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The governance of sustainable development: Putting the pieces of regulation together

Habilitation Thesis

submitted by

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Contents

Part A: Outline Paper

1. *Getting a grip on governance in the context of sustainable development*

Over the last two decades, governance became a catch-all concept for various forms of steering societies (or parts thereof, such as businesses) by state and non-state actors at all geographic levels (from local to international), and even for steering across different levels. Since the governance concept aims at nothing less than capturing the full complexity of contemporary rule-making by a broad variety of actors in a poly-centred and globalised world (Pierre & Peters 2000; Jordan 2008), there is self-evidently not one single meaning of governance that can be pinned down easily. How governance is understood depends, inter alia, on (i) the research approach taken, be it normative, theoretical or empirical (Jordan 2008); (ii) the aspects of steering researchers are mainly concerned with (e.g. whether they emphasize the politics, polity or policy dimensions of steering; see e.g. Treib et al. 2007); (iii) the level of decision-making (for global governance, see e.g. Haufler 2009; for governance in the context of nation states, see e.g. Meuleman 2008); (iv) the actors and actor constellations analysed (for a narrow understanding that limits governance to the sphere "beyond governments", see e.g. Rhodes 1996;[1] for a broad notion of governance that includes also steering by governments, see e.g. Eliadis et al. 2005); and, (v), the policy fields and their specific challenges of steering. Regarding policy-specific governance challenges, sustainable development can be regarded as one of the most comprehensive governance reform agendas in a long time, requiring a better integration of economic, social and environmental concerns across spatial and temporal scales so that the wellbeing of current, as well as future, generations around the world is maximised (Sneddon et al. 2006; Steurer 2010). In a way, framing and defining governance or sustainable development, and all the more the governance of sustainable development, reminds one of the legend about six blind Indians fighting over the characteristics of an elephant because they were preoccupied with different body parts. While the body parts of an elephant are both tangible and limited, the aspects one can attribute to governance (or sustainable development, or to both) are comparatively abstract and almost indefinite. Consequently, not only the actual meaning and scope of the governance concept, but even more so whether a particular type of steering can be subsumed under the governance concept, is contested (van Kersbergen & van Waarden 2004). Similarly, not only the details of what sustainable development actually implies for particular policies but also how (e.g. with what types of steering) it should be pursued is subject to (often politicised) academic debates (see e.g. Hopwood et al. 2005; Söderbaum 2009). From the bewildering variety of research in the two research strands, it follows that there are practically no right or wrong conceptualisations and analyses of governance and sustainable development, but only more or less adequate or comprehensive ones, to be judged against the purpose and the scope of the respective contributions.

The purpose of this outline paper is to put major aspects of governance together in a systematic (yet inevitably selective) way so that the coherence of my research of the past ten years becomes obvious. Although my research was concerned with diverse themes such as

[1] Depending on how scholars approach the other aspects of governance listed above, even the narrow understanding can assume different connotations. Rosenau, e.g., focuses on global issues and defines governance as having the capacity to get things done, without the formal authority to do so (Rosenau & Czempiel 1992). For Hoffmann (2011, 17), "Governance is about making rules above, (within), below and between established political authorities".

(i) government efforts to coordinate public policies via national sustainable development strategies, (ii) the potentials of Corporate Social Responsibility (CSR) and corporate stakeholder management to contribute to sustainable development on a voluntary basis, and, (iii), soft government policies that aim to facilitate CSR (see section 5 and Part B), these and other themes have a golden thread in common. They are all concerned with different types of steering (or regulation) by state and non-state actors towards sustainable development. Since most of the contributions collected in Part B are concerned with particular types of regulation without paying much attention to how they relate to each other, this outline paper shows how the above-mentioned and other types of regulation compose a complex poly-centred system of sustainable development governance.

For the purpose of the present outline paper, governance is regarded as synonymous with the broad notions of steering and regulation,[2] all three referring to formulating, promulgating, implementing and/or enforcing binding or voluntary rules by governmental, business and/or societal actors that apply to others or to themselves (for a similar definition, see Levi-Faur 2010, 8f; for further details see section 2).[3] In short, governance denotes "the ways in which governing is carried out, without making any assumption as to which institutions or agents do the steering" (Gamble 2000, 110), and as to with what means, one could add. This broad understanding of governance includes, e.g., rule-making by governments in the form of hard or soft law, by societal actors such as civil society organisations (CSOs) in conflicting or partnering relations with businesses, and by businesses themselves (for further details, see section 3).[4] Since the governance concept highlights that steering societies or businesses relies on different mechanisms or modes of steering, inter alia on command and control through hierarchies, on competition via markets and on collaboration in networks (Thompson et al. 1991; Gamble 2000; Considine & Lewis 2003; Kooiman 2003; Donahue 2004), mechanisms of steering (or types of regulation) obviously play a key role here.

Of what types of regulation does the inherently fuzzy governance concept comprise? Who steers society or businesses with what means? The present outline paper answers these questions that are related to the policy and the politics dimensions of governance (Treib et al. 2007) with a focus on the pursuit of sustainable development in order to frame my own research of the last ten years. The next section shows that the voluminous governance literature does not provide comprehensive, and at the same time adequately differentiated, answers to these questions, but that the research strands on regulation, environmental governance (or sustainable development), and Corporate Social Responsibility provide valuable insights. By drawing mainly on these three research strands, section 3 disentangles govern-

2 For the synonymous use of governance and steering, see e.g. Rhodes (2000, 56). The synonymous use of governance and regulation is most obvious when scholars deviate from the standard vocabulary and speak e.g. of "self-governance" and "co governance" (see e.g. Kooiman 2003, 79-113).

3 Criteria that play a key role in this definition of governance are obviously those who regulate, the phases of steering, the bindingness of the rules, and the scope of a particular regulation (for further details see section 3).

4 Although a broad notion of governance differentiates governing as steering by civil society and/or business actors from policy-making by governments, it still acknowledges governments as key actors (Davies 2002; Ling 2002; Marinetto 2003; Kooiman 2003; Bell & Hindmoor 2009). In contrast, the narrow notion understands governance as an alternative to government that is restricted to steering by non-state actors only (Börzel 1998; Rhodes 2000). This narrow notion is here referred to as "new governance" (Kooiman 1993; Pierre 2000; Salamon 2002).

ance in the context of sustainable development into nine actor-based types of regulation. Section 4 adds interactions between different types of regulation, hybrid regulation, as well as the concept of meta-governance. Section 5 provides a discussion and it finally shows how my research of the past ten years fits into the "regulation landscape" sketched in the sections 3 and 4.

2. *Governance and types of regulation*

Much has been written about the (normative) necessities and the (empirical) idiosyncrasies of new forms of state and non-state steering in complex societies since the mid-1990s. Nevertheless, it is difficult not only to define the concept, but even more so to pin down who exactly steers society with what means. Even if we narrow the focus to the regulation of businesses in the context of sustainable development, the basic ways and means of steering are anything but clear. This is not because scholarly contributions refrain from the daunting task of decomposing governance into distinct types of regulation. As this section shows selectively, taxonomic contributions are abundant but often suffer from one of the following two deficits: First, they often fail to differentiate adequately between actors from the three societal domains (i.e. governments, civil society and businesses) as potential or actual regulators. Second, if scholars differentiate actors from the three societal domains the typologies they propose are usually elaborate but still tend to overlook important types of regulation. Once these two shortcomings are explored in more detail below, section 3 aims to overcome them by putting different pieces of regulation together in a holistic picture of governance in the context of sustainable development that pays close attention to actor constellations.

Considering that the governance literature is mainly concerned with how steering functions have been dispersed beyond the domain of governments across society (Rhodes 1996; Stoker 1998; Scott 2004), conceptual as well as taxonomic contributions often pay surprisingly little attention to actor constellations, except for the rough dichotomy that distinguishes between state and non-state actors (see e.g. Treib et al. 2007; NewGov 2004, 11ff). Mayntz (2004) explains this observation with the fact that governance research is usually preoccupied with the blurring of boundaries between actors from different societal domains, e.g. via network governance (for the blurring of boundaries between societal domains, see also Salamon 2002, 41; Börzel 1998; Knill & Lehmkuhl 2002; Nelson 2004; Haufler 2001). According to one of Stoker's five propositions on "governance as theory", "Governance identifies the blurring of boundaries and responsibilities for tackling social and economic issues" (Stoker 1998, 18).[5] No matter whether boundaries between public and private actors are blurred or dichotomised, conceptual and taxonomic contributions often overlook that "private actors" are hardly a useful analytical or empirical category that helps to differentiate types of (non-state) regulation adequately. To recognise e.g. the significant differences between business self-regulation and partnerships between businesses and civil society actors, private actors have to be differentiated accordingly (Glasbergen et al. 2007; van Huijstee & Glasbergen 2010; Lambell et al. 2008). A good example for a comprehensive stock taking of different types of business regulation that illustrates this weakness comes from Börzel and Risse (2010). Although they recognise companies and civil society as two distinct non-governmental actors (Börzel & Risse, 2010, 115), they relapse to the public-private dichoto-

5 Interestingly, Stoker overlooked environmental issues.

my when organising different types of regulation. Based on a tripartite classification of governance by Zürn (2002), they propose only one type of regulation for “governance by government” (i.e. “public regulation”) and one for “governance without government” (i.e. “private self-regulation”), but five types of regulation representing “governance with government” (e.g. “co-regulation of public and private actors” or “private self-regulation in the shadow of hierarchy”; Börzel & Risse, 2010, 116f). Obviously, this typology is elaborate with regard to the “grey spectrum” of the public-private dichotomy but remains vague at its extreme ends, in particular with regard to the manifold forms of governance without government that involve not only businesses but also civil society actors in various constellations (for details see section 3).[6]

Overall, it is a paradox that the governance literature is mainly concerned with “governance without government”, but that it often fails to adequately differentiate non-state actors and respective types of regulation. Organising the latter based on actor constellations is certainly not new, but as the following paragraphs show, respective contributions can be found rather in the literature on:

i. regulation,
ii. environmental and sustainable development governance, and
iii. Corporate Social Responsibility (CSR).

Since the disentangling of the governance concept into types of regulation in the following section 3 draws extensively on these research strands, they are briefly reviewed below. The reviews are inevitably selective because each of the research strands is vast.

(ad i) Regulation can assume many different meanings. While it can be understood narrowly as “authoritative rules” usually set by governmental institutions, it can also be understood broadly as an umbrella term for “all mechanisms of social control, by whomsoever exercised” (Jordana & Levi-Faur 2004, 3; see also Levi-Faur 2010, 4f). If understood in the broad sense (for a definition see section 1), the regulation concept is obviously very similar to the governance concept, with the important difference that the former traditionally pays more attention to actor constellations (Mayntz 2004; for confirming examples see e.g. Levi-Faur 2010; Jordana & Levi-Faur 2004, 11; Baldwin & Cave 1999, 63ff). As Levi-Faur emphasises, to “better understand regulation we need to play close attention to the question of Who are the regulators? What is being regulated? and, How regulation is carried out?” (Levi-Faur 2010, 9), and he adds that the question of “how to regulate” is closely linked “to the question of ‘who‘ regulates“ (Levi-Faur 2010, 11). Against this background, he develops a highly complex typology in which actor constellations play a key role. Since Levi-Faur’s typology pays close attention not only to the question of who sets rules with what means, but also to questions of who monitors and who enforces them (Levi-Faur 2010, 11f, 26f), the typology he proposes mirrors the complexities of governance (e.g. in matrices with as many as 36

[6] A similar pooling of business and civil society actors to “private actors” can be found in an EU context. Since the EU restricts co-regulation to Community legislative acts that entrust the attainment of their objectives to non-state parties (European Parliament et al. 2003, C331/3), it overlooks not only all non-legislative forms of co-regulation such as public-private partnerships, but also the difference between civil society and business actors. Accordingly, the EU defines self-regulation “as the possibility for economic operators, the social partners, non-governmental organisations or associations to adopt amongst themselves and for themselves common guidelines at European level” (European Parliament et al. 2003, C321/3; see also Senden 2005). Since “economic operators” and CSOs do not constitute a homogenous group that could be referred to as “themselves”, this notion of self-regulation is too vague for scholarly purposes.

types of regulation), but makes it difficult to identify the basic forms of steering. As it seems, he e.g. does not explicitly differentiate between different types of co-regulation (involving state, civil society and/or business actors in various constellations), or between hard and soft regulation by the state. Baldwin and Cave, on the other hand, distinguish between different types of state regulation and self-regulation but they overlook civil regulation (i.e. stakeholder pressure) and co-regulation (e.g. in the form of partnerships), and with it the important distinction between civil society and business actors as potential regulators (Baldwin & Cave 1999, 58-63). The typology developed in section 3 appreciates the emphasis regulation research puts on actor constellations and complements it with insights taken from the following two research strands.

(ad ii) Governance issues play a key role in the context of environmental protection and sustainable development, inter alia because these policy fields are still relatively young (Meadowcroft 1997, 443; Hajer 2003, 177), and the problems they aim to solve are complex issues that cannot be solved with quick or standardized fixes but often require profound governance changes (OECD 2001, 2002; Lafferty 2002, 2004; Jordan 2008; Steurer 2007, 2010). Consequently, policy makers as well as researchers recognised early on that sustainable development is not only concerned with first-order policy issues of "what to do" but also with second-order governance issues of "how to do it". This governance emphasis is reflected in most pertinent international policy documents, although with varying emphases. As early as 1972, the Stockholm Declaration on the Human Environment noted that improving the human environment for present and future generations "will demand the acceptance of responsibility by citizens and communities and by enterprises and institutions at every level, all sharing equitably in common efforts" (UNCHE 1972; for a brief review see Jordan 2008). While the Brundtland Report (WCED 1987) focused in particular on public governance, the Rio "Earth Summit" (UNCED 1992) shifted attention towards civil society actors, and the Johannesburg Summit on Sustainable Development (WSSD 2002) to the roles of businesses in the governance of sustainable development (Zadek 2004a). As the president of the World Resources Institute has pointedly put it, the two world summits (in particular the Johannesburg Summit) represent "a shift from the stiff formal waltz of traditional diplomacy to the jazzier dance of improvisational solution oriented partnerships that may include non-government organizations, willing governments and other stakeholders".[7]
Environmental policy and governance research that followed up on these and other developments traditionally pay close attention to actor constellations, inter alia because many environmental problems are negative external effects of businesses on society that can be internalised via public policies (Delmas & Young 2009a; Delmas 2009, 221ff; Arts et al. 2009). Since business and societal perspectives usually conflict on environmental issues, respective research rarely speaks of public actors in contrast to private (or civil) actors, but it differentiates the latter adequately (sometimes well beyond the general categories of civil society and business as used here). This applies to comparatively narrow empirical studies on particular environmental issues (see e.g. Héritier & Eckert 2008) as well as to broad conceptual or taxonomic contributions (see e.g. Arts 2005; Meadowcroft 2007). One of the most comprehensive typologies of environmental governance is proposed by Delmas and Young (2009b). By conceptualising the societal domains as three overlapping circles, they differentiate seven "environmental governance systems", three within a single domain and four between them (Delmas and Young 2009b, 7ff; for an illustration inspired by this idea, see figure 1 in section

7 http://archive.wri.org/newsroom/wrifeatures_text.cfm?ContentID=371; retrieved at 10 December 2011.

3). Although the differentiation of three actor groups and seven governance systems is a logical (almost intuitive) way to organise the complexities of environmental governance that provides a relatively clear understanding of who steers,[8] the typology is less clear with regard to how different actors (or actor constellations) actually accomplish steering. Instead of exploring mechanisms or tools of governance systematically for each of the seven governance systems, the typology refers to organisations (such as intergovernmental organizations), governance mechanisms (such as "non state market-driven"), and particular governance tools (such as negotiated agreements or public-private partnerships) rather unsystematically. Metaphorically speaking, the typology developed below makes use of the skeleton provided by Delmas and Young (2009b), but it aims to put more conceptual, as well as empirical, meat on its bones, taken from all three research strands described here.

(ad iii) Although rarely recognised as such, new governance and CSR are complementary concepts that both fundamentally reshape the roles of the public and the private sectors in similar directions (Moon 2002; Midttun 2005; Steurer 2011). As outlined above, new governance accounts for the fact that governments rely increasingly on non-state actors for achieving public policy goals. When "crucial elements of authority are shared with a host of non-governmental or other-governmental actors" (Salomon 2002a, 2), the role of businesses in society changes to the degree that they accept the sharing of public responsibilities. The worldwide rise of CSR indicates that the private sector has accepted (or had to accept?) the sharing of public responsibilities in recent years (for whatever reasons and certainly to varying degrees). By pursuing CSR as a management approach, businesses are supposed to widen their short-term profit-making focus by integrating "social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (European Commission 2006, 2; see also Steurer et al. 2005). Of course, not all activities pursued under the heading of CSR can be regarded as a taking over of public responsibilities, let alone as steering or regulation. Apart from symbolic (or "greenwashing") actions, businesses can pursue CSR in philanthropic, integrative (i.e. existing business operations are conducted more responsibly), or innovative ways (i.e. new business models are developed for solving social and environmental problems) (Halme & Laurila 2008). While philanthropy can imply the taking over of public (funding) responsibilities by businesses, integrative and innovative CSR (also referred to as triple bottom line management; see e.g. Elkington 1994; Dahlsrud 2008) as well as stakeholder management (Preble 2005) can also represent different types of non-state regulation (see section 3). Although political scientists recognise CSR (or rather respective practices without referring to them as CSR) increasingly as management science story lines of the new governance transition (Steurer 2011), and although respective management research provides nuanced empirical accounts of governance with and without government, be it confrontational through stakeholder pressure or collaboratively through partnerships with stakeholders (Utting 2005, 10; Zadek 2004a, b; Haufler 2001), interdisciplinary exchange is very limited. While section 3 draws on CSR research that is concerned with single types of regulation, it ignores taxonomic attempts to organise CSR as a collection of new forms of governance because they failed in doing this systematically so far.[9]

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8 With one exception: The actor group referred to as "private sector" mixes businesses, trade associations and consumers. Obviously, the latter often represent societal rather than business interests and should therefore be regarded as a separate actor group (Hertz 2001; Kurzer & Cooper 2007).

9 Two examples: Albareda (2008) describes a transition from self-regulation to co-regulation but does not address civil regulation via stakeholder pressure. Auld et al. (2008), in turn, characterise "The New Corpo-

3. Actor constellations and types of regulation

Based on the reasoning presented so far, this section disentangles the governance of sustainable development into discrete types of regulation based on the criterion "who regulates". Its main categories are government, business and civil society. Although these three societal domains are heterogeneous entities, each one consisting of a variety of actors with often conflicting political interests (for a brief discussion see section 5), actors from a domain usually share at least some domain-specific concerns and rationalities (such as competitiveness and profitability in the business domain). Therefore, and because the three actor categories already result in a complex picture of five domain-specific and four domain-spanning types of regulation (for details see figures 1 and 2), I do not differentiate them further, but leave this to more focused empirical studies, with one exception: the self-regulation of entire industries (e.g. by industry associations) is distinguished from the functionally different self-regulation of single businesses (e.g. by business partners).

Once actor constellations are assorted, numerous other criteria could be used to further differentiate the actor-based types of regulation, among them the underlying governance modes, the spatial scope of the regulation, those regulated, the bindingness of the rules, etc. To keep the typology lucid, the only secondary criterion used here is the bindingness of the rules because it accounts for the fact that regulation from within a domain (in particular governmental regulation) can assume fundamentally different characteristics. Although the same can apply to governance modes (i.e. hierarchies, markets and networks) they are not used as secondary criteria here because they are too unspecific. This is most obvious for the network mode of governance. Instead of being helpful in further differentiating actor-based types of regulation, the present paper shows that it disintegrates at least into four distinct types of collaborative regulation (short co-regulation) once actor constellations are taken into account.

The nine types of regulation are illustrated in figures 1 and 2, and they are described below with regard to basic characteristics, ideal-typical tools of governance that represent "the relatively limited number of means or methods" by which governments, civil society and/or business actors effect steering,[10] selected examples and the underlying governance modes. By doing so, the section shows systematically how diverse the governance of sustainable development actually is, and how important actor constellations are for fully comprehending this diversity. What section 3 cannot address are the strengths and weaknesses of the different types of regulation.

3.1. <u>Regulation by governments</u>

Although the emphasis of 'governance without government' (Rhodes 1996) downplayed the importance of governments, they can still be regarded as the ultimate (although sometimes disoriented) regulators of society and businesses (Kooiman 2003, 115-130; Bell & Hindmoor

rate Social Responsibility" based on incongruent "taxonomic categories" such as societal domains or actors (i.e. "Government traditional" or "individual firms"), types of regulation („partnerships") or particular tools of governance (i.e. "information approaches" or "environmental management systems"). Although the authors aim to provide a comprehensive picture of "CSR innovations" they overlook, inter alia, civil regulation, tripartite co-regulation and soft governmental regulation other than informational approaches.

10 This definition is based on a definition of policy instruments provided by Howlett and Ramesh (1993, 4).

2009), in particular in the context of environmental and sustainable development policy making (Arts et al. 2009; Delmas & Young 2009a). With regard to the binding nature of regulation, mandatory (or 'hard') and voluntary (or 'soft') governmental regulation can be distinguished. Hard regulation means that legislatures define rules that are binding for all (or for all members of a particular group), and that the executive and judicial branches of government monitor and enforce compliance. Thus, the obvious tools of hard governmental regulation are laws, decrees or (in the EU context) directives (metaphorically also referred to as 'sticks') and, less obvious, fiscal instruments (also referred to as 'carrots') such as taxes, fees and cap-and-trade schemes (Hood 1986). Although fiscal instruments represent relatively 'new environmental policy instruments' that are often addressed together with instruments of soft governmental regulation (e.g. eco-labels) or co-regulation (e.g. voluntary agreements) (Jordan et al. 2005), they clearly conform to hard regulation as defined above. Key differences between legal versus fiscal instruments of hard regulation are the underlying modes of governance (while hard law represents the hierarchical mode of governance, hard fiscal instruments make use of both steering hierarchically and harnessing market forces), the options they give to those who are regulated (rigid versus flexible), and their impact on technological progress (favouring status quo versus facilitating innovation). For these and other reasons, fiscal instruments have been eclipsing legal instruments to an increasing degree in recent decades, in particular in environmental policymaking (Jordan et al. 2005).

Although soft regulation is probably as old as its hard counterpart, the rise of governance and CSR in recent decades leveraged and diversified respective practices into a discrete type of governmental regulation, sometimes complementing and sometimes competing with hard regulation. In contrast to the latter, the rules governments formulate here are not legally binding, i.e. they suggest (or facilitate) certain behaviours politically, rather than prescribing and enforcing them legally with sanctions (Mörth 2004b, 1-6; Steurer 2010).[11] Since soft regulation is mainly a matter of persuasion, the legislative, executive and judicial powers of governments are only indirectly relevant as a threatening posture (see section 4). What counts is, inter alia (Steurer 2011):

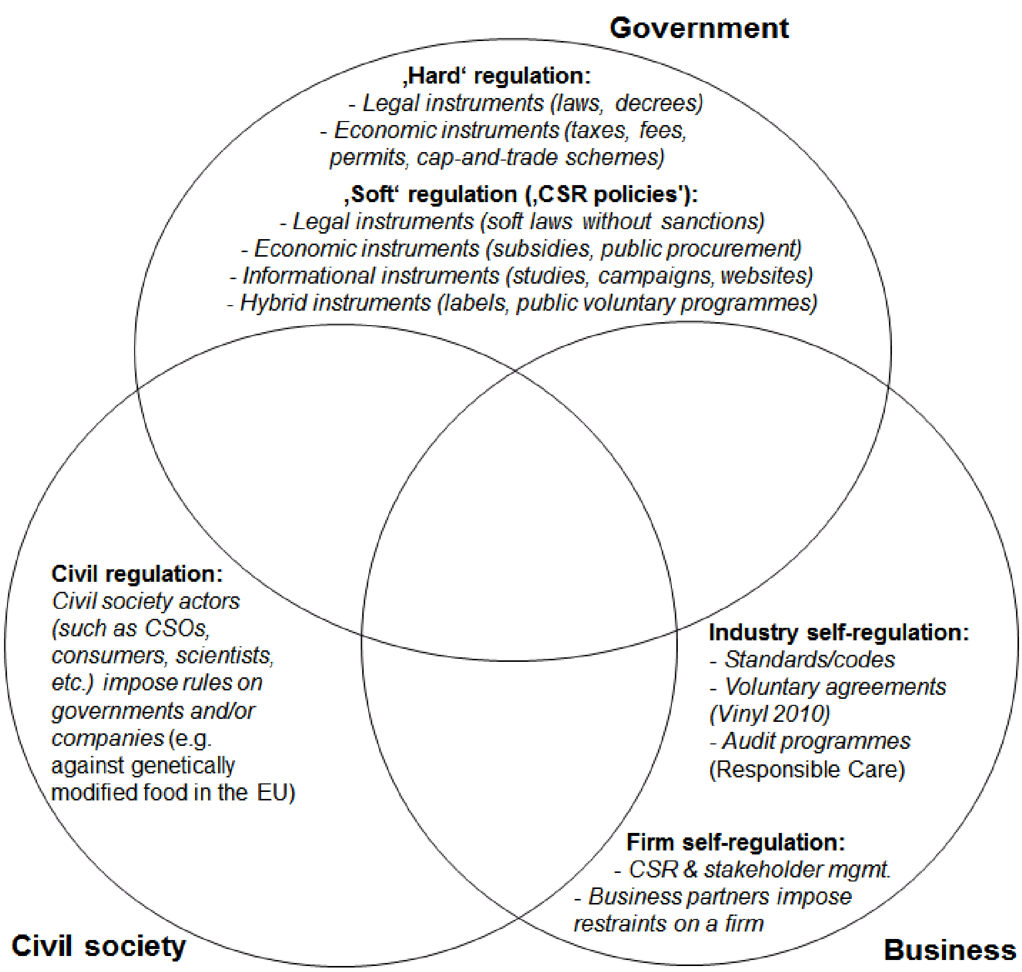
- 'nodality' (Hood 1983, 2007), i.e. access to knowledge, monitoring data, dissemination and education channels;
- organisation in the form of monitoring and benchmarking capacities, or as a means to lead by example (e.g. by applying sustainable management practices in the public sector);
- government legitimacy and authority (in a persuasive, non-hierarchical sense) (Hysing 2009); and
- fiscal means that can be used to create economic incentives for desired behaviour (e.g. via sustainable public procurement).

Thus, three of these four resources highlight that informational instruments (or "sermons", metaphorically speaking), such as endorsing statements, benchmarking reports, government-sponsored brochures, guidelines, websites and media campaigns, are the ideal-type tools of soft regulation (Steurer 2011, Scott 2004, 161). Together with the legal and fiscal instruments described above, they constitute a widely acknowledged tripartite standard set of policy instruments (Howlett & Ramesh 1993; Bemelmans-Videc et al. 1997; Jordan et al. 2005). Although legal and fiscal instruments play a key role in hard regulation, an analysis of public policies promoting CSR shows that they also play a role in soft regulation (Steurer

[11] While Mörth (2004a) speaks of "soft law", I prefer the broader term soft regulation.

2010; 2011): When governments use legal instruments in the context of CSR, some of them may seem to be mandatory (e.g. requiring the publication of CSR reports). Usually, however, they are "soft law" (or rods rather than sticks, metaphorically speaking) in the sense that compliance is not monitored and sanctions for non-compliance are not even foreseen (for CSR reporting, see e.g. Joseph 2002, 97ff).[12] Fiscal instruments, in turn, fall into the category of soft regulation when they are not obligatory (such as taxes) but optional (such as subsidies or green/sustainable public procurement; for further examples see Steurer 2010; 2011). While fiscal soft regulation corresponds with the market mode of governance, the picture is not so clear for informational and soft legal instruments (for further details, see section 5 and the paper "Soft instruments, few networks" in part B).

Figure 1: Domain-specific types of regulation



3.2. Regulation by civil society

In the "era of government", hard and soft governmental regulation were the only noticeable types of steering besides business self-regulation. The current "era of governance" is not only characterised by relatively new partnering forms of co-regulation (see below) but also by an increase in the confrontational steering of businesses by societal actors (mainly civil society organisations/CSOs). While they mainly pressured national governments in the past,

[12] For the important role soft law plays in the European context, see Mörth (2004c).

they now aim to fill a regulatory vacuum by pressuring businesses directly (Gunningham 2005; Vogel 2010; Scherer & Palazzo 2010; Yaziji & Doh 2009; Lambell et al. 2008). In this vein, Hertz (2001) asked provocatively whether it is "better to shop than to vote" in the pursuit of sustainable development. Interestingly, it was not primarily the political science literature on governance (preoccupied with collaboration in networks) but the business literature on CSR and stakeholder management that has analysed the confrontational regulation of businesses by civil society actors most systematically since the 1990s (see the references below).

Based on Zadek (2004a, 26), civil regulation can be defined as "the ability and willingness of society to create collective pressure on business beyond the rule of law by threatening the productivity" of businesses. As stakeholder theory shows in detail, this usually means that stakeholders, i.e. those who contribute to the wealth-creating capacity of a firm and that are therefore "its potential beneficiaries and/or risk bearers" (Post et al. 2002, 19),[13] confront businesses with social and/or environmental claims. These claims are usually not based on legal rights but on moral rights as well as on legitimacy in the eyes of the public, translated (or transmitted) to companies via market powers (Mitchell et al. 1998; Maxwell et al. 2000; Post et al. 2002; Midttun 2008). Stakeholders can pressure companies directly on their own or indirectly via coalitions with other stakeholders, either by withholding resources (directly e.g. via blockades or indirectly via boycotts), or by attaching conditions to business transactions (directly e.g. by negotiating terms or indirectly via campaigns) (Frooman 1999; Hendry 2005; Yaziji & Doh 2009). Prominent and often cited examples of civil regulation, usually through indirect withholding initiated by CSOs and enacted in an advocacy coalition with the media and likeminded consumers, are Shell's retreat regarding its plan to sink the oil platform Brent Spar in the North Sea (Zyglidopoulos 2002; Post et al. 2002), and the European movement against genetically modified food (Kurzer & Cooper 2007). The latter case illustrates that the civil regulation of businesses often goes hand in hand with civil regulation in the sense of lobbying various levels of government (see also Hendry 2005). Although the civil regulation of businesses relies obviously on networking activities by civil society actors, one should not overlook that the steering of businesses is ultimately achieved by the ability to harness market forces (mainly consumers and investors) for social or environmental purposes (McWilliams & Siegel 2001; Vogel 2005; Webb 2005, e.g. 272; Christmann & Taylor 2006).

3.3. (Self-)Regulation by businesses

Although the self-regulation of businesses can be traced back to craft guilds who began to set professional standards centuries ago (Baldwin & Cave 1999, 63), research on how businesses participate in societal steering in the "era of government" was often rather concerned with how to lobby governments (see e.g. Mazey & Richardson 1993). In the "era of governance", however, new forms of business self-regulation played an increasingly important role. In contrast to civil regulation, they have been analysed by governance and management scholars in parallel, without noticeable interdisciplinary exchange. For governance scholars, business self-regulation implies that businesses self-specify rules, self-monitor

[13] Strictly speaking, civil regulation is concerned with pressure exerted by societal stakeholders (such as local communities, CSOs, think tanks and the media) and excludes pressure through major business stakeholders (such as institutional investors and suppliers). However, as some key stakeholder groups (such as employees, consumers and small investors) illustrate, civil society interests and business relations are often intertwined (see also the section on business self-regulation).

their conduct and self-enforce compliance without direct and explicit interference from the state or from civil society actors (Gunningham & Rees 1997; Sinclair 1997; Bartle & Vass 2007). Since this definition makes it difficult to delineate self-regulation from management, it is important to add that the voluntary rules impose restraints upon firms that are in the public interest (Maxwell et al. 2000, 584).[14]

Business self-regulation can take place at the level of single firms or entire industries (Gunningham & Rees 1997, 364; Potoski & Prakash 2005a, b). Industry self-regulation means that a trade association (or a group of major companies) establishes agreements, standards, codes of conduct or audit programmes (with or without monitoring or enforcement mechanisms) that appeal to all firms of a particular industry on a voluntary basis. Examples are the "Responsible Care" program launched by the US Chemical Manufacturers Association in 1989 "in response to declining public opinion about the chemical industry" (King & Lenox 2000, 699), the "Sustainable Forestry Initiative" label launched by the timber and paper industry in 1994 as a response to the more demanding Forest Stewardship Council label (McDermott et al. 2008; Cashore 2002; see also the paragraph on co-regulation), or the "Vinyl 2010" voluntary agreement established by four European PVC associations as a response to legislative threats concerning environmental problems related to PVC (Héritier & Eckert 2008). The self-regulation of single firms, on the other hand, encompasses various voluntary practices of triple-bottom line management, such as applying environmental management systems, reporting on CSR, implementing company codes on CSR, etc. An often overlooked form of self-regulation at the level of single firms that is usually considered as stakeholder management is when key stakeholders from the business domain (i.e. large suppliers, bulk buyers, lenders or institutional investors) demand certain CSR practices from a particular firm. A prominent example of this kind of business self-regulation is Nike's supply chain audit regime that was established as a response to civil regulatory pressure coming from a coalition of CSOs, the media and consumers (Zadek 2004a, b; Midttun 2008, 414f). As this and the other examples given above emphasize, business self-regulation at whatever level is usually not isolated from but rather driven by other types of regulation. What may appear as business initiative is usually "strategic self-regulation" that aims to pre-empt other forms of regulation, in particular hard governmental or civil regulation (Maxwell et al. 2000, 583; see also the section on hybrid regulation below).

3.4. *Four types of co-regulation*

Co-regulation is an umbrella term for co-operative forms of steering in which actors from different societal domains aim to achieve public policy objectives or deliver public services jointly. While some scholars restrict co-regulation to collaborations between governments and civil society (Palzer & Scheuer 2004) or to narrowly defined interactions between governments and private actors (Senden 2005), a look at contemporary governance practices on the one hand and into the governance and CSR literature on the other reveals that civil society and businesses ("private co-regulation") as well as actors from all three societal domains ("tripartite co-regulation") also engage in collaborations (for an illustration, see figure 2).

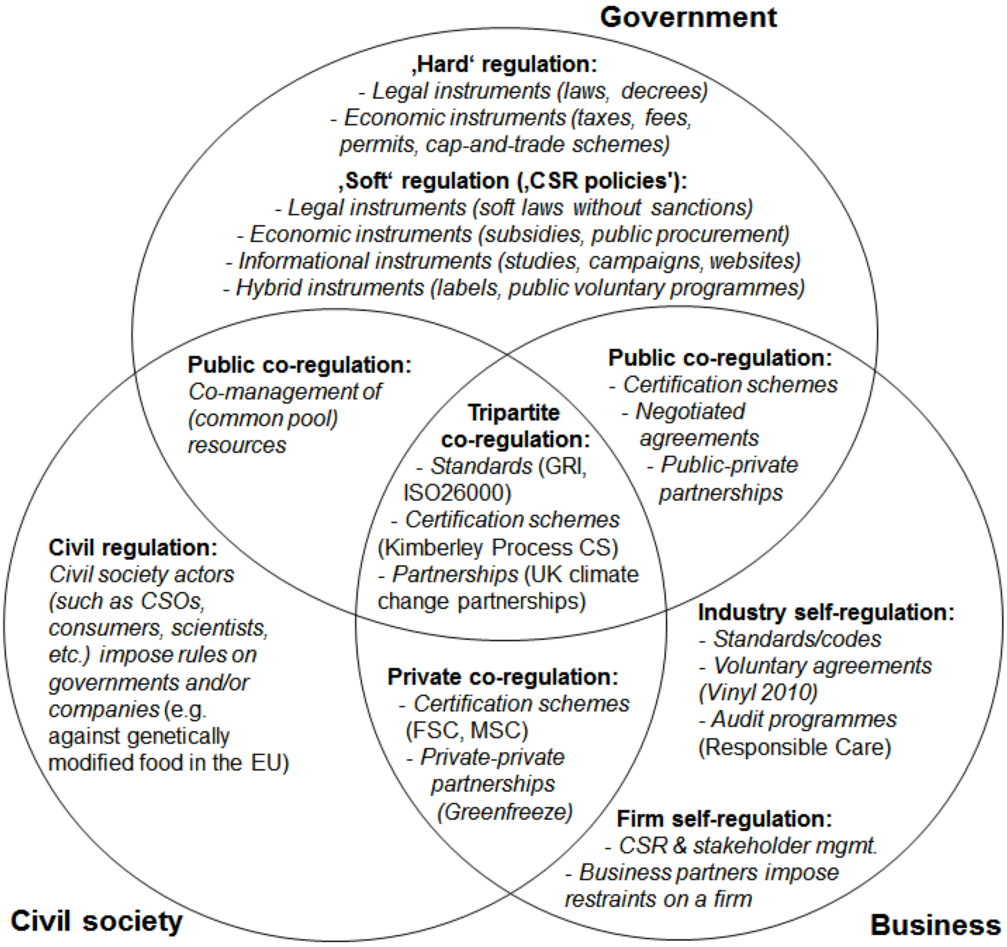
[14] Since self-regulation is a form of regulation, one could add with Stiglitz (2009b, 13) that it "restricts an individual or a firm doing what it otherwise would have done".

Public co-regulation involving civil society is usually concerned with the joint management of common pool resources (Ostrom e al. 1999), and although respective practices are relevant for sustainable development, they are rarely addressed in the vast body of literature concerned with new governance and CSR. The literature on CSR in particular is preoccupied with the three other types of co-regulation that are concerned with steering businesses. Among the most popular co-regulatory tools in all three actor constellations are certification schemes and partnerships. The latter are self-organizing alliances in which actors from two or three societal domains strive for common goals and synergies by sharing resources (including expertise and skills) as well as risks in non-hierarchical, network-like interactions (Glasbergen 2007, 1f; Van Huijstee et al. 2007, 77; McQuaid 2010, 128). Prominent instruments are private-private partnerships for sustainable coffee (Argenti 2004; Kolk 2011) and for environmentally friendly refrigerators ("Greenfreeze"; Stafford et al. 2000), the tripartite Regional Climate Change Partnerships in the UK (Bauer & Steurer, forthcoming; for other examples see Kolk & Pinkse 2010), and the numerous public-private partnerships launched by the US Environmental Protection Agency under the motto "reinventing regulation" (Balleisen & Eisner 2009). The latter also stands for hundreds of voluntary environmental programmes, many of them being certification and labelling schemes (Darnall & Sides 2008). Well known and extensively researched instruments of private co-regulation that aim to promote a sustainable use of natural resources through voluntary certification and labelling are the Forest Stewardship Council (Cashore & Vertinsky 2000; Cashore 2002) and the Marine Stewardship Council (Cummins 2004), and an example for comparatively rare tripartite certification is the Kimberley Process CS that aims to guarantee socially responsible diamonds (Wright 2004; Yaziji & Doh 2009, 162-165). Apart from partnerships and certification schemes, public co-regulation also relies strongly on negotiated agreements (for the numerous examples in the Netherlands, see Bressers et al. 2009), and tripartite co-regulation is often realised via standards or guidelines such as the Global Reporting Initiative/GRI which guides CSR reporting (Brown et al. 2009)[15] or the ISO 26000 guideline for social responsibility that has been developed by actors from all three societal domains (Ward 2011).

The tools and examples of co-regulation are obviously manifold and diverse, and based on actor constellations they can be divided into four discrete types. Nevertheless, they have some points in common. First, they all require collaboration and networking and therefore represent the quintessence of both new governance and CSR (see section 2). Second, although businesses are involved in most co-regulative practices, it is most often up to civil society (or governments in the case of public co-regulation) to initiate them. Third, although the network mode of governance is obviously important here, one should not overlook that the steering mechanisms as well as the business motives to engage in co-regulation are, again, often determined by the market mode of governance (i.e. by considerations regarding brand reputation and market niches, etc.) and the desire to pre-empt confrontational civil or hard governmental regulation. In this sense, co-regulation often represents society- (or government-)driven network governance in the (sometimes hardly visible) shadow of both markets and hierarchies.

[15] The government actor involved in the GRI since 1999 (first in the steering committee, since 2002 in the GRI board of directors, is the United Nations Environmental Programme/UNEP (see http://www.globalreporting.org/AboutGRI/WhatIsGRI/History/OurHistory.htm; http://www.globalreporting.org/AboutGRI/WhoWeAre/GovernanceBodies/Board/).

Figure 2: Adding four types of domain-spanning co-regulation



4. *Interactions, hybridisation and orchestration (or meta-governance)*

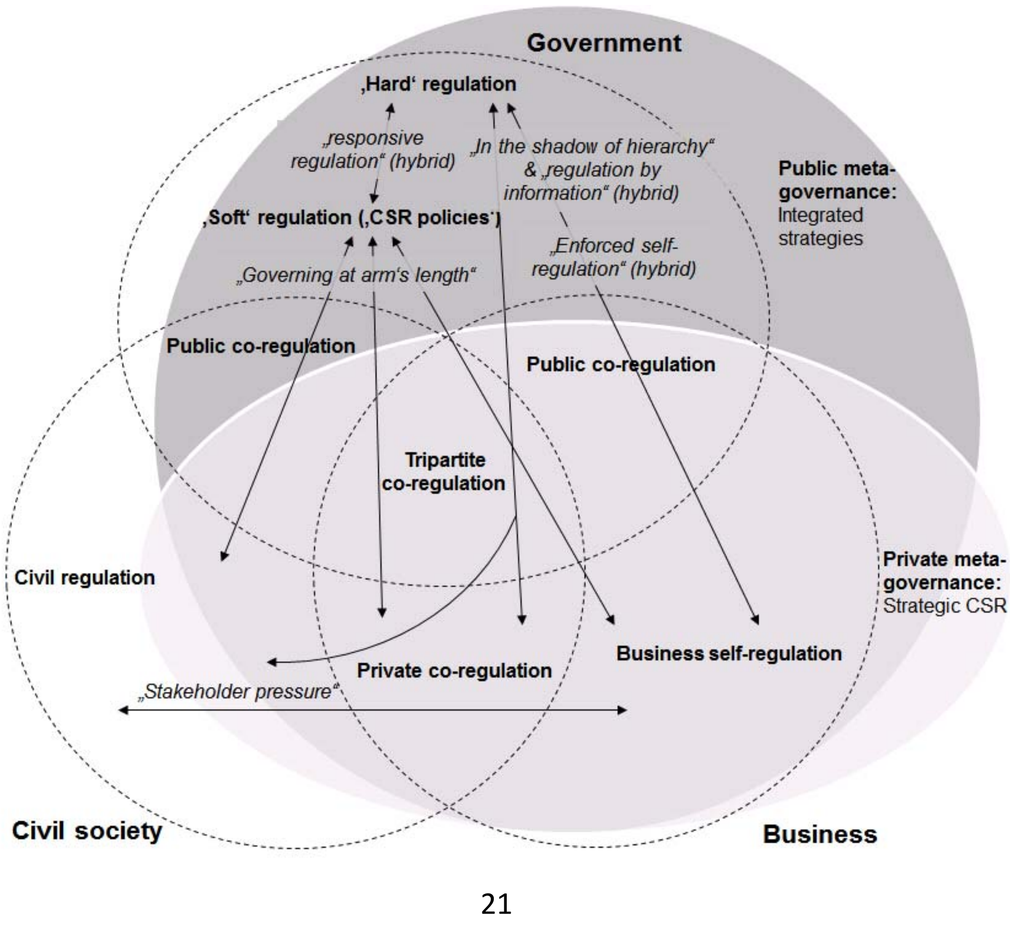
So far, the domain-specific as well as the domain-spanning types of regulation have been described as (analytical) stand-alone approaches, and interactions between them have emerged only in outlines. Since the dispersion of governance from state to non-state actors is inevitably accompanied by an increase of interactions between actors from all three societal domains (Arnouts & Arts 2009, 204), this section highlights that these interactions materialise between the types of regulation described above in at least three distinct ways: as normal interactions, hybridisation and orchestration (or meta-governance; for an illustration see figure 3).

The types of regulation described above should be understood as communicating vessels, i.e. whatever happens with regard to whatever type of regulation or tool of governance has most likely effects on steering with other types and tools. As long as these interferences shape the use and the contents of regulation but do not result in new regulatory types with distinct steering characteristics, they can be regarded as normal interactions between the components of a complex, i.e. poly-centred and multi-actor governance system. Prominent patterns for these normal interactions are:

- various soft forms of “governing at arm’s length” in which governments do not engage directly with non-governmental regulation but facilitate respective practices from a distance with tools of soft regulation, such as informing, educating, providing guidance, appealing, approving and encouraging them (Bartle & Vass 2007; Héritier & Lehmkuhl 2008; Hysing 2009);
- a hard form of “governing at arm’s length” in which governments threaten co- as well as self-regulators with hard regulation in case they fail to achieve certain goals, usually referred to as “private regulation in the shadow of hierarchy” (Héritier & Eckert 2008; Héritier & Lehmkuhl 2008; Scharpf 1994);
- a hard legal environment as a prerequisite for functioning industry or firm self-regulation (Short & Toffel 2010; Mathis 2008, 452-457), or new hard governmental regulation as a response to failed self-regulation (currently discussed mainly for the financial sector; see e.g. Moss & Cisternino 2009);
- business self-regulation that is a direct response to specific threats or actual pressures of stakeholders, which, in turn, may be the result of a lack or the failure of governmental regulation (Zadek 2004a, b; Gunningham 2005; Christmann & Taylor 2006; Porter & Ronit 2006; Kurzer & Cooper 2007).

These and other domain-spanning interactions are the norm rather than the exception. Obviously, many of them have their origin in the governmental domain and are concerned with making regulation by non-state actors work through counterbalancing respective weaknesses (Gunningham et al. 2003, 149; Hysing 2009; Steurer 2011). This applies in particular to business self-regulation, an approach Stiglitz (2009a, 3) denounced as “preposterous” in its pure form with respect to the 2008/2009 financial crisis.

Figure 3: Adding interactions, hybrid regulation and meta-governance



In contrast to the widespread (mis)conception that regards co-regulation (or co-governance) as one of the most important types of hybrid regulation (see e.g. Young 2009, 28; Lemos & Agrawal 2006, 2009; Levi-Faur 2010)[16], I propose a narrower understanding of the increasingly popular concept. If two (or more) of the stand-alone types of regulation described above are deliberately combined to create a new form of steering with the aim to harness the strengths of the original approaches, hybridisation (or crossbreeding) has taken place. The most prominent types of hybrid regulation as defined here are:

- "responsive regulation", i.e. hard governmental regulation that is intertwined with soft forms of communication and persuasion in order to increase acceptance and compliance among those regulated (Ayres & Braithwaite 1992; Braithwaite et al. 2007; Braithwaite 2007). If responsive regulation fails to secure compliance via persuasion it reverts to hard governmental regulation and "uses punishment when necessary" (Braithwaite 2007, 5);
- "regulation by information" (Majone 1997; Lyon & Maxwell 2007) is a crossbreed between hard governmental regulation that requires the disclosure of information on the one hand and civil regulation or business self-regulation on the other which could not function properly without transparency (Steurer 2011; for an example on toxic emissions, see Konar & Cohen 1997);
- "enforced self-regulation", i.e. self-regulation that is subject to a form of governmental oversight (Baldwin & Cave 1999, 39; Bartle & Vass 2007, 889). According to Ayres and Braithwaite (1992, 105) legally mandating self-regulatory practices (such as setting and effectuating professional standards) and/or enforcing or sanctioning them publicly can be regarded as "a form of subcontracting regulatory functions to private actors".

Again, governments play a key role in hybridising regulation for various reasons, inter alia because they are obviously interested in making non-state regulation work.

While hybrid regulation connotes the deliberate "crossbreeding" of two regulatory approaches, meta-governance is primarily concerned with "the governance of governance" (Meuleman 2008, 67), not as a cause in itself but "to achieve the best possible outcomes from the viewpoint of those engaged in meta-governance" (Jessop 2009, 93). What exactly does this mean? Since the present outline paper is mainly concerned with the dispersion of governance across three societal domains and many more types of regulation, the meta-governance that is most relevant here is concerned with overseeing, reflecting on and orchestrating different types of regulation, including hybrid ones (for this and four other meanings of meta-governance, see Jessop 2009, 93). Although many scholars view this as an exclusive governmental task that ought to serve public policy objectives (Meuleman 2008, 68f; Peters 2010), the previous sections have prepared the ground for arguing that meta-governance takes place in the public as well as in the private domain, although with different

[16] In line with Kooiman (2003) who regards "co-governance" as a basic mode of governance alongside with "self-governance" and "hierarchical governance", I suggest that co-regulation is not a hybrid but a domain-spanning type of regulation with unique rather than hybrid steering characteristics. A look at co-regulation located between civil regulation and business self-regulation underpins this as follows: CSO-business collaborations such as the "Greenfreeze" project between Greenpeace and the household appliance manufacturer Foron (Stafford et al. 2000) are clearly alternative to rather than a hybrid of confrontational stakeholder pressure.

scopes and geared towards different, domain-specific objectives (see also Jessop 2009). A key concern for *public* meta-governance is to provide direction, structure and control on the interplay of various forms of regulation in whatever societal domain in order to achieve public policy objectives more effectively (Peters 2010; Meuleman 2008; Sorensen 2006), or to put it more pointedly: "harnessing the capacities of markets, civil society, and other institutions to accomplish its policy goals" (Gunningham 2005, 338), or at least "to ensure that the private regulatory tail does not wag the commonweal's dog" (Balleisen & Eisner 2009, 129). These tasks are particularly urgent in societies and policy fields where steering functions have been dispersed across a variety of actors (Peters 2010). As countless contributions (including the present outline) show, this applies in particular to environmental and sustainability issues in industrialised countries (see e.g. Glasbergen 2011; Meadowcroft 2007). Providing direction via public meta-governance can be achieved by agreeing on strategic objectives, orchestrating different tools of governance, and monitoring their performance (Meuleman 2008; Peters 2010, 44f). In the context of sustainable development, the practices that come closest to this sort of public meta-governance are integrated strategies (Howlett & Rayner 2006) such as climate or sustainable development strategies.[17] However, instead of orchestrating what different actors (or actor constellations) must contribute to policy objectives with what tools, sustainable development strategies usually restrict themselves to an often-piecemeal orchestration of mainly soft policy instruments (Steurer 2008).

Since steering functions have spread well beyond the public domain and governments have obvious difficulties in overseeing, let alone orchestrating the types and tools of state and non-state regulation, there is a case for poly-centred meta-governance beyond governments. Although Sorensen (2006, 103) emphasised that "metagovernance can potentially be exercised by any resourceful actor – public or private", the private side of the phenomenon has hardly been addressed so far, with one notable exception (Glasbergen 2011). However, while Glasbergen equates private meta-governance with what I frame as successful examples of private and tripartite co-regulation (i.e. the Forest Stewardship Council/FSC and the Global Reporting Initiative/GRI), the typology presented here suggests that meta-governance should go beyond setting widely accepted standards. As the present paper has shown, the CSR of companies or industries can be regarded as the result of two types of self-regulation and three of the four types of co-regulation that involve businesses. Conversely, CSR can be conceptualised as strategic triple-bottom-line management that is also concerned with overseeing, reflecting on and orchestrating at least these types of non-state regulation at different scales (while orchestrating governmental regulation is clearly beyond the scope of CSR as private meta-governance, the CSR of a company has some influence on civil regulation via stakeholder management). Although this form of private meta-governance could be pursued by major companies, industry and business associations, only relatively few companies manage CSR strategically so far (see e.g. Post et al. 2002; Zadek 2004b). Since the objectives of meta-governance depend on the viewpoint of the meta-governors (Jessop 2009, 93) it is not surprising that the key concern of strategic CSR is usually how to improve its business-case, an objective that can, but does not have to, coincide with public policy or societal objectives (Halme & Laurila 2008; Porter & Kramer 2006). Civil society actors could balance this "business case bias" of strategic CSR, but since they are usually not as resourceful as governments

[17] Peters (2010, 44f) also recognizes performance and strategic management in the public sector as key instruments for meta-governance.

and businesses (and sometimes also more fragmented), their approach to meta-governance has been limited to establishing widely accepted standards of CSR (Glasbergen 2011).

5. *Conclusion, discussion and outlook on part B*

The present outline paper has shown how governance in the context of sustainable development can be disintegrated into a series of domain-specific, domain-spanning, hybrid and orchestrating types of regulation, at least when actor constellations are taken into account. It emphasises: (i) that although the boundaries between societal domains have eroded, they are still important for identifying actor constellations, and, (ii), that steering businesses today takes place in a complex, i.e. poly-centred and multi-actor governance system. Since neither public nor private meta-governance were able to orchestrate the effective use of different types of regulation on a grand scale, the picture drawn above is clearly the cumulative product of countless ad-hoc initiatives, developed by a variety of actor constellations in concurrence with global trends such as globalisation and the emergence of new governance as a new steering paradigm (see section 1). Since it is unlikely that strong centres or grand meta-governance schemes will ever be able to effectively orchestrate the use of different types of regulation (Rosenau 2005; Jessop 2009), the diffusion of power and the lack of orchestration should be regarded not only as a problem but rather as an opportunity, inter alia because it “opens the door for multiple routes of intervention in order to encourage the turn towards sustainable development” (Meadowcroft 2007, 307). Although today corporations are less likely to be the subject of state interventionism than they were in Keynesian times, they are now confronted with new types of regulation (in particular civil regulation and co-regulation) that played a marginal role back then (Mellahi & Wood 2003, 190f; Moon 2005). What we seem to witness is “hard governmental deregulation” that is accompanied (at least partly) by soft governmental as well as societal “re-regulation” (for a similar interpretation, see Utting 2005), or, as Gunningham (2005, 335) calls it, “regulatory reconfiguration” that is still in progress.

Although the ideal-type picture drawn above is already quite complex, it is parsimonious compared to the “reality of steering” societies in general or businesses in particular. Two of the many additional complexities stand out. First, although actors proved to be a useful criterion for differentiating types of regulation, the three ideal-type categories are, of course, not homogenous entities:

- in the governmental domain, different levels of government have different (complementary or competing) competencies that often result in diverging intentions (in particular in federal states), and at each level, different ministries/departments often pursue conflicting positions;
- although businesses all aim at making profits, the values and management practices standing behind this goal (in particular the management of CSR and stakeholder relations) vary widely: while some businesses accepted e.g. responsibilities to mitigate climate change and even advocated for stricter policies early on, others doubted climate change altogether (Rowlands 2000);
- civil society actors (such as CSOs) are advocates of societal causes, but since they compete for resources and trade-offs between some social and environmental concerns exist, they rarely speak with one voice.

Second, complexity increases further if we look closer at other characteristics of steering, e.g. at the bindingness of the rules. Each type of regulation described above can be broken down into several governance tools, and most of these tools (in particular those concerned with soft governmental regulation or business self-regulation) can be designed to be more binding or less binding, i.e. with or without monitoring or reporting schemes, sanctions, etc. (see e.g. McDermott et al. 2008). Consequently, the simple picture drawn above can certainly be criticised as a rough draft that ignores too many details. Spinning this metaphor further, I regard it as a detailed "landscape painting" that can provide guidance for more detailed empirical research for two main reasons. First, without a clear understanding of the greater picture of governance it is increasingly difficult to comprehend what particular practices (and respective case studies) actually stand for and how they relate to each other. The existence of several other typologies illustrates that there is a need to see both the trees and the forest at the same time. Second, since many of these other typologies have obvious weaknesses (see section 2), the work presented here tried to build on their achievements and offset their weaknesses by drawing on various research strands in different disciplines. Beside the research strands on environmental governance and regulation, business studies on CSR and stakeholder management obviously played a key role. In this sense, governance proved to be a useful "vehicle for comparison and for mutual learning and theoretical inspiration" across disciplines (van Kersbergen & Van Waarden 2004, 144).

Overall, the typology developed here has not only potential academic or conceptual value in the sense that it can help to better understand the bits and pieces of sustainable development governance. Its potential empirical value is that the typology can help to distinguish practices that represent different types of regulation but are often treated as if they were comparable. If this helps to caution policy analysts and evaluators against drawing too-broad conclusions on the effectiveness of "voluntary environmental programmes" or similarly aggregated constructs, the typology also has evaluative value. Since numerous assessments do not adequately differentiate various governance practices, using the typology presented here to meta-analyse their findings may result in slightly different interpretations and recommendations. From this point on, however, I focus on the "personal" or "contextual value" of the typology developed above, i.e. I finally show what areas my diverse research of the past ten years has covered.

Table 1 shows how selected journal publications[18] and two important book chapters fit into the scenery of sustainable development governance painted above (for a complete overview of my publications, see the accompanying material). The publications included in part B below are listed first (grey shading) and they are ordered thematically (both in table 1 and in part B). Obviously, large parts of my research of the past ten years are concerned with public meta-governance, soft governmental regulation, and various aspects of CSR. What exactly are the trees like that stand in the "forest scenery" described above?

Selected papers on public meta-governance

Although none of the papers address the full breadth of public meta-governance as described above, they are all at least concerned with how public policies on sustainable devel-

[18] I excluded five journal publications that had only weak linkages to the governance of sustainable development in a narrow sense (i.e. three on climate change policies and two on the controversy about economic growth).

opment are or could be orchestrated more effectively across sectors and across levels of governments. The paper "Towards a new pattern of strategy formation" from 2005 expresses hopes about the then relatively new approach of orchestrating sustainable development policies with integrated strategies at the national level in Europe, in particular because these strategies (conceptualised as strategic processes) clearly represented progress compared to environmental plans that were developed (and shelved) well into the 1990s. The book chapter "Strategies for Sustainable Development" from 2008, however, is already more critical and suggests that broad integrated strategies face compelling obstacles in orchestrating a broad variety of actors and policy instruments across several sectors. The critical tone also prevails in the two following papers that are concerned with the governance of sustainable development from a European perspective. Since sustainable development strategies fall short in fulfilling their comparatively narrow meta-governing purpose, the paper "From Government Strategies to Strategic Public Management" starts where the 2005-paper ended (i.e. with the achievements of sustainable development strategies). Apart from explaining their failure to effectively meta-govern at least governmental policies with a look at how major public administration narratives work, it then provides an exploratory outlook on how integrated strategies could be developed further to what is dubbed as "strategic public management".

Selected papers on soft governmental regulation

The two papers included in part B address this topic comprehensively based on the same empirical material with slightly different angles. The paper "The role of governments in CSR" attempts to organise the bewildering array of soft government policies in EU Member States that aim to foster CSR. By doing so, it provides a matrix typology that distinguishes five types of policy instruments (i.e. the four instruments listed in figure 1, plus partnering instruments that are here classified as co-regulation) that are employed in four thematic fields of activity (i.e. raise awareness, improve transparency, foster socially responsible investment and lead by example). The paper "Soft regulation, few networks" departs from this typology and takes it a step further. Based on a stocktaking of actual CSR policies in EU Members States covering three of the four fields of activity, it highlights that soft governmental regulation relies mainly on persuasion, a governance mode that plays a role in all three established governance modes (i.e. hierarchy, market and networks) but may also constitute a fourth governance mode in its own right. Leaving this question open, the paper concludes, "it is time to take persuasion out of 'the shadow of networks', and to study it as a steering mechanism that plays obviously an important role in various governance settings" (Steurer 2011, 280).

Selected papers on various aspects of CSR

My work on CSR is concerned with its political rather than with its managerial aspects, in particular with the question of how far CSR is (or can be) expected to contribute to sustainable development. Thus, the two papers included in part B touch on several of the topics introduced above, in particular on CSR as an umbrella concept for various practices of self-regulation, co-regulation and civil regulation (see table 1). The papers were written in 2003-2004, a period when the public discourse on CSR was embryonic in Europe and research on CSR was preoccupied with a managerial, firm-centred perspective. Against this backdrop, the paper "Mapping stakeholder theory anew" makes a case for complementing the firm-centred perspective on stakeholder management not only with a "stakeholder-centred perspective" (already nascent at that time) but also with a new "society-centred" (or conceptual) perspective. The stakeholder-centred perspective is concerned with how stakeholders influence corporations and it anticipates what the typology above calls civil regulation. The society-centred perspective highlights that CSR is not only relevant for specific stakeholders but also for societies, in particular with regard to normative guiding models such as sustainable development. As one of the first contributions to the societal perspective, the second paper on "Corporations, stakeholders and sustainable development" explored what sustainable development actually means in a corporate setting and how the concept relates to CSR.

Table 1 below shows in detail what types of regulation 20 selected publications of the last 10 years address. Part B displays 9 of them (shaded in grey) in thematic order.

Table 1: Thematic foci of 20 selected publications

Publications included in Part B (thematic order)	Thematic foci[19]			
	Public meta-governance	Soft governmental regulat.	CSR: self- & co-regulation	Civil regulation
1) Steurer, R. & Martinuzzi, A. (2005): Towards a new pattern of strategy formation in the public sector: first experiences with national strategies for sustainable development in Europe, in: Environment and Planning C: Government and Policy, 23/3, 455-472.	**			
2) Steurer, R. (2008): Sustainable development strategies, in: Jordan, A. & Lenschow, A. (eds.), Innovation in Environmental Policy? Integrating the Environment for Sustainability. London: Edward Elgar, 93-113.	**			
3) Steurer, R. & Hametner, M. (forthcoming): Objectives and Indicators in Sustainable Development Strategies: Similarities and Variances across Europe, in: Sustainable Development, forthcoming.	**			
4) Steurer, R. & Berger, G. (2011): The EU's double-track pursuit of sustainable development in the 2000s: how Lisbon and sustainable development strategies ran past each other, in: International Journal of Sustainable Development & World Ecology, 18/2, 99-108.	**			
5) Steurer, R. (2007): From Government Strategies to Strategic Public Management: An Exploratory Outlook on the Pursuit of Cross-Sectoral Policy Integration, in: European Environment (now 'Environmental Policy and Governance'), 17/3, 201-214.	**			
6) Steurer, R. (2010): The role of governments in Corporate Social Responsibility: characterising public policies on CSR in Europe, in: Policy Sciences, 43/1, 49-72.		**	*	
7) Steurer, R. (2011): Soft Instruments, Few Networks: How 'New Governance' Materialises in Public Policies on Corporate Social Responsibility Across Europe, in: Environmental Policy and Governance, 21/4, 270–290.		**	*	
8) Steurer, R. (2006): Mapping Stakeholder Theory Anew: From a 'Stakeholder Theory of the Firm' to Three Perspectives on Business-Society Relations, in: Business Strategy and the Environment, 15/1, 55-69.			**	**
9) Steurer, R.; Langer, M.E.; Konrad, A. & Martinuzzi, A. (2005): Corporations, Stakeholders and Sustainable Development I: A Theoretical Exploration of Business-Society Relations, in: Journal of Business Ethics, 61/3, 263-281.			**	*

[19] Two stars (**) indicate the key theme(s) of the paper, one star (*) indicates that a topic is addressed.

Other publications not included in part B (chronological order)	Thematic foci			
	Public meta-governance	Soft governmental regulat.	CSR: self- & co-regulation	Civil regulation
1) Steurer, R.; Margula, S. & Martinuzzi, A. (forthcoming): Public Policies on CSR in Europe: Themes, Instruments, and Regional Differences, in: Corporate Social Responsibility and Environmental Management.		**		
2) Steurer, R.; Berger, G. & Hametner, M. (2010): The vertical integration of Lisbon and sustainable development strategies across the EU: How different governance architectures shape the European coherence of policy documents, in: Natural Resources Forum, 34, 71-84.	**			
3) Steurer, R. (2010): Sustainable Development as an integrative governance reform agenda: Principles and challenges, in: Steurer, R. & Trattnigg, R. (eds.) (2010): Nachhaltigkeit regieren: Eine Bilanz zu Governance-Prinzipien und -Praktiken [Governing Sustainability: Taking stock of governance principles and practices]. München: Oekom, 33-54.	*			
4) Steurer, R. & Tiroch, M. (2009): Corporate Social Responsibility (CSR) in Österreich: Wie substanziell ist der freiwillige Beitrag der Wirtschaft zu einer nachhaltigen Entwicklung? ("CSR in Austria: How substantial is the voluntary business contribution to sustainable development?"), in: Zeitschrift für Umweltpolitik & Umweltrecht, 2, 199-222.			**	
5) Steurer, R. & Konrad, A. (2009): Business-society relations in Central-Eastern and Western Europe: How those who lead in sustainability reporting bridge the gap in corporate (social) responsibility, in: Scandinavian Journal of Management, 25, 23-36.		*	**	*
6) Konrad, A.; Martinuzzi, A. & Steurer, R. (2008): When Business Associations and a Federal Ministry Jointly Consult Civil Society: a CSR Policy Case Study on the Development of the CSR Austria Guiding Vision, in: Corporate Social Responsibility and Environmental Management, 15, 270-280.		**	**	
7) Konrad, A.; Steurer, R. & Langer, M.E. (2006): Empirical Findings on Business-Society Relations in Europe, in: Journal of Business Ethics, 63/1, 89-105.			**	**
8) Steurer, R. (2006): Soft, softer, am softesten: Die CSR-Politik der Europäischen Kommission verliert an Biss ("Soft, softer, softest: The CSR policy of the European Commission loses ground"), in: Ökologisches Wirtschaften, 4, 8-10.		**		
9) Steurer, R. & Kopp, U. (2006): Licht und Schatten: Die neue EU-	**			

Strategie für nachhaltige Entwicklung ("Light and Shade: The renewed EU Sustainable Development Strategy"), in: politische ökologie, 102/103, 31-33.				
10) Martinuzzi, A. & Steurer, R. (2003): The Austrian Strategy for Sustainable Development: Process Review and Policy Analysis, in: European Environment (now 'Environmental Policy and Governance'), 13/4, 269-287.	**			
11) Steurer, R. (2001): Paradigmen der Nachhaltigkeit ("Paradigms of Sustainable Development"), in: Zeitschrift für Umweltpolitik und Umweltrecht, 4, 537-566.	*			

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Part B: Selected Publications

1.

Steurer, R. & Martinuzzi, A. (2005): Towards a new pattern of strategy formation in the public sector: first experiences with national strategies for sustainable development in Europe, in: Environment and Planning C: Government and Policy, 23/3, 455-472.

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Towards a new pattern of strategy formation in the public sector: first experiences with national strategies for sustainable development in Europe

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Abstract. Despite lengthy debates about planning versus incrementalism, there is still no consensus on what strategy processes should look like in the public sector. In the environmental policy field, the decline of formal policy planning was nonetheless followed by a surge of national strategies for sustainable development (NSSDs). After summarizing this development, we highlight some key characteristics, good practices, and weaknesses of NSSDs with regard to participation, horizontal and vertical policy integration, policy implementation, and monitoring. It is shown that NSSDs go well beyond former environmental policy plans, not just in terms of their thematic scope, but foremost because they resemble evolving rather than static strategy processes. Finally, we explore what model of strategy formation may be adequate for the public sector in general. Based on the empirical evidence presented here and by drawing on strategic management theory, strategic public management is proposed as an ideal pattern for strategy formation, which reconciles planning and incremental learning.

1 Strategy form(ul)ation in the theoretical debate

The means and ends of strategies in the public as well as in the private sector have been the subject of intense debates for decades. Nevertheless, there is still no consensus on what strategy processes should look like. Mintzberg et al (1998), for example, distinguish between ten strategy schools. Two of these are the planning school and the learning school. Because these two schools played a prominent role in the theoretical debate and are at the forefront of application in the public sector, they are the focal point of this paper.

According to the so-called 'planning school', complex organizations must plan formally (1) to coordinate their activities, (2) to ensure that the future is taken into account in today's actions, (3) to be rational, and (4) to control the use of resources. Having formal plans or strategies implies that an organization ought to follow a detailed prescription of objectives or actions over a certain period. In the context of public policy, planning may also have the symbolic function of demonstrating political will to certain special interest groups. However, the planning school assumes that organizations can improve their performance when they do not rely on informal ad hoc deliberations and decisions, but streamline their activities according to a documented plan or strategy in a systematic and predictable way (Brews and Hunt, 1999; Mintzberg, 1994, pages 6–21; Williams, 2002). In this sense, traditional policy planning "is imbued with ideas that implementation is about getting people to do what they are told, and keeping control over a sequence of stages in a system" (Parsons, 1995, page 466). Although this kind of formal top-down planning, which tries to increase predictability at the expense of empowerment and flexibility (Mintzberg, 1994, page 173f) peaked in the 1960s and 1970s (Mintzberg et al, 1998, page 353; Szulanski and Amin, 2001), it was prevalent in various policy fields into the 1990s (see section 2).

For Mintzberg (1994), the counterposition to the planning school can be described as informal and emergent strategy formation, which does not necessarily imply the formulation of a document. In the context of public policy, this so-called 'learning school' goes back to Lindblom's (1959) notion of 'incrementalism'. Lindblom and Mintzberg both advocate in at least some of their writings that strategies evolve through informal and mutual adjustments among a variety of actors rather than through formalized planning procedures, conducted by distinctive planners. Against this theoretical background, Mintzberg (1994, pages 227–321) charges the planning school with the fallacies of predetermination, detachment, and formalization. These three 'fundamental fallacies' can be summarized as follows.

(a) Planning builds on a predetermination of future developments and discontinuities, which are highly uncertain and therefore not predictable.

(b) Because, according to the planning school, those who have developed plans are rarely the same people who implement them, planning is detached from implementation in terms of both the time line and the key actors involved.

(c) The most fundamental fallacy of the planning school is the assumption that strategy formation can be accomplished by formalizing the process through distinct planners, who are isolated from daily routines. The impossible predetermination of uncertainties and discontinuities, the detachment of thinking and acting, and the suppression of creative thinking through formalized planning leads Mintzberg (1994) to the conclusion that 'strategic planning' is an oxymoron. He asserts that strategy formation cannot be planned in the way the planning school assumes but instead emerges out of collective and incremental learning processes.

Obviously, the planning and the learning schools represent two extreme standpoints in the debate on strategy processes. The space between the two extremes is the continuum upon which the subject of this paper unfolds. National strategies for sustainable development (NSSDs) are one example of a variety of 'third-way mixtures', which build neither solely on formal planning nor on pure incrementalism. NSSDs aim at a "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987, page 43) in a systematic yet flexible way. This implies a close integration of economic, social, and environmental policies.

In section 2 we show how this new type of strategy formation emerged out of traditional policy planning. In section 3 we describe common key characteristics and good practices of NSSD processes in Europe. As we cover about twenty countries,(1) we can only scratch the surface and give some direction for subsequent in-depth analyses. Hence, section 4 supplements this analysis by summarizing weaknesses and difficulties of NSSD processes.(2) In section 5 we finally explore strategic public management as a hybrid pattern of strategy formation.

(1) For a list of the countries covered and the sources of information not listed in the references (that is, NSSD documents, surveys, and interviews) see the annexes on the *Environment and Planning* website, http://www.envplan.com/misc/c0403j.

(2) Sections 3 and 4 benefited extensively from our involvement in the workshop "Sustainable Development in an Enlarged Union—Linking National Strategies and Strengthening European Coherence" as consultants, which took place in Vienna in late April 2003. It facilitated an exchange of information among more than seventy NSSD experts from twenty-three European countries, most of them employed by their country's environmental ministry as coordinators of the country's NSSD. For documentation of the workshop, see Steurer and Martinuzzi (2003a, 2003b; 2003c).

2 From environmental policy plans to strategies for sustainable development

Although environmental policy planning has been an issue ever since environmental policy became an independent policy field in the early 1970s, actual policy plans did not get off the ground on a broad basis until the so-called Brundtland Report (WCED, 1988) was published in 1987 (Jänicke, 1997; 2000; Jänicke et al, 1997). Since that year, more than 100 countries have passed some kind of environmental planning document(s) (UNDESA, 2001a, page 25f).[3] However, most environmental policy plans "have been treated at best as checklists, or as encyclopedias of ideas, to turn to whenever the occasional policy space, or financial opportunity, emerges to do something 'green' " (Dalal-Clayton and Bass, 2002, page 7). In other words, environmental policy plans, both in developed and in developing countries, often ended up gathering dust on shelves, having very limited policy relevance (Dalal-Clayton and Bass, 2000, page 20; Hoering, 2001, page 1; Hoering, 2001, page 1; IIED et al, 2002, page 1; Meadowcroft, 2000, page 122).

As Hajer (1995) and Liefferink (1997) have noted, a rare exception to this rule was the Netherlands with its "Indicative Multi-year Program for the Environment" (Ministry of Housing, Physical Planning and Environment, 1985) and the subsequent *National Environmental Policy Plan* (Ministry of Housing, Physical Planning and Environment, 1989). These planning efforts turned out to be a significant step in the protracted shift from a 'command-and-control approach' in environmental policy to what became known as 'ecological modernization' (Hajer, 1995) or 'environmental policy integration' (Lenschow, 2002) in the course of the 1990s.

The next milestone on the way to NSSDs was Agenda 21. Among the numerous sets of policy actions asked for in the UNCED (1992) document is one about "Integrating environment and development in decision-making" (chapter 8) by adopting "a national strategy for sustainable development", which "should build upon and harmonize the various sectoral economic, social, and environmental policies and plans that are operating in the country" (paragraph 8.7). By specifying the purpose of NSSDs, the next sentence clearly refers to the Brundtland Report's (WCED, 1987) classic definition of sustainable development (SD): country-driven NSSDs should "ensure socially responsible economic development while protecting the resource base and the environment for the benefit of future generations" (UNCED, 1992, paragraph 8.7).

As Agenda 21 contains no submission date, only a few countries developed an NSSD in the subsequent years. Instead, several countries either already had or were working on an environmental policy plan and assumed that this effort was adequate. However, because most environmental plans facilitate the old pattern of more or less top-down policy planning, they do not satisfy what the UN calls for, namely "a coordinated, participatory, iterative and cyclical process of thoughts and actions to achieve economic, environmental and social objectives in a balanced and integrated manner" (UNDESA, 2001b, paragraph 4). Thus, in June 1997 the so-called Rio +5 summit agreed that "By the year 2002, the formulation and elaboration of national strategies for sustainable development that reflect the contributions and responsibilities of all interested parties should be completed in all countries" (UNGASS, 1997, paragraph 24).

(3) Technically, environmental policy documents developed by Western countries, such as the Dutch *National Environmental Policy Plan* (Ministry of Housing, Physical Planning and Environment, 1989), have to be distinguished from those developed under the supervision of the World Bank in borrower countries, usually referred to as national environmental action plans (NEAPs), and those developed under the supervision of the International Union for Nature Conservation (IUCN; now the World Conservation Union), known as national conservation strategies (NCSs). When we speak of environmental policy plans we refer to all three types of planning processes because they share most of the features of traditional policy planning briefly outlined above.

Since then two major developments have occurred. First, the number of NSSDs has increased considerably (for Europe, see section 3). Numerous countries developed their strategy in preparation for the 2002 World Summit for Sustainable Development in Johannesburg (UNDESA, 2001a; 2001b). Second, because the UN kept the guidelines for NSSD processes general in order to leave enough room for country specifics, many countries were struggling with the actual meaning of chapter 8 in Agenda 21. In response, together with the OECD the UN further explained the NSSD processes. All of the guidelines taken together characterize NSSDs as follows (IIED, 2002, pages 33–36; OECD-DAC, 2001, page 18f; UNCED, 1992, chapter 8A; UNDESA, 2001a; 2001b). The content of NSSDs should

(1) be based on sound analyses of economic and environmental data,
(2) provide a government-independent long-term vision,
(3) build upon existing policies, strategies, and plans,
(4) integrate economic, social, and environmental policies, and
(5) provide clear, achievable objectives.

NSSD processes should

(a) be transparent,
(b) build on trustful partnerships and "the widest possible participation" (UNCED, 1992),
(c) link national and local levels, for example, by decentralizing detailed planning, implementation, and monitoring
(d) incorporate various assessment mechanisms,
(e) be flexible,
(f) be backed by adequate institutional capacities and by high-level political commitment,
(g) provide clear schedules of implementation, and
(h) come up with priorities and objectives to be followed in the budgeting process.

In short, NSSDs are supposed to follow a nonlinear and flexible strategic approach with a strong emphasis on policy integration, implementation, and learning. Because these guidelines characterize an ambitious ideal NSSD rather than a minimalist version, it is no surprise that hardly any strategy process satisfies them all (see sections 3 and 4). However, to be counted as an NSSD we assert that a strategy process must aim at the long-term integration of economic, social, and environmental policies by providing clear objectives and by facilitating one or more tangible integrative mechanisms such as interministerial collaboration or cross-sectoral monitoring or evaluation. Let us now fill this theoretical framework with substance by focusing on key characteristics and good practices of NSSD processes in Europe.

3 Key characteristics and good practices of NSSD processes in Europe

Based in a survey covering nineteen Western and Central European countries, about thirty telephone interviews and a two-day workshop with NSSD coordinators from twenty-three European countries, this section touches on eight important characteristics of NSSD processes and related governance changes.[4] The characteristics addressed are EU context and timing, participation, NSSD content features, horizontal and vertical policy integration, and assessment mechanisms.

3.1 EU context and timing

Against the international background described above, a few European countries such as Ireland, Finland, and the United Kingdom had already developed their NSSD in the 1990s. Between the Gothenburg European Council in June 2001, which invited

[4] For information on the countries covered, NSSD documents, the survey and the interviews, see the annexes on the *Environment and Planning* website, http://www.envplan.com/misc/c0403j.

"Member States to draw up their own national sustainable development strategies" (European Council, 2001, page 4), and the Johannesburg World Summit in autumn 2002, a considerable number of EU members and (back then) accession countries followed suit.

At the Gothenburg European Council, the European Commission (2001) also presented its communication "A sustainable Europe for a better world" as the proposal for "a European Union strategy for sustainable development". Because some member states objected to parts of the delayed response to the request of the Helsinki European Council in December 1999, the council members 'welcomed' the draft but did not approve it as official strategy. Instead, they included fourteen modestly ambitious paragraphs on SD in Europe in the Presidence Conclusions (European Council, 2001), which can be regarded as a temporary EU-SSD.[5]

3.2 Strategy formulation

The typical pattern of strategy formulation can be described as follows. In most countries, the environmental ministry was commissioned to develop the NSSD. As the actual elaboration process was often in the hands of public servants, they decided on the details of the formulation process. Virtually all countries tried to engage the public in the elaboration process (for example, through public dialogues or Internet platforms), but most of them were disappointed by the modest public involvement. However, in most countries social partners and nongovernmental organizations (NGOS) did participate early on, often in newly established national councils for sustainable development (NCSDs). Overall, strategy coordinators emphasized that the time constraints imposed by governments were a serious restriction on public consultation and participation. Thus, the formulation of the NSSDs was often more of an exclusive sprint than a marathon for the masses. Although enough time is certainly not a sufficient condition for participation, the two-year-long development of the Slovakian NSSD suggests that, together with other factors such as operational sensitivity and credibility, it is a necessary one (Steurer and Martinuzzi, 2003c, page 13; see also Vallejo and Hauselmann, 2004, page 6).

After the administrators in charge of the strategy formulation process had submitted a draft strategy to decisionmakers, it underwent a political adaptation process, which sometimes resulted in considerable changes. Finally, governments approved the adapted strategy as their official NSSD (for Austria, see Martinuzzi and Steurer, 2003). Countries in which governments could not decide on a draft strategy (as in the Czech Republic) or where governments changed (as in France and Hungary) had to restart the process of strategy formulation. Yet, these countries bring out what is true for most NSSDs in Europe. They are political documents of a particular government rather than societal consensus or vision papers. Because there seems to be an insurmountable trade-off between the guidelines asking for specific and government-independent NSSDs, we suggest that a distinct societal consensus paper could serve as the basis for a governmental strategy (Martinuzzi and Steurer, 2003, page 279f).

3.3 Content of NSSDs

As the European Commission's (2004, pages 11 – 14) staff working document on NSSDs outlines, strategy documents differ widely in various respects. With regard to the approach taken, some documents communicate a bold vision with a few priorities

[5] As the Gothenburg European Council assigned the General Affairs Council to coordinate the "horizontal preparation of the Sustainable Development Strategy" (European Council, 2001, page 4), the emphasis is on the short term. However, the status of the EU-SSD is contested. For an identical interpretation, see Jänicke and Jörgens (2004, page 310). For a different reading, see Dalal-Clayton (2004, page 14f) and European Commission (2004).

on some dozen pages, whereas others come up with a bulk of (often vague) intentions and objectives on more than 200 pages. In order to increase policy coherence, countries clustered the issues dealt with in the strategy documents in broad categories (such as 'quality of life' or 'living space' in Austria), around key actors (such as citizens, regions, or economic actors in France), or alongside the three dimensions of SD. With regard to the aspects covered, 'old' EU members France, Belgium, and the Netherlands add 'governance' whereas 'new' members Slovakia, Slovenia, Poland, and the Czech Republic add 'culture' as a fourth dimension of SD.

On the other hand, most NSSDs show at least some basic content similarities (which are not necessarily positive). First, although NSSDs cover all three dimensions of SD, "the interlinkage between social, economic and environmental dimensions ... is usually weak" (European Commission, 2004, page 17). Second, most NSSDs address sectoral issues (such as energy, transport, and agriculture), cross-sectoral issues (such as poverty, social cohesion, climate change, and biodiversity), and territorial issues (such as spatial planning and rural development). However, strategy documents "often lack sufficient prioritisation of issues" (European Commission, 2004, page 17). Third, economic, social, and environmental sets of indicators, which serve as benchmarks for an obligatory monitoring of the NSSD processes (see section 3.8), are either explicitly stated in the strategies themselves or were added later on. Overall, as experiences with environmental policy plans have shown, policy documents alone, no matter how ambitious their objectives and projected measures may be, are not sufficient for effective policies but need to be accompanied by working implementation mechanisms (IIED, 2002; Jänicke and Jörgens, 1998). Consequently, respective structures and mechanisms are the focal point of the remainder of this paper.

3.4 Horizontal and 'cross-horizontal' policy integration

The quest for horizontal policy integration is anything but new (Peters, 1998, page 295). In 1987 the Brundtland Report had already recognized that the challenges of SD are handled by institutions that tend to be "independent, fragmented and working to relatively narrow mandates with closed decision-making processes' (WCED, 1987, page 310). Subsequently, the Rio +5 "Programme for the further implementation of Agenda 21" (UNGASS, 1997, page 6) stated that "Achieving sustainable development cannot be done without greater integration at all policy-making levels and at operational levels, including the lowest administrative levels possible." In other words, horizontal integration requires some kind of continuous collaboration between a government's ministries, which, in turn, relies on concrete structures or mechanisms. Although the UN and OECD guidelines for NSSD processes are rather vague in this respect, experiences so far show that related governance changes materialize both in the political and in the administrative branches of government. If these two forms of horizontal integration go hand in hand (that is, if policy integration takes place between the political and the administrative branches of government across ministries) we speak of 'cross-horizontal' integration.

3.4.1 *Political branch of government*

In order to increase the coherence of major political decisions across policy fields, some sort of institutionalized collaboration is required in the political branch. So far, only a few countries have an effective structure of this kind in place. In Germany the Committee of State Secretaries for Sustainable Development, also referred to as the 'Green Cabinet', brings together high-level politicians from ten ministries and is chaired by the Minister of State from the Federal Chancellery. In 2001 the newly-established Green Cabinet developed the NSSD "Perspectives for Germany" and is now the (often overworked) driving force behind the implementation process

(Jänicke et al, 2001, pages 8, 16; Steurer and Martinuzzi, 2003c, page 8). In the United Kingdom the Ministerial Cabinet Sub-Committee of 'green ministers' resulted from an upgrading of an existing informal committee in 2001. "The committee, called ENV(G), considers the impact of Government policies on sustainable development, and seeks to improve the performance of Government departments in contributing to sustainable development" (quote from the survey, page 53). Finally, whereas NCSDs in most countries are set up as advisory bodies that provide civil society a platform for participation, the equivalent organisations in Finland, Lithuania, Latvia, and the Slovak Republic (all chaired either by the prime minister or the deputy prime minister) also fulfil coordinating functions in the political branch of government.

Although most of the interministerial bodies described above emerged in the course of NSSD processes, the latter are not the only link in the causal chain. Especially the two examples of Green Cabinets in Germany and the United Kingdom suggest that the single most important condition for high-level political coordination is political will and commitment. In this respect, the interviews showed that the NSSD coordinators of Germany and the United Kingdom are rare examples of administrators who are satisfied with their government's commitment to SD (see also section 4).

3.4.2 *Administrative branch of government*

Although horizontal integration mechanisms are rare in the political branch of government, most EU members have put one in place in the administrative branch—again typically in the course of their NSSD process. According to NSSD coordinators, the interministerial administrative coordination turned out to be one of the most important benefits of the strategy processes so far. As NSSDs go well beyond the environmental policy field, already their formulation requires interministerial collaboration. In a way, the formulation processes established new pathways across ministerial interfaces, which are ready to use in the strategy cycles to come.

The organisational achievements in horizontal policy integration described above are one reason why some coordinators explicitly emphasize that such strategy processes are important, no matter how well their explicit objectives are met. This experience is perfectly in line with strategic management theory. Mintzberg (1994, page 352), for example, stresses that communication and coordination are not side effects of strategic management and planning, "but the essential reasons to engage in it".

How horizontal policy integration depends on tangible governance structures can be illustrated with the Greek NSSD experience. As one of the few countries with no formal mechanisms of horizontal integration in place, its strategy coordinator indicated "insufficient coordination among ministries" as one of three major obstacles and "integration has not advanced sufficiently" as one of three key lessons learned in the course of the Greek NSSD process (quotes from the survey, page 24).

Because only a few countries (for example the United Kingdom and Finland) have effective structures of horizontal integration in place in the political as well as administrative branches, most governments apparently assume that one such mechanism is sufficient. However, as both the political and the administrative branches of government play a vital role in policymaking (Hansen and Ejersbo, 2002; Page, 2003), integrative mechanisms in just one of the two branches are hardly able to substitute for the lack of collaboration in the other. The first experiences with NSSD processes in Europe suggest that interministerial collaboration ought to go hand in hand in both the political and the administrative branches of government in order to be effective. In other words, horizontal integration always ought to be cross-horizontal.

3.5 Vertical policy integration

The concept of SD transcends not only the competencies of ministries or departments within a government, but also different levels of jurisdictions, from the European Commission to city halls. No matter how centralized the organization of a country, certain issues of SD (such as spatial planning or transportation) always cut across vertical layers of government. Thus, some kind of a formal collaboration ought to be in place not only (cross-)horizontally, but also vertically. However, in the interviews as well as in the survey we found that, although horizontal integration is well on its way (at least in the administrative branch of government), vertical integration is often either weak or nonexistent. Asked about what worked well in a country's NSSD process, seven out of eighteen respondents of the survey indicated horizontal collaboration and only one (Switzerland) indicated vertical collaboration as one of three points. This of course does not mean that the concept of SD is ignored by regional or municipal authorities. The lack of vertical policy integration implies that these activities are not systematically synchronized with the targets and activities of higher political authorities. Consequently, they are also not effectively coordinated with each other.[6]

However, such a lack of vertical integration is not true for all countries: Austria, Finland, Germany (Jänicke et al, 2001, pages 17, 25), and the United Kingdom, for example, established some sort of collaboration between the federal government and subnational authorities. Switzerland goes even further with the so-called Sustainable Development Forum, a network made up by the Swiss Federal Government, all cantons, and larger cities. The forum was established in 2001 in order to support SD at the cantonal and municipal level in line with the Federal Council's NSSD. In addition to an exchange of information and of good practices, it works towards the adoption of common targets and the coordination of common projects. The unique feature of the forum is the mutual, nonhierarchical leadership by the Conference of Cantonal Governments and the Swiss Towns Association (Steurer and Martinuzzi, 2003c, page 14). As the example shows, vertical integration structures can further the cause of coherence not just with regard to particular targets and actions. According to the Swiss NSSD coordinator, a couple of very active cantons and cities who wanted to share their experiences drove the founding of the forum. These advocates of SD were able to generate a kind of supply-push vigour, which finally forced less active cantons and cities to participate as well. Consequently, the latter saw themselves confronted with an agenda set mainly by the active members of the forum (Steurer and Martinuzzi, 2003c, page 14). In other words, because vertical (and perhaps also horizontal) integration mechanisms provide a stage for the most active entrepreneurs, they can also lead to a stronger political will and commitment. Again, the mechanisms of vertical integration described here were established in the early phases of the countries' strategy processes.

3.6 Implementation mechanisms

As mentioned briefly in the introduction, according to Mintzberg (1994, pages 254–293) one of the three fallacies of traditional policy planning is the detachment of strategy formulation and implementation, the separation of thinking and action. Whereas for most NSSD processes this detachment is true in chronological terms, it is not necessarily true with regard to the responsible actors. As we have shown for Austria in detail (Martinuzzi and Steurer, 2003), public servants play a key role in both the formulation

[6] Although, for example, urban planning is a municipal competency and collaboration mechanisms between the federal government and municipalities are generally weak, some NSSDs nevertheless state a reduction in soil sealing as target. If this target is meant to be more than symbolic, some sort of effective vertical coordination between the two levels of political authority is inevitable.

and the implementation of a strategy. This finding is in line with Hansen and Ejerbo's (2002, page 734) "dichotomy–duality-model", which summarizes the relationship between politicians and administrators: "Administrators are to a very large extent involved in the formulation of visions and objectives at the political level. Their involvement is not limited to choosing means but also involves ends. In other words, administrators play an active role at the political level" (see also Page, 2003).

As strategy processes often show a close involvement of administrators in the ideal-type 'politicians' sphere' of strategy and policymaking, the challenge of implementation is not that formulators and implementers are detached from each other. Instead, the key challenge is that politicians and administrators represent two detached groups, dealing both with the formulation and with the implementation of policies in distinct ways (see also Page, 2003, page 673). Irrespective of their actual working relationship, according to Hansen and Ejersbo (2002, page 738f) they are detached at least in terms of the rationale they employ. Politicians on the one hand approach particular issues case by case and focus on competing interests involved. By utilizing such an 'inductive logic of action', they at times ignore not only existing strategies but also personal commitments or treaties. Administrators on the other hand prefer to deal with particular issues deductively by referring to general laws or guidelines. In the context of NSSD processes, this 'logic of disharmony' (Hansen and Ejersbo, 2002) between politicians and administrators implies that, although administrators regard NSSDs as important guidance for policymaking, politicians let them proceed accordingly within their considerable yet limited scope, but will probably not care much about the strategy documents themselves.

In this sense, cross-horizontal policy integration as defined above is not only about cross-sectoral policy integration, but also about managing the logic of disharmony. This sets the stage for answering the question of why administrators agree that concrete implementation mechanisms are key elements of effective strategy processes. Innovations in this respect can be found in the United Kingdom and in Austria. In the United Kingdom, the Sustainable Development Unit (SDU) of the Department for Environment, Food and Rural Affairs (DEFRA) established a close collaboration with the HM Treasury (the UK finance ministry). In 2002 DEFRA's SDU worked for the first time with HM Treasury to make SD a key theme of the biannual spending round by requiring other departments to submit and discuss reports in which they explained how their policy objectives relate to SD (OECD, 2001, page 109; Steurer and Martinuzzi, 2003c, page 16). In other countries, this type of "cross-portfolio budgeting" (Cabinet Office, 2000, pages 50, 81f) is often not an option because, according to NSSD coordinators, finance ministries are among the most reluctant ministries when it comes to SD (see also section 4).

In Austria the NSSD itself specifies that its implementation has to be organized in work-program cycles. The purpose of the work programs is to break down systematically the rather general objectives of the strategy into concrete measures. The creation of the work programs is a continuous process, in which the members of the interministerial Committee for Sustainable Development are encouraged to file into a database projects and measures in line with the NSSD's objectives. At the end of each cycle, the committee derives the consolidated work program from the database and submits it to the Council of Ministers for approval. The cyclical programs not only make up for the lack of target and measure details in the Austrian NSSD itself, but they also help to organize the implementation process cross-horizontally (Martinuzzi and Steurer, 2003; Steurer and Martinuzzi, 2003c, page 6).

3.7 Participation in implementation

Participation of some kind is widespread not only in the strategy-formulation phase, but also in the implementation phase. In accordance with UN and OECD recommendations, all EU members established an NCSD or an equivalent institution, which typically brings together business leaders, academics, and NGO representatives. Except for some Eastern European countries in which NCSDs also serve as horizontal integration bodies on the governmental level, most councils fulfil a commentary or advisory role only. In some countries, it is also up to the NCSD to monitor or evaluate the NSSD process on a regular basis (see below). As some of the councils or equivalent institutions were established years ago, they can be regarded neither as a result of NSSD processes nor as a new form of governance for SD. However, with its National Sustainability Partnership 'Comhar', Ireland, for example, tries to go beyond conventional participation. The Irish partnership is led by an independent chairperson and consists of twenty-five members, representing a variety of state and nonstate stakeholders. Like other NCSDs, the partnership gives advice to ministers and comments on critical issues of SD. What distinguishes Comhar from most other NCSDs is that its five working groups are encouraged to reach agreements and policy decisions with regard to specific programs, policies, and policy instruments (Steurer and Martinuzzi, 2003c, page 10). Although Comhar often fails actually to reach agreements and decisions,(7) it nevertheless leads the way to a new form of governance (often referred to as 'new governance'), emphasizing the importance of networks that transcend the boundaries of the state (Kooiman, 1993/94; Pierre, 2000).

3.8 Assessments

Monitoring mechanisms and evaluations provide the basis for coherent and self-reflective policymaking in a knowledge-based society. Although monitoring is often restricted to performance and output description, evaluations go further by providing analytical conclusions and recommendations. As with participation, virtually all European NSSD processes, even the temporary process on the EU level (European Commission, 2001, page 13), feature some sort of monitoring and/or evaluation mechanism. Most NSSDs ask for annual or biannual progress reports, which are conducted by ministerial bodies or by NCSDs. Unlike the monitoring which occurred in the past, these progress reports build on sets of indicators often already specified in the NSSDs themselves. Although the sets of indicators are country specific in quantitative as well as qualitative terms (for example, whereas Germany monitors its progress towards SD with twenty-one 'headline indicators', Italy uses about 150 indicators), most of them are comprised of economic, social, and environmental indicators such as GDP per capita, R&D expenditures, or CO_2 emissions. Only a few countries (such as Ireland and Italy) also consider aggregated indicators such as green GDP or ecological footprint. Although most countries conduct their progress reports internally, Austria and Belgium have gone further and scheduled external evaluations of their strategy process (Belgium biannually and Austria for 2006). Recently 'peer reviews', in which countries review each other's strategy processes, came into use.

(7) Interview with Maurice Coughlan, Irish Department of the Environment and Local Government, 13 March, 2003.

4 NSSD challenges from the administrators' perspective

Before we synthesize some of the good practices described above into a consistent pattern of strategy formation which we refer to as strategic public management, in this section we summarize related challenges as perceived by NSSD coordinators according to the survey and the interviews conducted (Steurer and Martinuzzi, 2003a).[8] Besides providing some further insights into the status quo of European NSSD processes in a problem-oriented way, another purpose for this section is to facilitate what the American Academy of Management refers to as 'actionable knowledge'. As the academy recognizes critically, "Our research questions tend to be guided by prior research and theory, and not sufficiently driven by current issues being faced in today's organizations" (http://meetings.aomonline.org/2004/theme.htm).

The four key challenges of NSSDs explored here are participation, high-level political commitment, balancing the three dimensions of SD, and limits of policy integration.

4.1 Participation

As mentioned in section 3, participation is a common feature of NSSD processes, but it does not meet expectations in many countries. Many interviewees explained this disappointing experience by a lack of awareness and knowledge regarding SD in civil society. The perceived challenges are to increase the public's awareness and knowledge of SD and to establish a rewarding culture of participation, taking into account the fact that participation is highly volatile.

4.2 High-level political commitment

As mentioned above, NSSDs seem to play different roles for administrators on the one hand and for politicians on the other. Whereas the former tend to regard formal guidelines and strategies as valuable tools for their role in the policymaking process, the latter prefer to follow an inductive logic, which weighs involved interests case by case. In fact, our interviews with administrators have confirmed this logic of disharmony (Hansen and Ejersbo, 2002) for most strategy processes. With the exception of Germany and the United Kingdom, most NSSD coordinators see their scope limited by a rather weak high-level political commitment regarding the objectives stated in NSSDs. A key concern for them is how to deal effectively with this lack of political will.

4.3 Balancing the three dimensions of SD

The key purpose of NSSDs is to integrate the three dimensions of SD better. Although conflicts and trade-offs between economic, social, and environmental policies are suppressed in most strategy documents, administrators readily acknowledge they are struggling when these problems become visible later on (especially in times of weak economic growth). Thus, their key concern in this context is how to deal and cope with such conflicts, both in implementation and in future strategy documents, for example, through changes in patterns and cultures of governance and policymaking.

4.4 Limits of policy integration

As described above, mechanisms of horizontal integration are not only widespread (at least in the administrative branch of government), but are also regarded as one of the most successful outcomes of the strategy processes overall. Nevertheless, numerous NSSD coordinators are not satisfied with the progress made so far in two respects.

[8] As we neither question the accuracy of the administrators' perceptions nor discuss the causes of the challenges summarized, we want to point out that the explanatory scope of this section is limited.

First, some criticize that collaboration in the administrative branch is often not complemented by parallel mechanisms in the political branch, resulting in a lack of cross-horizontal policy integration. Second, some ministries or departments are said to be very reluctant when it comes to SD. Unfortunately, one of the most reluctant ministries is one of the most powerful ones: the finance ministry. This means not only tight budgets for NSSD processes, but foremost that SD principles are rarely built into budgetary decisions. A key concern for NSSD coordinators in this context is how much of a difference leadership structures (such as chancellery-driven versus environmentally driven NSSD processes) can make. When it comes to vertical policy integration, administrators struggle in very basic ways.

5 Strategic public management as an ideal type of strategy formation

Obviously, NSSDs go well beyond former environmental policy plans, not just in terms of their broader thematic scope. Although the latter generally resulted in single planning documents aiming at some unspecified implementation (often never to happen), NSSDs have already succeeded in introducing new forms and tools of governance as solid cornerstones in evolving strategy processes. However, because the good NSSD practices described in section 3 are scattered throughout Europe and because many of them are (at least partially) counterbalanced by the challenges outlined in section 4, we regard them cautiously as promising first steps in protracted strategy processes, which have to prove their effectiveness in coming years.

Building on the empirical evidence presented in this paper we finally explore what approach to strategy formation may be adequate for the public sector overall and we propose strategic public management as an ideal model that represents a middle way between planning and incrementalism. Because strategic public management not only synthesizes the good NSSD practices described in section 3 but also draws on the guidelines summarized in section 2 as well as on expertise from private sector strategic management theory, it is descriptive and prescriptive at the same time.

5.1 Neither policy planning nor incrementalism ...

In recent years, several policy as well as strategy scholars have pointed to "the emergence of a new strategic paradigm that differs markedly from traditional models" (Williams, 2002, page 202). At the beginning of this paper, the 'traditional models' were referred to as 'policy planning', which is clearly in line with the planning school of strategic management (Mintzberg, 1994; Mintzberg et al, 1998, pages 47–80; see also table 1). Because neither environmental problems nor policymaking processes themselves are as rational and linear as planners would like them to be (Montanari et al, 1989, page 304), it is no surprise that the planning school, highly regarded in the 1960s and 1970s, failed to meet expectations and thus lost ground (Bonn and Christodoulou, 1996; Mintzberg et al, 1998, page 353). Yet does this imply that incrementalism succeeded over planning?

Because strategic management can be defined as "the central integrative process that gives the organization a sense of direction and ensures a concerted effort to achieve strategic goals and objectives" (Poister and Streib, 1999, page 323), neither the private nor the public sector can thrive without some sort of deliberate, and to a certain degree formalized, strategy. This is particularly true for the policies in the field of SD: "The achievement of sustainability in national development requires a strategic approach, which is both long-term in its perspective and integrated or 'joined-up' linking various development processes so that they are as sophisticated as the challenges are complex" (IIED, 2002, page 6). As Schick (1999, page 2) puts it, "Strategy without opportunity cannot advance the cause of reform very far.... On the other hand, opportunity without strategy is likely to exhaust itself in faddism, drifting from

Table 1. Characteristics of strategic public management, in comparison with policy planning and incrementalism (sources: Dalal-Clayton and Bass, 2002, page 5; Mintzberg, 1994; Mintzberg et al, 1998; Montanari et al, 1989; Poister and Streib, 1999).

	Policy planning	Incrementalism	Strategic public management
Strategy school	'Planning school'	'Learning school'	'Configuration school'
General approach	Formal, inflexible comprehensive plans	Informal and flexible strategy and learning process	Formal strategy documents are complemented by flexible strategy process (embracing formal and informal mechanisms)
Plan or strategy formulation	Plans are developed by professional 'planners'	Formal strategies are rejected as detached from reality; thus no formulation necessary	Strategies and plans are developed by those responsible for implementation (ideally by involving external stakeholders)
Policy integration	Plans usually focus on a single policy domain	No systematic approach ('muddling through')	To be achieved by cross-sectoral strategies, structures (for example, networks) and mechanisms (for example, evaluations)
Formulation and implementation	Implementation is beyond the scope of planners	Unguided incremental processes	Implementation is an integral part of strategy process, taken into account in strategy documents and supported by cyclical mechanisms
Participation	None; thus weak ownership beyond planning unit	To be decided ad hoc	Multistakeholder approach facilitates acceptance and ownership of strategy process
Assessment and feedback	Most often neither nor	Everything that supports learning is welcome	Monitoring, progress reports, external evaluations and peer reviews support learning in strategy process
Key skills	Linear thinking and compliance	Ad hoc decisionmaking	Nonlinear strategic thinking, orchestration of different governance modes and activation of actors

one fashionable innovation to the next, without leaving a lasting imprint." According to Montanari et al (1989, page 314), twenty years after his initial account of incrementalism in public policy, even Lindblom (1979) has emphasized that "there is very little meaningful 'incrementalism' without some type of 'strategic assessment'" (see also Meadowcroft, 1997).

5.2 ... but a hybrid pattern of strategy formation

Because both planning and incrementalism fail in supporting organizations to work effectively, a balanced middle path is the most promising way out of this controversy. In fact, strategic management scholars are attempting to amalgamate elements of various schools (including the two extreme positions) into a hybrid strategic management theory sometimes referred to as the configuration school (Mintzberg et al, 1998, pages 301 – 348). Although the details of the hybrid concept of strategic management differ from author to author, it can be characterized by the following six widely shared assumptions (Brock and Barry, 2003; Mintzberg, 1994; Mintzberg et al, 1998; Montanari et al, 1989; Poister and Streib, 1999; Szulanski and Amin, 2001; Taylor, 1997).

(1) Strategic management "involves purposeful thought, choice, and action that is designed to enable the organization to achieve its desired future state" (Wechsler, 1989, page 355).

(2) Strategic management is not restricted to a planning unit, but involves the entire organization.

(3) The implementation of a strategy is regarded as an integral part of the strategy process. This implies that a strategy is not finished with the formulation of an 'intended strategy', that is, a strategy document, but is seen as an open, circular process: "Formulation ... may precede implementation. But even so, there has to be 'implementation as evolution'... because prior thought can never specify all subsequent action" (Mintzberg, 1994, page 289).

(4) Such an open strategy process is flexible with regard to changing circumstances and objectives (many of which may be a result of implementation efforts). That is, it turns intended strategies into a subject of learning.

(5) The understanding of the strategy process as an adaptive learning process implies that the outcome, that is, the 'realized strategy', depends not only on intended strategies, but also on 'emerging strategies' as the flexible counterpart.

(6) Despite this emphasis on flexibility and learning, formal plans are not rejected as outdated, but they are embraced as valuable strategic devices. "Thus, strategy is not the consequence of planning but the opposite: its starting point. Planning helps to translate intended strategies into realized ones, by taking the first step that can lead to effective implementation" (Mintzberg, 1994, page 333).

To sum up, this new strategic paradigm is aiming at "a synthesis of the rational synoptic and incremental perspectives of strategy development" (Montanari et al, 1989, page 306), acknowledging that various strategy approaches (even the planning school) can provide valuable tools in different environments, as long as they are considered part of an encompassing and flexible strategy process. Thus, the decline of the planning school was not accompanied by a complete shift towards incrementalism, but by a shift of the centre of gravity towards strategies as learning processes (Mintzberg et al, 1998, page 352f).

5.3 Strategic public management as a hybrid pattern of strategy formation

What does this development in strategic management theory signify for the public sector? Based on the evidence (both theoretical and empirical) discussed in this paper, we conclude that a hybrid approach which seeks to combine the strengths of formal plans with those of incremental learning processes is also the most promising approach for the public sector. As this approach strongly builds on strategic management theory, we refer to it as strategic public management.[9] Let us briefly explore the characteristics of strategic public management as summarized in table 1 by reviewing some of the good NSSD practices described above.

NSSDs are often conceptualized as strategy processes that go well beyond the document itself, employing various integrative structures and mechanisms. A good example of an integrative structure is the Green Cabinet in Germany, and a good example of an integrative mechanism is the cross-portfolio budgeting approach in the United Kingdom. Furthermore, most NSSDs were (co)developed by those who are in charge

[9] Another reason why we speak of strategic public management and not, as most scholars do, of 'strategic management in the public sector' (for example, see Cunningham, 1989; Montanari et al, 1989; Poister and Streib, 1999), is that we welcome a closer integration of strategic management theory and public administration studies.

of the subsequent implementation process, that is, by administrators of environment ministries in cooperation with other ministries and civil society representatives. The NSSD formulation in the Slovak Republic is a good example of how to involve the public effectively. The fact that the process of strategy development was liberated from planning units probably helped in turning implementation from an appendage to policy plans into an integral part of strategy processes. A good combination of flexible processes and formal plans can be found in Austria. With regard to incremental learning, most countries have some kind of monitoring or review mechanism and a few (for example, Belgium) also an evaluation mechanism in place. With regard to key skills, NSSDs aspire to transcend the linear thinking of policy planning and the ad hoc approach of incrementalism to nonlinear strategic thinking, facilitating the orchestration of different modes of governance and the activation of various actors. The 'joined-up government' initiatives in the United Kingdom are good examples of this reorientation (Cabinet Office, 2000).

Overall, the scattered good NSSD practices are good examples of strategic public management. This implies that the emergence of actual strategic public management practices is strongly driven by a common understanding of how SD should be pursued. According to the IIED's (2002, page 29) "Resource Book", NSSDs "move from developing and implementing a fixed plan, which gets increasingly out of date ... towards operating an adaptive system that can continuously improve." Thus, NSSDs open a policy window to integrate strategic management better throughout the public sector, that is, to enhance strategic public management. This window of opportunity finds its verbal expression in phrases such as 'strategic policy' (Bouder and Fink, 2002, page 256) or 'strategic state' (Paquet, 2001).

As many of the good NSSD practices described here combine hierarchical steering with collaboration in networks, strategic public management is obviously not only about pursuing a hybrid strategy approach, but also about employing different modes of governance (also hybrid ones) in a problem-driven way. In this sense, strategic public management is also a constructive answer to the challenge that "no governing structure works for all services in all conditions" (Rhodes, 2000, page 81; see also Meuleman, 2003). However, because this perspective of governance leads us too far away from strategic public management as a strategy process it is explored elsewhere (Steurer, 2004).

In 1989 Shapek and Richardson (1989, page 236) noted that, although the application of private sector strategic management in the public sector has significant potential, "Public-sector strategic management has not even begun." In 1998, Jänicke and Jörgens (1998, page 28) were right in that "there is as yet no uniform model of strategic environmental planning." As this paper shows, this is about to change, both in practice and regarding theoretical foundations.[10] All in all, the observed signs of transition from grand planning schemes to flexible strategy processes, accompanied by a transisition from clear-cut sectoral authorities to cross-cutting competencies, from pure hierarchies to an amalgamation of hierarchies and networks, from top-down control to process and policy assessments, and from knowing to learning are encouraging steps toward a hybrid pattern of both strategy formation and governance.

[10] A 'uniform' strategic approach may not be desirable in the first place because it seems to imply little room for diversity and flexibility. However, because diversity and flexibility are at the core of strategic public management, the coherence (rather than the uniformity) of this hybrid pattern of strategy formation is that it applies nonlinear strategic thinking to different situations.

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5. Sustainable development strategies

Reinhard Steurer

INTRODUCTION

EPI and sustainable development are two related concepts that have developed in parallel rather than together. The relationship between them puzzles both academics and practitioners alike (see, for example, Chapter 1 and European Environment Agency 2005b). Sustainable development strategies are strategic processes that are relevant to EPI because they aim to balance the economic, social and environmental dimensions of policy making. Both constructs are mainly concerned with how better to integrate policies across sectors. However, EPI is mainly concerned with ensuring that environmental protection is factored into all governmental decision making, whereas sustainable development is concerned with balancing economic, social and environmental issues. Chapter 1 has already addressed the tensions between the two concepts – as well as the general discourse on EPI and sustainable development – centring on priority setting. In fact, from an environmental point of view, this quest for 'balance' may appear as a conceptual justification for the dilution of environmental factors.

The question explored in this chapter is how sustainable development strategies affect the quest for EPI. We address the relationship both conceptually (regarding the idea of policy integration in sustainable development strategies in general) and in practice. Conceptually, sustainable development strategies are supposed to facilitate greater policy integration across policy sectors, spatial scales, societal sectors and time. However, this chapter also shows that for various reasons, sustainable development strategies often fall short of these aspirations in practice.

Sustainable development strategies have witnessed a relatively rapid diffusion within the last decade (Busch and Jörgens 2005) so that nowadays, they exist at all levels of governance, from the EU (European Council 2001; European Council 2006) to the national (Steurer and Martinuzzi 2005; Volkery *et al*. 2006), regional and municipal (Berger and Steurer 2007). This chapter focuses on national sustainable development strategies in Europe. It is divided into the following sections. Section 2 provides a brief history of sustainable development strategies. Section 3 describes how sustainable development and sustainable development strategies address the notion of policy integration, and explains how both relate to the concept of EPI. Section 4 gives an overview of the policy integration instruments and mechanisms that are facilitated by sustainable development strategies (hereafter, we refer to them as strategy features) and briefly reviews how each is performing. The summary discussion in Section 5 addresses how effectively sustainable development strategies facilitate EPI. It concludes with the observation that high-level political commitment and administrative ownership are important ingredients for success, but both remain only weakly present in many European countries.

HISTORY

A key driver for introducing sustainable development strategies in Europe was the global environmental governance regime agreed at the 1992 Rio Earth Summit. Among the numerous sets of policy actions asked for in Agenda 21 (UNCED 1992a, Chapter 8) was one about adopting 'a national strategy for sustainable development'. By specifying the purpose of sustainable development strategies, Agenda 21 clearly refers to the classic Brundtlandian definition of sustainable development (see Chapter 1). Country-driven sustainable development strategies should, it claims, 'ensure socially responsible economic development while protecting the resource base and the environment for the benefit of future generations' (UNCED 1992a: para. 8.7). As Agenda 21 contains no submission date, only a few countries (notably the UK, Finland and Ireland) developed a sustainable development strategy in the 1990s. The rest already had (or were still working on) a national environmental policy plan, and assumed that this would suffice. However, since most environmental plans facilitate the old pattern of more-or-less top-down policy planning in a single policy field, they did not satisfy Agenda 21's new demand for 'a coordinated, participatory and iterative process of thoughts and actions to achieve economic, environmental and social objectives in a balanced and integrated manner' (UNDESA 2001: 8).

In June 1997, the Rio +5 summit agreed that the formulation of sustainable development strategies ought to be completed in all countries by the year 2002 (UNGASS 1997: para. 24). In June 2001, the Gothenburg European Council reiterated this call by inviting its 'Member States to draw up their own national sustainable development strategies' (European Council 2001: 4). Consequently, most EU Member States developed their sustainable development strategy rather quickly in time for the

Johannesburg World Summit for sustainable development in late 2002 (European Commission 2004; Steurer and Martinuzzi 2005). Thus, the Gothenburg European Council proved to be another major driver towards the development of sustainable development strategies in Europe, as well as various EPI initiatives within the EU (see Chapter 8).

In order to ensure that sustainable development strategies did not simply collect dust on shelves like most of the earlier environmental plans (Dalal-Clayton and Bass 2000: 20; Meadowcroft 2000: 122; IIED, UNDP and UKDFID 2002: 1), the UN and the OECD formulated sets of guidelines. Taken together, these characterize the content and production of sustainable development strategies as follows (UNCED 1992a: chapter 8A; OECD-DAC 2001: 18ff; UNDESA 2001; IIED 2002: 33–36). The content should: (i) build upon existing policies, strategies and plans; (ii) be based on sound analyses of economic and environmental data; (iii) provide a long-term vision; (iv) integrate economic, social and environmental policies; and (v) provide clear, achievable objectives. The process of developing them should: (i) be transparent; (ii) build on trustful partnerships and 'the widest possible participation' (UNCED 1992a); (iii) link national and local levels, for example, by decentralizing detailed planning, implementation and monitoring; (iv) incorporate various assessment mechanisms; (v) be flexible; (vi) be backed by adequate institutional capacities and by high-level political commitment; (vii) provide clear schedules of implementation; and (viii) develop priorities and objectives to be followed in the budgetary process.[1]

According to the IIED's resource book for sustainable development strategies:

> Being strategic is about developing an underlying vision through a consensual, effective and iterative process; and going on to set objectives, identify the means of achieving them, and then monitor that achievement as a guide to the next round of this learning process. . . . More important than trying unsuccessfully to do everything at once, is to ensure that incremental steps in policy making and action are moving towards sustainability – rather than away from it, which is too frequently the case. (IIED 2002: 29)

Overall, the guidelines describe sustainable development strategies as continuing strategic processes that combine aspects of formal planning and incremental learning, and that put strong emphasis on the procedural and institutional aspects of policy making (Steurer and Martinuzzi 2005). Thus sustainable development strategies 'move from developing and implementing a fixed plan, which gets increasingly out of date . . . towards operating an adaptive system that can continuously improve' (IIED 2002: 29).

Table 5.1 Four integrative governance challenges for sustainable development

Aspects of integration	Elements to integrate	SD governance principles
Policy sectors	Economic, social and environmental policies	Cross-sectoral (horizontal) integration/EPI
Space	Local, national and supra-national (European) levels of policy making	Cross-jurisdictional (vertical) integration
Societal sectors	State and civil society; (hierarchies and networks)	Participation
Time	Short- and long-term temporal scopes	Intergenerational equity

CONCEPTUAL BACKGROUND

A closer look at Agenda 21 (UNCED 1992a) reveals that the concept of sustainable development is a normative reform agenda not only for economic, social and environmental policies (or the integration thereof), but also for public governance and administration routines. The concept of sustainable development is concerned with the 'what' and the 'how' of public policies, and the underlying institutional structures and decision-making processes (OECD 2001; OECD 2002; World Bank 2003; European Commission 2004; European Commission 2005; Sneddon *et al.* 2006). In this sense, sustainable development puts strong emphasis on the challenge of policy integration in not one, but four related respects (see Table 5.1): policy sectors, space, societal sectors, and time. The principles agreed at Rio (see for example UNCED 1992b; OECD 2002: 11–30; Jänicke and Jörgens 2004: 307) were also reflected in the *Declaration on Guiding Principles for Sustainable Development*, which was drafted by the European Commission (2005) and later included in the renewed EU sustainable development strategy (European Council 2006). The remainder of this section explores these four integration challenges in more detail.

Integrating Sectoral Policies within Governments

The Brundtland Report famously recognized that the cross-cutting challenges of sustainable development are handled by institutions that tend to be 'independent, fragmented and working to relatively narrow mandates with closed decision-making processes' (WCED 1987: 310; see also

Chapter 3). Similarly, Agenda 21 pointed out that 'prevailing systems of decision-making in many countries tend to separate economic, social and environmental factors at the policy, planning and management levels' (UNCED 1992a: para. 8.2). Consequently, Agenda 21 requested that 'Governments . . . should strengthen national institutional capability and capacity to integrate social, economic, developmental and environmental issues at all levels of developmental decision-making and implementation' (UNCED 1992a: para. 8.12). More than a decade later, the quest to integrate different sectoral policies better seems to be more relevant than ever before.

This challenge has been addressed in a number of ways:

- in terms of the 'triple bottom line', as 'corporate sustainability' (Dyllick and Hockerts 2002) and as 'corporate social responsibility (CSR)' (ISO Advisory Group 2004) among management scholars (for a discussion of how these concepts are related to sustainable development, see Steurer *et al*. 2005: 272–276);
- as horizontal government, horizontal integration or coordination in the discourse on new aspects of public governance (Peters 1998; Steurer and Martinuzzi 2005);
- as 'coherence' in the European Commission's (2001a: 10) account of good governance, which was reiterated as one of ten 'policy guiding principles' in the renewed EU sustainable development strategy (European Council 2006: 5);
- as 'joined-up government' in the UK (Cabinet Office 2000; Jordan 2002; Ling 2002).

In accordance with Agenda 21, integrating economic, social and environmental policies plays a central role in both the guidelines for sustainable development strategies (UNDESA 2001; OECD-DAC 2001) and in most strategy processes. Regarding the strategy documents themselves, virtually all of them cover the three widely accepted dimensions of sustainable development in a balanced but not fully intertwined way (European Commission 2004: 12–17).[2] This means that the documents focus not only on environmental issues and their relationship to other policy fields (as environmental plans did and still do), but also on economic and social issues such as competitiveness, budget deficits and gender equality. Although in most countries the environment ministry coordinates the strategy process, all relevant ministries are usually involved in developing and implementing the strategy objectives (for strategy features addressing this challenge, see below).

Integrating Policies across Jurisdictions

Particular policy problems such as climate change or biodiversity not only transcend the competencies of ministries within a particular government, but also the vertical tiers of different jurisdictions. Crucially, 'the sphere of competence of authorities in charge of environmental protection or environmentally relevant matters does not always match with the boundaries of the affected environment' (Liberatore 1997: 116). Accordingly, the EU's *Declaration on Guiding Principles for Sustainable Development* (European Commission 2005: 5; European Council 2005: 30) that was incorporated in the renewed EU sustainable development strategy (European Council 2006: 2–6), also emphasizes the need to 'promote coherence between all European Union policies and coherence between local, regional, national and global actions in order to enhance their contribution to sustainable development'.

While the UN and OECD guidelines for sustainable development strategies and the sustainable development governance literature discuss the need for cross-jurisdictional policy integration, the EPI literature generally pays little attention to multi-level challenges (but see Jordan and Schout 2006). This variable focus becomes even more visible when one looks at the way EPI scholars understand the concept of vertical (environmental) policy integration. Whereas the sustainable development literature uses the term to refer to cross-jurisdictional policy integration (Jänicke *et al*. 2001; OECD 2002; European Commission 2004), the EPI literature often uses it to refer to policy integration within the purview of an individual ministry, for example, through sectoral sustainable development strategies (Lafferty 2002; Jacob and Volkery 2004; Jänicke and Jörgens 2004).

Integrating Stakeholders into Governmental Policies

The concept of sustainable development is widely acknowledged as an evolving normative model which different societies are expected to define for themselves in a deliberative and consensual manner (Reid 1995: 58; Smith 1996: 43; Rao 2000). Thus, virtually all sustainable development policy documents and strategy guidelines emphasize that '[o]ne of the fundamental prerequisites for the achievement of sustainable development is broad public participation in decision-making' (UNCED 1992a: para. 23.2). Participation is supposed to assist in at least three ways. First, it should help define the objectives of sustainable development in the first place. Second, the reconciliation of different interests in participatory arrangements should help to integrate economic, social and environmental policies. Third, integrating business and civil society stakeholders in decision making should spread and enhance the ownership of sustainable development policies in societies.

From a governance perspective, participation implies that traditional patterns of governance (most often dominated by hierarchical bureaucracies) become more open, and often linked with new, network-like arrangements. Because of the clear guidelines on participation (see above), virtually all sustainable development strategy processes in Europe try to involve civil society and business stakeholders, for example in dialogue conferences or in National Councils for Sustainable Development (NCSD).

Integrating Short- and Long-Term Perspectives

Since sustainable development seeks to balance the needs of the current generation with those in the future, the concept is essentially about the integration of a short- and long-term timescale in policy making (UNCED 1992b; OECD 2001; OECD 2002: 10; WSSD 2002: para. 26). This challenge is particularly demanding because it touches on one of the key weaknesses of Western governments, namely that their focus on short-term electoral cycles often undermines long-term decision making (at least in policy fields like the environment which do not rank that high on the political agenda) (OECD 2002: 30). Consequently, sustainable development strategies tend to have a different (that is, more symbolic) function for politicians than for administrators (for further details, see the concluding section).

DEPLOYMENT: PRACTICAL EXPERIENCES[3]

Thus far, we have argued that unlike many of the other instruments covered in this part of the book, a sustainable development strategy does not have a clearly defined place in the policy cycle. Instead, it is a holistic attempt to reshape disjointed and incremental policy making for sustainable development into a better-integrated and systematic process so that policy making conforms with the four integrative challenges described above. By doing so, a sustainable development strategy should provide a normative sense of direction regarding both the substance and the process of policy. Regarding substance, it should identify and affirm the long-term priorities of sustainable development policies in the light of complex cross-sectoral interdependencies, trade-offs and synergies. In procedural terms, sustainable development strategies ought to introduce and orchestrate a broad variety of instruments and mechanisms (or 'strategy features') in a systematic way. This section gives a brief overview of some noteworthy strategy features in Europe.

Integrating Different Timescales

Bringing a longer-term perspective into everyday policy making is one of the key purposes of sustainable development strategies (IIED 2002: 6). The long-term focus is particularly obvious in the Netherlands. The Dutch sustainable development strategy process is framed in line with the so-called transitions management approach, which aims at a long-term transition of various environmentally relevant sectors towards sustainability (Rotmans *et al*. 2001). Other sustainable development strategies employ concrete mechanisms that link long-term visions (that often resemble vague desires rather then concrete policy objectives) (European Commission 2004) directly with short- and medium-term actions. In Austria, Ireland, Norway and Slovakia, for example, the implementation of the sustainable development strategy depends largely on the development of cyclical action programmes. The purpose of these programmes is to break down the rather general objectives of the strategy into concrete steps for relevant ministries to take.

In Austria, the creation of the working programmes is a continuous process, in which the members of the inter-ministerial committee for sustainable development are encouraged to file into a central database details of projects and measures that are in line with the objectives of the sustainable development strategy. At the end of each biennial cycle, the committee derives the consolidated work programme from the database and submits it to the Council of Ministers for approval. Although the working programme mechanism enhances both the implementation of the strategy and the inter-ministerial collaboration, the Austrian example shows that it can easily fail to involve reluctant (but key) ministries such as finance (Martinuzzi and Steurer 2003, 2005). In Denmark, Finland and Sweden, non-environmental ministries are required to develop sectoral sustainable development strategies in which they should demonstrate how they plan to translate the sustainable development strategy into practice (Jacob and Volkery 2004: 298ff). Since 2005, all UK government departments and their executive agencies have been required to develop sustainable development action plans (Russel 2007). These plans resemble a mixture of sustainable development working programmes and sectoral strategies, and thus address the temporal and the sectoral aspects of integration.

Integrating Stakeholders into Governmental Policies

Based on the assumption that stakeholder participation aims to reconcile conflicting interests and, in turn, facilitate policy integration across sectors, participatory mechanisms complement traditional patterns of governance in virtually all sustainable development strategy processes. In accordance with UN and OECD recommendations, many European countries have an NCSD or an equivalent institution in place (European Environment Agency 2005a: 29; Niestroy 2005). NCSDs typically bring together business leaders, academics and NGO representatives in order to discuss sustainable development policies and advise governments on sustainable development-related issues. Finland and some Eastern European countries have so-called mixed councils in which high-level politicians interact with stakeholders directly (the Finnish Council, headed by the Prime Minister until April 2007, is widely regarded as a good practice example in terms of political relevance) (European Environment Agency 2005a: 29 and 37; Berger and Steurer 2006c). Although some of the councils were established well before the appearance of sustainable development strategies, many of them were established in relation to them.

Integrating Policies across Jurisdictions

When it comes to the cross-jurisdictional aspect of policy integration, it is hard to overlook the fact that most sustainable development strategies acknowledge this challenge as important, but it is hardly tackled by any strategy features. Although many sustainable development strategies refer to regions as an important level for the delivery of sustainable development policies and the regionalization of the national strategy, the actual linkages between local and regional sustainable development policies on the one hand and national sustainable development strategies on the other are – with a few exceptions such as Switzerland – generally weak. Many countries, for example, have Local Agenda 21 initiatives at municipal and regional levels that are linked hardly at all to sustainable development strategies, although the latter could provide valuable guidance for these bottom-up activities (Berger and Steurer 2007). The fact that the linkage between national sustainable development strategies and EU policy making is also rather weak may be because, until the adoption of a revised EU sustainable development strategy in June 2006, there was no politically accepted EU strategy for sustainable development in place.[4] However, the new strategy encourages these actors to undertake future reviews of sustainable development strategies in the light of the renewed EU strategy 'to ensure consistency, coherence and mutual supportiveness, bearing in mind specific circumstances in the Member States' (European Council 2006: 28). With the exception of the recently strengthened European Sustainable Development Network (a network of public administrators that are responsible for sustainable development strategies[5]), institutional arrangements for cross-jurisdictional policy learning at the European level are rather weak.

Integrating Sectoral Policies

In the course of their sustainable development strategy process, most EU Member States have established administrative instruments (Chapter 3) such as an inter-ministerial[6] coordination body or committee (European Environment Agency 2005a). These committees bring together middle-level administrators from various ministries on a regular basis. Although their political power is often relatively limited, sustainable development strategy coordinators regard these institutional innovations as one of the key benefits of sustainable development strategies (Steurer and Martinuzzi 2005: 461).

While inter-ministerial mechanisms are quite common at the administrative level, similar arrangements are relatively rare at the political level. Germany and the UK strive for a better inter-ministerial coordination with so-called green cabinets (see also Chapters 9 and 12). The German Committee of State Secretaries for Sustainable Development was established in 2001. It is headed by the Minister of State from the Federal Chancellery and brings together politicians from ten ministries (Jänicke *et al*. 2001: 8 and 16). As Wurzel shows in Chapter 9, the Green Cabinet was a relatively strong actor in the red–green government (see also European Environment Agency 2005a: 30). In the UK, the committee of 'Green Ministers' resulted from an upgrading of an existing informal committee in 2001. It reviews policies on sustainable development and initiates reforms across ministries. However, as Russel and Jordan show in Chapter 12, various factors have hampered its effectiveness. Sweden and France on the other hand have tried to tackle the challenge of inter-ministerial coordination by creating new ministries for sustainable development which have a cross-sectoral portfolio. Time will presumably tell us what impact (if any) these changes have on the prospects for EPI.

One of the most widespread EPI mechanisms facilitated by sustainable development strategies are cyclical monitoring and reporting schemes. Drawing on UN and OECD strategy guidelines, virtually all sustainable development strategy processes in Europe monitor the government's sustainable development performance using (largely quantitative) indicators (such as GDP per capita for the economic, poverty rate for the social, and CO_2 emissions for the environmental dimension of sustainable development). Some countries also use aggregated indicators such as the ecological footprint. The NCSD or the lead ministry in the strategy process (most often the environment ministry) summarizes the monitoring results in regular progress reports. However, the indicators are not always clearly linked to the objectives in the sustainable development strategies, and the sectoral indicators do not necessarily say much about the degree of policy integration achieved.

Since monitoring is often restricted to a mere description of the sustainable development performance of a given country, some countries have begun to conduct a more analytical form of assessment. In the UK, the national Sustainable Development Commission was upgraded to an independent watchdog for sustainable development in 2005 (Berger and Steurer 2006c). In the same year, Austria and Switzerland commissioned independent evaluations. France has been a front-runner in applying the peer review mechanism whereby the strategy administrators of two to three other countries discuss the strengths and weaknesses of a sustainable development strategy process. Recently, Norway, the Netherlands and the Slovak Republic have also initiated peer review activities (Berger and Steurer 2006a). Since all these monitoring and evaluation mechanisms are relatively new, it is unclear how far they facilitate policy learning and integration. However, since they are *ex post* efforts that are somewhat remote from decision-making processes, it may well be that they are less effective than other, more direct assessment instruments, such as policy appraisal and Strategic Environmental Assessment (see Chapters 6 and 7).

Regarding particular policy instruments aiming at EPI (such as voluntary agreements, sustainable development research and education, regulation, fiscal reforms), sustainable development strategies tend to employ mostly voluntary instruments that emphasize cooperation and learning; they only rarely involve regulatory instruments that seek to command and control. However, since these instruments saw an upswing long before sustainable development strategies came into effect (Jordan *et al*. 2003), it is hard to assess what impact sustainable development strategies had on their development. It seems that they have reinforced the trend away from 'command and control'. For the Austrian sustainable development strategy, Martinuzzi and Steurer (2003: 273) found that 58 per cent of the first steps of implementation listed in the strategy annex were concerned with knowledge and awareness, about 35 per cent with other concepts, strategies and small-scale (pilot) projects, and 7 per cent with regulations, economic incentives or other programmes. In addition, many of these first steps of implementation did not originate in the sustainable development strategy process, but were developed independently.

The Overall Performance of Sustainable Development Strategies

If we compare the previous two sections, it is obvious that sustainable development strategy processes have mirrored the wider notion of policy integration that is typical for the concept of sustainable development. They have attempted to facilitate policy integration not only with regard to sectoral, but also with regard to temporal, governance-related (participatory) and spatial (cross-jurisdictional) aspects. However, the effectiveness of

Table 5.2 Patterns of sustainable development policy making

		Effectiveness of sustainable development policies	
		Low	High
Presence of SD strategy features	Low	I: (a) 'SD ignorance' or (b) symbolic SD strategies	III: SD through incrementalism
	High	II: Administered SD strategies	IV: Comprehensive SD strategies as strategic processes

these attempts is, of course, another issue that varies not only from country to country, but also from challenge to challenge. While most sustainable development strategies have paid relatively close attention to the temporal and cross-sectoral aspects of integration, cross-jurisdictional efforts (both downwards to the sub-national and upwards to the European level) have played a minor role only.

Since most strategy processes are still quite young, taking stock of their overall performance can only be a very general and preliminary endeavour. Overall, a review of the first experiences suggests that most sustainable development strategy processes in Europe have followed a pattern of 'administered sustainable development strategies' (see Table 5.2).

Comprehensive sustainable development strategies seem preferable to incremental policy making but they hardly exist

The pattern of comprehensive sustainable development strategies (as described by the United Nations and OECD guidelines), resembles strategic processes that orchestrate several instruments and mechanisms and are backed by high-level political commitment and administrative ownership (Steurer and Martinuzzi 2005). Drawing mainly on the work of Mintzberg *et al*. (1998) (see also Lindblom 1979; Meadowcroft 1997; Steurer and Martinuzzi 2005; Tils 2005), such comprehensive sustainable development strategies (Type IV in Table 5.2) seem to be preferable to incremental policy making that works on an ad hoc basis, lacking a shared vision and a sense of direction (Type III in Table 5.2). While the incremental model of policy making (Lindblom 1959) 'is likely to exhaust itself in faddism, drifting from one fashionable innovation to the next, without leaving a lasting imprint' (Schick 1999: 2), sustainable development strategies can provide a sense of direction and they ought to orchestrate different policy instruments as well as governance mechanisms (Steurer and Martinuzzi 2005). Both orientation and orchestration seem to be particularly important in the context of complex issues such as sustainable development. However, since none of the existing sustainable development strategies come close to the comprehensive pattern (the closest one being perhaps the UK's), we have to wait for further evidence in order to verify the hypothesis that comprehensive sustainable development strategies are preferable to incremental sustainable development policy making.

Sustainable development strategies in Europe have tended to be administered strategy processes. Although existing sustainable development strategies fall short compared to the comprehensive pattern, they have triggered a number of features they have: facilitated inter-ministerial coordination with administrative committees and Green Cabinets; supported policy learning by incorporating monitoring and/or assessment mechanisms; and fostered public participation and other forms of stakeholder involvement through NCSDs.

Nevertheless, their effectiveness seems to be limited for at least four reasons. First, as indicated above, not all strategy features are equally well accepted and employed in all countries. Although most countries have, for example, an inter-ministerial committee or an NCSD, the differences regarding their political relevance are considerable (see, for example, European Environment Agency 2005a).

Second, as Russel (2007) and Lafferty *et al*. (2007) show for the UK and Norway respectively, sustainable development strategies have triggered a broad array of supportive features such as (ministerial) action or work plans, indicator-based monitoring schemes and participation mechanisms, but sometimes fail to link and orchestrate them in a comprehensive and coherent way. In other words, sustainable development strategies not only face the four integrative governance challenges described in Table 5.1, but also the challenge of better linking and orchestrating their own features.

Third, most sustainable development strategies have suffered from a serious lack of high-level political commitment. With the exception of Germany (during the red–green government, 1998–2005) and the UK, most sustainable development strategy coordinators believe that their politicians show very little interest in long-term strategic processes (Martinuzzi and Steurer 2005: 465). An explanation is provided by Hansen and Ejersbo (2002: 738ff). They argue that politicians and administrators are dealing with the formulation and implementation of policies in distinct ways (see also Page 2003: 673). Politicians on the one hand approach particular issues case-by-case and focus on the competing interests involved. By utilizing such an 'inductive logic of action', at times they not only ignore existing strategies but also personal commitments or treaties. Administrators on the other hand prefer to deal with particular issues deductively by referring to general laws or guidelines. In the context of sustainable development strategy processes, this 'logic of disharmony' between politicians and administrators implies that while administrators regard sustainable development strategies as important guidance for policy making, politicians will probably not care much about the strategy documents as a guidance-providing instrument, but consider them a form of political communication. In this sense, the four challenges of policy integration are also about managing the 'logic of disharmony' between politicians and administrators.

Fourth, a lack of high-level political commitment seems to imply a lack of ownership among 'non' environmental administrators. As several case studies (Martinuzzi and Steurer 2005; Lafferty 2007; Russel 2007) and an exchange of experience among sustainable development strategy coordinators (Berger and Steurer 2006b) have shown, the handful of (mostly environmental) administrators who coordinate the sustainable development strategies, struggle not only with the political environment but also with a widespread indifference amongst their colleagues in other ministries.

Consequently, most sustainable development strategies in Europe seem to become 'administered strategy processes' (Type II), that is, fragmented processes driven by a few administrators who are not capable of shaping key policy decisions in line with sustainable development objectives. Thus, high-profile policy decisions such as the subsidy of alternative energies in Austria or the social policy reform programme Agenda 2010 in Germany (Tils 2005: 276 and 282; Tils 2007), are hardly discussed in the context of the strategy process, at least not in public.

Administered sustainable development strategies are more than symbolic documents . . .

At first glance, many sustainable development strategies may appear as purely symbolic, that is, politically irrelevant façades. But what is the difference between such strategies (Type Ib) and administered ones (Type II)? First, the latter try to overcome the one-off nature of many environmental plans by framing sustainable development strategies as ongoing processes. Cyclical efforts such as frequent coordination meetings, annual or biennial work plans or regular monitoring, reviewing and reporting activities, enable administrators and stakeholder groups to shape the government's political agenda a bit towards sustainable development. Second, administered sustainable development strategies are more than symbolic because those responsible for their implementation often succeed in introducing innovative governance structures and mechanisms, such as interministerial bodies and NCSDs (many of which were introduced in the context of sustainable development strategies), and in initiating small sustainable development projects that are within their scope. The fact that politicians do not care much about sustainable development strategies implies not only that key decisions are made frequently without reference to the sustainable development strategy process, but also that administrators can make use of their limited scope. By doing so, sustainable development strategies give them both legitimacy and guidance.

. . . but the mere presence of sustainable development strategy features is not sufficient

As neither a well-written sustainable development strategy document nor the presence of (often fragmented) sustainable development strategy features can ever compensate for the lack of high-level political commitment, administered sustainable development strategies can make small differences, but will fail to shape sustainable development policies and EPI significantly. In order to move towards the comprehensive pattern, they need, inter alia, to become more political, for example by better involving political actors such as cabinet offices and parliaments. As Tils (2005, 2007) emphasizes, sustainable development strategies also need to improve their strategic orientation, for example by proactively exploring feasible options and advocacy coalitions in the context of limiting actor constellations. Although the functioning of public administrations is certainly important for advancing 'strategic public management' (Steurer 2007), demanding environmental objectives like the reduction of greenhouse gas emissions can certainly not be administered or managed; they need to be actively governed.

SUMMARY DISCUSSION

This chapter has shown that the concept of sustainable development and the use of sustainable development strategies affect EPI by broadening the notion of what should be integrated. Crucially, while EPI is concerned with integrating environmental issues into other policy sectors within a particular jurisdiction, sustainable development strategies should seek to balance social, environmental and economic goals in the short and long term across jurisdictions, with a strong input from different stakeholders. In so doing, sustainable development strategies employ not one, but at least three approaches or logics of EPI. First and foremost, sustainable development strategies both rely on and foster institutional capacities for inter-ministerial collaboration. This appears in the form of network-like arrangements and other integrative structures within governments. Second, by employing monitoring and reviewing mechanisms, sustainable development strategies seek to achieve policy change through learning processes. From the perspective of learning approaches, sustainable development strategies appear as cyclical processes that evolve constantly based on internal and external feedback loops. Third, sustainable development strategies also seek to foster participatory arrangements with the purpose of harnessing and resolving conflicts of interest. So far, however, only a few countries (such as the UK with its Sustainable Development Commission) and Finland (with its high-profile NCSD), have influential participatory bodies in place.

In general, sustainable development strategies seem to rely chiefly on the institutional approach, followed by the learning approach. In its report on EPI in Europe, the European Environment Agency (2005b, 10) concluded that 'among the developments that are most explicit, both in terms of institution building and the introduction of instruments or tools for improving coordination, the majority are in fact concerned with sustainable development rather than EPI'. This can be traced back to some of the original thinking on sustainable development. As Sneddon *et al.* (2006) emphasize, the Brundtland Report is first and foremost 'a bold call to recalibrate institutional mechanisms at global, national and local levels', paying relatively little attention 'to power relations among the local-to-global actors and institutions supporting unsustainable development'. Thus, many documents on sustainable development strategies emphasize that 'getting the process right' is the key to achieving sustainable development (see for example Williams 2002; European Commission 2004: 7; Steurer and Martinuzzi 2005: 461). This perception is perfectly in line with strategic management theory. For example, Henry Mintzberg (1994: 352), who is one of the leading scholars of strategic management, stresses that communication and coordination are not side effects of strategic management and planning, 'but the essential reasons to engage in it'. Consequently, most sustainable development strategies offer little guidance on how to solve trade-offs and conflicts of interests between the three dimensions of sustainable development (European Commission 2004). In this respect, the more conflictual nature of EPI (Lenschow 2002; Nilsson and Persson 2003), potentially fills a conceptual vacuum in the thinking on sustainable development.

How effectively do sustainable development strategies facilitate sustainable development and/or EPI? Compared to the disappointing experience with environmental plans in the 1980s and 1990s, the observed signs of transition from grand planning schemes to flexible strategy processes, and from clear-cut sectoral authorities to cross-cutting strategic coordination bodies are encouraging (Steurer and Martinuzzi 2005: 469). In theory, sustainable development strategies should provide a normative sense of direction, and facilitate and orchestrate different integrative structures and mechanisms. As such, they have the potential to contribute to the implementation of sustainable development and EPI. However, most sustainable development strategies fall some way short of the comprehensive ideal associated with Type IV (depicted in Table 5.2). One of the key shortcomings is not so much technical or managerial, but political: most sustainable development strategy coordinators in Europe feel their effectiveness seriously limited by weak high-level political will, leadership and commitment. Consequently, many sustainable development strategies become 'administered' processes. That is to say, they create new administrative structures and mechanisms that are fragmented rather than well orchestrated, and not effectively used by policy makers (Lafferty *et al*. 2007; Russel 2007; Tils 2007).

CONCLUSIONS

In 2002, Lafferty (2002: 20) emphasized that a sustainable development strategy 'is extremely important, as its existence demonstrates a political commitment to giving EPI the crucial role in the national policy making context assigned to it by the UNCED'. At the time, he was correct, because sustainable development strategies were rare.[7] Since then, however, sustainable development strategies have spread quickly and need to be viewed more cautiously. They are now a standard instrument used in most European countries, and neither the existence nor even a high presence of strategy features (such as action plans or monitoring schemes) allow us to draw firm conclusions regarding their effectiveness.

Overall, the record of sustainable development strategies is quite mixed. Although most have fallen short of effectively reshaping policies towards EPI and sustainable development, even administered strategies can generate new points of political advantage and hence are more than just symbolic exercises. Their cyclical review mechanisms, for example, are important drivers of sustainable development policy making, and give administrators some leeway regarding both sustainable development policies and governance arrangements. Although sustainable development strategies can certainly be a step away from one-off planning schemes in predominantly hierarchical settings, towards more permanent strategic processes that try to facilitate networking and incremental learning, the road towards a more comprehensive form of 'strategic public management' is still a long and winding one (Steurer 2007).

NOTES

1. As noted by Martinuzzi and Steurer (2003) in a case study on the Austrian sustainable development strategy, some of these guidelines (such as combining a government-independent long-term vision with concrete policy objectives) are overly demanding and unrealistic. On the other hand, however, Steurer (2007) also notes that overall, they demonstrate clear progress when compared to earlier environmental planning practices.
2. While the Italian strategy can hardly be regarded as a sustainable development strategy because it covers the environmental dimension only, three old and four new Member

States cover a fourth dimension of sustainable development, namely governance and culture (European Commission 2004: 12ff).

3. For an overview of sustainable development strategy features in different countries, see the country profile section at http://www.sd-network.eu/?k=country%20profiles or Steurer and Martinuzzi (2005), Volkery *et al*. (2006) and OECD (2006).
4. Because some Member States objected to parts of the European Commission's (2001b) draft sustainable development strategy, the Gothenburg European Council 'welcomed' it but did not endorse it as the EU strategy. Instead, it included 14 modestly ambitious paragraphs on sustainable development in Europe in its Conclusions (European Council 2001) that served as a temporary EU sustainable development strategy.
5. For further details see: www.sd-network.eu.
6. For the sake of coherence, this chapter does not distinguish between the terms ministry and department.
7. As mentioned briefly in section 2, only Ireland (1997), Finland (1998) and the UK (1999) had an SD strategy in place before 2000. Most other European countries followed their example in preparation for the World Summit for Sustainable Development in Johannesburg in the early 2000s.

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Objectives and Indicators in Sustainable Development Strategies: Similarities and Variances across Europe

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ABSTRACT
Europe has positioned itself as a progressive global player in environmental and sustainable development (SD) policies, and SD strategies should play a key role in better coordinating policies horizontally across sectors and vertically across levels of government. This paper gives an overview of the objectives and indicators employed in 24 national SD strategies across Europe, covering five different welfare-state models. After highlighting some structural features of SD strategies the paper explores how coherently they address environmental and social policies, measured against the objectives and indicators of the EU SD strategy. It is shown that environmental objectives and indicators are more coherent than social ones. Regarding the five socioeconomic models it was found that the significant variance regarding social policy objectives and indicators is mainly because some SD strategies from Mediterranean countries ignore this dimension of SD. The paper concludes that SD strategies in Europe (in particular the EU SD strategy) unfold only a fraction of their potential to better coordinate policies vertically across different levels of government. As this conclusion is confirmed by more qualitative research approaches, the European governance architecture for sustainable development is questioned in fundamental ways. Copyright © 2010 John Wiley & Sons, Ltd and ERP Environment.

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Keywords: sustainable development; sustainable development strategies; policy objectives; indicators; European coherence; vertical integration

Introduction

EUROPE HAS POSITIONED ITSELF AS A PROGRESSIVE GLOBAL PLAYER IN ENVIRONMENTAL AND SUSTAINABLE development (SD) policies. It was one of the key promoters of the Montreal Protocol that addressed ozone depletion from 1987 onwards, and is still the key driver behind the Kyoto Protocol and Post-Kyoto negotiations with the aim to mitigate climate change. Europe is also one of the few regions of the world in which

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most governments (including the EU itself) have adopted SD strategies to enhance policy coordination and integration both horizontally between sectoral policies and vertically between different levels of policy-making. From a distance it may appear that the EU and its Member States speak with one voice when it comes to SD, i.e. that they agree on similar policy objectives, enact comparable policies, and monitor them with a coherent set of indicators. Although the North–South and West–East divides in environmental policy-making across Europe are still obvious (Jordan and Liefferink, 2004), and the different welfare-state models (for a summary see Table 1) that stand in the way of a coherent EU social policy are highly relevant for SD because they address the integration of the economic and the social dimensions of SD, differences in SD policy-making across these five welfare-state models are very likely but have not been explored systematically. This paper aims to address this research gap by exploring the coherence of two key aspects of European SD policy-making across Europe, i.e. objectives and indicators stated in SD strategies.

Based on an extensive quantitative analysis the present paper shows to what extent the objectives and indicators of SD strategies in 24 European countries covering all five welfare-state models match those identified in the EU SD strategy that was adopted by the European Council in June 2006 (European Council, 2006). The focus of the present paper is on objectives and indicators because they are two unambiguous, easily measurable and comparable yardsticks of SD policy-making. The following three research questions are addressed:

- How coherent are the objectives and indicators of SD strategies across Europe?
- Do their degrees of coherence vary between the five European socioeconomic models, between objectives and indicators, and between social and environmental policy issues[1]?
- How can incoherencies be explained and what do they imply for the governance of SD in Europe?

The next section provides a brief history of welfare states and SD in Europe. It introduces the five welfare-state models (that are likely to shape economic and social SD policies), SD strategies as well as the role of objectives and indicators. Section 3 describes the methodology used in the empirical analysis of objectives and indicators employed in SD strategies across Europe. Sections 4 and 5 describe the empirical findings on the coherence of SD objectives and indicators across Europe. Section 6 revisits and interprets selected patterns of coherence that emerged in the empirical sections, and section 7 draws some conclusions on vertical policy integration in SD strategies in Europe.

Sustainable Development in Europe: Welfare-State Models, Policy Objectives and Indicators

European Socioeconomic Models

The recent history of SD strategies in Europe described below is based on decades of integrating social and economic policies to welfare-state models (also referred to as socioeconomic models). On a superficial level, the literature speaks of a European socioeconomic model as the lowest common denominator with several regional variations. Some of its key characteristics are (Tharakan, 2003): (i) public pension systems with a relatively wide coverage; (ii) health-care systems that are open to most citizens, and (iii) more inclusive and institutionalized labour market policies than in many other industrialized countries. However, a closer look reveals that, since the 1950s, four distinct ideal-type welfare-state models have emerged in Europe, plus a more recent transitional one in the new EU Member States in Central-Eastern Europe. To cut decades of respective research short, these five models can be summarized as follows (see Table 1).

As welfare-state models are, by definition (and denotation), concerned with different ways of integrating economic and social policies (Vos, 2005), their characteristics are likely to influence also the contents of SD policy-making. As the present paper shows, this applies to SD strategies to a certain degree.

[1] Economic issues are neglected here because they are neglected in the EU reference point of the comparison (i.e. the EU SD strategy). At the EU level, economic issues are covered extensively in the so-called 'Lisbon Strategy for Growth and Jobs' (European Commission, 2005a) and its successor, the 'Europe 2020' strategy (European Council, 2010; European Commission, 2010).

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Model	Countries†	Ideology	Key features of socioeconomic integration
Scandinavian	Sweden, Finland, Denmark (the Netherlands, Norway)	Social Democratic	• Aims to realize 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, Switzerland)	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 (limits 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 stigmatizing
Mediterranean	Spain, Portugal, Greece (Italy, Cyprus, Malta)	Mixed	• Fragmented and 'clientellistic' support focusing on income maintenance (pensions) • Still under development, making older systems of social support (family, church) still necessary
Transitional	New EU Members from Central-Eastern Europe	Developing	• New social policies are developing, but with considerable variations

Table 1. Overview of five socioeconomic models in Europe

*The typology used here is derived from several recent publications on socioeconomic models. It is important to note that the numbers and names of socioeconomic models identified for Europe, as well as the subsumed countries, differ in the literature. 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 USA), conservative (in Germany and Austria) and social democratic (Scandinavian) welfare-state models (see also Sapir *et al.*, 2004; Tharakan, 2003). More recent publications add the Mediterranean (Aiginger and Guger, 2005; Pierson, 1998, 173–178; Sapir, 2006) and the Transitional model (Aiginger and Guger, 2005; Pierson, 1998, 173–178).

† The socioeconomic models applied in the countries listed in brackets are disputed because they resemble a mixed rather than an ideal type model (see the references above).

SD Strategies in Europe

Key drivers behind the development of SD strategies in Europe were a chain of international events and EU commitments: the 1992 Rio World Summit, the 2001 Gothenburg European Council, the 2002 Johannesburg World Summit, and finally the 2006 EU SD Strategy (Quental *et al.*, 2009; Steurer *et al.*, 2010; Steurer and Martinuzzi, 2007). The idea of cross-sectoral SD strategies emerged for the first time at the Rio World Summit in 1992 (UN, 1992). The widely endorsed summit document Agenda 21 reiterates that: 'Prevailing systems of decision-making in many countries tend to separate economic, social and environmental factors at the policy, planning and management levels' (UN, 1992, paragraph 8.2.). Consequently, Agenda 21 asserts, 'Governments [...] should strengthen national institutional capability and capacity to integrate social, economic, developmental and environmental issues' (UN, 1992, paragraph 8.12; see also WCED, 1987, 310, 313f). To tackle this challenge, Agenda 21 requires countries to adopt *inter alia* 'a national strategy for sustainable development', which 'should build upon and harmonize the various sectoral economic, social, and environmental policies and plans that are operating in the country' (UN, 1992, paragraph 8.7). By specifying the purpose of SD strategies, the following definition clearly refers to the Brundtland Report's (WCED, 1987) classic definition of SD. Country-driven SD strategies should 'ensure socially responsible economic development while protecting the resource base and the environment for

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the benefit of future generations' (UN, 1992, paragraph 8.7). As Agenda 21 contains no submission date, only Iceland, Ireland, Switzerland and the UK developed an SD strategy in subsequent years (see annex 1). Hence, in June 1997, the decision was taken at the so-called Rio +5 summit in New York that by 2002 the elaboration of national SD strategies should be completed in all countries (UNGASS, 1997, paragraph 24). In June 2001, the Gothenburg European Council reiterated this call by inviting its 'Member States to draw up their own national sustainable development strategies' (European Council, 2001, 4). Consequently, many EU Member States hastened the pace and developed their SD strategies in time for the Johannesburg World Summit on SD in late 2002 (European Commission, 2004; Steurer and Martinuzzi, 2005; see also Meadowcroft, 2007). More recently, SD strategy processes within the EU gained momentum with the adoption of a renewed European Union SD strategy (EU SDS) by the European Council in June 2006 (European Council, 2006). The renewed EU SDS encouraged latecomers to elaborate their first SD strategies, and other Member States to review their existing approaches (for details see annex 1). A key purpose of the EU SDS is to allow for the better integration of policy-making not only horizontally, between sectors, but also vertically, across different tiers of government, in particular between the EU level and the Member States. Vertical integration is important for the governance of SD because it addresses the fact that certain issues cut across the boundaries of different jurisdictions, from supranational institutions like the European Commission, via federal and provincial governments, to city halls (European Commission, 2004, 15ff; OECD, 2001a, 47; OECD, 2002, 15, 19, 20f; Steurer and Martinuzzi, 2005; see also van Zeijl-Rozema *et al.*, 2008). In the case of global environmental problems, it is particularly obvious that 'the sphere of competence of authorities in charge of environmental protection [...] does not always match with the boundaries of the affected environment,' (Liberatore, 1997, 116). The European dimension of vertical integration is often discussed under the label of European coherence, which is underlined by one of the EU SD strategy's policy guiding principles. The EU SDS explicitly aims to 'Promote coherence between all European Union policies and coherence between local, regional, national and global actions in order to enhance their contribution to sustainable development' (European Council, 2006, 5).

This paper addresses European coherence and vertical policy integration in SD policy-making by exploring to what degree national SD strategies across Europe share common objectives and employ similar SD indicator sets. As both objectives and indicators are unambiguous yardsticks of SD strategy processes, their actual deployment is a good proxy of European coherence in the cross-cutting policy field of SD. The following sub-section introduces objectives and indicators as closely related key features of SD strategies.

Objectives and Indicators in Sustainable Development Strategies

Setting objectives and measuring progress in achieving them with indicators are two closely related features of contemporary strategic management in general, and of SD strategies across Europe in particular (McAlpine and Birnie, 2006; Steurer and Martinuzzi, 2005). Accodingly, these two features are also emphasized in normative guidance documents for SD strategies (IIED, 2002; OECD, 2001b, 2006; UN, 1992; UNDESA, 2002). According to the Resource Book on SD strategies, for example: 'Being strategic is about developing an underlying vision through a consensual, effective and iterative process; and going on to set objectives, identify the means of achieving them, and then monitor that achievement as a guide to the next round of this learning process' (IIED, 2002, 29; see also OECD, 2001b, 18f; UNDESA, 2002). Hence, an SD strategy is not a regular policy instrument with a clearly defined place in the policy cycle. Instead, it aims to re-shape disjointed and incremental policy-making for SD into better integrated and systematic strategy cycles that identify, monitor and reverse unsustainable trends (Steurer and Martinuzzi, 2005; for an illustration see Figure 1).

The contemporary SD monitoring approach with sets of a broad variety of single indicators is the result of a long quest for encompassing quantitative wellbeing measurements that go beyond the economic domain (for a recent critique of GDP as a measure of welfare, see European Commission 2009; Stiglitz *et al.*, 2009). SD scholars have developed several alternative or complementary indices to GDP (see Morse, 2003), such as the Index of Sustainable Economic Welfare (ISEW, later developed into the Genuine Progress Indicator/GPI) (Daly and Cobb, 1990; see also Bossel, 1999) and the Ecological Footprint concept (Wackernagel *et al.*, 2002). However, mainly because of methodological concerns, none of these aggregated measures are employed in official policy documents

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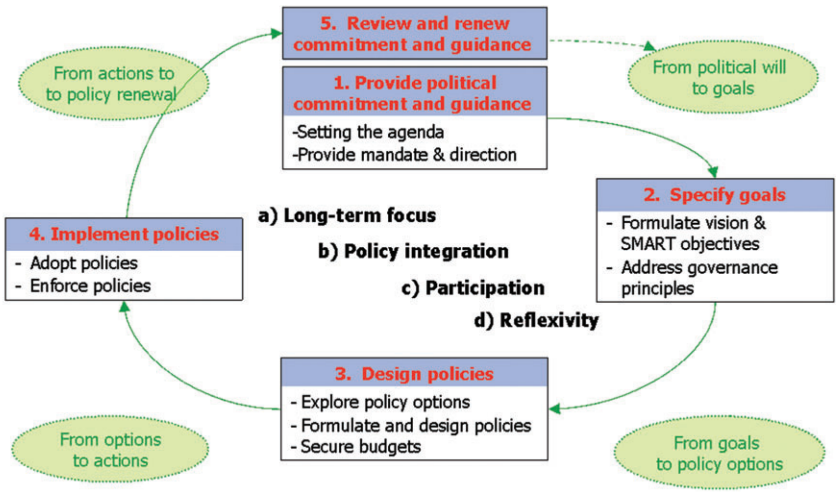

Figure 1. Principles (a–d) and steps (1–5) of an ideal-type sustainable development (SD) strategy cycle (©Steurer, loosely based on Volkery *et al.*, 2006)

such as SD strategies (see section 5 below). Instead, governments began to develop and adopt sets of SD indicators (SDIs) that depict selected economic, social and environmental aspects without contested aggregation. SDI sets are now the standard method to monitor progress towards SD in Europe (Eurostat, 2007a; Steurer and Martinuzzi, 2005) and in other parts of the world (Dalal-Clayton and Krikhaar, 2007).

Generally speaking, indicators have three main functions. First, they reduce the number of measurements necessary to give a description of a situation (OECD, 2003). As such, they are indispensable for measuring progress towards policy objectives (Dalal-Clayton and Krikhaar, 2007) and for evaluating the effectiveness of policies (European Commission, 2005b). To what extent SDIs are capable of fulfilling this measurement function is foremost a question of methodological reliability and validity, and because SD issues are complex, methodological challenges in developing and applying SDIs are anything but trivial (Dalal-Clayton and Krikhaar, 2007; Hildén and Rosenström, 2008). Second, indicators simplify the communication of positive and negative developments to politicians, administrators and the public (OECD, 2003). Both of these functions rely on the main feature of indicators, i.e. to summarize complexity into a manageable amount of meaningful information that can be understood and interpreted easily. In doing so, indicators can, thirdly, provide crucial guidance for policy-making (Bossel, 1999; UNCSD, 2001), in particular regarding the better horizontal integration of policies across sectors, and vertical integration between different levels of government. Horizontal integration can benefit from SDIs because they help to identify environmental or societal pressures and necessary responses. Vertical integration can benefit from SDIs because they can facilitate peer pressure through bench-marking. Whether and to what extent SDIs can fulfil the communication and guidance functions depends on many factors, in particular on the political willingness to learn and improve policies based on evidence.

The development of SD indicators was first requested in Agenda 21 (UN, 1992), and was subsequently enacted by several international organizations accordingly. In 1994, the OECD presented a set of environmental indicators in the so-called 'Pressure-State-Response' framework, reflecting major environmental pressures and conditions (or 'states') as well as societal responses (Lehtonen, 2008; OECD, 2003). Although the framework neglected the economic and social dimensions of SD it was elaborated further by various other organizations. In 1996, the UN Commission on Sustainable Development (UNCSD) developed a modified 'Driving force-State-Response' (DSR) framework consisting of 134 SDIs covering key issues of Agenda 21. The DSR framework was tested in 22 countries from around the world, including seven EU Member States. The testing led to a revised set of indicators with fewer but more policy-relevant SDIs that focused on themes and sub-themes of SD (Eurostat, 2007b; Spangenberg, 2002; UNCSD, 2001). The most recent revision of the UNCSD indicator set from 2007 retained the thematic/

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sub-thematic framework structure that was adopted in 2001, inter alia to remain relevant to those national SD strategies that have been developed based on the previous SDI set (UNCSD, 2007).

In the EU, the European Commission endorsed the development of a 'framework for indicators based on themes and sub-themes, which are directly linked to EU policy priorities' (European Commission, 2005b). In 2005, the Commission eventually adopted a set of 155 indicators organized in three hierarchical levels. Ninety-eight indicators of this set were used in the first SD monitoring report published by Eurostat (the Statistical Office of the European Communities) in December 2005 (Eurostat, 2005, 2007b). Following the mandate of the renewed EU SDS (European Council, 2006), Eurostat reviewed this first EU SDI set in 2006–2007, *inter alia* to adjust it to the renewed EU SDS (European Commission, 2007). The review of the EU SDI set was carried out by Eurostat in close cooperation with a working group on SDIs established in 2005 to 'exchange and expand best practices to all Member States' (Eurostat, 2007b). The revised EU SDI set was published in October 2007 in the annex to the Commission Staff Working Document accompanying the first EU SDS progress report (European Commission, 2007).

Methodology

The empirical analysis summarized here was carried out between January and June 2007 on behalf of Eurostat, and it was updated entirely in early 2010. The update takes the revised EU SDI set from late 2007 and five recently renewed national SDI sets into account (see annexes 1 and 2 for the lists of documents that were included in the analysis). The key tool of the study was a database that facilitated a systematic comparison of SD objectives and indicators adopted by EU Member States with those adopted at the EU level. In a first step, the study identified and collected objectives and indicators employed in national SD strategies (NSDSs) and accompanying documents for the EU-25, acceding and candidate countries, plus Iceland, Norway and Switzerland. The objectives and indicators were identified by means of a qualitative contents analysis of relevant policy documents, and they were entered into a database. To make sure that the correct data are entered into the database, national SD strategy coordinators were contacted to identify or verify the appropriate policy documents containing SD objectives and indicators. In a second step, the national objectives on SD were compared with priorities indicated in the renewed EU SD strategy (European Council, 2006), and national SDIs were compared with both the EU SDIs sets from 2005 (European Commission, 2005b) and 2007 (European Commission, 2007). In so doing the objectives and indicators at the EU level served as the common point of reference for the comparison of national data. National and EU objectives on SD were matched on a yes/no basis, and national and EU level SDIs were matched by employing a four-stage scale (i.e. 'completely identical', 'very similar', 'similar' and 'not related'). While an indicator categorized as 'completely identical' or 'very similar' had to be matched with a single EU SDI, ambivalent relationships were accepted in the case of similar indicators. As most SD strategies structure their objectives hierarchically, the database also employed a hierarchical scheme of objectives, covering the three categories 'top-level goals', 'high-level priorities' and 'key issues/measures' (Eurostat, 2007a; see also Hametner and Steurer, 2007). If SDIs were explicitly linked to policy objectives, these linkages were also entered into the database. Implicit linkages between objectives and indicators were not established because of methodological difficulties that would have hampered the reliability of the findings. In an additional step, information regarding strategy revisions, monitoring methods and trends in the use of indicators were also gathered and entered into the database.

The descriptive and statistical analyses of the database entries summarized here provide a comprehensive picture of the coherence of SD objectives and indicators employed across Europe. Nevertheless, two methodological challenges and limitations are worth mentioning. First, the study covered SD objectives from 23 countries and SD indicators from 24 countries instead of the intended 34 countries, either because some countries did not have an SD strategy or an equivalent policy document in place when the study was conducted,[2] or because an English

[2] This applied to Bulgaria, Croatia, Cyprus, Liechtenstein, FYR Macedonia and Turkey. Hungary and Spain were still in the process of elaborating their first SD strategies.

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NSDS was not available.[3] A second methodological challenge relates to the actual size of SDI sets. Almost all countries, in particular those using graphs and figures in their indicator reports, employ indicators that consist of several component indicators. The UK indicator for ‘road freight’, for example, draws on data that correspond to two separate EU SDIs, namely ‘greenhouse gas emissions by transport’ and ‘volume of freight transport and GDP’. To secure comparability, these types of indicators were broken down into their individual component indicators. Consequently, the number of indicators in the project’s database sometimes differs from the official number of indicators referred to in indicator reports (for the UK, for instance, our database counts 147 indicators whereas the official SDI set counts only 68).

Policy Objectives on Sustainable Development across Europe

This section explores the coherence of SD policy objectives across Europe. By doing so, it also touches on some basic characteristics of the 23 SD strategies analysed, such as length and structure (for details, see annex 1; see also European Commission, 2004:11–14). Although four of the strategy documents communicate a bold vision with a few priorities summarized in a few pages, the remaining 19 SD strategies come up with a long list of (often vague) intentions and objectives in 100–200-page documents. Hence, the number of SD policy objectives ranges from 32 (Estonia) to 610 (Lithuania; for details on all countries see annex 1). Regarding structure, 14 of the 23 countries under scrutiny organize their SD policy objectives and actions hierarchically either under overarching themes such as ‘quality of life’ or ‘living space’ in Austria, or around key sectors such as transport, industry, energy, agriculture in Lithuania, or simply by subsuming them under the three or more identified dimensions of SD as in the Czech Republic. The remaining nine countries employ a mixed approach by listing only some objectives hierarchically. Regarding the dimensions of SD covered and the emphasis given to them, only two of the surveyed countries (Iceland and Italy) focus their SD strategy more or less exclusively on environmental issues whereas all other SD strategies also address social and economic issues (13 of them in a more or less balanced way, and eight of them with an emphasis on one or two dimensions). Seven of the 23 surveyed countries add policy objectives on culture (Estonia, Lithuania, Norway, Slovakia and Slovenia) or on governance (Czech Republic, the Netherlands) in a fourth dimension of SD. As annex 1 also shows, eight countries (Czech Republic, Finland, Latvia, Lithuania, the Netherlands, Slovakia, Slovenia and Switzerland) include research and education in their SD strategies as a separate top-level priority.

If we explore how coherently the 23 European countries covered the 117 objectives and actions listed under the seven key challenges and the four cross-cutting policies of the renewed EU SDS from 2006, the following pattern of coherence emerges (for details see Figure 2):[4] Only 13 of the 23 SD strategies address all seven key challenges of the renewed EU SDS. Among them, Belgium, the Czech Republic, Denmark, Finland and France stand out as those with the highest degrees of coherence. As regards Finland and France, their strong coherence with the objectives of the EU SDS is mainly because these two countries have renewed their SD strategy in 2006 in line with the then already existing EU SDS. Countries with below-average degrees of coherence regarding their SD objectives are, *inter alia*, Greece, Romania, Switzerland, the Netherlands, Slovenia and Germany. The weak coherence of Romanian SD objectives with EU priorities is because the respective policy document came across as being more of a conceptual introduction to the concept of SD than an implementable strategy. The relatively weak coherence of Slovenian SD objectives is because Slovenia joined its SD strategy with the Lisbon National Reform Programme. Obviously, this merger of two strategy processes that run in parallel leaves only a limited scope for environmental and social SD objectives. For Germany, the low score can be explained by the fact that some of its ‘key focal points’ are rather vague and lack concrete operational objectives. Finally, the low score of the Netherlands may have resulted from the fact that the objectives were taken from the English summary of the strategy rather than from the Dutch full version.

[3] This applied to France, Greece, Luxembourg, Poland and Portugal. However, thanks to the support of the national SD coordinators as well as experts from Eurostat we were able to partly cover SD objectives and indicators for France and Greece as well as the SDI set of Luxembourg.
[4] The full lists of SD objectives for the 23 countries can be downloaded from the respective country profiles, section ‘basic information’, at http://www.sd-network.eu.

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	EU SDS key challenges							Cross-cutting policies				
	Climate Change and clean energy	Sustainable Transport	Sustainable consumption and production	Conservation and management of natural resources	Public Health	Social inclusion, demography and migration	Global poverty and SD challenges	Education and training	Research and development	Financing and economic instruments	Communication, mobilising actors and multiplying success	
Austria	31%	69%	60%	57%	25%	69%	54%	40%	60%	75%	75%	Austria
Belgium	38%	44%	60%	50%	44%	38%	23%	0%	0%	25%	0%	Belgium
Czech Republic	62%	44%	50%	79%	13%	88%	62%	100%	60%	100%	75%	Czech Republic
Denmark	38%	75%	80%	71%	44%	25%	46%	40%	40%	25%	100%	Denmark
Estonia	8%	6%	50%	29%	19%	44%	0%	60%	20%	25%	25%	Estonia
Finland	69%	38%	50%	43%	50%	75%	62%	80%	20%	75%	75%	Finland
France	54%	56%	50%	50%	56%	56%	46%	40%	80%	100%	100%	France
Germany	38%	6%	10%	36%	19%	50%	31%	20%	20%	0%	0%	Germany
Greece	8%	6%	0%	29%	0%	13%	0%	0%	0%	25%	0%	Greece
Iceland	54%	13%	30%	71%	25%	0%	23%	0%	0%	0%	0%	Iceland
Ireland	23%	38%	10%	43%	6%	0%	23%	0%	0%	50%	25%	Ireland
Italy	62%	25%	30%	43%	19%	0%	0%	0%	0%	25%	50%	Italy
Latvia	46%	50%	30%	93%	50%	44%	8%	80%	20%	50%	50%	Latvia
Lithuania	46%	63%	30%	57%	50%	44%	0%	80%	40%	0%	25%	Lithuania
Malta	23%	19%	50%	64%	19%	31%	8%	40%	40%	50%	50%	Malta
Netherlands	31%	6%	10%	21%	38%	6%	31%	20%	0%	0%	0%	Netherlands
Norway	46%	25%	10%	71%	31%	13%	62%	20%	20%	25%	25%	Norway
Romania	0%	0%	10%	7%	13%	6%	0%	20%	0%	25%	25%	Romania
Slovakia	38%	13%	30%	71%	38%	69%	23%	80%	20%	50%	100%	Slovakia
Slovenia	8%	13%	20%	29%	19%	44%	0%	60%	20%	0%	25%	Slovenia
Sweden	23%	0%	50%	14%	38%	31%	15%	40%	0%	75%	50%	Sweden
Switzerland	8%	25%	0%	0%	13%	13%	23%	20%	20%	25%	0%	Switzerland
UK	77%	25%	80%	36%	13%	13%	54%	60%	0%	50%	50%	UK

Legend

- high (more than 2/3 of objectives and actions addressed)
- medium (between 1/3 and 2/3 of objectives and actions addressed)
- low (less than 1/3 of objectives and actions addressed)
- not addressed

Figure 2. European coherence of sustainable development (SD) objectives, measured against objectives from the 2006 EU SD strategy (SDS). The EU SDS contains no single economic key challenge because this dimension of SD is covered in the Lisbon strategy and respective National Reform Programmes. For the complementary character of the Lisbon and the EU SDS, see for example Steurer *et al.* (2008) and Steurer and Berger (2010). The colour code used indicates the degree to which a country's SD objectives and actions cover the 117 objectives and actions of the seven key challenges and the four cross-cutting policy fields identified in the EU SDS from 2006. The UK's national SDS (NSDS), for example, addresses more than two-thirds of the objectives on 'climate change' (black), between one-third and two-thirds of the EU SDS objectives referring to 'conservation and management of natural resources' (dark-grey), and less than one-third of the objectives specified under the key challenge 'sustainable transport' (light-grey). Key challenges and cross-cutting policies that are not addressed by an NSDS are highlighted in white

Regarding the priorities of the EU SDS (horizontal axis in Figure 2 and vertical axis in Figure 3), the key challenge 'conservation and management of natural resources' is the most coherently addressed key challenge throughout Europe, followed by 'climate change and clean energy'. For the social issues 'public health' and 'global poverty', the degree of coherence is considerably lower. The low European coherence regarding 'global poverty' is remarkable not only because North–South relations are at the core of the SD concept as coined by the Brundtland Report (WCED, 1987), but also because many countries feature respective policy objectives prominently in extra chapters or dimensions of their SD strategies (see annex 1). Especially SD strategies focusing on the environmental dimension (such as the ones of Iceland and Italy) tend to neglect the social dimension of SD altogether, and they consider economic issues only as far as they affected environmental issues (i.e. when it comes to integrating environmental concerns into economic policies). Countries that address the key challenge 'social inclusion' more coherently than others have developed their strategies by involving stakeholders from civil society. In Austria, for example, this was achieved through a stakeholder dialogue, in the Czech Republic through the Governmental Council for SD, in Finland through the Finnish National Commission on SD, and in Slovakia through the Regional Environmental Centre/REC. The cross-cutting policy field addressed most coherently is 'education and training', and the one addressed least coherently is 'research and development'. Notably, countries that address the four cross-cutting policy areas of the EU SDS most coherently (in particular Austria, the Czech Republic, Finland and France) also show a high degree of coherence regarding the seven SD key challenges.

Various analyses of variance confirm that Europe is far from 'speaking with one voice' in the pursuit of SD, and that some of the variances can be traced back to the welfare-state models introduced in section 2. As these models are based on differences in social policies and because some SDSs focus on environmental issues while neglecting social ones, it is not surprising that there are significant differences as regards how coherently European NSDSs address environmental and social objectives (F (6,154), $p < 0.05$). As the literature on socioeconomic models suggests, social objectives vary significantly between the five socioeconomic models whereas environmental ones do

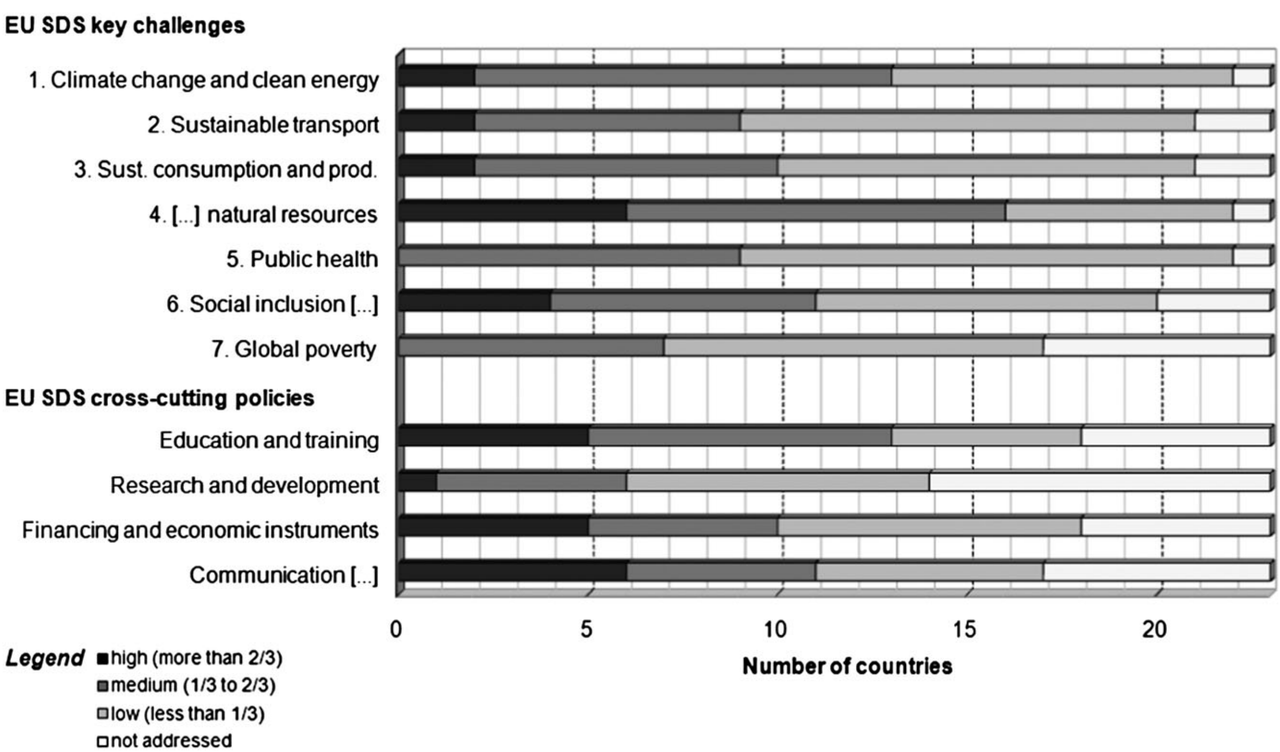

Figure 3. European coherence of national objectives on sustainable development (SD) with priorities of the EU SD strategy. The colour code used here resembles the one used in Figure 2

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not (F (4,16), $p < 0.05$). The significant incoherence regarding social objectives is largely the result of the Mediterranean countries Greece, Italy and Malta having low coherence scores regarding 'public health', 'social inclusion, demography and migration', and 'global poverty and sustainable development challenges' (see Figure 2). Although the significant variance between the welfare-state models disappears once the Mediterranean model is left out, the following two patterns stand out:

- Whereas the Anglo-Saxon countries Ireland and UK resemble the Mediterranean 'low-coherence approach' to 'social inclusion' and 'public health' quite well, they put much more emphasis on 'global poverty' issues.
- The key challenge 'social inclusion' is addressed most coherently by countries from the Continental and the Transformational models. The relatively small difference between these two models is because several SD strategies from transformational countries pay little attention to the issue of 'global poverty'.

Indicators on Sustainable Development across Europe

Setting objectives and measuring progress in achieving them with indicators are two closely related key features of SD strategies (see section 2). This section highlights some basic characteristics and the degrees of coherence of SDI sets in Europe. As annex 2 shows, all 24 European countries covered in the study have developed an SDI set to monitor their SD performance, and about one-third of the countries also document the monitoring results in regular progress or indicator reports. As annex 2 also shows, the size of SDI sets differs considerably across Europe. Some countries monitor their SD strategies with a small set of 12 (France) or 28 (Germany) indicators, whereas others employ rather comprehensive sets with more than 100 indicators (e.g. Denmark, Italy, Latvia, Switzerland and the UK). As large SDI sets may be too complex to meet the functions of communicating SD trends and guiding public policies accordingly (see section 2), Denmark and the UK complement their comprehensive SDI sets with a smaller set of so-called 'headline indicators' (OECD, 2003; Pintér *et al.*, 2005). Only four countries (Finland, Italy, Slovakia and Slovenia) employ aggregated indices such as the Human Development Index (HDI) or the Ecological Footprint. For some countries, such as the Czech Republic, Denmark, Estonia and Latvia, more than one SDI set coexist in different documents (such as the NSDS and indicator or progress reports). In these cases, the different SDI sets have been synchronized to make sure that identical indicators were entered only once into the database.

Regarding the linkage between SD objectives and indicators, the 'model-based' and the 'policy-based' approaches can be distinguished. In the model-based approach, SDIs are developed based on a normative model of SD (e.g. the 'Pressure-State-Response' framework and its variations). Although this approach results in encompassing SDI sets that cover all key issues of the normative model, they do not necessarily reflect political priorities and may therefore lack political salience. In the 'policy-based approach', SDIs are derived from politically accorded SD objectives. The obvious advantage here is that these indicators are closely linked to SD policy-making and may therefore be politically more salient. The disadvantages of this approach are, however, that respective SDI sets may ignore key aspects of SD that are not subject to policy objectives, and that it may be difficult to monitor long-term trends because indicators change with policy objectives (Hass, 2006; see also Lyytimäki and Rosenström, 2008; Rey-Valette *et al.*, 2007). Overall, only four countries (Austria, Belgium, Norway and Switzerland) explain their approach for developing their SDI set, all four using the model-based approach.[5] Most other countries derived their SDIs from SD strategy objectives. While only a few countries (Denmark, Germany, Iceland, Italy and Slovenia) as well as the European Commission specify the link between policy objectives and indicators in a transparent manner, most other countries do not address this issue.

If we explore how coherent the 24 SDI sets from across Europe are compared with the 162 indicators employed in the EU SDI set from 2007, it becomes apparent that SD objectives are more coherent across Europe than indicator sets (for details see Figure 4). A simple explanation for this finding is that similar objectives can be monitored

[5] Austria and Belgium developed their SDIs based on the DPSIR framework (for details see section 2), Norway used a capital-approach (Moe, 2007), and Switzerland developed its own indicator model based on the Brundtland report (see http://www.are.admin.ch/themen/nachhaltig/00268/00551/index.html?lang=en).

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EU SDI framework themes

	Socioeconomic development	Socialinclusion	Demograhic chanes	Public health	Climate change and energy	Sustainable consumption and production	Natural resources	Sustainable transport	Good governance	Global partnership	Average European Coherence	Share of national SDIs being similar to EU SDIs (% of national SDIs)	
Austria	20%	53%	17%	50%	36%	25%	50%	40%	25%	20%	35%	64%	Austria
Belgium	33%	12%	8%	17%	21%	21%	10%	0%	8%	13%	15%	60%	Belgium
Czech Republic	53%	24%	17%	17%	21%	8%	20%	13%	17%	13%	20%	73%	Czech Republic
Denmark	13%	6%	17%	39%	43%	54%	45%	47%	8%	33%	33%	71%	Denmark
Estonia	53%	47%	25%	39%	36%	38%	45%	20%	0%	20%	34%	65%	Estonia
Finland	33%	47%	42%	33%	29%	21%	10%	20%	25%	20%	27%	52%	Finland
France	7%	6%	8%	6%	14%	4%	10%	7%	8%	7%	7%	100%	France
Germany	27%	12%	8%	17%	14%	17%	15%	13%	0%	20%	15%	86%	Germany
Greece	7%	0%	0%	11%	50%	25%	35%	40%	0%	0%	18%	41%	Greece
Iceland	7%	0%	0%	22%	43%	17%	45%	13%	0%	0%	16%	48%	Iceland
Ireland	47%	59%	58%	6%	21%	17%	0%	7%	8%	7%	22%	52%	Ireland
Italy	13%	6%	0%	33%	36%	58%	65%	67%	8%	13%	33%	71%	Italy
Latvia	53%	29%	17%	39%	29%	50%	50%	27%	8%	13%	34%	42%	Latvia
Lithuania	33%	35%	0%	28%	29%	33%	25%	33%	0%	13%	25%	53%	Lithuania
Luxembourg	33%	12%	17%	11%	14%	21%	20%	13%	0%	7%	15%	89%	Luxembourg
Malta	27%	12%	8%	6%	7%	13%	20%	13%	8%	0%	12%	75%	Malta
Netherlands	13%	12%	17%	17%	21%	0%	15%	0%	0%	7%	10%	44%	Netherlands
Norway	13%	24%	8%	6%	14%	4%	10%	0%	0%	13%	9%	79%	Norway
Romania	13%	18%	0%	6%	0%	0%	0%	0%	0%	0%	4%	69%	Romania
Slovakia	27%	12%	17%	22%	21%	17%	35%	7%	0%	7%	17%	54%	Slovakia
Slovenia	53%	35%	50%	6%	14%	17%	10%	0%	0%	0%	18%	62%	Slovenia
Sweden	40%	53%	33%	50%	29%	25%	15%	40%	17%	27%	33%	60%	Sweden
Switzerland	33%	59%	8%	33%	29%	33%	35%	67%	17%	13%	34%	36%	Switzerland
UK	33%	29%	8%	50%	43%	42%	30%	53%	8%	20%	33%	63%	UK

Legend

- high (more than 2/3 of indicators addressed)
- medium (between 1/3 and 2/3 of indicators addressed)
- low (less than 1/3 of indicators addressed)
- not addressed

Figure 4. European coherence of sustainable development indicator (SDI) sets, measured against the 2007 EU SDI framework. The thematic columns indicate to what degree a country's SDI set addressed the respective indicators of the 2007 EU SDI framework, and the column 'Average European coherence' shows the average score per country. Here, a high coherence score requires a large SDI set. The right column shows to what degree indicators of national SDIs are identical or similar to those in the EU SDI framework. This score is not affected by the size of the national indicator set (the 100% score for France indicates, for example, that all 12 indicators of the small French SDI set are identical to those used in the EU SDI framework)

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with different indicators. Countries showing also relatively high degrees of coherence with the EU SDI framework all have a relatively large SDI set in place, making it easier for them to attain high degrees of coherence. As most countries use SDI sets that are (by times significantly) smaller than the EU SDI set, we also explored their relative coherence irrespective of their size. Although the small SDI sets of France, Germany and Luxembourg strongly resemble the indicators used in the EU SDI framework, other countries (such as Greece, Latvia, Iceland and the Netherlands) show low or medium degrees of coherence in both respects. Apparently, high and low coherence scores cut across different European welfare-state models, making it impossible to identify patterns.

Figure 5 shows that the EU indicators on 'socioeconomic development', 'public health' and 'natural resources' are covered most coherently across Europe. In contrast, countries obviously used few or different indicators for the themes 'good governance' and 'global partnership'. The lack of good governance indicators at the national level is also reflected in the revised EU SDI set from 2007, which does not contain a headline indicator on good governance anymore. As Eurostat's 2007 monitoring report points out, 'good governance is a new area for official statistics, which is reflected in the lack of robust and meaningful indicators on this topic' (Eurostat, 2007b, 268).

Regarding differences between the three dimensions of SD, we see the higher degrees of coherence observed for environmental objectives replicated in the context of indicators: an analysis of variance shows a significant difference in the coherence of environmental and social indicators across Europe (F (6,154), $p < 0.05$). Although we did not find a significant difference in the use of environmental indicators (F (4,16), $p < 0.05$), there were significant differences when it comes to social indicators (F (4,16), $p < 0.05$). As Figure 4 suggests, it is again the Mediterranean model (Greece, Italy, Malta) that shows the lowest degree of coherence with the social indicators of the EU SDI set. Whereas indicators on 'socioeconomic development' are addressed most coherently by countries from the Anglo-Saxon and Transformational welfare-state models, indicators related to 'demographic changes' are prominently addressed only by countries from the Scandinavian and Anglo-Saxon welfare-state models.

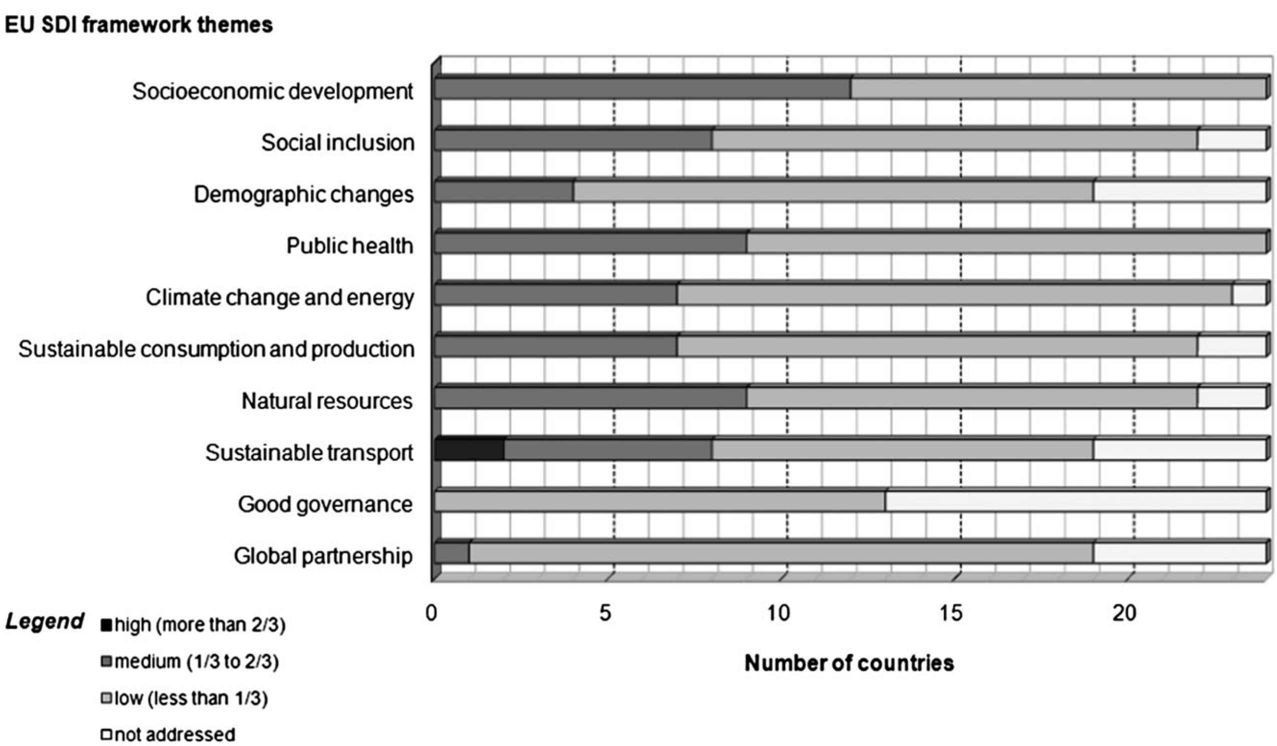

Figure 5. European coherence of thematic national indicators (measured against the 2007 EU sustainable development indicator framework)

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Discussing and Explaining Patterns of Coherence

The present paper has shown that the coherence of objectives and indicators stated in SD strategies across Europe is overall rather low, and that two significant variances stand out. First, SD policy objectives are significantly more coherent than indicators. Second, environmental objectives and indicators are significantly more coherent than social ones. The fact that this finding is mainly the result of Mediterranean SD strategies focusing on the environmental dimension while neglecting social objectives and indicators illustrates that the socioeconomic models have some influence on the contents of SD strategies but not as much as one would expect. At this point, however, two limitations of the present paper have to be addressed. First, it cannot explain why several Mediterranean countries focus their SDS on environmental issues. Second, the paper shows to what degree countries cover SD objectives and indicators defined at the EU level but it does not show the true nature of the objectives or how they are implemented through actual policies. It could well be that social policy objectives look similar at the surface of the quantitative method used here, but that they prove to be significantly different upon a closer, more qualitative look.

When we try to explain the degrees of coherence described above, a key question is to what extent they are the result of top-down or bottom-up processes of vertical integration. With the exception of France, Finland and Malta, all NSDSs were already in place when the renewed EU SDS was adopted by the European Council in June 2006 (for details see annex 1). Hence, with these three exceptions, the vertical integration of SD objectives from top-down most likely played only a limited role until the EU SDS was renewed in 2006. However, as the EU SDS was developed with the strong involvement of Member States (Kopp, 2006), vertical integration certainly took place through bottom-up processes, meaning that at least the objectives of the EU SDS from 2006 reflect priority areas of a number of Member States. The political salience of the EU SDS (and of many national SD strategies) has deteriorated strongly since its adoption in 2006 (Steurer and Berger, 2011), so a further increase in European coherence in SD policy-making as a result of top-down coordination is unlikely. Regarding the coherence of SDIs used across Europe the situation is identical. Most countries had developed their national SDI set before the EU SDI framework was adopted in 2005, and only five countries have updated their SDI set since the EU SDI set was renewed in 2007. If we compare how the coherence has changed in those five countries that have updated their SDI sets recently, an analysis of variance shows that the changes are overall not significant (F (1,8), $p < 0.05$). The only country with a significant change (from 14% of coherence to 27% after the update) is Finland.

Implications for the Governance of Sustainable Development in Europe

What do the findings summarized above imply for the governance of SD in Europe? In section 2 we mentioned that the EU SDS explicitly aims to ‘Promote coherence between all European Union policies and coherence between local, regional, national and global actions in order to enhance their contribution to sustainable development’ (European Council 2006, 5). Based on what the present paper has revealed we conclude that the EU failed to live up to its (perhaps overly) ambitious aim of vertical policy integration. This finding is in accordance with qualitative studies highlighting various shortcomings of both national and EU policy-making on SD. Regarding NSDSs in Europe it became increasingly apparent that they unfold only a fraction of their potential to better coordinate SD policy-making, both horizontally across sectors and vertically across levels of government (Lafferty *et al.*, 2007; Meadowcroft, 2007; Russell, 2007; Steurer 2007; Steurer and Martinuzzi, 2005; Tils 2007; Volkery *et al.*, 2006). The same applies to the EU SDS, an originally well-designed strategy process that deteriorated to a more or less symbolic policy document since its adoption in 2006 (Steurer and Berger, 2011). Consequently, the expected top-down coordination function of the EU SDS never materialized and did not lead to more coherent SD strategies across Europe.

What do the findings imply for SD strategies as tools of policy coordination? First, SD strategies should be designed with well thought out linkages between objectives and indicators, accompanied by discussion formats that bring monitoring results to the attention of both policy-makers and the public. Stronger linkages between objectives and indicators can be achieved either by applying the policy-based SDI approach in a transparent way, or by modifying model-based SDIs so that they reflect policy objectives. Second, the European coherence of SD

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policy-making is obviously hard to improve with generally weak SD strategies. Instead of trying to revive the meanwhile more or less symbolic EU SDS, alternatives to the current European SD governance architecture should be reviewed critically. As economic, social and environmental objectives are also addressed in the 'Europe 2020' strategy (the successor of the 'Lisbon Strategy'), and because the key drivers of SD and environmental policies in the EU were not SD strategies 'but more straightforwardly "environmental" problems such as climate change, water scarcity and urban air quality' (Jordan and Lenschow 2008, 316f), this review has to go beyond SD strategies. The alternatives to be considered should even include more focused environmental and climate policy integration strategies. Not considering them as a counterweight to the socioeconomically driven 'Europe 2020' strategy could be counterproductive for sustainable development in Europe.

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Annex 1. SD Strategies and Policy Objectives Across Europe (countries and years in bold indicate the strategy documents that were included in the empirical analysis; countries not covered by the analysis are displayed in italics)[1]

Country	NSDS adopted/revised in	Structure & number of objectives assorted by hierarchical type (top-level goals/high-level priorities/key issues)[2]	Coverage of the 3 dimensions of SD	Priority areas going beyond the three dimensions
Austria	**2002**	Hierarchical (5/23/131): 4 'fields of action', each consisting of 5 key objectives; plus an additional main objective on finance	Balanced approach	International
Belgium	1999/**2004** (federal level only)	Matrix (6/31/193): 6 themes with 31 objective-like 'actions for SD' and a long list of subordinate goals	Emphasis on social dimension	
Bulgaria	*2007 (draft)*	*N/A*	*N/A*	*N/A*
Croatia	*2009*	*N/A*	*N/A*	*N/A*
Cyprus	*2007*	*N/A*	*N/A*	*N/A*
Czech Republic	**2004**	Hierarchical (6/17/144): 6 priority areas (3 SD pillars + 3 cross-cutting areas)	Balanced approach	International; governance; R&D/education
Denmark	**2002**	Mixed (21/87/92): 8 key objectives, plus 13 priority areas with many actions/measures	Balanced approach	International; housing
Estonia	**2005**	Hierarchical (4/12/16): 4 'goals' (3 SD pillars + culture), each comprising 3 'sub-goals' and a number of actions	Balanced approach	Culture
Finland	1998/**2006**	Hierarchical (6/26/154): 6 main priority areas with a total of more than 154 key issues and measures identified	Balanced approach	International; R&D/ education; sust. communities
France	2002/**2006**	Mixed (9/50/16)[3]: objectives structured according to the EU SDS; actions described in a separate part of the NSDS	Balanced approach	International; R&D/ education
Germany	**2002/**2005[4]	Mixed (4/21/0)[5]: 3 dimensions of SD plus an international dimension with a total of 21 high level goals	Balanced approach	International
Greece	**2002**	Hierarchical (5/25/26)[6]: 5 priority areas	Emphasis on environmental and social dimensions	International
Hungary	*2007*	*N/A*	*N/A*	*N/A*
Iceland	1996/**2002**	Hierarchical (4/17/51): 4 priority areas, each with 3–6 objectives, on average 3 'sub-goals' per objective	Environmental dimension covered only	International
Ireland	**1997/**2002[7]	Hierarchical (7/16/170): 7 priority areas, only two of them broken down into a long list of objectives and key issues	Emphasis on environmental and economic dimensions	International
Italy	**2002**	Hierarchical (4/28/110): 4 priority areas and many key issues subordinated	Environmental dimension covered only	
Latvia	**2002**	Mixed (26/79/214): 16 priority areas with objectives and key issues; 10 additional top level objectives ('goals')	Balanced approach	R&D/education; housing; tourism
Liechtenstein	–	*N/A*	*N/A*	*N/A*
Lithuania	**2003**	Mixed (27/48/535): 16 priority areas with a vast number of objectives and actions; 11 additional top-level objectives	Balanced approach	Culture; R&D/ education; housing; tourism
Luxembourg	*1999*[8]	*N/A*	*N/A*	*N/A*
Macedonia	–	*N/A*	*N/A*	*N/A*
Malta	**2007**	Hierarchical (4/28/214): 4 priority areas (3 dimensions of SD, plus cross-cutting issues)	Balanced approach	Tourism

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Annex 1. *Continued*

Country	NSDS adopted/revised in	Structure & number of objectives assorted by hierarchical type (top-level goals/high-level priorities/key issues)[2]	Coverage of the 3 dimensions of SD	Priority areas going beyond the three dimensions
Netherlands	2001/**2003 (SD Action Plan)**	Mixed (13/22/54)[9]: 'national strategy' with 12 priority areas and 'international strategy' with 6 priority areas (no explicit linkages between the two parts)	Balanced approach	Governance; R&D/ education
Norway	2002/**2004 (SD Action Plan)**/2007	Hierarchical (7/17/143): 7 priority areas with detailed lists of actions to be taken by the government ('The Government will ...')	Balanced approach	International; Culture; one priority area dedicated to the Sami people
Poland	*2000*	*N/A*	*N/A*	*N/A*
Portugal	*2007*	*N/A*	*N/A*	*N/A*
Romania	**1999**/2008	No specific objectives or actions stated	Emphasis on social and economic dimensions	
Slovakia	**2001/**2005 (SD Action Plan)[10]	Mixed (10/28/238): 10 'long-term priorities' and 28 'strategic objectives' (no explicit linkages between the two levels)	Emphasis on social and economic dimensions	Culture
Slovenia	**(2005)**[11]	Hierarchical (5/19/145): of the 5 priority areas only one goes beyond the economic dimension	Emphasis on economic dimension	Culture; R&D/ education
Spain	*2007*	*N/A*	*N/A*	*N/A*
Sweden	1994/2002/2004/**2006**	Hierarchical (8/19/92): 4 thematic 'strategic challenges' plus 4 priority areas related to implementation	Emphasis on social dimension	
Switzerland	1997/**2002**/2008	Hierarchical (10/22/0): 10 priority areas with 2–3 objectives each	Emphasis on social and economic dimensions	International; R&D/ education; sust. communities
Turkey	–	*N/A*	*N/A*	*N/A*
UK	1994/1999/ **2005**	Hierarchical (6/33/121): the 6 priority areas include the 4 'shared priorities' from the UK SD framework	Balanced approach	International; sust. communities

[1] All strategy documents and the detailed lists of SD policy objectives can be downloaded from the respective country profiles at the European Sustainable Development Network/ESDN website at www.sd-network.eu.
[2] For details on this classification, see Hametner & Steurer (2007).
[3] Numbers relate to the first part of the NSDS only ('strategic objectives and instruments'), as the second part ('programmes of action') was not available in English.
[4] The NSDS update/revision from 2005 did not replace the original NSDS.
[5] As some priority areas (in particular the 'key focal points') are not supported by operational objectives, actions or indicators, only the 21 objectives that clearly refer to indicators were entered into the database.
[6] Based on an English summary of the NSDS because the complete document was not available in English.
[7] The NSDS update from 2002 did not replace the original NSDS from 1997.
[8] As the Luxembourgian NSDS was not available in English only the national SDI set was included in the analysis.
[9] Based on an English summary of the NSDS because the complete document was not available in English.
[10] The SD Action Plan from 2004 did not replace the original NSDS from 2001.
[11] 'Slovenia's Development Strategy' combines the country's SD strategy and the Lisbon National Reform Programme (NRP). Consequently, economic issues related to the EU Lisbon strategy are dominant in the Slovenian strategy document.

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Annex 2. SD Indicators in European SD Strategy Processes (years in bold indicate the indicator documents that were included in the empirical analysis; only countries covered by the analysis are listed)[12]

Country	Number of headline SDIs/SDIs	Source(s) of SDI set(s), including updates (years in bold indicate the source included in the analysis)	Reporting based on SDIs
Austria	33/95	2002 NSDS**; updated in 2006**	Indicator reports 2004, 2006 and 2007 (based on SDI set from 2006)
Belgium	-/45	1999, 2003, **2005**, 2009 (federal reports on SD)	Federal reports on SD 1999, 2003 and 2005
Czech Republic	-/37	2004 NSDS, **2006 progress report**	Progress reports 2006, 2007 (based on a smaller sets of SDIs than presented in NSDS)
Denmark	14/119	**2002 NSDS**	Indicator report 2005 (headline indicators only)
Estonia	-/95	**2005 NSDS (preliminary set); indicator reports** 2004 and 2006	Indicator reports 2004 and 2006 (based on Stat. Office's SDIs)
Finland	-/79	**2006 NSDS, 2007: supplementary indicators**	Assessment of the national indicator network in 2007 based on NSDS and supplementary indicators
France	-/12	**2006 NSDS**	–
Germany	-/29	2002 NSDS; small modifications in each progress/ indicator report (**most recent 2008**)	Progress reports 2004, 2005, indicator reports 2006, 2008
Greece	-/70	Separate report on SD from 2003; elaboration of new SDI set planned	–
Iceland	-/56	2002 NSDS; **indicator report 2006**	Indicator report 2006
Ireland	-/93	**Annual indicator reports of National Economic and Social Committee (NESC) and Central Statistics Office (CSO)**; elaboration of SDI set planned	NESC indicators published in 2002; annual CSO indicator reports since 2003
Italy	-/190	**2002 NSDS**	–
Latvia	-/187	**2002 NSDS, plus separate SDI set published by Latvian Environment Agency (LEA)**	Indicator report 2003 (based on LEA indicators)
Lithuania	-/75	**2003 NSDS**	SDIs published in 2004 'Statistical Yearbook'
Luxembourg	-/27	**1999 NSDS; indicator reports 2002 and 2006**	Indicator reports 2002 and 2006
Malta	-/24	**2006 NSDS**	–
Netherlands	-/32	2001 NSDS; **preliminary SDI set by the Dutch Environmental Assessment Agency (MNP)**	'Sustainability Outlook' 2004, (includes list of MNP indicators)
Norway	-/19	2004 SD action plan (preliminary SDI set); SDI set 2005, revised set included in **2008 NSDS**	Indicator report 2005, NSDS 2008
Romania	-/13[13]	**1999 NSDS** (preliminary SDI set), no SDIs included in 2008 NSDS	–
Slovakia	-/71	**2001 NSDS**	–
Slovenia	-/65	Annual **'Development reports'**, most recent **2009**	Annual 'development reports' based on indicators
Sweden	12/91	**2006 NSDS**	–
Switzerland	-/163	**2004 and 2005 indicator reports**; SDIs updated in 2007	Indicator reports 2004 and 2005
UK	27/180	1999 and 2005 NSDSs; **2009 indicator report**	Indicator reports 2006, 2007, 2008 and 2009

[12] The SDI sets for 18 countries can be downloaded from the respective country profiles (category 'SDI and monitoring') at the website of the European Sustainable Development Network/ESDN (www.sd-network.eu).
[13] Derived from a policy document that was intended to introduce the concept of SD in Romania rather than representing an NSDS.

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The EU's double-track pursuit of sustainable development in the 2000s: how Lisbon and sustainable development strategies ran past each other

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For almost a decade, the EU has pursued sustainable development not with one but with two overarching strategies: the so–called Lisbon Strategy and sustainable development strategies. While the Lisbon Strategy was a genuinely European policy response to global economic and social pressures, which was superseded by the 'Europe 2020' strategy in 2010, sustainable development strategies are ongoing cyclical processes that aim to better coordinate and integrate economic, social and, in particular, environmental policies at both the EU and Member State levels. This paper explores the horizontal governance linkages that existed between the two strategies. It first contrasts the Council rhetoric, emphasizing the complementarity of the two strategies with their different histories and governance arrangements. This paper then shows that the Council rhetoric of complementarity never materialized in the everyday governance routines of the two strategies, and provides three explanations for this finding. Based on these findings, this paper finally provides a brief outlook discussion on how to proceed with the governance of sustainable development in Europe.

Keywords: sustainable development strategy; Lisbon Strategy; horizontal policy integration; environmental policy integration (EPI)

Putting two complementary EU strategies on sustainable development into perspective

Most Western Member States of the European Union (EU) have established welfare states that are concerned with the continuous struggle to integrate economic and social policies, and more recently, to better integrate environmental policies into the historically grown socio-economic models (Meadowcroft 2005, 2006). This is the background against which sustainable development, the widely accepted societal guiding model that aims to avoid trade-offs and maximize synergies between economic, social and environmental issues, found considerable resonance in Europe (Steurer and Martinuzzi 2005; Jordan and Lenschow 2008; Steurer 2008). Based on a formal acknowledgement of sustainable development in the Treaty of Amsterdam (European Council 1997), the EU and its Member States addressed the societal guiding model not with one but with two overarching cross-sectoral strategies for almost a decade, and it seems that this 'double-track pursuit of sustainable development' will be continued in the near future. In 2000, the European Council launched the Lisbon Strategy with a clear focus on economic and social policies, and it was superseded by the Europe 2020 strategy in 2010 (European Commission 2010a, 2010b). About a year later the Gothenburg European Council agreed on a 14-paragraph 'strategy for sustainable development' in its Council Conclusions, and it emphasized that 'it completes the EU's political commitment to economic and social renewal, adds a third, environmental dimension to the Lisbon Strategy and establishes a new approach to policymaking' (European Council 2001: 4). However, since the 14 paragraphs on sustainable development were too brief to be regarded as full-value EU strategy for sustainable development (Steurer and Martinuzzi 2005), the adding of an environmental dimension to the Lisbon Strategy was imbalanced and ineffective from the outset. Since the political discourse on sustainable development did not fade in the following years, and most EU Member States followed the Gothenburg Council invitation, 'to draw up their own national sustainable development strategies' (European Council 2001: 4; see also Steurer and Martinuzzi 2005), the EU revisited its strategic approach to sustainable development a few years later. Under the Austrian EU presidency, the European Council adopted a comprehensive sustainable development strategy (EU SDS) in June 2006 (European Council 2006b; see also Kopp 2006). Its link to the Lisbon Strategy was refined as follows:

> The EU SDS forms the overall framework within which the Lisbon strategy, with its renewed focus on growth and jobs, provides the motor of a more dynamic economy. These two strategies recognize that economic, social and environmental objectives can reinforce each other and they should therefore advance together. Both strategies aim at supporting the necessary structural changes which enable the Member States' economies to cope with the challenges of globalisation by creating a level playing field in which dynamism, innovation and creative entrepreneurship can flourish whilst ensuring social equity and a healthy environment. (European Council 2006b: 6)

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As the EU SDS describes in more detail, it obviously complemented the Lisbon Strategy, both aiming at sustainable development although with different emphases:

> The EU SDS is primarily concerned with quality of life, intra- and inter-generational equity and coherence between all policy areas, including external aspects. It recognizes the role of economic development in facilitating the transition to a more sustainable society. The Lisbon Strategy makes an essential contribution to the overarching objective of sustainable development focusing primarily on actions and measures aimed at increasing competitiveness and economic growth and enhancing job creation. (European Council 2006b: 6)

Although the governance of sustainable development is a complex challenge that goes well beyond the scope of SDSs (Kenny and Meadowcroft 1999; Steurer 2009), the two cross-sectoral strategies introduced above are supposed to play a key role in this respect. Nevertheless, and despite their obvious complementary character, Lisbon and sustainable development strategies were rarely analysed jointly (for exceptions, see Berger and Zwirner 2008; Steurer et al. 2010). This scholarly shortcoming is addressed here with the following two research questions:

- What were the key similarities and differences in the governance of the Lisbon and the sustainable development strategies at both the EU and the Member State levels and how did the complementary character of the two strategies materialize in everyday governance routines?
- What lessons can be learned for the pursuit of sustainable development in the context of the 'Europe 2020' strategy?

The questions are answered based on policy documents and secondary literature, three qualitative country studies on the governance of Lisbon and sustainable development strategies in Austria, Sweden and the United Kingdom (Pirgmaier 2008), and extensive discussions with public administrators responsible for SDSs from across Europe.[1]

Unveiling the roots of the double-track pursuit of sustainable development in Europe

A key driver for introducing SDSs in Europe was the global environmental governance regime agreed upon at the 1992 Rio Earth Summit. Among many other activities, Agenda 21 asked governments around the world to develop and adopt 'a national strategy for sustainable development' (UNCED 1992: chapter 8), and to monitor these strategies with a set of indicators (UNCED 1992: chapter 40). By specifying the purpose of SDSs, Agenda 21 refers to the classic Brundtland definition of sustainable development. Country-driven SDSs should, it claims, 'ensure socially responsible economic development while protecting the resource base and the environment for the benefit of future generations' (UNCED 1992: para 8.7; for the Brundtland Report, see WCED 1987). As Agenda 21 contains no submission date, only a few countries developed a SDS in the 1990s. In June 1997, the Rio +5 Summit agreed that the formulation of SDSs ought to be completed in all countries by 2002 (UNGASS 1997: para 24). In June 2001, the Gothenburg European Council reiterated this call (see above). Consequently, many EU Member States developed their SDS rather quickly, in time for the Johannesburg World Summit for sustainable development in late 2002 (European Commission 2004; Steurer and Martinuzzi 2005). Although the Gothenburg European Council proved to be another driver towards the development of SDSs in EU Member States, an EU governance scheme was not introduced until the EU SDS was renewed in 2006 (for details see below). In order to ensure that SDSs did not collect dust on shelves, like most of the earlier environmental plans (Meadowcroft 2000), the UN and the OECD formulated sets of guidelines that define them as cyclical strategic processes that are supposed to combine formal planning and incremental learning. Overall, the guidelines put strong emphasis on the procedural and institutional aspects of policymaking (UNCED 1992: chapter 8A; OECD-DAC 2001: 18ff.; UNDESA 2001; IIED 2002: 33–36; for a summary, see Steurer and Martinuzzi 2005). The coordination of SDSs across countries (e.g. within the EU) is not foreseen in the guidelines.

While SDSs have an international background, the Lisbon Strategy was a genuinely European response to global pressures, such as economic globalization, the rise of neo-liberal ideas and demographic changes (e.g. ageing societies and migration) (Pierson 1998; Tharakan 2003; Sapir et al. 2004; European Commission 2005c, 2005d). In March 2000, the Lisbon European Council (2000) of the then 15 EU Member States agreed upon a 10-year strategic goal to make Europe 'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion' (European Council 2000: para 5). Obviously, the main focus of the Lisbon Strategy was on economic and social policy issues (see below). Faced with global pressures on the one hand, and different socio-economic models across Europe on the other, the limitations of the traditional 'Community Method' were recognized in the late 1990s (Trubek and Mosher 2003; Trubek and Trubek 2005). To facilitate tailor-made, rather than uniform, socio-economic reforms across the EU, the Lisbon Strategy introduced the Open Method of Co-ordination (OMC) as a new governance approach (see also Borrás and Jacobsson 2004; European Commission 2005b, 2005d, 2006; European Council 2005, 2006a; Kaiser and Prange 2005; Radulova 2007; Büchs 2008; Heidenreich and Bischoff 2008). The main objectives of the OMC in the Lisbon Strategy, as defined in the Lisbon Presidency Conclusions, were (1) fixing guidelines and timetables, (2) establishing indicators as a means of benchmarking best practice, (3) translating the European guidelines into national policies and (4) periodic monitoring and peer review to support mutual learning (European Council 2000: 12). Another key characteristic of Lisbon's OMC was that the actual implementation of the guidelines in national policies is left to the discretion of the Member States. In 2004, a mid-term review of the Lisbon Strategy was conducted by a high-level group that was led by the former Dutch prime minster Wim Kok. It observed a 'disappointing delivery [which] is due to an overloaded agenda, poor coordination and conflicting priorities', in which it concluded that 'the Lisbon strategy is even more urgent today' and therefore, 'better implementation is needed now to make up for lost time' (Kok 2004: 6). Consequently, the reform programme was overhauled and a renewed Lisbon Strategy with a strengthened OMC approach was adopted by the European Council in March 2005. In the 5 years since then, the Lisbon Strategy gained momentum but failed to meet its (overambitious) objectives (see below).[2] The contents and the governance of the renewed Lisbon Strategy and the EU SDS are summarized and compared in more detail in the following section.

Content and governance characteristics of Lisbon and sustainable development strategies

The renewed Lisbon Strategy defined the direction of the reform process in a set of 24 so-called 'integrated guidelines for growth and jobs' (European Commission 2005b, 2005d, 2008). As Annex 1 shows, approximately two-thirds of the guidelines set macroeconomic and microeconomic objectives (such as 'secure economic stability' or 'facilitate all forms of innovation'). Another approximately one-third focused on employment (such as 'expand and improve investment in human capital'), and one single guideline addressed 'the sustainable use of resources and strengthen the synergies between environmental protection and growth' (listed under microeconomic guidelines). Yet, how were the integrated guidelines pursued across the EU? With the comparative character of this paper in mind, the key governance characteristics of the renewed Lisbon Strategy at both the EU and Member State levels were as follows: with regard to the EU–Member State interface, the renewed Lisbon Strategy required Member States to

- appoint a national coordinator of the Lisbon Strategy (often a minister or another high-level politician from the economic affairs sector);
- implement the integrated guidelines through National Reform Programmes (NRPs);
- measure the progress made towards the 24 integrated guidelines with a short list of 14 and a long list of 127 Structural Indicators that were developed as a blueprint set of indicators for the entire EU; and
- report annually to the Commission about the progress made.

According to the European Commission (2006: 9), NRPs were 'the main tools to implement the new Lisbon strategy, to translate the integrated policy guidelines into reform owned by the Member States and which Member States are responsible for delivering'.

After the renewal of the Lisbon Strategy in 2005, all the governance activities summarized above were enacted: all the Member States have developed a first NRP for the period 2005–2008.[3] Based on the national implementation reports from the Member States,[4] the Secretariat-General of the European Commission assessed all the NRPs, gave country-specific recommendations and reported to the European Spring Council.[5] A key conclusion of the first Commission progress report from 2006 was that NRPs varied considerably across Member States, for instance, regarding the formulation of objectives and measures foreseen to reach them. While some Member States have attempted to integrate EU and national priorities in a set of quantified and timed objectives and measures, many NRPs were criticized for leaving objectives as well as implementation measures in many areas open (European Commission 2006: 13–14). In 2006, the European Council argued in its Presidency Conclusions that now, as all NRPs are in place, it would be essential to ensure their 'effective, timely and comprehensive implementation, and if necessary, strengthening of measures agreed in the NRPs' (European Council 2006a: para 15). In March 2008, the Spring European Council confirmed that the Integrated Guidelines remain valid for the period 2008–2010. Moreover, it reiterated that 'Member States should set out detailed and concrete actions addressing their specific policy response to the Integrated Guidelines, country-specific recommendations and 'points to watch' in their renewed National Reform Programmes and the subsequent annual implementation reports' (European Council 2008b: para 4). Consequently, all EU Member States updated their NRPs for the period 2008–2010 at the same time, and the governance cycle as described above continued.[6]

The renewed EU SDS, on the other hand, identifies seven key challenges, each one differentiated in detailed 'operational objectives and targets' as well as 'actions' that are necessary to achieve them until the end of the strategy period in 2012. The EU SDS is supposed to provide guidance for sustainable development policymaking not only at the EU level but also for the 27 Member States. The key challenges are restricted to four environmental and three social issues, leaving the third economic dimension of sustainable development to the Lisbon Strategy (European Council 2006b; for details see Annex 2). Concurrently to the relaunch of the Lisbon Strategy, the renewed EU SDS also aimed to strengthen the EU–Member State interface of sustainable development policymaking. While most EU Member States have developed SDSs based on international rather than European guidance before the EU SDS was renewed in 2006 (Steurer and Martinuzzi 2005), they were now asked to update their national sustainable development strategies 'in the light of the revised EU SDS, to ensure consistency, coherence and mutual supportiveness, bearing in mind specific circumstances in the Members States' (European Council 2006b: 28). In 2010, most EU Member States had a SDS in place.[7] While the Lisbon Strategy fully embodies OMC, the EU SDS has develop cautiously into a 'light form of OMC' (Berger and Steurer 2007; Berger and Zwirner 2008), at least temporarily around its adoption in 2006. In order to foster the exchange between the Secretariat-General of the European Commission who is coordinating the EU SDS and the Member States, national 'SDS coordinators' were nominated and the 'SDS coordinators group' was established in late 2006. Public administrators from Environment Departments dominate the group, and so far, the Secretariat-General convened it twice in 2007, and never since. The purpose of the two meetings was not to co-ordinate policies but rather to prepare the first national progress reports on SDSs (Berger and Zwirner 2008; see below). While all the EU countries monitor NRPs with a customized set of Structural Indicators, most SDSs are monitored with country-specific sustainable development indicator sets (Steurer and Hametner 2011). Based on extensive national progress reports[8] and a sustainable development Monitoring Report from Eurostat (2007), the Secretariat-General issued a progress report on the EU SDS in 2007 (European Commission 2007). In 2009, this activity was downscaled to a comparatively brief report without Member State input (European Commission 2009). This and other developments indicate that the Secretariat-General is (or became) largely inactive in the context of sustainable development. In contrast to the Lisbon Strategy, where it functioned as an important EU pacemaker, it does not foster effective exchange among the Member States, does not assess national progress towards sustainable development and does not formulate recommendations on how to improve sustainable development policymaking across the EU.

Obviously, the OMC manifests itself in the (renewed) Lisbon Strategy to an increasing degree, and it spilled over to SDSs around the renewal of the EU SDS, at least temporarily in 2006 and 2007 (for a comparison, see Table 1). Accordingly, the European Council stressed in its first review of the EU SDS in December 2007, '[t]he renewed EU Strategy and national strategies for sustainable development also need to be linked up more closely' (European Council 2008a: 16). Since then, however, the 'light form of OMC' applied in the EU SDS deteriorated, together with the political salience of the EU strategy itself. This deterioration and the lack of horizontal integration between Lisbon and sustainable development strategies is described in the following section.

How and why Lisbon and sustainable development strategies ran past each other

In its first EU SDS progress report, the European Commission (2007) emphasized, 'At EU level, the challenge is to work towards convergence of the overarching long-term objective of sustainable development, focusing on quality of life, inter-generational equity and the long-term viability of European society, and the medium-term goal of growth, competitiveness and jobs under the Lisbon strategy' (European Commission 2007: 4). Similarly, the European Council noted at the occasion of the Lisbon Strategy relaunch in spring 2005, 'the Union must mobilize to a greater degree all appropriate national and Community resources [. . .] in the Strategy's three dimensions (economic, social and environmental) so as better to tap into their synergies in a general context of sustainable development' (European Council 2005: para 6). Since the policy objectives of Lisbon and sustainable development strategies complemented each other, strong horizontal governance linkages between the two strategies at both the EU and Member State levels would have been important to fulfil the ambitions quoted above (and to enliven the complementarity rhetoric summarized above). Yet, how far did everyday governance routines actually link Lisbon and sustainable development strategies at both the EU level and in Member States?

The European Commission itself did not follow up on its own turf. Although the only environmental guideline of the Lisbon Strategy ('to encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth') duplicated key challenges that are dealt with in detail in the EU SDS (for an overview of key policy objectives in both strategies, see Annexes 1 and 2), and although both EU strategies were/are co-ordinated by the Secretariat-General, horizontal governance linkages never materialized. While the Secretariat-General was a key driver of the Lisbon Strategy, the EU SDS has been rather issue-driven by a few sectoral Directorates General (in particular by DG Environment) before it lost momentum in recent years.[9] The different governance routines and timetables that have been employed in the two strategy processes (see above) were certainly not helpful in this respect.

How strong are the horizontal linkages between Lisbon NRPs and NSDSs? As several discussions within a network of public administrators responsible for SDSs[10] and three qualitative country studies on Austria, Sweden and the United Kingdom (Pirgmaier 2008) have shown, governance routines in EU Member States only mirrored the disjointed picture at the EU level. In other words, the governance of national Lisbon reform programmes and SDSs did not match the complementarity rhetoric in Council Conclusions. In Austria, Sweden and the United Kingdom, the responsibility for Lisbon and sustainable development strategies was assumed by different co-ordinators and inter-ministerial bodies, and the ties between them were rather weak. In Austria and the UK, officials from the Environment Ministry are responsible for the country's SDS, and for commenting on the NRP and the annual progress reports (in particular on policies regarding the sustainable use of natural resources and strengthening synergies between environmental protection and economic growth). Likewise, the administrators who were responsible for the Lisbon Strategy commented on the economic and employment aspects of SDS drafts. Although Sweden had established at least stronger personal ties between the

Table 1. Similarities and differences of the Lisbon Strategy and the EU SDS.

	Lisbon Strategy	EU SDS
Adoption/renewal/termination	2000 (Lisbon Council)/2005/2010	2001(Gothenburg Council)/2006/2012
Key purpose	Economic and social policy reforms across the EU that enhance competitiveness, economic growth and employment in the mid-term	Better integrate environmental and social policies into other sectoral policies across Europe in the long term
Co-ordination at the EU level	Secretariat-General March European Council, annually	Secretariat-General December European Council, bi-annually
National strategies and their focus	National Reform Programmes (NRPs): economic and social policies	National sustainable development strategies (NSDSs): environmental, social, economic and development policies
Co-ordination at the Member State level and interaction with European Commission	High-level politicians (often ministers) or public administrators from Economic Affairs Ministries; the 'Lisbon co-ordinators' group is regularly convened by the Secretariat-General	Mid-level public administrators, most often from Environment Ministries; the 'SDS co-ordinators group' was convened twice in 2007, and never since
Historical link between EU and Member State strategies	NRPs are mirror strategies of the EU's Lisbon Strategy, with a top-down genesis and an exclusive EU history	First NSDSs are dominated by international guidance, new strategies are increasingly linked to the renewed EU SDS
OMC features	Ideal-type OMC from the beginning:	Temporarily developed into a 'light form of OMC' around
• Common policy goals	• Integrated guidelinesguide policy reforms throughout the EU;	• Key challenges are identified at the EU level;
• EU-wide coordination	• Co-ordination meetings are convened regularly by the Secretariat-General;	• SDS Co-ordinators' group met twice in 2007 but never since;
• Indicators	• Sets of 'Structural Indicators' help to monitor progress coherently across Europe;	• Member States have developed their own sustainable development indicator sets; more recently they align them with the Eurostat set;
• Reporting	• Annual reporting obligations at the EU and Member State levels go hand in hand;	• Bi-annual reporting at the EU level (in 2007 with input from Member States; downscaled in 2009);
• Benchmarking and recommendations	• Member states are regularly assessed, benchmarked and guided with recommendations by the European Commission; etc.	• No assessments and benchmarking by the European Commission but a few peer reviews of NSDSs;
Interim updates and thorough reviews	Three-year update cycle for EU Lisbon Strategy and NRPs; thorough review in 2010/2011	No common update cycle of EU and Member State strategies; review of the EU SDS scheduled for 2011

Note: For similar comparisons, see Pirgmaier (2008) and Berger and Zwirner (2008).

Lisbon and the SDS groups, Pirgmaier (2008) concludes, 'All [interviewed] government officials across the three countries agree that both strategic processes co-exist side by side' instead of being intertwined.

Why was the complementarity of Lisbon and sustainable development strategies in Europe rhetorical rather than substantial? The remainder of this section suggests the asymmetry in political salience, the complex governance structures in both strategies and the symbolic character of the EU SDS as explanatory factors. Regarding the asymmetry in political salience, it should be noted that, on the one hand, the Lisbon Strategy was a high-profile political strategy concerned with top priority issues such as economic growth, competitiveness and employment. These issues dominated the political agenda of the EU long before the launch of the Lisbon Strategy (Steurer 2002). On the other hand, the environmental and social focus stood in the shadow of the Lisbon Strategy even around the launch of the EU SDS, and its political salience has further deteriorated since then. This deterioration of the EU SDS can be deduced from the following four developments. First, the 'SDS coordinators group', a group of Member State representatives convened by the Secretariat-General, met twice in 2007 and never since. Second, while NSDSs were regarded as promising new governance tools in the first half of the 2000s (Steurer and Martinuzzi 2005), more recent empirical evidence suggests that most of them fail to live up to their key purpose to better co-ordinate sustainable development policies horizontally across sectors and vertically across levels of policymaking (Steurer and Martinuzzi 2007; Steurer 2008). As the implementation of the EU SDS relies mainly on Member State policies, it can be assumed that the disappointing performance of most NSDSs also weakens the status of the EU SDS. Third, the EU SDS progress report was downscaled considerably from a comprehensive review in 2007 that was based on Member State progress reports (European Commission 2007) to a brief report in 2009 without input from Member States (European Commission 2009). Fourth, the low political salience of SDSs (including the EU SDS) is also indicated by the fact that the successor of the Lisbon Strategy, the Europe 2020 strategy, has been defined without input from those responsible for SDSs. Although the European Council stressed in its March 2008 conclusions 'that a continued EU-level commitment to structural reforms and sustainable development and social cohesion will be necessary after 2010 in order to lock in the progress achieved by the renewed Lisbon strategy for growth and jobs', it invited only 'the Commission, the Council and the National Lisbon coordinators to start reflecting on the future of the Lisbon Strategy in the post-2010 period' (European Council 2008b: para 6). If the national Lisbon co-ordinators are invited to reflect also on sustainable development, one wonders what functions the EU SDS and NSDSs have at all besides political symbolism (for details see below). In early 2010, the European Commission presented the 'Europe 2020' strategy (European Commission 2010a, 2010b), formulated without noteworthy input from those responsible for SDSs. How far can the obvious asymmetry of political salience between Lisbon and sustainable development strategies explain the lack of horizontal linkages? Although Lisbon co-ordinators were hardly interested in spending their time with politically weak SDSs, SDS co-ordinators were afraid of being overrun by the Lisbon agenda and therefore hoped that the double-track pursuit of sustainable development would help to preserve their limited yet undisputed sphere of influence that was expected to shape the Lisbon agenda from a distance.[11]

The fact that the complementarity rhetoric was not matched with respective governance linkages also had to do with the cross-sectoral nature and the complex governance setup of the two EU strategies (see above). Based on empirical evidence on NSDSs in several European countries, we can conclude that implementing a cross-sectoral strategy is an ambitious task in itself that questions the traditional functioning of public administrations (Steurer 2007; Steurer and Martinuzzi 2007). As the Lisbon Strategy was a similarly cross-sectoral approach that facilitated a complex European governance regime and that also fell short in meeting its objectives (see Kok 2004; European Commission 2010a), keeping it separate from equally complex (but less powerful) SDSs was a question not only of political prioritization but also one of 'strategic manageability'.

The third and final explanation for why the Lisbon and SDSs ran in parallel rather than in close co-ordination is concerned with the value-added of a symbolic EU SDS (for symbolic policymaking, see Baker 2007; Blühdorn 2007; Newig 2007). According to Newig (2007: 280), legislation (or here more appropriate, a policy) is symbolic when it fails to meet its own objectives but is 'suited to release the legislators from political pressure and to enhance their political acceptance'. If legislation (or a policy) fails in both respects, one can speak of legislation 'for the files' (Newig 2007: 280). The low (and decreasing) political salience of the EU SDS and the lack of co-ordination with the more salient Lisbon Strategy given, the EU SDS can be placed somewhere between these two prototypes of policymaking. However, as Steurer (2008) shows elsewhere, there is apparently some (administrative) scope within political symbolism that some SDSs are able to occupy. 'The fact that politicians do not care much about sustainable development strategies implies not only that key decisions are made frequently without reference to the sustainable development strategy process, but also that administrators can make use of their limited scope' (if they are dedicated to do so), for example, in initiating small- and medium-scale projects and programmes, and in trying to shape the political agenda setting from a distance (Steurer 2008: 106). Although this 'administrative driving force' can be found in the SDSs of some Member States and in the development phase of the EU SDS, it is apparently lacking in the Secretariat General, the EU's co-ordinating body that 'inherited' the implementation of the EU SDS.

Concluding discussion and outlook on 'Europe 2020'

This paper started out by reciting Council rhetoric stressing the complementarity of the Lisbon Strategy and the EU SDS. It then showed that the two strategy processes have different histories and governance arrangements but complementary content. On the one hand, the Lisbon Strategy has been described as a genuinely European answer to global pressures that focuses mainly on economic growth and employment. On the other hand, the EU SDS has been characterized as a strategy based on international guidance that integrates environmental and other social policies but neglects economic issues. Although policymakers recognized that close horizontal linkages between the two strategy processes were key success factors for a coherent and balanced pursuit of sustainable development across Europe, this paper has shown that these linkages never materialized, neither at the EU level nor between Lisbon reform programmes and SDSs at the national level. A key explanation behind this finding is that the sustainable development concept plays an important rhetorical role in Europe but faces limits when it comes to the actual governance and the implementation of respective strategies and policies. On rare occasions, the rather symbolic function of the EU SDS (and NSDSs) is unmasked not only implicitly in the lack of adequate governance arrangements and policy implementation efforts but also explicitly in policy documents. In 2005, for example, the European Commission was obviously concerned that some policymakers (or evaluators) take the EU SDS objectives on balancing economic, social and environmental interests too far (in particular in applying impact assessments to new regulations), and it warned in an unusual way:

> While the existing impact assessment tool provides a solid basis, the Commission believes that the assessment of

> economic impacts must be strengthened so as to contribute to the objectives of the renewed Lisbon strategy. Deepening the economic pillar of impact assessment does not compromise the importance of 'sustainable development' and the integrated approach, which remains the basis of the Commission's approach. Deepening the economic analysis, which also includes competition aspects, should improve the quality of the assessment of the true impact of all proposals. (European Commission 2005a: 5)

In the same year, the European sustainable development rhetoric quoted throughout this paper was unmasked even more openly at the relaunch of the Lisbon Strategy of 2005 (1 year before the renewed EU SDS was adopted in June 2006). As Giddens summarizes,

> The social and environmental aspects of the Lisbon Agenda seemed to some critics to have been put on the back burner. Commission President José Manuel Barroso replied to his detractors by saying: 'If one of my children is ill [i.e. the economy], I focus on that one, but that does not mean I love the others less'. (Giddens 2006: 166)

According to Eurostat, the GDP growth rate for the EU-25 was 2% in 2005, 3.1% in 2006 and slightly lower in the Euro zone.[12]

What can we conclude from the fact that the double-track pursuit of sustainable development in Europe obviously failed to deliver? While policy integration is a politically and administratively difficult (and politically often ignored) but tangible task between two sectors, it seems to become purely symbolic when a strategy becomes too all encompassing, or when two comprehensive cross-sectoral strategies are supposed to complement each other in co-ordinated ways. What are the (complementary) options to replace the double-track pursuit of sustainable development with two comprehensive strategies that obviously failed between 2000 and 2010? First, the two complementary cross-sectoral strategies could be merged into one, or environmental issues could play a more prominent role in the 'Europe 2020' strategy. Although the European Commission notes in the EU SDS progress report from 2009, merging the two 'cross-cutting strategies does not seem feasible given the different roles they fulfil' (European Commission 2009: 13; for an explanation see previous section), the 'Europe 2020' does embrace the environmental dimension of sustainable development more consistently, as the Lisbon Strategy did (European Commission 2010). Interestingly, the integration of climate policy objectives in the 'Europe 2020' strategy is not through the influence of SDSs, but to the political attention climate issues gained over recent years. As Jordan and Lenschow (2008: 316) noted, it is telling that by the mid-2000s the key drivers of environmental policy development in Europe 'were not EPI [Environmental Policy Integration] or even sustainable development-related programmes and measures, but more straightforwardly "environmental" problems such as climate change, water scarcity and urban air quality'. The sustainable development and environmental policy integration (EPI) concepts may have helped to raise awareness for economic opportunities in environmental protection, and to better integrate environmental policies in other sectors, but the role SDSs actually played in this development was marginal. Over time, those responsible for SDSs were even concerned about the dominance of climate change issues and the direct linkages that were established between climate and economic policies (e.g. in economic recovery packages adopted across Europe; see European Commission 2008)[13] without their involvement. This concern is obviously not about the substance of sustainable development but about the marginalized role SDSs play across Europe.

Second, the integration of key environmental issues in the 'Europe 2020' strategy should be complemented not with a similarly cross-sectoral SDS but with a more focussed European environmental and climate strategy (merging the Environment Action Programme and the EU's climate policy package adopted by the European Council in 2009). As Jordan and Lenschow conclude, 'rather than being interpreted as the overarching concept, sustainable development seems to be seen as "easier", less challenging when compared to EPI. In times of retreat from environmental policy integration, rhetoric tends to shift to sustainable development as a presumably more even-handed concept. [. . .] Politically speaking [. . .] sustainable development is more frequently read as prioritizing economic development while "taking into account" environmental objectives and searching for synergetic effects' (Jordan and Lenschow 2008: 338). The evidence presented here and the conclusion drawn from it suggest that the contribution of the even-handed notion of sustainable development to environmental policymaking should at least be questioned critically, in particular in the context of the EU's Lisbon and 'Europe 2020' strategies. While the balanced understanding of sustainable development has obviously great difficulties in better integrating economic, social and environmental policies, a more focused EU environmental and climate strategy may be able to complement the economic and social focus of the 'Europe 2020' strategy more effectively.

Since the option of returning to more focused environmental strategies stands not only against the still predominant governance zeitgeist associated with the sustainable development concept, but also against the logic that administrators working on SDSs do not question their own competencies, the latter explore a third option. Those responsible for SDSs wonder how to attain a politically more salient future for their own area.[14] However, based on what this paper and other research (Steurer and Martinuzzi 2007; Steurer 2008) has brought to light, SDSs are doomed to failure if they hold on to their original purpose of co-ordinating and integrating all kinds of economic, social and environmental policies. What SDSs can (and should) realistically achieve is (1) providing guidance on how societal development should look in the near and far future, (2) translating this general vision into operational priorities and (3) communicating both vision and priorities throughout the political system to businesses (as a quest for more voluntary corporate social responsibility), and to society at large (for a similar understanding of SDSs as communication instrument, see Jacob et al. 2008). Compared with the ambitious purpose of SDSs as described in numerous guidelines (Steurer and Martinuzzi 2005), this option seems to be a retreat in the governance of sustainable development. Taking into account political realities and the role awareness plays in understanding and realizing win–win solutions, recalibrating SDSs to what they can realistically achieve may prove to be adequate progress after all.

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Notes

1. The linkages between Lisbon and sustainable development strategies were discussed at the 3rd Workshop of the European Sustainable Development Network (ESDN) on 'The Future of the EU SDS and its Interface with the Lisbon Process' in Brussels, 19 November 2008 (see http://www.sd-network.eu/?k=ESDN%20workshops&s = workshop%20documentation&year=2008a) and the ESDN Conference 2009 on 'Options and Opportunities for the future EU Sustainable Development Strategy' in Prague, 17–19 June 2009 (see http://www.sd-network.eu/?k=ESDN%20conferences&year=2009). Both authors were/are closely affiliated with the ESDN: from 2006 to 2008, Reinhard Steurer was the co-ordinator of the ESDN support office. In July 2008, Gerald Berger succeeded him in this function.
2. The mixed record of the Lisbon Strategy is also acknowledged by the European Commission (2010a, 2010b), and by politicians such as the Swedish prime minister Fredrik Reinfeldt and his finance minister Anders Borg who have criticized it as 'a failure' (http://www.euractiv.com/en/priorities/sweden-admits-lisbon-agenda-failure/article-182797).
3. See http://ec.europa.eu/archives/growthandjobs/national-dimension/index_en.htm#a.
4. See http://ec.europa.eu/growthandjobs/national-dimension/index_en.htm.
5. See http://ec.europa.eu/archives/growthandjobs/european-dimension/index_en.htm#b.
6. See http://ec.europa.eu/archives/growthandjobs/european-dimension/index_en.htm#b.
7. For an overview, see http://www.sd-network.eu/?k=country%20profiles.
8. For the national progress reports 2007, see http://ec.europa.eu/sustainable/news/index_en.htm#report_2007_en.
9. This judgement is based on several years of first-hand experience in co-ordinating the European Sustainable Development Network/ESDN. For details, see note 1.
10. See note 1.
11. This judgement is based on several personal communications with Lisbon and sustainable development strategy co-ordinators, and on some of the interviews conducted by Pirgmaier (2008).
12. http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tsieb020.
13. The Commission, for example, planned to promote 'the rapid take-up of "green products" ' by proposing 'reduced VAT rates for green products and services, aimed at improving in particular energy efficiency of buildings' (European Commission 2008: 15).
14. This topic was discussed at the ESDN Conference in Prague in June 2009. For a documentation of a telephone survey and the working group discussions, see http://www.sd-network.eu/?k=ESDN%20conferences&s=home&year=2009.

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Annex 1: The integrated guidelines for growth and jobs (European Commission 2005c)

Macroeconomic guidelines

(1) To secure economic stability.
(2) To safeguard economic and fiscal sustainability.
(3) To promote a growth- and employment-oriented and efficient allocation of resources.
(4) To secure economic stability for sustainable growth.
(5) To ensure that wage developments contribute to macroeconomic stability and growth.
(6) To contribute to a dynamic and well-functioning EM.

Microeconomic guidelines

(7) To increase and improve investment in R&D, in particular by private business.
(8) To facilitate all forms of innovation.
(9) To facilitate the spread and effective use of ICT and build a fully inclusive information society.
(10) To strengthen the competitive advantages of its industrial base.
(11) To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth.
(12) To extend and deepen the internal market.
(13) To ensure open and competitive markets inside and outside Europe and to reap the benefits of globalisation.
(14) To create a more competitive business environment and encourage private initiative through better regulation.
(15) To promote a more entrepreneurial culture and create a supportive environment for SMEs.
(16) To expand, improve and link up European infrastructure and complete priority cross-border projects.

Employment guidelines

(17) To implement employment policies aimed at achieving full employment, improving quality and productivity at work and strengthening social and territorial cohesion.
(18) To promote a lifecycle approach to work.
(19) To ensure inclusive labour markets, enhance work attractiveness and make work pay for job-seekers, including disadvantaged people and the inactive.
(20) To improve matching of labour market needs.
(21) To promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners.
(22) To ensure employment-friendly labour cost developments and wage-setting mechanisms.
(23) To expand and improve investment in human capital.
(24) To adapt education and training systems in response to new competence requirements.

Annex 2: Key challenges and cross-cutting policies of the EU SDS

Key challenges:

– CLIMATE CHANGE AND CLEAN ENERGY
– SUSTAINABLE TRANSPORT
– SUSTAINABLE CONSUMPTION AND PRODUCTION
– CONSERVATION AND MANAGEMENT OF NATURAL RESOURCES
– PUBLIC HEALTH
– SOCIAL INCLUSION; DEMOGRAPHY AND MIGRATION
– GLOBAL POVERTY AND SD CHALLENGES

Cross-cutting policies:

– EDUCATION AND TRAINING
– RESEARCH AND DEVELOPMENT
– FINANCING AND ECONOMIC INSTRUMENTS
– COMMUNICATION; MOBILISING ACTORS AND MULTIPLYING SUCCESS

5.

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From Government Strategies to Strategic Public Management: an Exploratory Outlook on the Pursuit of Cross-Sectoral Policy Integration

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ABSTRACT
This paper discusses how public administrations handle cross-sectoral government strategies such as those on sustainable development (SD), and how this could (or should) change in the future. It puts SD strategies and their key objective of improving the cross-sectoral integration of policies into the wider context of public administration in two respects. In a first step, the paper shows that SD strategies are a progressive step in the protracted debate on planning and strategic management in the public sector. In a second step, however, the paper explores the functioning of specialized public administrations as one explanation for the shortcomings of SD strategies in Europe. Consequently, the paper concludes that SD strategies should be developed further into a tool of strategic public management that helps to adapt administrative approaches to the integrative challenges of SD. Copyright © 2007 John Wiley & Sons, Ltd and ERP Environment.

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The Administrative Nature of SD Strategies

THE EDITORIAL AND THE INTRODUCTORY PAPER OF THIS SPECIAL ISSUE (MEADOWCROFT, 2007) briefly charted the development from environmental policy plans to a new generation of sustainable development (SD) strategies. Based on the empirical evidence documented in previous works (OECD, 2002; European Commission, 2004; Swanson *et al.*, 2004; EEA, 2005; Steurer and Martinuzzi, 2005) and the case studies in this issue (Lafferty *et al.* 2007, Russel 2007, Tils 2007), this paper goes a step further. After looking back by summarizing some (conceptual) achievements as

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well as administrative weaknesses of government strategies on SD, it looks ahead by exploring options of how to develop government strategies further into a tool that better facilitates strategic management in the public sector, also referred to as strategic public management (Steurer and Martinuzzi, 2005). Although the paper focuses on SD strategies, the findings are relevant for government strategies in general, in particular for those addressing cross-sectoral challenges.

In looking at the past and a possible future for government strategies on SD, this paper puts them into a wider context of public administration practices for a very pragmatic reason. Although guidelines rightly describe SD strategies as ideal-type processes that ought to be closely linked to the political level of policy-making, previous works (Tils, 2005; Steurer and Martinuzzi, 2005) and the experiences of administrators responsible for SD strategies (Berger and Steurer, 2006), as well as some of the case studies in this special issue, emphasize that most SD strategies rely on the engagement of public administrators, who often struggle with the fact that politicians (and the public) show little interest in their work. One explanation for the fact that most SD strategies are administered by public servants rather than governed by ministerial cabinets (or legislated by parliaments) can be found in what Hansen and Ejersbo (2002, pp. 738ff) call the 'logic of disharmony'. They found that politicians on the one hand approach particular issues case by case and focus on competing interests involved on an *ad hoc* basis. By utilizing such an 'inductive logic of action', they at times ignore not only existing government strategies but also (personal) commitments and treaties. Administrators, on the other hand, prefer to deal with particular issues deductively by referring to general laws or guidelines that are defined by the legislator, or in planning and strategy documents. Overall, the lack of political will and support is certainly the single most significant shortcoming of SD governance in general (Lafferty and Meadowcroft, 2000; Lafferty, 2004), and of most SD strategies in particular (Steurer, 2008; see also Meadowcroft, 2007, in this issue). However, the weakness of the political branch of government in the SD context augments the relevance of the administrative realm. The key role 'administrative culture and practices' play for policy integration is also recognized in a report by the European Environment Agency (EEA, 2005).

As the administrative context of SD strategies is a wide field, the paper focuses on two highly relevant issues. First, the paper links SD strategies to the debate on planning and strategic management in public administrations, and it concludes that they represent a good balance between the two antagonistic extremes. Second, the paper puts this (conceptual) achievement into perspective with the empirical fact that most SD strategies fall short in effectively shaping policies. As the case studies in this special issue illustrate, the reasons for this critical conclusion are, of course, numerous (see below). This shortcoming is explored by pointing out that all major public administration narratives fail to address the challenge of cross-sectoral (or horizontal) policy integration adequately. This finding suggests that SD strategies should be developed further into a more comprehensive approach of strategic public management that, *inter alia*, seeks to overcome the sectoral focus of public administrations.

The following section relates SD strategies to predominant planning and policymaking approaches in the public sector. The next section explains the failure of SD strategies to deliver horizontal policy integration with a brief characterization of bureaucracy, new public management and new governance as three major public administration narratives that are not in tune with the policy integration ambitions of SD strategies. Finally, the fourth section concludes that SD strategies are a tool with an ambivalent record (conceptually strong, but weak in delivery) and a considerable potential for strengthening strategic public management.

Obviously, large parts of this paper are exploratory rather than empirical. However, since the existing empirical evidence (also in this special issue) suggests that SD strategies face major political and administrative challenges, an exploratory outlook that may open new perspectives is needed.

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SD Strategies and the Planning Controversy: Identifying Conceptual Achievements

This section highlights the conceptual progress embodied by ideal-type SD strategies. It shows that, despite actual failures in delivering policy integration, SD strategies do mark an important (conceptual) step forward in the controversy on the appropriate means and ends of strategies in the public sector. However, this achievement emerges only from a historical perspective. Therefore, we briefly have to review the so-called planning controversy that goes back to the 1960s selectively.

As Mintzberg *et al.* (1998) show, there is still no consensus on what form the strategies should take. Two opposing strategy schools that have been at the forefront of public administration practices for a long time are the planning school and the learning school.

According to the planning school, complex organizations must plan formally (i) to coordinate their activities, (ii) to ensure that the future is taken into account in today's actions, (iii) to be rational and (iv), to control the use of resources. Having formal plans or strategies implies that an organization ought to follow a detailed prescription of objectives or actions over a certain period. In the context of public policy, planning may also have the symbolic function of demonstrating political will to interest groups. However, the planning school assumes that organizations can improve their performance when they do not rely only on informal *ad hoc* deliberations and decisions, but streamline their activities according to a documented plan or strategy in a systematic and predictable way (Mintzberg, 1994, pp. 6–21; Brews and Hunt, 1999; Williams, 2002b). In this sense, traditional policy planning 'is imbued with ideas that implementation is about getting people to do what they are told, and keeping control over a sequence of stages in a system' (Parsons, 1995, p. 466). Although this kind of formal top-down planning, which tries to increase predictability at the expense of empowerment and flexibility (Mintzberg, 1994, pp. 173ff), saw its peak in the 1960s and 70s (Mintzberg *et al.*, 1998, p. 353; Szulanski and Amin, 2001), it was prevalent in various policy fields, also in the environmental one, well into the 1990s.

With Mintzberg (1994), the counter-position to the planning school can be described as informal and emergent strategy formation, which does not necessarily imply the formulation of a document. In the context of public policy, this so-called 'learning school' goes back to Charles Lindblom's (1959) notion of 'incrementalism'. Lindblom and Mintzberg both advocate in some of their writings that strategies evolve through informal and mutual adjustments among a variety of actors rather than through formalized planning procedures, conducted by distinctive planners. Against this theoretical background, Mintzberg (1994, pp. 227–321) charges the planning school with three 'fundamental fallacies'.

- Planning builds on a predetermination of future developments and discontinuities and ignores their uncertainty and unpredictability.
- Since, according to the planning school, those who have developed plans are rarely the same people who implement them, planning is detached from implementation in terms of both the time line and the key actors involved.
- The most fundamental fallacy of the planning school is the assumption that strategy formation can be accomplished by formalizing the process through distinct planners, who are isolated from daily routines.

The impossible predetermination of uncertainties and discontinuities, the detachment of thinking and acting and the suppression of creative thinking through formalized planning leads Mintzberg (1994) to the conclusion that 'strategic planning' is an oxymoron. He asserts that strategy formation cannot be planned in the way the planning school assumes but instead emerges out of collective and incremental learning processes.

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Obviously, the planning and the learning schools represent two extreme standpoints in the planning controversy, both of them showing considerable weaknesses, in particular in the context of cross-sectoral SD policies. It is hard to imagine how a long-term guiding model such as SD that concerns so many different actors can be realized by relying on a rigid top-down planning scheme. Since neither environmental problems nor policy-making processes themselves are as rational and linear as planners would like them to be (Montanari *et al.*, 1989, p. 304), not surprisingly the planning school failed to meet expectations and lost ground (Mintzberg *et al.*, 1998, p. 353; Bonn and Christodoulou, 1996). Likewise, it is hard to imagine progress towards SD in several sectors without a common vision on both governance and policy objectives. Since strategic management can be defined as 'the central integrative process that gives the organization a sense of direction and ensures a concerted effort to achieve strategic goals and objectives' (Poister and Streib, 1999, p. 323), SD policies require some sort of deliberate, and to a certain degree formalized, strategy that is 'as sophisticated as the challenges are complex' (IIED, 2002, p. 6). As Schick (1999, p. 2) puts it, 'Strategy without opportunity cannot advance the cause of reform very far. [. . .] On the other hand, opportunity without strategy is likely to exhaust itself in faddism, drifting from one fashionable innovation to the next, without leaving a lasting imprint'. According to Montanari *et al.* (1989, p. 314), 20 years after his initial account of incrementalism in public policy, even Lindblom (1979) has emphasized that 'there is very little meaningful "incrementalism" without some type of "strategic assessment" ' (see also Meadowcroft, 1997).

This rationale both explains the emergence and legitimizes the existence of SD strategies. With regard to this theoretical background, SD strategies emerge as a hybrid strategic approach that builds neither solely on formal planning nor on pure incrementalism. Although the details of the hybrid concept of strategic management embodied in 'ideal' SD strategies differ from author to author, it can be characterized with the following widely shared assumptions (Montanari *et al.*, 1989; Mintzberg, 1994; Taylor, 1997; Mintzberg *et al.*, 1998; Poister and Streib, 1999; Szulanski and Amin, 2001; Brock and Barry, 2003).

- Strategic management 'involves purposeful thought, choice, and action that is designed to enable the organization to achieve its desired future state' (Wechsler, 1989, p. 355).
- Strategic management is not restricted to a planning unit, but involves the entire organization (i.e. the entire government).
- The implementation of a strategy is regarded as an integral part of the strategy process. This implies that a strategy is not finished with the formulation of an 'intended strategy', i.e. a strategy document, but is seen as an open, circular process: 'Formulation [. . .] may precede implementation. But even so, there has to be "implementation as evolution" [. . .] because prior thought can never specify all subsequent action' (Mintzberg, 1994, p. 289).
- Such an open strategy process is flexible regarding changing circumstances and objectives (many of which may be due to implementation efforts). The understanding of the strategy as an adaptive learning process implies that the outcome, i.e. the 'realized strategy', depends not only on intended strategies, but also on 'emerging strategies'.
- Despite this emphasis on flexibility and learning, formal plans are not rejected as outdated, but they are embraced as valuable strategic devices. 'Thus, strategy is not the consequence of planning but the opposite: its starting point. Planning helps to translate intended strategies into realized ones, by taking the first step that can lead to effective implementation' (Mintzberg, 1994, p. 333).

To sum up, this hybrid strategic paradigm is aiming at 'a synthesis of the rational synoptic and incremental perspectives of strategy development' (Montanari *et al.*, 1989, p. 306), acknowledging the fact that various strategy approaches (even the planning school) can provide valuable tools (for a comparison of the three approaches, see Table 1). Thus, the decline of the planning school was not accompanied by a complete shift towards incrementalism, but by a shift towards hybrid patterns of strategy formation (Mintzberg *et al.*, 1998, pp. 352f).

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	Policy planning	Incrementalism	SD strategies and strategic public management
Related strategy school	'Planning school'	'Learning school'	'Configuration school'
General approach	Formal, inflexible and comprehensive plans	Informal and flexible learning process	Formal strategy documents are complemented by flexible strategy process (embracing formal and informal mechanisms)
Plan/strategy formulation	Plans are developed by professional 'planners'	Formal strategies are rejected as detached from reality, thus no formulation necessary	Strategies and plans are developed by those responsible for implementation (and external stakeholders)
Policy integration	Plans usually focus on a single policy domain	No systematic approach ('muddling through')	To be achieved by cross-sectoral strategies, structures (e.g. networks) and mechanisms (e.g. evaluations)
Linkage between policy formulation and implementation	Implementation is beyond the scope of planners	Unguided incremental processes	Implementation is integral part of strategy process, taken into account in strategy documents and supported by cyclical mechanisms
Involvement of relevant actors (participation)	None, thus weak ownership beyond planning unit	To be decided *ad hoc*	Attempts to form advocacy coalitions; multi-stakeholder approach facilitates acceptance and ownership of strategy process
Assessment and feedback	Most often neither nor	Everything that supports learning is welcome	Indicator-based monitoring, internal audits, external evaluations and peer reviews support learning
Key skills	Linear thinking and compliance	*Ad hoc* decision making	Non-linear strategic thinking, orchestration of different governance modes and activation of actors

Table 1. Characteristics of ideal-type SD strategies as example of strategic public management, in comparison with policy planning and incrementalism.[7]

In the environmental policy field, this shift has become manifest in the decline of environmental policy plans and in the emergence of SD strategies. While environmental policy plans generally resulted in single planning documents aiming at some unspecified implementation (often never to happen), most SD strategies provide flexible yet focused strategy cycles. They often imply the introduction of new forms and tools of public governance and administration, such as bodies of inter-ministerial collaboration, continuous monitoring schemes and cyclical reviewing and reporting mechanisms (IIED, 2002; Swanson *et al*., 2004; Steurer and Martinuzzi, 2005). Overall, SD strategies do mark an important step forward compared with most former environmental policy plans, at least conceptually. Furthermore, SD strategies open a policy window to better integrate strategic management throughout the public sector, i.e. to enhance strategic public management.[1] This window of opportunity finds its verbal expression in phrases such as 'strategic policy' (Bouder and Fink, 2002, p. 256) or 'strategic state' (Paquet, 2001), both used in the context of SD governance.

[1] While many other scholars speak of 'strategic management in the public sector' (see, e.g., Cunningham, 1989; Montanari *et al*., 1989; Poister and Streib, 1999), strategic public management also reflects the challenge of better integrating strategic thinking in the public sector in its appellation.

[7] This table is taken from the work of Steurer and Martinuzzi (2005), and it draws on the work of Williams (2002b, p. 202), Dalal-Clayton and Bass (2002, p. 5), Montanari *et al*. (1989), Mintzberg (1994), Mintzberg *et al*. (1998) and Poister and Streib (1999).

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SD Strategies and Public Administration Narratives: Contrasting Conceptual Achievements with Administrative Shortcomings

If we contrast the positive account of SD strategies that emerged above from a historical, concept-centred perspective with the critical findings of the case studies in this special issue, a significant gap becomes apparent. As the case studies exemplify in detail, most SD strategies fall short in better integrating economic, social and environmental policies. This implies, *inter alia*, that they are often not able to reverse negative environmental and social trends. Yet, how do the conceptual achievements of SD strategies go together with these actual shortcomings? While the positive account draws mainly on ideal-type characteristics of SD strategies based on UN and OECD guidelines (UNCED, 1992, chapter 8A; United Nations Department for Economic and Social Affairs, 2001a, 2001b; OECD-DAC, 2001, pp. 18f; IIED, 2002, pp. 33–36) and on respective good practices that are scattered throughout Europe (Steurer and Martinuzzi, 2005), the case studies assess the performance of single strategies as close-up. In other words, the contrasting pictures are two images of the same object from different temporal and spatial distances and angles, giving a complete impression only complementarily. Although the historical and conceptual perspective on planning and strategy formation in the public sector reveals important insights, it is often overshadowed by the other, more tangible perspective that shows the actual shortcomings of SD strategies in improving horizontal policy integration. Overall, the record of many SD strategies is ambivalent, that is, conceptually strong and rather weak regarding their actual performance.

The explanations for the failure of SD strategies to improve horizontal policy integration are, of course, numerous, and many of them point beyond the public administrators' sphere of influence (and, consequently, also beyond the scope of this paper). Among the most prominent (and often interrelated) explanations are, for example, the following (Steurer and Martinuzzi, 2005; Berger and Steurer, 2006; see also the case studies of this special issue):

- difficulties in communicating the relatively abstract and complex concept of SD to politicians and to the public,
- a serious lack of high-level political will, leadership and sustained commitment,
- the common dominance of economic interests over environmental and social interests,
- a lack of interest and ownership in non-environmental (and social) ministries or departments and
- a resulting lack of personnel and budgetary resources for achieving the objectives formulated in SD strategies.

This section adds a rarely given explanation for the rather weak performance of SD strategies, which is in line with both the administrative focus of the strategies and of this paper. By linking SD strategies with the study of public administration it shows that none of the three major narratives of public administration extensively covered in the literature (for an overview, see Jann, 2002; Salamon, 2002b; Jann, 2003), namely

- bureaucracy (the hierarchy-based model described by the sociologist Max Weber as early as the 1920s),
- new public management (the market-oriented model that emerged in the 1980s) and
- new governance (the network-centred response to the market-hype in the public sector),

is adequately geared towards the challenge of horizontal policy integration.[2] Consequently, I argue that addressing this shortcoming systematically should be a key task of SD strategies understood as a tool of strategic public management.

[2] As in other fields, public administration practices are shaped continuously by ideas, which are often condensed to a dominating narrative. Such narratives provide a coherent picture about fundamental problems, objectives, solutions and actors in a particular policy field. As 'cognitive reference points', narratives reduce complexity, define the scope of possible actions and provide normative justifications to defend or to prevent change (Jann, 2003, p. 97).

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Since public administration practices differ strongly from country to country (Araújo, 2001; Christensen *et al.*, 2002), this section briefly characterizes the three narratives in very general terms. It does not describe their particularities for different countries and times; instead, it raises awareness for their shortcomings with regard to horizontal policy integration and the potential scope of strategic public management.

Bureaucracy

Between the 1920s and the 1980s, Max Weber's account of the classical model of bureaucracy was regarded as an accurate description of the administrative branch of governments. It replaced a century-old system of patronage that built on personal loyalty and subjective randomness in both recruiting staff and delivering public services with a system in which professionalism and accountability play a key role. Besides professionalism based on recruitment by merit, impersonality and objectivity, the 'bureau' (the smallest departmental unit) was also about specialization. A bureaucracy is described best as unambiguous structure of departments, each headed by a minister who is responsible for all actions of the departmental sub-units. Bureaus are designated to fulfil very specific and clearly defined tasks in a rule-bound way (Hughes, 2003, pp. 17–24). 'The idea was to create a system that was at the highest possible level of technical efficiency' (Hughes, 2003, p. 24). Obviously, the bureaucratic narrative was strongly influenced by the efforts of rationalization and labour division in factories, based on the works of the US engineer Frederick Taylor (therefore 'Taylorism'). Weber himself explicitly refers to this private sector influence as follows: 'The decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization. The fully developed bureaucratic mechanism compares with other organizations exactly as does the machine with non-mechanical modes of production. Precision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of friction and personal costs – these are raised to the optimum point in the strictly bureaucratic organisation' (Weber, quoted by Hughes, 2003, p. 24).

Overall, bureaucracies imply sectoral specialization (or 'departmentalization') rather than policy integration. Although the introduction of professionalism and specialization in the public sector was a major achievement compared with the former patronage system (therefore the connotation of the term bureaucracy was very positive for decades), it ultimately turned the public sector into a compilation of 'administrative silos', which are constructed around policy domains, ignoring related policies or problems (for a summary, see Table 2). The sectoral administrative silos are still a factor that has to be taken into account when dealing with SD strategies and the challenge of policy integration (see, for example, Peters, 1998, 2000).

New Public Management

Although bureaucracies were originally regarded as efficient, the narrative was seriously criticized as inefficient from a managerial point of view that became known as new public management (NPM) around the 1980s. Since then, NPM has become the synonym for a reform movement that brought 'Managerialism' into 'Bureaucratism' (Gray and Jenkins, 1995; Bevir *et al.*, 2003b, p. 1). While bureaucracies are mainly concerned with state accountability and public order maintenance through a hierarchical mode of governance, the key concern of NPM is to 'focus on management, not policy, and on performance appraisal and efficiency' (Bevir *et al.*, 2003b, p. 1; see also Jann, 2002, 2003). Also, for Lane (2001, p. 14), 'NPM is basically about focusing upon efficiency'. Since NPM assumes that 'Competition squeezes slack out of slacky organizations' (Christiansen, 1998, p. 283), it favours the governance mode of markets (and the according leitmotiv of 'getting prices right') to that of hierarchies (Jackson, 2001; Hood, 1991; Jann, 2002, p. 296). Typical policy instruments of NPM are the 'marketization' (or outsourcing) of services provided by the public sector, the market testing of public agencies (that is, to let

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	Bureaucracy	New public management	New governance
Peak of popularity	1920s–1970s	1980s–1990s	Mid 1990s–today
Overall approach	'Bureaucratism'	'Managerialism'	Governance
Key challenge(s)	Public order and accountability (legality and legitimacy)	State/administrative failure due to slack (inefficiency)	State/administrative failure due to complexity (ineffectiveness)
Governance leitmotiv	'Law and order'	'Getting prices right'	'Getting institutions right'
Guiding principle	Accountability	Efficiency	(Sectoral) effectiveness
Governance mode	Hierarchy	Market	Network
Governance mechanism	Command and control (authority)	Competition	Co-operation/collaboration
Preferred (legal) instrument	Public law	Contracts (private law)	Formal and informal agreements
Compliance/ownership mechanism	Control/enforcement	Incentives	Involvement, negotiation and persuasion
Organizational scope	Intra-departmental focus ('Departmentalization')	Intra-organizational focus on service delivery agencies ('Agencification')	Inter-organizational focus within sectors/policy coalitions
Pattern of strategy making	Policy planning	*Ad hoc* problem solving, combined with elements of strategic management	Strategic management, emphasizing (policy) learning and adaptation
Skills required	Compliance and control skills	Management skills such as organising, financing, controlling, marketing etc.	'Enablement skills' such as activating, orchestrating and modulating actors and processes

Table 2. Key characteristics of bureaucracy, new public management and new governance as three public administration narratives.[8]

them compete with private enterprises), the privatization of state-owned firms and the further disaggregation of departmental structures into service agencies, each responsible for a clearly specified product (Bevir *et al.*, 2003b, p. 13; Hood, 1995, pp. 95, 97).

Overall, NPM does not moderate but rather enhances the 'silo-character' of public administrations by further disaggregating them into specific agencies ('agencification'). Due to its focus on intra-organizational management, NPM may help to increase the efficiency of the public sector. However, it also tends to disregard (and hinder) inter-organizational collaboration across sectors, which can often be regarded as a prerequisite for effective policy integration (Hood, 1991; Dunleavy and Hood, 1994; Hood, 1995; Gray and Jenkins, 1995; Mathiasen, 1999; Lane, 2001; Jackson, 2001; Jann, 2002, 2003; Hughes, 2003; for a summary, see Table 2).

New Governance

This trend of disaggregation is frequently stated as one of the driving forces behind another administrative reform wave, away from the hierarchical and market modes of governance towards a pattern of

[8]This table is based on the public administration literature quoted in the text, in particular on the work of Jann (2002, 2003), Hughes (2003) and Meuleman (2003, 2006).

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networks often referred to as new governance (Rhodes, 1996; Peters, 2000; Salamon, 2002b).[3] As Rhodes (2000, p. 54) asserts, 'Governance is part of the fight back. It is a description of the unintended consequences of corporate management and marketization. [. . .] The networks so central to the analysis of governance are a response to this pluralization of policy making'. According to Jervis and Richards (1997, p. 13), networks are 'patterns of long-term relationships between mutually interdependent actors, formed around policy issues or clusters of resources' (see also Börzel, 1998, p. 254). The guiding principle of new governance is not efficiency but effectiveness (Jackson, 2001, p. 20; Salamon 2002a, p. 23; Jervis and Richards, 1997, p. 9). In 1997, even the World Bank (1997, chapter 2), one of the key advocates of NPM reforms around the world, suggested 'Refocusing on the Effectiveness of the State'. Reference to the governance literature shows that this 'refocusing' implies a shift from the leitmotiv of getting prices right to getting institutions right (Jann, 2003), for example by establishing networks.

Regarding the challenge of horizontal policy integration, the network mode of governance is often assumed to deal effectively with complex and cross-sectoral issues (such as SD) for of the following reasons.

- Since networks involve a broad variety of societal actors they help not only to identify widely accepted solutions but also in sharing information and better understanding complex problems (Jackson, 2001, p. 17).
- The fact that networks provide strong inter-organizational capacities implies that they serve cross-sectoral issues better than narratives with a strong intra-organizational focus, such as NPM (Williams, 2002a, p. 105).
- While competition is good for efficiency, collaboration is assumed to facilitate effectiveness because networks provide or generate valuable resources such as local knowledge and experience, ownership and commitment (Jackson, 2001, p. 18; World Bank, 2002).

Consequently, networks are often seen as the most appropriate 'paradigm for the architecture of complexity' (Börzel, 1998, p. 253, who quotes Kenis and Schneider, 1991); or as Rhodes (1997, p. xv) puts it, 'Messy problems demand messy [that is, network-like] solutions'.

Since new governance narratives favour an inter-organizational over an intra-organizational focus (Jervis and Richards, 1997; Jann, 2002, p. 288; Williams, 2002a, p. 105), they do take 'public administration out of the narrow tunnel of formally designed structures and mandated organizations' (Toonen, 1998, p. 250). Yet, does the rise of new governance imply a transition from sectoral silos and task-oriented agencies towards a web of inter-organizational and cross-sectoral networks? Not necessarily. While most networks are inter-organizational in character, network theories (Peters, 2000) as well as practices[4] suggest that the scope of most networks is still limited to specific issues within a policy field or a sector. Even more so, the co-operative yet advocacy nature of networks might even 'institutionalize and legitimate the conflicts among policy domains, and reinforce those natural divisions' (Peters, 2000, p. 45).

Overall, the upside of the administrative story line summarized above is that both public administration theory and practice have adapted to new challenges, such as inefficiency and ineffectiveness. Consequently, public administrations have become more diverse in terms of leitmotivs, principles and modes of governance in recent decades. Starting out from the relatively uniform model of bureaucracy, many administrations have also embodied NPM since the 1980s and new governance (such as informal networks and inter-ministerial groups) since the 1990s. Although each narrative has certain

[3] While the 'Anglo-Governance School' (Marinetto, 2003) uses 'the term governance to refer to a pattern of rule characterized by networks that connect civil society and the state' (Bevir *et al.*, 2003a, p. 192), an increasing number of scholars refers to the same phenomenon as 'new governance' (see, e.g., Meadowcroft, 1997; Paquet, 2001; Salamon, 2002a, 2002b; Davies, 2002). Here 'new governance' is preferred because it leaves room for the broader notion of governance, comprising not only networks, but also hierarchies and markets as alternative governance modes.

[4] Experience tells that it is relatively easy to establish a network of likeminded people working in the same field or sector, but that it is very challenging to open a network to experts from different sectors with different interests.

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strengths, and new governance is assumed to handle complex issues better than bureaucracies or NPM, the downside is that none of the administrative narratives discussed so far is geared towards policy integration in general, and the integrative challenges of SD in particular. Yet, what does this imply for SD strategies, and what role can strategic public management assume in this respect?

Strengthening the Strategic Capacity of Government Strategies: Moving Towards Strategic Public Management

So far, this paper has demonstrated the ambivalent record of accomplishment of SD strategies. On the one side, it argues that SD strategies represent an important conceptual step forward from rigid planning towards more continuous and flexible strategic processes in the public sector.

On the other side, the case studies of this special issue and other overview studies show that SD strategies obviously unfold only a fraction of their (strategic) potential, that is, that they often fail to effectively orchestrate different strategy features and governance arrangements. Consequently, they are falling short in delivering their objectives. Elsewhere, I have concluded that SD strategies tend to become fragmented and 'administered strategies', that is, processes that are driven by some administrators who have limited political leverage, but who are not capable of shaping key policy decisions in line with the strategy objectives (Steurer, 2008).

By exploring this shortcoming from an administrative perspective, the paper identifies the functioning of public administrations as one among other explanations in this respect. It describes how the three dominant narratives of public administration (bureaucracy, NPM and new governance) serve all kinds of purposes and challenges (such as sectoral specialization, accountability and efficiency), except for the normative objective of horizontal policy integration and related governance arrangements.

Metaphorically speaking, one could say that neither the hardware (the polity structure of ministerial governments) nor the respective 'operating system of public administrations' (the interplay of bureaucratic, NPM and new governance narratives) is fully compatible with the policy integration software packed in SD strategies.[5] Thus, cross-sectoral efforts such as SD strategies cannot run smoothly on the machinery of government as it is. Nevertheless, there is certainly room for improvement in both the political and the administrative branches of government, which, of course, depends essentially on changing national circumstances and other contextual features. The room for improvement explored here focuses on the potential of government strategies in the administrative realm.

If we carry on with the metaphor of hardware, operating system (or narrative) and software, three complementary approaches of developing SD strategies further into a key tool of strategic public management become evident. First, governments could start re-writing the software of SD strategies in order to match it better with the limiting characteristics of both the 'polity hardware' and the operating narrative of public administrations. As Tils (2005, 2007 in this issue) shows exemplarily for the German case, the strategy 'Perspectives for the future' (German Federal Government, 2002) fails to address basic strategic issues such as the political means and prerequisites of different policy options, or the (potential) leverage of adversarial actor constellations and partisan advocacy coalitions that are relevant for the proposed objectives. Furthermore, he argues that the strategy does not pay adequate attention to the capacity of relevant actors to think and act strategically ('strategizing ability'). Overall, there is certainly a considerable scope to make SD strategies 'more strategic' by explicitly dealing with the context of limiting polity structures, actors' constellations and the ways public administrations work. Unfortunately, this key aspect of strategic public management has been rarely recognized and discussed so far.

[5] The hardware–software comparison by Jordan (2002) inspired me to add operating systems as the third key component of the metaphor.

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Second, governments could address the shortcomings of SD strategies by adapting the 'polity hardware' accordingly. This is what many countries have done already in the course of their SD strategy processes to varying degrees. Sweden, for example, has created a cross-sectoral SD ministry. The UK and Germany have established an inter-ministerial co-ordination body at the political level ('green cabinet'), and many other countries have put an inter-ministerial committee in place at the administrative level. These polity innovations are certainly important steps towards overcoming the sectoral rigidity of ministerial governments, and they represent another feature of strategic public management. Mintzberg (1994, p. 352), for example, stresses that communication and coordination are not side-effects of strategic management and planning, 'but the essential reasons to engage in it'. However, if hardware or polity innovations such as SD ministries or inter-ministerial bodies are not accompanied by respective changes in politics (such as a shift of political power to the newly created institutions), and a supportive public administration narrative (the operating systems), they are likely to remain politically insignificant. This leads us to the third and probably most advanced level of how to develop SD strategies into a tool of strategic public management.

Regarding the operating narratives of public administrations, strategic public management in the context of SD is essentially about combining hierarchical steering with network-like collaboration. Because institutions and networks that span across economic, social and environmental sectors are crucial for achieving SD but unlikely to emerge by themselves, they have to be established and maintained deliberately through governmental steering. Interestingly, such hybrid modes of governance, or 'networks in the shadow of hierarchy',[6] are commonplace in administrative practices (Lowndes and Skelcher, 1998; Cabinet Office, 2000; Davies, 2002; Marinetto, 2003; Martinuzzi and Steurer, 2003; Steurer and Martinuzzi, 2005; Meuleman, 2006), but it seems that the reasoning behind their establishment is more intuitive than rational. The value added of strategic public management is then to turn the process of designing and applying various (hybrid) modes of governance into deliberate choices, guided by and integrated in SD and other strategy processes. Since these choices should be based on knowledge about the advantages and shortcomings of the different governance modes, generating this knowledge in a non-partisan way that does not play off new governance against bureaucracy and NPM (or vice versa) is obviously a major task of contemporary public administration and political science research.

What is strategic public management in the context of SD policy-making after all?

- It is a hybrid pattern of strategy formation that combines flexible strategy formation with systematic planning, facilitating recurring governance and management cycles.
- It is about making the strategy software more strategic, that is, better attuned to enabling and limiting political and administrative circumstances.
- It is a systematic attempt to match objectives not only with adequate policy tools, but also with the polity and governance fabric of the state. By doing so, strategic public management is also concerned with the challenge that 'no governing structure works for all services in all conditions' (Rhodes, 2000, p. 81; see also Meuleman, 2003, 2006).
- It aims to reconcile the three operating narratives of public administrations in a deliberate and problem-driven way. In this respect, strategic public management is not a new narrative that wants to overcome existing ones, but one that tries to join them pragmatically.

Overall, strategic public management attempts to take public administrations beyond 'muddling through' (Lindblom, 1959, 1979) – not only with regard to policy making, but also concerning public sector governance and administration.

[6] Scharpf (1993, p. 9) states that 'Networks, in other words, often exist in the shadow of the market, majority rule, or hierarchical authority – and there is reason to think that these hybrid or multilevel forms of co-ordination may have particularly attractive welfare implications'.

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Of course, such changes can and will not follow a 'one-size-fits-all' approach, nor can they be easily accomplished. Strategic public management is a complex hybrid narrative rather than a simple administrative recipe. However, the NPM reform movement has demonstrated that pattern-like changes can occur on a substantial scale across countries when favourable conditions are given.

An important condition for the shift from government strategies to a more comprehensive strategic public management is, *inter alia*, the generation of more 'actionable knowledge' on how to combine different governance modes and tools, as well as to build up respective personal and institutional capacities. However, even if the right hardware, a reliable and fitting operating narrative and tailor-made software all concur, the outcome ultimately depends upon political will and commitment on the one hand, and the knowledge and (enablement) skills of public administrators to work strategically and to span boundaries on the other (Williams, 2002a). Of course, these qualities do not arise automatically. As one can learn from the NPM movement, strategic public management and the quest for horizontal policy integration depend not only on managerial concerns and on operational and well orchestrated strategy features. Above all, they depend on a firm sense of political legitimacy and urgency, tied together in a widely shared reform vision that is in line with the predominant zeitgeist regarding what the state would do. Obviously, 20 years of SD discourse since the publication of the Brundtland Report (WCED, 1987) were not sufficient to unleash that kind of momentum. Yet, how to change this in the next 20 years by addressing the various cognitive, political and institutional prerequisites for hybrid approaches such as strategic public management is a different story.

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The role of governments in corporate social responsibility: characterising public policies on CSR in Europe

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Abstract Corporate Social Responsibility (CSR) aims to better integrate social and environmental concerns into business routines on a voluntary basis. The present article is concerned with the political side of the management approach. By systematically characterising the public policies on CSR throughout Europe, it first complements the existing, often unsystematic, accounts of how governments address CSR (mostly provided in management journals). Second, it also brings the issue closer to political science. After explaining why governments show interest in CSR, the article introduces CSR as a voluntary contribution to sustainable development. It then develops a typology of CSR policies that distinguishes five types of policy instruments (legal, economic, informational, partnering and hybrid) and four thematic fields of action (raise awareness, improve transparency, foster socially responsible investment and lead by example). Based on this systematic description of CSR policies, the article explores what CSR and the respective public policies imply for business–government relations as well as the changing patterns of regulation. It concludes that CSR started out as a neo-liberal concept that helped to downscale government regulations, but that it has in turn matured into a more progressive approach of societal co-regulation in recent years. Regarding the effectiveness and the opportunity costs of this new pattern of governance, the article emphasises that the respective assessment gaps should be filled by case study research.

Keywords Corporate social responsibility (CSR) · Public policies on CSR · Business self-regulation · Business–government relations · New governance · Business–society relations · Societal co-regulation · Sustainable development

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Why governments show interest in CSR

According to the European Commission (2001, 2002, 2006), CSR is ‘a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis’. The main idea behind CSR is also known as the triple bottom line principle, implying that businesses (should) not only serve as economic, but also social and environmental ends (Elkington 1994). For some scholars, this view of the corporation stands in stark contrast with the neo-classical shareholder view, asserting that a firm’s only responsibility is to do business and make a profit (Friedman 1970; Henderson 2001a, b). For most business ethics scholars, however, CSR is in the interest of businesses, in particular when stakeholders such as employees, consumers, Civil Society Organisations (CSOs) and governments demand and value the respective efforts (McWilliams and Siegel 2001). Overall, the discourse on the role of businesses in society has been extensive in recent decades, and proponents as well as opponents of CSR can agree at least that a new, challenging notion of CSR that is concerned with ‘built-in’ triple bottom line management rather than ‘bolt-on’ corporate philanthropy has become increasingly popular—for the (neo-liberal) opponents of CSR, this is being done to a threatening degree (Henderson 2001a, b; for further details, see “CSR and sustainable development”).

Given the management focus and widely accepted voluntary character of CSR, why do governments care about the concept at all? This question can be answered by the following five literature-based propositions.

First, governments are interested in CSR because the respective business efforts can help to meet policy objectives on a voluntary basis (see “CSR and sustainable development”). This motivation touches not only on policy objectives related to sustainable development and environmental protection, but also to foreign policy goals such as human development and development assistance (Haufler 2001, p. 29). Liston-Heyes and Ceton (2007) state that CSR is concerned with redistributing corporate resources to public causes. As the CSR critic Henderson (2001b, p. 28) puts it provocatively, CSR is now ‘a common body of doctrine’ that requires businesses to ‘play a leading part in achieving the shared objectives of public policy and making the world a better place’.

Second, CSR policies are regarded as an attractive complement for hard-law regulations in cases where new regulations are politically not desirable or infeasible (in particular at the international level; for examples, see Haufler 2001). Compared to hard-law regulations, the soft-law character of CSR and CSR policies implies comparatively low political costs in terms of resistance by special interest groups (Moon 2002, p. 399f; Moon 2007, p. 302). Some scholars argue that contemporarily (at least until the financial and economic crisis of 2008/2009), corporations are less likely to be the subject of state interventionism than they were in Keynesian times until the late 1970s. To put it positively, a decrease of state interventionism ‘might open up the possibilities for more “responsible” forms of interaction between stakeholder groupings’, including new forms of government interventions such as CSR policies (Mellahi and Wood 2003, p. 190f; see also Moon 2005). In this sense, Haufler (2001, p. 4) frames CSR as an element of the ‘“third way” between socialism and capitalism’ that provides social protections while strengthening national economic competitiveness.

Third, governments inevitably define CSR negatively with conventional social and environmental regulations because the ‘voluntary business contribution to sustainable development’ starts where the legal framework ends (McWilliams and Siegel 2001). In addition, governments seek to play a more active role in defining the concept and also fostering the respective practices positively with softer, non-binding initiatives.

Fourth, a look into the governance literature of recent years shows that the soft approach of CSR policies coincides with a broader transition of public governance altogether, which leads away from hierarchical regulation towards more network-like and partnering modes of self- and co-regulation (Kooiman 1993, 2003; Pierre 2000; Rhodes 1997; see also "CSR policies and implications for business-government relations"). In this respect, 'CSR is not simply a feature of the new global corporation but is also increasingly a feature of new societal governance' (Moon 2007, p. 302). As shown in another article in detail (Steurer forthcoming), new governance and CSR in fact became two complementary concepts, both implying (and prompting) that the steering of societies is no longer a sole matter of governments, but rather one of all three societal domains working together through new governance arrangements (see also Knill and Lehmkuhl 2002; Moon 2002; Midttun 2005). While new governance is the often-told story line of how political steering has moved from hierarchical state regulation (or governing) to societal co-regulation through networks that bring state and non-state actors closer together (Thompson et al. 1991; Rhodes 1996; Pierre 2000; Gamble 2000; European Commission 2001; Considine and Lewis 2003; Kooiman 2003; Donahue 2004), the implication for businesses is that they are becoming increasingly involved in meeting not only their business objectives but also the social and environmental issues that are raised by their stakeholders, such as investors, regulators, employees, suppliers, customers and Civil Society Organisations (CSOs). In other words, new governance and CSR both highlight 'the public role of private enterprises' (Nelson 2004; see also Haufler 2001).

Fifth and finally, since CSR is concerned with managing business relations with a broad variety of stakeholders, the concept obviously reshapes not only management routines but also the roles of, and relations among, businesses, governments and civil society. In this respect, CSR leads to 'shifting involvements of the public and the private' sectors (Hirschman, quoted in Moon 2002). Since CSR is far more than a management approach that could be left to the discretion of managers, governments have a natural interest in co-defining the shifting involvements of the different sectors rather than being passive objects of change.

Consequently, many European governments have assumed an increasingly active role in shaping and promoting CSR in recent years, in which the effect has been that a new thematic area of political activity, i.e. a distinct policy field, has emerged. As this article shows, the numerous governmental CSR initiatives form a cross-sectoral yet coherent policy field because (i) they are all characterised by the governance principles of voluntariness and collaboration, (ii) the policy instruments are consequently soft-law in character and (iii) they all share the purpose of fostering CSR and sustainable development complementarily to traditional hard-law regulations. Accordingly, the UK government, for example, as one of the European frontrunners regarding both CSR (Moon 2005) and new forms of regulation (Bartle and Vass 2007), stated on its former CSR website, 'The Government sees CR as the business contribution to our sustainable development goals. [...] The base level of responsible behaviour for any organisation is legal compliance and the Government has a role to play in setting standards in areas such as environmental protection, health & safety and employment rights. The Government can also provide a policy and institutional framework that stimulates companies to raise their performance [voluntarily] beyond minimum legal standards. Our approach is to encourage and incentivise the adoption of Corporate Social Responsibility, through best practice guidance, and, where appropriate, intelligent [i.e. soft-law] regulation and fiscal incentives'.[1]

[1] The URL of the former CSR website was http://www.csr.gov.uk/policy.shtml. Similar statements can be found on the contemporary CSR website of the UK government at http://www.berr.gov.uk/whatwedo/sectors/sustainability/what/CR/page46727.html).

Characterising the full array of public policies on CSR across Europe in a systematic way is the key purpose of the present article. Thus, the research documented herein was guided by the following questions:

- How do governments across Europe try to shape and promote CSR? How can these public policies be apprehended systematically in terms of the themes addressed and the policy instruments used?
- What significance do CSR policies have for business–government relations? Do CSR and CSR policies strengthen business self-regulation at the expense of state regulation in line with neo-liberal ideas, or are the political underpinnings more complex?

The theoretical and practical contribution of addressing these research questions is as follows. First, the present article complements the existing, often incomplete and/or unsystematic, accounts of how governments address CSR, most of which are published in management journals such as the 'Journal of Business Ethics' or 'Corporate Governance' (for details, see "The emergence of public policies on CSR in the EU and in (management) research"). In this regard, the comparatively simple matrix typology of the CSR policies presented in "Instruments and themes of CSR policies" brings order to a rapidly growing, and simultaneously confusing, field of government action. Second, by linking the empirical account of CSR policies with the literature on new forms of governance (in particular, on policy instruments and new forms of regulation) the article aims to bring the issue closer to political science. Political science research has explored, for example, 'Self-regulation within the Regulatory State' (Bartle and Vass 2007; see also Andrews 1998; Porter and Ronit 2006), co-regulatory tools such as voluntary or negotiated (environmental) agreements (for an overview, see Mol et al. 2000; Croci 2008) and a broad variety of other new governance arrangements (Rhodes 1997; Kooiman 1993, 2003; Pierre 2000; Bevir et al. 2003a, b), but it has largely ignored CSR and the respective CSR public policies (Ward 2004, p. 7; Moon 2002, p. 386; Mathis 2008, p. 49). The present artilce also aims to fill this disciplinary gap. The practical side is that these (inter-)disciplinary advancements also provide a clearer and more transparent picture of how governments can and actually do address CSR. In doing so, it can help researchers as well as practitioners (including policy makers) in Europe, and other parts of the world, to deal with this increasingly important issue more thoroughly.

The article is structured as follows. In order to gain a better understanding of how CSR may contribute to public policy goals, the next section introduces CSR and its societal counterpart known as sustainable development in more detail. Section "The emergence of public policies on CSR in the EU and in (management) research" research briefly describes the emergence of CSR policies in the EU and in (management) research. Section "Instruments and themes of CSR policies" answers the first research question that was formulated above. It presents a typology of CSR policies that provides a systematic overview of how governments try to shape and promote CSR. The typology that distinguishes five types of policy instruments and four themes is illustrated with selected initiatives from EU Member States that were obtained from extensive empirical research. Based on the empirical findings summarised in the present article as well as the existing literature, "CSR policies and implications for business-government relations" addresses the second research question formulated above, i.e. it explores what public policies on CSR imply for business–government relations. Section "The effectiveness of CSR policies: A concluding discussion without answers" concludes with a discussion on the effectiveness of CSR policies.

CSR and sustainable development

Thus far, we have seen that CSR is characterised by the integration of social and environmental concerns into business conduct on a voluntary basis. As Clarkson (1998, p. 250) emphasises, managers do not think or act in terms of concepts such as 'responsibility' or 'integration'. If managers think of CSR, they focus on the claims of particular stakeholders that are perceived as being powerful, legitimate and/or urgent (Clarkson 1998, p. 250; Mitchell et al. 1998). This implies that CSR efforts emerged neither because of legal requirements nor were they completely voluntary, but rather because of increasing stakeholder demands and pressures. As the European Commission (2001, p. 4) adds to its definition of CSR as quoted above, 'An increasing number of European companies are promoting their corporate social responsibility strategies as a response to a variety of social, environmental, and economic pressures'. If corporations do not respond adequately to these pressures, they may in turn suffer economically. In this sense, the shareholder and stakeholder view of the corporation are not necessarily conflicting approaches. Scholars as well as managers have increasingly recognised that businesses are open entities, confronting the world as 'an arena of opportunities and constraints in relation to organizational goals' (Cragg and Greenbaum 2002, p. 327). While shareholders (or owners) provide capital to benefit from these opportunities and constraints, it is up to stakeholders to actually define them. With Frooman (1999, p. 195), one can add, 'it is the dependence of firms on environmental actors (i.e. external stakeholders) for resources that gives actors leverage over a firm'. Consequently, CSR is conceptually and practically closely linked to the management of stakeholder relations (Jones 1995; Frooman 1999).

However, stakeholder pressure does not move companies unitarily towards CSR or sustainable development; first, because some industries and companies (in particular, those with close relations to end consumers) seem to face more scrutiny by stakeholders than others; second, because companies respond differently to similar pressures due to different corporate cultures, values, structures and strategies (Post et al. 2002). While some businesses use CSR rhetoric for 'social window dressing' or 'green wash', others integrate the triple bottom line principle more thoroughly in their business strategy and management routines with considerable social and environmental effects, and still others meander somewhere between business ethics rhetoric and CSR as a strategic management approach. Overall, the abundant management literature on CSR suggests that corporations are increasingly acting as a nexus of stakeholders that are concerned with organisational wealth in the long-term (see, e.g. Post et al. 2002; Barth et al. 2007).

If we leave the management side of CSR behind and turn to its socio-political salience, a close linkage with the widely accepted societal guiding model, known as sustainable development, emerges. Similar to CSR, the mainstream understandings of sustainable development emphasise the need to better integrate the social, environmental and economic aspects of development and to involve civil society organisations and businesses in doing so (European Council 2006). Whatever this means for various sectors is defined in government strategies for sustainable development. These tools are supposed to orchestrate different actors and policy instruments across sectors (Steurer and Martinuzzi 2007). Over the last two decades, the overarching societal guiding model that is relevant for all societal sectors has been drilled down to the levels of companies and individuals. In the course of this conceptual differentiation, Corporate Accountability and CSR were linked to the sustainable development discourse. While Corporate Accountability stands for compliance with the mandatory legal standards, CSR is often framed as the voluntary 'business contribution to Sustainable Development' that goes beyond what laws actually require

(European Commission 2002; see also Dyllick and Hockerts 2002; Steurer et al. 2005). In delivering CSR, many companies make use of a variety of management tools (including sustainability reporting), and they reach out to the societal and political contexts of the firm with stakeholder management and political lobbying. Thus, managing stakeholder relations is for companies what public policies on CSR are for governments: among other things, they are both attempts to better link CSR with sustainable development, and often this is done through new ways of (corporate and public) governance (Fig. 1).

Based on conceptual grounds, we can summarise that CSR is voluntary in the sense that it goes beyond what laws actually require, but not in the sense that the respective activities are left entirely to the discretion of managers. The close link between CSR and stakeholder pressure suggests that CSR is not purely self-regulatory, meaning that 'Regulatory rules are self-specified, conduct is self-monitored and the rules are self-enforced' by businesses (Bartle and Vass 2007, p. 288). This would leave little scope for both societal and governmental influence on how companies pursue CSR. As the remainder of the present article (in particular, "CSR policies and implications for business-government relations") illustrates with numerous examples, CSR policies aim to push CSR further towards co-

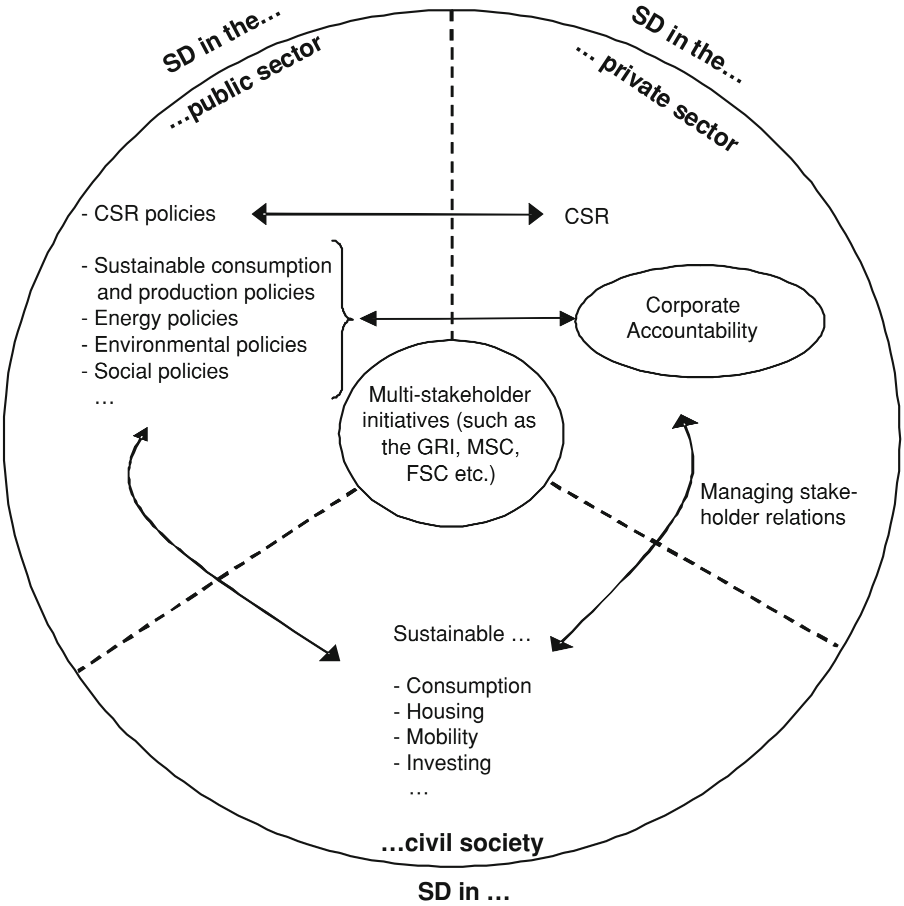

Fig. 1 Sustainable development (SD) within, and across, the three societal domains

regulation, or, with the terminology of Bartle and Vass (2007), towards a form of 'mandated self-regulation' that is not detached from the regulatory state.

The emergence of public policies on CSR in the EU and in (management) research

Business practices that were explicitly referred to as CSR emerged in the US in the 1950s. Back then, legislators intentionally left policy gaps to be filled by non-governmental forms of social provision and promoted CSR practices, for example, by introducing tax incentives for employers to provide employment and health insurance (Carroll 1999; Moon 2005). Today, Europe is regarded as a leader in CSR and CSR policies (see "CSR policies and implications for business-government relations"), in which one should not overlook the fact that the only European country that has a noteworthy history in CSR is the UK. It is there that CSR was already being discussed in the 1970s, in which it subsequently gained wider prominence in the early 1980s during a period of high unemployment, urban decay and social unrest. Parallel to the history of CSR in the US, Moon (2005, p. 54ff) also relates the emergence of CSR in the UK to the fact that the Thatcher governments downsized the role of the state, both as a regulator and provider of social goods and services. Nevertheless, CSR in the UK 'was a pale reflection of the American counterpart' (Moon 2005, p. 53). This has changed only in recent years, both in the now Labour-governed UK (which appointed a Minister of CSR and adopted a CSR strategy) and throughout the EU.

From the turn of the millennium onwards, CSR began to spread across Western Europe; not least due to the then active role that the European Commission played, which was based on a mandate from the Lisbon European Council (2000). It, for example, framed CSR in the context of sustainable development in a Green Paper (European Commission 2001), and in 2002, the European Commission released a communication on CSR that explored ambitious policy options to increase the transparency and convergence of CSR across Europe. With the transition of the Commission in 2004, however, the EU CSR policy changed from a pro-active to passive approach that re-emphasises businesses self-regulation (European Commission 2006). Richard Howitt, British Labour Member of the European Parliament pointedly commented on the new course: 'The Commission wants Europe to be "a pole of excellence" in business, but instead has dumped 5 years of debate and consultation into a black hole. The Commission says that public authorities should create an enabling environment for CSR yet opts out from any proposals for concrete action for itself, simply repeating generalisations which we have all read before'. What the change of course at the EU level shows already at this point is that CSR policies are obviously subject to serious political controversies, despite their soft-law character.

At the Member State level, several Western European countries have become quite active in promoting and shaping CSR in recent years. Before their, and other, activities are systematically characterised in the next section, the existing literature on CSR policies (mainly published in management journals) can be categorised as case studies, conceptual and exploratory analyses:

- Case studies either focus on single CSR initiatives by governments (see, e.g. Holgaard and Jørgensen 2005; Konrad et al. 2008) or international organisations such as the OCED and the UN (Barkemeyer 2007). A so far unique empirical analysis that explores business–government relations with corporate case studies was conducted by Mathis (2008).

- Conceptual analyses often focus on the general aspects of business–government relations, (new) governance issues, and on 'the political economy of CSR' (Moon 2002; Midttun 2005; Midttun et al. 2006; Moon 2007).
- Exploratory analyses on CSR policies characterise a broad range of CSR policy initiatives for one or several countries. However, a closer look shows that these mostly comparative approaches are hampered by one or more of the following three shortcomings. First, some of the exploratory approaches describe a more or less random collection of initiatives without providing a comprehensive picture of the array of CSR policies (de la Cuesta and Martinez 2004; Moon and Vogel 2007). Second, other scholarly contributions aim to provide a comprehensive picture of CSR policies, but do so by applying a specific logic that distorts their descriptive-empirical value. Lepoutre et al. (2007), for example, show how selected government initiatives address the substantive, strategic and institutional uncertainties associated with CSR. By using the 'relational state perspective' as an analytical lens, Albareda et al. (2006, 2007, 2008) and Lozano et al. (2008) explore how selected government actions on CSR can be related to interfaces among governments, businesses and civil society. None of these approaches provide plain descriptions of CSR policies but rather typologies that are filtrated by the particular logic applied.[2] Third, at least a few exploratory works attempt to characterise CSR policies with themes and instruments without filtering them through a particular logic (Fox et al. 2002; Riess and Welzel 2006; DG Employment 2007; Bertelsmann and GTZ 2007; OECD 2008). However, with the exception of the meanwhile outdated study of Fox et al. (2002), they often mix themes and instruments (Bertelsmann and GTZ 2007 mixes themes and instruments even with many other analytical categories), in turn resulting in typologies that are at times confusing rather than clarifying.

By presenting a comprehensive picture of the full array of public policies on CSR that distinguishes instruments and themes without applying a particular analytical lens that highlights or groups some government activities and overlooks others, the remainder of the present article seeks to iron out the shortcomings of the exploratory approaches, in which it also draws some conclusions that reach into the conceptual approach as outlined above.

Instruments and themes of CSR policies

This section provides a systematic account of how governments address CSR. The proposed typology characterises CSR policies with five types of policy instruments that are employed in four fields of action. Once the typology is lined out, examples from across Europe will fill it with substance. It is based on a systematic comparison of existing CSR policy typologies and empirical research covering three of the four fields of action (for details, see footnotes 1 and 2).

[2] Albareda et al. (2007), e.g. describe CSR policies not by categorising policy instruments and themes but rather by relating all sorts of government activities to target groups from the government, civil society and business domain of society. The activities listed under the domain of 'administration/governments' are, e.g. (i) participation in international events, (ii) transfer of international debate on CSR to the national and local context, (iii) fostering international instruments and agreements, (iv) external policy, trade and development co-operation policy. Obviously, these categories do not explain which policy instruments that governments actually use to promote CSR, and many of the activities (such as the transfer of the international debate on CSR to the national and local context) reach well beyond the domain that they are related to, in turn questioning the fundamentals of the typology altogether.

CSR policy instruments

Public policies on CSR are a diverse field with respect to both the themes addressed (see below) and the policy instruments employed. According to Howlett and Ramesh (1993, p. 4), 'Policy instruments are tools of governance. They represent the relatively limited number of means or methods by which governments effect their policies'. Although 'There is no single agreed characterization of government resources or instruments in the literature on public administration' (Hood 1983, p. 201), one can distinguish a widely acknowledged standard set consisting of informational, economic and legal policy instruments (Howlett and Ramesh 1993; Bemelmans-Videc et al. 1997; Jordan et al. 2003):

- Informational instruments (or 'sermons', metaphorically speaking) are based on the resource of knowledge. Their rationale is (moral) persuasion. As they are usually restricted to highlighting options and the possible consequences, they imply thereby no constraints. Examples are campaigns, trainings and websites.
- Economic instruments (or 'carrots') are based on the resources of the taxing authority and money. Their rationale is to influence behaviour with financial incentives and market forces. Examples are taxes, tax abatements, subsidies and awards.
- Legal instruments (or 'sticks') prescribe the desired choices and actions by making use of the state's legislative, executive and judicial powers. The underlying rationales are hierarchy and authority. Examples are laws, directives and regulations.

All three types of these instruments can also be found in the context of CSR policies, but the following two deviations are obvious. First, the economic and legal instruments assume uniquely soft characteristics. If legal CSR instruments have a mandating character that goes beyond recommendations, they are either not universally binding (businesses, for example, do not have to obey label regulations if they do not want to apply them), or enforcement is non-existent or weak (as is the case for most laws on CSR reporting, for details, see Joseph 2002, p. 97ff). If economic instruments are employed in the context of CSR, they are not concerned with taxes that are statutory for all, but rather with tax breaks and subsidies. The second deviation is that the tripartite instrument set has to be expanded by two additional instrument types, i.e. partnering and hybrid ones:

- Partnering instruments (or 'ties') build on a co-regulatory networking rationale, assuming that different actors are interested in working together towards shared objectives, for example, because they can exchange complementary resources and avoid conventional regulations. Due to the voluntary character of CSR, one would assume that CSR policies make extensive use of stakeholder forums, negotiated agreements and public-private partnerships (Fox et al. 2002).
- Adding hybrid instruments (or 'adhesives') as a fifth type is necessary because numerous government initiatives on CSR either combine or orchestrate two or several other instruments as mentioned above (for a similar use of this instrument type, see Rittberger and Richardson 2003). Among the most significant hybrid CSR initiatives are, for example, CSR platforms, centres and strategies.

Metaphorically speaking, we can summarise that governments engage in CSR with sermons, sticks (or rather soft rods), carrots, ties that hold different actors together and adhesives that hold different instruments together. Although the policies that are coercive for all businesses 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 hard-law regulations or taxes, quite on the contrary. This means that mandatory instruments represent conventional (social or environmental) policies that curtail the scope of softer CSR policies, and not the other way round. In this sense, governments usually emphasise that their CSR policies complement the existing hard-law. The following paragraphs delineate the fields of action that these soft policy instruments are employed in.

CSR policy themes

Based on own empirical research[3] and a systematic analysis of several (often unsystematic) exploratory stocktaking efforts (for references, see the exploratory approach above), CSR policies can be characterised by the following four thematic fields of action[4]:

- Raise awareness and build capacities for CSR: Due to the voluntary character of CSR, management activities and corporate performances essentially depend on how social and environmental concerns are perceived among both companies and stakeholders. Thus, an important activity for governments is to raise awareness for CSR and to build the respective capacities among both groups.
- Improve disclosure and transparency: Reliable information on the economic, social and environmental corporate performances is a prerequisite for investors, regulators, employees, suppliers and customers (including public procurers) so that they can favour those who take CSR seriously. Governments can play a key role in improving the quality and dissemination of the respective CSR reports.
- Facilitate socially responsible investment (SRI): By considering the economic, social, environmental and/or other ethical criteria in investment decisions, SRI merges the concerns of a broad variety of stakeholders with shareholder interests. Fostering SRI helps to embed CSR in the functioning of shareholder capitalism (Eurosif 2006; Scholtens et al. 2008).
- Leading by example (or 'walk the talk') regarding socially responsible practices can foster CSR. This applies, in particular, to
  - Making public procurement more sustainable;
  - Applying SRI principles to government funds (including public pension funds);
  - Adopting CSR management systems (such as EMAS) and audits in public institutions and by
  - Reporting on the social and environmental performance of government bodies.

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

[3] The stocktaking of public policies on three of the four fields of action that were identified here was conducted on behalf of the Directorate General for Employment, Social Affairs and Equal Opportunities (DG Employment) between 2006 and 2008 through telephone surveys with public administrators working on CSR. The results were presented to, and discussed with, the EU High Level Group on CSR (a group of Member State representatives responsible for CSR in their country, chaired by DG Employment) at several occasions. All of the presentations and study reports can be accessed at http://www.sustainability.eu/csr-policies. For a summary report, see Steurer et al. (2008a).

[4] The analyses of the themes of the CSR policy field were guided by three rules. First, the typology should distinguish as few themes as possible to remain lucid, and as many as necessary to be adequately differentiated. Second, themes (or contents) and instruments (or tools to achieve the contents, including partnering and hybrid ones) must not be mixed. Third, except for the basic distinction of policy themes and instruments, the characterisation of CSR policies must not apply a particular concept or logic, such as the relational state perspective (Albareda et al. 2006, 2007), which would in turn filter or distort the empirical stock-taking.

The CSR policy typology at a glance

With four themes that are pursued with five different types of policy instruments, we obtain a matrix typology that systematically describes the CSR policy field (for an overview see Table 1). To make the typology tangible, the remainder of this section fills 19 of its 20 cells with examples of how European governments actually address CSR. Interestingly, the only empty cell of the typology is concerned with making 'leading by example' more attractive to government bodies with economic instruments. Nevertheless, it is noteworthy that many initiatives in this field of action indirectly provide economic incentives for CSR in businesses.

Of course, the political reality is rarely as neat as an ideal-type classification. Thus, instruments sometimes share the characteristics of more than one theme. Awards, management and reporting tools (such as the GRI guidelines), for example, can raise awareness and build capacities for CSR and thereby also increase transparency. Moreover, a few governments co-ordinate their CSR policies across some themes through co-ordination structures or bodies (such as the Minister for CSR the UK government was well-known for until 2008 when the position was abolished), or by adopting governmental CSR strategies and action plans (see e.g. Danish Government 2008).

Raise awareness and build capacities for CSR[5]

Not surprisingly, legal instruments are hardly used in this context. One of the legal instruments that has raised the awareness of sustainable development and CSR policies is the 'Charter for the Environment', which is an annex to the French Constitution that was passed in 2005 that provides a constitutional basis for sustainable development in France. According to a French Ministry official, the Charter was a key driver for including sustainable development in the French public procurement law in 2006 after a similar attempt failed in 2004 (Steurer et al. 2007, p. 24f).

Economic incentives that raise the awareness of CSR are export subsidies with CSR strings attached. In Sweden, for example, export credits and state guarantees for foreign investments are only granted if companies sign an anti-corruption agreement. By linking foreign investments to CSR, the government reaches companies that usually pay little attention to CSR. Another economic instrument that builds the capacities for CSR are tax breaks for donations to CSOs. In 2000, the UK government re-launched a 'Payroll Giving' scheme from 1986 that grants tax exemptions for employees who donate money to CSOs of their choice via an approved Payroll Giving Agency (http://www.inlandrevenue.gov.uk/payrollgiving). The re-launch of this incentive scheme was accompanied by a £2 million publicity campaign, and a government commitment to add a 10% supplement on all Payroll Giving donations from 2000 to 2004. As a result, Payroll Giving donations increased from £29 million in 1999 to £89 million coming from more than 5 million employees in recent years (Steurer et al. 2008a, p. 30, b). Obviously, this and other similar tax schemes across Europe build capacities for CSR by strengthening CSOs as independent and critical stakeholders (Christian Aid 2004, p. 14).

The most widely used awareness raising instruments are self-explanatory, informational initiatives, among them (i) funding of research and educational activities; (ii) information resources such as websites and reports on CSR (for the UK government, see http://www.csr.gov.uk); (iii) government-sponsored guidelines that often adapt international initiatives

5 If not stated otherwise, the following paragraphs are based on Berger et al. (2007)

Table 1 Themes and instruments of public policies on CSR: a matrix typology

	Themes			
	1. Raise awareness and build capacities for CSR	2. Improve disclosure and transparency	3. Foster socially responsible investment (SRI)	4. Lead by example, e.g. in Public procurement; Applying SRI; Applying (C)SR management tools
Instruments				
(a) Legal	Legal/constitutional acts that indicate commitments to SD and/or CSR	Laws on CSR reporting	Laws prohibiting certain investments	Laws enabling SPP/GPP
		Disclosure laws for pension funds	Laws on SRI in pension funds	Laws on SRI in government funds
(b) Economic	Subsidies/grants/export credits related to CSR activities	Awards for CSR reports	Tax incentives for savers and investors	[Indirectly, most initiatives in this column aim to provide economic incentives for CSR]
	Tax breaks for corporate charity or payroll giving to CSOs		Subsidies	
(c) Informational	Research and educational activities (including conferences, seminars and trainings)	Guidelines on CSR reporting	Information on SRI (brochures and websites)	Provide information on SRI, SPP, etc. to government agencies (guidelines, brochures and websites)
	Information resources (brochures, websites and study reports)	Information on CSR reporting	SRI guidelines and standards	Publish reports on the social responsibility of government bodies
	Guidelines and codes of conduct			
	Campaigns			
(d) Partnering	Networks and partnerships (strategic or charitable)	CSR contact points	Networks and partnerships on SRI	Network of public procurers
	Voluntary/negotiated agreements	Multi-stakeholder forums (e.g. GRI)		

Table 1 continued

	Themes			
	1. Raise awareness and build capacities for CSR	2. Improve disclosure and transparency	3. Foster socially responsible investment (SRI)	4. Lead by example, e.g. in Public procurement; Applying SRI; Applying (C)SR management tools
(e) Hybrid	Centres, platforms, contact points and programmes for CSR (informational and partnering)	Product or company labels (informational and economic)		Action plans on SPP/GPP Action plans on SR in government (all instruments)
	Multi-stakeholder initiatives, including the (co-)development of management or reporting tools (EMAS, ISO26000, and GRI) (informational, partnering and/or economic)		Pension funds applying and promoting SRI (partnering, informational and economic)	
	CSR awards and 'naming-and-shaming' with blacklists (informational and economic)			
	Co-ordination of CSR policies, e.g. with government strategies and action plans			

such as the UN Global Compact to their respective national circumstances (for the German Corporate Governance Code/GCGC, see Werder et al. 2005, p. 178f) and (iv) campaigns, such as the above-mentioned British Payroll Giving campaign, or the Danish CSR campaign 'Our Common Concern'.

By far the most popular partnering instrument that preceded many other CSR policy initiatives is concerned with negotiated agreements between governments and businesses. As research findings suggest, these agreements are the most effective if they are negotiated and enforced 'in the shadow of hierarchy' (Mol et al. 2000; Croci 2008). Partnering instruments facilitating both awareness raising and transparency are stakeholder gatherings, such as the European Multistakeholder Forum or so-called multi-stakeholder initiatives, such as the Global Reporting Initiative (GRI), the Forest Stewardship Council or the Marine Stewardship Council. A permanent national partnership on CSR is the Swedish 'Global Ansvar' (meaning 'global responsibility'). Based on a parliamentary call to sensitise Swedish companies regarding greater social responsibility in a global context, four ministries (lead by the Ministry of Foreign Affairs) launched a partnership in March 2002. It acts as the national focal point for CSR, which aims to turn Swedish companies into 'ambassadors' of human rights, decent labour conditions, environmental protection and anti-corruption around the world by making use of various informational and educational tools, which is often in co-operation with Swedish embassies worldwide.

Hybrid instruments on CSR awareness raising and capacity building that combine partnering and informational aspects are centres or platforms, such as the Dutch 'Knowledge and Information Centre on CSR'. Following the advice of the Dutch Social and Economic Council, the government established the Centre with an annual budget of approximately € 1 million in 2004. It co-ordinates the CSR activities in the Netherlands, disseminates information on CSR, and promotes dialogues and partnerships. A well-known hybrid instrument that combines informational and economic aspects in building capacities for CSR is the Eco-Management and Audit Scheme (EMAS), an environmental management system based on an EU directive. It helps organisations to improve their environmental performance on a voluntary basis. Programmes that support the implementation of EMAS, or similar CSR tools, with information and economic incentives (in particular, subsidies) are other examples of hybrid instruments (de la Cuesta and Martinez 2004, p. 283). Hybrid instruments that raise awareness and foster transparency are awards for CSR (or aspects thereof), such as the Hungarian 'Family-friendly Workplace Award', which has been conveyed annually since 2000. The opposite of awarding, namely bad practice 'naming-and-shaming' with so-called 'blacklists', was discussed at the EU level in the early 2000s but was never put into practice (European Commission 2002, 2006).

Improve disclosure and transparency

Corporate disclosure and transparency on CSR can be improved, inter alia, with CSR reports, labels and stakeholder involvement. Governments target all three means with a wide range of policies. The best known legal initiative on disclosure and transparency in Europe is the French 'New Economic Regulations' (NRE), a law that was passed in 2001. Among other things, it requires companies that are traded on the French stock exchanges (more than 600) to include social and environmental information in their annual reports, or to publish CSR reports. This law ideal typically illustrates the soft law character of CSR policies because it does not specify the extent or quality of the information to be published, and neither enforcement mechanisms nor sanctions for non-compliance are foreseen. While the French Exchange Supervisory Authority ('Autorité des Marchés Financiers') is obliged to control the financial information that is provided in corporate annual reports, information on CSR remains unchecked. Similar laws exist in Denmark, the Netherlands, Sweden and Spain (Holgaard and Jørgensen 2005). After serious debates on the pros and cons of mandatory CSR reporting (for example, in the European Parliament), neither the European Commission nor other EU Member States have adopted stricter regulations (de la Cuesta and Martinez 2004, p. 284). Instead, some governments have attempted to foster corporate disclosure by awarding good CSR reports (economic instrument), issuing country-specific reporting guidelines, many of which are based on the guidelines of the Global Reporting Initiative (informational instrument), and facilitating stakeholder forums (partnering instruments), in particular, with those companies that have major effects on local communities, such as ports and airports (Kolk and Veen 2002).

Due to the lack of enforced regulations on CSR reporting, certified labels are not only the oldest but also the most important instrument fostering corporate transparency. Labels are hybrid instruments because they combine informational features (mainly addressing consumers) with economic (or marketing) incentives for companies. Although the use of government sponsored labels is usually regulated, they are in line with the voluntary character of CSR because companies do not have to adopt them. The first environmental label was the German eco-label 'Blue Angel', which was introduced in 1978 long before CSR or CSR policies were broadly discussed in Europe. Meanwhile, dozens of national and international labels (such as the EU Eco-label from 1992) exist, where most of them are still concerned with environmental issues rather than CSR in general (Jordan et al. 2003, p. 568f; de la Cuesta and Martinez 2004, p. 282). In recent years, however, governments have lost ground in this respect: many well-known labels have been developed by multi-stakeholder initiatives (such as the Marine Stewardship Council and the Forest Stewardship Council) or CSOs rather than by governments.

Socially responsible investment (SRI)[6]

SRI is an important lever for CSR because it integrates social, environmental and/or ethical concerns into the core of shareholder capitalism. Among the comparatively few government initiatives on SRI, the following are worth mentioning. In 2007, the Belgian government adopted a law that forbids Belgian investors from financing or investing in any Belgian or foreign company that is involved with anti-personnel mines and cluster munitions in any way. To ease compliance with the law, the Belgian government publishes a list of companies that fall under the ban, in which it expects investors to apply screening methods that enable them to obey the law. As with other legal CSR policy instruments, however, the law is ideal-typically soft because disclosure requirements for professional investors are low, in turn making it difficult for state authorities to learn about violations. Furthermore, sanctions for offenders are not foreseen (http://www.netwerkvlaanderen.be/). A more demanding law on SRI was adopted in Sweden. In 2000, five political parties passed 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 dispose an annual business plan expressing 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 efforts, it has led to a rare hybrid SRI initiative that combines the informational, partnering and economic aspects. In 2007, four of the six funds (AP1-AP4) established the Joint Ethical Council that

[6] If not stated otherwise, the following paragraphs are based on Steurer et al. (2008a, b).

engages in CSR dialogues with companies that the pension funds are interested in investing in. The Ethical Council makes recommendations for the companies and pension funds, and if it concludes that a company does not meet the Council's CSR principles, the pension funds may decide to divest their holdings (for details, see http://www.ap3.se/en/). A similarly hybrid SRI initiative is the French Pension Reserve Fund ('Fonds de réserve pour les retraites', FRR) that contributes to the general old age insurance plan in line with the SRI principles. Like the Swedish Ethical Council, the FRR also probes and promotes CSR in companies that it would like to invest in. Less ambitious regulations that require pension funds to disclose their investment policy with regard to SRI exist, for example, also in the UK.

An economic SRI initiative is the Dutch Green Funds Scheme, which was 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 (such as wind farms or organic farming) by granting tax exemptions to lenders and borrowers. The Green Funds Scheme is implemented in co-operation with banks and has attracted approximately 200,000 savers and enabled approximately 5,000 green projects.

Two examples of informational instruments promoting SRI are the website http://www.gruenesgeld.at ('green money'), which was established by the Austrian Environment Ministry in co-operation with an environmental CSO in 2001, and the Dutch 'Sustainable Money Guide', which is financed by the Dutch Ministry of Environment and was developed by a Dutch CSO for the first time in 2002.

Lead by example[7]

Governments can advance both sustainable development and CSR when they lead by example in various respects. While management systems and reporting practices are most often applied without the support of CSR policy instruments, and comparatively little is done on socially responsible investment, governments use a wide range of initiatives to promote sustainable public procurement (SPP).

In March 2004, two EU directives on public procurement were adopted to simplify and update the existing procurement legislation (directive 2004/18[8] focuses on contracting authorities, and directive 2004/17[9] is oriented towards the special sectors of contracting authorities). Although the two directives do not prescribe SPP, they open the possibilities to consider social and/or environmental criteria in the tender specifications (McCrudden 2007; van Asselt et al. 2006). Directive 2004/181, for example, 'clarifies how the contracting authorities may contribute to the protection of the environment and the promotion of SD, whilst ensuring the possibility of obtaining the best value for money for their contracts' (L134/114). A survey on SPP in Europe has shown that most EU Member States have renewed their procurement laws in line with the two EU directives in time. In addition, the French government, for example, also facilitates SPP with circulars, i.e. non-binding, but compelling, legal texts that are issued by the Prime Minister that provide details and advice regarding the meaning of the new procurement law.

Many governments also issue advice on how to make public procurement more sustainable with informational instruments. The European Commission (2004), for example, published 'A Handbook on Environmental Public Procurement'. In Austria, the

[7] If not stated otherwise, the following paragraphs are based on Steurer et al. (2007).

[8] http://europa.eu.int/eur-lex/pri/en/oj/dat/2004/l_134/l_13420040430en01140240.pdf.

[9] http://eur-lex.europa.eu/LexUriServ/site/en/oj/2004/l_134/l_13420040430en00010113.pdf.

environmental criteria catalogue 'Check it', the guidelines 'Greening Events', and the General Government Guidelines on GPP (first issued in 1998) provide guidance on green public procurement (GPP). In 2004, however, the Austrian council of ministers refused to adopt a revised version of the latter because it regarded the costs of GPP to be unclear. Cost-benefit concerns are, overall, the key obstacle for SPP and GPP throughout Europe.

Called for by the European Commission (2003) in its Communication on 'Integrated Product Policy', many Member States began to systematically co-ordinate their activities on SPP with SPP/GPP strategies or action plans in recent years. They are the most common hybrid instrument used in this field of action. 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).

A rare example for a partnering instrument on SPP is the Dutch PIANOo network. It fosters an exchange of experiences among public procurers primarily via its homepage http://www.pianoo.nl. Economic incentives that encourage government bodies to make public procurement more sustainable (or to lead by example in other respects) do not exist. Indirectly, however, all the SPP initiatives not only have a role model function, but since they can stimulate demand for CSR, they may also unfold an economic incentive character, at least for businesses interested in supplying to the public sector.

CSR policies and implications for business-government relations

Do CSR and the CSR policies strengthen business self-regulation at the expense of state regulation in line with neo-liberal ideas or are political underpinnings more complex? Based on the empirical findings brought forward above and the growing body of conceptual literature on CSR policies, this section shows that, presently, the latter seems to be the case. A proxy to judge the political foundations of CSR is the popularity of the concept under different political circumstances. As mentioned in "The emergence of public policies on CSR in the EU and in (management) research", CSR took root in countries and periods that were dominated by neo-liberal rather than welfare state policies, for example, in the US under Reagan and the UK under Thatcher. Consequently, Midttun (2005) and Moon (2005) conclude that CSR started out as a neo-liberal concept that facilitated the downscaling of government regulations (in contrast, new governance always tended to transcend ideologies of this nature by reshaping the notion of regulation and the state in entirely new ways). In recent years, however, CSR has matured from a philanthropic idea to a more comprehensive concept of strategic triple bottom line management (at least in some companies). This maturing process has also affected the concept's political underpinnings. As several analyses suggest, CSR practices are now more popular among businesses and governments from countries with comparatively stringent social and environmental regulations than among the more neo-liberal ones. Midttun et al. (2006), for example, explored the popularity of selected CSR initiatives (such as the UN Global Compact) in Europe and the US, and found that CSR is now the least popular among US and the most popular among Scandinavian companies. They explain this finding by the influence of different welfare state traditions. While they regard welfare state models as 'old embeddedness' of businesses in society, they interpret CSR as a corresponding form of 'new embeddedness' (leaving it open how these concepts correspond to neo-corporatism). According to Midttun (2005), this new embedded model aims to amalgamate the social and environmental policy agendas of a particular welfare state type with the governance approach of business self-regulation. What follows are 'new embedded-relational models' of business-state co-regulation (or perhaps accommodated forms of neo-corporatism) rather than variations of the neo-liberal or Keynesian welfare state models (Midttun 2005). Likewise, Rubin (2008) and Liston-Heyes and Ceton (2007) show that CSR is more popular in Democratic rather than Republican US states. Liston-Heyes and Ceton (2007) explain this finding by the 'symmetry hypothesis', in turn stating that in states where governments are more in favour of redistribution, firms also engage in more progressive CSR redistribution practices because pleasing governments by doing so may result in political and administrative advantages. This speculation is empirically confirmed by Mathis (2008). By exploring business–government relations in corporate case studies, he concludes that 'higher CSR performance and open and transparent stakeholder management lead to lower bureaucratic costs due to easier and faster processes to get licenses, permits, and other necessary official documents' (Mathis 2008, p. 445). Likewise, public policies on CSR are not the domain of neo-liberally oriented governments, but they are applied across Europe, in particular, in pronounced welfare states. According to own surveys that revealed more than 200 CSR policy initiatives from across the EU-27, CSR is being promoted most actively in Ireland and the UK (both known for the longest CSR tradition in Europe), followed by countries from the Scandinavian welfare state model with a strong neo-corporatist tradition (Steurer et al. 2008a).

Overall, the different levels of activity in CSR and CSR policies across Europe as summarised above, the recent policy change at the EU level from a pro-active CSR approach during the left-wing Prodi Commission towards a passive approach at the outset of the right-wing Barroso Commission (see "The emergence of public policies on CSR in the EU and in (management) research"), plus the fact that the conservative US administrations increasingly ignored CSR as the concept matured in recent years (Aaronson 2002) are three congruent developments that lead to two conclusions. They both substantiate that the political underpinnings of CSR are more complex than one might assume based on the neo-liberal history of the concept. First, apart from being a business approach concerned with triple bottom line management, CSR is also a politically contested concept that can assume many meanings, just like the underlying societal guiding model of sustainable development (Hopwood et al. 2005). Thus, the political salience of CSR varies from country to country, and it changes over time. While some countries and actors still frame and pursue the concept in line with neo-liberal ideas, many others have developed CSR activities further into co-regulatory arrangements where businesses, CSOs, and governments test and exert their powers in collaborative and simultaneously confrontational ways (Moon 2002; Utting 2005). A good example for an international co-regulatory arrangement between actors from all three societal sectors from around the world is the multi-stakeholder process on the ISO 26000 guidelines (Schmiedeknecht and Wieland 2007).

Second, pro-active public policies on CSR that facilitate co-regulatory arrangements are fundamentals of a transformation of business–government relations altogether. As numerous scholars acknowledge with different terms, this transformation leads away from the hierarchical regulatory state, which is more or less separated from the private sector, towards more networked, 'enabling' (Jann 2003), 'relational' (Moon and Vogel 2007; Albareda et al. 2006; Lozano et al. 2008), or 'embedded' (Midttun 2005) forms of societal steering, also referred to as societal co-regulation (see also Utting 2005, p. 5; Bartle and Vass 2007) or (new) governance (as opposed to government) (Mörth 2009). What we seem to be observing, in particular, from the CSR perspective taken in this article, is indeed 'not a reversal of twentieth century trends to nineteenth century self-regulation' but rather an embedding of the new forms of business self- and societal co-regulation within the regulatory state (Bartle and Vass 2007, p. 902). Consequently, the CSR policies characterised in the present article point beyond the traditional dichotomy of regulation and voluntary compliance or self-regulation (Lozano et al. 2008). The 'softening' of regulation that is typical for CSR also seems to 'soften' the dichotomy between regulation and self-regulation,[10] partly because it often facilitates co-regulation as a new governance alternative between the two extremes. However, as Lascoumes and Le Gales (2007) pointed out for new governance in general, the shift towards network governance and co-regulation comes at the risk of 'denying the interplay of social interests and of masking power relations' (see also Arts and van Tatenhove 2004)—two key issues of policy making that have so far hardly been addressed in the context of CSR policies (the present article being no exception).

The effectiveness of CSR policies: a concluding discussion without answers

The present article has shown that governments have five types of policy instruments at hand to shape and promote CSR in various fields of action (for an overview, see Table 1), and that some governments in Europe are quite active in making use of them. Since the numerous policy initiatives described and systematised above have not only a common purpose (i.e. to foster CSR and sustainable development), but also share the governance principle of voluntariness as well as the respective instrument-related characteristics (i.e. partnering and soft-law), one can speak of CSR policies as a distinct policy field. Regarding the sometimes complex differentiation and complementation of soft- and hard-law, the present article has also emphasised that, although there is a wide consensus that CSR activities are, by definition, voluntary and CSR policies soft in character, this does not mean that governments cannot (co-)develop binding minimum standards and quality-assuring procedures for issues currently being discussed under the heading of CSR. There are two reasons for this. First, the CSR minimum standards may only be binding for those who apply them voluntarily; and second, if they become new mandatory legal standards for all, CSR policies will simply be turned into conventional social or environmental hard-law regulations (for examples of this, see Rasche et al. 2008). According to an EU research project on the 'Rhetoric and Realities in CSR', conventional social and environmental regulations not only curtail the scope of voluntary CSR but also provide crucial points of orientation: 'companies proved more active with regard to voluntary sustainability activities when ambitious policies provided clear points of orientation' (Barth et al. 2007, p. 34).

While some of the soft instruments (such as negotiated agreements) have been applied and scrutinised for years, many others (such as various responsible investment and public procurement initiatives) are still a blank page regarding their effectiveness. As Andrews (1998) notes, environmental business self-regulation was dysfunctional before the 1970s (making command-and-control environmental policies necessary), and the jury is still out as to what degree CSR and the respective public policies are more effective today. While the previous section has explored what CSR policies signify for business self-regulation and the regulatory state, questions about their effectiveness were deliberately omitted because they are beyond the exploratory scope of this article. Thus, further research should

[10] I owe this thought (and its wording) to one of the three reviewers of 'Policy Sciences'.

systematically fill the assessment gaps and explore, case by case, as to how effective CSR policies are in achieving public policy goals and what opportunity costs that they imply compared to conventional regulations (perhaps by also paying more attention to power issues).

Corresponding to the peculiarities of new governance that are explored in detail in the political science literature, the political salience of CSR is obviously a complex issue that is shaped by actors from all three societal domains, i.e. by (progressive) companies (Zadek 2001, 2004), by societal demand for CSR and the respective CSO activism (McWilliams and Siegel 2001; Frooman 1999) as well as by pro-active public policies on CSR as outlined in the present article (see also Zadek 2001; Joseph 2002; Utting 2005). Since the CSR and political science literature track similar governance activities and trends from different perspectives, it is reassuring that the two strands of research draw similar conclusions, e.g. on the transformation of business–government relations and the nature of regulation. Consequently, both of these research strands obviously have much in common and can mutually benefit from each other. The typology of CSR policies that is introduced here can serve as a starting point for exploring the policy field more systematically across disciplinary boundaries to learn more about the effectiveness of respective initiatives, and the shifting involvements of the public and private sectors, or perhaps even the blurring of 'one of the major dichotomies in social science' (Mörth 2009) altogether. This subject is never more relevant than in a time of economic crises, which highlights the political role of corporations on the one hand, and that seems to bring back government influence (not to say nationalisation) in key business sectors on the other.

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Soft Instruments, Few Networks: How 'New Governance' Materializes in Public Policies on Corporate Social Responsibility Across Europe

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ABSTRACT
The present paper explores how new governance materializes in public policies on corporate social responsibility (CSR) across Europe. By highlighting how both new governance and CSR facilitate the dispersion of public responsibilities to non-state actors, I first highlight the often overlooked complementarity of the two concepts. The paper then takes stock of how governments across Europe aim to shape and promote CSR by employing five different types of policy instruments. An analysis of empirical stocktaking in the light of the new governance theory confirms that public polices on CSR strongly resemble the new governance rationale, but not so much because of tangible networks employed but due to their voluntary character. The paper adds evidence to the growing body of literature showing that new governance is also concerned with influencing actors from a distance without actually being involved in networking activities, and without making use of their legislative power (also referred to as 'governing at arm's length'). Conclusions are drawn on the modes of governance and the role of persuasion in the context of new governance. Copyright © 2011 John Wiley & Sons, Ltd and ERP Environment.

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Introduction

NEW GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY (CSR) ARE COMPLEMENTARY CONCEPTS THAT FUNDAMENtally reshape the roles of the public and the private sector in similar directions. Although the literature on the two related phenomenon is abundant, new governance and CSR (not to mention the barely recognized public policies on CSR) are rarely noted as concepts that require and shape each other (Moon, 2002; Midttun, 2005), simply because they are discussed in different disciplines. How far does new governance entail CSR (or vice versa)? In the face of economic globalization, the emergence of powerful multinational corporations and complex border-crossing environmental problems, new governance explains why governments are no longer in a position to take sole responsibility for achieving public policy goals or to deliver public services on their own through

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hierarchical governance. Consequently, the new governance concept highlights that governments often rely on soft forms of regulation that often entail co-operation with businesses and civil society organizations (CSOs) (Knill and Lehmkuhl, 2002; Bartle and Vass, 2007; Esmark, 2009). Accordingly, networks now complement hierarchies and markets as a major approach to societal steering (also referred to as structural mode of governance), and partnering policy instruments (such as voluntary/negotiated agreements and public–private partnerships) have been added to the spectrum of government tools on a wide scale (Jordan *et al.*, 2003; Rittberger and Richardson, 2003; Holzinger *et al.*, 2006; Croci, 2008; Howlett, 2009).

When 'crucial elements of authority are shared with a host of non-governmental or other-governmental actors' (Salamon, 2002: 2), the role of businesses in society changes to the degree that they accept the sharing of 'public responsibilities' (Stoker, 1998, 19ff). The rise of CSR indicates that the private sector has accepted the sharing of public responsibilities in recent years, not entirely voluntarily but rather due to pressures exerted by various non-state stakeholders. By pursuing CSR as a management approach, businesses broaden their short-term profit-making focus by taking issues of public concern into account. According to the European Commission (2001, 2002, 2006), CSR is 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis'. This integration effort is aimed to expand the bottom line of profit maximization to the so-called triple bottom line (Elkington, 1994; Dahlsrud, 2008). By so doing businesses contribute more or less voluntarily to the societal guiding vision known as sustainable development (Moon, 2007). As the CSR critic Henderson (2001: 28) puts it provocatively, CSR is now 'a common body of doctrine' that requires businesses to 'play a leading part in achieving the shared objectives of public policy and making the world a better place'. Thus, CSR and stakeholder theory can be read as the management science story lines grappling with the changing roles businesses play in the new governance transition.

Obviously, new governance and CSR both emphasize that the previously sharp division between the public and the private spheres is gone; that 'traditional notions of public and private responsibilities are being turned on their heads' (Salamon, 2002: 41; see also Börzel, 1998; Knill and Lehmkuhl, 2002), although with different connotations. While new governance replaced the once popular formula 'Public vs. Private' (typical for the New Public Management age of the 1980s and early 1990s) with 'Public+Private' (Salamon, 2002: 14), CSR and public policies fostering CSR take this transition one step further to 'Public within Private', or to the 'public role of private enterprises' (Nelson, 2004; see also Haufler, 2001). The latter expresses itself, for example, in strategic triple-bottom line management, in stakeholder management, and in the implementation of voluntary standards, programmes and agreements (see section below, and Koehler, 2007; Daley, 2007; Darnall and Sides, 2008; Delmas and Montiel, 2008; Rivera, 2008).

As Steurer (2010) and the present paper show, governments facilitate CSR by a variety of soft, non-binding, sometimes partnering public policies. As CSR is 'not simply a feature of the new global corporation but is increasingly also a feature of new societal governance' (Moon, 2007: 302), these public policies on CSR are not only features of a weakened nation state that has increasing difficulties in regulating global business with traditional means (for different approaches of regulating businesses, see Steurer, 2011). They are also an expression of new governance approaches that became opportune in increasingly complex societies. As public policies on CSR are driven by the rise of both new governance and CSR but also actively shape these changes, they are an ideal subject to explore the following two-part research question: How do governments in Europe attempt to promote CSR, and how does new governance materialize in respective public policies? As Hood (2007: 125) puts it, 'the value of identifying government's basic instruments is precisely that it can help us explore different governance paradigms across time and space'.

The two research questions are addressed as follows. The next section brings closer together the usually separate theories concerned with new governance and CSR. I then explore empirically what policy instruments governments of the 27 EU Member States (EU-27) use to shape and promote CSR.[1] Section 4 analyses the 'policy dimension' of new governance (Treib *et al.*, 2007) by showing how exactly the public policies on CSR presented here resemble the new governance rationale. It highlights that new governance materializes not necessarily in networks but rather as 'governing at arm's length' with regard to policy instruments, combined with the market mode of governance and

[1]This section is based largely on material published elsewhere (for details see the footnotes at the section sub-headings). The same empirical material was also analysed and published with regard to regional variances across Europe (see Steurer *et al.*, 2011).

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persuasion with regard to the underlying steering mechanism. The final section draws some conclusions on the new governance of CSR.

Linking New Governance and Stakeholder Theory

Networks have dominated scholarly works on (new) governance for more than a decade. As networks transcend the boundaries of societal domains, they emerge as an important governance mode in public as well as in corporate settings, but in distinct ways. It is well known among policy scholars but barely recognized among CSR experts that two distinct yet overlapping understandings of 'governance' have dominated the governance discourse in recent years. On the one hand, scholars regard networks as one of three structural modes of governance, alongside hierarchies and markets. Here, governance denotes 'the ways in which governing is carried out without making any assumption as to which institutions or agents do the steering' (Gamble, 2000: 110), and taking into account all kinds of structures and mechanisms of governance. Steering via hierarchies is regarded as the traditional form of governance that is characterized by the governance mechanisms of command and control through the state. The market mode of governance is mainly based on competition facilitated by market forces, and the governance mechanisms of network structures are commonly understood as negotiation, mutual adjustment and collaboration between interdependent actors (Thompson *et al.,* 1991; Gamble, 2000; European Commission, 2001; Considine and Lewis, 2003; Kooiman, 2003; Donahue, 2004). Although the broad notion of governance separates governing as a policy-making process from government as one of many political agents, it acknowledges governments still as key political actors who often engage with non-governmental actors through networks (Gamble, 2000; Davies, 2002; Ling, 2002; Marinetto, 2003; Kooiman, 2003). On the other hand, the so-called 'Anglo-Governance School' regards networks as the 'total quantity' of governance (Marinetto, 2003), clearly contrasted from 'government' (see also Börzel, 1998; Stoker, 1998, Rhodes, 2000). The two ideas both acknowledge the increasing importance of networks established between a broad variety of state and non-state actors. In line with the broad notion of governance, the present paper refers to this development as 'new governance'.

More recently, governance scholars have highlighted that governments can also steer businesses and society 'at arm's length' (Hysing, 2009) or from a distance. According to the literature, these new governance approaches comprise, for example:

- appealing, providing guidance, approving, encouraging or lending authority to voluntary non-state initiatives (Bartle and Vass, 2007; Héritier and Lehmkuhl, 2008; Hysing, 2009);
- informing, educating or facilitating the disclosure of information that is relevant for CSR and stakeholder management (also referred to as 'regulation by information' by Majone, 1997; see also Lyon and Maxwell, 2007); and
- threatening with state regulation if CSR and corporate stakeholder management fail to achieve their agreed objectives (Héritier and Eckert, 2008).

Although these and other mechanisms of governing at arm's length are obviously in line with the soft, collaborative rationale of new governance, a closer look at the CSR policies portrayed below will show that they steer at arm's length not only with regard to those regulated but also with regard to the three governance modes mentioned above, including networks. The paradox that these and other mechanisms of governing at arm's length resemble the new governance rationale without relying on (tangible) networks will be revisited later.

Stakeholder theory is conceptually complementary to the notion of new governance as described above because it is the only major management theory concerned with the sharing of 'public responsibilities' by private businesses (Stoker, 1998, 19ff). It is well known among CSR scholars but hardly recognised in policy science circles that stakeholder theory explores politically relevant issues such as (i) why and how companies assume a public role by managing the interests of stakeholders and stakeholder groups (Freeman, 1984; for different conceptions of stakeholder networks, see Rowley, 1997), (ii) what types of stakeholders count for companies (Mitchell *et al.,* 1997, Agle *et al.,* 1999), (iii) what strategies stakeholders use to steer companies (Frooman, 1999; van Huijstee and Glasbergen, 2010) and (iv) what effects stakeholder management has on the performance of companies on the one hand and

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societal developments on the other (Clarkson, 1998; Steurer, 2006; Laplume, *et al.,* 2008). Stakeholder theory helps to understand that CSR emerged neither because of legal requirements nor solely for normative or moral reasons, but rather as an instrumental (or strategic) business response to increasing demands and pressures of stakeholder groups that either represent market players (investors, suppliers, employees, customers, etc.) or have influence over them. In line with the new governance interpretation of networks as relationships of interdependent actors, stakeholder theory makes clear that 'it is the dependence of firms on environmental actors (i.e. external stakeholders) for resources that gives actors leverage over a firm' (Frooman, 1999: 195). If corporations do not respond adequately to societal demands, economically important stakeholders such as investors or customers could place increasing costs on unsustainable business practices (Hill, 2001: 32; Rivera *et al*., 2009). Although stakeholder theory emphasizes that CSR is strongly concerned with managing networks of stakeholders, it leaves overall no doubt that the underlying governance mode is market- rather than network-centred: stakeholder expectations are usually taken into account because of instrumental competitiveness concerns rather than because of normative beliefs in collaboration.

Obviously, new governance and CSR (or stakeholder theory) alter the roles of governments and businesses in complementary ways. Generally speaking, both concepts tackle sustainable development with governance modes that go beyond hierarchies and in which non-state actors play a key role. Thus, they both favour soft forms of state regulation, civil pressure and market forces over state coercion in the form of command and control. Yet, how does new governance materialize in public policies that aim to promote CSR in Europe? Based on this section one would expect the extensive use of network- or market-based policy instruments. As the remainder of this paper shows, neither of the two instrument types is as important as one would expect. This raises questions about the modes and mechanisms that constitute new forms of governance.

Characterizing Public Policies on CSR in the EU-27: Instruments and Themes

Many European governments have assumed an increasingly active role in shaping and facilitating CSR with uniquely soft policy instruments in recent years. Consequently, public policies on CSR emerged as a new policy field that complements conventional social and environmental hard-law regulation. Based on a systematic comparison of various CSR policy typologies (Steurer, 2010), this section first organizes CSR policies by distinguishing five types of policy instruments that are employed in four fields of action. Details on how the EU Member State governments actually promote CSR are then presented for three of the four fields of action. The empirical stocktaking that is summarized here is based on three different qualitative telephone surveys with public administrators from the EU-27 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 survey interviews, see Appendices 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 2). The three stocktaking surveys and the feedback loops resulted in a collection of 212 CSR policies, to be illustrated selectively here.[2] 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 for the fields of action under scrutiny.

[2]In the telephone surveys, I found 202 CSR policy instruments. Based on the feedback from the EU High Level Group on CSR, I added nine awareness-raising initiatives and one sustainable public procurement initiative, bringing the total number to 212. The complete study reports can be downloaded at www.sustainability.eu/csr-policies.

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CSR Policy Instruments[3]

Government activities on CSR can be organized with regard to the policy instruments used and themes addressed. 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 and 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 informational, financial and legal governance tools (Howlett and Ramesh, 1993; Bemelmans-Videc *et al.*, 1997; Jordan *et al.*, 2003), plus two additional instruments that play a role in the context of CSR (Steurer, 2010):

- Legal instruments (or 'sticks') prescribe desired choices and actions by making use of the state's legislative, executive and judicial powers. The underlying rationales are hierarchy and authority. Examples, all typical for the hierarchical governance mode, are laws, directives and regulations.
- Financial instruments (or 'carrots') are based on the resources of the taxing authority and treasure. Their rationale is to influence behaviour with financial incentives and market forces. Obviously, they combine the hierarchical and the market mode of governance. Examples are taxes, tax abatements, subsidies and awards.
- Informational instruments (or 'sermons') 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. Examples are government-sponsored campaigns, guidelines, trainings and websites.
- Partnering instruments (or 'ties') are typical for the new governance narrative in general. They build on a co-regulatory rationale, assuming that interdependent actors have an interest in avoiding conventional regulations by exchanging complementary resources. Due to the voluntary character of CSR and its strong resemblance to the new governance rationale, one would assume that CSR policies make extensive use of partnering tools, such as public–private partnerships and stakeholder forums (Fox *et al.*, 2002).
- Hybrid instruments (or 'adhesives') combine two or more of the instruments mentioned above (see also Rittberger and Richardson, 2003 and Hood, 1983a, the latter speaking of organizational instruments). Among the most significant hybrid CSR policy instruments are CSR platforms/centres and CSR strategies, all coordinating several other policy instruments and actors.

Thematic Fields of Action[4]

Based on a systematic analysis of several stocktaking efforts, the CSR policy field can be characterized by the following four thematic fields of action (Steurer, 2010):

- Raise awareness of and build capacities for CSR: due to the voluntary character of CSR, the concept's implementation essentially depends 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 and to build the respective capacities to implement it among both groups. Voluntary programmes/agreements with government involvement can be regarded as capacity building for CSR.
- 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 the quality and dissemination of CSR reporting and other forms of disclosure.
- 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, 2010). Fostering SRI helps 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 or by investing public funds in socially responsible ways.

[3]This section is taken from Steurer (2010).

[4]This section is taken from Steurer (2010).

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As the five policy instruments can be employed in all four fields of action, public policies on CSR can be characterized with a matrix typology that consists of 20 cells (see Steurer, 2010). The empirical stocktaking summarized below fills the cells of the typology with illustrative examples for three of the four themes, i.e. for raising awareness (excluding capacity building), fostering socially responsible investment, and for leading by making public procurement more sustainable.

Public Policies Aiming to Raise Awareness of CSR[5]

The survey on CSR awareness-raising activities in EU Member States was conducted between August and October 2006. Although it excluded policies on capacity building (such as negotiated agreements) it revealed 85 CSR policies, ranging from zero per country (Poland and Estonia) to nine per country (Spain and Ireland). As illustrated in Figure 1, most of the surveyed policies are informational instruments (48.3%), followed by hybrid instruments (25%), many of the latter combining informational and partnering aspects. Only 15% fall into the category of partnering instruments, and another 15% can be regarded as economic incentive instruments. Not surprisingly, legal instruments hardly exist in this context. 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 awareness of CSR 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.[6]

A partnering instrument facilitating awareness of CSR is the Swedish 'Globalt Ansvar' (meaning 'global responsibility').[7] 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 sensitize Swedish companies regarding greater social responsibility in a global context. 'Globalt Ansvar' aims to turn Swedish companies '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, training and workshops on CSR, many of them in co-operation with Swedish embassies.

Widely used but relatively weak economic incentives that raise awareness of CSR 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'.[8] Following advice provided by the Dutch Social and Economic Council (the main advisory body to the Dutch Government on social and economic policies), the Dutch government established a centre for CSR with an annual budget of approximately €1 million in 2004. The Centre co-ordinates CSR activities in the Netherlands, disseminates knowledge on CSR, and promotes dialogues and partnerships between state and non-state actors.

Public Policies Fostering SRI[9]

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. Sixteen Member States provided information on 46 policy instruments, but 32 of the instruments did not fit into the scope of the study and were excluded. Six of the 14 policies from

[5]If not stated otherwise, this sub-section is based on Berger *et al.* (2007).
[6]See http://www.inlandrevenue.gov.uk/payrollgiving.
[7]See http://www.regeringen.se/sb/d/2657.
[8]See http://www.mvonederland.nl/.
[9]If not stated otherwise, this sub-section is based on Steurer *et al.* (2008).

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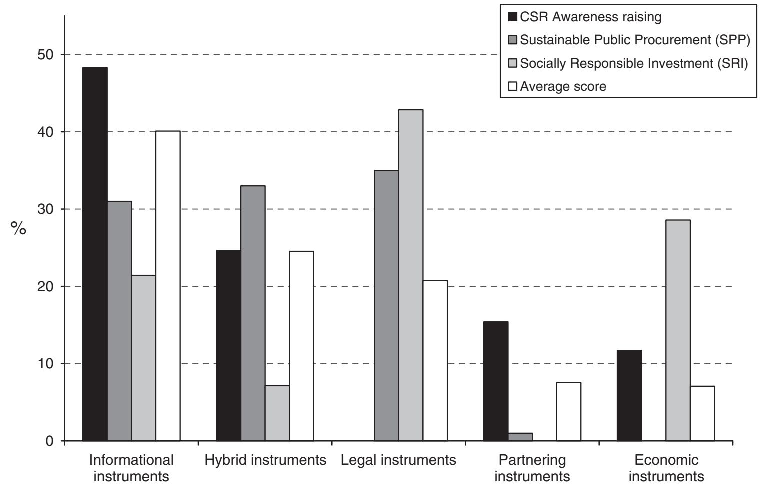

Figure 1. Types of policy instruments used in three CSR policy fields of action (*n*=212)

seven EU Member States are legal instruments, followed by four financial/economic, three informational and one hybrid instrument. Not a single partnering SRI initiative was found in the surveyed countries (see Figure 1). Among the comparatively few policies on SRI, the following are of note. In 2007, the Belgian government adopted a law that forbids Belgian investors to finance or invest in companies that are in any way involved with anti-personnel mines and cluster munitions. However, as with other legal CSR policy instruments, the law is soft as disclosure requirements for professional investors are low, making it difficult for state authorities to learn about violations. Moreover, sanctions for offenders are not foreseen. A more demanding law on SRI was enacted in Sweden. In 2000, five political parties adopted the so-called Public Pension Funds Act.[10] It requires all Swedish National Pension Funds (AP1–AP5 and AP7) to have an annual business plan expressing 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 initiative 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 that the pension funds are interested in investing in. 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 may decide to divest their holdings.[11] Less ambitious regulations that require pension funds to disclose their investment policy with regard to SRI exist, for example in the UK.[12] Two informational instruments promoting SRI are the Austrian website www.gruenesgeld.at ('green money') and the Dutch 'Sustainable Money Guide'. An economic SRI policy is the Dutch Green Funds Scheme, which was 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 facilitates saving money with a 1.2% reduction of capital gains tax, and then borrowing it for green projects at interest rates 1–2% below market rates. Thus far, the Green Funds Scheme has attracted approximately 200 000 savers and enabled around 5000 green projects.

Public Policies Promoting Sustainable Public Procurement (SPP)[13]

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, Luxembourg, Portugal, Romania, Slovak Republic and Spain) to nine

[10]See http://www.ap3.se/en/.
[11]See http://www.ap3.se/en/.
[12]See http://www.opsi.gov.uk/si/si1999/19991849.htm.
[13]If not stated otherwise, this sub-section is based on Steurer *et al.* (2007).

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(UK). As shown in Figure 1, most of the 103 SPP policies are legal (35%), followed by hybrid (33%) and informational instruments (31.1%). As is the case for SRI, partnering instruments also hardly exist in the context of SPP. The same applies to economic incentives that encourage government bodies to make public procurement more sustainable. Indirectly, however, all of the SPP policies also represent economic incentives for businesses to pursue CSR (see following section).

Most of the SPP laws found in the survey are direct responses to the EU public procurement Directives 2004/18/EC (focusing on contracting authorities) and 2004/17/EC (oriented towards special sectors of contracting authorities).[14] Both directives were adopted in March 2004 to simplify and modernize 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 processes (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, 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.

Most of the hybrid instruments 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 focus only on the environmental aspects of procurement. They are a response to a call for action plans issued 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 (Defra, 2006).

Comparing New Governance Theory and Public Policy Practice

The previous section has shown that governments across Europe are active in stimulating CSR with various soft policy instruments. The empirical findings are now put into perspective with the conceptual and theoretical explorations already discussed. How does new governance materialize in public policies on CSR in terms of policy instruments and steering mechanisms employed?

Few Networks

As already emphasized, networks are a defining attribute of new governance and CSR. Nevertheless, this structural mode of governance hardly materializes in the public policies on CSR described here, at least not in tangible ways. As the previous section shows in detail and Figure 1 summarizes, only 7% of the surveyed 212 CSR policies fall into the category of partnering, network-like policy instruments. Even if those hybrid instruments with a strong partnering component are added, the share of partnering instruments increases only slightly to 10%.[15]

What role do networks play in formulating and implementing the CSR policies described here? When asked for the success factors of public policies on CSR, survey respondents emphasized repeatedly that businesses should be

[14]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.

[15]Of the 52 hybrid instruments, only the following five awareness-raising initiatives show strong partnering components: (i) the 'Knowledge and Information Centre on CSR' in the Netherlands, (ii) the platform 'respACT' in Austria, (iii) the CSR focal point 'Globalt Ansvar' in Sweden, (iv) the programme 'People & Profit' in Denmark and (v) the programme 'Business in the Community' in the UK.

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involved in CSR policy-making to raise awareness of the issue, secure acceptance as well as commitment, and benefit from valuable expertise that makes CSR policies demand-driven and tailor-made (Berger *et al.*, 2007; Steurer *et al.*, 2007). Although CSR policy-makers aim to co-operate with businesses, business associations and CSOs in formulating and implementing CSR policies, their networking ambitions often face limitations: to name just two examples, only a limited number of companies have joined the Swedish partnership 'Globalt Ansvar' (Berger *et al.*, 2007), and only a few businesses have participated in a stakeholder consultation process that led to the CSR Austria guiding vision (Konrad *et al.*, 2008). As these and other examples suggest, businesses seem to select carefully where to network with governments and where not.

Soft Instruments

Despite the rather low profile of (tangible) networks, public policies on CSR are nevertheless soft and voluntary in nature, resembling new governance in the sense of governing at arm's length described above. But what exactly does governing at arm's length mean in the context of CSR? What mechanisms of steering does it employ? First, the literature suggests that threatening with state regulation if business self-regulation or societal co-regulation fail to deliver is common practice (Héritier and Eckert, 2008), as are activities falling into the category of appealing, providing guidance, approving, encouraging or lending authority to voluntary non-state initiatives (Bartle and Vass, 2007; Héritier and Lehmkuhl, 2008; Hysing, 2009). While guidelines on CSR (or aspects thereof) feature prominently in the stocktaking summarized here, threats and encouragements are political statements that emerge in case studies but obviously not in a stocktaking of policy instruments as summarized here. What is captured here is another form of governing at arm's length, namely 'regulation by information'. On the one hand, governments simply inform and educate companies as well as stakeholders with a broad variety of informational instruments (accounting for about 40% of the CSR policy instruments described above). On the other hand, governments also facilitate the disclosure of information that is particularly relevant for various types of regulation such as business self-regulation, civil regulation (i.e. stakeholder pressure), and co-regulation between businesses, CSOs and/or governments (for details see Steurer, 2011). The second type of 'regulation by information' can be found in the SRI context, and even more so in policies concerned with CSR reporting (not covered here).[16]

As a comparison of the conceptual introduction and empirical stocktaking emphsizes, at least one (increasingly important) soft steering approach is often overlooked in the governance literature. Governments steer businesses softly also through leading by example, e.g. by making public procurement more sustainable or by investing (pension) funds in socially responsible ways (Steurer, 2010).

Markets and Persuasion in New Governance

As neither hierarchies nor (tangible) networks play important roles in the context of public policies on CSR, what modes of governance do we find in a policy field that shares most of the characteristics of the new governance rationale? First, the market mode of governance is obviously more important in the context of new governance than usually recognized. It comes most obviously to the fore when governments aim to increase the demand for CSR by making public procurement more sustainable. As public procurement in the EU accounts for approximately 16% of the EU's gross domestic product or €1.5 trillion (European Commission, 2004), sustainable public procurement is a soft but potentially powerful approach to improve corporate sustainability via market mechanisms. Moreover, the market mode of governance plays a role when governments try to facilitate CSR with economic incentives (in terms of policy instruments), by raising awareness for the 'CSR business case', and by improving the transparency of CSR so that market players can better assess it as a normal good (in terms of topical fields of action).

Although the market mode of governance clearly plays a prominent role for public policies on CSR and the underlying new governance rationale, economic incentives and competition among rational actors are certainly not the only steering mechanism at work here. As illustrated throughout the paper, governing at arms' length in the context of CSR relies strongly on persuading businesses and their stakeholders from a distance, often without

[16]Even if governments require companies to disclose information on their social and environmental performance, respective laws have usually little in common with command and control via hierarchies because compliance is not monitored and sanctions are not foreseen (Steurer 2010).

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being involved in market transactions or (tangible) networks, and certainly without using mandatory force. As the present paper illustrates, governments can draw on one or more of the following resources when persuading businesses or their stakeholders to pursue CSR:

- 'nodality' (Hood, 1983a, 1983b, 2007), i.e. access to knowledge, monitoring data, dissemination and education channels;
- organization in the form of monitoring and benchmarking capacities, or as a means to lead by example by applying CSR management practices (such as environmental management systems or sustainability reporting in government agencies);
- government legitimacy and authority (in a persuasive, non-hierarchical sense) that can be translated into stakeholder and business peer pressure, in particular in combination with monitoring and benchmarking activities (Hysing, 2009); and
- shadow of hierarchy, i.e. the presence of the machinery of government and the (theoretical) option of regulating social and environmental issues hierarchically (Héritier and Eckert, 2008) which would take them out of the voluntary domain of CSR (Steurer, 2010).

Obviously, governments have several resources at their disposal to persuade non-state actors. As persuasion is obviously an important steering mechanism that can be subsumed under the heading of new governance, the final question to be explored here is how it relates to hierarchies, markets and networks as the three governance modes usually distinguished in the literature.

Is Persuasion a Governance Mode in its Own Right?

So far, governance scholars have rarely addressed persuasion as a form of steering, and if they did so they addressed it usually in combination with one of the three governance modes mentioned above (for recent contributions, see, for example, de Wet, 2008; Kleine and Risse, 2005). Ayres and Braithwaite (1992) and Braithwaite (2007), for example, were among the first to point out that hierarchical governance through hard law should be accompanied by soft forms of communication and persuasion to increase acceptance and compliance among those regulated. According to Braithwaite (2007), this kind of 'responsive regulation' 'enforces agreed upon standards, preferably through teaching, persuading and encouraging those who fall short, but it uses punishment when necessary to achieve its regulatory objectives' (see also Braithwaite *et al.,* 2007). Majone (1997), on the other hand, emphasized the potential of 'regulation by information' as a stand-alone approach of societal steering. By looking at European agencies that have not been granted broader powers he pitted 'Command vs. Persuasion', and concluded (probably excessively optimistically) that persuasion is much more likely to achieve policy objectives concerned with technologically complicated matters than 'commands and controls' (Majone, 1997, 269). More recently, Thaler and Sunstein (2008) have advocated 'libertarian paternalism' as a form of soft regulation that influences choices without limiting the liberty to choose. Apart from providing guidance, information and feedback, libertarian paternalism relies in particular on 'nudges' such as suggesting but not prescribing good choices, intelligent choice architectures, smart default options and campaigns. While Thaler and Sunstein do not address what governance mode these forms of steering represent, Bell *et al.* do exactly this, and they advocate that 'persuasion constitutes a further and distinctive mode of governance, albeit one which interpenetrates other modes' (Bell *et al.,* 2010: 851).

Although the literature review above is certainly not complete it is obvious that only a few governance scholars recognize persuasion as a steering mechanism, and even fewer regard it as a stand-alone governance mode. In the light of the empirical evidence gathered here, both scholarly practices are startling for obvious reasons. On the one hand, the surge of soft public policies described here and elsewhere (e.g. Albareda *et al.,* 2008; Knopf *et al.,* 2011) makes it increasingly difficult to overlook persuasion as a steering mechanism. On the other hand, Bell *et al.* (2010) highlight conceptually and this paper illustrates empirically that subsuming persuasion under network (or any other mode of) governance is a problematic simplification, first because persuasion is not a necessary feature of network governance (the latter can also rely on negotiation and mutual concession through which actors do not change their underlying views), and second because network governance is not a necessary feature of persuasion (the latter does not require the existence of an ongoing, close, network relationship; Bell *et al.,* 2010: 854). The same applies to hierarchies and markets: as indicated above, persuasion can also (but does not have to) take place in the

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context of hierarchies ('responsive regulation') and markets (e.g. in the form of advertisements). What persuasion on a grand scale requires, however, are intangible (mass) communication networks. Whether and how far respective steering attempts account for a stand-alone governance mode is a far-reaching question that requires further research. As several of the CSR policies described in the present paper rely either on the market mode of governance or represent persuasion as a steering mechanism (if not as a stand-alone governance mode), I conclude that new forms of governance are certainly not limited to the network mode of governance.

Discussion

The present paper has highlighted how new governance materializes in public policies on CSR, a relatively new policy field that reflects the new governance rationale of soft, voluntary forms of steering very well. By looking at CSR from different disciplinary backgrounds, it has first highlighted the complementarity between new governance and CSR-related theories. The paper then introduced a typology that helps to organize government activities on CSR in terms of instruments used and themes addressed, and it summarized an empirical stocktaking of how EU Member States actually aim to facilitate CSR. On these empirical grounds, the paper finally explored in what way public policies on CSR resemble the new governance rationale. It has shown that governments facilitate the 'shifting of responsibilities' via CSR with a broad variety of informational (or communicative) instruments, soft (i.e. non-binding) laws and similarly soft economic incentives (such as subsidies) or market interventions (via sustainable public procurement). It concluded that the public policies on CSR stand in the tradition of new governance but rely obviously rather on market mechanisms and 'persuasion as governance' (Bell *et al.,* 2010) than on collaboration in (tangible) networks.

Although the effectiveness of steering via market interventions or by persuasion was not addressed here, the present paper provided further evidence regarding the claim that 'the shift to modes of regulation based on information and persuasion, rather than on command and control, should be seen as part of a general reappraisal of the role of public policy in an increasingly complex and interdependent world' (Majone, 1997: 269), and of a reappraisal of the role of businesses in society. Majone also claimed that policy-makers should 'develop systematically a regulatory approach, primarily based on information and persuasion' (Majone, 1997: 274). It seems that large parts of the public policies on CSR described here resemble exactly this. Whether persuasion through communication networks is recognized as a self-sufficient governance mode or not, the evidence gathered here suggests at least that it is time to take persuasion out of 'the shadow of networks', and to study it as a steering mechanism that plays obviously an important role in various governance settings.

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Survey interviews

(a) Raising awareness of CSR

Country	Name	Institution	Date	Additional (email) conversation
Austria	Manfred Schekulin	Federal Ministry for Economic Affairs and Labour	17 August 2006	
Belgium	Ria Schoofs	Ministry of Employment and Social Cohesion	28 September 2006	Dieter Vander Beke, ICSD working group on CSR; Solange Gysen, Ministry of Employment and Social Cohesion
Denmark	Niels Højensgård	Ministry of Employment	22 August 2006	
Denmark	Sofie Pedersen	Ministry of Economy and Business Affairs	17 August 2006	
Estonia	Egle Käärats	Ministry of Social Affairs, Working Life Development Department	13 September 2006	
Finland	Jorma Immonen	Ministry of Trade and Industry	16 August 2006	Maija-Lena Uimonen, Ministry of Labour
France	Marianne Forejt/Maurice Mezel	Ministry of Employment and Social Cohesion	3 October 2006	
Germany	Udo Pretschker	Ministry of Employment and Social Cohesion	28 August 2006	
Greece	Despina Michailidou	Ministry of Employment and Social Cohesion	22 September 2006	
Hungary	Ágnes Simonyi	National Family and Social Policy Institute, (formerly Ministry of Employment and Labour)	12 September 2006	Judit Székely, Ministry of Employment and Labour
Ireland	Frances Gaynor	Department of Enterprise, Trade and Employment	16 August 2006	
Latvia	Agrita Groza	Ministry of Welfare	21 August 2006	
Lithuania	Robertas Lukasevicius	Ministry of Social Security and Labour	8 September 2006	
Malta	Roderick Mizzi	Department of Industrial and Employment relations	10 August 2006	
Netherlands	Bea J. Hoogheid/ Ineke Hoving-Nienhuis	Ministry of Economic Affairs	22 September 2006	Cynthia van der Louw, Ministry of Social Affairs and Employment
Poland	Boleslav Rok	Responsible Business Forum	18 September 2006	Marcin Palutko, Ministry of Labour and Social Policy
Portugal	António Oliveira	Ministry of Economy and Innovation/Directorate General for Enterprise	13 and 27 September 2006	
Slovenia	Metka Štoka Debevec	Ministry of Labour, Family and Social Affairs	29 August 2006	
Spain	Juan José Barrera Cerezal	Ministry of Labour and Social Affairs	15 September 2006	

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Country	Name	Institution	Date	Additional (email) conversation
Sweden	Elisabeth Dahlin	Ministry of Foreign Affairs	25 August 2006	
UK	Helen Griffiths	Department of Trade and Industry	21 August 2006	

(b) Sustainable public procurement

Country	Name	Institution	Date	Written information
Austria	Michael Fruhmann	Federal Chancellery	6 April 2007	
Austria	Andreas Tschulik	Ministry of Agriculture, Forestry, Environment and Water Management	23 April 2007	
Belgium	Jo Versteven	Federal Public Planning Service Sustainable Development	3 April 2007	
Bulgaria	Lazar Lazarov	Ministry of Labour and Social Policy	10 April 2007	
Czech Republic	Alena Markova	Ministry of Environment	27 April 2007	
Czech Republic	David Mlíčko	Ministry of Regional Development	30 April 2007	
Czech Republic	Eva Vozábová	Ministry of Labour and Social Affairs	30 April 2007	Written information
Czech Republic	Alena Markova, David Mlicko	Ministry of Trade and Industry	27 April 2007 and 30 April 2007	Written information Martina Funková, 4 April 2007
Cyprus	Rea Georgiou/Lefkia Xanthou- Araouzou	Treasury Department	19 April 2007	
Denmark	Niels Hojensgard	Ministry of Employment	30 March 2007	
Denmark	Jakob Scharff	The Danish Public Procurement Portal/ Local Government Denmark	26 April 2007	
Estonia	Aime Võsu	Ministry of Finance	19 April 2007	
Finland	Olli-Pekka Rissanen	Ministry of Finance	10 April 2007	
Finland	Taina Nikula	Ministry of Environment	17 April 2007	
France	Aude Pohardy	Ministry of Finance		Written information
Germany	Dagmar Kase	Federal Environment Agency	26 April 2007	
Hungary	Istvánné Somodi/ Gabriella Tölgyes	Ministry of Social Affairs and Labour	27 April 2007	Written information
Ireland	Frances Gaynor	Department of Enterprise, Trade and Employment	13 April 2007	
Lithuania	Vidmantas Adomonis	Ministry of Environment	25 April 2007	
Luxemburg	Michèle Toussaint	Ministry of Employment	26 April 2007	
Malta	Roderick Mizzi	Department of Industrial and Employment Relations	30 March 2007	
Netherlands	Jaap Stokking	Ministry of Housing, Spatial Planning and the Environment	27 March 2007	
Poland	Beata Adamczyk	Ministry of Economic Affairs	27 April 2007	Written information
Portugal	João Bolina	Portuguese Institute of Environment	19 April 2007	Written information on 18 April 2007 by

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Country	Name	Institution	Date	Written information
				Antonio Oliveira, Ministry of Economy and Innovation)
Romania	Serghei Mesaros	Ministry of Labour, Family and Equal Opportunities	26 March 2007	Written information
Slovak Republic	Elena Paliková	Ministry of Employment	2 April 2007	Written reference to http://www.uvo.gov.sk/
Slovenia	Miranda Groff-Ferjancic	Ministry of Finance	3 April 2007	
Spain	Gil Ramos Masjuan	Ministry of Work and Social Affairs	17 April 2007	
Sweden	Annika Löfgren	Ministry of Environment	29 March 2007	
Sweden	Peter Norstedt	Swedish Environmental Management Council	29 March 2007	
UK	Barbara Morton	Department of Environment, Food and Rural Affairs	25 April 2007	

(c) Socially responsible investment

Country	Name	Institution	Date	Written information
Austria	Eva-Maria Fehringer	Ministry of Economics and Labour	10 December 2007	
Austria	Manfred Schekulin	Ministry of Economics and Labour	10 December 2007	
Austria	Kurt Bayer	Ministry of Finance	10 December 2007	
Belgium	Solange Gysen	Ministry of Employment, Labour and Social Dialogue	7 December 2007	
Belgium	Dieter Van der Beke	PODDO	10 December 2007	
Belgium	Nicolas Gerard	Kringloopfonds	5 March 2008	Written information
Belgium	Christophe Scheire	Netwerk Vlaanderen	27 February 2008	Written information
Belgium	Luc Weyn	Netwerk Vlaanderen	05 March 2008	Written information
Bulgaria	Efrosina Nikolova	Ministry of Labour and Social Policy	17 December 2007	
Czech Republic	Eva Vozabova	Department of Labour Law and Collective Bargaining	11 November 2008	
Cyprus	Georghia Christofidou	Ministry of Labour and Social Policy	18 January 2008	Written information
Denmark	Kirstine Sandø Højland	Ministry of Economic and Business Affairs	29 November 2007	Written information
Estonia	Egle Käärats	Ministry of Social Affairs	7 December 2007	
Finland	Susanne Monni	FIBBS – Finish Business and Society	7 December 2007	
Finland	Risto Paaermaa	Ministry of Trade and Industry	13 December 2007	
France	Dominique Naud	Ministry of Industry	10 January 2008	Written information
Germany	Ute Heinen	Ministry of Labour and Social Affairs	12 November 2007	
Germany	Ester Wandel	Ministry of Finance	6 December 2007	
Greece	Sophie Golemati	Ministry of Employment and Social Protection	5 December 2007	Written information
Hungary	Gabriella Tölgyes	Ministry of SocialAffairs and Labour	10 December 2007	
Hungary	Sándor Lakatos	Ministry of Economy and Transport	11 December 2007	
Italy	Alfredo Ferrante	Ministero della Solidarietà Sociale	10 January 2008	
Latvia	Iveta Lublina	Ministry of Welfare	13 December 2008	
Lithuania	Natalija Ziminiene	Ministry of SocialSecurity and Labour	13 November 2007	
Malta	Roderick Mizzi	Ministry of Industrial and Employment Relations	21 January 2008	Written information
Netherlands	Sylivia Simonova	Ministry ofEconomic Affairs	26 November 2007	Written information

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Country	Name	Institution	Date	Written information
Netherlands	Inneke Hoving-Nienhus	Ministry ofEconomic Affairs	14 January 2008	Written information
Poland	Marcin A. Palutko	Ministry of Labour and Social Policy	17 January 2008	Written information
Portugal	Antonio Oliveira	Ministry of Economy And Innovation	23 January 2008	Written information
Romania	Eduard Corjescu	Ministry of Labour, Family and Equal Opportunities	19 November 2007	
Slovak Republic	Jozef Hudec	Ministry of Labour, Social Affairs and Family	7 December 2007	
Spain	Gil Ramos Masjuan	Ministry of Labour and Social Affairs	12 December 2007	Written information
Spain	Consuelo Gonzalez Lopez	Ministry of Labour and Social Affairs	9 January 2008	Written information
Sweden	Elisabeth Dahlin	Ministry for Foreign Affairs	15 January 2008	Written Information
Sweden	Carina Silberg	GES Investment Services	5 March 2008	Written information
UK	Graeme Vickery	Department for Enterprise, Business and Regulatory Reform	19 November 2007	
UK	Liam McAleese	Department for Environment, Food and Rural Affairs	21 January 2008	

Survey questionnaires

(a) Raising Awareness for CSR

I The '**Compendium on national public policies on CSR in the European Union**', compiled by DG Employment, **lists the following initiatives for your country**. We would like to ask you some questions about these initiatives?

- Initiative:
- Basic information:
    - i Initiator:
    - ii Contact person:
    - iii Website:
    - iv Other written documentation:
    - v Further information:
- Description of the process of the initiative:
- Success factors – what worked well:
- Obstacles – what did not work so well:
- Lessons learned and recommendations for other countries:

II Do you know **other initiatives on CSR awareness raising** in your country?

- If no,
    - Are there no other initiatives?
    - Do you know other contact person(s)/institution(s)?
    - Is there any information available on the internet?
- If yes,
    - Initiative (title and type):
    - Basic information:
        - Initiator/commissioning agent/organization:
        - Contact person and website:
        - Timing/duration:

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- Purpose:
- Target group:
- Important/budget:
- Description of the process of the initiative:
- Success factors – what worked well:
- Obstacles – what did not work so well:
- Lessons learned and recommendations for other countries

III **Concluding questions** – general aspects of CSR public policy-making

- Steering role of the nation state: Do you think awareness raising is an issue for governmental initiatives at the national level?
- Policy tools: Do you consider awareness raising as an appropriate tool to foster CSR in your country? If yes, why?
- Target groups: Which are the most important target groups of CSR awareness raising in your country? Is CSR awareness raising for SMEs [subject matter experts] an issue in your country?
- Interesting aspects: What do you find particularly interesting with regard to CSR awareness raising? What interesting experiences with CSR awareness raising were made in your country?
- Do you have any comments or concluding remarks?

(b)Sustainable public procurement

I Legal aspects of SPP (and the CSR policy compendium)

The **CSR policy 'compendium'** at the DG Employment website (http://ec.europa.eu/employment_social/soc-dial/csr/) provides some general information on SPP for your country which we want to use as a starting point for our survey:

Information given in the CSR policy compendium:

- EU Member States are obliged to implement the European Commission's procurement directive from 2004, which leaves some space open for SPP.
- When did your country **implement the directive** in national law?
- What is the **scope of SPP in the law**? Does it *allow or require* certain aspects of SPP?
- Which types of procurement do the SPP specifications address (services, works/buildings, supplies, utilities)?
- Do the SPP specifications relate only to contractors or also to sub-contractors?
- Did the national/federal government of your country pass **other laws that relate to SPP**? If so, do they *allow or require* SPP?
- Which types of procurement do the SPP specifications address (services, works/buildings, supplies, utilities)?
- Do the SPP specifications relate only to contractors or also to subcontractors?

II Other SPP initiatives at the national/federal level

Does the national/federal government also facilitate SPP with initiatives such as:

- Action (or implementation) plans (specify various initiatives)
- National database on governmental SPP initiatives (lists all SPP initiatives)
  - Codes of practice (guidelines with legal status)
  - Guides/guidelines (no legal status)
  - Criteria catalogues; product catalogues; purchase pools

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- Websites and other informational publications (leaflets, brochures)
- Information centres
- Staff training
- Publicity events

If so, we would like to ask you some questions about these other SPP initiatives (only if the initiatives focus also on SPP; no general public procurement or CSR awareness raising initiatives):

- **Name/Title** of the initiative
    - **Type** of the initiative (informational, economic incentive, partnering, mandatory)
    - **Basic information about the initiative**:
        - Commissioning agent/responsible organization
        - Contact person and website
        - Timing (when enacted/published)
        - Purpose:
            - Aim of the initiative
            - Issues of SPP (social, environmental, ethical)
            - Types of procurement (services, works/buildings, supplies, utilities)
        - Target groups (other departments/ministries of the national/federal government, regional/state governments, local governments, utilities, businesses, others)
        - Importance/budget
    - How was the initiative launched and enacted (describe **process**)?
    - What worked well (**success factors**)?
    - What worked not so well (**obstacles)**?
    - Lessons learned and **recommendations** for others who are interested in the initiative?

III Concluding questions

- Which issue(s) of SPP do you regard as most relevant?
- Social, environmental, ethical
- Which type(s) of public procurement do you regard as the most relevant ones for SPP initiatives?
- Services, works/buildings, supplies, utilities
- Which target groups do you regard as most important for governmental SPP initiatives?
- Other departments/ministries of the national/federal government, regional/state governments, local governments, utilities, businesses, others
- What were the major drivers of SPP in your country so far?
- What were the major obstacles/challenges for SPP in your country so far?
- Do you consider governmental SPP initiatives as an appropriate tool for fostering CSR in your country? Why?
- What kind of SPP initiative(s) do you regard as most important to achieve CSR?
- Other comments, concluding remarks?

(c) Socially responsible investment

I Overview of initiatives:

- The **CSR policy 'compendium'** at the DG Employment website lists the following initiatives for your country (see table below). In a first step, we would like to complete the information provided in the compendium in line with the table below.
- In a second step, we would like to add additional government initiatives on SRI that are not listed in the compendium. Are there other national/federal government initiatives on SRI not listed in the table yet? Please use the following bulleted list as a check-list:
    - Informational instruments on SRI, such as
        - Websites and other informational activities (leaflets, brochures)

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        - Campaigns
        - Guides or guidelines
        - Criteria catalogues
        - Training and other educational activities on SRI
        - Other (please specify)
    - Partnering instruments on SRI, such as
        - Networks (with government involvement/funding)
        - Voluntary agreements between government bodies and firms
        - Public–private partnerships
        - Other (please specify)
    - Economic/financial instruments on SRI, such as
        - Tax incentives
        - Bonus payments
        - Subsidies
        - Awards/prices for SRI offerings/opportunities
        - Other (please specify)
    - Legal SRI requirements, such as
        - Disclosure requirements directly linked to SRI (such as disclosure requirements for pension funds)
        - Other (please specify)
    - Hybrid instruments on SRI, such as
        - Government strategies/action plans to facilitate SRI
        - Centres/platforms on SRI that make use of several other instruments listed above
        - Other (please specify)
- Regarding '**focus**' we distinguish governmental SRI initiatives that concentrate on
    - Social issues only (including micro-finance)
    - Environmental issues only
    - Social and environmental issues (sustainable development)
    - Ethical/sectoral issues, such as weapons, tobacco, alcohol, etc.
- Regarding '**scope**' we distinguish government SRI initiatives that have a
    - National or
    - International reach.
- Regarding '**target groups**' we distinguish, inter alia, the following actors:
    - International actors (UN, OECD, etc.)
    - Financial sector in general
    - Professional investors/fund managers
    - Pension funds (public and/or private)
    - Financial intermediaries
    - Foundations, charities, religious groups
    - Other public bodies (public investors, state-owned companies)
    - Small investors ('consumers') and the public

II Further questions on SRI initiatives

- **Relevance of SRI initiatives**:
    - How do you see the relevance of SRI initiatives as a means to foster CSR on a scale from 1 (not important) to 5 (very important)?
    - What type of SRI initiative(s) do you regard as most important to achieve CSR?
- **Drivers**: What are/were the major drivers of SRI in your country?
- What are the major **obstacles/challenges** for SRI in your country?
- **Target groups**: Which target groups do you regard as most important for governmental SRI initiatives in general?
    - Businesses in general
    - Financial sector in general

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    - Professional investors/fund managers
    - Pension funds (public and/or private)
    - Other public bodies (other departments/ministries, regional/local governments, public investors, state-owned companies)
    - Small investors ('consumers') and the public
    - Others
- What worked well in (some/particular) governmental SRI initiatives mentioned above (**success factors**)?
- What worked not so well in (some/particular) SRI initiatives mentioned above (**obstacles)**?
- Lessons learned and **recommendations** with regard to SRI policies?
- Other comments, concluding remarks?

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Mapping Stakeholder Theory Anew: From the 'Stakeholder Theory of the Firm' to Three Perspectives on Business–Society Relations

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ABSTRACT
Stakeholder theory has evolved from a corporate-centric perspective into a more comprehensive research field, which addresses business–society relations from various points of view. To reflect on and to guide such theoretical developments is the purpose of second-order theories. However, the second-order stakeholder theories developed so far do not mirror the full spectrum of the stakeholder research field. This paper tries to fill this gap with a triple-perspective typology of stakeholder theory. It shows that the issue of stakeholder management can be approached from a corporate, a stakeholder or a conceptual point of view. The corporate perspective focuses on how corporations deal with stakeholders, the stakeholder perspective analyses how stakeholders try to influence corporations and the conceptual perspective explores how particular concepts, such as 'the common good' or sustainable development, relate to business–stakeholder interactions. In addition, the triple-perspective typology incorporates the influential second-order theory of Donaldson and Preston and shows that each of the three perspectives features a normative, a descriptive and an instrumental aspect. Consequently, the typology presented here depicts nine ideal-typical stakeholder research approaches, each of them approximating business–society relations in a unique way. Mapping stakeholder theory anew can advance stakeholder research beyond its current limitations by raising awareness for neglected research approaches and issues. Copyright © 2006 John Wiley & Sons, Ltd and ERP Environment.

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Keywords: stakeholder management; stakeholder relation management; stakeholder theory; second-order theory; second-order stakeholder theory; stakeholders; business–society relations; taxonomy; typology

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Introduction

Contemporary stakeholder theory faces at least three major challenges. First, although scholars have explored numerous ethical approaches in recent years, stakeholder theory is still lacking a widely accepted normative foundation (Argandona, 1998; Wijnberg, 2000). Second, stakeholder theory is still weak in terms of descriptive and empirical analyses of business–stakeholder interactions (Gioia, 1999; Jawahar and McLaughlin, 2001). Third, given the presumption that theorizing about theories is of scientific value, second-order stakeholder theories need to be as advanced as the theoretical developments they try to comprehend. Although some recently developed second-order stakeholder theories obviously recognize the importance of theorizing about theories, they nonetheless do not represent the full scope of their subject (see, e.g., Jones and Wicks, 1999; Andriof and Waddock, 2002; Kaler, 2003). This paper addresses the third challenge. It pays tribute to the fact that stakeholder theory has evolved from a corporate-centric perspective into a more comprehensive research field by proposing a typology that maps these developments.

At the core of this endeavour is the uncertainty regarding the actual scope of stakeholder theories. Harrison and Freeman (1999, p. 483) have observed that 'For all of the analytical power stakeholder theory offers and its narrative refocusing on a broad set of stakeholder relationships rather than a narrow set of purely economic relationships, there is relatively little agreement on the scope of this theory'. However, in the meantime, it seems fair to say that 'perspectives on stakeholder theory have moved away from an entirely corporate-centric focus in which stakeholders are viewed as subjects to be managed towards more of a network-based, relational and process-oriented view of company-stakeholder engagement' (Andriof and Waddock, 2002, p. 19). In this sense, it is possible to show that the diverse body of stakeholder theories can be sorted into a corporate, a stakeholder and a conceptual perspective. The corporate perspective focuses on how corporations deal with stakeholders, the stakeholder perspective analyses how stakeholders try to influence corporations, and the conceptual perspective explores how particular concepts, such as 'the common good' or sustainable development, relate to business–stakeholder interactions.

The fact that the three perspectives proposed here are not included in other second-order stakeholder theories is probably because the corporate perspective's predominance obstructs the view of the full scope of the stakeholder research tradition. As outlined in the following section, even the influential second-order stakeholder theory of Donaldson and Preston (1995), which distinguishes normative, descriptive and instrumental aspects, clearly remains within the corporate perspective. However, in contrast to other second-order theories (see, e.g., Freeman, 1999; Kaler, 2003), the triple-perspective typology proposed here fully integrates their work into a secondary dimension. The primary dimension of the typology depicts the corporate, the stakeholder and the conceptual perspectives to stakeholder theory; it pictures the thematic width of the diverse body of stakeholder theories. The secondary dimension of the triple-perspective typology shows that instead of a one-size-fits-all(-perspectives) set of normative, descriptive and instrumental aspects, the three aspects vary across the three perspectives. Thus, it depicts the heuristic and the methodological depth of each of the three perspectives. By combining these two dimensions of thematic width and heuristic depth, the triple-perspective typology describes the actual scope of contemporary stakeholder theories in a systematic way.

Given the dominance of the corporate perspective in both stakeholder theories and second-order stakeholder theories, the paper will show (i) that stakeholder theory has evolved from a corporate-centric perspective into a more comprehensive theory of the business–society interface; (ii) that the suggested triple-perspective typology mirrors the spectrum of contemporary stakeholder theory better than any other second-order stakeholder theory and (iii) that it advances stakeholder research by raising aware-

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ness for research approaches that are normally neglected. Overall, the paper does not focus on one particular perspective at the expense of another, but it tries to establish all three perspectives as distinctive approaches to business–society relations. This endeavour is structured as follows. The following section summarizes the still-dominating corporate perspective of stakeholder theory. The next section introduces the stakeholder and the conceptual perspectives. The fourth section characterizes the normative, descriptive and instrumental aspects for each perspective by formulating ideal-typical research foci and questions, i.e. it puts the two dimensions of the triple-perspective typology together. The fifth section finally discusses the question of why we need to remap stakeholder theory.

The Corporate Perspective of Stakeholder Theory

In the corporate perspective, business–stakeholder interactions are most often perceived as a management issue. Corresponding stakeholder theories analyse how corporations interact with stakeholders in order to secure important resources (Frooman, 1999, p. 195; Figge and Schaltegger, 2000, p. 12). They regard stakeholders, or stakeholder management practices, as means to corporate ends. This perspective can be traced back to the very beginnings of modern stakeholder theory, R E Freeman's (1984) landmark book *Strategic Management: a Stakeholder Approach*. He illustrated his influential notion of stakeholder theory with the so-called 'hub-and-spoke' stakeholder model, depicting corporations as the hub of a wheel and stakeholders at the ends of spokes around the wheel. With researchers focusing on how the hub (i.e. the corporation) can turn faster (i.e. perform better) with the given spokes (i.e. its stakeholders), this metaphor is a good illustration of the corporate perspective of stakeholder theory (Sutherland Rahman and Waddock, 2003, p. 9).

Even though social network theorists such as Rowley (1997), and, in recent years, even Freeman himself (Harrison and Freeman, 1999), have taken the notion of business–stakeholder interactions beyond the dyadic 'hub-and-spoke' model, business–society relations in general are still 'viewed largely from the firm's vantage point' (Frooman, 1999, p. 191). If stakeholders play a central role in this perspective, they emerge as the answer to a corporate-centric question such as 'Who matters to CEOs?' (Agle *et al.*, 1999). This corporate-centric 'conceptualization has become the convention from which stakeholder theory has developed' (Frooman, 1999, p. 191). As long as scholars analyse business–society relations from a firm's point of view with emphasis on managerial practices, a specific stakeholder theory fits into the corporate perspective no matter what ideological, normative or methodological considerations form a basis for it.

In 1995, Donaldson and Preston developed the first influential second-order stakeholder theory. Since the research tradition they were analysing at that time was even more corporate-centric than it is today, they remained within the corporate perspective. In contrast to most other scholars, their focus is evident even in the heading of their paper (as if other perspectives were already imminent): 'The stakeholder theory of the corporation'. The emphasis on corporation points to an important thesis of their second-order theory. Donaldson and Preston (1995, p. 67) assume that 'stakeholder theory is managerial in the broad sense of that term', that is, it 'recommends attitudes, structures, and practices that, taken together, constitute stakeholder management'. However, in addition to this managerial aspect, they also distinguish between descriptive, instrumental and normative aspects or usages of stakeholder theory. In the terms of Donaldson and Preston (1995, pp. 70f), the corporate perspective of stakeholder theory

- describes (or sometimes explains) specific corporate characteristics and managerial behaviours regarding stakeholders (descriptive/empirical aspect),
- identifies 'the connections, or lack of connections, between stakeholder management and the achievement of traditional corporate objectives' (instrumental aspect) and/or

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- 'interpret[s] the function of the corporation, including the identification of moral or philosophical guidelines for the operation and management of corporations' (normative aspect).

The approaches utilized most often within the corporate perspective are the instrumental (Andriof *et al.*, 2002, p. 9) and the normative ones. When scholars apply the instrumental corporate approach, they explore (often empirically) what impact stakeholder relation management has on a firm's performance (see, e.g., Jones, 1995; Berman *et al.*, 1999; Ruf *et al.*, 2001; Heugens *et al.*, 2002).[1] Although countless scholars stress the financial advantage of good company–stakeholder interactions, the empirical evidence is thus far inconclusive (Jones and Wicks, 1999, p. 212; McWilliams and Siegel, 2001, pp. 117f; Andriof and Waddock, 2002, p. 25). While some forerunners in stakeholder relation management and corporate social responsibility/CSR (such as HP and Merck) perform excellently (Collins, 2001), others (such as The Body Shop) seem to struggle with their own ambitions.[2]

The normative approach within the corporate perspective is twofold. First, it includes any kind of Friedman-like legitimization of stakeholder relation management, stressing the instrumental logic that 'the business of business is business' (Friedman, 1970). A recent example is Humber's (2002, p. 215) 'plea for corporate moral autonomy', which advocates 'that firms, just like individual persons, should be free to morally assess actions in any way they see fit'. By rejecting concept-driven normative approaches such as business ethics with such a corporate-centric stance, Humber falls into the normative corporate approach. The second, more practical, normative approach within the corporate perspective focuses on the question of how corporations should deal with stakeholders. Respective stakeholder theories prescribe managerial recipes, often based on descriptive case studies (Collins, 2001; Wheeler *et al.*, 2002; Sims and Brinkmann, 2003). This leads us to the third corporate approach. Even though scholars complain that the descriptive approach is only weakly developed in stakeholder theory (Gioia, 1999; Jawahar and McLaughlin, 2001), at least within the corporate perspective a fair number of descriptive analyses have been conducted in recent years (see, e.g., Jawahar and McLaughlin, 2001; Welcomer, 2002; Cragg and Greenbaum, 2002; Wheeler *et al.*, 2002). Many of these descriptive analyses focus on good or bad practices of corporate stakeholder relation management. Interestingly, often both extremes can be found within a single corporation. As the examples of Shell (Boele *et al.*, 2001; Wheeler *et al.*, 2002) and Nike (Zadek, 2004) show, the experience of intense stakeholder pressure often turns challenged companies into forerunners in corporate responsibility.

Although Donaldson and Preston (1995, p. 74) have emphasized that 'the three aspects of the stakeholder theory are nested within each other' (with the normative aspect at the core of the theory, surrounded by instrumental and descriptive layers), their second-order theory has increasingly been read as 'a taxonomy of stakeholder theory types' (Jones and Wicks, 1999, p. 206), with the three aspects appearing as more or less exclusive categories (Hendry, 2001, p. 163; for a critique of this interpretation, see below). As neither their second-order theory nor its interpretation as taxonomy pay adequate attention to recent theoretical advances, the following sections show a way to update second-order stakeholder theory by carrying it beyond the corporate perspective.

[1] Due to the sheer abundance of stakeholder theory literature, I restrict myself deliberately to just a few important references throughout the paper.
[2] McWilliams and Siegel (2001, p. 125) provide an interesting explanation of this fact by applying the economic logic of supply and demand to stakeholder theory. Their key argument is that there is an optimal level of CSR. As this level is dependent on demand for CSR, it can be determined via cost–benefit analysis. If this appropriate level is disobeyed by a company (either by underrating or by overrating CSR), CSR has negative impact on an organization's performance. According to McWilliams and Siegel, 'in *equilibrium* there should be no relationship' (i.e. neither positive nor negative) between CSR attributes and a firm's financial performance.

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The Stakeholder and the Conceptual Perspective of Stakeholder Theory

Although the corporate perspective outlined above clearly dominates the diverse body of stakeholder theory, one should not overlook the fact that stakeholder theory is actually much broader. This section shows that it has evolved from a strategic management theory of the firm into a more comprehensive and diverse research tradition, addressing 'the overall stakeholder relationship as a multifaceted, multi-objective, complex phenomenon' (Harrison and Freeman, 1999, p. 483) from various perspectives, or as Sutherland Rahman and Waddock (2003, p. 9) have put it, 'The stakeholder approach to the firm reframed the relationship between business *and* society in a fundamental way [. . .]. This more relational view of the firm, while initially corporate-centric [. . .] began to shift scholarly understanding of the relationship of the firm to society toward more of a business *in* society framing' (see also Andriof and Waddock, 2002, p. 19). When stakeholder theorists step out of the encompassing corporate perspective, they focus on business–society relations from the point of view of either the stakeholder or a particular concept.

Stakeholder Perspective

When scholars try to get a better understanding of stakeholder claims, strategies and behaviours, they leave corporations and their performance on the sidelines and approach the business–society relations from the points of view of the stakeholders. Some of these scholars explore status and legitimacy of certain stakeholder groups (see, for example, the controversy about whether nature can be considered as stakeholder or not; Starik, 1995; Phillips and Reichart, 2000) or develop a typology of stakeholders (for a prominent example with strong corporate concern, see Mitchell *et al*., 1997). Others analyse the resources and strategies that stakeholders use to accomplish their claims, and their ensuing level of success. Frooman (1999), for example, shows that the strategies employed by stakeholders are not solely at their discretion but are more or less determined by a stakeholder's dependence on the firm and by the firm's dependence on the stakeholder. By concluding his analysis with the acknowledgement that 'knowing how stakeholders may try to influence a firm is critical knowledge for any manager', Frooman (1999, p. 203) illustrates that the corporate-centric, managerial logic can sometimes be applied well to the other perspectives. Parallel to the corporate perspective, theories prescribing recipes for stakeholders, detailing how to effectively deal with corporations, are also an ideal-typical approach within the stakeholder perspective.

Conceptual Perspective

Scholars often approach business–society relations from neither a corporate nor a stakeholder perspective, but from a particular concept's vantage point. A look into the literature reveals a thematic scope, reaching from the philosophy of Aristotle (Wijnberg, 2000) and 'the Common Good' (Argandona, 1998) to federal ethics (Husted, 2001), human rights (Boele *et al*., 2001), environmental protection (Céspedes-Lorente *et al*., 2003) and sustainable development (Stead and Stead, 2000; Rondinelli and Berry, 2000; Hund and Engel-Cox, 2002; Steurer *et al*., 2005; Konrad *et al*., 2005). Within the conceptual perspective, scholars often search for a moral or theoretical ground for business–society relations, or they explore how stakeholder relation management relates to a particular concept.

Since some concepts (seem to) have stronger links to the issue of business–society relations than others, their relationships are explored more frequently. The concepts most often linked to stakeholder issues are business ethics (Goodpaster, 1991; Weiss, 1994; Carroll, 1993; Cragg, 2002) and corporate

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social responsibility/CSR (Wood and Jones, 1995). Gibson (2000) emphasizes that in the course of the 1990s, (business) ethics became the research tradition with the most promising foundations for a normative stakeholder theory, and Carroll (1999, p. 288) states that 'the CSR concept served as the base point, building block, or point-of-departure for other related concepts and themes', among them stakeholder relation management. In fact, many scholars see CSR as the most promising concept behind the business–stakeholder interface and therefore 'push toward a stakeholder theory of corporate social performance' (Wood and Jones, 1995).

A unique feature of stakeholder theories within the conceptual perspective is that, even if they address corporate concepts such as CSR, they often look at both corporate and stakeholder interests from the perspective of the concept in question (see, e.g., Konrad *et al.*, 2005, who explore the extent to which sustainable development is taken into account by both corporations and stakeholders). However, the key question within the conceptual perspective is how the concept itself relates to stakeholder theory and to what extent its (normative) content is or can be advanced by stakeholder relation management.

Putting the Triple-Perspective Typology Together

With the three perspectives presented in the previous two sections, the thematic width of the diverse body of stakeholder theories is laid out. This section shows how this primary dimension of the typology presented here goes together with the second-order theory of Donaldson and Preston (1995) summarized above. By showing how the normative, descriptive and instrumental aspects of stakeholder theory change across the three perspectives, their heuristic and methodological depth becomes visible.

How to Take the Second-Order Stakeholder Theory of Donaldson and Preston into Account

Since Donaldson and Preston (1995) have explored the normative, descriptive and instrumental aspects of stakeholder theory within the corporate perspective, the following question arises: how does their work fit into a more comprehensive typology in which the corporate vantage point is only one of three perspectives? The answer to this question lies in the nature of the three aspects, since they are general heuristic approaches, 'rooted in a centuries-old philosophy of science' (Freeman, 1999, p. 233). In this historical light, the normative aspect shows strong similarities with the deductive method, which tries to apply general principles (often based on ethical considerations) to specific cases. In contrast, the descriptive aspect shows similarities with the inductive approach, which tries to derive general principles and conclusions by investigating individual cases. Last, the instrumental aspect touches on both the normative/deductive and the descriptive/inductive approach; its distinctive feature is that it focuses on causalities by linking means and ends. The three questions of 'What should happen?' (normative aspect), 'What does happen?' (descriptive/empirical aspect) and 'What would happen if?' (instrumental aspect) summarize the general character of the three aspects very well (Jones, 1995, p. 406). Seen as such heuristic devices, the relevance of the three aspects of stakeholder theory goes well beyond what Donaldson and Preston (1995) had in mind: they are relevant not only for the corporate, but for all three perspectives of stakeholder theory.

However, the consistent attractiveness of the work of Donaldson and Preston (1995)[3] is probably rather of a pragmatic than of a philosophical nature. The three aspects help to make sense of the increasingly

[3] For a critique, see, e.g., Freeman (1999) and Kaler (2003), who both acknowledge the popularity of what they reject. Kaler (2003, p. 75) for example mentions that Donaldson and Preston's second-order theory's 'established status is demonstrated by its interpretation into an encyclopedia account of stakeholder theory', written by Freeman (1997).

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more diverse stakeholder research tradition by pointing out characteristics and potentials of all three perspectives in a systematic way. Therefore, I disagree with Freeman (1999), who rejects the differentiation of the three aspects as useless,[4] and I integrate them as a secondary (i.e. heuristic) dimension into the triple-perspective typology.

The Triple-Perspective Typology of Stakeholder Theory

While the three perspectives depicted in the primary dimension distinguish stakeholder theories with regard to their thematic orientation, the secondary dimension pays attention to the heuristic patterns applied within and across the perspectives. Since the three heuristic aspects are applicable in all three perspectives, the typology consists of nine stakeholder theory approaches.

Of course, there are many ways to characterize these nine stakeholder theory approaches. In Table 1, they are characterized by describing their focus and by formulating a frequently asked research question (FAQ). Since the triple-perspective typology is not the result of a survey of possibilities such as, for example, the second-order theory provided by Kaler (2003), but instead is the result of a literature review, Table 2 illustrates the factual nature of the nine stakeholder theory approaches by summarizing the references used in the text.

The three heuristic approaches within the corporate perspective have already been described above. Scholars exploring business–stakeholder interactions from a corporate point of view look at how corporations should (normative) or actually do (descriptive) manage their relations with stakeholders, and what the effect on corporate performance is (instrumental).

As far as the comparatively weakly developed stakeholder perspective is concerned, Kaler's (2002) work on 'what it is to be a stakeholder' fits perfectly into the normative approach of this perspective; so do the explorations by Starik (1995) and Phillips and Reichart (2000) of whether nature can be regarded as stakeholder. Interestingly, normative approaches prescribing recipes for stakeholders on how to effectively deal with corporations hardly exist. In addition, the instrumental approach, strongly developed in the corporate perspective, is hardly addressed in the stakeholder perspective. Frooman's (1999) paper on 'Stakeholder influence strategies' is a rare example, analysing how stakeholders can best accomplish their goals. Good examples for descriptive analyses within the stakeholder perspective are the account by Huse and Rindova (2001) of 'Stakeholders' expectations of board roles', and the exploration by Dawkins and Lewis (2003) of stakeholder expectations in terms of CSR. They both conducted an empirical analysis of what stakeholders actually expect from corporations.

Overall, the fact that the development of the stakeholder perspective lags considerably behind that of the corporate perspective indicates that managerial rather than stakeholder interests still dominate the stakeholder theory's research agenda. This might change if stakeholders themselves showed more interest in the findings of stakeholder theory.

As far as the conceptual perspective is concerned, most of the theories mentioned above – addressing 'the Common Good', human rights or sustainable development – are primarily in line with the normative approach, interpreting a particular concept and what it signifies for business–stakeholder interactions. In addition, some of the theories also describe the actual relationship between the concept in question and stakeholder relation management (see, e.g., Wood and Jones, 1995; Argandona, 1998). However, since within this perspective most scholars either search for a moral (normative) ground for

[4] However, in the same paper Freeman (1999, p. 235) acknowledges the usefulness of the meta-theory of Donaldson and Preston by referring to it at least implicitly. He states that 'We need more instrumental theories – that is, we need more studies of the kinds of linkages [between means and ends] postulated in the instrumental thesis – and fewer of the kind of studies that simply declare "managerial oughts" from general principles'.

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		Stakeholder theory perspectives		
		Corporate	Stakeholder	Conceptual
Stakeholder theory aspects: Normative	Focus	Interprets the function of the corporation regarding the wider society and SRM	Interprets the function and legitimacy of stakeholders and their claims	Interprets the normative characteristic of concept X and its significance for SRM/stakeholder theory
	FAQ	Why and how should corporations deal with stakeholders?	What makes stakeholders legitimate and how should they try to accomplish their stakes?	What issues of concept X should corporations and stakeholders take into account?
Descriptive	Focus	Describes corporate characteristics and behaviours regarding stakeholders	Describes stakeholder characteristics and behaviours regarding corporations	Describes how particular issues of concept X play a role in SRM/stakeholder theory
	FAQ	How do corporations actually deal with stakeholders?	What do stakeholders expect or claim and how do they actually try to achieve their claims?	Which issues of concept X do corporations and/or stakeholders take into account?
Instrumental	Focus	Analyses the connection between SRM and traditional corporate objectives	Analyses the connection between a stakeholder's strategy and its ability to meet the stakeholder's claims	Analyses the connection between SRM/stakeholder theory and the realization of concept X
	FAQ	How can SRM contribute to a corporation's performance?	How can stakeholders accomplish their claims best?	To what extent can concept X be achieved through SRM?
Overall	Focus	Corporations and SRM	Stakeholders, claims and SRM	Concept X and SRM/stakeholder theory
	FAQ	How do corporations relate to stakeholders?	How do stakeholders address corporations?	How does concept X relate to SRM/stakeholder theory?

Table 1. Triple-perspective typology of stakeholder theory

stakeholder theory or try to describe how a particular concept relates to it, instrumental approaches, exploring how far stakeholders or stakeholder relation management can facilitate the realization of the concept in question, are hard to find (for a rare example, see Céspedes-Lorente *et al.*, 2003).[5]

A comprehensive analysis, which covers all three heuristic aspects of the conceptual perspective, is presented by Steurer *et al.* (2005) and Konrad *et al.* (2005) for the concept of sustainable development. As a first step, Steurer *et al.* (2005) interpret the normative content of sustainable development and explore how the concept relates to stakeholder relation management. In a second step, Konrad *et al.* (2005) operationalize the concept of sustainable development for the corporate level by analysing sustainability reports of selected multi-national corporations (MNCs). Based on this operationalization, they describe empirically to what extent MNCs and stakeholders take particular issues of sustainable development into account. Finally, they discuss the extent to which the concept of sustainable development

[5] Céspedes-Lorente *et al.* (2003, p. 350) also stress 'a lack of studies attempting to quantify the effect of stakeholder pressure on corporate environmental management'.

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		Stakeholder theory perspectives		
		Perspective-centred second-order theories: Kaler, 2003 (conceptual perspective)		
		Corporate	Stakeholder	Conceptual
Stakeholder theory aspects — Aspect-centred second-order theories: Donaldson and Preston, 1995; Andriof and Waddock, 2002; Jones and Wicks, 1999	Normative	Friedman, 1970; Humber, 2002 (on the purpose of businesses) Collins, 2001; Wheeler *et al*., 2002; Sims and Brinkmann, 2003; Zadek, 2004 (on how to deal with stakeholders)	Kaler, 2002; Starik, 1995; Phillips and Reichart, 2000	Goodpaster, 1991; Wood and Jones, 1995; Argandona, 1998; Wijnberg, 2000; Stead and Stead, 2000; Rondinelli and Berry, 2000; Husted, 2001; Boele *et al*., 2001; Cragg, 2002; Steurer *et al*., 2005
	Descriptive	Jawahar and McLaughlin, 2001; Welcomer, 2002; Cragg and Greenbaum, 2002; Wheeler *et al*., 2002; Zadek, 2004	Huse and Rindova, 2001; Dawkins and Lewis, 2003	Wood and Jones, 1995; Argandona, 1998; Konrad *et al*., 2005
	Instrumental	Jones, 1995; Berman *et al*., 1999; Ruf *et al*., 2001; Heugens *et al*., 2002	Mitchell *et al*., 1997; Frooman, 1999	Céspedes-Lorente *et al*., 2003; Konrad *et al*., 2005

Table 2. Selective literature overview for the triple-perspective typology of stakeholder theory

can be achieved through stakeholder relation management on the corporate level. Since 'non-capital stakeholders generally have a hard time overriding the interests of capital providers', they conclude that 'for achieving sustainable development, stakeholder relation management is certainly no substitute, but a complementary approach to purposeful and predictable government intervention' (Konrad *et al.*, 2005).

Grey Areas Between the Perspectives

As with most typologies, the nine stakeholder theory approaches depicted in the triple-perspective typology have to be understood as ideal types, derived from a selection of important publications (see Table 2). Of course, reality is not always as orderly as (second-order) theory: Many stakeholder theories often follow more than one aspect, and it can also be hard to pin down which of the three perspectives the theory uses. Regarding the heuristic pattern employed, most instrumental analyses have, for example, a normative core (Donaldson and Preston, 1995, p. 74), and many normative approaches derive 'managerial oughts' (Freeman, 1999, p. 235) from descriptive case studies (see, e.g., Collins, 2001; Wheeler *et al.*, 2002; Sims and Brinkmann, 2003; Zadek, 2004). Regarding the perspective employed, it is sometimes hard to determine what perspective a stakeholder theories takes, since they could blend two or even deviate from the sketched heuristic pattern altogether. A good example of a stakeholder theory that blends the corporate and the stakeholder perspectives' heuristic patterns is Rowley's (1997) 'network theory of stakeholder influences'. This theory analyses different kinds of business–stakeholder network structure and their implications for stakeholder influence on firms. Theories using concepts closely related to the corporate world, such as business ethics and CSR, are sometimes good examples for grey areas between the corporate and the conceptual perspective. However, as Table 1 shows, the crucial point is not the proximity of a particular concept to the corporate world, but instead the heuristic pattern applied. While corporate approaches focus on organizational characteristics and behaviours (Donaldson

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and Preston, 1995, p. 71), conceptual approaches concentrate on the content of a certain concept and its significance for business–society relations, and vice versa. In this sense, most stakeholder theories dealing with the concepts of business ethics or CSR follow the heuristic pattern of the conceptual perspective rather than that of the corporate perspective. A reason for this may be that both the concepts of business ethics and CSR depend as much on stakeholder claims as they depend on corporate interests (Collins, 1992; Wood and Jones, 1995).

Overall, how do these grey areas affect the value of the triple-perspective typology? Some may argue that they bring into question the usefulness of the typology altogether. However, since it is hard to imagine a social science typology without inaccuracies, the relevant discussion centres around not how to avoid them but why to undertake such a theoretical effort at all. We discuss this critical point in more detail below.

The Triple-Perspective Typology and Other Second-Order Stakeholder Theories

Thriving research traditions are often the subject of second-order theories, reflecting the characteristics and mutual relationship of the individual theories developed within an academic field. While most 'first-order' stakeholder theories fit very well into the grid of the nine stakeholder research approaches depicted in the triple-perspective typology, other second-order stakeholder theories do not. From an analysis of three second-order theories, it can be shown that they are associated either with the primary dimension of perspectives, or with the secondary dimension of heuristic aspects (see Table 2).

(1) The case of Jones and Wicks (1999) for a 'Convergent stakeholder theory' describes a 'hybrid theory' that urges stakeholder theorists to converge normative foundations and instrumental theories in a non-taxonomic way. Since it addresses different heuristic aspects within the corporate perspective, it is clearly aligned with the secondary dimension of the triple-perspective typology.[6]

(2) Andriof and Waddock (2002, pp. 20, 32) depart from the aspects-centred second-order theory of Donaldson and Preston (1995) in three different ways. First, they identify three 'underlying theoretical areas', which resemble the three aspects in a loose way.[7] Second, they describe legitimacy issues (i.e. the normative aspect) and power dependency matters (i.e. the instrumental aspect) as two key rationales in stakeholder theory. Third, they depict the three heuristic aspects and an additional metaphorical one as '[s]takeholder theory dimensions'. Like Donaldson and Preston (1995), they also remain within the corporate perspective.

(3) Kaler (2003) gives a rare example of a second-order stakeholder theory that is developed outside the corporate perspective. He presents 'a typology of stakeholder theories based on the extent to which serving the interests of non-shareholders relative to those of shareholders is accepted as a responsibility of companies' (Kaler, 2003, p. 71). In his 2×2 typology, Kaler (2003) differentiates between stakeholder theories according to the degree that they accept the idea that corporations have societal responsibilities. His second-order theory obviously does not fit into the secondary dimension of heuristic aspects. Yet, how closely is it aligned with the primary dimension of the three perspectives? Seen against the thematic width of the typology presented here, it appears to be a typology devel-

[6] For a critique of this theory, see Trevino and Weaver (1999), Donaldson (1999) and Freeman (1999).

[7] Although Andriof and Waddock (2002, p. 20) distinguish between the three theoretical areas without reference to Donaldson and Preston (1995), their understanding of the theoretical areas 'business in society', 'stakeholder theory' and 'strategic relationships' relates to the descriptive aspect, the normative aspect and the instrumental aspect, respectively: 'Business in society refers to the field that describes, analyses and evaluates firms' complex societal and ecological links. [. . .] Stakeholder theory argues that managers of firms have obligations to a broader group of stakeholders than simply shareholders [. . .]. Strategic relationships are an integral part of most organizational activities in today's complex, uncertain environment'. However, later on it becomes clear that the three 'theoretical areas', which are seen as the basis for stakeholder thinking, are much broader than what is briefly described here.

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oped within the conceptual perspective, applying the concept of business ethics. Interestingly, Kaler (2003, pp. 72f) himself acknowledges that he has elaborated on this responsibility-centred division of stakeholder theory 'for the purposes of business ethics'.

If one accepts the premise that contemporary stakeholder theory goes beyond a pure corporate perspective as well as the normative implications of business ethics, these three second-order theories draw an incomplete picture of stakeholder theory. Of course, there is no good reason why second-order theories should focus on the whole body of theories rather than on parts of it. However, in the concluding section, I contend that the full scope of a research tradition needs to be recognized in order to develop it further in a systematic way.

Why Remap Stakeholder Theory?

Without a doubt, 'a typology can be constructed on the basis of just about any difference' (Kaler, 2003, p. 73), no matter whether the difference in question is perceived only from the vantage point of a particular concept such as business ethics, or from the corporate perspective. However, such second-order theories fall short of portraying the full thematic and methodological scope of their subject. Only a few differences are general enough to take large parts of the stakeholder research tradition into account. The three heuristic aspects of Donaldson and Preston resemble such general differences, and so do the three perspectives proposed here. However, second-order theories are not ends in themselves, but instead ought to help researchers in organizing their field of research. In this respect, the second-order theory of Donaldson and Preston (1995) provided some sense of order in a disorganized body of theory and highlighted the need for more descriptive stakeholder theories. Yet why do we need the triple-perspective typology?

How the Heuristic Patterns Vary Across the Three Perspectives . . .

The triple-perspective typology of stakeholder theory shows that business–stakeholder interactions can be approached from three different perspectives, each consisting of three heuristic approaches. However, as Tables 2 and 3 indicate, the importance of the three heuristic approaches varies from perspective to perspective. The corporate perspective is mostly focused on the instrumental and the recipe-like normative approach, while the conceptual perspective is dominated by fundamental normative explorations (since the stakeholder perspective is rather weakly developed at this point in time, it is hard to determine its most important heuristic aspect).

On the other hand, the descriptive aspect seems to be least often applied in the corporate and the stakeholder perspectives, and the instrumental aspect seems to be widely neglected in the conceptual perspective. One plausible reason why the descriptive aspect is often perceived as the weakest aspect (Gioia, 1999; Jawahar and McLaughlin, 2001) is the fact that, in contrast to the normative and the instrumental aspects, it does not yet have a 'favourite perspective'.

	Corporate perspective	Stakeholder perspective	Conceptual perspective
Aspect(s) applied most often	Instrumental, normative	–	Normative
Aspect applied least often	Descriptive	Descriptive	Instrumental

Table 3. Heuristic patterns applied most and least often in the three perspectives

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. . . and What This Signifies for the Future of Stakeholder Theory

Regarding the heuristic patterns applied in the three stakeholder theory perspectives, the following four conclusions can be derived from the triple-perspective typology.

(1) Since the typology presented here suggests that the significance of a heuristic approach is closely tied in with the perspectives, neither the normative (Donaldson and Preston, 1995) nor the instrumental aspect (Freeman, 1999) should be regarded as the most promising heuristic approach overall. While the instrumental aspect is likely to have the most potential within the corporate perspective, the normative aspect deserves special attention within the conceptual perspective.
(2) While the corporate and the conceptual perspectives are already 'occupied' by the instrumental and the normative aspects, the stakeholder perspective seems to be ideal terrain for descriptive stakeholder theories. A better understanding of stakeholder engagement derived from empirical analyses of what stakeholders expect from, and how they interact with, firms under certain conditions is certainly an important issue for researchers as well as for corporations. As Sutherland Rahman and Waddock (2003, p. 12) emphasize, 'The role of management becomes immeasurably more challenging, when stakeholders are no longer seen as simply the objects of managerial action but as subjects with their own objectives and purposes'. However, as long as stakeholder scholars desire to serve not only corporate agendas but also the improvement of business–society relations overall, such descriptive works need to be underpinned by instrumental analysis and normative conclusions, both directed towards stakeholders and their interests.
(3) The triple-perspective typology presented here can help to advance stakeholder research beyond its current thematic and heuristic limitations by raising awareness for approaches and perspectives that are neglected or have not yet been recognized. While the overall lack of descriptive theories is widely recognized (Gioia, 1999; Jawahar and McLaughlin, 2001), stakeholder scholars tend to overlook the fact that this is especially true for the stakeholder perspective, and that instrumental theories are widely lacking within the conceptual perspective (see above). This is so simply due to the fact that many scholars still regard stakeholder theory as a 'theory of the firm' rather than as a comprehensive theory of business–society relations.
(4) Although Huse and Rindova (2001, p. 155) explicitly refer to the second-order theory of Donaldson and Preston (1995), they also address the corporate and the stakeholder perspectives. However, as the following quotation shows, they switch between the two perspectives without noticing it: 'There is a normative stream arguing about the legitimacy of various stakeholder groups, and a descriptive stream presenting their stakes and power [stakeholder perspective]. There is also an instrumental stream arguing that a company that attends to the demands of various stakeholders, gains favourable reputation and easier access to resources that stakeholders control [corporate perspective]'.[8] A key purpose of the second-order theory presented here is to prevent such a confusion of distinct perspectives. By doing so, it can prevent stakeholder scholars from simply overlooking certain approaches.

Overall, the triple-perspective typology puts emphasis on the fact that stakeholder theory is diverging rather than converging. It is diverging, however, not in terms of the heuristic aspects employed but in terms of the thematic perspectives explored. The triple-perspective typology highlights the fact that the research tradition that began as corporate strategic management theory has evolved into a more com-

[8] As suggested in this paper, the normative stream, as well as the conventional descriptive stream, in the corporate perspective does not focus on the legitimacy of stakeholders, but on why and how corporations should deal with them. In turn, the instrumental approach of the stakeholder perspective does not focus on corporate performance, but on how stakeholders can best accomplish their claims (for a summary, see Table 1).

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prehensive tradition, addressing various facets of business–society relations. With three distinct perspectives in place so far, stakeholder theory today is broader in scope than it has ever been before. However, the triple-perspective typology presented here does not just portray contemporary stakeholder theory more accurately than any other typology developed so far. Instead, by pointing out blank theoretical spots found primarily outside the corporate perspective, it also encourages stakeholder scholars to take this development further, to explore business–stakeholder relations in a variety of managerial as well as non-managerial ways. Against this background I agree with Freeman (1999, p. 233) when he states that 'what we need is not more theory that converges but more narratives that are divergent – that show us different but useful ways to understand organizations in stakeholder terms', and – I would add – stakeholders and particular concepts in organizational terms. The triple-perspective typology shows manifold possibilities of diverging stakeholder theory in useful ways.

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Corporations, Stakeholders and Sustainable Development I: A Theoretical Exploration of Business–Society Relations

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ABSTRACT. Sustainable development (SD) – that is, ''Development that meets the needs of current generations without compromising the ability of future generations to meet their needs and aspirations'' – can be pursued in many dierent ways. Stakeholder relations management (SRM) is one such way, through which corporations are confronted with economic, social, and environmental stakeholder claims. This paper lays the groundwork for an empirical analysis of the question of how far SD can be achieved through SRM. It describes the so-called SD–SRM perspective as a distinctive research approach and shows how it relates to the wider body of stakeholder theory. Next, the concept of SD is operationalized for the microeconomic level with reference to important documents. Based on the ensuing SD framework, it is shown how SD and SRM relate to each other, and how the two concepts relate to other popular concepts such as Corporate Sustainability and Corporate Social Responsibility. The paper concludes that the significance of societal guiding models such as SD and of management approaches like CSR is strongly dependent on their footing in society.

KEY WORDS: sustainable development, sustainability, corporate stakeholder, stakeholder management, stakeholder relations management, Corporate Social Responsibility/CSR, Corporate Responsibility, environmental management

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Sustainable development (SD) and stakeholders: introducing the "SD–SRM perspective"

The basic idea behind the concept of SD has been around for centuries. It appeared in German forestry in the 17th century not only as idea but even as legal constraint to logging: the rule was to cut trees at a rate which enabled forests to renew themselves over time, i.e. to utilize timber in a responsible and sustainable way (Birnbacher and Schicha, 1996, p. 149; Kirchgässner, 1997, p. 3). However, it was not before the mid 1980s that SD became a prominent concept known well beyond experts' circles. In 1987, the UN-Report "Our Common Future", better known as "Brundtland Report" defined SD as "Development that meets the needs of current generations without compromising the ability of future generations to meet their needs and aspirations" (WCED, 1987, p. 43).[2] Almost two decades later, this is still the most commonly cited definition of SD. However, if one looks beyond this superficial consensus, different notions of what this principle actually means for various policy fields emerge (Steurer, 2001, 2002). For example, regarding the issue of economic growth, the Brundtland Report (WCED, 1987) concludes that a strong economy is a prerequisite for rather than a burden on a healthy environment. Others contend that this notion of "sustainable growth" is an oxymoron, diverting attention from imminent environmental limits to economic growth (see, e.g., Daly, 1996). However, the Brundtland Report coined SD as an integrative concept aiming to balance environmental and economic issues in a mutually beneficial way. It outlined SD as an environmental concept for the macroeconomic level (Steurer, 2002, pp. 241ff, pp. 341–366). In the course of the 1990s, the scope of SD was both broadened and deepened. Regarding its thematic breadth, issues other than strictly environmental ones were incorporated. While initially economic and social issues were addressed only as far as they were perceived to be relevant for environmental concerns (Steurer, 2001), they evolved into equally important dimensions or pillars of SD. Regarding its conceptual depth, the concept was expanded from the macroeconomic to the microeconomic and individual level.

Today, SD is a well-known societal guiding model that asks for the integration of economic, social and environmental issues in all societal spheres and levels in the short- and long-term. Consequently, the concept ought to be pursued by everybody in a variety of ways. When it comes to the corporate context, two frequently analyzed ways are environmental and social policies on one hand, and respective management systems like EMAS, ISO 14001, or SA 8000 on the other. While SD policies come from governments and often imply some sort of regulatory force, management systems are applied more or less voluntarily by a company's management. With the vague restraint "more or less voluntarily", stakeholder influence comes into play.

Some scholars tend to argue that in the contemporary neo-liberal age, relationships between corporations and societal groups are less likely to be the subject of active state interventionism than they were in the Keynesian age, which ended in the late 1970s. Therefore, it seems to be no coincidence that since the mid 1980s, stakeholder influence on corporations became a prominent topic for researchers and for practitioners alike. A decrease of state interventionism "might open up the possibilities for more 'responsible' forms of interaction between stakeholder groupings, devolved to enterprise level" (Mellahi and Wood, 2003, pp. 190f; see also Rondinelli and Berry, 2000, p. 74; Banerjee, 2002, p. 8). Since corporate activities dealing with this kind of societal interaction, here referred to as stakeholder relations management (SRM),[3] are often focused on easing stakeholder pressure (including government interventions) by strengthening the voluntary side of corporate SD activities, SRM can be seen as a mediating concept, neither fully voluntary nor mandatory. However, the quasi-mandatory side of SRM must not be underestimated. With Boele et al. (2001, p. 122) one can say that companies are "confronted by the growing power of key stakeholder groups and the complex links between them [...]. The time has passed when the interests or activities of all but the most obvious stakeholder groups could be conveniently overlooked."[4] In this sense also the European Commission (2001, p. 4) states in its Green Paper "Promoting a European framework for Corporate Social Responsibility", that "An increasing number of European companies are promoting their Corporate Social Responsibility (CSR) strategies as a response to a variety of social, environmental and economic pressures''. If corporations do not respond adequately to these pressures ''society could place increasing costs on unsustainable business practices, and customers may not choose to purchase associated products and services. Ultimately, this process may alienate the company from the rest of society, resulting in reduced reputation, increased costs, and decreasing shareholder value through erosion of its licence to operate'' (Hill, 2001, p. 32).

After all, SRM needs to be addressed as an increasingly important transmission mechanism that may be able to transmit SD from societal groups to the business world. The purpose of this paper, then, is to lay the groundwork for an empirical analysis of what this transmission of SD through SRM really looks like (for the empirical findings, see Konrad et al., 2005). The key question of this so-called SD–SRM perspective is to what extent SD can be achieved through SRM. As the concepts of SD and SRM are rarely related to each other (see, e.g., Starik, 1995; Stead and Stead, 2000), and because the underlying research traditions (i.e. the interdisciplinary approaches of natural and social scientists addressing SD, and the study of strategic management underlying SRM) have very little in common, the theoretical foundation laid out in this paper is crucial for a thorough understanding of what we call the SD–SRM perspective, and especially for the empirical analysis documented in a subsequent paper (Konrad et al., 2005).

This paper intertwines the concepts of SD and SRM as follows: Section 2 describes the SD–SRM perspective as a distinctive stakeholder research approach and shows how it relates to the wider body of stakeholder theory. Section 3 lays out the details of SD on the microeconomic level. Since an empirical analysis of the SD–SRM perspective requires a clear understanding of what SD actually means, a framework of SD with four dimensions and 14 issues is developed. Section 4 summarizes how SD and SRM relate to each other, and how the two concepts relate to two other popular business–society approaches, namely Corporate Sustainability and CSR. Finally, some conclusions regarding the SD–SRM perspective are discussed in Section 5.

Stakeholder theory and the SD–SRM perspective[5]

Like with SD, the concept of SRM is older than it seems, but it did not become popular before the mid 1980s. From a historical point of view, SRM emerges as the latest stage of an old research tradition which addresses various forms of business–society relations. Numerous works in this tradition can be found throughout the 20th century (see, e.g., Clark, 1939; Bowen, 1953; Heald, 1957; Walton, 1967; for an overview, see Carroll, 1999). However, while neoclassical economists saw firms as closed systems only concerned about their *share*holders, those focusing on business–society relations opened the firm up to its societal context and, thus, positioned themselves beyond the neoclassical mainstream (Dill, 1958; Andriof et al., 2002) – at least until the mid 1980s. In 1984, Freeman's (1984) book ''Strategic Management: A Stakeholder Approach'' established SRM as a popular research field (Andriof et al., 2002, pp. 12f).[6] With this the focus shifted at least preliminarily from Corporate Social Responsibility (CSR1), broadly discussed as a normative concept already in the 1970s, to Corporate Social Responsiveness (CSR2) (Clarkson, 1998, pp. 243, 248; Mitchell et al., 1998, p. 307). Today, the distinction between CSR1 and CSR2 finds little attention. Instead, CSR is often linked to the study of stakeholder relations (see, e.g., Clarkson, 1995; Snider et al., 2003). While CSR ''describes the relationship between business and the larger society'' (Snider et al., 2003, p. 175) in rather general terms, SRM is about actually managing business–society relations in a strategic way (for a more detailed comparison, see Section 4).

Over the years, stakeholder theory evolved from a pure ''theory of the firm'' (Jones and Wicks, 1999, p. 208) into a more comprehensive and diverse research tradition, addressing ''the overall stakeholder relationship as a multifaceted, multiobjective, complex phenomenon'' (Harrison and Freeman, 1999, p. 483) from various perspectives (see also Andriof and Waddock, 2002, p. 19; Sutherland Rahman et al., 2003, p. 9; see also Steurer, 2005). When stakeholder theorists step out of the extensive corporate perspective, they approach SRM either from a stakeholder or from a particular concept's

TABLE I

Triple-perspective typology of stakeholder theory (Steurer, 2005)

			Stakeholder theory perspectives		
			Corporate	Stakeholder	Conceptual SD–SRM
Stakeholder theory aspects	Normative	Focus	Interprets the function of the corporation regarding the wider society and SRM	Interprets the function and legitimacy of stakeholders and their claims	Interprets the normative characteristic of SD and its significance for SRM/stakeholder theory
		FAQ	Why and how should corporations deal with stakeholders?	What makes stakeholders legitimate and how should they try to accomplish their stakes?	What issues of SD should corporations and stakeholders take into account?
	Descriptive	Focus	Describes corporate characteristics and behaviours regarding stakeholders	Describes stakeholder characteristics and behaviours regarding corporations	Describes how particular issues of SD play a role in SRM/stakeholder theory
		FAQ	How do corporations deal with stakeholders and what consequences does SRM entail?	What do stakeholders expect or claim and how do they actually try to achieve their claims?	Which issues of SD are taken into account by corporations or stakeholders and in what way?
	Instrumental	Focus	Analyses the connection between SRM and traditional corporate objectives	Analyses the connection between a stakeholder's strategy and its ability to meet its claims	Analyses the connection between SRM/stakeholder theory and the realization of SD
		FAQ	How can SRM contribute to a corporation's performance?	How can stakeholders accomplish their claims best?	To what extent can SD be achieved through SRM?
	Overall	Focus	Corporations and SRM	Stakeholders, claims and SRM	SD and SRM/stakeholder theory
		FAQ	How do corporations relate to stakeholders?	How do stakeholders address corporations?	How does SD relate to SRM/stakeholder theory?

perspective. The SD–SRM perspective, focusing on stakeholder issues from the vantage point of SD, clearly fits into what Steurer (2005) refers to as a conceptual perspective of stakeholder theory. Let us now characterize the conceptual SD–SRM perspective by relating it to the other two perspectives of stakeholder theory, namely the corporate and the stakeholder perspective.

Corporate perspective

SRM is by its very nature corporate-centric in the sense that it deals with how corporations interact with stakeholders in order to secure important resources provided by them (Frooman, 1999, p. 195; Figge and Schaltegger, 2000, p. 12). Because of this background, the corporate perspective also dominates the stakeholder research tradition (Frooman, 1999, p. 191; Andriof et al., 2002, p. 9). Notably, Freeman (1984) founded modern stakeholder theory in the context of (corporate) strategic management. He illustrated his influential notion of stakeholder theory with the so-called "hub-and-spoke" stakeholder model, depicting corporations as the hub of a wheel and stakeholders at the ends of spokes around the wheel. It is indeed hard to imagine a better metaphor to illustrate the corporate perspective of stakeholder theory.

In 1995, Donaldson and Preston developed one of the first influential theories on stakeholder theory (i.e. a second order theory) by distinguishing descriptive, instrumental and normative aspects or usages. As, at that time, the research tradition they were analyzing was even more corporate-centric than it is today, they remained within the corporate perspective.[7]

In Donaldson and Preston's (1995, pp. 70f) terms, the corporate perspective of stakeholder theory

- describes (or sometimes explains) specific corporate characteristics and behaviours regarding stakeholders (descriptive aspect),
- identifies "the connections, or lack of connections, between stakeholder management and the achievement of traditional corporate objectives" (instrumental aspect) and/or
- "interpret[s] the function of the corporation, including the identification of moral or philosophical guidelines for the operation and management of corporations" (normative aspect).

An approach utilized very often within the corporate perspective is the instrumental one (Andriof et al., 2002, p. 9). Here scholars explore (most often empirically) what impact SRM has on a firm's financial performance and competitiveness (see, e.g., Jones, 1995; Berman., 1999; Ruf et al., 2001; Heugens et al., 2002).

Stakeholder perspective

When scholars try to gain a better understanding of stakeholders, their strategies, and claims, they leave corporations and their performance on the sidelines and approach SRM from what Steurer (2005) calls a stakeholder perspective. While some explore status and legitimacy of certain stakeholder groups (see, e.g., the controversy on whether nature is a stakeholder or not (Starik, 1995; Phillips and Reichart, 2000)), others develop a typology of stakeholder groups referring to the characteristics of power, urgency and legitimacy (Mitchell et al., 1998). Again others analyze with what resources and strategies stakeholders try to accomplish their claims and how successful they are by doing so (Frooman, 1999).

Conceptual perspective

Stakeholder theorists sometimes approach SRM neither from a corporate nor from a stakeholder perspective, but from a particular concept's vantage point. Here scholars often search for common moral or theoretical ground of a certain concept on the one hand and SRM on the other. Others explore the ways in which SRM supports a certain concept or vice versa. A look into the literature reveals that the variety of ideas and concepts linked to SRM is astonishing. The thematic scope includes the philosophy of Aristotle (Wijnberg, 2000), "the Common Good" (Argandona, 1998), federal ethics (Husted, 2001), business ethics (Goodpaster, 1991; Weiss, 1994; Carroll, 1993; Cragg, 2002), environmental protection (Céspedes-Lorente et al., 2003), CSR (Wood and Jones, 1995; Clarkson, 1995), and last but not least sustainable development (Stead and Stead, 2000; Rondinelli and Berry, 2000; Hund and Engel-Cox, 2002).

Triple-perspective typology of stakeholder theory

With the three perspectives described above, the primary dimension of a new typology of stakeholder theory is laid out. In contrast to other scholars (like Kaler, 2003), Steurer (2005) does not reject Donaldson and Preston's second order theory mentioned above, but he integrates it into the triple-perspective typology, simply because the three aspects help to make sense of the ever more diverse stakeholder research tradition. Yet, because Donaldson and Preston defined the three aspects only within the corporate perspective, they need also to be adapted to the characteristics of the other two perspectives. Table I gives an idea of how the three aspects vary across the three perspectives of stakeholder theory in terms of the focus applied and the questions frequently asked (for the SD–SRM perspective, see the shaded column).

The SD–SRM perspective – a portrayal with four research questions

As Table I shows, the SD–SRM perspective is one out of three stakeholder theory perspectives, approaching the concept of SRM from a particular concept's point of view, in this case SD.[8] The questions specified in Table I already give an idea of the normative, descriptive and instrumental aspects of the SD–SRM perspective. Let's explore the research questions further that we want to address theoretically in this and empirically in a subsequent paper (Konrad et al., 2005).

- *How does SD relate to SRM and to stakeholder theory, respectively?* This question addresses the SD–SRM perspective overall. It is answered theoretically in this paper and empirically in Konrad et al. (2005).
- *What issues of SD should corporations and stakeholders take into account?* This question refers to the normative aspect of the SD–SRM perspective. Here this aspect is neither about the functions or responsibilities of corporations nor the legitimacy of stakeholder groups, but about the normative implications of the concept of SD for both corporations and stakeholders. In Section 3, we try to answer this question with an evolving framework, which depicts 14 key issues of SD.
- *Which issues of SD are taken into account by corporations or stakeholders and in what way?* This question is in line with the descriptive aspect of the SD–SRM perspective. In contrast to the other two perspectives, the description here touches on corporate and stakeholder behaviour only as far as it is relevant for the concept of SD. In the empirical part of this investigation, we show how extensively and in which ways corporations are actually dealing with particular issues of SD (Konrad et al., 2005). Regarding the stakeholder side, a kind of "stakeholder map", showing which SD issues are addressed by which stakeholder group, can be expected.
- *To what extent can SD or certain issues of SD be achieved through SRM?* This question, which builds on the descriptive aspect described above, is clearly instrumental in its focus. However, instrumentality in the context of the conceptual perspective touches neither on corporate performance, nor on stakeholder influence strategies. It is about SD and the relevance SRM has for it. Although this aspect is probably the hardest one to address, we try to do so in the empirical part of this endeavour, which focuses on SRM in Multi-National Corporations (MNCs) (Konrad et al., 2005).

Overall, the triple-perspective typology reflects the fact that the body of stakeholder theory, which started out as corporate strategic management theory, evolved into a more comprehensive one, addressing various facets of business–society relations. It shows that stakeholder theory as a whole is diverging away from the exclusive corporate focus. The SD–SRM perspective is a good example of a conceptual perspective which approaches SRM from the viewpoint of a particular concept, here SD. Let us now explore the normative aspect of this perspective, which can be condensed into the question: What issues of SD should corporations (and stakeholders) take into account? Section 3 answers this question with a framework of SD. It serves as the immediate starting point for our subsequent empirical analysis (Konrad et al., 2005).

What does SD mean? An evolving framework-answer

The following are good answers to the question of what SD actually means are: a general-purpose adhesive (Sachs, 1993/1994, p. 25), a "mantra" (Daly, 1996) or "a 'motherhood and apple-pie' objective" (Beckerman, 1995, 125). Nevertheless, we disagree with Beckerman (1995, pp. 125–140), who argues that the concept is useless and should be rejected altogether. As Daly (1996, p. 2) points out, "most important concepts are not subject to analytically precise definition – think of democracy, justice, welfare, for example". Other answers to the question of what SD means highlight the fact that there are at least three different paradigms of SD in discussions. As the following brief comparison shows, the three paradigms of SD address primarily the macroeconomic level and diverge most obviously in the issues of capital substitution and economic growth (Steurer, 2001, 2002, pp. 260–271):

- Weak sustainability implies that manmade or human capital can fully compensate for a decline of natural capital. Therefore, its proponents emphasise economic issues of SD and reject physical limits to economic growth.
- Strong sustainability implies that natural capital is non-substitutable by other forms of capital. Consequently, its advocates assume that strict physical limits to economic growth exist, asking for a qualitative, rather than quantitative, concept of development.
- Balanced sustainability is a mediating concept between the two extremes. Its proponents assume a partial substitutability of (non-critical) natural capital and acknowledge physical limits to economic growth where critical forms of natural capital (such as the world climate) are seriously affected.

However, since neither the "good answers" given above, nor the different paradigms of SD allow us to address the normative aspect of the SD–SRM perspective, we develop a referential framework for SD, a kind of inventory which pinpoints what SD actually means on the microeconomic level. The challenge, however, is to develop an SD framework specific enough for an empirical analysis and, at the same time, universal enough so that the various SD paradigms fit into it. In this sense, the framework presented here assembles basic issues of SD at the microeconomic level without going into the details of their controversial content. Instead of depicting 40 or more issues or criteria from a wide range of literature (as scholars often do), we focused on distinguished documents (see Table II) and selected as many issues as necessary and as few as possible in order to give a comprehensive picture.

Probably the single most important characteristic of SD is its widely acknowledged tripartite core structure, embracing an economic, a social and an environmental dimension, sometimes also referred to as "pillars" (see, e.g., Holme and Watts, 2000, 4).[9] However, the contemporary notion of SD goes beyond the tripartite core of economic, social and environmental issues and principles. As a development-oriented concept, it also stresses some issues that are of a general conceptual charact0er (like participation or the integration of the three dimensions of SD itself) (Hardi and Zdan, 1997, pp. 2ff). As these issues are relevant for all three dimensions, they do not fit into just one of them. Therefore, we subsume them in a fourth dimension as second-order issues. Let us now go through the issues of SD within the three plus one dimensions.

Economic dimension

On the macro-level, key economic issues are, for example, economic growth, the fiscal condition of a country, its competitiveness and the balance of trade in goods and services.[10] Of course, these issues are not applicable on the microeconomic level. Thus, for the corporate context we have identified (i) the financial performance of a corporation, (ii) its long-term competitiveness, and (iii) a company's economic (i.e. financial) impact on stakeholder groups.

(ad i) A sustainable undertaking principally needs sufficient earnings. Since neither the market system as a whole nor individual corporations in particular are able to prevail in the long term without "healthy

TABLE II

Framework of sustainable development on the microeconomic level

Aspects	Outline of dimensions and issues	Source(s)[12]
Economic sustainability	Do business in a way that enables the company to continue for an indefinite time	
(i) Financial performance	Exhibit sufficient cash-flow and persistent return to shareholders	DJSI
(ii) Long-term competitiveness	Maintain or improve future competitiveness and company performance	DJSI ("Strategic Planning")
(iii) Economic impact	Deal with the impact of corporation on particular stakeholder groups	GRI
Social Sustainability	Contribute to the social well-being of the society and individuals	
(iv) Equity within a corporation	Strive towards a more equal distribution of income within a corporation ('s branch) in a certain country	Agenda 21; Bellagio Principles; Brundtland Report
(v) International equity	Strive towards a more equal distribution of income and wealth between countries	Agenda 21; Bellagio Principles; Brundtland Report
(vi) Internal social improvements	Improve social conditions within a corporation (i.e. regarding employees)	Agenda 21; DJSI; WBCSD; GRI
(vii) External social improvements	Improve social conditions outside a corporation (i.e. in its neighbourhood)	Agenda 21; DJSI ("Philanthropy"); GRI
Environmental Sustainability	Maintain natural capital to a certain degree	
(viii) Resources	Use non-renewable and renewable (energy) resources responsibly	Agenda 21; Bellagio Principles; Brundtland Rep.; DJSI; WBCSD; GRI
(ix) Emissions	Avoid emissions into water, air, soil and neighbourhoods (noise) to a certain degree	Agenda 21; Bellagio Principles; Brundtland Rep.; DJSI; WBCSD; GRI
(x) Environmental damages and risks	Avoid environmental damages and risks to a certain degree	Agenda 21; Brundtland Report; DJSI; GRI
Second-order requirements	By advancing economic, social and environmental issues, SD has to obey some general process and concept requirements	
(xi) Transparency and participation	"Corporate openness" toward stakeholders via communication, reporting, SRM etc	Agenda 21; Bellagio Principles; DJSI; WBCSD; GRI
(xii) Reflectivity	Continuous learning through monitoring and evaluation	Agenda 21; Bellagio Principles
(xiii) Integration	Progress in one dimension of SD should not come at the expense of other dimensions ("triple bottom line commitment")	Agenda 21; Bellagio Principles; DJSI; WBCSD
(xiv) Intergenerational equity/foresight	Satisfy the needs of an enterprise and its stakeholders today and in the indefinite future	Agenda 21; Bellagio Principles; Brundtland Report

finances", they have to be accounted for as an economic issue of SD. The respective issue of financial performance, or "financial robustness" as it is called in the "Corporate Sustainability Assessment Criteria" of the Dow Jones Sustainability Indexes,[11] is described best with indicators like cash-flow, shareholder value, profits, profitability, debt-equity ratio and liquidity. (ad ii) Since SD is also about long-term foresight, a company can be considered sustainable only if it takes steps to secure or improve its competitiveness. In the DJSI, these steps are referred to as strategic planning. However, as planning has been more or less replaced by strategic management approaches in recent years (Mintzberg, 1994; Bonn and Christodoulou, 1996), we prefer speaking of strategic management.

(ad iii) External effects of corporations on stakeholder groups are an important issue throughout this SD framework. In addition to the social and environmental externalities covered by the other issues of the framework, we single out money flows from companies to stakeholders as an individual issue of SD. According to the Global Reporting Initiative (GRI, 2002, p. 46), economic performance measurement in the context of SD focuses "on how the economic status of the stakeholder changes as a consequence of the organization's activities, rather than on changes in the financial condition of the organization itself ". In other words, a corporation is only sustainable when it pays taxes to public authorities, adequate prices to its suppliers and wages to its employees, interests to its creditors and (at least at a certain point in time) dividends to its shareholders. A company which is not able to pay for these transactions will not survive in the long term.

Social dimension

According to the Brundtland Report (WCED, 1987), the social dimension of SD is about equity within the present generation (i.e. intragenerational equity) and between the present and future generations (i.e. intergenerational equity). As the latter refers to the long-term horizon of the concept, which is important in each of the three content-oriented dimensions, we regard it not as a social, but rather as a second-order issue of SD, to be addressed below. However, as on the macroeconomic level the remaining intragenerational equity issue is often separated into a domestic and an international component (see, e.g., Hardi and Zdan 1997, pp. 2, 14), we too break the issue down. (iv) While the issue of equity within a corporation refers to income disparities and wage levels within a company's branch in a certain country,[13] (v) international equity issues refer to a company's impact on the distribution of income and wealth between different countries, especially between industrialized and developing ones. In addition, we also list other company-internal and -external social improvements related to quality of life in general rather than to equity concerns in particular. (vi) Internal social improvements address the stakeholder group employees in various ways (e.g. concerning education and human rights compliance). (vii) External social improvements address all kinds of social benefits for a variety of other stakeholder groups such as communities or neighborhoods, customers and suppliers.

Environmental dimension

With (viii) resource exploitation, (ix) emissions and (x) environmental damages and risks, the environmental dimension of SD depicts three traditional issues of environmental protection. Each of the three issues deals with human pressure on the environment in one way or another, albeit with a wide range of interpretation:

(ad viii) The issue of resources is, broadly speaking, about a responsible use of non-renewable and renewable natural resources throughout the production cycle, i.e. in procurement, product design, production, distribution/logistics and consumption. A key difference here is that between the substitution of non-renewable with renewable resources on the one hand, and the substitution of natural resources with human or manmade capital on the other. As shown above, the question of substitution is one of the most prominent questions in the controversy between the different paradigms of SD. Therefore, we speak of "responsible use", which leaves substantial room for interpretation in each paradigm. (ad ix) The issue of emissions deals with avoiding all kinds of emissions to a certain degree, again throughout the product cycle from procurement to consumption. As the disputed question of capital substitution is also relevant in this context, ''avoidance to a certain degree'' can take on very different meanings. (ad x) Finally, the issue of environmental damages and risks is about the avoidance of anything that implies environmental destruction (like soil sealing or landscape destruction) and irreversible risks (like the loss of biodiversity and climate change), again up to a certain (i.e. paradigm-specific) degree.

Second-order requirements

As indicated above, the concept of SD embraces more than the economic, social, and environmental issues covered so far. As a process-oriented concept, it also embraces second-order issues such as (xi) transparency and participation, (xii) reflectivity, (xiii) integration and (xiv) intergenerational equity. Since these issues are relevant for all three of the other dimensions, we subsume them in an additional dimension.

(ad xi) Virtually any political, and most academic, publications on SD stress that the concept strongly depends on the participation of various societal groups. In this sense SRM is not only a potential vehicle for SD implementation, but also an integral element of Corporate Sustainability itself (for more details on participation, see Section 4). (ad xii) Another second-order issue, relevant in all three other dimensions, is reflectivity. In general, reflectivity refers to continuous learning processes which build on systematic monitoring and evaluations. Since reflectivity is the vehicle by which the actual meaning of SD is adapted to changing perceptions and needs in society, this issue refers to participation as well as to the evolving normative character of SD (for more details on the normative character of SD, see Section 4).

(ad xiii) As stated repeatedly, SD asks for the integration of economic, social and environmental issues in all societal spheres and levels, including the corporate one. In managerial language, this issue is often referred to as ''triple bottom line'', implying a triple optimization with regard to the economic, social and environmental costs of products and processes. The most serious challenge regarding the triple bottom line are trade-offs between different dimensions or issues of SD. Regarding SRM, such trade-offs lead to the so-far unsolved ethical problem of how corporations should deal with conflicting stakeholder claims (Humber, 2002, pp. 212–215). (ad xiv) According to Dyllick and Hockerts (2002, p. 132), the issue of integration is closely related to the issue of intergenerational equity or foresight: ''A single-minded focus on economic sustainability can succeed in the short run; however, in the long run sustainability requires all three dimensions to be satisfied simultaneously'' (see also Collins, 2001). Most definitions of SD or Corporate Sustainability stress the fact that the various SD issues need to be realized today in a way that does not hamper the possibilities of future generations (of stakeholders) (see, e.g., IISD Deloitte and Touche, WBCSD, 1992, p. 1). As the example of Nestlé shows, the tripartite structure of SD as well as the principle of intergenerational equity are reflected even in corporate sustainability reports. ''For Nestlé, SD is defined as the process of increasing the world's access to higher quality food (i.e. the process of meeting Nestlé's corporate goals), while contributing to long-term social and economic development, and preserving the environment for future generations'' (Hameskerk et al., 2003, p. 15).

This framework lays out the normative basis of the SD–SRM perspective. It describes which issues of SD corporations ought to take into account and it is the immediate point of departure for the empirical analysis, documented in Konrad et al. (2005). However, since the concept of SD is constantly evolving (see Section 4), the framework described here is only a preliminary one, to be discussed and altered on an ongoing basis.

SD, SRM, CS, and CSR – an attempt to bring order into the disorder of business–society concepts

So far, we have explored the concepts of SD and SRM, and we have shown how the SD–SRM perspective fits into the wider body of stakeholder theory. The purpose of this Section is to compare SD and SRM in more detail, and to put them into perspective with two other popular issues highly relevant in this context: Corporate Sustainability (CS) and CSR. With this comparison, we summarize some key characteristics of SD and SRM, and we hope to bring some order into the disorder of business–society concepts.

SD and SRM

So far, we have seen that SD (i) builds on normative foundations, (ii) relies on participation, and (iii) aims at the integration of economic, social and environmental concerns. This sub-section shows that the same is true for SRM, although with a different focus.

(ad i) SD and SRM both build on normative foundations: The mainstream understanding of SD, which builds on the Brundtland Report (WCED, 1987), clearly gives humans and their needs a higher priority than the environment per se (Reid, 1995, pp. 55f; Neumayer, 1999, p. 9; Steurer, 2002, pp. 245f). The "Rio Declaration for Environment and Development" (UNCED, 1992), for instance, states as its first principle: "Human beings are at the centre of concerns for SD. They are entitled to a healthy and productive life in harmony with nature". Therefore, not the minimization of negative environmental effects, but the maximization (or at least the stabilization) of human welfare over time (which, as the Rio Declaration states, in turn also depends on a healthy environment) is the yardstick of SD (Pearce, 1991, p. 1; World Bank, 2002, p. 13). However, since needs (at least those beyond the basic level) as well as the notion of human welfare are highly subjective social constructs, differing from culture to culture and changing over time, SD is widely acknowledged to be a normative societal concept (World Bank, 2002, p. 13). As such, it is defined not by ecological parameters but through societal consensus-finding processes (Reid, 1995, p. 58; Smith, 1996, p. 43; Rao, 2000; Steurer, 2002, pp. 296f).[14]

Regarding the stakeholder approach, Donaldson and Preston (1995, p. 87f) see its normative aspect not simply as an alternative to descriptive and instrumental aspects, but as "the ultimate justification for the stakeholder theory". Even if corporations deploy SRM in order to increase shareholder value – that is, for instrumental reasons only (Berman, 1999, p. 491f) – the underlying normative assumption is that this is the only meaningful purpose for engaging with stakeholders. In other words, both SRM and SD are inevitably imbued with normative and ethical implications.

(ad ii) SD and SRM both rely on participation: Since the meaning of SD is supposed to be determined through societal consensus finding processes, the concept strongly relies on participation. In fact, participation is regarded as the key issue of SD in numerous political documents such as Agenda 21 (UNCED, 1992). Another example is an OECD report (2001, p. 19) which states, "Broad participation helps to open up debate to new ideas and sources of information [...] and develop a consensus on the need for action that leads to better implementation [of SD]. Central government must be involved [...] but multi-stakeholder processes are also required involving decentralized authorities, the private sector and civil society, as well as marginalized groups." This participatory characteristic of SD is, by the way, one of the reasons why the concept is so elusory. Of course, participation is also at the core of SRM. More precisely, SRM is, by definition, managed stakeholder participation which spans from information-based stakeholder involvement (Sillanpää and Wheeler, 1997) to goal-oriented partnerships with key stakeholders, like the one between McDonald's and the Environmental Defence Fund on packaging issues (Rondinelli and Berry, 2000; for an overview on the different levels of participation, see Green and Hunton-Clarke, 2003).

(ad iii) SD and SRM both aim at the integration of economic, social and environmental issues: The fact that SD is an integrative concept is nothing new at this point. Yet, what does SRM have to do with it? As Harrison and Freeman (1999, p. 483) put it, "Dividing the world into economic and social ultimately is quite arbitrary. Indeed, one of the original ideas behind the stakeholder management approach was to try a way to integrate the economic and the social", whereby "social" includes environmental concerns.

However, at this point the crucial difference between SD and SRM comes into play. Although SD has a procedural characteristic, most issues regarding the concept are content-oriented in the sense that they specify economic, social and environmental principles or (minimum) requirements. Development can be regarded as sustainable only if these principles and requirements are satisfied. For

SRM, on the other hand, integration is the result of an interactive process rather than a conceptual principle. SRM serves the quest for integration (and with it the concept of SD) simply because it actually tries to reconcile different economic, social and environmental stakeholder claims with traditional corporate interests. Therefore, SD and SRM can be regarded as two complementary, mutually reinforcing concepts with remarkable similarities.

SD and Corporate Sustainability

"For the business enterprise, SD means adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future" (IISD Deloitte and Touche, WBCSD, 1992, p. 1; see also Dyllick and Hockerts, 2002, p. 131). This application of SD on the corporate level, which obviously builds on the Brundtland Report (WCED, 1987), is often referred to as Corporate Sustainability. While SD is commonly perceived as societal guiding model, which addresses a broad range of quality of life issues in the long term, CS is a corporate guiding model, addressing the short- and long-term economic, social and environmental performance of corporations. If one accepts this understanding of CS, the microeconomic framework of SD described in Section 3 can also be read as a framework of CS.

SD/CS and CSR

Many scholars and practitioners emphasize that understanding the meaning of CSR is difficult because (i) CSR "can easily be interpreted as including almost everyone and everything"[15] and because (ii) the concept is evolving constantly, mainly parallel to stakeholder claims (Holme and Watts, 2000, p. 5). Interestingly, we also found the exact same two points in the context of SD in Section 3. However, in a communication from the European Commission (2002, p. 5), CSR is defined 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" (see also ISO, 2004, p. 28f). Therefore, it is no surprise to find the triple bottom line also in this context (van Marrewijk, 2003). What then are the differences between SD and CS on the one hand and CSR on the other?

First, CSR is more specific and depends more heavily on particular stakeholder claims than SD and CS do. While SD and CS are guiding models which depend largely on a society's interpretation, CSR is a voluntary management approach in which a company's stakeholders play a prominent role (Wood and Jones, 1995; Clarkson, 1995, p. 244; Holme and Watts, 2000; Dawkins and Lewis, 2003; ISO, 2004). As Carroll (1999, p. 288) has put it, in the course of the 1990s, CSR served increasingly "as the base point, building block, or point-of-departure for other related concepts and themes", among them SRM (see also ISO, 2004, p. 32ff). McWilliams and Siegel (2001) consequently argue that there is no overall appropriate level of CSR, but that this level depends on the demand for CSR attributes "as normal goods" by stakeholders such as consumers. The second difference is that, although the temporal scope of CSR goes well beyond the shareholders' quarterly perspective (Carroll, 1999, p. 274), it does not go as far as in the context of SD. While the societal concept of SD is covering a time-span of several generations, and some scholars define even CS with regard to "the needs of future stakeholders" (Dyllick and Hockerts, 2002, p. 131), the management approach of CSR is more or less implicitly about meeting the demands of (primary or key) stakeholders today in order to secure resources, which are vital for the company's performance in the near future (Frooman, 1999, p. 195; Figge and Schaltegger 2000, p. 12). The third difference surfaces only from a historical perspective. As mentioned above, SD, CS and CSR today all address the integration of economic, social and environmental aspects. This was not always the case. In the 1980s, SD, and with it CS, started out from the environmental dimension (see, e.g., IUCN, 1980). Economic and social issues like GDP growth were addressed only with regard to their environmental implications. Although it is hard to pinpoint exactly when non-environmental issues became distinct dimensions of SD (the Agenda 21 [UNCED, 1992] is certainly a milestone in this context), it is safe to say that this did not happen in the early stages of the concept (Steurer, 2002). On the contrary, CSR initially put emphasis on social issues like human rights and working conditions. As the environmental movement gained momentum, environmental issues were increasingly embraced as social issues in a broader sense (Marrewijk, 2003; ISO, 2004). As CSR is a business or management approach, economic aspects (like profitability) were always inherently part of the concept (Drucker, 1984).[16]

So what is the relationship between SD/CS and CSR? The historical perspective shows that SD/CS and CSR have indeed converged to very similar concepts in recent years. This impression becomes even stronger when the issues of SD depicted in the framework above are compared with CSR issues under discussion (see, e.g., ISO, 2004, p. 88f). Therefore, "many consider CS and CSR as synonyms" (Marrewijk, 2003, p. 102). However, because of the other two differences mentioned above (i.e. the role of stakeholders and the varying temporal scope), we would not go that far. As Figure 1 illustrates we regard SD, CS, and CSR as closely connected, tripartite concepts, yet on different levels of specification with different conceptual nuances. In this sense, SD can be regarded as the normative societal concept behind the other two, CS as the corporate concept and CSR as the management approach. Said differently, CSR is a voluntary "business contribution to Sustainable Development" (European Commission, 2001, sub-heading of the communication; see also ISO, 2004, p. 29), closely intertwined with the concept of SRM.

Management systems and SRM

If SD is to be pursued in the corporate context, CSR may be a good business proxy. In addition, businesses also apply more specific management systems like ISO 9000 (economic dimension), EMAS or ISO 14001 (environmental dimension), and international standards like SA 8000 (social dimension). These systems are managerial tools, serving particular issues of CSR as well as SD. Although the sum of these management systems covers all three dimensions of SD,[17] there is no single management system which covers them all.[18] This highlights the importance of SRM as a rare management practice that aims at integrating economic, social and environmental issues, although not in a standardized form.

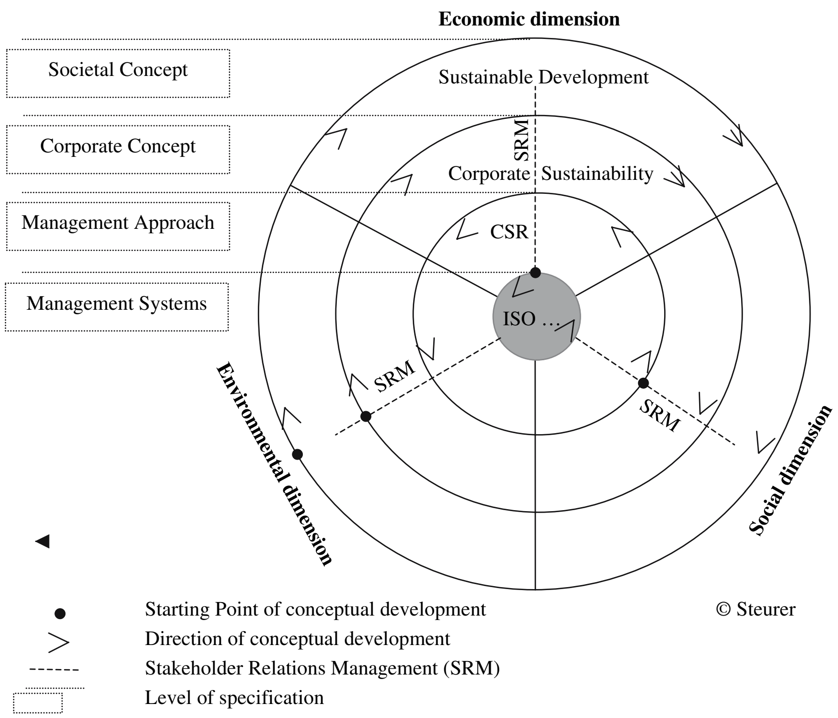

Figure 1. Overview of the business–society concepts SD, CS, CSR and SRM.

Concluding thoughts on the SD–SRM perspective

Clarkson (1995, p. 250) emphasizes that corporate managers do not think or act in terms of concepts like CSR, which initially come from outside the business world. If managers think of social responsibility, they focus on stakeholders and their claims (therefore, Figure 1 depicts the starting points of CS, CSR and management systems directly on the stakeholder axes, reaching out from the inner to the outer layers). The same is certainly true for SD, a concept more remote from the corporate core activities than CSR. Specifically for that reason we recognize the importance of exploring the key question of the instrumental aspect of to what extent SD or certain issues of SD can be achieved through SRM. While the descriptive aspect of the SD–SRM perspective (''Which issues of SD are taken into account by corporations or stakeholders?'') requires empirical analyses, the instrumental aspect can also be addressed theoretically. Our concluding thoughts do exactly this.

Based on Adam Smith, the neo-classical economic paradigm perceives firms as more or less closed systems with their only concern being the satisfaction of their shareholders. However, from the early 1980s onward, a new business–society paradigm unfolded, ''articulating the need for business to be, in some respect, responsible to society'' (Andriof et al., 2002, p. 11f). A critical point of this new paradigm is that ''corporate officials confront the world as an arena of opportunities and constraints in relation to organizational goals'' (Cragg and Greenbaum, 2002, p. 327), whereby the definition of this arena strongly depends on stakeholder interests. As far as corporations are perceived as open (not to say public) entities which do business in a societal context, they are well advised to pay close attention to societal patterns of opportunities and constraints in order to secure resources they depend upon; or as Frooman (1999, p. 195) puts it, ''it is the dependence of firms on environmental actors (i.e. external stakeholders) for resources that gives actors leverage over a firm''.

This is obviously the point at which a normative societal guiding model like SD meets traditional business interests. The more serious and committed key stakeholders (ranging from investors to consumers) support concepts like SD and CSR, the more these concepts find access to corporate core activities – notably through SRM. This implies that win–win opportunities do not simply exist, but that they are created and defined in a societal context. Ironically, Adam Smith comes into play one more time, although in a completely different respect. From the open business point of view, SRM can be interpreted as a gesture of Smith's ''invisible hand''. While the conventional understanding of the invisible hand links corporate performance with the provision of conventional goods and services, this specific gesture leads to an adequate provision of CSR. The stronger societal demand for the ''normal goods CSR'' (McWilliams and Siegel, 2001) and SD gets, the more important it will be for corporations to address respective stakeholder claims. Against this instrumental background, normative statements like ''corporations have as one of their principal functions the serving of the social good'' (Swanson, 1999, p. 510) gain a very pragmatic, shareholder-relevant meaning.

Notes

[1] We thank the Austrian National Bank for supporting the research project, which lead to this paper.

[2] The World Commission for Environment and Development/WCED was able to draw not only upon the economic growth controversy of the 1970s, which discussed the possibility and desirability of economic growth from an environmental point of view in detail (Steurer, 2001), but also on a document which addressed SD explicitly. Already by 1980, the IUCN's ''World Conservation Strategy'' had defined conservation as ''management of human use of the biosphere so that it may yield the greatest sustainable benefit to present generations while maintaining its potential to meet the needs and aspirations of future generations'' (Section 1.4), and SD as ''the integration of conservation and development to ensure that modifications to the planet do indeed secure the survival and well-being of all people'' (IUCN, 1980, Section 1.2; see also Reid, 1995, pp. 38–43; Steurer, 2002, chapter 8.2.2).

[3] Since not stakeholders themselves, but relations with them are managed, we agree with Andriof/Waddock et al. (2002, 9) that the term stakeholder management should be replaced by stakeholder relations management.

[4] What exactly are the key stakeholders? This simple question is more difficult to answer than it seems. In the landmark book ''Strategic management: a

stakeholder approach'', Freeman (1984, p. 46) gave the now-classic definition: ''A stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization's objectives.'' As this definition leaves ''the notion of stake and the field of possible stakeholders unambiguously open to include virtually anyone'' (Mitchell et al., 1998, pp. 278f), other scholars advocate narrower definitions. Many of them go back to one of the first explicit accounts of stakeholder management, a Memo of the Stanford Research Institute (1963, quoted in Mitchell et al., 1998, p. 278) which defines stakeholders as groups ''on which the organization is dependent for its continued survival''. As different groups of stakeholders (like investors, employees, customers, local communities, NGOs and the public) inherit different degrees of power, legitimacy and urgency (Mitchell et al., 1998), it makes sense to read the two definitions complementarily, i.e. to distinguish between secondary and primary or key stakeholders (Clarkson, 1998, p. 259f).

[5] This Section is based on Steurer (2005), which provides more details on the triple-perspective typology of stakeholder theory.

[6] Like with the Brundtland Commission, Freeman was also able to draw not only upon more or less general works on the business–society interface, but also on a 1962 Stanford Research Institute Report, in which the terminology ''stakeholder perspective'' was used for the first time (Andriof et al., 2002, pp. 12f).

[7] Contrary to most other scholars, Donaldson and Preston (1995) exemplified their corporate focus already in the heading of their paper (as if other perspectives were already imminent). It reads ''The Stakeholder Theory *of the Corporation*'' (Italics added).

[8] The characterization of the conceptual SD–SRM perspective in Table I fits for any concept brought in relation with SRM; the abbreviation SD just needs to be replaced by the particular concept (Steurer, 2005).

[9] See also the UNIDO document 3563; http://www.unido.org/en/doc/3563.

[10] See the ''CSD Theme Indicator Framework''; http://www.un.org./esa/sustdev/indisd/isdms2001/table_4.htm.

[11] See http://www.sustainability-index.com/htmle/assessment/criteria.html; http://www.sustainability-indexes.com/djsi_pdf/publications/DJSI_WORLD_Guidebooks/03_Corp_Sust_.

[12] As each issue could be traced back to hundreds of political as well as academic sources, we restrict ourselves to the most significant ones in terms of the societal consensus they may represent. Among them are (in chronological order of publication) (i) the Brundtland Report (WCED, 1987); (ii) Agenda 21 (UNCED, 1992); (iii) the so-called Bellagio Principles (Hardi and Zdan, 1997), set-up for the assessment of SD by 24 practitioners and researchers from five continents; (iv) the ''Sustainability Reporting Guidelines'' of the Global Reporting Initiative (GRI, 2002); (v) the Dow Jones Sustainability Indexes; http://www.sustainability-index.com/htmle/assessment/criteria.htmlon 10/2/03; http://www.sustainability-indexes.com/djsi_pdf/publications/DJSI_WORLD_Guidebooks/03_Corp_Sust_, and (vi) publications of the World Business Council for Sustainable Development/WBCSD (Hameskerk et al., 2003). Apart from these sources, the framework is also based on several years of research on SD, documented in Steurer (2001, 2002), Langer and Schön (2002), Martinuzzi and Steurer, (2003).

[13] The inclusion of this issue may be controversial. However, as a variety of political groups, corporations such as Shell (Oliver, 2001, p. 25) and the UN consider intra-generational equity as ''vital to the notion of SD'' (United Nations Industrial Development Organization, document 3563 (http://www.unido.org/en/doc3536), it has to be included. The general character of the framework given, it leaves enough room of interpretation.

[14] Note that this notion of SD is contested. Some advocates of the strong sustainability paradigm claim that SD is not a normative but an objective concept (at least as objective as natural science can be), defined by ecological parameters (Hueting and Reijnders, 1998).

[15] WBCSD newsletter Sustain; http://www.sustain-online.org/news/printpage.php/aid/158/Corporate_Social_Responsibility_-_narrowing_the_focus.html. See also Carroll (1999, p. 280f).

[16] This development of CSR from a bi- to a tripartite management approach is one reason for some conceptual confusion. Although the World Business Council for Sustainable Development (WBCSD) shares the common understanding that CSR addresses economic, social and environmental issues in a corporate context, the Council depicts it ''as the third pillar of sustainable development – along with economic growth and ecological balance'' (http://www.wbcsd.org/projects/pr_csr.htm; Holme and Watts, 2000, p. 4). Obviously, this understanding of CSR needs some clarification (and because the economic dimension of SD is reduced to economic growth, the same is true for the WBCSD's interpretation of SD overall).

[17] Based on a variety of existing quality standards, ISO 9000 was issued in 1987 (see http://www.brunel.ac.uk/~bustcfj/bola/quality/history.html). The first national Environmental Management System was published by BSI in 1992, and ISO 14001 was published in 1996 (see http://www.bsi-global.com/Education/Environmental+

Management/HistoryISO14000.xalter). The international social standard SA 8000 followed in October 1997 (see http://research.dnv.com/csr/PW_Tools/PWD/1/00/L/1–00-L-2001–01–0/lib2001/SA-800Handout.doc).

[18] In 2003, an ISO Advisory Group on Social Responsibility began to exploring how ISO can address CSR. In 2004, the group concluded that because "the field of social responsibility is difficult to define and very complex, with many honest differences of opinion on how issues should be addressed", "a guidance document" on CSR is more advisable than a "specification document against which conformity can be assessed" (see http://www.iso.org/iso/en/info/Conferences/SRConferences/pdf/AG-Recs-to-TMB%20(Apr&2030) percnt;20rev.pdf).

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