

From SOMO

European Commission abandons multi-stakeholder approach in CSR

After two years of consultation – and a period of silence nearly as long – the EU has turned its back on a multi-stakeholder approach to corporate responsibility, says Joris Oldenziel

After more than one and half years of silence the European Commission has finally published a new policy paper on corporate social responsibility. This paper is supposed to be the commission's response to the outcomes of the European Multi-Stakeholder Forum on Corporate Social Responsibility that ended in 2004. The result is dramatic and neglects developments in international debate over the past ten years.

A large number of varied stakeholders, including non-governmental organisations, trade unions and businesses, have spent much time and resources on the multi-stakeholder forum over almost two years. The aim was to come to a common

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understanding among stakeholders and to lay the groundwork for a European framework for corporate social responsibility.

The NGOs that entered into the process did so in light of the urgent need to increase positive and reduce negative impacts of business on society and the environment, and in recognition of the important role the EU could play to this effect. A number of substantive recommendations came out of the forum, which would, if implemented by the relevant actors, have a significant impact. For that to happen, however, NGOs believed that regulatory measures were needed to complement the many voluntary corporate social responsibility initiatives that only work for the well-intentioned.

NGOs called on the EU to take the lead in the development of an effective European corporate social responsibility framework. Such a framework should be based on internationally agreed standards and principles such as the Organisation for Economic Co-operation and Development Guidelines and International Labour Organization Conventions, and should involve all stakeholders from the early stages of development and include credible provisions for monitoring and verification.

While NGOs and trade unions were waiting for the EU to come forward with its response to the forum, word spread that the EU was holding secret talks with European business representatives. Apparently, the commissioner for enterprise and industry, Günter Verheugen, stepped in to stop the department that had been responsible for corporate social responsibility (employment and social affairs) to develop plans for naming-and-shaming lists and monitoring systems. "I had to halt this enthusiasm for new regulations," Verheugen was quoted in a recent Financial Times article.

The outcome of Verheugen's intervention is the launch of a "European Alliance on CSR". All European businesses are invited to become part of the open alliance without any commitments to existing corporate social responsibility standards and principles. No other stake-

holders have been involved in the development of the alliance. Emphasis in the EU proposal is put on growth and competitiveness: corporate social responsibility is seen as a way to help companies to flourish and grow rather than improving the responsibility, sustainability and accountability of companies.

'Enterprises as primary actors'

The multi-stakeholder approach, recognised by many as a basic principle in corporate social responsibility and promoted by the EU in the past, has been outright abandoned with this proposal. "The commission continues to attach importance to dialogue with all stakeholders, but also wishes to give recognition



to enterprises as the primary actors in CSR," the paper says.

Ironically, the EU policy paper states that it builds on the lessons drawn from the Multi-Stakeholder Forum. So, is the lesson that stakeholders affected by business activities can better be left out of corporate social responsibility initiatives?

The EU has made a giant leap back in time. The experience over the past decade shows that involvement of relevant stakeholders from the early stages of strategy development is essential for the effectiveness and credibility of corporate social responsibility. The EU has obviously rejected this experience when drafting the alliance with business representatives.

Not surprisingly, those European businesses and business representatives that consider corporate social responsibility as merely a public relations tool and want to delay any significant progress are happy with the new alliance. In a letter to some of its members, UNICE, "the voice of business in Europe", called the new approach by the commission a true success for business. The letter says: "A few passages must be interpreted as verbal concessions to other stakeholders, which will however have no real impact."

Well, at least we agree on that: the new European alliance will have no real impact on the social and environmental performance of European businesses. ■

Useful links:

http://europa.eu.int/comm/employment_social/soc-dial/csr/

www.somo.nl/index_eng.php

Ethicalcorp.com keyword searches:

European Commission, CSR

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