

The changing role of governments in corporate social responsibility: drivers and responses

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The aim of this article is to contribute to understanding the changing role of government in promoting corporate social responsibility (CSR). Over the last decade, governments have joined other stakeholders in assuming a relevant role as drivers of CSR, working together with intergovernmental organizations and recognizing that public policies are key in encouraging a greater sense of CSR. This paper focuses on the analysis of the new strategies adopted by governments in order to promote, and encourage businesses to adopt, CSR values and strategies. The research is based on the analysis of an explanatory framework, related to the development of a relational analytical framework, which tries to analyze the vision, values, strategies and roles adopted by governments, and the integration of new partnerships that governments establish in the CSR area with the private sector and social organizations. The research compares CSR initiatives and public policies in three European countries: Italy, Norway and the United Kingdom, and focuses on governmental drivers and responses. The preliminary results demonstrate that governments are incorporating a common statement and discourse on CSR, working in partnership with the private and social sectors. For governments, CSR implies the need to manage a complex set of relationships in order to develop a win-win situation between business and social organizations. However, the research also focuses on the differences between the three governments when applying CSR public policies. These divergences are based on the previous cultural and political framework, such as the welfare state typology, the organizational structures and the business and social and cultural background in each country.

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Introduction

Although there is broad consensus that corporate social responsibility (CSR) has a business-driven approach and that the main focus of CSR development is the business sector, attention must also be paid to the development and application of CSR within the framework of other stakeholders, such as governments, from a relational perspective.

Over the last decade, governments have joined other stakeholders in assuming a relevant role as drivers of CSR (Moon 2004) and adopting public sector roles in strengthening CSR (Fox *et al.* 2002). At the start of the century, these governmental initiatives converged with the actions of different international organizations such as the UN Global Compact and the European Commission,¹ both of which began to promote and endorse CSR, recognizing that the role of public administration and public policy initiatives were key in encouraging a greater sense of CSR.

Looking at the political agenda, the increasing profile of CSR as a concept in government action is linked to other challenges brought about by globalization and economic change in the late 20th century (Aaronson & Reeves 2002b, Fox *et al.* 2002), such as the debate on corporate citizenship, the changing role of business in society (Detomasi 2007) and the interrelationship between trade, investment and sustainable development.

The objective of this paper is to understand the changing role of governments in promoting CSR over recent years. Our purpose was to conduct research to analyze governments' CSR public policies and initiatives in order to understand which comprise the main elements that shape government thinking when drawing up CSR public policies. To pursue this objective, we first analyzed the state of the art and earlier research, leading us to apply a relational analytical framework focus on the relationships that governments adopt when they design and implement CSR.

The empirical research presented provides for a comparative analysis between CSR public policies developed in three European countries: Italy, Norway and the United Kingdom. These three countries show three different approaches in terms of governmental actions promoting CSR (Lozano *et al.* 2005). First, we classify public policies and initiatives on the basis of the relational framework and second, we analyze and compare the approach of each government in promoting CSR: its vision, strategy, objectives and priorities.

The paper is structured as follows. Firstly, we examine the state of the art to analyze which are the main focuses that scholars are examining in the area of CSR and governments. Secondly, we

present the relational analytical framework used to analyze the CSR public policies implemented by governments. Thirdly, we present the result of the empirical research that explores the implications of the adoption of CSR public policies in Italy, Norway and the United Kingdom, applying this relational analytical framework. And lastly, we offer some considerations based on these results.

State of the art

A review of the literature reveals two basic focuses in the analyses of governments and CSR. Firstly, some authors offer a more global focus, analyzing the links between CSR public policies and some social and environmental challenges caused by the transnationalization of business activities in a globalized economic context. This literature identifies different aspects as key drivers for governments in taking action regarding CSR: social and environmental consequences of the transnationalization of business activities, welfare state transformation and societal governance challenges. Secondly, other authors directly analyze the political initiatives developed by governments, researching the different roles that governments can adopt, and the development of political frameworks and implementation of public policies.

Analysis of the global focus

With respect to studies with a global focus, some analyze the origin of CSR business practices in relation to the impacts of the transnationalization of business activities during recent decades. Zadek *et al.* (2001) point out that CSR can best be understood as a consequence of global business activities, due to which business will have to take greater account of its impacts on society. The state's political power has been eroded, often due to other actors such as businesses. Crane & Matten (2004) explain how the role of the state has changed from a traditional context (Westphalian setting), where it was dominant, as a regulator with imperative regulation vs. the company's dependent role. There is now a globalized context (post-Westphalian setting), where the opposite applies: due to economic power, the state has a dependent

role vs. the company's dominant role. In the traditional context, governments had political power and were the only authorities that could legislate. Globalization has changed all this, and now economic relationships go beyond national boundaries and the organizations that operate in civil society.

The context of the globalized economy has led to political challenges, like the crisis in the welfare state and the need to seek new forms of governance, within both the national context and the global economy. CSR is seen as a useful framework within which new ways of collaborating between corporations, governments and civil society can be found, creating innovative mechanisms for governance (Zadek 2001, Albareda *et al.* 2004, Midttun 2004, 2005).

This overlaps with another of the key issues governing the links between CSR and public policies. The demand for societal governance to cope with the social challenges or demands faced by all post-industrial societies such as unemployment, poverty and social destructuring: this was the concept of governance applied directly to the CSR public policies adopted by the British government in response to a crisis in governance and legitimacy (Moon 2002, 2004). For the UK government, the origin of CSR policies was thus justified by a crisis in governance affecting British society, in the form of unemployment, social poverty and lack of economic development.

The crisis of the welfare state has made people look for new ways to develop collective action to deal with social demands that cannot be met by the state. This has led to the appearance of partnership projects, with governments, companies and civil society organizations working together. CSR has oiled the wheels of these new partnerships, and the CSR literature reflects the clear link between CSR and social partnership (Nelson & Zadek 2000, Gribben *et al.* 2001, Kjaergaard & Westphalen 2001). The challenge for governments is to find a way to design and implement public policy that will generate leadership and partnership-based innovation, seeking to maximize the benefits of these innovations by ensuring their systematic acceptance and application among the wider business community. In

relation to that, CSR clusters provide an excellent framework for understanding, designing and operationalizing public policies on CSR, including international competitiveness framework statutory compliance, fiscal measures and multi-sector partnerships (Zadek & Swift 2002).

Lastly, one of the most important topics is the link between CSR and sustainable development. CSR has been described as the business contribution to sustainable development (European Commission 2002). Governments have an opportunity and the responsibility to assume a leadership role in creating a more sustainable environment in which sustainable business can thrive, building conditions that promote sustainability (Bell 2005).

Analysis of political initiatives

With respect to research focusing on the analysis of the political initiatives developed by governments, the most important key issue among practitioners and academic authors is the discussion of the specific roles that governments can adopt to foster CSR. Zadek (2001) is a pioneer among authors identifying government roles. He describes the incorporation of governments in the CSR framework as a new stage in the development of CSR and defines this new stage as the third CSR generation, where the new protagonist role of governments in promoting CSR is a central issue (Zadek 2001).

Initially, the debate on the role of governments centered on the question of whether or not governments should regulate and enact laws to make CSR actions compulsory. That notwithstanding, this debate has evolved, and seems to have shifted from its initial focus on governments and CSR in the form of the legislation or voluntary binomial involvement (European Commission 2001). In this sense, the role of governments and CSR public policies is linked to systems that involve 'soft intervention' policies or 'soft regulation' (Joseph 2003), highlighting the government's role as a user of soft tools. Most authors conclude that CSR public policies must use soft forms of government intervention to shape the voluntary behavior of companies (European Commission 2002, Fox *et al.* 2002,

Zappal 2003, Albareda *et al.* 2004, Lepoutre *et al.* 2004, Bell 2005, Lozano *et al.* 2005). The literature highlights the different roles governments may adopt in the promotion and development of CSR (Fox *et al.* 2002). An important issue to explore is the form taken by soft regulation, whether public or private, by governments or international organizations, or even self-regulation among the business sector (Joseph 2003).

Other research focuses not on an analysis of the roles governments can develop, but directly on an analysis of CSR public policies. In this sense, one of the most useful categories adopted to classify CSR public policies was developed by Benbeniste *et al.* (2005). They propose that CSR public policies can be classified into public policies to promote CSR formalization, public policies to promote transparency and public policies to encourage scrutiny.

The research carried out by Aaronson & Reeves (2002b), Fox *et al.* (2002), Zappal (2003), Lepoutre *et al.* (2004), Nidasio (2004) and Bell (2005) on governments and development identifies different key roles² for governments in promoting CSR. One of the most useful classifications of governmental roles was developed by Fox *et al.* (2002), where they present the different roles that could be adopted by governments: mandating (legislative), facilitating (guidelines on content, fiscal and funding mechanisms, creating framework conditions), partnering (engagement with multi-stakeholder processes, stimulating dialogue) and endorsing (tools and publicity).

Most of these analyses of the strategic roles to be played by government's focus on the collaborative aspect between government and the different stakeholders involved. In this sense, the literature indicates that one of the emerging themes regarding the role of government in the development of CSR is centered on its role as mediator, facilitator and partner. As a result, one of the aspects most analyzed by the literature is the relationship between CSR and the development of partnership policies to promote CSR. Pioneers in the analysis of the CSR and partnership link are Nelson & Zadek (2000), within the framework of work carried out by The Copenhagen Centre, one of the seminal institutions for research in this area. Gribben *et al.* (2001) have

also linked government CSR roles to their strategies in the creation of new models of social partnership. The authors compare the most innovative countries in these social partnerships, concluding that central governments could adopt partnerships to solve specific social problems in conjunction with companies, social organizations and local governments. Some hypotheses are analyzed in relation to CSR partnerships: the whole process from collective bargaining to social partnerships, and the new roles of social partners in Europe (Kjaergaard & Westphalen 2001) and CSR roles in public-private partnerships as models of governance. Governance of CSR public-private partnerships brings us to the policy network concept, whereby from a more consistent and long-term perspective, public and private (profit and non-profit) actors play different roles in the same policy fields.

One of the aspects that stands out in these comparative and contextual analyses of government actions is the relationship between development of CSR public policies and the importance of cultural and geographical aspects. Aaronson & Reeves (2002a) compare Europe and the United States in terms of their acceptance of the government's role in promoting CSR. Their research demonstrates that there is greater acceptance among European companies and less in the United States, the key in Europe being their governments' positive cooperation with companies. They consider that the difference resides in the respective business cultures. European firms are more comfortable both working with government to improve social conditions and in a regulated environment. In this respect, various studies recommend North American governments to assume leadership and demonstrate commitment, communication and action (CBSR 2001), and strong partnership to tackle the new challenges in governance arising from globalization (The Frank Hawkins Kenan Institute of Private Enterprise 2003).

From the European perspective, the comparative analysis of CSR public policies by 15 EU governments using a relational approach permits the identification of four models for developing public policies: Partnership, Business in the community, Sustainability and citizenship, and Agora (Albareda *et al.* 2006).³ There is a relationship

between the development of the role of government in CSR and the role of companies in society that clearly shapes the current challenges to the welfare state and its governance and the socio-economic development of each country.

This literature review gives us three key elements to apply in the design of the methodology of this research, focused on the changing role of government in CSR. First of all, we have seen how in recent years the development of CSR public policies and initiatives is related to new challenges that society faces due to the transnationalization of business activities, growing awareness of sustainable development and the challenges in welfare provision. The second key element that can be underlined from the literature review is that in the last decade, in the CSR arena, governments have begun to work in partnership with other agents like businesses as social organizations to solve societal governance challenges. This strategy adopted by governments is based on a relational strategy that could be applied in the analysis of CSR public policies and initiatives. And finally, the third key element obtained from the review of the state of the art is that the analysis of government CSR public policies and initiatives has led us to identify the new vision, strategy, objectives and priorities adopted by governments in relation to CSR public policies.

From these conclusions and previous work by Albareda *et al.* (2004) and Midttun (2004) we have adopted an analytical framework that lets us understand the new strategies adopted by governments in relation to the promotion of CSR.

A relational analytical framework applied to CSR governmental public policies

The development of the analytical framework used in this research came from two preliminary research initiatives developed by Albareda *et al.* (2004) and Midttun (2004). Both research projects tried to analyze the new role of governments in the CSR arena focusing on the new relationships of companies with governments and society.

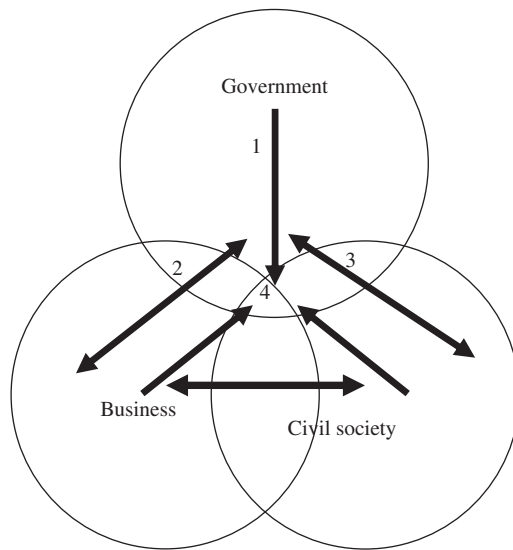
Albareda *et al.* proposed a CSR public policy-relational approach based on the work done by Mendoza (1991, 1996) on the relational state

approach. Mendoza in turn based his work on the analysis of public sector transformations in advanced societies, and theorized the transformation of the models of state in the late 20th century from the welfare state model to the relational state model. He offered an analysis of the structural transformation that influences states, based on the limits of public administrations in meeting the different social challenges they face. Mendoza argued that the state is searching for a new role, which meant a new allocation of tasks and responsibilities between state and society that differed from the traditional welfare state created after the Second World War. The existence of complex social challenges required society to take on its corresponding part of responsibility where the state was unlikely to be able to replace it. In this way, the relational state places the relationship between public and private spheres, between state and society, and between the private sector and civil society, at the level of co-responsibility. Co-responsibility involves the existence of common objectives and the assumption of specific responsibilities, and the articulation of these responsibilities being taken on by each party. The new performance frameworks partnering public administration and the private sector or civil society sector are capable of creating and managing complex interorganizational networks in which public, private and civil society organizations play their part.

Albareda *et al.* (2004) and Lozano *et al.* (2005) developed a CSR public policy-relational analytical framework in order to better understand the role of government in CSR. This tool enables the analysis of a government's approach to CSR from two key perspectives: the overarching policy framework, and policy implementation in terms of specific policies and programs. In this context, governments are now operating in a new relational approach, where the different perceptions of each exchange relationship need to be addressed to develop CSR public policy, and a consideration of these relationships allows a more complete view of government CSR policy.

In Figure 1, government CSR policies and programs are examined through the following four relationships: CSR in public administration,

Figure 1: Relational model for analysis of public policies on CSR



1. CSR in public administration
2. CSR in administration-business sector relationships
3. CSR in administration-society relationships
4. Relational CSR

Source: Lozano *et al.* (2005).

CSR in government–business relationships, CSR in government–civil society relationships, and CSR in government–business–civil society relationships. The CSR in government–business–civil society relationship policy is called ‘relational CSR.’ These are policies or programs that incorporate shared participation between government, company and society.

At the same time, Midttun (2004) proposed a new embedded relational model defined as an emerging model of corporate social responsibility-oriented societal governance. This model is based on the Weberian ideal type concept. He compares three governance models of the state – the Neo-liberal model, the Welfare state model and the Emerging embedded-relational model – using the exchange theory and comparing the new model to older ones. This new model based on CSR relies more on de-centralized civil society initiatives, media exposure and business self-regulation than on active state intervention. By analyzing the roles and role-sets in political, commercial and regulatory exchange, Midttun seeks to pinpoint characteristics of the CSR-governance model compared

with the two other ‘classical’ ideal types. Midttun concludes that governments need to manage the expectations of these exchange relationships to facilitate complex interorganizational networks in which all three sectors play a part.

In Figure 2, the author presents the embedded relational model as a model that can explain the current situation of crisis and change in the welfare state. He also explores whether CSR can contribute crucial new elements to the new relationships between government, companies and society involving government, but with a softer approach and offering positive incentives. In this model, governments act as participants, organizers or facilitators, developing a softer role, where public sector agencies enable or stimulate companies to engage in innovation and partnering and endorse the soft regulatory agenda. Re-embedding the economy with the state as a strategic partner both through interplay with socio-economic processes in civil society and through media amplifications re-injects social responsibility into industry.

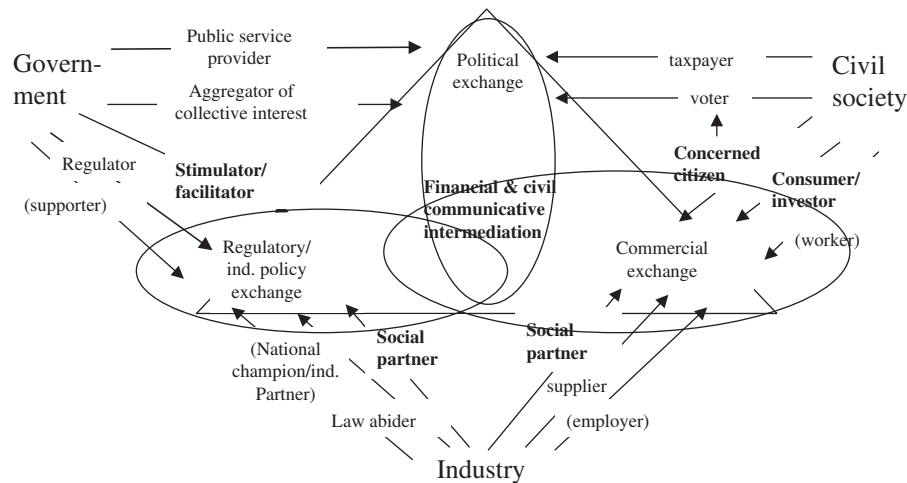
Under both frameworks, government initiatives could be analyzed using a relational approach, which helps us to a better understanding of the changing role of government. In this sense, the relational analysis of CSR public policies is centered on the analysis of each exchange relationship as a set of increasingly complex and interdependent relationships.

With earlier studies by Albareda *et al.* (2004), Lozano *et al.* (2005) and Midttun (2005) as reference, we developed an analytical framework to map and analyze the existing CSR policy and programs developed by governments.

We went on to classify the government CSR policies and programs by using the CSR public policy-relational analytical framework. The governments’ CSR public policies were analyzed using the following two dimensions: a preliminary analysis of governmental policy framework, and a secondary analysis of governmental policy implementation. We also developed a systematic treatment of the data collection process with the support of the application of two tables.

Policy framework: First, we drew up a table (see Table 1) to analyze how each government

Figure 2: The embedded relational model



Source: Midttun (2005).

articulates and organizes its promotion of CSR, the scope of its policies, how these are translated into regional and local policies supported by local governments, and its relationship with intermediary organizations. Table 1 outlines the areas to consider when analyzing the policy framework.

Policy implementation: Secondly, we analyzed specific CSR policies and programs already implemented. These analyses were based on the relational model approach. We used the analytical framework developed by Lozano *et al.* (2005) to classify the CSR policies and programs according to a relational approach (see Figure 1).

The data collection process focused on the analysis of CSR policies and programs. Data collection was restricted to activities explicitly understood and communicated by governments as being CSR governmental initiatives. We gathered information from primary sources within this framework, from official published documents or websites of the governments themselves, or from information presented to the European Commission.

Selection of countries

The selection of countries for this preliminary study has been a complex methodological decision. For this first collective research, we focused on European countries. Our aim was to combine the geographical diversity of European countries

Table 1: Government corporate social responsibility (CSR) policy framework

Topic	Application
Government CSR policy	Vision Objectives, strategies and priorities
Internal government CSR structure	Objectives, strategies and priorities Position of political figure Organizational structure Centralized or decentralized
CSR responsibilities at different levels of government	Cross-cutting policies Regional/decentralized government Local government
Scope of CSR policy	Domestic vs. international
CSR role of other organizations	Government agencies Intermediary organizations Multi-stakeholder organizations International organizations

Source: Adapted from Albareda *et al.* (2004).

with manageability of data gathering and analysis. We selected three countries: Italy, Norway and the United Kingdom.

A study of these three cases of government application of CSR policy shows how variety is expressed through the well-known diversity between European political economies: Italy, an advanced, regionalist network economy, with advanced craft traditions and a considerable number of industrial strongholds; Norway, an advanced welfare state, built on a resource-based economy; and the United Kingdom, an advanced market economy, with a broad industrial economy and a particularly strong finance sector. Italy belongs to the Mediterranean model of welfare state typology (Sapir 2005), the United Kingdom to the Anglo Saxon 'residual model,' and Norway to the Nordic 'citizens' universal rights model' (Esping-Andersen 1999).

Taking into account the research done by Albareda *et al.* (2007), the three countries represent three very different models of CSR government action. Italy belongs to the Agora model, and its central government only became involved in CSR actions after the publication of the Green Paper (European Commission 2001). The government has created a multi-stakeholder forum, which brings social agents into the public debate. Norway is a non-member state of the European Union. Nevertheless, the country has the same political culture as the other Nordic countries. It has a well-developed welfare state and a consolidated role for social negotiation. CSR in Norway has evolved out of a combination of longstanding advanced welfare state traditions and innovative practices in response to new challenges faced by industry, government and society due to increasing globalization. The country's approach to CSR focuses on Norway's international ambitions in environmental policy and its peace and human rights policies. The Norwegian Ministry of Foreign Affairs is the most visible focal point in the Norwegian government's CSR policy, and is clearly recognized as such both by other ministries and by leading industrial actors. This makes the international dimension of CSR a dominant bias in the government's approach, in which CSR is linked to core policy areas such as the promotion of peace, human rights and democracy, flagged as central elements in Norwegian foreign policy. Finally, the

United Kingdom has been classified as belonging to the Business in the Community model. The British government has been one of the most innovative in the development of a political CSR framework and public policies. CSR first saw the light in the United Kingdom during the final decades of the 20th century. It was a response to a deficit in social governance at a time when the economies of all industrialized countries suffered an economic crisis, with companies closing and serious social exclusion problems (Moon 2004). The British government links CSR with the main challenges in societal governance faced by developed countries (DTI 2001, 2003).

The changing role of government in CSR: preliminary results

We analyzed government CSR vision, objectives, strategy and priorities, governmental structure and policy implementation across different levels of government in Italy, Norway and the United Kingdom. All three share the same overall discourse on CSR, for example the role of the business sector in addressing the problems faced by society and its contribution to sustainable development. However, their respective policy frameworks and policy implementation vary in terms of their vision, objectives, priorities and scope: international vs. domestic, organizational structures, initiatives, policy mechanisms and programs, and levels of implementation at regional and local levels (see Table 2).

CSR is considered by the three governments to be a cross-governmental issue with a broad agenda touching on social, environmental and international issues. In each country, different ministries introduce CSR initiatives into their specific policy areas in parallel; however, there is often limited coordination between them. There is a strong connection between CSR and sustainable development. In the United Kingdom and Italy, CSR is seen as the business contribution to this agenda; in Norway, the Ministry of the Environment is introducing CSR elements into its sustainability agenda. With respect to the institutionalization of CSR within governmental

Table 2: Government corporate social responsibility (CSR) policy framework in Italy, Norway and the United Kingdom

	Italy	United Kingdom	Norway
Vision	Companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders, all on a voluntary basis. CSR is seen as a competitive opportunity for companies themselves and for the local, regional and national economies. 'To increase the degree of enterprise awareness of social, environmental and sustainability issues by promoting a culture of responsibility within the industrial system' Italian Ministry of Labor and Social Affairs (2003: 22).	Companies move beyond a base of legal compliance to integrate socially responsible behavior into their core values, in recognition of the sound business benefits in doing so. Since businesses and the challenges they face differ widely, government intervention needs to be carefully considered, well designed and targeted to achieve its objective. The British government has an ambitious vision for CSR. The government sees UK businesses taking into account their economic, social and environmental impacts, and acting to address the key sustainable development challenges based on their core competencies wherever they operate – locally, regionally and internationally. Far from being seen as a form of altruism, CSR should be good for long-term business success as well as good for wider society (DTI 2004).	CSR is promoted and justified almost exclusively in economic terms. CSR is represented as a win-win concept, with the exception of a White Paper on Human Rights and Globalization, which uses a more rights-based, normative approach to CSR. The government does not have explicit objectives or strategy for CSR. However, it does state that enterprises shall not go beyond standard business CSR practices. The overall vision is of Norway as an economically, ecologically and socially sustainable society, and economic growth is promoted within these boundaries. The CSR concept is promoted within the sustainable development strategy.
Strategy	Extensive, multi-stakeholder and multilevel approach. Parallel top-down and bottom-up approaches with a role played by active regional and local governments. CSR is seen as the business contribution to sustainable development.	Business-driven strategy coordinated from central government. Top-down approach, although CSR is promoted at different levels of government through related policies and programs. CSR policy is separate from sustainable development policy.	CSR integrated into policy related to sustainable development, environment and human rights. Domestic focus on more traditional legislative methods.
Objectives	Promote CSR culture and best practice exchange among businesses. Support companies and SMEs in developing CSR strategies and policies. Protect citizens' rights. Contribute to the European debate to achieve a common framework on CSR.	Encourage businesses to adopt socially and environmentally responsible practices that bring simultaneous economic, social and environmental benefits. Work in partnership with the private sector, community bodies, unions, consumers and other stakeholders. Encourage innovative	Profile Norwegian engagement for decent and socially responsible commerce in 'difficult commercial contexts'. Active multilateral engagement for human rights and international CSR initiatives. Orient markets towards

Table 2: Continued

	Italy	United Kingdom	Norway
	Develop practices and tools to launch a new debate among all interested stakeholders.	approaches and best practices. Encourage increased awareness, open constructive dialogue and trust. Create a policy framework for CSR.	Socially Responsible Investing (SRI). Expand the sustainable agenda toward CSR, including work-life balance.
Priorities and issues on CSR agenda	Competitiveness Sustainable development SMEs Labour and social affairs Multi-stakeholder dialogue Spread of CSR culture and tools	Competitiveness Poverty reduction Community investment Environment Governance Workplace	Promotion of peace Human rights Corruption Democracy International impact of business Ethical investment
CSR internal governmental structure	Ministry of Labor and Social Affairs and Ministry for the Environment and Territory lead CSR policy	Department of Trade and Industry drives CSR policy Minister for Corporate Social Responsibility, Ministerial Steering Group for CSR and coordinating team	Ministry of Foreign Affairs is primary advocate with formal support of Coordinating Council for State Secretaries
CSR cross-cutting policies	Ministry of Industry and Trade Ministry of Foreign Affairs Ministry for Public Administration	Department of Environment, Food and Rural Affairs Department for International Development Department for Education and Skills Department for Work and Pensions The Foreign and Commonwealth Office The Home Office Department for Culture, Media and Sport Department for Transport Department for Work and Pensions Environment Agency Health and Safety Commission and the Health and Safety Executive Office of the Deputy Prime Minister Her Majesty's Treasury	Ministry of Environment Ministry of Labor and Social Affairs Ministry of Trade and Industry Ministry of Finance Elements of CSR also figure in social and labour markets, under 'inclusive labour conditions' and 'health, environment and security'
CSR responsibilities at different levels of government	Central government has an increasing role; regional and local authorities have developed significant initiatives. Extensive involvement of SMEs and civil society organizations.	Central government leads CSR policy in coordination with regional and local authorities. Partnership strategy promoted from national government, with a long tradition in terms of the role of business in society. Devolved administrations,	Central government leads CSR policy, although weak overall coordination across other policy fields. There is a strong welfare tradition, with some examples of public-private partnerships.

Table 2: Continued

	Italy	United Kingdom	Norway
CSR scope	Focus on domestic and international framework, with an emphasis on regional and local governments.	Government Offices, Regional Development Agencies and Local Strategic Partnerships all promote CSR to some degree through related programs. Focus on domestic and international business. CSR framework led from central government.	Dominant international focus, particularly in developing countries with weak states with limited engagement with the domestic industry.
Multi-stakeholder forum	Italian CSR Multi-Stakeholder Forum and Italian Centre for SR (I-CSR) set up as two key multi-stakeholder initiatives by the government.	There is no official government-led multi-stakeholder forum, although most initiatives invite participation from a wide range of stakeholders.	The government leads a multi-stakeholder forum, Kompakt, which operates as a consultative body for human rights and Norwegian economic activities abroad and supports existing initiatives such as Global Compact, Extractive Industries Transparency Initiative (EITI), OECD (Organisation for Economic Co-operation and Development) Guidelines, ILO (International Labour Organization) and Global Reporting Initiative (GRI).

structure, the United Kingdom was the first government to have a CSR Minister, sending out a strong message that the UK government was taking CSR seriously. In the other countries, the major problem is a lack of a systemic approach or general coordinating national framework. CSR is generally seen as a strategic and competitive opportunity by all three countries; however, how this is structured by their respective governments varies greatly. Finally, a multi-stakeholder partnership is seen as appropriate for CSR.

A soft touch and voluntary approach is taken in Italy and the United Kingdom, as CSR is seen as more effectively implemented if it is business-led and not regulated. In both countries, the governments' general preferences are for a partnership

approach with the business community, raising awareness, capacity building, stakeholder engagement, and facilitating voluntary initiatives. In Norway, with its strong welfare state tradition, there is still commitment to legislative methods and therefore little scope for voluntary action at a domestic level. There is, however, potential for the promotion of CSR on a voluntary basis abroad.

Conversely, we found that within the framework of governmental policies, companies demand a well-defined and level playing field with basic rules for all players. Governments have an important role to play in defining clear policy frameworks of action to influence and encourage other organizations (businesses and different levels of government) and also in leading by example. Governments should also be consistent

in their policies, both in their own practice and through promoting an advanced CSR agenda internationally. They can act as brokers between sectors, working both on the supply side of CSR (companies, consultants, industrial associations) and on its demand side (citizens, consumers, investors, stakeholder groups). Non-governmental organizations (NGOs) also think that governments should reward good practice, e.g. by supporting social enterprises whose activities benefit the community.

CSR policy and sustainable development

While there is agreement among all three governments to view CSR as the business contribution to the wider goal of sustainable development, the links between sustainable development and CSR are not strong enough and not clearly communicated. This is particularly true in the United Kingdom, and in Norway the merging of these two agendas has occurred relatively late. Norway is a pioneer in defending sustainable development, though it is currently facing serious dilemmas with its extensive petroleum industry. Each country's society has widespread expectations of improving the social and environmental performance of companies. For example, in Norway there is a widely held concern about Norwegian petroleum exploration and production in the Arctic. In Italy, CSR is seen by the NGOs interviewed as fostering the sustainable development of companies by increasing strategic resources (e.g. qualified employees, stronger reputation and broader social consensus).

CSR policy and competitiveness

CSR is seen by the governments analyzed as a strategic and competitive opportunity for companies, domestically or abroad. The British government considers that CSR contributes to competitiveness because it enhances companies' reputation and can stimulate competitors to work in the same area. This same reasoning about CSR applies in Italy, particularly for its small- and medium-sized enterprises (SMEs), and in Norway, above all for its companies abroad. Nevertheless, there is skepticism in the business world about this relationship, although there is some

acceptance of it as a potential win-win situation. Possible business benefits include improved quality in the company's processes and products, greater self-knowledge internally and externally, quicker response to changing markets, and increased reputation and CSR policies that focus on competitiveness, CSR and innovation. Within the European context, there is a clear link between the Lisbon Strategy, sustainability and CSR in the European economy, and if CSR were to become a crucial variable, it could be a key factor in the competitive success of national economies.

CSR policy and the welfare state

There is clearly a relationship between CSR and the welfare state, but it is described in different ways. In the United Kingdom, CSR policy is defined as part of modern welfare state policies; in Italy, the relationship between CSR and welfare policy is considered from a new welfare mix perspective; and in Norway, the two areas run in parallel. Each relationship depends on the national welfare state context. In Italy and the United Kingdom, there is an acceptance that the traditional welfare state mechanisms need to be renewed, and that the business community has a role in this. However, how government relates to business on this issue differs across countries. In Italy, companies have a fundamental social role, and it is felt that they should provide innovative solutions to meet the needs expressed by civil society through the market. In the United Kingdom, the government takes the lead and is responsible for enlisting the help of companies during periods of budgetary crisis through the privatization of public services. Businesses, however, will contribute to social issues if it makes business sense, not simply for philanthropic reasons. In Norway, the welfare state is largely taken as a given, and businesses relate to this, focusing more on CSR issues abroad, although CSR issues are beginning to feature as supplementary elements in public-private partnerships.

In the United Kingdom, where businesses are seen to contribute to government priorities more than in other European countries, the government exerts considerable pressure through its policies

(e.g. unemployment initiatives, New Deal program). This can lead to confusion over the role of businesses in contributing to public agendas (e.g. sponsoring training programs for young people) or taking over former public services such as education (e.g. privately run schools). Nevertheless, British companies react badly to multiple initiatives from the government that encourage business participation in social issues, and the perception that CSR is being used to secure additional funding for areas with depleted budgets is widespread.

CSR and the relationships between government, business and social organizations

For all three governments, the relationship between NGOs, businesses and government is considered fundamental for sustainable development and, in the case of Italy, for a more cohesive and inclusive society. The government adopts an impartial role, facilitating the participation of all sectors when drafting policy.

Governments have to ensure that CSR policy fits the business agenda, as well as taking into account the concerns of civil society in general, and NGOs in particular. In the United Kingdom, the DTI⁴ leads CSR policy, and its primary concern is business development.

Businesses and NGOs have a strong idea of each other's motivations, whereas the government sits midway between them. Businesses perceive that the government should adopt the role of mediator, fostering good practice and encouraging businesses to provide the solutions to society's needs. Governments, they feel, should work with civil society to create the right framework to achieve change through market forces.

The attention of NGOs to business practice has increased global scrutiny and accountability of corporate behavior. However, there is some debate about the legitimacy of NGOs as representatives of civil society and about their own accountability to society.

Final discussions and prospects

The results of the current study are consistent with the initial proposal on the changing role of

governments, i.e. promoting CSR from a relational approach. The relational framework applied to CSR public policies permits us to analyze the vision and strategy of governments in promoting CSR, taking into account the new relationships that governments are establishing with the various social agents, such as businesses and social organizations. An emerging model of relational CSR seems to signal a new governance approach for governments when proposing new business and society relationships.

Building on earlier and tentative studies (Albareda *et al.* 2004, Midttun 2004, 2005, Lozano *et al.* 2005), this research project examined the distinctive character of CSR-oriented governance and its relationship to well-known predecessors, like the welfare state and the neo-liberal governance model.

By bridging the three sectors – public, private and social organizations – this research has started to fill a gap in the CSR literature. Our study of three cases of government application of CSR policy shows how variety is displayed across some of the well-known diversity of European political economies: in Italy, an advanced, regionalized network economy, with advanced crafts traditions and a considerable number of industrial strongholds; in the United Kingdom, an advanced market economy, with a broad industrial economy and a particularly strong finance sector; and in Norway, an advanced welfare state, built on a resource-based economy.

We have seen that governments are incorporating a common statement and discourse on CSR into the public agenda: there is a common understanding and perception of the CSR concept. However, there are notable differences when applying this concept to different political frameworks and implementation strategies. The difficulties appear when governments have to apply this common statement and discourse on CSR to their organizational structures and political frameworks. This is when divergences occur as regards vision and objectives on CSR, depending on welfare state typology, organizational structures and business in society background. Therefore, it is not enough to agree on issues at high policy level if considerations have not been made on a more practical, applied level. The

application of CSR in the public agenda brings to light significant divergences in national CSR policies and different approaches: a more systemic or national government-centered approach, a more extensive and decentralized approach, a more business-oriented (top-down) approach, a more multi-stakeholder and multilevel approach, with a parallel bottom-up approach, and a more oriented, international focus and top-out approach. Governmental strategies also vary in scope (domestic–international), level of involvement of regional and local governments and orientation to one or more sectors (business-led or multi-stakeholder focused). Existing welfare state provision, current social agendas and political culture are factors that may influence the different approaches.

Consequently, for governments, CSR brings with it the need to manage a complex set of relationships between sectors. An understanding of the increasingly interdependent political, regulatory and commercial exchanges between sectors, and the perceptions and challenges of different stakeholders, are important considerations for developing CSR policy. There is a general consensus among all agents, governments, businesses and NGOs in terms of CSR policies that implies new partnership strategies and multi-stakeholder approaches. In order to apply such an approach, governments will have to analyze the different perceptions and expectations of the different agents.

The government's role entails much more than promoting and encouraging. It means working as a mediator between businesses and NGOs. Governments have to represent many interests, including the public interest, and should adopt a leading role, above all in relation to the influence of the different social agents. They also need to create a common background. In order to develop a win–win relationship in the multi-stakeholder approach, governments must mediate in and catalyze perceptions and expectations, which could form part of a good strategy to encourage and lead multi-stakeholder dialogues and partnership projects.

There is agreement that governments' in-house policies need to be consistent with the behavior they are promoting in the business sector, and that they should create level playing fields for

businesses operating in different countries, as CSR is related to global business activities and their social and environmental consequences.

Finally, governments often use a voluntary approach in response to the perception that businesses need to be allowed to develop new practices before regulation becomes appropriate, and regulation is seen as stifling innovation. However, some NGOs would argue for much stricter regulation. Boundaries in the role of businesses in society can become blurred, and governments may encourage the involvement of the business sector in areas where public services are lacking. But boundaries can also become confused between businesses providing a public service, and businesses that claim they are managing their relationship with stakeholders in a way that has a positive impact on the community.

Further research must therefore address the following issues:

- (1) Governments should take their welfare state tradition and social agenda into account. They must consider the development of the social capital that characterizes their societies in order to understand what their approach should be, and how they should focus their partnership strategy and multi-stakeholder approach. Governments should analyze the role that businesses have traditionally adopted in society in order to design their CSR policy. It is important not to break with the traditional way in which businesses relate to society.
- (2) The development of CSR policy is a learning process for governments themselves. It brings a better understanding of the strengths and weaknesses of their organizational structure and the scope of policy implementation, and of their relationship to the business sector and civil society. This learning process is a practical way for governments to build a relationship between discourse and its political projection, incorporating a new relational paradigm.
- (3) While CSR is seen as the business contribution to sustainable development, this is not always reflected in the way governments

structure and implement their CSR and sustainable development policies.

- (4) Moreover, a relationship has been identified between CSR and competitiveness. There is some conviction regarding the positive financial benefits of CSR at both micro level and macro level. Governments and the European Commission are actively promoting this relationship to encourage the acceptance and application of CSR.
- (5) It is important that governments have a map of the perceptions and challenges faced by the different stakeholders in relation to the expectations created by CSR policy, and of how each stakeholder interprets the other's approach. The perceptions of governments and businesses are similar across the three countries, generally in favor of government CSR policies. The perception among NGOs, however, is more varied. In general, the three governments see CSR as an issue that has been incorporated into government agendas, and that it is the business sector's contribution to sustainable development. Although all three feel that government has a role to play, they all share a business-driven approach. For CSR, the relationship between NGOs, the business community and the government is fundamental, and the role of government in relation to other stakeholders needs to be clarified.

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Notes

1. In 2002, the European Commission published 'The Communication concerning Corporate Social Responsibility: A business contribution to Sustainable Development' (EC 2/7/2002). The Communication is addressed to European institutions, member states, social partners as well as business and consumer associations, individual enterprises and other concerned parties, as the European strategy to promote CSR can only be further developed and implemented through their joint efforts.
2. The report published by the World Bank 'Public Sector Roles in Strengthening Corporate Social Responsibility' written by Fox *et al.* (2002) constructs a significant matrix of possible activities for the public sector: mandating, facilitating, partnering and endorsing.
3. See Albareda *et al.* (2006): they developed a matrix with four models of government action in the development of public policies to endorse CSR in European countries: the Partnership model (Denmark, Finland, the Netherlands and Sweden); the Business in the community model (Ireland, UK), the Sustainability and citizenship model (Germany, Austria, Belgium, Luxembourg and France) and the Agora model (Italy, Spain, Greece and Portugal).
4. Now Department of Business, Enterprise and Regulatory Reform.

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