash flows do not address a central issue in the corporate social responsibility literature - that sometimes firms should invest in socially responsible activities, even if those activities reduce the present value of a firm’s cash flows. This examination provides an explanation of when investments in these kinds of socially responsible activities will occur. In developing this theory, it is to be suggested that some inves-

tors may have interests besides wealth maximization in making their investment decisions. If the demand for socially responsible investment opportunities generated by these investors is greater than the supply of these investment opportunities, then such investments can create economic value for a firm. However, this consideration also suggests that if supply and demand conditions are not favorable, engaging in the same socially responsible activities can actually reduce the market value of a firm.

12. Index-correlation investigation for Corporate Social Responsibility

Introduction

- Hypothesis on sustainability as the main part of Corporate Social Responsibility -

Schäfer has the opinion that ethical, ecological and social criteria have direct or indirect economic consequences on the company value^[1]. To examine this statement, the author has applied the Dow Jones Sustainability index (DJSI), an index of the Zurich rating agency SAM which measures the financial performance of the internationally leading companies oriented to sustainability. The values contained in it display the market capitalisation of Eurostoxx companies in own index. As a comparative index the author used the Eurostoxx50, a share index of 50 biggest listed European stock corporations which has the assignment to show the value development of this stock market segment within a period (here: to indicate the calendar year in 2004). For the evaluation of the company the stock exchange rate is still the most important successful indicator, because this is also used as a basis for bonus payments to manager and executive boards. From this source situation the author puts following hypothesis:

H₀: If CSR has a positive leverage on the company value as a value added factor, and sustainability is registered as an important share value of the CSR in the Dow Jones Sustainability index, then the valued companies would have to find themselves in similar positions in the index of Eurostoxx50. For that serves the following index-comparison:

Figure 7: *index-comparison* (author's illustration, embedded image)

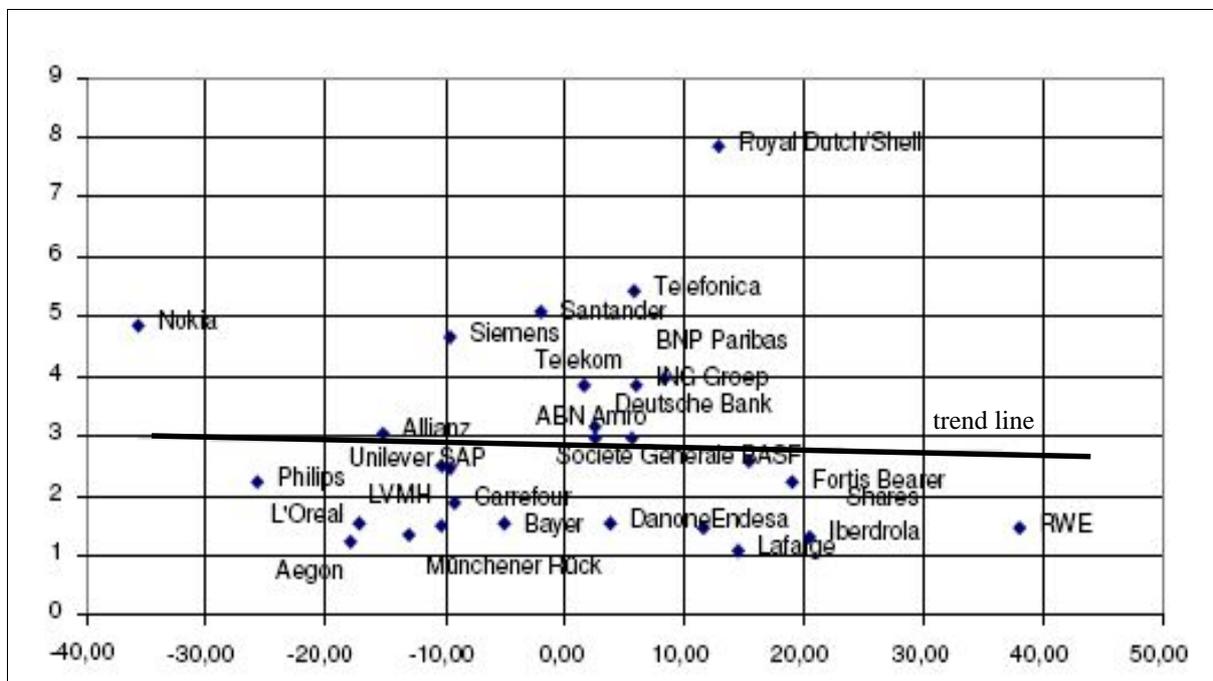
Company	Eurostoxx 50	DJSI
RWE	38.08	1,474
Iberdrola	20.52	1,317
Fortis Bearer Sh.	18.95	2,219
BASF	15.44	2,577
Lafarge SA	14.56	1,086
Royal Dutch/Shell	12.81	7,827
Endesa	11.63	1,469
BNP Paribas	8.4	3,969
ING Groep	5.96	3,858
Telefonica	5.73	5,423
ABN Amro	5.66	2,955
Danone	3.79	1,521
Société Generale	2.56	2,951
Deutsche Bank	2.52	3,168
Deutsche Telekom	1.69	3,865
Banco Santander	-1,94	5,093
Bayer	-4,98	1,532
Carrefour	-9,16	1,882
SAP	-9,49	2,443
Siemens	-9,53	4,660
Unilever	-10,26	2,504
Münchener Rück	-10,34	1, 494

LVMH	-12,93	1,328
Allianz	-15,16	3,026
L'Oreal	-17,14	1,555
Aegon	-17,9	1,234
Philips	-25,73	2,219
Nokia	-35,57	4,833

Sources: Citibank, 2005 and SAM Indexes Limited, 2005 [2]

The author has confronted these values in a two-dimensional co-ordinate system, while the Eurostoxx values on the abscissa and the Dow Jones Sustainability index values on the ordinate are displayed. To support H_0 , a trend line should be displayed from the value dispersion as a rising linear function. Nevertheless, the result points as follows:

Figure 8



Correlation of DJSI and Eurostoxx50

Source: author's illustration (embedded image)

Index-correlation and rank correlation investigation

It turns out a very wide dispersion and a trend line which weakly runs from the left on top to the right below. The optical evaluation of this graph can be supported by a rank-correlation investigation to Spearman. The cell operands were converted in addition as follows into a rank-correlation table:

Figure 9

Company	Eurostoxx 50	DJSI
RWE	1	23
Iberdrola	2	26
Fortis Bearer Sh.	3	17
BASF	4	13

Lafarge SA	5	28
Royal Dutch/Shell	6	1
Endesa	7	24
BNP Paribas	8	6
ING Groep	9	8
Telefonica	10	2
ABN Amro	11.5	11.5
Danone	12	21
Société Generale	13	12
Deutsche Bank	14	9
Deutsche Telekom	15	7
Banco Santander	16	3
Bayer	17	20
Carrefour	18.5	18.5
SAP	19	15
Siemens	20	5
Unilever	21	14
Münchener Rück	22.5	22.5
LVMH	23	25
Allianz	24	10
L'Oreal	25	19
Aegon	26	27
Philips	27	16
Nokia	28	4

Rank correlation to Spearman; Sources: Citibank, 2005 and SAM Indexes Limited, 2005 ^[2]
author's illustration (embedded image)

In a rank correlation to Spearman²³ the degree of the correspondence of two rank orders can be ascertained, here between: Eurostoxx50 and the Dow Jones Sustainability (euro) index. In addition the ranks of the same statistical units are confronted and from it the differences and their squares are formed. From the sum D the correlation coefficient is calculated as follows:

$$R_{\text{Spearman}} = 1 - [(6 \times D) : (n \{n^2 - 1\})]^{24}$$

There arises following degree of the correspondence: $R_{\text{Spearman}} = -0,049$.

This result underlines the cognition which is displayed in the trend line and disproves with it the thesis H_0 as follows:

H_1 : The correlation of the data rows from Eurostoxx50 and Dow Jones Sustainability index euro of Stoxx is not significant, because R_{Spearman} is close to zero. The dispersion displayed in the illustration is too big. Hence, connections of both indexes can approximately be excluded.

²³ Charles Edward Spearman (Sept. 10, 1863 - Sept. 17, 1945) was an English psychologist known for work in statistics, as a pioneer of factor analysis, and for Spearman's rank correlation coefficient, which is equivalent to Pearson correlation on ranks

²⁴ D = the difference between each rank of corresponding values of x and y, and n = the number of pairs of values

H₂: The correlation is slightly negative, because the straight line is falling in the illustration and R_{Spearman} is negative. In addition, therefore has failed the attempt to display sustainability as a sub range of the CSR as a value added factor.

Results

Now following conclusions from this investigation can be drawn: Although stocks exchange rate developments are still important success factors to display the company value, and share indexes give a possibility to illustrate appreciations and depreciation for longer periods (here: 2004), sustainability is not reflected as a success factor enough. As a reason for the non-comparability of the Eurostoxx50 index and from SAM after economic, environmental and social criteria created Dow Jones Sustainability index could be stated that the leverage of CSR is so low as a value added factor either that he is overlaid by numerous other factors and/or that a calendar year does not last long enough on illustrating CSR success factors, because the success appears only in even longer periods. The other factors which determine the picture of a share index can be:

- The buyer's behavior which affects whole peer group, e.g., "flight to quality": Investment in safe branches of industry.
- The events which affect whole peer group, e.g., wars, epidemics, economic crises.
- Events within peer group: E.G., image of a new management concept.
- Influencing of the buyer's behavior of advertising (e.g., with issue of Telekom stocks in Germany), stock market speculation or unenlightened market participants (e.g., new market).
- Market development, e.g., change of the demand behavior, more unexpectedly success or failure of new products.
- Cost reductions, e.g., by dismissals.
- Profitability improvements, e.g., by stock repurchase.
- Portfolio management, e.g., sales of company shares or engagement in new departments.

By this huge number of different factors of the evaluation of the company it is to be supposed that possible success factors of the CSR are illuminated by strong Halo effects of other factors or they are not provable by this attempt to explain.

13. Relevance of implementing methods of Corporate Social Responsibility into enterprise performance

Introduction - some Anti-CSR Arguments

Today's leading companies are expected not only to create wealth and produce superior goods but also to conduct themselves as moral actors - accepting responsibility for their misdeeds, being responsive to the needs of others, and managing their own values and commitments. Contrary to theorists who have declared for centuries the corporation to be amoral, society today has endowed the corporation with a moral personality. A traditional economic argument counters that this growing swell of moral advocacy is at worst a figment of the collective imagination, and at best a distraction to the efficient operation of the market. How, for example, can a CSR surge explain the continued dominance of Wal-Mart, the world's largest company with \$245 billion in revenues in 2002? Wal-Mart is told to have achieved its famous "Everyday low prices" through intense cost-cutting and by dictating the terms on which it operates to employees, suppliers, communities, the environment and any other stakeholder with an interest. As a legal entity and collection of individuals, a corporation is not capable of having the conscience that many observers ascribe to it. However, even if it was capable of having a conscience, the first and foremost duty of the corporate management team is - with Milton Friedman[8] - to maximize value for the company's owners, its shareholders, by maximizing profits. CSR, by itself, may add little or no value for owners, and often may involve significant costs that either shareholders or customers are forced to bear. Social concerns beyond the parameters of the market are best left to regulatory agencies or non-profit organizations driven by different goals and expectations. The theory of demand and supply dictates that any company failing to meet the needs of its consumers and other stakeholders on any level - whether price or product quality - will soon go out of business. Conversely, if consumers, for example, are truly willing to impose their values on corporations their purchasing patterns will reflect this and companies will quickly adjust in response. Demand and supply in equilibrium maximizes the efficient allocation of available resources. The ability to maximize profits provides the maximum incentive for companies to increase product quality and innovation, while keeping prices at the minimum necessary to satisfy consumer demand.

Corporate Social Responsibility and companies' success

CSR as an instrument to generate competitive advantages

On behalf for the attitude of many managers to the subject CSR is the following citation of Adrian Loader, the manager of the department of strategic planning and sustainable development of royal Dutch / Shell Group who said in 2004: "Corporate social responsibility is not itself our business but rather it is a way of conducting our business which, we believe, helps us to be more successful over the long-term. To commit to a socially responsible way of working is not, as some critics claim, a distraction from our core business. Nor does it in any way conflict with our promise and our duty to deliver value to our shareholders. In fact, just the reverse is true. This agenda is an attendant duty to our shareholders who make investments for the long-term and who need to have confidence they will see a return on those investments over the long-term." [16b, p.22] Companies often state the leverage on the image as a reason to be involved socially; their CSR initiatives are mostly justified with the argument, they would improve in this manner the companies' images and so indirectly the turnover may increase. The image of a company is looked as one of the most important resources of a

company, because it influences the success of a company strongly. In addition, more and more investors for ethical reasons also decide to invest money in companies which behave in the area CSR exemplarily. That's why some known indexes have developed which record companies on the basis of CSR ratings in her portfolio. From the cited examples it becomes evident that a socially responsible action and social engagement can bring to the companies a lot of advantages which can reach from an increase of the credibility and an improved image about a raised customer and employee connection up to a demarcation of rival business and a raised investment security. Accordingly a successful CSR strategy can influence the future ability of a company positively and CSR is to be looked as a determining strategical factor about company.

CSR and corporate success

It could be wise, if managers sometimes abandon efforts to maximize the present value of their firm's future cash flows in favor of socially responsible activities that reduce the value of those cash flows. Obviously, identifying socially responsible activities that increase the present value of a firm's cash flows is interesting in its own right. However, no new theory is required to explain why firms will pursue such activities, once identified. Such actions are consistent with received economic and financial theories of firm behavior. But new theory is required to explain why firms might pursue socially responsible actions that reduce the present value of their cash flows. Focusing only on these situations helps develop this critical aspect of the theory of CSR. Because the existing literature can answer the question after the connection between the CSR and the corporate success not on account of her contradictory theories unambiguously, various empiric studies were carried out during the last 30 years which have examined the connection between CSR and corporate success. Unfortunately, there remained in the studies up to now, nevertheless, in most cases explanation attempts. In general, firms can take three different actions with respect to their socially responsible activities: firms that currently do not engage in these activities can begin doing so; firms that currently do engage in these activities can stop and firms can maintain their current policies - that is, those that currently engage in socially responsible activities can continue to do so, and those that currently do not engage in such activities can also continue to do so. Each of these different activities can have an effect on the market value of a firm, depending on the context within which these activities take place. It can be suggested that the most important determinant of the impact of these activities on a firm's market value is the relative supply of and demand for opportunities to invest in socially responsible firms in an economy. With Mackay, Mackay and Barney[21b, p.823,824] three possibilities exist again: demand for socially responsible investment opportunities may be greater than their supply, supply for these investment opportunities may be greater than demand, and demand for these opportunities may equal supply.

Measurements of effects by Corporate Social Responsibility

An objective measurement of the social responsibility of company presents itself in total as a very difficult task. The Corporate Social Responsibility of a company can be observed neither directly, nor exist for it up to now suitable yardsticks or uniform evaluation methods. Very common are the two instruments of so-called content analysis and the use of CSR or reputation ratings. In the content analysis it is counted, how often is reported in company publications and especially in the annual report on CSR activities or how many lines argue with CSR subjects. Nevertheless, the problem with this method is that the content analysis is merely one indicator for what the companies say and not for how the companies really behave. And this can be a big difference, because companies use their publications to provide a positive picture of themselves for the general public, and the actual action with it veil. One

is even supposed that the companies which fail in the matter of CSR have a special incentive to sign to the outside a positive picture of themselves. An example for this might be the company Enron in which has been exemplary pointed out how far reality and outside representation of a company can gape[12b, p. 35]. Also the individual appraisal of the Corporate Social performance by single persons or authors is to be seen very critical, because it is followed subjectively and mostly is hardly understandable. The subjective appraisal of the Corporate Social performance without quantitative evaluation procedure complicates, in addition, also the comparability of different assessments. Hence, as the best possibility to measure the Corporate Social performance the use of CSR or reputation ratings is regarded[16b, p.29], which is why also most newer studies fall back on this method. So a wide range of analyses to examine the connection between CSR and the corporate success like regression analyses, panelanalyses, index-correlation investigations - one by the author in 2007[27b] - have been carried out. Though most of them show hints for a connection between companies' performance and the fulfilling of their social responsibilities true academic proofs are still missing.

14. Examples of three large companies and their engagement for Corporate Social Responsibility

Daimler Corporation

Rüdiger Grube, chairman of the recently established Sustainability Board, points out in the Sustainability Report 2008 that conducting business in line with the principles of sustainability was always a key element of Daimler's corporate strategy. For example, Daimler established binding corporate values many years ago and they also have sustainability principles in place. Another example of Daimler's long-standing commitment to sustainability was offered by Environmental Guidelines, which were approved by the Board of Management back in 1990. For quite some time now, the Group has also been operating corporate functions that have been very successful in monitoring and controlling the three dimensions of sustainability - economy, ecology, and social responsibility. Environmental protection, for example, is not only addressed at the top management level by the Chief Environmental Officer; it was also an integral part of the activities at the Research & Development department, which since 1990 has played a crucial part in helping to ensure that environmental protection measures are successfully implemented throughout the entire product lifecycle – from product development and production to sales. For Daimler Sustainability requires addressing the big picture, which means that the concept behind it extends well beyond the environmental protection activities. As a major automobile manufacturer, Daimler accepts to focus not only on ecological aspects but also on key social and economic challenges. Sustainability therefore for Daimler also involves community projects, social commitment, traffic safety issues, supplier relations, and being a good corporate citizen toward neighbors at the locations where they operate. Ultimately, successful sustainability management means achieving a successful balance between the three dimensions mentioned before. And although these dimensions may sometimes have conflicting interests, Daimler sees no possibility to afford to address them separately. In the future Daimler intends to coordinate their diverse sustainability activities even more closely. They actually took the first step toward consolidating our strengths and intensifying our top management approach to this issue back in 2005, when they established the Sustainability Task Force. This interdisciplinary team initially focused on improving Daimler sustainability reporting system. Since then, they've been producing an annual integrated sustainability report that conforms to internationally recognized reporting guidelines. Because the quality of reporting is dependent on their activities as a company, they've been focusing more and more on Daimler's performance in key areas related to sustainability, and the new Sustainability Board will now systematically integrate the relevant operational disciplines into our sustainability management approach. Over the last three years we have created new management functions such as our Global Diversity Management system, which is supervised by the head of Human Resources and Labor Relations, Günter Fleig. Daimler also established a compliance organization back in 2006, and they have continually expanded the scope of its activities since that time. This organization also reports directly to the chairman of the Board of Management. The Sustainability Board is wanted to more closely align and coordinate the activities of these various functions and enable us to respond more effectively to interdisciplinary situations where action needs to be taken. It was therefore very important to ensure that the new Sustainability Board would report directly to Daimler's CEO, Dieter Zetsche. The first thing they did was to identify the specific areas where they need to improve coordination and take action in order to improve sustainability management. Then ambitious

goals were formulated for each topic area and developed measures to achieve them. The Sustainability Board will now coordinate the implementation of these measures and evaluate their effectiveness, whereby the implementation will be carried out by the corporate functions and business units responsible for each particular issue. They already have the experts and the expertise we need for this in place at those organizations, so the real challenge is to utilize existing structures and areas of responsibility more effectively. One important measure of success in the opinion of Mr. Grube is the sustainability ratings issued by accredited agencies. Scoring well in such rankings would demonstrate that external experts believe they're on the right track and have taken the proper measures. That's also why Daimler authorities are so pleased to have Daimler been listed on the Dow Jones Sustainability Index (DJSI) for the third consecutive year in 2007. Mr. Grube accepts that there's always room for improvement. Daimler's goal is to receive worldwide approval for business activities not just from rating agencies but, more importantly, from their various stakeholders, by which customers, employees, shareholders, politicians, government agencies, NGOs, the media, and direct neighbors are meant. Daimler needs to improve here, and one way to do this will be to intensify and restructure the system of engaging in dialogue with their stakeholders. It's very important not only to tell the stakeholders what they're already doing right but also to discuss with them what could be done better in the future.

Some achievements of Daimler 2007 (2008):

Green Car of the year 2007: in New York the Mercedes-Benz E 320 BlueTEC beat out 14 competitors for the title of "World Green Car 2007". The E 320 BlueTEC is among the cleanest and most economical vehicles in its class.

Daimler share in the DJSI world: The Daimler AG share has been listed for the third time in a row in the Dow Jones Sustainability Index (DJSI World).

Art on world tour: The "from bauhaus to (now!)" traveling exhibition from the Daimler Art Collection was displayed at the Brazilian national gallery MASP from August to October 2007. The exhibition featured around 100 paintings, installations, sculptures, photographs, and video creations from the 1920s to the present.

City buses in practical tests with biodiesel: Mercedes-Benz do Brasil has tested the biodiesel compatibility of its entire engine range. To this end, Mercedes-Benz city buses traveled a total distance of 420,000 km (260,000 miles) on "B5" fuel (5 percent biodiesel admixture).

Environment Grand Prize for the diesOTTO engine concept: The 2007 "Environment Grand Prize" was awarded in Paris to the DIESOTTO engine developed by Mercedes-Benz. The prize honors technological achievements in environmental protection and safety, and their integration into automotive design.

First practical testing of hybrid trucks in Europe (Stuttgart): Deutsche Post World Net is testing the use of hybrid trucks in its business operations in Germany and the UK. At the beginning of 2008, the tests commenced with a Mercedes-Benz Atego BlueTec Hybrid and a Mitsubishi Fuso Canter Eco Hybrid, with the aim of demonstrating the vehicles' efficiency potential to reduce fuel consumption by up to 20 percent. Additional vehicles are intended to follow.

Compliance officer: Daimler has taken a further step toward sustainably reinforcing its self-

surveillance with a view to ethically appropriate corporate management and has established in Stuttgart a newly created, promoted position of “Chief Compliance Officer” at Senior Vice President level, directly below the Board of Management.

New plant in Fuzhou (China): In October 2007, Fujian Daimler Automotive Ltd. laid the foundation stone for a new van plant in Fuzhou in the southern Chinese province of Fujian. Construction of this plant is proceeding rapidly, and the facility is scheduled to begin producing Mercedes-Benz vans for China and other Asian markets in 2009.

Joint venture between Daimler Trucks and Hero Group (India): In the second quarter of 2008, Daimler Trucks and the Indian company Hero Group will finalize the establishment of the Daimler Hero Motors Corporation Ltd. joint venture.

HIV/AIDS prevention in South Africa: Mercedes-Benz South Africa has extended its HIV/AIDS job program for its own employees and their families in South Africa to include small and medium-sized supplier companies in the Buffalo City region. Following a pilot phase lasting a year and a half, the so-called Siyakhana Project was fully established in 17 companies by the end of 2007 and now encompasses some 6,700 blue- and white-collar employees of these firms and their families (26,000 people in all). A further 50 companies are to be integrated into the project in 2008/09.

IBM Corporation

Samuel J. Palmisano, Chairman, President and Chief Executive Officer, is emphasizing in the IBM 2007 Corporate Responsibility Report that the 20th century “multinational” is giving way to a new kind of institution, what IBM calls the globally integrated enterprise. This is with IBM a very different organizational architecture and way of operating any business or institution. Most importantly, it may offer hope for a new kind of progressive globalization, one that not only generates new opportunity for innovation and growth, but also extends that opportunity to many more regions and people. However, Palmisano accentuates that they must not be naïve or complacent. These benefits would not be achieved through a disruptive change by operating the way they have in the past. Only aggressive innovation will - with Palmisano - get through innovation that changes the enterprise from top to bottom and that engages it far more intimately with a broad societal ecosystem of businesses, communities and institutions.

Palmisano believes that the answer for the individual is similar to the answer for companies and nations - expertise, skills, knowledge. But simply saying that doesn't really solve the problem in fact, it just begins the discussion, because the nature of expertise itself is changing. In the past, to become an “expert,” you went to school, you studied a body of knowledge, received a degree or certification and then went to work, usually with the expectation that you would stay in your chosen profession or career track for a lifetime. However, the nature of competition and the forces of innovation are shifting the frontiers of science, business and technology continuously. Expertise today is not static. To be competitive, any individual like any company, community or country has to adapt continuously, learning new fields and new skills. This is true within any given job, and it's true across the span of an entire career. Well, who is in the best position to shape that learning? At IBM, they believe it's the individual. No corporate headquarters can possibly adapt as rapidly or as specifically as a global marketplace requires. And they believe that this, in turn, requires nothing less than a new relationship among the company, the individuals who make it up and society at large. At IBM, they've

begun their own journey toward this new model, toward empowering and enabling employees to make decisions and to act. They call it “lowering the center of gravity” of the company that is, trusting IBM-employees and pushing decision-making authority out and down. This has changed – with Palmisano - everything from how they manage client relationships and to their approach to employee learning. It has also changed how they think about volunteerism. On demand Community, for example, encourages and equips IBM-employees and retirees to be effective and engaged volunteers in their communities. They have contributed more than 6 million hours since the program launched in 2003, and On demand Community marked its 100,000th registrant in 2007. More choice, more control, more responsibility in the hands of the people who are in the best position to call the shots - not headquarters, but the individual employee. They took another step in 2007 with the introduction of something they call the IBM Global Citizen’s Portfolio. This new framework is aimed at enabling current and future IBM-employees to position themselves advantageously as global professionals and global citizens. There are initial programs focused on skills, leadership development and career transitions. They’re convinced this is the right path forward for individuals, communities and organizations, but they know it will require some unconventional approaches innovations that will be every bit as meaningful as the discoveries coming out of the labs. But, then, that’s exactly the kind of challenge their employees were thinking about when we came together to shape our core values four years ago, including “Innovation that matters for our company and for the world.” The 2007 report describes how this new model of global citizenship and the values on which it rests are shaping IBM’s point of view on corporate responsibility in the 21st century.

Figure 10: *Some achievements of IBM 2006* (embedded image)

**GLOBAL CORPORATE CONTRIBUTIONS
BY ISSUE (\$ in millions)**

	2002	2003	2004	2005	2006
K-12 Education	56.3	54.6	47.7	55.6	49.4
Higher/Other Education	54.0	55.2	54.7	44.7	51.5
Human Services	14.2	12.8	15.2	18.9	19.8
Culture	11.5	13.1	13.3	11.2	12.3
Health	1.4	1.4	3.2	9.7	10.6
Other	2.2	5.1	8.9	7.8	7.9
Environment	0.6	0.6	0.7	0.6	0.6
Total	140.2	142.8	143.7	148.5	152.1

**GLOBAL CORPORATE CONTRIBUTIONS
BY TYPE (\$ in millions)**

	2002	2003	2004	2005	2006
Cash	31.3	25.7	28.2	38.8	48.8
Technology	78.3	73.9	70.5	64.4	59.2
Services	30.6	43.2	45.0	45.3	44.1
Total	140.2	142.8	143.7	148.5	152.1

PERCENTAGE OF WOMEN AMONG GLOBAL EXECUTIVE RANKS (BY YEAR)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
15.4%	16.7%	17.8%	18.0%	18.0%	18.5%	17.1%	18.7%	19.4%	19.7%

BASF Corporation

According to the results of the main assembly of corporate boards in 2008 BASF engages mostly in the regional and local surroundings of production places, BASF wants secondly to create values in favour of the society. The main target group of projects are kids and young people.

The achievements in Corporate Social Responsibility - all together BASF Group spent in 2007 the amount of 75.3 Mio. € (2006: 67.2 Mio. €) for funds, projects and sponsoring - in 2007 show the following numbers

Figure 11: *Some achievements of BASF 2007* (author's illustration)

Science	Social	Culture	Sports	Education	diverse
5.0 Mio. €	3,9 Mio. €	12,4 Mio. €	3.0 Mio. €	44.9 Mio. €	6.1 Mio. €
6.6 %	5.2 %	16.4 %	4.0 %	59.7 %	8.1 %

Furthermore BASF is one of the first large companies which present a complete CO-reporting of the company (about the potentials to minimize global warming). BASF's main aim (from the beginnings in 2002) is to reduce the damaging gases until 2020 up to -25.0 %.

15. Regulations on Corporate Social Responsibility

Situation in Germany

Corporate Social Responsibility (CSR) has been under discussion for many years within the European Commission, the United Nations, the German Ministry of the Environment, the German Ministry for Consumer Protection and a large number of environmental groups and trade unions as well as other non-governmental organizations. This concept is now experiencing a dynamic development.

Federal Government – Strategy for Sustainability

On the political level, the debate on Corporate Social Responsibility in Germany has mainly been initiated and coordinated by the Federal Ministry for Economics and Labour (BMWA). Until now, the BMWA has been relatively cautious in its position: “Corporate Social Responsibility is an important issue for the federal government. However, with regard to corporate social commitment beyond legal obligations, we must bear in mind that with the relatively large number of regulations in Germany (e.g. in connection with environmental standards less room remains for voluntary commitment” (Bade 2003, p. 9).

The activities of the Federal Ministry for Economics and Labour are focussed on the development of codes of conduct for direct foreign investments and procurement. A concrete result was achieved in this area with the Sector Model of the Foreign Trade Association of the German Retail Industry (AVE). Other projects that deserve reference within this context are the Working Group “Human Rights and Business”, which was founded in 1999, and the Principles of Environmental Protection Standards Committee (NAGUS) of the German Institute for Standardization (DIN), which was initiated by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU).

Corporate Social Responsibility in German Practice

Compared with their counterparts in other countries, German companies voluntarily take a great deal of initiative and responsibility for the environment and society. In countries with low environmental and social standards, German companies contribute to sustainable development in the spirit of Agenda 21 through close foreign-trade relationships.

According to an empirical study that was conducted in 2005 by the Bertelsmann Stiftung with board members and managers from various companies (min. 200 employees or EUR 20 million in sales), most companies place great emphasis on Corporate Social Responsibility. Ninety-three percent of the large enterprises included in the study confirmed that social and ecological interests play a role in economic success. German companies, regardless of size, reported feeling a sense of responsibility, above all for their customers (97%) and their employees (96%). A sense of responsibility for owners or shareholders followed in third place, with 88%. The prime motivating force behind the company’s acceptance of social responsibility was its own corporate culture (87 %), followed by the economic situation (83%) and the ownership structure (71%). Corporate social responsibility is particularly reflected in the fields of environment, sport and culture.

Environment

Germany is among the countries with the most regulations concerning all areas of environmental protection. German companies accept this responsibility and are world leaders in environmental technology.

The Federation of German Industries (BDI) calls attention to the large number of voluntary

activities already performed by German companies. Fearing restrictions in the great diversity of activities pursued by companies within the framework of Corporate Social Responsibility, the BDI's position has been to repudiate proposals from the European Commission with regard to additional regulations.

Sport

A multitude of companies support the activities of regional sports clubs. This support strengthens the active work of the club as well as team spirit and promotes sporting opportunities for the general public.

Most corporate support in this area takes the form of sponsoring. In some clubs, active membership, e.g. in the football club of a regional league, can be linked to a post in one of the sponsoring companies.

Culture

In the past years, an increasing number of large and medium-sized German enterprises have chosen to support cultural endeavours. With corporate sponsorship, it has been possible to realize numerous large-scale cultural events as well as smaller, regional events. In city centres, the opportunities for linking culture and business through the cooperation of individual retailers are particularly compelling.

CSR policies in Europe, the role of governments and the EU-Member State interface

Why should governments care about CSR? While several actors oppose the view that governments should take action with regard to CSR by emphasising that the concept is widely regarded as a voluntary business or management approach, there are good reasons suggesting that governments should not leave the field entirely to businesses and civil society actors. Among these reasons are, for example, the following:

Since CSR is concerned with managing business relations with a broad variety of stakeholders, the concept obviously reshapes not only management routines, but also the roles and relations of all three societal domains, i.e. businesses, governments and civil society. Consequently, CSR is not only a management approach that can be left to the discretion of managers, but it is also a highly political concept that entails societal conflicts as well as a considerable scope for new government activities.

The widely shared view that CSR is voluntary does not contradict the fact that respective activities are often a response to stakeholder pressure; it emphasises that CSR practices are not required by law but go beyond legal standards. Thus, governments inevitably define CSR negatively with regulations, and they want to define it also positively with softer, non-binding policy instruments.

These CSR policies coincide with a broader transition of public governance altogether, away from command and control towards more network-like and partnering arrangements. In this respect, CSR policies can be seen as a key component of a broader transition to new governance forms that is observed in several policy fields.

In addition, governments care about CSR because respective business activities can help to meet public policy goals of sustainable development without making use of often un-popular (or even politically infeasible) regulations.

In this context, some authors emphasise that CSR and respective public policies can help to compensate for the failure of governments to achieve public policy goals or solve problems with regulations. Some scholars argue that in the contemporary neo-liberal age, relationships between corporations and societal groups are less likely to be the subject of state interventionism than they were in the Keynesian age, which ended in the late 1970s. A decrease of state interventionism might open up the possibilities for more ‘responsible’ forms of interaction between stakeholder groupings, devolved to enterprise level.

In recent years, however, opposing views on the roles of governments with regard to CSR have come to the fore vividly at the EU level. After the Lisbon European Council in March 2000, the European Commission stepped up its activities on CSR in various ways. It, for example, formulated its position on CSR in a Green Paper entitled —Promoting a European framework for Corporate Social Responsibility in which it framed CSR for the first time in the context of sustainable development. In 2002, the European Commission (2002) released a communication on CSR that explored also some ambitious CSR policy options aiming to increase convergence and transparency of CSR practices and tools across Europe. In the same year, the Commission also launched a multi-stakeholder forum on CSR. The key purpose of the forum was to promote the transparency and convergence of CSR practices and instruments across Europe. In June 2004, the stakeholder forum presented its conclusions and recommendations to the European Commission (European Multi Stakeholder Forum on CSR, 2004). With the change of the Commission in 2004, the EU has changed its CSR policy from a proactive approach of fostering stakeholder pressure to a passive approach that emphasises businesses self-regulation. In March 2006, Commissioner Verheugen declared openly, Originally, the Commission’s plans looked very different. The department responsible wanted to publish naming-and-shaming lists [of companies] and to create a monitoring system for the implementation of the CSR principles. I had to halt this enthusiasm for new regulations! (Financial Times, 22 March 2006). Richard Howitt, British Labour Member of the European Parliament commented the new course pointedly: The Commission wants Europe to be 'a pole of excellence' in business, but instead has dumped five years of debate and consultation into a black hole. The Commission says that public authorities should create an enabling environment for CSR yet opts out from any proposals for concrete action for itself, simply repeating generalisations which we have all read before. The failure to build on extensive work since 2001 creates the risk that companies, as well as other interests, will walk away from the debate. If this is all the Commission can come up with, Europe risks being sidelined on a critical issue for the future of business, while the UN Global Compact and the Global Reporting Initiative take the lead on CSR.

Without being able to follow the history of CSR policies at the EU level here in more detail, or to outline CSR policies at the Member State level, we can draw the following conclusion. Although public policies on CSR have a soft-law character, they are nevertheless subject to considerable political controversies, and there is a considerable scope for pursuing a rather passive or pro-active course. Thus, we propose the following discussion question:

In how far can/should national and EU public policies on CSR contribute to Sustainable Development (SD) and Sustainable Consumption and Production (SCP)?

National coordination of SCP and CSR policies and respective actors

Member States take different approaches in coordinating SCP and CSR policies. Regarding SCP, three basic options are, firstly, to pursue SCP with separate action plans or frameworks, or, secondly, to integrate SCP into national SD strategies. A third option is to start out with an

SCP action plan or framework, and to merge it with the SD strategy later on. The third option is, for example, recommended by the United Nations Environment Programme (UNEP). As the figure below illustrates, it depicts SCP policy making as a cycle that moves from a national inventory catalogue of ongoing SCP activities via an SCP action plan to the full integration of SCP in a major national strategy process, such as an Environmental Action Plan or a SD strategy (UNEP, 2008). This step-wise approach was taken, for instance, in the *Czech Republic*, *Finland*, and the *UK*.

Figure 12: SCP policy making as a cycle (author’s illustration, embedded image)



If we explore the extent to which the SD strategies of 19 EU Member States refer to SCP in their objectives, the following picture emerges. 18 of the 19 SD strategies refer to SCP in their objectives. Among them, 6 mention SCP between 1-3 times, 8 between 4-6 times and 4 more than 7 times. Member States that have integrated SCP from the outset into their NSDS are, for example, *Austria* and *France*.

A similarity in the context of CSR is that EU Member States organise and coordinate CSR policies in very different ways. Apart from this, however, we find a different picture than in the context of SCP. While in most countries several actors pursue a variety of initiatives in a decentralized way, some (mostly leading) countries approach CSR policies in a more coordinated way. The United Kingdom, for example, has appointed a Minister for CSR, and the Netherlands and Sweden have established CSR platforms that bundle several government activities. SD strategies, however, pay hardly any attention to CSR. Another look into the same database on SD strategy objectives revealed that 8 out of 19 SD strategies from across Europe do not contain a single objective on CSR, and most of the remaining 11 SD strategies contain only one vague reference to promoting CSR with unspecified means. Although SD and CSR both aim to better integrate economic, social and environmental issues, joint efforts obviously still face sectoral and institutional barriers. While the SD agenda is often dominated by environmental issues and ministries, expertise on CSR policies is mainly affiliated with Ministries of Labour and Social Security. It can be concluded that, —the close conceptual link between SD and CSR given, ignoring CSR policies in SD strategies is a missed chance of bridging the obvious gap between the two closely related policy fields.

16. Author's CSR survey on large German companies in 2007

16.1 Concept and aims of the survey

In July 2007 the author managed a questionnaire / survey of 50 large companies referring to the subject Corporate Social Responsibility. 30 companies (60%) answered to the questionnaire. 21 companies (42 %) filled out the questionnaire form, which intended to find out if CSR-engagements of large German firms are common or rare and if connections between CSR-engagements and the companies' economic success are true.

16.2 Summary of survey results

1) Employees

20 of the 21 answering companies (95.3 %) have more than 1,000 employees, one company (4.7 %) has more than 500 employees.

2) Meaning of takeover of CSR

16 of the 21 answering companies (76.2 %) stated that the takeover of social responsibility has a very important meaning for the enterprise, five companies (23.8 %) stated an important meaning, *none* of the answering companies had the opinion that the takeover of social responsibility were of inferior meaning.

3) CSR-Areas

20 of the 21 answering companies (95.3 %) stated that the enterprise is involved in the essentials in the social area, 13 companies (61.9 %) confirmed to be involved in the cultural area and 13 companies (61.9 %) stated again to engage in the ecological area. 9 companies (42.8 %) are - at one time - involved in the social, ecological and cultural spheres.

4) Kind of CSR

The contribution to CSR consists for 15 of the 21 answering companies (71.4 %) in an engagement in projects like community- or self-help projects. 4 companies (19 %) engage in donations and 3 of them (14.3 %) practise sponsoring.

5) CSR-Enterprise Success

17 of the 21 answering companies (81 %) confirmed that from their point of view a direct correlation exists between the social/ecological/cultural engagement and the enterprise success while 4 companies (19 %) denied this connection.

6) CSR-Staff

To the question "Is there in your enterprise a staff position occupied for Corporate Social Responsibility" 20 of the answering 21 companies (95.3 %) stated "Yes" while only one company (4.7 %) misses a staff member with a CSR occupation.

16.3 Results

An empiric confirmation of the hypothesis that there is a positive connection between the Corporate Social Responsibility and the corporate success would be a confirmation of the stakeholder theory and would prove that it is necessary for the purposes of the long-term profit maximisation to operate socially responsibly. Nevertheless, in the course of the empiric investigation there is still a discussion lead whether CSR activities lead in general to a deterioration of the corporate success, or whether the companies select their activities in these areas not enough strategically and are involved so in areas which cause merely expenses to them without bringing them a competitive advantage.

The survey which was carried out with large German companies in 2007 shows that more than 95 % of the answering companies are engaged in fields of CSR and more than 80 % of

these companies believe in a direct correlation exists between the social/ecological/cultural engagement and the enterprise success.

These survey results may - at first glance - be not considered as a strong proof. On the other side the impressive engagement of the great majority of large companies in their CSR and their overwhelming belief in the connection to enterprises' performance makes very clear for the author that large companies' interest in CSR in general is not a window-dressing but in fact a convincing expression of the responsibilities which are firstly recognized and finally overtaken by companies. So the existing anti-CSR arguments are not able to convince in the end.

The CSR-movement is part of a process. Companies and their leaders realize that communities and state authorities are not able to solve all emerging social, environmental and cultural problems. If these problems remain unsolved they may endanger also companies' existence. So contributions in solving these problems by CSR will also be acts of self-protection.

In a wider perspective CSR-engagements will improve the company- and brand-image. So direct or indirect recompensations of CSR by buyers and costumers of these companies are to be expected. Not every CSR-engagement of companies may be recompensed promptly and equally, but they are surely not in vain. In future explorations will be necessary to optimize these engagements for companies as well as for societies.

And there is now so much work, some of it backed by European funded research that shows the business case for CSR. It shows that the longterm relationships, the extra productivity, the extra loyalty of staff, of investors, of customers, is actually profitable for the business and the medium in long run. Research also indicates, that whole economies are more competitive the more responsible their business is. Companies should engage in CSR, as it may be concluded by the facts and the figures. So, all of this is part of the approach that is related to the EU level.

From that some principles could be suggested:

Firstly, the multistakeholderapproach: CSR cannot simply be voluntarily selfregulation by companies themselves. There has to be an input, a serious and genuine input from others with an interest. Of course that includes traditionally the trade unions, NGOs, but also communities in the environs of a plant and others like investors with an interest in the company. Each of those is a stakeholder. And if genuinely social and environmental performance of the business is to be affected, working with all of those stakeholders in a genuine spirit of partnership is the way forward.

Secondly it is important as mechanisms and tools for promoting CSR, what has been sought to do at the European level, not to invent and reinvent new standards for what Corporate Social Responsibility means. There are many different standards out there that there is no trouble, if a company is seeking to start a CSR initiative to find one that is applicable. Inventing new standards with no relationship to the agreed multinational, multilateral conventions and standards at the world level would be a mistake. It would be reinventing standards and it should be chosen hose not to do it.

At least for larger companies in order to properly and credibly fulfil a CSR strategy for the

larger companies, it is difficult to argue that there should not be some form of external monitoring or verification. Possibly that may be expensive as a whole new CSR industry is almost growing up about this. But it is very difficult now for a large company simply to declare to its stakeholders that it is behaving responsible without involving some independent or external agency and helping it to do so. One point may have to be disputed again. The EU-Commission argues that CSR represents commitments made by business beyond and above compliance. And that definition is chosen because what that means is that it can be dismissed to talk about regulation as part of this. Surely decision makers in Brussels know that companies do not want new regulation coming from the European Union. This is understandable.

But the definition that says that CSR is only beyond compliance cannot, in the view of the European Parliament, be sufficient. Because CSR is essentially a voluntaristic process, it is very difficult to consider a situation where companies voluntarily do a lot of good CSR things, but at the same time, whether it's at home, in Germany, in Czech Republic or elsewhere in the world, do not comply with regulation. Therefore, an alternative definition is to be found which focuses on companies managing their social, cultural and environmental impacts.

And there is no great secret agenda to impose regulations. So if enterprise managers come along hoping that they can help prevent that, they have already won. But it should be thought about having what in the European Parliament is called an approach which depolarises the CSR debate. If companies insist to stop regulation, NGOs and trade unions insist on regulation, polarising the debate in CSR. But that is not what CSR is about. It's about cooperating, it's about building partnerships, it's about building trust, it's about building new understandings. So everyone should come to the table, come with an open mind and depolarise the debate. And having a fair and adequate definition is a part of that.

Two more aspects are to be mentioned. What is the public sector role, how can the government in countries, the public authorities, the European Union itself through its institutions support CSR? The primary responsibility lies with companies themselves. But governments can help of course.

There is one bit of regulation that the European Parliament has consistently supported and does suggest to the businesses. It's the idea that companies' financial reporting, annually, should incorporate not simply financial results but social and environmental results as well in a mandatory fashion, not in a voluntary fashion. It's an idea that started arguably with the new economic regulations affords some years ago. It has been adopted in the United Kingdom, as part of the Companies' Act 2006. And it's now operating in something like six or seven European countries for social reporting.

In European Parliament there are rumours that the Fourth and Seventh Company Law Directives should be amended so that this becomes a requirement for all companies above a minimum sized threshold yearwide. For the German and the European level that idea may be considered. In the view of the European Parliament, it's the ultimate appropriate regulation unleashing voluntary market forces to support and intensify CSR. If only we can have transparency of information, fair and appropriate information, without cost in administration in the way the reports are produced, then investors, graduates who want to start work with the company, and customers might be helped. All of those can then make voluntary market based choices to reward better companies. And therefore there is a strong argument to do this. But this doesn't mean strict regulation.

It can be done more to foster the links between management education and other important elements of the company in order to make CSR a mainstream part of the next generation of entrepreneurs and managers. A social dialogue may be encouraged. There are now many, voluntary agreements between businesses and trade unions at the European level on areas like child labour that come into the CSR debate. It's not the only way of doing it, but it's an interesting way.

One can also incentivise the socially responsible investment sector, growing exponentially. One can discuss the listing rules on companies' stock exchange. It happens e.g. in South Africa, it's going to happen in Finland. How could the rules be amended here? One can furthermore discuss labelling by working with those like the fair trade movement, the organics movement as well as the CSR standards like Social Accountability International. One can have labels that enable consumers to choose more clearly and more transparently where they want to buy ethically.

One can develop indicators in order to measure CSR involvement within each economy. This must be separated from new standards. At the European level there is no way to say "good companies here, bad companies there". The institution which can be recommended on reporting is the Global Reporting Initiative (GRI), which is now adopted by something like 3,000 companies worldwide. Their methodology is not perfect, it's not the only answer, but it's a credible way.

Green procurement is happening, though could happen more, social procurement is hardly getting off the ground and more initiatives will be needed there. The Netherlands linked their procurement some years ago to compliance with the OECD Guidelines for Multinational Enterprise and now have a policy by 2010 to have 100 % sustainable procurement, they are perhaps showing the way.

In all these actions the EU level must be not forgotten, but a separate European approach to CSR is not preferable and it may be suggested that a separate approach to CSR that looks only inward and doesn't look outward to the whole world leads not to the aim. Many of the companies are global players. They all do their business in a global market place.

The biggest concerns that there are about corporate responsibility are in the supply chain in countries with weak governments elsewhere in the world. There can also be done a good job in the UN system as this is necessary in the EU system. The UN can give a roadmap to businesses about what can be done in reality to respect human rights.

The UN can give the guidance and clarity to governments including the German government and other European governments for a much clearer understanding of what states can do to fulfil their responsibility to respect human rights in relation to enterprises and businesses.

And most of all and most difficult it will come up with some clear guidance about how states can establish effective mechanisms: When companies for example do not respect human rights, robust and clear and independent and transparent systems must be established to sanction them. So the victims have got somewhere to go to hear their complaint, to have it adjudicated.

Now there are exciting moments - e.g. in the current crisis of financial markets worldwide - for states, businesses and consumers in the world. In Europe, states, economy, major financial

institutions and - large - companies have the public task to seek the right way in engaging with these international initiatives, engaging in a dialogue, strengthening the mechanisms and then taking them and promoting them in our continent.

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18. List of Abbreviations and Symbols

CSR Corporate Social responsibility

DJSI Dow Jones Sustainability Index

EU European Union

GRI Global Reporting Initiative

NGO Non Government Organisation

NPO Non Profit Organisation

OECD Organisation for Economic Co-operation and Development

SCP Sustainable Consumption and Production

SD Sustainable Development

SRI Socially responsible investing

UK United Kingdom

UNEP United Nations Environment Programme

19. Present stage of the research

Until now the author has elaborated some empirical findings for his thesis paper²⁵. At present the questionnaire which was carried out in July/August of 2007 with 50 large companies is fully analysed and the anthology completed. The author has worked out important coherences between companies' Corporate Social Responsibility and the economic process. Furthermore the author is elaborating another index correlation investigation about the practice of corporate social responsibility in large companies and its relation to their economic succes. This analytical study will take a period longer than one year (at least two years up to five years) as a basis of exploration.

²⁵ see achievements in chapter MAIN RESULTS OF THE RESEARCH

20. Object of the research

There are 10 main objects (questions) in author's research:

1. Does corporate social responsibility exist really or is it a „fashionable fig leaf“ (Halo-effect)?
2. What is the concise characteristic of corporate social responsibility?
3. Which implications of corporate social responsibility can be ascertained in the management of (large) companies, especially in their brand management, in their public relation management, in their risk management and finally in their value management?
4. Which role plays privatisation for corporate social responsibility?
5. What are the forms of business units or institutions which emerge by privatisation?
6. Which managers are best to promote the aims of corporate social responsibility into the company culture? Which qualities must effective managers have?
7. Can corporate social responsibility be misused by interested groups?
8. Can corporate social responsibility be measured? Is there a measurable correlation between economic success and fulfilling corporate social responsibility?
9. Do large companies contribute more to corporate social responsibility than small and middle-size enterprises do? Is there a difference in quantity as well as in quality?
10. Does corporate social responsibility have an effect for globalisation? May it help to maintain or regain the social balance in globalising Europe?

21. Using methods of proceeding

The overall approach of author's work is mainly marked by induction or inductive reasoning.

The used methods of author's work besides the studying of scientific, academic literature are:

*Correlation investigations (e.g. stock indexes with supposed CSR-relevant sectors). This method was used for publication Nr. 2 *Index-correlation investigation for Corporate Social Responsibility*²⁶.

*Explorations (especially and intense of one company).

*Questionnaires (survey) of large companies:

In July/August of 2007 the author managed a questionnaire (by post) of 50 large companies referring to the subject corporate social responsibility. 30 companies (60%) answered to the questionnaire. 21 companies (42 %) filled out the questionnaire form.

Figure 13 *Questionnaire form*

<p>Questionnaire to corporate social responsibility in big companies 2007-07-25 <i>Dotazník o společenské odpovědnosti firem ve velkých firmách</i> (Please, appropriate marking!) <i>(Prosím, označte podle svého mínění!)</i></p> <p>1) Your enterprise has more than 500 employees <input type="checkbox"/>, more than 1,000 employees <input type="checkbox"/>. <i>1) Váš podnik má víc než 500 zaměstnanců <input type="checkbox"/>, víc než 1,000 zaměstnanců <input type="checkbox"/>.</i></p> <p>2) The takeover of social responsibility has for your enterprise very important one <input type="checkbox"/> important one <input type="checkbox"/> inferior <input type="checkbox"/> meaning. <i>2) Převzetí sociální odpovědnosti má pro váš podnik velmi důležitý <input type="checkbox"/> důležitý <input type="checkbox"/> nižší <input type="checkbox"/> význam.</i></p> <p>3) Your enterprise is involved in the essentials in the area: Social <input type="checkbox"/> Culture <input type="checkbox"/> Ecology <input type="checkbox"/>. <i>3) Váš podnik je zapojen v oblasti: Sociální <input type="checkbox"/> kulturní <input type="checkbox"/> ekologické <input type="checkbox"/>.</i></p> <p>4) Describe please in 1-2 sentences the kind, arrangement and amount (budget) of the engagement and which intention is pursued with it. <i>4) Popište, prosím, v 1- 2 větách druh, a realizaci závazku i jeho rozpočet a záměr, který je jím sledován.</i></p> <p>5) Does a direct correlation exist in your view between this engagement and the enterprise success? Yes <input type="checkbox"/> (you may give short explanation) no <input type="checkbox"/>. <i>5) Existuje podle vás kladná korelace mezi tímto závazkem a podnikovým úspěchem? Ano <input type="checkbox"/> (můžete dát krátké vysvětlení) ne <input type="checkbox"/>.</i></p>
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²⁶ see in LIST OF WORKS PUBLISHED, p.98

6) Is there in your enterprise a staff position occupied for corporate social responsibility (CSR)?

Yes (you may give name / accessibility)

no .

6) Je ve vašem podniku organizační pozice určená pro společenskou odpovědnost (CSR)?

Ano (pojmenujte ji /potřebná kvalifikace)

ne .

7) May your information from this questionnaire be (quoted) for the doctoral thesis?

Yes

no .

7) Je možné vaše informace z tohoto dotazníku citovat v doktorské disertaci?

ano

ne .

8) According to your meaning, does an interest exist in an evaluation of CSR in your enterprise?

Yes

no .

8) Existuje podle vás zájem o vyhodnocení CSR ve vašem podniku?

Ano

ne .

Many thanks for your co-operation!

Děkuji za vaši spolupráci!

Martin Schelberg (Doctoral students at Tomas Bata University Zlin)

Martin Schelberg (student doktorského studia na Univerzitě Tomáše Bati ve Zlíně)

Figure 14 Results of Author's survey on large German companies in 2007 (embedded image)

	Company	Employees	Meaning of CSR	Area of CSR	Kind of CSR	CSR-Success?	CSR-Staff?
1	ADIDAS Corp.	>1000	very important	social ecology	donation, community projects	yes	yes
2	ALFRED RITTER LTD	>500	very important	social culture ecology	project organic cacao planting	yes	yes
3	ALLIANZ Corp.	>1000	very important	social culture ecology	community projects	yes	yes
4	BAHLEN LTD	>1000	important	social	social projects	no	no
5	BERTELSMANN Corp.	>1000	very important	social culture ecology	projects	yes	yes
6	BILFINGER BERGER Corp.	>1000	important	social culture	donation	no	yes
7	BMW Corp.	>1000	very important	social culture ecology	projects	yes	yes
8	CONTINENTAL Corp.	>1000	important	social ecology	projects	yes	yes
9	HEINRICH-DEICHMANN Shoes LTD	>1000	very important	social	advancement awards	yes	yes
10	HENKEL LTD	>1000	very important	social culture ecology	donation, self-help-projects	no	yes
11	HUBERT BURDA Media LTD	>1000	very important	culture	funds, awards	yes	yes
12	HYPO REAL ESTATE Holding Corp.	>1000	important	social culture	projects	yes	yes
13	IBM Germany LTD	>1000	very important	social (education)	educational and healthcare projects	yes	yes
14	STATE BANK of Baden-Württemberg	>1000	very important	social culture ecology	donation, sponsoring	no	yes
15	MERCK LTD	>1000	very important	social culture ecology	community projects, disaster relief	yes	yes
16	RWE Corp.	>1000	very important	social ecology	sponsoring, education projects	yes	yes
17	SANOFI-AVENTIS Germany LTD	>1000	very important	social ecology	giving access to medicines	yes	yes
18	SAP Corp.	>1000	important	social (education)	educational projects	yes	yes
19	SIEMENS Corp.	>1000	very important	social culture ecology	all kind of projects	yes	yes
20	TCHIBO direct LTD	>1000	very important	social culture	sponsoring of sports events	yes	yes
21	TUI Corp.	>1000	very important	social culture ecology	supporting kids projects	yes	yes
Results (21 companies)		20 > 1000	16 very important	20 social	15 projects	17 yes	20 yes
		1 > 500	5 important	13 culture	4 donation	4 no	1 no
			0 inferior	13 ecology	3 sponsoring		
				9 social+cul+eco			

22. Main results of the research

The author's 10 main results of his research are:

1. It is difficult to measure corporate social responsibility, but there are true indicators in economy which show it e.g. a promising new concept of brand credit - with it the whole brand management - and notional the stock index in longer periods whereby an index-correlation investigation, which was carried out by the author (exploration period of one year), didn't show the supposed correlation between sustainable successful companies and their economic success.
2. In the future the companies' market success will depend increasingly on their fulfilling the aims of corporate social responsibility.
3. Corporate social responsibility has - as a consequence of the privatisation process - a strong impact on the forms of business units and other institutions. Global sourcing will be the main driver for corporate social responsibility and will lead to new business forms (e.g. mass customization and disintermediation). In the private sector new forms like non government organisations or non profit organisations (charities, foundations...) will increasingly emerge.
4. Corporate social responsibility shows relevant implications for brand management, public relations management, risk management and value management of enterprises.
5. Corporate Social Responsibility reflects an essential need of our societies. Business cannot be without societal purpose. Pure capitalism without being responsible is a deception. Capitalism doesn't end in itself, but always needs a justification by societies.
6. There is a need for a new generation of managers with new qualities to make future business successful. Basically these managers should be full of initiative and show the "Direct Evaluation Style", what primarily means that they are decisive in action and decisions, they like control and dislike inactivity. The ability to contribute to the fulfilling of the aims of sustainability and corporate social responsibility will be a relevant factor for effective managers.
7. The social balance in European countries depends on the success of privatisation, global sourcing embedded in the requirements and the framework of sustainability and corporate social responsibility.
8. Large companies and big concerns must contribute essentially more than small companies to fulfill corporate social responsibility.
9. Corporate Social Responsibility needs - to be a successful "movement" in the long term – obligatory outlines in financial reporting and accounting (e.g. CSR as intangible asset).
10. Corporate Social mustn't be overregulated by governments or other authorities to enforce the voluntary power of companies to be responsible.

23. Gains for science and practice

Why has the author chosen the subject matter?

Corporate social responsibility (CSR) is a consequence of changed environmental conditions and growing demands on the companies because of failing the states. The CSR discussion, which in the USA is established for a longer time, takes place for a short time also in Europe. The author wants to participate in this intense discussion.

What kind of organisations does the author examine?

Large companies in Germany (>500 employees).

Who may be interested in author's findings?

Research institutes, science foundations, public institutions, companies and enterprises.

What is the methodical approach to work?

This work attempts to trace a content-related and a methodical destination. The content-related destination is to discover empirical findings about the conversion of sustainability strategies and the implications for the economic success of companies and the enterprise management. The methodological destination is to look behind the organisational structure of big firms and also to look behind conditional dependences between sustainable performance and economic power on one hand, and on the other, to apply corporate social responsibility into a company, the enterprise management or even into the economical process of European countries in the light of globalisation. Besides, the focus of the methodical exploration is directed to the conversion and manifestation of some sustainability strategies of large companies.

Conclusion

In the author's view the question, which needs completing, reads as follows: How attractively can an European economic and social order, which is not undisputed within an area of scarcely half billion people itself and therefore does not occur in a profiled and self-conscious way, become for just under 6 billion non-union members, who do not show a tradition of the social welfare state?

To take a single example we must ask ourselves: Is a model of provision for old age desirable, which only disposes of employable people at sixty into so mentioned social networks? Can the ageing European societies afford to abandon the enormous potentials of the experienced elder generations? And is a model of provision for old age desirable, which mainly puts people at eighty into care or nursing homes, where they are precisely not socially integrated any more?

The actual financial crisis of major financial institutions show that pure capitalism and free markets without responsibilities lead to unwanted exaggerations and damages for societies. For the author no doubt exists that Europe has the potential to occur the system competition with its own model. To such a model however demands are to be made, if it is to win persuasive power in the new play of the global forces at economic, political and cultural level. First of all it must be formed clearly, so that it is procurable to others. It must be consistent secondly in its configuration. The thesis of several equally suitable models in the system competition refers expressly to the fact that single elements from different systems cannot be transferred unchecked into the context of other systems, because they then do not fit into the configuration of the other co-ordinated elements and relationships. To this effect a partial assumption for example of American system components usually is counter-productive. Furthermore an European model must be so far elaborated that it does not show larger internal differences than differences to other models. Finally it must take into account the radical change character of the turn of the millennium and the following century. Globalisation and digital interconnection often have been wrongly estimated and overloaded with exaggerated prognoses; however beyond question, transformation forces are strong. An European economic and social order therefore cannot be limited to the defence of a transaction costs-intensive social architecture, which was suitable for societies in the industrial age. However Europe with its experience and sensitivity for social architectures is able to bring out social innovation. An European comprehension of corporate social responsibility could form a component which on one hand builds upon ideas basis approved in the past, nevertheless on the other hand it takes into account the unavoidable change of the actual European economic and society model and thereby might give direction to this change. The questionnaire which the author carried out in 50 large companies shows the necessity which forces, beside the retracting states, especially large companies to carry on their shoulders responsibility for social, ecological and economic tasks and the needs of the population and it also shows the preparedness of the European economy to come up to these expectations. The social balance in European countries depends on the success of privatisation, global sourcing embedded in the requirements and the framework of sustainability and corporate social responsibility. Large companies and big concerns must contribute essentially more than small companies to fulfil corporate social responsibility. Corporate Social Responsibility needs - to be a successful "movement" in the long term - obligatory outlines in financial reporting and accounting. Corporate Social mustn't be overregulated by governments or other authorities to enforce the voluntary power of companies to be responsible.

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CV

Curriculum vitae Martin Schelberg



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- **Civil status :** single
- **Confession:** protestant

EDUCATIONAL DETAILS

- **School:** 06/83 School leaving examination (Matura) on Parler Gymnasium in Schwäbisch Gmünd
- **Study:** 09/86 - 11/90 University of Public Administration and Finances
- University of Applied Sciences - in Ludwigsburg
University Bachelor/Master degree: Certificate Administration Manager (Diplom-Verwaltungswirt FH)

OCCUPATIONAL DETAILS

- **Higher administration service** since 12/90 Government presidium (Regierungspräsidium) Stuttgart
- 12/90 - 10/96 Office of Education support
- 11/96 - now Office of Municipal supervision
- **Rank** since 11/02 Senior local judge (public official)
- **Secondary employment** since 09/2005 Lecturer in the field of local economic law at the University of Public Administration and Finances Ludwigsburg

FURTHER KNOWLEDGE

- **IT** Windows 95/98/2000/XP/Vista, MS Word, Excel, Access
- **Languages** English, French

HOBBIES

- swimming, chess (president of a German chess-club)
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