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Public policies on CSR in Europe: Themes, instruments, and regional differences

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Abstract

Governments, in particular in Western Europe, have become increasingly active in promoting and shaping CSR. The present paper conceptually and empirically characterises the public policies on CSR in Europe. In a first (conceptual) step, public policies on CSR are portrayed by distinguishing five types of policy instruments (i.e. legal, economic, informational, partnering, and hybrid tools) that can be employed in four fields of action (i.e. awareness for CSR, transparency, socially responsible investment, and leading by example). In a second (empirical) step, this typology is employed to show how EU Member States actually promote CSR policies. The empirical stocktaking provides an overview of more than 200 policy instruments in three of the four fields of action. In a third step, the paper compares the status of public policies on CSR in Western Europe and Central and Eastern Europe (CEE). By means of a simple instrument count and an analysis of variance (ANOVA) it is shown that Western European (particularly Anglo-Saxon and Scandinavian) governments are significantly more active in promoting CSR than governments in CEE countries. Since these differences mirror the differences regarding the popularity of CSR as a management approach in Europe, the paper concludes that public policies on CSR reinforce rather than offset the European 'CSR gap'.

Introducing CSR as a political variable with regional variations

CSR is often regarded as a universal concept evolving around the normative core of the triple bottom line principle, which adds social and environmental concerns to the bottom line of profit maximisation (Elkington 1994; Dyllick & Hockerts 2002; Dahlsrud 2008). By maximising synergies and minimising trade-offs between economic, social, and environmental stakeholder interests, businesses are expected to voluntarily contribute to the equally universal guiding vision known as sustainable development, i.e. development that meets the needs of current generations without compromising those of future generations (WCED 1987; for the relationship of CSR and sustainable development, see also Steurer et al. 2005 and Moon 2007). However, despite the widely acknowledged normative core of CSR (Donaldson & Preston 1995), one should not overlook that the concept's popularity as well as its actual interpretation and operationalisation in turn change over time and differ between regions. This does not only apply to world regions such as the US, Europe (Aaronson 2002; Midttun et al. 2006), and Asia (Welford 2004), as stark differences also exist on smaller scales, e.g. between Western Europe and Central and Eastern Europe (CEE), or even between individual countries within those regions. While CSR has had a particularly strong resonance in parts of Western Europe (Midttun et al. 2006), several studies show that the concept hardly took roots in the new CEE Member States auf the EU (for an overview, see Steurer & Konrad 2009). As the UNDP (2007, 23f) baseline study on CSR puts it: 'Due to the socialist heritage, there is a general perception, both in the business community and the public at large, that social responsibility and social caring is the primary role of government. Most companies consider their responsibility to operate in compliance with the legal and regulatory environment of the given country' (see also Mazurkiewicz et al. 2005a, xviii; Mazurkiewicz et al. 2005b, 19; Lewicka-Strzalecka 2006, 442).

A key explanation for this regional variation is that CSR management practices are often strategic or instrumental responses to the corporate environment, in particular to the expectations and pressures of corporate stakeholders (Clarkson 1998, 250; Mitchell 1998) which differ between world regions and/or countries. Thus, stakeholders can be viewed as 'transmission belts that translate cultural notions into concrete claims, and that convey them into corporate mindsets' (Steurer & Konrad 2009; see also Moon 2007). When CSR is understood as a corporate response to societal demands, the concept takes on a voluntary nature, in the sense that respective management practices go beyond what the law requires, but not meaning that these management practices are left entirely to the discretion of managers. Obviously, CSR practices are shaped by both corporations and stakeholders, such as governments. This stakeholder group and their soft (i.e. non-mandatory) means to influence corporations are at the focus of this article.

Governments usually represent a democratically legitimate and a potentially powerful stakeholder group. They define not only the scope of the CSR concept by setting legal minimum standards; moreover they can shape the meaning of CSR and promote respective management practices by using a variety of non-mandatory policy instruments (Steurer 2010; Albareda et al. 2006, 2007, 2008; Müller & Siebenhüner 2007). These soft policies can either replace or complement 'hard' (i.e. mandatory and enforced) regulation, or they can compensate for the lack thereof in cases where mandatory social and environmental standards are politically contested or infeasible (e.g. at the international level; see the next two sections and Haufler 2001; Moon 2002, 399f; 2007, 302). Given that the European Commission defines CSR as a voluntary business contribution to sustainable development, and given that sustainable development is an overarching policy objective that has been pursued with two overarching EU strategies (i.e. the Lisbon Strategy for Growth and Jobs and the EU Sustainable Development Strategy) for a decade now (Steurer & Berger 2010)[1], it would be consistent for governments in all EU Member States to actively promote and shape CSR with a range of soft public policies. This applies in particular to Central and Eastern as well as Southern European countries as they share the EU objectives on sustainable development but are known for having deficits in both traditional sustainable development policies (for the Slovak Republic, see Sedlacko 2007) and CSR management practices that are relevant for sustainable development (Steurer & Konrad 2009). For these particular countries, soft public policies on CSR represent a politically easy way to address these persistent political and managerial gaps that particularly exist compared to Western Europe.

In light of this reasoning, the present paper is guided by the following two sequenced research questions:

(i) How do governments across the EU attempt to shape and promote CSR?
(ii) To what extent do the levels of activity in CSR policy making differ between Western and CEE countries?

Based on the conceptual work on the roles of governments in CSR by Steurer (2010), the following section lays the foundations for this exploration by characterising the spectrum of the public policies on CSR. It distinguishes five policy instruments (i.e. legal, economic, informational, partnering, and hybrid tools) and four fields of action (i.e. awareness for CSR, transparency, socially responsible investment, and leading by example). The article then addresses the first research question above by characterising public policies on CSR in the 27 EU Member States for three of the four fields of action (excluding

[1] For the Lisbon Strategy see European Council 2005, for the EU Sustainable Development Strategy see European Council 2006.

transparency issues). This part is based on an empirical stocktaking of CSR policies conducted between August 2006 and March 2008 (for details see the section 'How governments across the EU aim to shape and promote CSR'). Finally, the findings of the empirical stocktaking are explored with regard to the regional differences between Western and Central and Eastern Europe (answering the second research question above).[2] Since the differences in CSR policy making correspond with the overall popularity of CSR as a management approach across Europe, the paper concludes that public policies on CSR reinforce rather than offset the European 'CSR gap'. As the concluding discussion highlights, this finding is relevant for CSR scholars and policy makers wanting to better understand and overcome CSR management differences across Europe.

Characterising CSR policies with instruments and themes

Many European governments have assumed an increasingly active role in shaping and facilitating CSR in recent years, using soft instruments. Consequently, public policies on CSR emerged as a new policy field whose role was to complement conventional social and environmental hard-law regulations. Based on Steurer (2010), this section organises public policies on CSR by distinguishing five types of policy instruments that are employed in four fields of action.

CSR policy instruments

Policy instruments can be defined as 'tools of governance', representing 'the relatively limited number of means or methods by which governments effect their policies' (Howlett & Ramesh 1993, 4). Although there is 'no single agreed characterization of government resources or instruments in the literature on public administration' (Hood 1983a, 201), one can distinguish a standard set of instruments consisting of legal, financial, and informational governance tools (Howlett & Ramesh 1993; Bemelmans-Videc et al. 1997; Jordan et al. 2003), plus two additional instruments that play a vital role in the context of CSR (Steurer 2010):

[2] The same empirical stocktaking has been explored with regard to the types of policy instruments used in the context of CSR and the degree to which they resemble the governance paradigm known as 'new governance' (Steurer, forthcoming). The present paper complements this exploration with a regional focus.

- Legal instruments (or 'sticks') prescribe desired choices and actions by making use of the state's legislative, executive and judicial powers. Normally, the underlying rationales are hierarchy and authority. In the context of CSR, however, laws, directives, and regulations often assume a recommending rather than a mandating character.
- Financial instruments (or 'carrots') are usually based on the resources of the taxing authority and the treasury. Their rationale is to influence behaviour through financial incentives and market forces. In the context of CSR, one finds relatively weak economic instruments such as subsidies and awards.
- Informational instruments (or 'sermons', metaphorically speaking) are based on the resource of knowledge. Their rationale is moral or factual persuasion. As they are usually restricted to highlighting options and the possible consequences, they imply thereby no constraints whatsoever. Examples are government-sponsored campaigns, guidelines, trainings and websites.
- Partnering instruments (or 'ties') bring government agencies and businesses together in public-private partnerships, negotiated agreements or stakeholder forums. The actors involved aim to exchange complementary resources or to avoid conventional 'hard regulation' such as bans.
- Hybrid instruments (or 'adhesives') combine two or more of the instruments mentioned above (see also Rittberger & Richardson 2003 and Hood 1983a, the latter speaking of organisational instruments) into a hybrid initiative in its own right. Among the most significant hybrid instruments are, for example, CSR platforms/centres and CSR strategies, which both coordinate several other policy instruments.

Metaphorically speaking, governments engage in CSR with 'sticks' (or rather soft rods), 'carrots', 'sermons', 'ties' that hold different actors together, and 'adhesives' that hold different instruments together. Although mandatory social and environmental policies must be kept apart from soft and voluntary CSR policies, this does not imply that the CSR policy themes that are described below are unsuitable for mandatory (or hard) regulation. It means that mandatory instruments represent conventional (social or environmental) policies that curtail the scope of softer CSR policies. In this sense, governments usually emphasise that their CSR policies complement hard regulations. The following paragraphs delineate the fields of action in which these soft policy instruments are employed in.

CSR policy themes

Based on a systematic analysis of existing public policies on CSR the policy field can be characterised by the following four thematic fields of action (Steurer 2010):

- Raise awareness, build capacities and put capacities into action: Due to the voluntary character of CSR, respective management practices depend essentially on how social and environmental concerns are perceived among both companies and their stakeholders. Thus, an important activity for governments is to raise awareness of CSR, to build the respective capacities among both groups, and to then help that capacities are put into action.
- Improve disclosure and transparency: Reliable information on economic, social and environmental impacts is a prerequisite for stakeholders such as investors, regulators, employees and customers (including public procurers) to favour those who take CSR seriously. Governments can play a key role in improving prevalence and the quality of CSR reporting.
- Facilitate socially responsible investment (SRI): By considering the economic, social, environmental and/or other ethical criteria in investment decisions, SRI merges the concerns of stakeholders with shareholder interests (Eurosif, 2006). If governments foster SRI they help to embed CSR in the functioning of shareholder capitalism.
- Finally, governments can lead by example (or 'walk the talk') and provide incentives for CSR by applying respective principles and practices in their own domain, in particular by making public procurement more sustainable.

These four policy themes provide an exhaustive picture that will, however, be subject to change as the CSR policy field develops further.

The CSR policy typology at a glance

By combining the five policy instrument types and the four themes of action, a matrix typology results that helps to organise public policies on CSR (for a selective overview see table 1, for a detailed discussion of the typology, see Steurer 2010). While the typology on CSR policies applied here provides a systematic description of how governments address CSR, other studies or typologies that aim to describe public policies on CSR are hampered by one or more of the following three shortcomings. Firstly, some scholarly contributions on CSR policies describe a more or less random collection of initiatives without attempting to provide a comprehensive picture of CSR policy making (de la Cuesta-Gonzales & Valor-Martínez 2004; Moon & Vogel 2007). Secondly, others aim to provide a comprehensive picture of CSR policies, but by applying an analytical lens they distort the descriptive-empirical value of the typology which makes it difficult to grasp comprehensively how governments address CSR.[3] Thirdly, a few studies attempt to characterise public policies on CSR with instruments and themes without filtering them through an analytical lens (see, e.g., Fox et al. 2002; Riess & Welzel 2006; DG Employment 2007; Bertelsmann & GTZ 2007; OECD 2008). However, with the exception of Fox et al. (2002), they often mix instruments and themes (Bertelsmann & GTZ 2007 mixes them even with many other analytical categories), in turn resulting in typologies that are at times confusing rather than clarifying. In contrast, the typology developed by Steurer (2010) and employed here provides a plain description of how governments aim to promote CSR by distinguishing between five policy instruments and four fields of action in which the instruments are applied (see table 1).

[3] Lepoutre et al. (2007), for example, show how selected government initiatives address substantive, strategic, and institutional uncertainties associated with CSR. By using the 'relational state perspective' as an analytical lens, Albareda et al. (2006, 2007, and 2008) and Lozano et al. (2008) explore how selected government actions on CSR can be related to interfaces between governments, businesses, and civil society. By doing so, they describe CSR policies not by distinguishing policy instruments and themes but rather by relating all sorts of government activities to societal domains (such as government, civil society, businesses) and interfaces between them. Unfortunately, many of the activities (such as the transfer of the international debate on CSR to the national and local context, aligned with the governmental domain) reach well beyond the domain that they are related to, in turn questioning the fundamentals of the typology altogether.

Table 1: Instruments and themes of public policies on CSR (Source: Steurer 2010) and the issues addressed in the section below (bold and shaded)

<table>
<tr><td colspan="2"></td><td colspan="4">Themes</td></tr>
<tr><td colspan="2"></td><td>1. Raise awareness, build capacities and put capacities into action (in italics, not addressed in the section below)</td><td>2. Improve disclosure and transparency</td><td>3. Foster Socially Responsible Investment (SRI)</td><td>4. Lead by example, e.g. in
o Public procurement;
o Applying SRI;
o Applying sustainability management tools</td></tr>
<tr><td rowspan="7">Public policy instruments</td><td>a) Legal</td><td>o Legal/constitutional acts that indicate commitments to SD and/or CSR</td><td>o Laws on CSR reporting
o Disclosure laws for pension funds</td><td>o Laws prohibiting certain investments
o Laws on SRI in pension funds</td><td>o Laws enabling sustainable public procurement (SPP)
o Laws on SRI in government funds</td></tr>
<tr><td>b) Economic</td><td>o Subsidies/grants/export credits related to CSR activities
o Tax breaks for corporate charity or payroll giving to Civil Society Organisations (CSOs)</td><td>o Awards for CSR reports</td><td>o Tax incentives for savers and investors
o Subsidies</td><td>[Usually no direct economic instruments in place; indirectly, however, most initiatives in this column aim to foster CSR with economic incentives]</td></tr>
<tr><td>c) Informational</td><td>o Research and educational activities (including conferences, seminars, and trainings)
o Information resources (brochures, websites, and study reports)
o Guidelines and codes of conduct
o Campaigns</td><td>o Guidelines on CSR reporting
o Information on CSR reporting</td><td>o Information on SRI (brochures and websites)
o SRI guidelines and standards</td><td>o Provide information on SRI, SPP, etc. to government agencies (guidelines, brochures, and websites)
o Publish reports on the Social Responsibility of government bodies</td></tr>
<tr><td>d) Partnering</td><td>o Networks and partnerships (strategic or charitable)
o Voluntary/negotiated agreements</td><td>o CSR contact points
o Multi-stakeholder forums</td><td>o Networks and partnerships on SRI</td><td>o Network of public procurers</td></tr>
<tr><td rowspan="3">e) Hybrid</td><td>o Centres, platforms, contact points and programmes for CSR (informational & partnering)</td><td>o Product or company labels (informational & economic)</td><td></td><td>o Action plans on SPP
o Action plans on SRI in government (all instruments)</td></tr>
<tr><td colspan="2">o Multi-stakeholder initiatives, including the (co-)development of management or reporting tools (informational, partnering, and/or economic)
o CSR awards and ‘naming-and-shaming’ with blacklists (informational and economic)</td><td colspan="2">o Pension funds applying and promoting SRI (partnering, informational, and economic)</td></tr>
<tr><td colspan="4">o Co-ordination of CSR policies, e.g. with government strategies and action plans</td></tr>
</table>

How governments across the EU aim to shape and promote CSR: The survey findings

The matrix typology that was introduced above helps to organise the empirical findings summarised here. On the one hand, this section shows how governments of the EU Member States actually promote CSR through awareness raising and capacity building,[4] leading by example through sustainable public procurement, and by fostering socially responsible investment. On the other hand, the usefulness of the matrix typology is demonstrated by showing that it helps to organise public policies on CSR.

The empirical stocktaking that is summarised here is based on three different qualitative telephone surveys with public administrators from the 27 EU Member States working on the respective CSR themes, and on subsequent case studies on selected CSR policies. The surveys and the case studies were conducted between August 2006 and March 2008. For the stocktaking surveys alone, more than 200 public administrators were contacted and 65 qualitative telephone interviews were carried out (for details on the surveys, see Annexes 1 and 2). The surveyed experts were identified in co-operation with the Directorate General (DG) for Employment, Social Affairs, and Equal Opportunities (the commissioner of the study) and the EU High Level Group on CSR (a group of Member State representatives responsible for CSR in their country). The survey and case study findings were then presented to and discussed with the EU High Level Group on CSR at four occasions (for details see the project website in footnote 5). The three stocktaking surveys and the feedback loops resulted in a collection of 212 CSR policies, to be selectively illustrated selectively hereunder.[5] Reflecting the professional knowledge of the surveyed experts, the survey results provide a rich but certainly not complete picture of CSR policy making across Europe. As the examples hereunder show illustratively and the section ‘Regional differences between Western and Central and Eastern Europe’ confirms by means of an instrument count and an analysis of variance (ANOVA), Western European (particularly Anglo-Saxon and Scandinavian) governments are significantly more active in promoting CSR than CEE governments.

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[4] Since the survey did not cover policies that aim to put capacities into action (such as negotiated agreements or government-sponsored CSR management systems) it covers large parts of the first theme.

[5] In the telephone surveys, we found 202 CSR policy instruments. Based on the feedback from the EU High Level Group on CSR, we added 9 awareness raising initiatives and 1 SPP initiative, bringing the total number to 212. The complete study reports can be downloaded at www.sustainability.eu/csr-policies

Policies aiming to raise awareness of CSR[6]

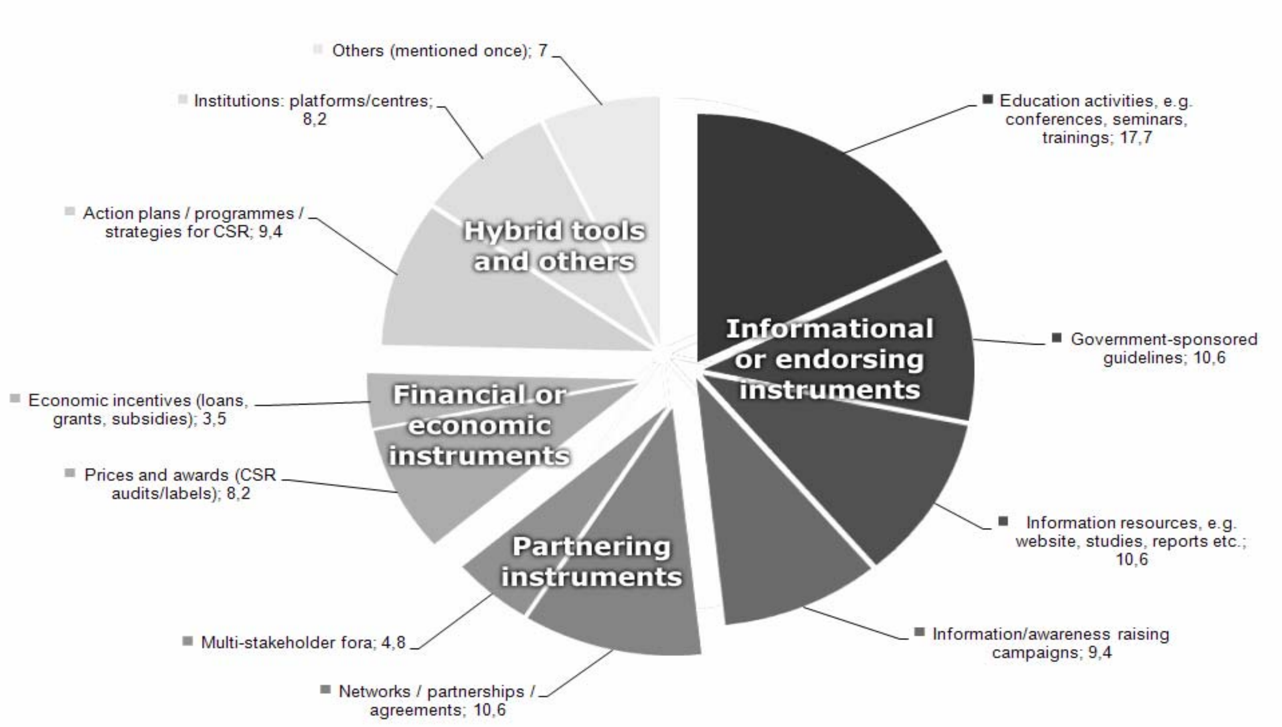
Since the CSR performance of companies depends on their own and their stakeholders' perception of CSR issues, raising awareness for social and environmental concerns among both groups can provide a useful means for promoting CSR performance. Given that the concept of CSR is relatively new in most EU Member States (in particular in the CEE region), raising awareness for CSR is a key task for governments.

The survey on CSR awareness raising activities in EU Member States was conducted between August and October 2006. It revealed 85 policies, ranging from zero per country (Poland and Estonia) to nine per country (Spain and Ireland). As illustrated in figure 1, most of the policies are informational instruments (48.3 per cent), followed by hybrid ones (25 per cent), many of which combine informational and partnering aspects. About 15 per cent fall into the category of partnering, and another 15 per cent can be regarded as economic incentive instruments.[7] Legal instruments are not applied in this field of action.

[6] If not stated otherwise, this sub-section is based on Berger et al. 2007.

[7] Although voluntary agreements resemble the idea of CSR and CSR policies in conceptual terms and aim to build respective capacities, they were not included in the survey because they often lack an explicit reference to CSR and, therefore, do not raise awareness of the issue.

Figure 1: CSR awareness raising initiatives in EU Member States (percentages)



The most popular informational instruments aiming to raise awareness of CSR are self-explanatory, such as research and educational activities, the provision of information resources, and the development of CSR guidelines, such as the German Corporate Governance Code (Werder et al. 2005, 178f) and the Austrian CSR Guiding Vision (Konrad et al. 2008). Finally, governments also aim to raise CSR awareness with campaigns, such as the one for the British Payroll Giving scheme that strengthens often critical CSOs by granting tax exemptions to employees who give money to them via an approved Payroll Giving Agency (for details see http://www.inlandrevenue.gov.uk/payrollgiving).

A partnering instrument facilitating awareness raising and transparency is the Swedish ‘Globalt Ansvar’ (meaning ‘global responsibility’, see http://www.regeringen.se/sb/d/2657). Four ministries launched the partnership in March 2002 as the national focal point for CSR, based on a parliamentary investigation concluding that it was indeed necessary to sensitise Swedish companies regarding greater social responsibility in a global context. ‘Globalt Ansvar’ aims to turn Swedish ‘into ambassadors of human rights, decent labour conditions, environmental protection, and anti-corruption’ around the world by making use of a website, networking activities, seminars, trainings and workshops on CSR, many of them in co-operation with Swedish embassies.

Widely used but relatively weak economic incentives that raise CSR awareness are awards (such as the Austrian 'Trigos' award, http://www.trigos.at/). The opposite of awarding, i.e. bad practice 'naming-and-shaming' with so-called 'blacklists', was discussed at the European level in the early 2000s but was never put into practice (European Commission 2002, 2006). Other, less used but more salient, economic incentive instruments are export subsidies with CSR strings attached. In Sweden, for example, export credits and state guarantees for foreign investments are granted only if companies sign an anti-corruption agreement. By linking foreign investments to CSR, the government raises awareness of the issue among companies that are usually hard to reach.

Hybrid instruments on CSR awareness raising and capacity building that often combine partnering and informational aspects are centres or platforms, such as the Dutch 'Knowledge and Information Centre on CSR' (see http://www.mvonederland.nl/). In 2004, the Dutch government established a centre for CSR with an annual budget of approximately €1 million. The Centre co-ordinates CSR activities in the Netherlands, disseminates knowledge on CSR, and promotes dialogues and partnerships between state- and non-state actors. Another example for a hybrid instrument is the Danish 'People & Profit' programme that was operational from 2005 to December 2007 which provided education and tools that are necessary for integrating CSR strategically into SME business activities.

Policies on socially responsible investment (SRI)[8]

SRI is a potentially powerful aspect of CSR because it merges stakeholder concerns with shareholder interests. In 2007, the market share of SRI was estimated to be around 10-15% of total investments in investment funds managed in Europe. Thus, SRI is still a niche market, although it is a significant and still growing one (EIRIS, 2007; Eurosif, 2006). Before the financial crisis, significant growth rates of SRI in Europe were observed for Great Britain, Belgium, the Netherlands, Italy, Spain, and Sweden (EIRIS, 2007). This sub-section shows that the respective public policies are following rather than leading this trend across Europe. Between November 2007 and January 2008, more than 90 public administrators working on CSR and SRI policies from all 27 EU Member States were contacted to take stock of how governments facilitate SRI. Sixteen Member States provided information on some 40 policy instruments, but around 30 of them did not fit into the scope of the study and had to be excluded. Finally, only 14 SRI policies from seven countries remained. Obviously, SRI policies represent an emerging field of CSR policies that is less developed than other areas.

[8] If not stated otherwise, this sub-section is based on Steurer et al. 2008.

Six of the 14 policies are legal instruments, followed by four financial/economic, three informational, and one hybrid instrument. Not a single partnering SRI instrument was found in the surveyed countries. Among the comparatively few policies on SRI, the following are worth mentioning. In 2007, the Belgian government adopted a law that forbids Belgian investors from financing or investing in companies that are involved with anti-personnel mines and cluster munitions. To ease compliance with the law, the Belgian government publishes a list of companies that fall under the ban, and it expects investors to apply respective screening methods. However, as with other legal CSR policy instruments, the law is soft as disclosure requirements for professional investors are low and sanctions for offenders are not foreseen (www.netwerkvlaanderen.be/). A more demanding law on SRI was enacted in Sweden. In 2000, five political parties adopted the so-called Public Pension Funds Act (2000/192, http://www.ap3.se/en/). It requires all Swedish National Pension Funds (AP1-AP5 and AP7) to develop an annual business plan that shows how environmental and ethical issues are considered in the Pension Fund's investment activities and what impact these considerations have on the management of the funds. Although pension funds can comply with the law without major SRI effort, it has led to a rare hybrid public policy on SRI that combines informational, partnering, and economic aspects. In 2007, four of the six funds (AP1-AP4) established the Joint Ethical Council that engages in CSR dialogues with companies in which the funds are interested. The Ethical Council makes recommendations to the companies and pension funds, and if it concludes that a company does not meet the Council's CSR principles, the pension funds should divest their holdings (http://www.ap3.se/en/). Less ambitious regulations that require pension funds to disclose their investment policy with regard to SRI exist, for example, in the UK (see http://www.opsi.gov.uk/si/si1999/19991849.htm). Two informational instruments promoting SRI are the Austrian website www.gruenesgeld.at ('green money') and the Dutch 'Sustainable Money Guide'. An economic policy instrument on SRI is the Dutch Green Funds Scheme, developed jointly by three ministries and introduced by the Dutch tax office in 1995. It facilitates green investments in certified projects that meet certain environmental standards via tax exemptions (such as wind farms or organic farming). With the help of banks, the Green Funds Scheme covers both sides of investing, i.e. it addresses savers with a 1.2% reduction of the capital gains tax, and it addresses green entrepreneurs by providing interest rates 1-2% below market rates. Thus far, the Green Funds Scheme has attracted approximately 200,000 savers and enabled around 5,000 green projects.

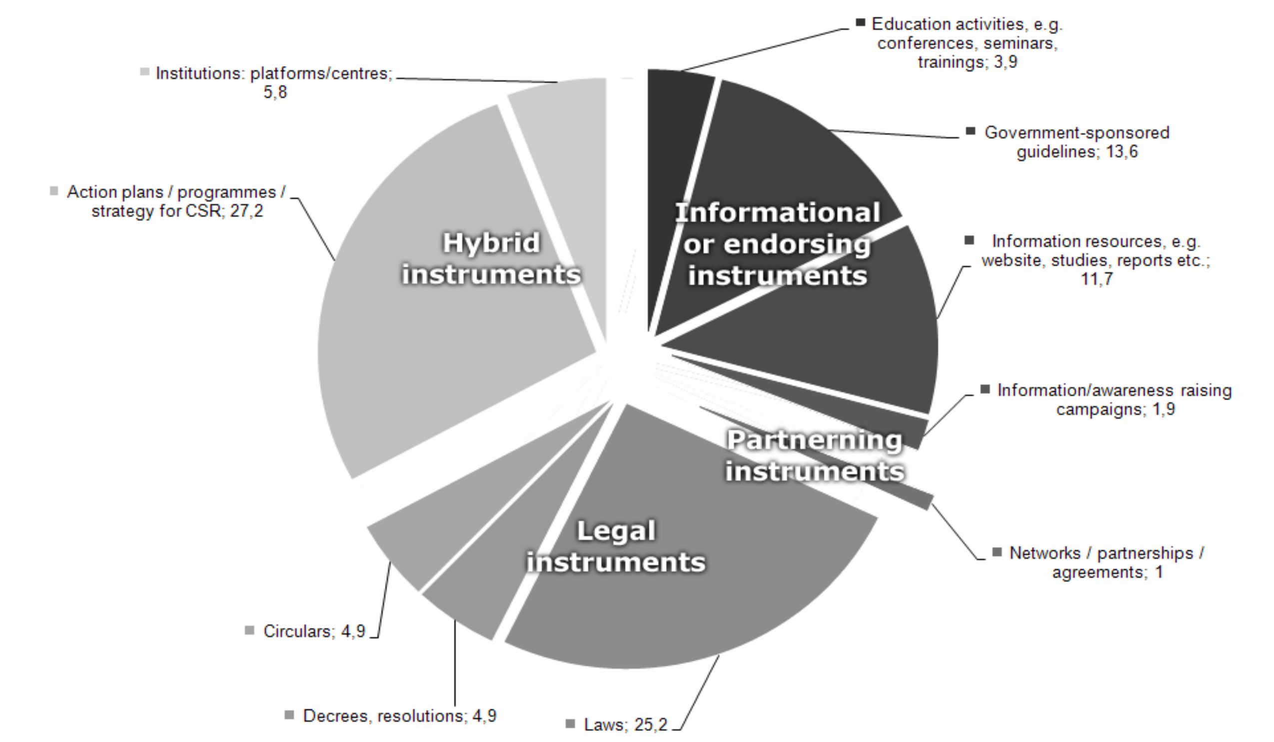
Policies on leading by example through sustainable public procurement[9]

In 2002, spending on public procurement in the EU amounted to €1.5 trillion, which equals about 16 per cent of the EU's gross domestic product (European Commission, 2004). For a long time, public procurement only had to be economically efficient. Due to the growing acceptance of sustainable development, environmental and social aspects have become increasingly important, including for public procurement (Preuss 2007; for difficulties in advancing sustainable public procurement, see Leire & Mont 2010; Günther & Scheibe 2006). The rationale behind sustainable public procurement (SPP) is twofold. On the one hand, governments can use their significant purchasing power as an economic incentive for CSR. On the other hand, they can 'lead by example' in making their own consumption sustainable. Again, this applies in particular to countries where societal stakeholders are less interested in CSR.

The survey on SPP in the EU-27 was conducted in March and April 2007. It revealed 103 SPP policies from 26 EU Member States, ranging from one (Latvia, Luxemburg, Portugal, Romania, Slovak Republic, and Spain) to nine in the UK. As figure 2 shows, most of the 103 SPP policies are legal instruments (35 per cent), followed by hybrid (33 per cent), and informational instruments (31.1 per cent). More specifically, procurement laws, action plans and guidelines/websites on SPP have obviously developed into a standard set of SPP policies across the EU in recent years: While 12 of the 26 surveyed EU Member States make use of all three types of SPP instruments, eight countries employ at least two of them. Partnering and economic incentive instruments hardly exist in the context of SPP. Indirectly, however, all of the SPP policies also have an economic incentive character, at least for those businesses that are interested in supplying to the public sector.

[9] If not stated otherwise, this sub-section is based on Steurer et al. 2007.

Figure 2: Policy instruments fostering sustainable public procurement in EU Member States (percentages)



Most of the SPP laws are direct responses to the EU public procurement directives 2004/18/EC (focussing on contracting authorities) and 2004/17/EC (oriented towards special sectors of contracting authorities).[10] Both directives were adopted in March 2004 to simplify and modernise the existing procurement legislation across Europe. Although the two directives do not prescribe SPP, they open the possibilities to consider social and/or environmental criteria at an early stage of the tendering process (McCrudden, 2007; van Asselt et al., 2006). As the survey has shown, most EU Member States have renewed their procurement laws in line with the two directives. The procurement laws are in line with both the new governance rationale and CSR because they do not prescribe SPP but rather open the respective possibilities (McCrudden 2007).

Many governments also use informational instruments to advise their own staff on SPP. In Austria, the environmental criteria catalogue 'Check it', the guidelines 'Greening Events', and General Government Guidelines on green public procurement (GPP) provide detailed guidance. In 2004, however, the Austrian council of ministers refused to adopt a revised version of the guidelines because it regarded the costs of GPP to be unclear, which is overall a key obstacle for SPP across Europe. A rare example of a partnering instrument on SPP is the Dutch PIANOo network. It fosters the exchange among public procurers mainly via its homepage www.pianoo.nl.

[10] See http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l_134/l_13420040430en01140240.pdf and http://eur-lex.europa.eu/LexUriServ/site/en/oj/2004/l_134/l_13420040430en00010113.pdf

Most of the hybrid instruments found in the survey are national action plans and programmes on SPP. At the time of the survey, nine Member States have adopted an action plan and seven were drafting one, most of which only focus on the environmental aspects of procurement. They are a response to a call for action plans that was formulated in the European Commission's (2003) Communication on 'Integrated Product Policy'. These action plans aim to systematically improve and co-ordinate Member State activities on SPP. One of the most comprehensive strategic frameworks on SPP is operational in the UK. In 2007, the UK government adopted a 'Sustainable Procurement Action Plan' (DEFRA 2007) that aims to turn the UK into a leader in SPP by 2009. The plan was drafted based on recommendations that were formulated by a business-led Sustainable Procurement Task Force in the report 'Procuring the future' (Defra 2006; for details see Steurer et al. 2007).

Regional differences between Western and Central and Eastern Europe

The three thematic surveys summarised above can be compared and analysed regarding the policy instruments used, and the levels of activity in different European regions. Regarding the instruments used, Steurer (forthcoming) shows that CSR policies resemble several features of the 'new governance' rationale that is characterised by soft regulation and voluntariness but obviously fail to employ respective partnering or network-like instruments on a grand scale. However, how do CSR policies vary across Europe? Do CEE governments make use of CSR policies as a means to compensate for comparatively weak sustainable development policies and weak CSR (see the first section)? Since this question is not answered here for individual countries but rather for groups of countries that share some socio-economic characteristics, we first have to introduce five European socio-economic model regions.

European countries have a longstanding tradition of integrating economic and social policies. On a superficial level, the literature speaks of a European socio-economic model that is defined by public pension systems with a relatively wide coverage, health care systems that are open to most citizens, and inclusive labour market policies (Tharakan 2003). A closer look reveals that four ideal-type socio-economic models have emerged in Europe since the 1950s, with another more recent transitional one in the new CEE Member States. To keep decades of respective research concise, these five models can be summarised as follows (see table 2).

Table 2: Overview of five socio-economic models in Europe[11]

Model	EU Countries[12]	Ideological tendency	Key welfare state features
Scandinavian	Sweden, Finland, Denmark, (the Netherlands)	Social Democratic	• Aims to realise social *rights* for all its citizens • Promotes equality of high social standards • Social benefits are universal, i.e. independent of class and status • Strong support for working mothers
Continental	Germany, Austria, (France, Belgium, Luxembourg)	Conservative	• Granting social rights considers existing class and status differentials (with a focus on work-related, insurance-based benefits) • Redistributive effects are limited • Social policies aim to preserve traditional family structures (limiting the emancipation of women)
Anglo-Saxon	UK, (Ireland)	Liberal	• Dominated by market logic, i.e. the state encourages the private provision of welfare • Social benefits are modest, often means-tested and stigmatising
Mediterranean	Spain, Portugal, Greece, (Italy)	Mixed	• Fragmented and 'clientelistic' support focusing on income maintenance (pensions) • Still under development, making older systems of social support (family, church) indispensible
Transitional	New EU Members from CEE	Emerging	• New social policies are developing, but with considerable variations • Social expenditures below the EU-15 average • Increasing poverty rates

While the Anglo-Saxon, Scandinavian, and Continental socio-economic models represent more or less mature ideal-type welfare state variations that correspond with liberal, social-democratic, and conservative ideologies, the characteristics of the transitional model are still emerging. However, with social expenditures considerably below the EU-15 average, and decreasing further, and with increasing poverty rates (Aiginger & Leoni 2009, 15f), this transition seems to point towards the liberal Anglo-Saxon rather than the social democratic Scandinavian model.

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[11] The typology used here is derived from the literature on welfare states and socio-economic models. In the literature used, the numbers and names of socio-economic models identified, as well as the subsumed countries differ. In his seminal book on 'The Three Worlds of Welfare Capitalism', Esping-Anderson (1990, 26-33), for example, explores only three 'ideal type regime clusters', namely the liberal (in the UK and US), the conservative (in Germany and Austria), and the social democratic (Scandinavian) welfare state models. Publications that are more recent add the Mediterranean (Sapir 2006; Aiginger & Guger 2005; Pierson 1998, 173-178) and the Transitional model (Aiginger & Guger 2005; Pierson 1998, 173-178).

[12] The socio-economic models applied in the countries listed in brackets are disputed because they resemble a mixed rather than an ideal type model (for references, see the footnote above).

If we allocate the 212 CSR policies to the five European socio-economic models identified above, the following regional differentiation emerges (for an overview, see figure 3 and table 3):

- Surprisingly, the Anglo-Saxon countries UK and Ireland are not significantly more active than those from the Scandinavian model. This finding is remarkable because the two socio-economic models mark the opposite ends of the European welfare state spectrum, representing liberal and social-democratic ideological tendencies. Based on Steurer (2010), the high levels of activity in Anglo-Saxon countries can be explained historically with the origins of CSR as a liberal concept under right-wing governments, and the similarly high levels of activity in Scandinavian countries may be spurred by current trends that transform CSR into a mature agenda of embedding businesses in society that corresponds increasingly well with social-democratic welfare state models (see also Midttun et al. 2006).
- The transition countries from the CEE region are the least active in promoting CSR across all three themes. Although Hungary, Poland, and Slovenia are similarly active as Italy, Spain, and Portugal, the average number of initiatives for the entire CEE region is below that of the Mediterranean model, and significantly below the leading Anglo-Saxon and Scandinavian countries.
- When we aggregate the Anglo-Saxon, Scandinavian, and the Continental socio-economic models to a Western European group with 11 countries, the overall picture remains unchanged. While only 40 of the 212 CSR policies (or 19 per cent) were found for the CEE region, 129 CSR policies (or 61 per cent) are of Western European origin. An analysis of variance (ANOVA) shows that the differences between the three Western European regions (i.e. Continental, Anglo-Saxon, and Scandinavian countries) are not significant [F(2, 10)=0.995, p=0.411], whereas the difference between them and the Transitional model countries from CEE is highly significant [F(1, 20)=23.379, p=0.000].

Figure 3: Distribution of the 212 CSR policy initiatives across Europe

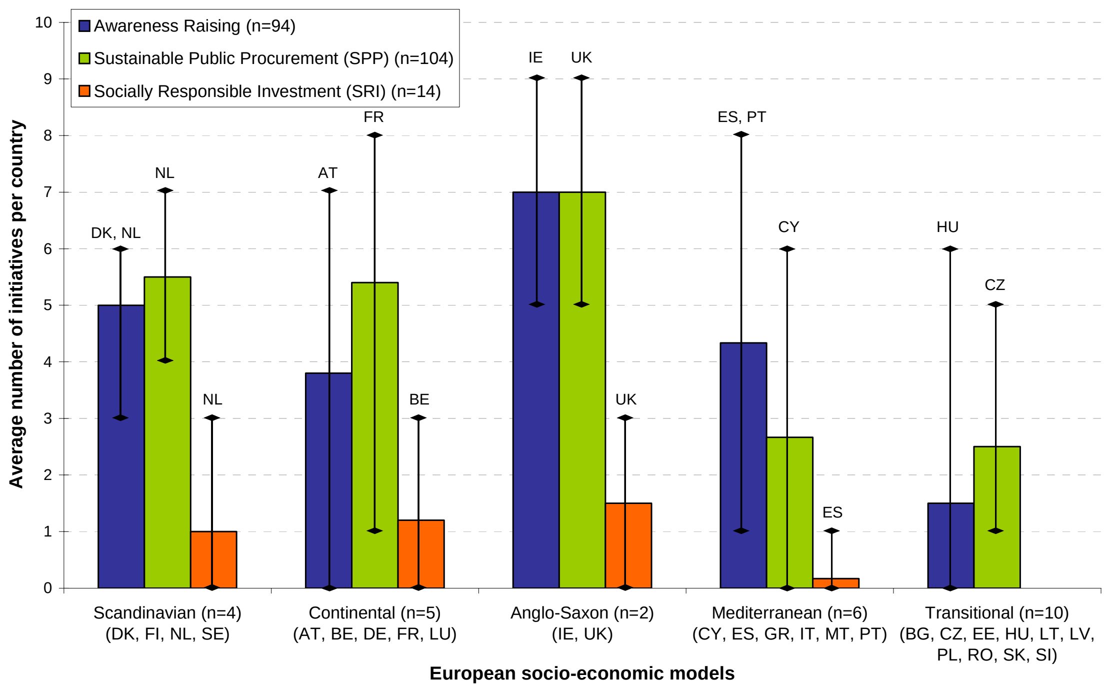

Table 3: Number of CSR policies in the transitional Central and Eastern Europe (CEE) and Western European (WE) regions[13]

Field of action	No. of CSR policies in		Average no. of CSR policies in the	
	CEE	WE	CEE countries surveyed	WE countries surveyed
Awareness raising	15	53	2.5 (for 6 countries)	4.82 (for 11 countries)
SPP	25	63	2.5 (for 10 countries)	5.73 (for 11 countries)
SRI	0	13	0 (for 9 countries)	1.18 (for 11 countries)
Total	40	129	1,6	3,9

Regarding the quality of public policies on CSR, a few high profile and numerous low profile instruments can be distinguished for each of the three fields of action.[14] If we look at the spread of high-profile CSR policy instruments across Europe, the only such instrument that was adopted by more than half of the surveyed CEE countries were procurement laws that enable sustainable public procurement (renewed in line with the EU directives mentioned above). Although the number of procurement policies does not predict the SPP performance of a country, some accordance can all the same be observed. A study on 'Green Public Procurement in Europe' examined to what degree Member States include environmental issues in public procurement tender documents (Bouwer et al., 2006), and it identified seven leading countries (the 'Green-7'). According to the survey summarised above, six of the 'Green-7' have an above-average number of SPP initiatives in place. CEE countries were not among the Green-7 but rather at the bottom of the ranking. At the time when we finalised the stocktaking survey in 2008, CEE countries have also not institutionalised CSR policies through coordinating strategies, centres or platforms for CSR, nor have they recognised SRI as an important lever to promote CSR via shareholder interests.

The quantitative and qualitative differences in CSR policy making across Europe summarised above lead to the following three conclusion: First of all, CSR is a politically contested topic (just as other, more traditional policy fields are), and actual CSR policies are determined by many context factors, including the political history of a country as well as socio-economic context factors (see also Steurer 2010; Midttun et al. 2006). Second, the European gap in CSR management practices addressed in the introduction is obviously accompanied by a gap in public policies on CSR. CEE governments are not

[13] For details on the countries covered, see figure 3. While the SPP survey covered all 10 CEE Member States, the SRI survey covered 9, and the awareness raising survey covered only 6 of them (because Bulgaria and Romania joined the EU after the survey was conducted and the others did not respond).

[14] High-profile CSR policies are (i) far-reaching informational instruments (such as campaigns) as well as hybrid instruments (i.e. strategies, centres, and/or platforms for CSR) in the field of awareness raising, (ii) procurement laws, action plans and widely used guidelines in the field of SPP, and, (iii), pension fund regulations and subsidy schemes in the field of SRI.

willing or not able to set CSR high on the political and societal agenda. Instead of pursuing sustainable development with soft policies promoting CSR, governments of CEE countries mirror rather than reverse the low interest in CSR among both companies and stakeholders in the region (for details, see Steurer & Konrad 2009). They obviously follow rather than set trends in the context of CSR. This finding is confirmed by Mazurkiewicz et al. (2005b, 23), emphasising that CEE companies identify the lack of government involvement and 'appropriate regulations' as key barriers to adopting CSR practices.

Discussion and conclusions

The present paper has explored the roles that governments assume in the context of CSR across Europe. In a first conceptual step, it differentiated five types of policy instruments that can be employed in four fields of action. In a second empirical step, the paper showed how EU Member States actually promote CSR by raising awareness, facilitating sustainable public procurement, and fostering socially responsible investment. The empirical stocktaking of CSR policies in Europe provided an overview of more than 200 policy instruments. In a third step, the collection of policy instruments was analysed with respect to their regional origin. It was shown that, on average, CEE governments are significantly less active in promoting CSR as their Western European counterparts. Apparently, they hardly make use of the public policy toolbox on CSR at their disposal. Instead of pushing CSR actively and setting respective trends, their policies correspond with the low profile CSR has in the region among both companies and stakeholders. This lack of political leadership reinforces rather than offsets the 'CSR gap' between active Western European companies and comparatively passive CEE companies.

What policy-relevant conclusions follow from these findings? Three points stand out. First, the findings are a 'wake-up-call' for the governments in the CEE region to engage more actively in CSR policy making. As emphasised in the introduction, public policies on CSR are an important part of a comprehensive governance for sustainable development, and since governments in CEE countries also show little interest in more traditional forms of sustainable development policy making (see the first section), their disinterest in public policies on CSR is all the more problematic. Not attempting to pick the 'politically low hanging fruits' of sustainable development policy making (i.e. to employ the broad variety of soft and therefore usually undisputed policy instruments to promote CSR) renders political commitments regarding sustainable development merely symbolic. Second, not only CEE governments but also the European Commission should play a role in levelling the 'CSR playing field' across Europe.

This conclusion is based on the following reasoning: (i) the EU has committed itself to pursuing sustainable development (European Council 2006), (ii) the European Commission (2002) regards CSR as a voluntary business contribution to sustainable development, and, (iii), European harmonisation is usually a key concern for EU policy makers, in particular when competitiveness issues are involved (for linkages between CSR and competitiveness, see Martinuzzi et al. 2010). However, the European Commission shows no interest whatsoever in addressing the 'CSR (policy) gap' that persists between Western and Eastern Europe. This disinterest is due to a general change of course in CSR policy making at the European level. In the early 2000s, the Commission headed by Prodi was a key driving force for the spread of CSR across Europe (European Commission 2002). In 2006, the Commission headed by Barroso deliberately turned towards a passive approach that emphasised CSR as a form of business self-regulation (European Commission 2006) rather than one of societal co-regulation (see also Steurer 2010). This policy change is certainly not helpful in overcoming the European 'CSR gap'. What follows from the conclusions above is, third, that the only actors that currently bridge the 'CSR gap' in Europe are multi-national companies active in the CEE region as well as export oriented CEE companies with close ties to Western Europe or other parts of the world (Steurer & Konrad 2009; Fekete 2005; Vasiljeviene & Vasiljev 2005; Lewicka-Strzalecka 2006, 446f; UNDP 2007). This implies that the spread and harmonisation of CSR across Europe currently depends far more on economic integration, globalisation, and societal learning than on political leadership and respective public policies on CSR. Since CSR is not only a managerial but also a political concept that transforms relations between businesses, society, and governments (Steurer 2010), this is a remarkable finding. If governments want to be active co-shapers rather than passive objects of changing business-society relations they are good advised to address CSR as a policy issue more seriously, in particular at the EU level and in the CEE region.

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