

Towards a greater understanding of the changing role of business in society



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Preface

The European Commission has made a lot of effort in the last decade to promote responsible business and advance Corporate Social Responsibility throughout the private sector. However, the recent world financial and economic crisis revealed a considerable deficiency of responsible management and accountability of financial institutions which contributed significantly to the chaos on the markets and the depth of the crisis. Due to this, it is time for a much broader definition of the role and responsibility of business in the globalised world, where growing responsibility should go hand in hand with growing influence. Many business leaders are aware of this need and their increasing engagement in dialogue with academics, stakeholders and policy makers demonstrates their readiness to face societal expectations.

As it stands, however, the EU Framework Programme research shows that only a limited number of global companies put consideration of responsible business practices at the core of their business model and their corporate strategy. Too many companies still see their impact on society and the environment more from the point of view of reputation rather than responsibility. This problem can often be much more vividly observed in developing countries as business there is under much less public pressure and scrutiny, due to civil society being less developed, lower societal expectations and a much less heavily regulated business environment. The situation in Europe also varies significantly across sectors. What European research clearly shows is that when companies engage in dialogue with stakeholders there are still significant discrepancies between real societal expectations and what companies believe them to be. This is still an important barrier to mutual understanding.

The conference 'Towards a greater understanding of the changing role of business in society', whose main outcomes this publication presents, actually addressed the challenge of making companies more responsible and accountable to society at large. There are a number of clear conclusions. First, in the globalised world new governance mechanisms are needed to tackle common problems and face challenges lying ahead. No single type of actors can do it on their own, be it state governments, international institutions, multinational companies or supranational civil society organisations. They need to act together. Second, building such new relationships between all actors will be possible only if they are based on trust and common concerns. Although trust is the key in such a setting, the crisis has shaken it up, especially in the developed world. Evidence shows that people trust governments less and they trust business considerably less. Trust needs to be rebuilt, as any structure that is set up with deficit of trust is deemed to be less effective. Finally, it also needs to be recognised that responsibility and accountability can go hand in hand with good business, developing new markets, generating competitive advantages, contributing to growth and furthering social benefits. Companies should make an effort to grasp these new opportunities and public policy should support this process through appropriate incentives and smart regulation.

Given the cross-border activities of business, the EU is well-placed to engage in bold policies in favour of corporate social responsibility, policies that could inspire other growing world regions and offer models for the regulation of global trade.

Introduction

The financial crisis of 2008 put the question of business ethics at the top of the agenda both for policy-makers and for the general public. Public trust in business was shaken as never before and fundamental questions were raised concerning not just the regulation and public accountability of business but also its values, its culture and its relationships with stakeholders. Furthermore, it gave an additional impetus to the trend to redefine the responsibilities of business not just as responsibilities to the traditional constituencies of shareholders, employees, suppliers and customers but also to a much broader range of stakeholders at a global level, and, indeed, even the physical wellbeing of the planet itself.

This has lent urgency to the task of critically investigating existing business practices, evaluating their impacts and identifying priorities for future research in this field. The need to shine a spotlight on current practices is not just an issue for the mass media and the general public. It is also increasingly important for many dimensions of public policy, in fields ranging from economic, financial, regional and internal market affairs, enterprise support, education and training, employment and social affairs to development aid and environmental protection.

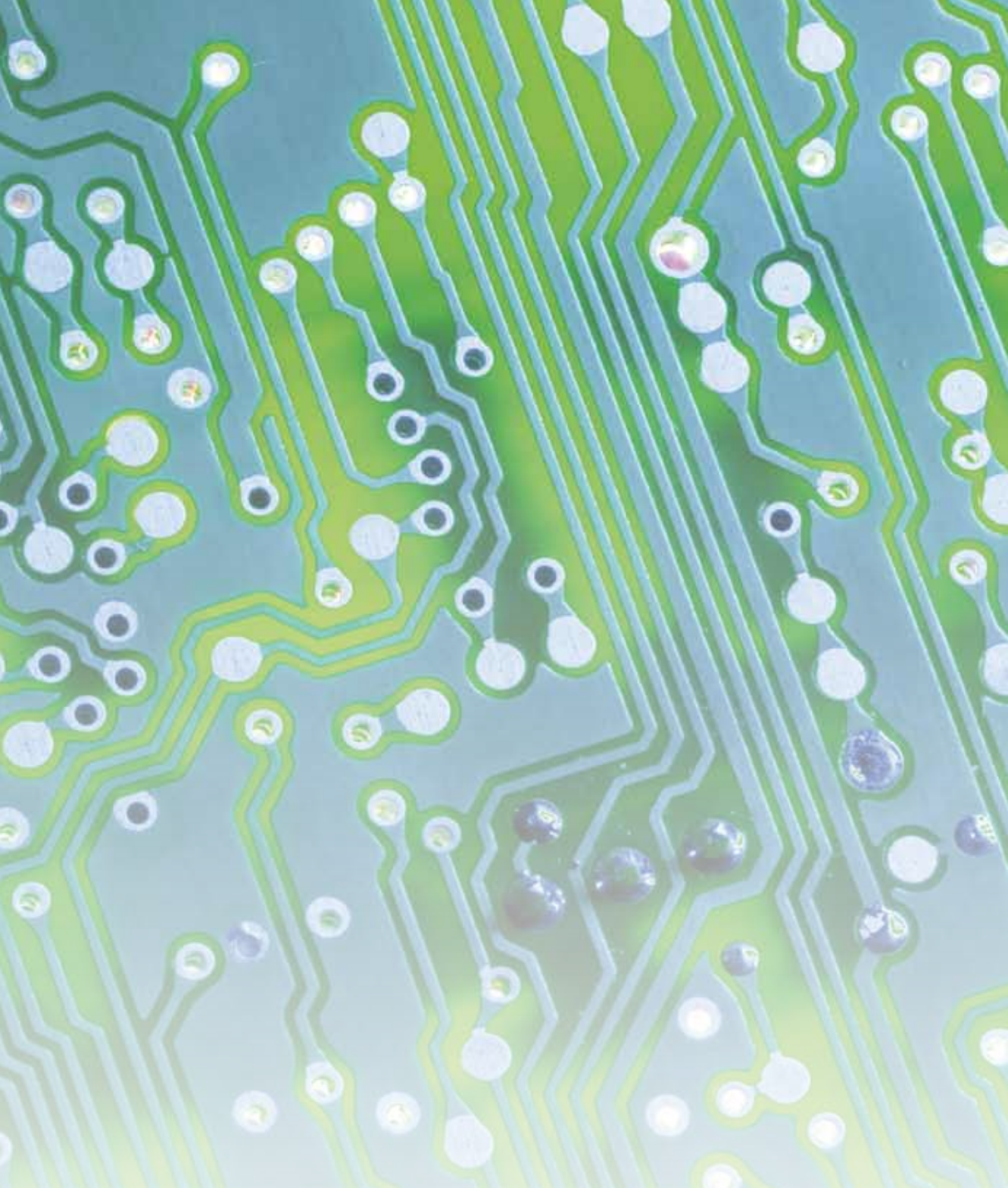
The investigation of such a multi-faceted topic requires a broad interdisciplinary approach that brings together the 'softer' sciences of psychology, cultural studies and ethics with the methodological approaches developed within the fields of economics, organisational studies, sociology and political science. This presents a major challenge to the European research community. Whilst there is an existing body of research on Corporate Social Responsibility (CSR) on which it can build, there is a need to expand the field of vision and go beyond this, in order to address the issues that lie at the core of the business and societal values that are currently under scrutiny.

The European Commission has a growing number of policies aimed at promoting responsible business and advancing Corporate Social Responsibility. Combined with an awareness of the deficiencies in responsible management and accountability revealed by the financial crisis, this has led to a growing realisation of the need for robust scientific analysis of the phenomenon and its different aspects. To contribute to a discussion of the changing role of business in society, the Commission's Directorate General for Research and Innovation organised a European conference⁽¹⁾ on 22 April 2010 in Brussels on the topic of 'Towards a greater understanding of the changing role of business in society'. This conference brought together a range of stakeholders, including enterprises, interest groups, civil society organisations, academics and policy makers from a range of different European policy fields.

As a starting point for discussion, the conference drew on the main outcomes of four research projects funded under the European Union Sixth Research Framework Programme as well as a Policy Review on CSR which was prepared by Albert Schram from University of Maastricht. However the aim was to go beyond these conclusions and provide a forum for broader reflection on the most relevant issues that should be taken up by future research in order to improve understanding of the evolving role of business in society and its implications.

Apart from the research dimension, the conference focused in particular on three issues especially important in the context of the financial and economic crisis. These were new governance structures and relationship between enterprises and the state, the crisis of trust and its implications for sustainable economic development and social and political stability, and Corporate Social Responsibility in a globalised economy.

(1) http://ec.europa.eu/research/social-sciences/events-102_en.html



Chapter 1.

EU research on Corporate Social Responsibility

The topic of Corporate Social Responsibility (CSR) in Europe was introduced into the European Union Sixth Research Framework Programme in recognition of the growing importance of the topic in EU policy.

The table below presents key documents adopted by the European Commission since 2001 which define its policy in relation to CSR.

CSR key policy documents

If three key policy documents on CSR were to be selected, they would probably be:

1. Official Consultation on CSR, July 2001. *Corporate Social Responsibility Green Paper, Promoting a European Framework for Corporate Social Responsibility* (COM(2001)366 final of 18/07/2001).
2. Communication from the Commission concerning Corporate Social Responsibility, July 2002 *A business contribution to sustainable development* (COM(2002)347 final of 02/07/2002).
3. Communication from the Commission concerning Corporate Social Responsibility, March 2006. *Implementing the partnership for growth and jobs: Making Europe a pole of excellence on CSR* (COM(2006)136 final of 22/03/2006).

EU level activities in Corporate Social Responsibility, however, go far beyond official documents presented above. They involve, for example, resolutions of the European Parliament, which works actively in this field, as well as the organisation of a Multi-Stakeholder Forum in CSR. The table below presents those activities.

CSR policy milestones

- 2001: Green Paper on CSR.
- 2002: Communication on Corporate Social Responsibility (CSR) as a part of the Lisbon Agenda. In October 2002, the Commission launched the EU Multi Stakeholder Forum (MSF) on CSR. The European Parliament passed a first resolution on CSR endorsing the MSF and underlined the importance of the implementation of codes of conduct, and wider adoption of social reporting.
- 2003: The European Parliament passes a second resolution on CSR, stressing the importance of the contribution of business to sustainable development, and supporting the greater uptake of the Global Reporting Initiative (GRI) standards.
- 2004: Final report Multi-Stakeholder Forum calling for a better legal framework for CSR.
- 2006: Second Communication by the Commission 'Implementing the partnership for growth and jobs: making Europe a pole of excellence on CSR' was published on 22 March 2006. In this paper, the Commission defines CSR 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'. An approach to CSR involving additional requirements for business risks being counter-productive and contrary to the principles of good regulation.
- 2007: European Parliament resolution on CSR expresses that CSR can be enhanced and implemented using existing legal instruments.
- 2008: Communication on the European Competitiveness Report noted the positive impact of CSR on firms' competitiveness, and the need for more CSR activities in times of economic crisis.

Four projects were funded under the European Union Sixth Research Framework Programme in Social Sciences and Humanities with the aim of consolidating and expanding knowledge on CSR and its impacts. These were the research projects, ESTER⁽²⁾, RESPONSE⁽³⁾ and RARE⁽⁴⁾ and the CSR-Platform project⁽⁵⁾, which was set up with the aim of mobilizing researchers to support and develop excellence in research on CSR and business in society issues in the European Research Area.

The results of these projects taken together generated a comprehensive overview of the state of the art and produced some important new insights into the role of business in society and the ways in which CSR policies are developed.

➤ CSR research in practice

The CSR-Platform carried out an overview of the state of play when its project commenced and concluded that there were a number of weaknesses in European research on CSR, including:

- fragmentation of European CSR research;
- lack of collaboration in CSR research with little integration of theoretical and applied work and low interdisciplinarity;
- lack of stakeholder input into CSR research design and delivery;
- uneven and diffuse dissemination of CSR research;
- failure to translate the results of CSR research into effective education and training or programmes for institutional change;
- lack of institutional support for developing the next generation of CSR researchers.

In particular, there was a very big gap between the goals of the European Commission (which saw CSR as a vital link between innovation and competitiveness on the one hand and social inclusion on the other) and, with a few exceptions, the perceptions of scientific CSR academics⁽⁶⁾.

To address these weaknesses, the CSR-platform project created a multi-stakeholder platform and a series of research colloquia designed not only to bring together researchers from business, academia and policy but also to span the gaps within and between disciplines, across generations and between different types of research.

The diverse community that was brought together as a result of these efforts exchanged research findings and experiences from theory and practice, fostered mutual trust and identified gaps in knowledge and priorities for future research. In doing so, it helped to develop a distinctive European view that transcends institutional boundaries. One challenge for the future is to extend this vision into mainstream business studies and fields such as innovation studies: to move beyond the concept of CSR to 'construct a new face for business in society'⁽⁷⁾.

(2) Social Regulation of European Transnational Companies – <http://ester.u-bordeaux4.fr/siteanglais/accueil.htm>

(3) Understanding and Responding to Societal Demands on Corporate Responsibility – http://www.insead.edu/v1/ibis/response_project/

(4) Rhetorics and Realities: Analysing Corporate Social Responsibility in Europe – <http://www.rare.net/>

(5) <http://www.eabis.org/csrplatform>

(6) Nigel Roome, conference presentation.

(7) Nigel Roome, conference presentation.

➤ CSR policies in practice

➤ Voluntary codes versus legal frameworks

Analysis by the ESTER project revealed that the forms of CSR preferred by companies were unilaterally-imposed codes of practice and ethics charters. One weakness of this approach is its tendency to create global entrepreneurial systems on institutional lines, bypassing national legal frameworks. Furthermore, it has no power to prevent human rights violations, except by highly indirect means, such as imposing trade penalties via a social clause in commercial contracts with suppliers⁽⁸⁾.

Nevertheless, a process could be observed whereby over time CSR becomes 'legalised' through the creation of legal and para-legal CSR instruments, even though companies continue to 'pick and choose' from among the available international instruments.

Companies were found to benefit from adopting CSR not only because it enhanced their corporate image and legitimacy but also because it provided a competitive advantage and a means to demonstrate the company's performance in a new area at a relatively modest cost.

One interesting development is the emergence of International Framework Agreements (IFAs) which play a part in shaping labour relations, in particular by encouraging trade unions to engage with CSR issues. By the end of 2007, 61 of these IFAs had been negotiated between European multinational companies and global union federations. Such agreements favour the development of CSR in multinational companies, but this needs to take universal standards into account and to be developed within the context of a global forum of international institutions.

In relation to the question whether self-regulation or external regulation is more effective, the RARE project concluded that there is still more rhetoric than reality in relation to CSR policy. For policy makers the key message is that there is no simple blueprint to be found in either approach: CSR is neither always better than regulation nor the other way round⁽⁹⁾.

➤ Differing interpretations of CSR by sector

The term 'CSR' is interpreted very differently depending on the sectoral context. According to the results of the RARE project, CSR is strongly linked to the companies' core business rather than relating to their wider sphere of influence. In banking, for instance, the avoidance of bribery and the pursuit of gender equality are important issues, whereas the oil industry focuses more on the mitigation of climate change. In the fishing industry, the CSR priorities relate to sustainability and the control of polluting chemicals.

Different degrees of 'CSR maturity' could be discerned in different sectors, with a larger range of instruments in use in the banking and oil industries than in fish processing. Banks use an array of instruments including forms of stakeholder engagement and co-operation, company-specific codes of conduct

(8) Ester Daugareilh, written submission.

(9) Regine Barth, conference presentation.

and non-financial reporting based on the Global Reporting Initiative. The oil companies prefer to endorse the Global Compact, the OECD Guidelines for Multinational Enterprises, the Responsible Care Initiative, ISO 14001 as well as the Global Reporting Initiative. Meanwhile the fish processing sectors uses the FAO Code of Conduct for Responsible Fisheries, the Marine Stewardship Council certification and the Hazard Analysis and Critical Control Point (HACCP) system.

In SMEs in auto supply chains, CSR policies rarely go beyond compliance with minimum legal requirements. When these companies adopt standardized instruments, these tend to be management systems, above all ISO 9001 and ISO 14001.

With the partial exception of the banking sector, there is considerable reluctance by companies to evaluate their CSR performance, set targets or develop methods for systematic monitoring of progress. Impact performance is hampered by a lack of key performance indicators that would enable such monitoring to be carried out over time.

↘ Differing stakeholder perceptions of CSR

The RESPONSE research found a wide gap between managers' and stakeholders' understanding of what constitutes the company's social responsibilities, with managers interpreting this in a narrow and conservative way as meaning 'do no harm', rather than the more proactive 'do good' approach. Managers also tend to perceive responsibility as lying narrowly within the legal boundaries, whereas external stakeholders have a much broader notion of an expanded enterprise which includes and integrates the interests of wider social groups and society as a whole.

More dynamic regions and industries, such as high-tech industries, are associated with better 'cognitive alignment' (or shared understandings between stakeholders). Pressure from external actors also improves the alignment.

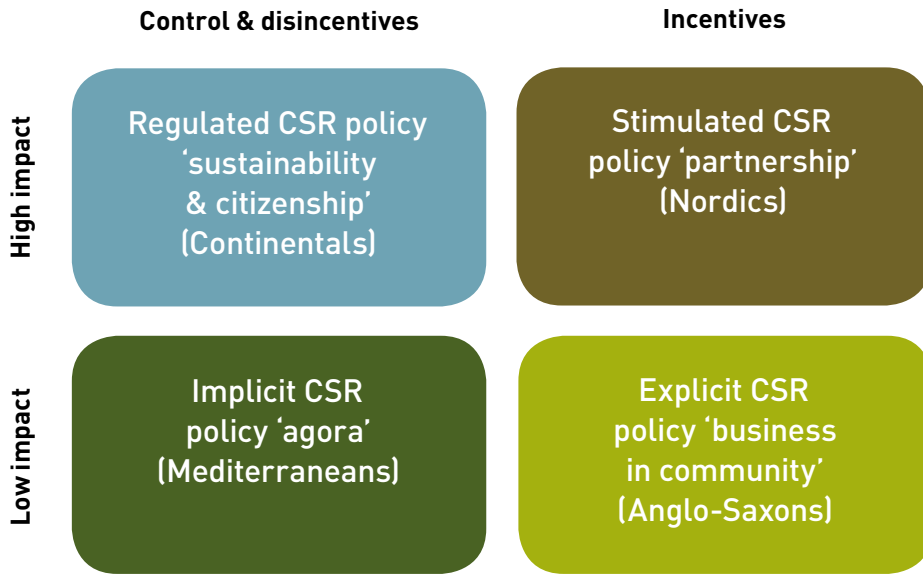
Alignment is also affected by factors that are specific to particular firms: those that adopt a strategy of differentiation within the market are more likely to have a good alignment than those that compete on the basis of cost minimization, and firms that pursue an innovation-driven strategy show higher alignment than those motivated by the organizational values of other types of business case arguments, such as risk reduction, cost-efficiency, sales or margin growth.

CSR initiatives based on internal change initiatives are more likely to lead to positive cognitive alignment than those that are based on engagement with external stakeholders.

↘ National differences

There are also national variations in approaches to CSR, with four distinct European types, related to different regime types. To the extent that policy can be categorized at a European level, it seems to be moving towards the Nordic 'partnership' model.

↳ Typology of CSR policies and models

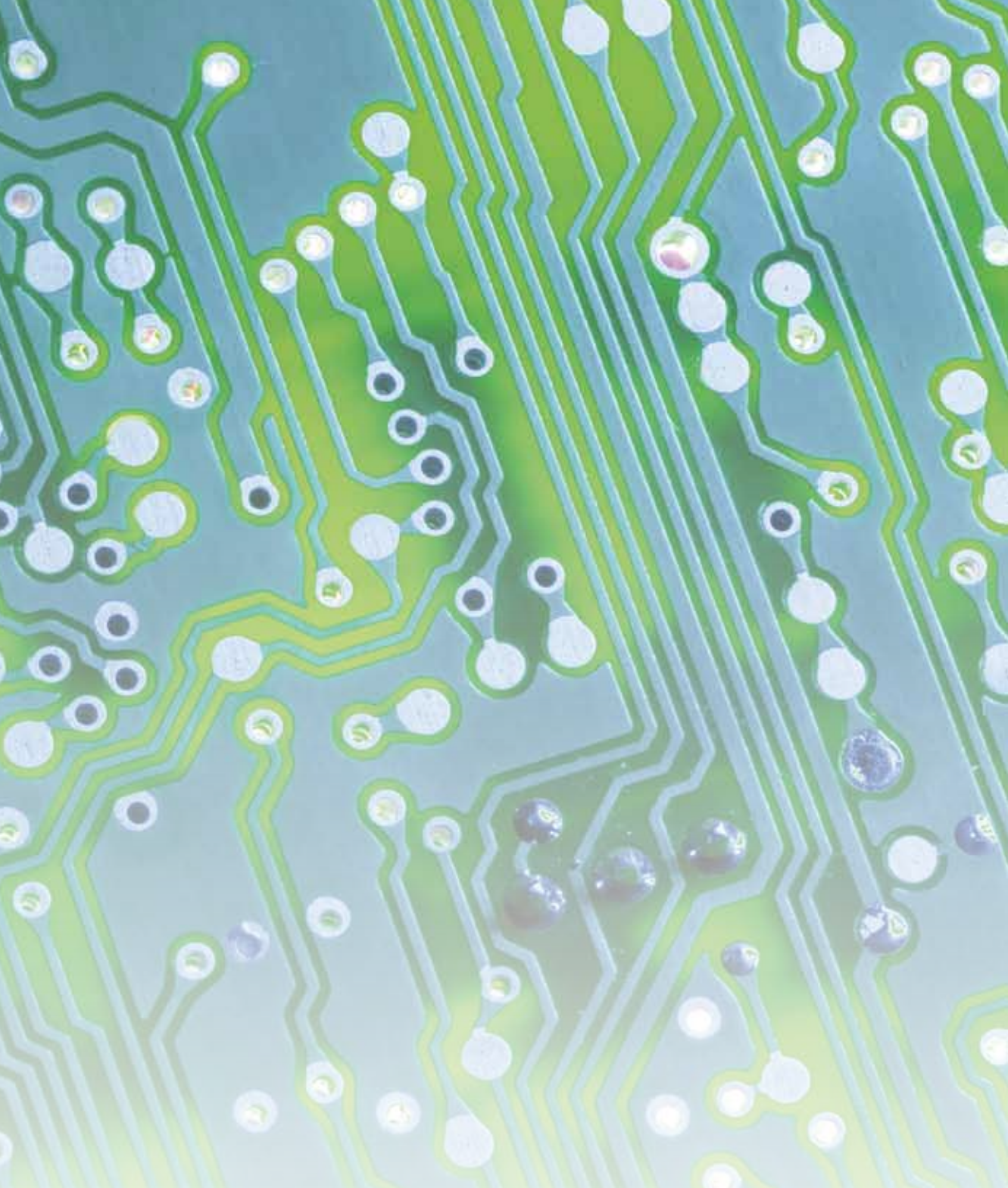


Source: RARE Corporate Social Responsibility: Integrating a business and societal governance perspective. The RARE project's approach, p. 28, adapted by Schram

↳ Changing the managerial mindset

RESPONSE investigated the impacts on CSR of differing forms of management education and found that coaching programmes based on introspection and meditation techniques have a significant impact on the probability of acting in a socially responsible way. By contrast, the standard executive education approach based on discussion and case analysis fails to shift managers' thinking. The research team concluded that responsibility is fundamentally an individual issue and needs to be studied as such. There is a need for research that focuses on internal learning and change processes. This requires detailed research over time, including inputs from psychology and neuroscience, as well as sociology and organizational theory, in order to gain an understanding of what goes on in peoples' minds when they make decisions⁽¹⁰⁾.

(10) Maurizio Zollo, conference presentation.



Chapter 2.

New governance structures and relationships between enterprises and the state

➤ The global context

Major questions have been raised about the relationships between the enterprise and the state, questions that go far beyond immediate issues concerning the regulation of banks to a fundamental questioning of the relationship between the state and business as a whole. The context of globalisation renders these questions highly complex to address.

It could even be said that the current crisis has brought about a situation where 'global market capitalism is today confronted with the changes it has brought to bear'⁽¹¹⁾. Complicating factors in the global context include the shifting of the focal point of the world economy towards Asia, the threat posed by the resurgence of the old Malthusian dilemma between the fixed envelope of natural resources and expanding demographics and economies and the 'over-financialisation' of the global economy. As the three largest global economic groupings, it is the USA, the EU and China that will be decisive for the future of global market capitalism and for the balance between its main different continental models⁽¹²⁾.

National differences still affect the movements of mobile multinational companies, by encouraging 'regime-hopping' in search of the most favourable regulatory and tax arrangements. The effects of this mobility cascade down the supply chain, multiplying the local social and economic impacts. They also place limits on the ability of national regulatory systems to impose stringent conditions on companies. Nevertheless, there is a general consensus that a new approach to regulation is required.

➤ Regulation and markets – a complementary relationship

It is often argued that regulation hinders the free workings of markets and therefore a 'light touch' is required from regulators if markets are to function effectively. But institutional economics show us that the emergence of institutions of governance is a direct outcome of rational utility-maximising market behaviour⁽¹³⁾. This is because markets generate both competition and collusion between economic agents: under some circumstances they compete with each other, whilst under others they join forces to form 'clubs', cartels or other organisations that fix prices or wages or limit competition in some other way. The balance between collaborative and competitive behaviour varies in different contexts but leads to the development of pressures from the economic agents for independent institutions that ensure 'fair play' in the market. 'Contrasting forms of market correspond to institutional compromises based on the policy-rent-seeking preferences of interacting agents generating institutions of governance as they do so.'⁽¹⁴⁾

Regulation and the free operation of the market should not therefore be seen as opposing each other but part of a complementarity that provides a necessary basis for the sustainable functioning of businesses.

(11) Pierre Defraigne, conference presentation.

(12) Pierre Defraigne, conference presentation.

(13) Geoffrey Underhill, conference presentation.

(14) Geoffrey Underhill, conference presentation.

Successful reform will require a conceptual understanding of this link between governance and market competition, and appropriate changes in the nature of the policy process so as to reshape markets to avoid financial instability in the future⁽¹⁵⁾.

In order to convince external stakeholders that they are deserving of trust, companies have to demonstrate their commitment through their actual behaviour. Some examples of behaviour that creates mistrust include: postponement of CSR efforts into the indefinite future using short-term economic crises as an excuse; lobbying against attempts to tighten regulation; limiting CSR budgets; failure to undertake systematic risk assessments; and refusal to take responsibility for actions by subsidiary companies or suppliers. Such actions do not just rebound negatively on the specific company in question but contribute to more widespread cynicism about business in general. All businesses therefore have an interest in the development of binding regulations that sanction those firms that violate human rights while endangering fair competition⁽¹⁶⁾. Both sticks and carrots will be needed to raise the general standards.

As well as taking account of the diversity between companies, it is also necessary to acknowledge diversity within them. Not only are there differences between the interests of shareholders, employees and other direct stakeholders, it is also important to recognise that there may be differences between different parts of the same firm. For instance customer-facing departments may be anxious to take actions that will restore trust in the firm as quickly as possible, but these issues may seem largely irrelevant to managers involved in co-ordinating production, for whom cost-effectiveness remains the dominant priority⁽¹⁷⁾.

Bridging the gap between regulation and markets at a supranational level – the role of the ILO

The International Labour Organisation (ILO) is a UN specialised agency that brings together governments, employers and workers of 183 countries around the objective of decent work for all. Its actions and instruments include not only international labour conventions and policy frameworks – such as the 2009 ILO Global Jobs Pact – addressed to the Member States but also the 1977 ILO Tripartite Declaration on Multinational Enterprises and Social Policy, directly addressed to enterprises and business. This instrument has been updated several times, most recently in 2006, was reaffirmed by the 2008 ILO Declaration on Social Justice for a Fair Globalisation and constitutes the most comprehensive update of the ILO mandate since 1944.

This Declaration calls for new partnership, including with Multinational Enterprises (MNEs). It was adopted by consensus and defines the decent work agenda and provides a framework for its implementation and follow-up. It constitutes, together with the OECD Guidelines, the only internationally agreed CSR instrument.

The MNE instrument recognises the positive contribution that business can make to sustained economic and social development and is rooted in social dialogue. However it also acknowledges the limits of CSR, defined as a voluntary enterprises-driven initiative referring to activities that are considered to exceed compliance with the law (*Rudi Delarue, conference presentation*).

(15) Geoffrey Underhill, conference presentation.

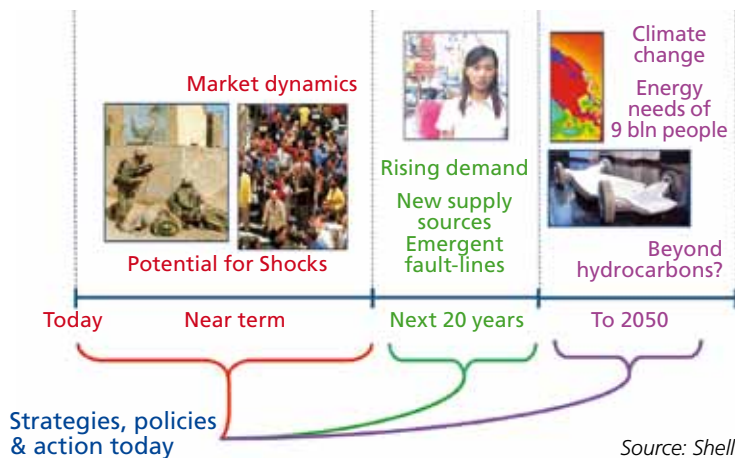
(16) Olivier Maurel, conference presentation.

(17) Etienne Davignon, conference opening statement.

➤ A new approach to business-state collaboration

What is clear is that any change in the relationship between governments and multinational companies is going to require active collaboration on both sides. On the one hand, political and regulatory choices are pivotal to bringing about socially responsible change; on the other it is essential that solutions are deployed commercially if these changes are to be implemented.

Business stresses over many time horizons



Shell has developed scenarios to explore different approaches to business-state collaboration and identifies two extremes, which can be illustrated with reference to energy policy. The first of these is designated 'scramble'. Under this scenario, people find it difficult to negotiate a path through the complexity with which they are faced and choose the easiest option for them. This usually involves adapting to events as they unfold rather than developing clear strategies for change. Even though they may be aware of possible negative outcomes, fear alone is not enough to motivate them to change their behavior. Under this scenario, action will be delegated to the state, despite the known limitations of this approach. A 'scramble' mindset produces the illusion that governments are in control and legitimates complacency. This makes change slow and creates discontinuities.

People at the heart of different outcomes ... individually and collectively



Scramble

- People choose the easiest option for them
- Fear is not enough to change behaviours
- Complexity is too difficult
- Adapt rather than change
- Delegating action to the state despite known limitations



Blueprints

- Shared interest not altruism
- Adoption through "mainstreaming"
- Trial, error, collaboration and copying success
- Success is emergent, not centrally driven initially
- Coalitions shape state policy

Source: Shell

The second scenario has been named 'blueprint'. This approach is not based on altruism but on shared interests, which are identified in dialogue between stakeholders. Genuine change is achieved through a process of trial and error, collaboration and sharing and copying of good practice: in other words through a process of 'mainstreaming'. Success is not centrally directed, at least not initially, but emerges from this collaborative process. A 'blueprint' mindset acknowledges interdependencies and shifting coalitions of interest which can shape state policies. This can provide a framework in which NGOs and academics can come together with business and encourage harmonisation.

Shell energy scenarios



Scramble

- Appeals to national self-interest lead to late & erratic responses to hard truths
- Energy price spikes force energy efficiency, but no real carbon pricing
- Focus on existing infrastructure
- Economic, Political, Climate discontinuities

EVENTS OUTPACE ACTIONS



Blueprints

- Emerging coalitions initiate critical mass of responses to hard truths
- Carbon pricing established early, also encouraging energy efficiency
- New infrastructure e.g. CCS
- Initial volatility, then steadier transition

ACTIONS OUTPACE EVENTS

Source: Shell

Moving towards this approach requires mechanisms and a climate of discussion that promotes and rewards 'collaborations of the willing'.⁽¹⁸⁾

(18) Hans van der Loo, conference presentation.

➤ Developing new partnership approaches – the need for new forms of social contract

Developing such partnership approaches involves a change of mindset. Whereas historically companies aimed to achieve their goals single-handedly, the issues that they now need to address are too complex and multifaceted for such an approach. Partnerships and broader multi-stakeholder alliances play a key role not only in developing socially responsible strategies for the future but also in building trust⁽¹⁹⁾.

The comparative success of the partnership approach has led to the view that a ‘network perspective based on partnerships’ can be a crucial ingredient in the development of a new ‘post-enlightenment capitalism’. In this view, the firm is re-envisaged as an economic and social institution embedded in stakeholder networks and becomes an integral part of society. Such an approach requires ‘smart regulation’ that goes beyond national borders⁽²⁰⁾.

A partnership approach requires a complete paradigm shift for strategic management, which has to let go of traditional top-down processes and learn to work in a bottom-up way with other partners.

This understanding of mutual economic and social value creation with and for stakeholders provides firms with a ‘license to manage’ which includes:

- a license to operate (conditional on serving society by sustaining and improving living conditions);
- a license to innovate (dependent on the firm’s ability to cooperate with engaged stakeholders as resource owners);
- a license to compete (subject to the firm’s ability to develop adequate types of interactions in and between networks)⁽²¹⁾.

This approach makes considerable new demands on firms to take on additional responsibilities. These need to be balanced with new responsibilities on other stakeholders, who also need a socially sanctioned ‘license to operate’ based on mutual trust within partnerships. Research results show that pooling know-how, experiences and values within a partnership can lead to innovation as well as new forms of co-operation based on respectful partnerships that promise solutions with more sustainability. In such processes, society is not seen as a means for management but as an end in itself: managing mutual value creation implies serving society by sustaining and improving living conditions⁽²²⁾.

Any strategy to bring about this paradigm shift has to take account of the diversity and complexity of the existing situation. ‘Whilst some companies contribute to human rights improvement, others don’t. Some companies perpetrate human right violations, and others strongly oppose this behaviour. Even within the same company, some people consider human rights as a side dish, while others try to integrate them into their daily business’⁽²³⁾.

(19) Gavin Neath, conference presentation.

(20) Sybille Sachs, conference presentation.

(21) Sybille Sachs, conference presentation.

(22) Sybille Sachs, conference presentation.

(23) Olivier Maurel, conference presentation.

➤ Beyond CSR: responding to the environmental challenge

The environmental challenges facing the world are so immense that the realisation of their scale is only beginning to dawn for most members of the general public, as well as policy makers and businesses. According to the World Wildlife Fund's Living Planet Report, we are currently living 40 % above biocapacity levels. If everyone had the same carbon footprint as in the UK, on current trends we will need two planets by 2030. The World Wildlife Fund (WWF) concludes that the current business response is not commensurate to tackling these enormous ecological challenges, or, more specifically, to reducing CO₂ emissions by 80 % by 2050. Nothing short of a complete transformation of the role of business is required to address them.⁽²⁴⁾

The avenues for change that are being discussed are:

1. **CSR.** This has had over a decade to respond to these challenges and has proven itself, alone, inadequate to the task.
2. **CSR plus stronger stakeholder input.** Stakeholder engagement is not the panacea because – like CSR – it is voluntary and depends on the skills and capacity of NGOs to respond.
3. **Increased policy direction.** In the past, policy direction has been inadequate, as graphically demonstrated by the case of the financial services sector. The process of policy creation has often been too closed a process to NGOs and too influenced by corporate lobbying.

There is a need at European and national levels to look at how to open up the policy process, make it more transparent, and examine the issue of corporate lobbying with the intention that all parts of society have a more equal influence. There is also a need to investigate the skills and capacity of NGOs to support stronger stakeholder engagement, and consider the role of policymakers in supporting civil society in this enlarged expectation⁽²⁵⁾.

If a total transformation of the role of business is to be achieved, it will be necessary to explore new ways of working with NGOs, business and policy makers at all levels in action research projects where policy can be made in a much shorter time-span and link this work with economic reform, as proposed in the WWF's 'One Planet Future' initiative⁽²⁶⁾.

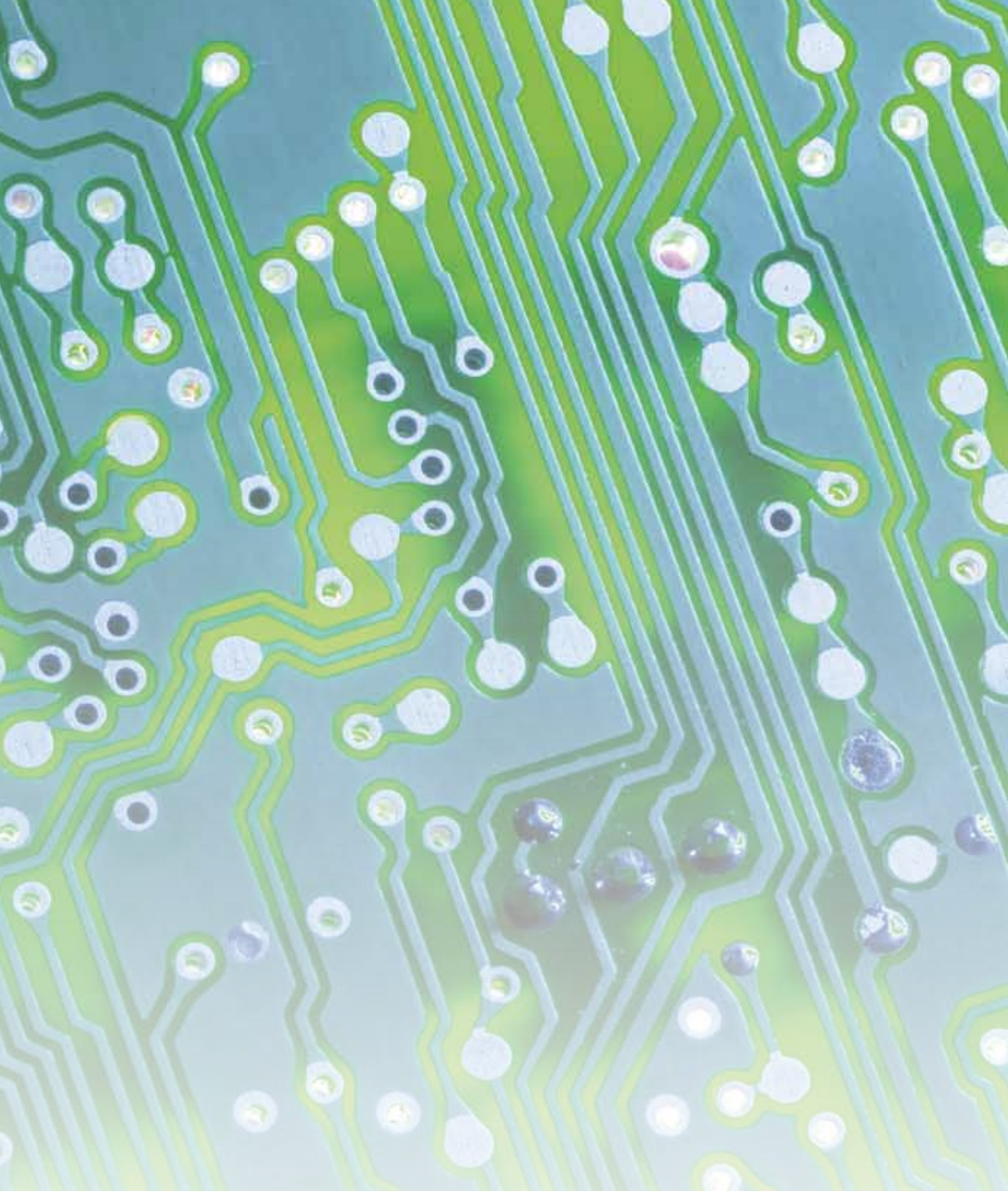
What is clear is that any individual company's CSR activities are inadequate to change the markets or economy in time, or protect them from systemic risk. The efforts of companies will have to be harnessed to those of policymakers and other stakeholders in a new approach if there is to be any hope of meeting the ecological challenges that confront the planet.

(24) Oliver Greenfield, conference presentation.

(25) Oliver Greenfield, conference presentation.

(26) Oliver Greenfield, conference presentation.





Chapter 3.

The crisis of trust and its implications

The financial crisis was a wake-up call and a challenge both for capitalism as an economic system and for firms' role in society⁽²⁷⁾. However this crisis of trust must be seen in the context of an already existing 'geography of mistrust'. Whilst over half the population in most of Asia, Latin America or the former Soviet Union⁽²⁸⁾ still say that they trust business, perhaps because trust in government is generally low in such regions, this is not the case in North America, Australia and most of Western Europe where mistrust is high. In these regions, less than half the working-age population say that they trust business, and European multinational companies have a steep hill to climb to regain the confidence of the public, both at home and abroad.

Source: Edelman Trust Barometer



➤ Defining trust in the 21st century

Although ever-more sophisticated indices, barometers and other instruments have been developed in an attempt to measure trust, there is still a dearth of in-depth knowledge on the topic. Research suggests that banks, businesses and politicians have already lost public trust whilst the Catholic Church is rapidly losing it. Nurses, NGOs, neighbours and friends are the groups who are most trusted.⁽²⁹⁾

We should, of course, make allowances for the much greater availability of information in the modern world. It is quite possible that if the public had known more about their private lives, such heroes

(27) Sybille Sachs, conference presentation.

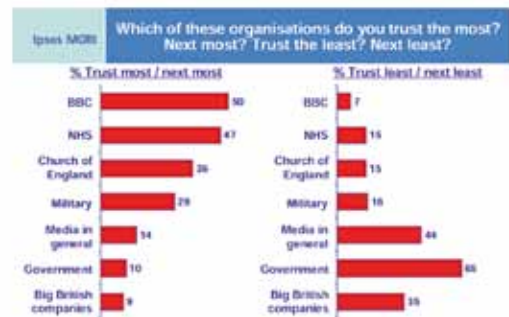
(28) Albert Schram, conference presentation.

(29) Gavin Neath, conference presentation.

as Winston Churchill, John F. Kennedy, Mahatma Ghandi, Willy Brandt and Franklin D. Roosevelt would also fail the 'trust test' if they were around today⁽³⁰⁾. There is clearly a need for new concepts and new definitions of trust that are appropriate for a global information society where digital media spread information instantaneously.

'Trust is not something you decide by yourself... it's something others accept to give you temporarily because you deserve it. Unilateral initiatives or commitments are not enough: they are monologues not dialogues; therefore they can't be a reliable base ground for trust to be given. Trust also requires present time instead of future or conditional time. And saying something while acting otherwise, and denying it, is definitely cheating and breaking trust for a long, long time.' Olivier Maurel, conference presentation.

Myriad measures of trust



1,070 UK adults age 16+, interviewed 3-6 Jan 2008 Source: Ipsos MORI / BBC

Source: Unilever

➤ How can trust in business be rebuilt?

Unilever has developed a three-pronged strategy to try to regain the trust of the public. Precondition for rebuilding trust is transparency. Involving trusted external bodies, such as NGOs, to carry out audits is one means for companies to work towards this goal.

(30) Gavin Neath, conference presentation.

In 2004 Unilever conducted a study with Oxfam to evaluate the economic impact of its presence in Indonesia. Conclusion: although Unilever only employed a small number of people directly, indirectly there were over 300,000 jobs in its supply chains. When these suppliers were taken into account, it could be seen that 62% of pre-tax profits remained in Indonesia. This went some way towards reversing the image of the company as one that simply exploited regional economies and gave nothing back.

Transparency therefore constitutes the first prong of this approach. This has included inviting independent experts to audit the impact of the company's presence in developing economies.

The second prong involves developing partnerships with external stakeholders. One example of such a collaborative approach is the Sustainable Palm Oil Partnership, initiated by Unilever through a formal coalition with the Roundtable on Sustainable Palm Oil and the World Wildlife Federation. The partnership also includes informal coalitions with a broader range of companies and NGOs including, Nestlé, Kraft Foods, P & G, Shell, Neste Oil, Tesco, Carrefour, Greenpeace, Conservational International, the Rainforest Alliance and Oxfam as well as working with state bodies. Building a consensus across this broad range of stakeholders has made it possible to develop sustainable practices right across the value chain.

The third prong involves developing new business models in which ethical principles are respected in an integrated approach that extends right across the value chain, from the production of raw material, through manufacture, distribution, consumer use and finally waste disposal⁽³¹⁾.

New business models

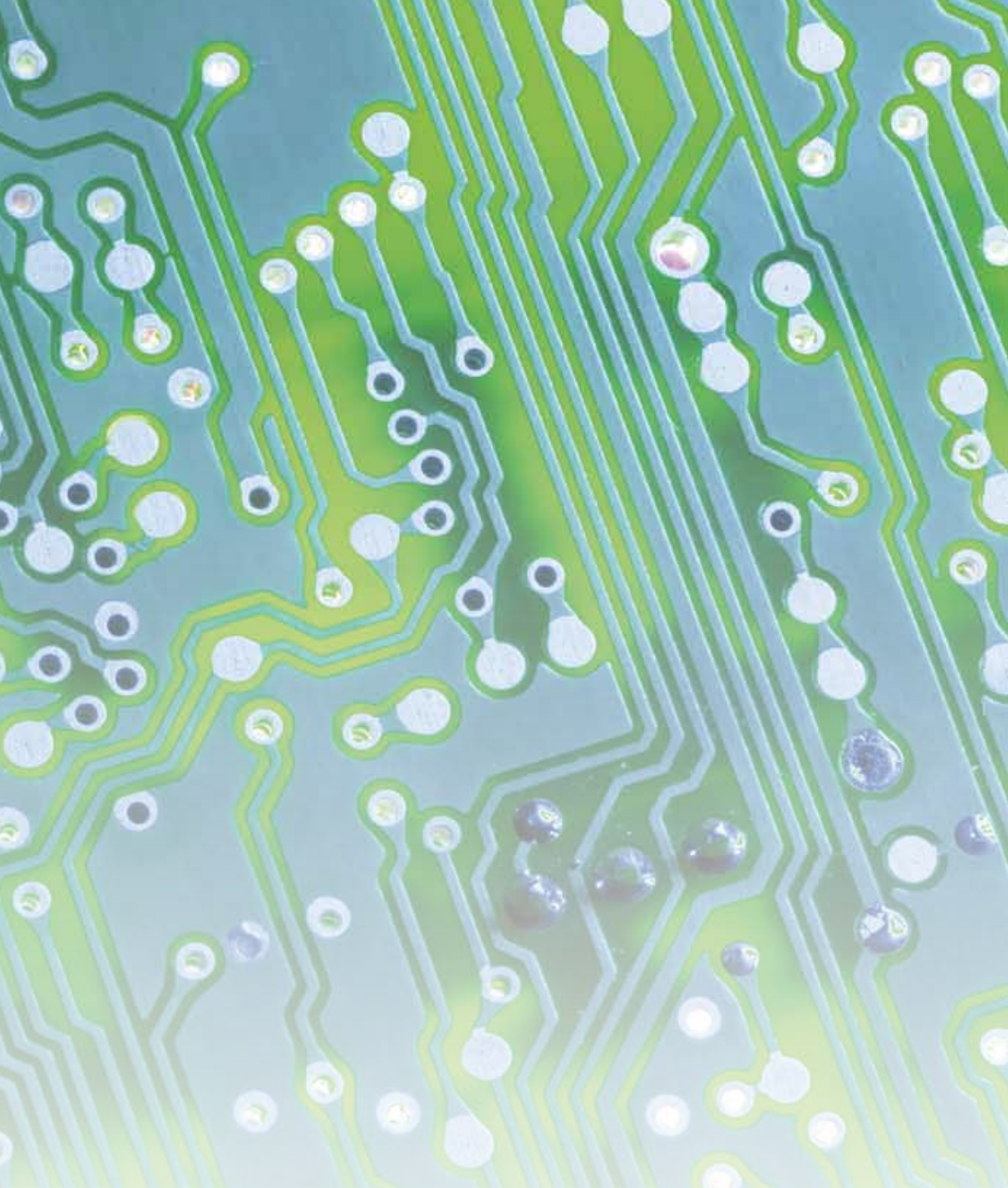


Across the value chain

Source: Unilever

In the longer term, such an approach can not only bring business advantages, ranging from the development of new products to the opening up of new markets, but also contribute significantly to building trust among consumers and other stakeholders.

(31) Gavin Neath, conference presentation.



Chapter 4.

Corporate Social Responsibility in a globalised economy – new strategies for value creation

In September 2000, building upon a decade of major United Nations conferences and summits, world leaders came together at United Nations Headquarters in New York to adopt the United Nations Millennium Declaration⁽³²⁾, committing their nations to a new global partnership to reduce extreme poverty and setting out a series of time-bound targets – with a deadline of 2015 – that have become known as the Millennium Development Goals (MDGs).

The MDGs play an important part in European Development Aid Policy. The EU is the biggest donor of development aid in the world (with 56 % of all official development aid), far ahead of the USA and Japan. Despite the crisis, European citizens remain in favour of global solidarity. The EU is also the principal trade partner of most African countries. The EU has completely opened its market for products from less advanced countries. Its trade agreements with the South countries are designed to favour their development⁽³³⁾.

In April, 2010, the European Commission adopted an ambitious action plan to speed up progress towards these goals. However, especially in view of the impact of the financial crisis, public support will not be enough. There will be a need to involve the private sector in meeting this challenge. CSR might be a key model for facilitating the role of private sector in meeting EU development challenges⁽³⁴⁾.

The EU is committed to the Millennium Development Goals

- MDG 1: Eradicate extreme poverty and hunger
- MDG 2: Achieve universal primary education
- MDG 3: Promote gender equality and empower women
- MDG 4: Reduce child mortality
- MDG 5: Improve maternal health
- MDG 6: Combat HIV/AIDS, malaria and other diseases
- MDG 7: Ensure environmental sustainability
- MDG 8: Develop a global partnership for development

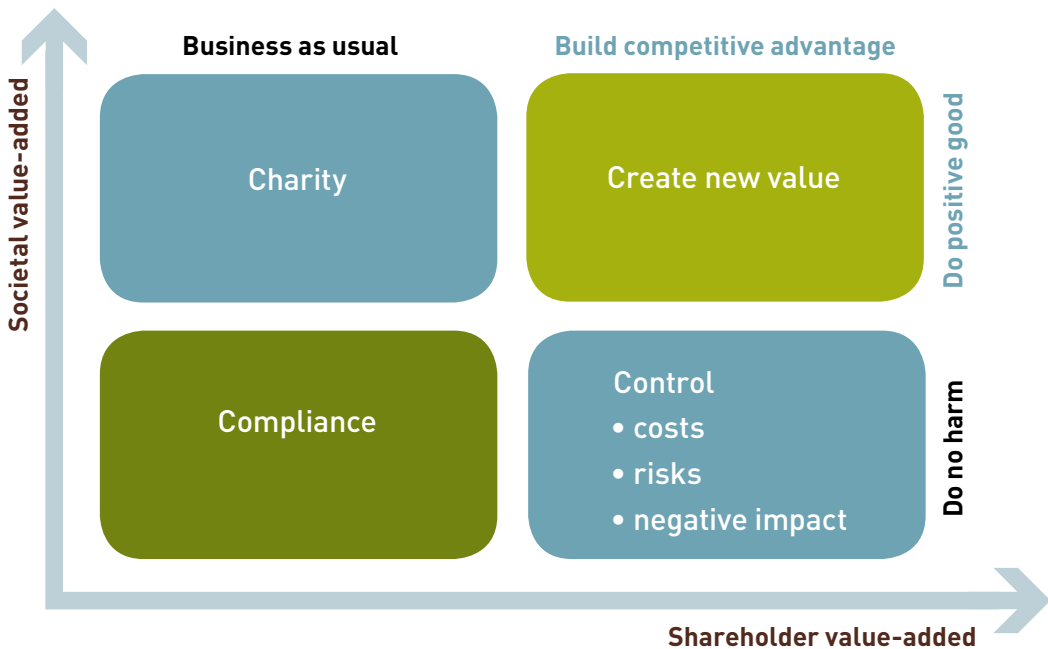
(32) <http://www.un.org/millennium/declaration/ares552e.pdf>

(33) http://ec.europa.eu/development/how/achieving_mdg_en.cfm

(34) Luis Riera Figueras, conference presentation.

There are a variety of ways in which firms can contribute to the development of societal added value without damaging shareholder value. Indeed these two forms of value can be seen as complementing each other rather than opposed to each other⁽³⁵⁾.

Value creation



Source: J. Nelson – IBFL/Harvard

Harnessing social and business goals

In order for a multi-stakeholder partnership approach to be successful, it is necessary for each stakeholder to see clear benefits resulting from the collaboration. For social stakeholders, progress towards meeting the Millennium Development Goals represents such a clear benefit; for companies, a range of different business benefits can be foreseen. These might include:

- building brand reputation and consumer preference;
- developing customer loyalty;
- driving innovation (e.g. fuel innovation or packaging innovation);
- growth in developing and emerging markets;
- generating cost savings⁽³⁶⁾.

One example of harnessing social and business goals through partnership is supplied by Johnson and Johnson and the Aga Khan Foundation.

(35) Frank Welvaert, conference presentation.

(36) Gavin Neath, conference presentation.

Johnson and Johnson, a global health-care company, has collaborated with the Agha Khan Development Network (AKDN) to develop projects that make a direct contribution to improving public health in East Africa, whilst also helping to promote the company's own image in the field of health. This partnership emerged after eight months of intensive discussion and is based on a long-term commitment to regions and communities, with a conscious focus on embracing diversity and pluralism in programmes and operations, taking forward innovative approaches and lessons learned. It aims to invest in the development of human resources through programmes focusing on health, education and community development and building and enhancing sound institutional frameworks enabling social and economic development to grow.

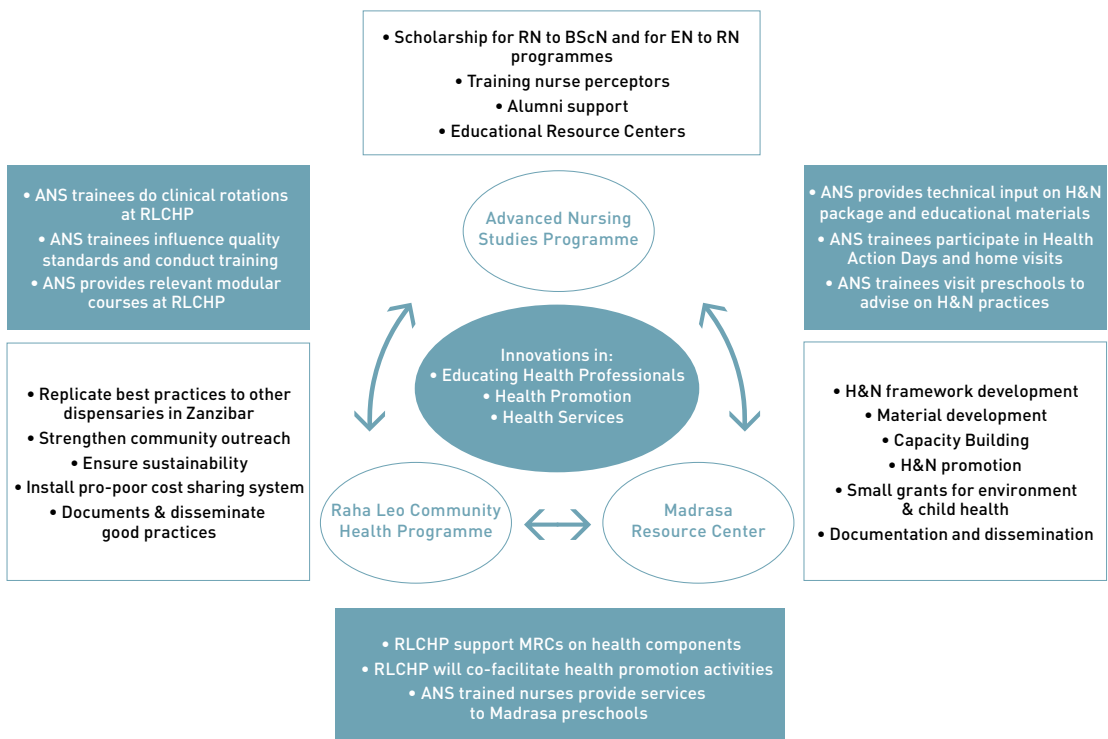
Bridging values and priorities		
J&J CSR mission: To make life changing, long term differences in human health by targeting, through community engagement, the world's major health related issues	AKDN goals in the health sector: To contribute to the overall well-being of communities by improving health outcomes	AKDN health programmes in East Africa (AKDN/J&J cooperation)
Building health care capacity	Innovations in educating health professionals	Advanced Nursing Studies (ANS)
Preventing diseases	Innovations in health promotion	Early childhood development – Resource centres and pre-schools
Saving and improving lives	Innovations in health services	Raha Leo community health programme

Source: Johnson and Johnson and Aga Khan Foundation

Johnson and Johnson was created in 1943 with an explicit credo based on commitment to its customers, employees, communities and shareholders – in that order. It attributes the success of this partnership to several factors, including a decentralised structure with a horizontal approach, respect for people in different regions and different societal models and a focus on people and values. These were mirrored by the AKDN's mission to empower communities and individuals, with a particular focus on poor people in resource-poor areas. The partnership made it possible to bridge the values and priorities of both parties and to develop concrete programmes with clear goals.

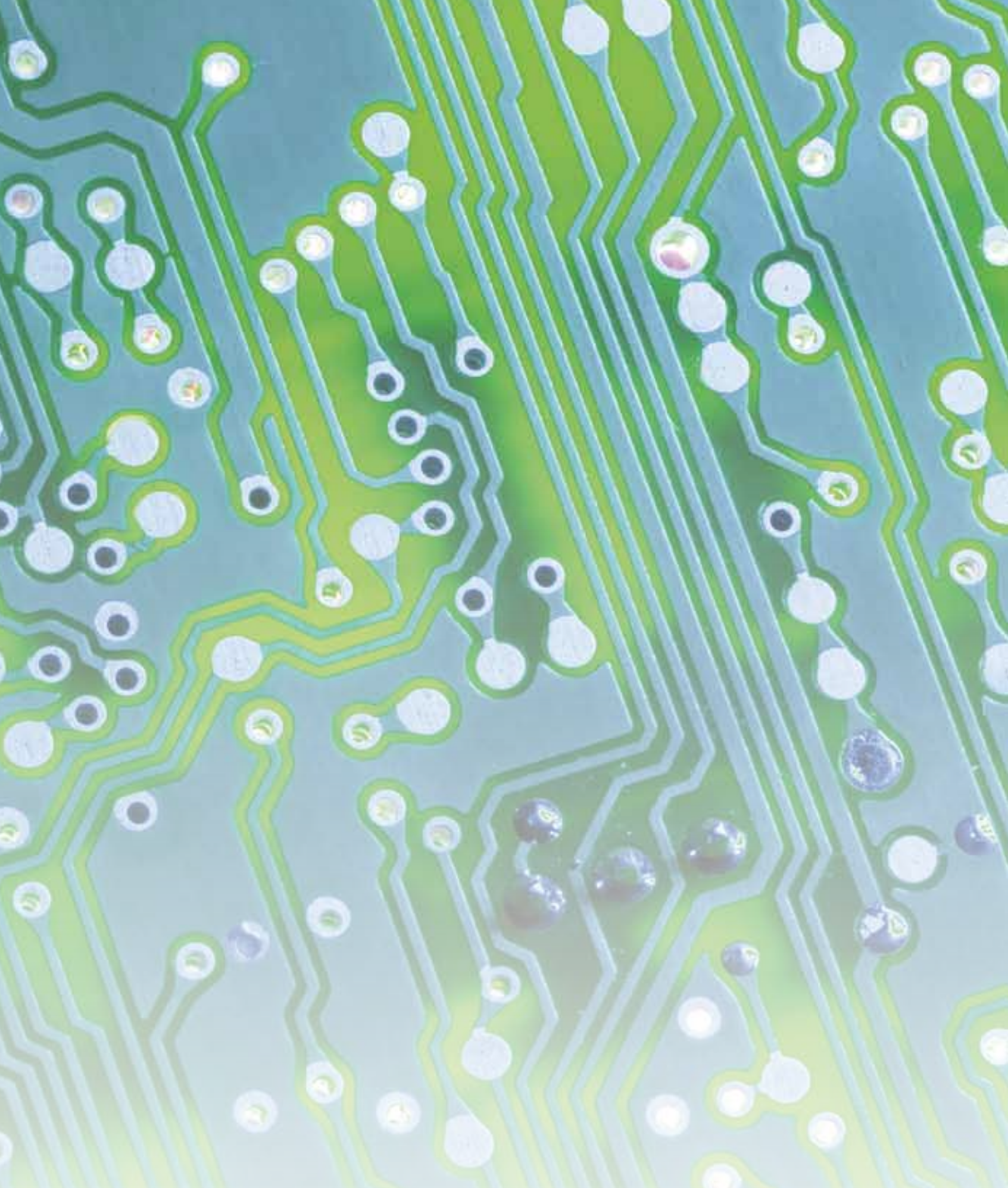
The business benefits for the company included enhanced visibility and brand recognition as well as growth in an important emerging market. Whilst making a direct contribution to the Millennium Development Goals, it has been able to expand the market for its own products and services and promote its reputation in the region.

AKDN/J&J partnership goal: contribute to the overall well-being of communities in East Africa by improving health outcomes (2009-2011)



Source: Johnson and Johnson and Aga Khan Foundation





Chapter 5.

Future research needs related to the role of business in society

Building on the success of projects on CSR funded under its sixth Framework Programme, the European Commission created a substantial place in its seventh Framework Programme's research agenda of socio-economic sciences and humanities (SSH) for this topic. This programme emphasises research on Innovation, CSR and Social Innovation. Here, more ambitious goals were set relating CSR directly to economic growth, innovation and sustainability within the broad 'societal challenges'. The Commission has already identified a number of research needs related to the role of CSR in society which have been included in calls for the seventh Framework Programme, including an analysis of the impact of CSR (2009) and responsible management of the financial system (2010).

According to the SSH Research Roadmap 2011-2013, 'the evolving role of business in society' will be a theme for funding in 2012-2013, alongside other issues relevant to this topic including 'the future of the banking system' and 'old and new multinational companies facing a multi-polar world' (which includes the topic of 'development of responsible business in emerging and developing countries').

These research priorities emerge from the EU policy context set by *Europe 2020*. This new strategy for the Union is a key driving force for CSR and entrepreneurship, with its pillars of 'smart growth', 'sustainable growth' and 'inclusive growth'.

The important concept of 'social innovation' is a cross-cutting theme in the Commission, with activities by the Bureau of European Policy Advisers (BEPA) and different Directorates-General including DG Enterprise and Industry, DG Employment, Social Affairs and Equal Opportunities, DG Regional Policy, DG Health and Consumers, DG Research and Innovation, and DG Information Society and Media. This is highly relevant for initiatives relating to changing the role of business in society⁽³⁷⁾.

'The financial and economic crisis makes creativity and innovation in general and social innovation in particular even more important to foster sustainable growth, secure jobs and boost competitiveness.' J. M. Barroso, 20 January 2009.

(37) Pierre Valette, conference presentation.

In developing these issues, and any other future research on the role of business in society it will be necessary to go far beyond the traditional concerns of CSR research to embrace new topics and draw on broader fields of knowledge. This new research must not only be interdisciplinary and multi-methodological but must also place itself in the mainstream of economic, social and political thought.

This is a formidable challenge. Meeting it will involve overcoming simplistic dichotomous thinking that, for instance, sees markets as opposed to regulation, or the interests of business as opposed to those of other stakeholders. It will involve addressing the full complexity of the interconnectedness of global society, economy and ecology and acknowledging that an intervention in one place is likely to have far-reaching consequences, whether intended or unintended, for social groups and regional economies, and indeed for the earth's fragile ecology, in other parts of the system.

➤ **The need for monitoring and evaluation**

It has become commonplace to compare the kinds of voluntary codes of practice associated with CSR with regulatory frameworks as though the two approaches are necessarily opposed to each other. Research results suggest, however, that they may complement each other in a number of ways, with regulations, laws or contractual agreements, whether at company, sector, national or international level, providing a basic commonly-agreed set of norms that create a 'floor', leaving scope for the development of additional voluntary initiatives at a higher level.

Whichever approach is adopted, there is a need for robust data on its implementation, whether this relates to human rights abuses, environmental damage, unfair competition or other transgressions of the codes, laws or regulations in question.

This implies a need for observatories, surveys, administrative databases and other sources of reliable data.

➤ **The need for a multi-level approach**

These data need to be available at multiple levels. For instance in order to monitor the effectiveness of the ILO's MNE instrument (adopted in 183 countries), or the International Framework Agreements (IFAs) of multinational companies, data is needed at a global level. In other cases, it may be more usefully collected at a sectoral, national or regional level. At the company level there is a need for internal, as well as external monitoring. Here, there is scope for the development of new tools for use within multinational companies and along their supply chains.

A task for the ERA here is to examine the extent to which such data are already available (for instance, in legal, financial or company registers or databases), or can be collected fairly easily by the addition of new questions to existing surveys, and to what extent new research instruments will be required.

In order to interpret the results of quantitative research in this field, it will also be necessary to carry out complementary qualitative research in order to gain insight into the factors that influence compliance or non-compliance.

➤ The need for new forms of partnership and stakeholder engagement in policy development and implementation

There is a strong message from the research results, as well as from policy stakeholders, that there is an urgent need for new forms of partnership and stakeholder engagement.

Whilst interesting case study evidence is available from some companies, sectors and regions, this tends to be patchy and issue-specific. There is a need for much broader and more systematic investigation of the ways in which companies can and do collaborate with each other, with governments, with NGOs and with other stakeholders, the strengths, weaknesses and limitations of these approaches and their social, economic and environmental impacts. A precondition for such an investigation is a comprehensive review of the current state of the art.

This is a topic that raises important theoretical questions as well as demanding new approaches to empirical research. A conception of businesses as actors that operate in partnership with their competitors, customers and suppliers or with governments or organisations representing employees, citizens or other groups, presents a fundamental challenge to the dominant paradigms in political science, economics, sociology and other social science disciplines. Without a clear conceptual framework it, of course, becomes difficult to frame coherent research questions and design effective research.

Empirically, this question raises challenges across a broad range of disciplines. For instance: psychologists are challenged to understand the ways in which traditionally antagonistic stakeholders can develop ways of collaborating actively with each other; economic geographers are challenged to understand the patterns that determine which stakeholders, from which regions of the globe, are included in the new partnerships that are emerging; economists are challenged to build these new forms of relationship into their models; and organisational scientists are challenged to understand how the tensions between competition and co-operation are played out between departments or companies and external players within globally networked organisations.

➤ Stakeholder engagement in the research process at all stages

Stakeholder engagement is not only necessary for the successful implementation of CSR but is also necessary in the research process, from the initial research design stage, through the data collection phase up to and including the dissemination of the results.

The CSR-Platform has demonstrated that the relevance and practicality of research is greatly enhanced by the participation of business, policy and civil society stakeholders from the outset. This cannot be achieved overnight. There is a need to develop a common language and frame of reference between the research community, practitioners and other stakeholders and to overcome the problem that managers 'do not know what they do not know'⁽³⁸⁾. Nevertheless, such a dialogue is fruitful for the development of new research ideas, especially when based in a properly resourced network or platform (as opposed to a temporary ad hoc encounter).

(38) Etienne Davignon, conference opening statement.

Close co-operation between researchers and other stakeholders (whether from companies, NGOs, governments or other bodies) is also important for carrying out the research itself, for instance by ensuring access to case study sites or expert informants, providing access to relevant data and providing feedback on the usability of research instruments. Ongoing co-operation is particularly important for studies that involve the analysis of change over time. However it is also important to ensure that the scientific independence of researchers is guaranteed and ethical codes respected in the conduct of any research. This may involve a delicate balancing of the responsibility to respect confidentiality with the responsibility to report research findings transparently and impartially. Again, such collaboration can be enhanced by being based in a context of dialogue, mutual knowledge and respect.

Finally, collaborative networks and platforms involving a range of different stakeholders make an important contribution to the dissemination of research results in a well-targeted manner to the decision-makers who will actually be in a position to act on the lessons learned.

➤ Rethinking the boundaries of the firm

The complexity of industrial organisation in the 21st century and the speed of organisational change have made it increasingly anachronistic to think of the 'firm' as a single, stable entity. In many cases, companies, or 'brands' could be more accurately regarded as large, constantly shifting, international agglomerations of business functions linked together through an array of contractual arrangements which range from direct ownership at one extreme, through varieties of franchising, licensing, partial ownership, partnership, strategic alliance, 'captive' outsourcing or subcontracting to straightforward purchaser/supplier relationships in an open market at the other extreme.

In developing research on business in society it is thus necessary to ask where the boundaries of the firm lie and where the responsibility of any given company stops. This implies the need for theoretical and empirical research on value chains with a focus on understanding the drivers of restructuring, the dynamics of change and the levels at which key decisions are made within them, and hence where responsibility should be assigned. Given the global scope of the reach of value chains, directly or indirectly, such research should be carried out in collaboration between European researchers and their counterparts in developed and emerging economies. A focus on SMEs is also important here.

The results of research in this area should address the question of the balance between the individual and collective responsibilities of business. If businesses are to be held collectively responsible, then it will be necessary to define the appropriate collective unit, for instance at a national, sectoral or regional level.

➤ The need for new managerial mindsets

Another very clear conclusion from existing research on CSR and Business in Society, a message that has gained added weight from the financial crisis, is that there is a need for a new mindset in business. The research has also demonstrated that this cannot be achieved simply by adding new items to the management education curriculum but requires a fundamentally different approach.

In order to understand what might be the ingredients for such an approach a large amount of research will be required, drawing on insights from educational theory, psychology, neuroscience, cultural studies and other disciplines, and examining the formation of values at every developmental stage from early childhood to MBA level and beyond. As well as examining the factors that shape individual or group values, research should also aim to collect and share information on best practice and make recommendations to governments and education and training bodies as well as business audiences.

➤ **Understanding trust; understanding responsibility**

Linked to the need for research on achieving mindset change amongst managers is a need to understand the mechanisms by which trust is developed (or eroded) and a sense of personal and/or collective responsibility built up. Related to this is the question of how consent can be gained for new forms of governance and how a culture can be created in which non-financial values can be expressed.

These topics can be addressed qualitatively, for instance through the lenses of cultural studies, gender studies or social psychology, or quantitatively, for instance through attitude surveys. However they are also topics that lend themselves to experimental approaches.

➤ **Social innovation and democracy**

The concept of social innovation is an important new addition to the European research and policy agenda. However as a new topic it is still relatively unexplored. There is a need for both theoretical and empirical work to develop useful working definitions and explore its relationship with other overlapping concepts.

There is a particular need to investigate the mechanisms by which social innovation is achieved: which types of stakeholders are typically involved, what roles they play and whether successful initiatives are more likely to be instigated from the top down or the bottom up. There is also a need to investigate social innovation in a comparative perspective as a means of achieving social change. Some questions that arise in this context are: What patterns of social inclusion and exclusion are reinforced or challenged? What is the relationship of social innovation to more traditional mechanisms of democracy? How are conflicts mediated? How are particular social interests represented?

➤ **The challenge for development**

In order to meet the challenging Millennium Development Goals, at a time when, in the aftermath of the financial crisis, there is unprecedented pressure on public expenditure among Member States, and in an increasingly multi-polar world, the EU will have to develop innovative new approaches to development aid policy.

This has placed on the agenda the question of how, and to what extent, businesses should be involved in the process of meeting these goals. A related question is whether European development aid is, or should be, linked to the idea of a particular European social model or set of 'European values' and, if so, the extent to which European-based multinational companies are, or should be required to be, carriers of these European values. The link between trade and aid is also problematised.

In order to address such questions, it will be necessary to carry out research on a number of inter-related issues. These include: the actual practices of European-based companies in the global South; how these European-based multinational companies compare with those multinational companies based in the US, Japan or emerging economies; how successfully they have engaged with local stakeholders; how they are perceived by these local stakeholders; and the economic, social and environmental impacts of their policies in aid recipient regions. Such research will require collaboration between European researchers and their counterparts in other parts of the world.

➤ **New auditing tools for human rights and environmental impacts**

Most companies have well-established tools for carrying out cost-benefit analysis on new projects, assessing the market for new products or auditing financial procedures. However there are relatively few tools available for auditing the environmental or human rights impacts of new initiatives. There is a need for such tools to be developed, perhaps in collaboration between companies, NGOs and academics.

➤ **Risk assessment**

The openness of global markets, the rapidity of international flows of capital and information and the interconnectedness of economies have greatly increased systemic risks, whether these refer to risks of financial crises, disease pandemics or environmental disasters. Such risks affect each other, for instance ecosystem risk expands the operational risk profile to businesses but also creates risk changes in social systems⁽³⁹⁾.

Systemic risks are too large and complex to model for any individual firm or government to address them in isolation. There is a need to bring together alliances of policymakers, scientists, businesses and other stakeholders to develop tools to assess and address systemic risk.

(39) Oliver Greenfield, conference presentation.



Appendices

➤ **IMPACT – a new European research project on CSR**

IMPACT (Impact Measurement and Performance Analysis of CSR)⁽⁴⁰⁾ is a major new research project funded by the European Union under its Seventh Research Framework Programme.

Consisting of a consortium of 16 European research institutions, under the lead of Regine Barth from The Oeko Institut, a German research centre, combining independent sustainability research, business schools, universities and CSR networks, the IMPACT project aims to:

- systematically measure the impact of CSR on social, economic and environmental goals of the European Union;
- provide insights on corporate and institutional factors that drive the creation of CSR impact;
- develop and test methods to assess CSR impact and provide recommendations on how to improve them.

A distinctive feature of the project is its use of multiple research methods to capture these impacts in a multidisciplinary way. The project combines econometric analysis and network analysis with in-depth company case studies, supplemented by a Delphi study to explore future trends. It is the first project to create a methodology for the ex-ante impact assessment of CSR.

In exploring the impact of CSR, the project adopts a multi-level approach, looking separately at the impact of CSR on competitiveness, growth, environmental sustainability, job quality and other social impacts at the corporate level, the sector level, the regional level, the national level and the EU level.

It focuses in particular on five sectors: the retail, auto, IT, construction and textile industries.

Building on earlier work carried out within the RARE, RESPONSE and CSR Platform projects, the project draws on existing large databases on CSR and on innovation. However, since these mainly relate to large companies, it also carries out the important innovation of developing additional data sources relating to Small and Medium-sized Enterprises (SMEs).

The project also works with a wide range of stakeholders.

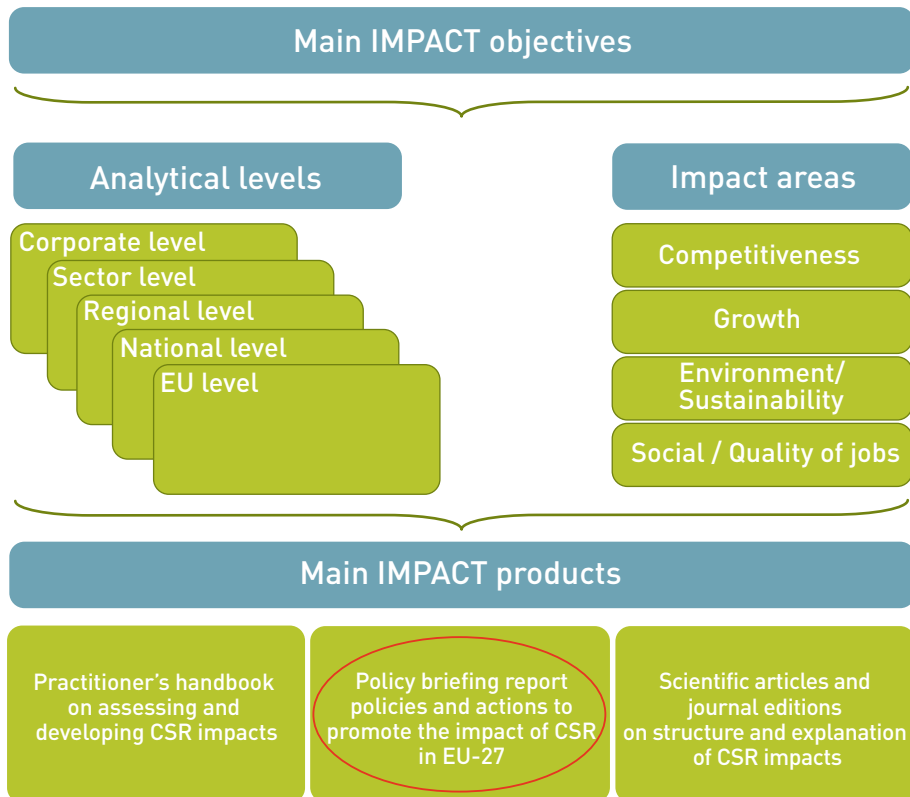
Results from the IMPACT project will be documented and published in various ways. Three key IMPACT products will compile the main results from the project by March 2013:

- a practitioners' handbook on assessing and developing CSR impacts;
- a policy briefing report on policies and actions to promote the impact of CSR in EU-27;
- scientific articles and journal editions on the structure and explanation of CSR impacts.

Further information is available from the project website: www.csr-impact.eu

(40) <http://www.csr-impact.eu>

Structure of IMPACT



Source: IMPACT – Impact Measurement and Performance Analysis of CSR

Conference programme (4¹): 'Towards a greater understanding of the changing role of business in society'

Opening statements

- Viscount Etienne Davignon, President, CSR Europe

Session 1 EU research on Corporate Social Responsibility – implications for policy

Moderator Pierre Valette – Head of Unit, DG Research and Innovation, European Commission

Input CSR Policy Review presentation – Albert Schram, Professor, School of Business and Economics, Maastricht University

- Discussion**
- Maurizio Zollo – Director, Center for Research in Organization and Management, Bocconi University
 - Regine Barth – Head of Environmental Law & Governance Division, Oeko Institute
 - Nigel Roome – Director full-time international MBA Programme, Vlerick Leuven Gent School of Management
 - Isabelle Daugareilh – Director of Research, Centre of Comparative Labour Law and Social Security, University of Bordeaux

Session 2 New governance structures and relationship between enterprises and the state

Moderator Pedro Ortun Silvan – Director, DG Enterprise and Industry, European Commission

Input Changing the way that governments and business cooperate – Hans van der Loo – Head of European Union Liaison, Royal Dutch Shell

- Discussion**
- Pierre Defraigne – Executive Director, Madariaga – College of Europe Foundation
 - Geoffrey Underhill – Professor of International Governance, University of Amsterdam

Session 3 The crisis of trust – implications for sustainable economic development and social and political stability

Moderator Pierre Delsaux – Director, DG Internal Market, European Commission

Input Changing perceptions on the role of business and the financial crisis – Gavin Neath, Senior Vice-President Global Communications, Unilever

- Discussion**
- Sybille Sachs – Head of the Institute for Strategic Management: Stakeholder View, University of Applied Sciences in Business Administration, Zurich
 - Olivier Maurel – Associate professor at IAE Gustave Eiffel – Paris 12 University, Member of Enterprise Commission, Amnesty International France

Session 4 **Corporate Social Responsibility in a globalised economy**

Moderator Luis Riera Figueras – Director, DG Development, European Commission

Input Corporate responsibility as a new strategy of value creation – Frank Welvaert, CSR Director, EMEA Region, Johnson & Johnson and Michaela Mantel, Senior Health Programme Officer, Aga Khan Foundation, Geneva

Discussion

- Rudy Delarue – Director, Liaison Office with the EU and Benelux countries, International Labour Office
- Oliver Greenfield – WWF-UK, Director of One Planet Business

Session 5 **The role of business in society – future research agenda**

Moderator Jean-Michel Baer – Director, DG Research and Innovation, European Commission

Input Impact of Corporate Social Responsibility – Regine Barth, Oeko Institute CSR in Socio-economic Sciences and Humanities Programme 2010-2013 – Pierre Valette, DG Research and Innovation, European Commission

Discussion

- Priorities for policy makers – Thomas Dodd, Policy Officer, DG Enterprise, European Commission
- Priorities for business – Gilbert Lenssen, President, European Academy of Business in Society
- Priorities for civil society – Teresa Fogelberg, Deputy Chief Executive, Global Reporting Initiative

Closing statements

- Jean-Michel Baer – Director, DG Research and Innovation, European Commission

European Commission

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With the increasing activities of the European Commission aimed at promoting responsible business and advancing Corporate Social Responsibility throughout the private sector, there is a growing need of robust scientific analysis of the phenomenon and its different aspects. This publication summarises the outcomes of a conference '*Towards a greater understanding of the changing role of business in society*' organised on 22 April 2010 in Brussels by the European Commission, Directorate-General for Research and Innovation. The conference participants discussed a number of topics related to the role business in society including, among others, the challenges of interaction and cooperation between enterprises and their stakeholders, the problem of voluntary codes versus legal frameworks in promoting corporate responsibility in a globalised economy, the need to build new relationship between enterprises and the state, as well as potential contribution of business to Millennium Development Goals. In its final section the publication proposes a number of topics which could inspire future research funding.



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