

MEETING OF VIENNA : INTRODUCING SPEECH

The concept of Corporate Social Responsibility (CSR), that we could define as being the relations that a firm has with all its stakeholders (employees, clients, providers, shareholders, communities...), is knowing today a strong and increasing popularity.

It's necessary to set up common basis which will facilitate exchanges, owing to the fact that interlocutors will share a common language for a same reality.

Recurrent theme in the thoughts concerning globalization, the CSR is ordinarily considered as an Anglo-Saxon concept.

However, the CSR seems to be more and more a stake in international relations, a major protagonist of globalization: for example, the enterprise, and more particularly, the multinational firm, is invited to respect standards that are created.

Different definitions of CSR:

One of the best definition of CSR is:

the CSR is the relations that an enterprise maintains with all its stakeholders: customers, employees, communities, shareholders, governments, suppliers and competitors. Elements of social responsibility include investment in community, relations with employees, creation and sustainability of the job, environmental concerns and financial results.

In the Green Paper entitled 'promoting a European framework for CSR', the European Commission mentions that 'the CSR concept means essentially that the enterprises decide of their own initiative to contribute to improve society and environmental conditions'.

The Social Responsible Investments could be define as follows:

it is a commitment to take part in the society progress through investments. The social investor takes into account a double bottom-line: the financial performance of the enterprise and its social one.

The link between CSR and SRI is direct and obvious. On one hand, investors, which are looking for managing their funds in function of certain values call directly on CSR. On the other hand, the assessment of enterprises, concerning social or environmental responsibility, is often

used as an information basis for the application of ethical criteria in investment.

The financial, social and environmental assessment is one of the tools allowing to assess how enterprises assume their social responsibility. The idea of a larger assessment than the only financial report is directly linked to the concept of sustainable development. To measure correctly the impacts of the activity of a firm on a short- and long-term, we must consider 3 aspects (economic, environmental and social) and propose for each, indicators of performance.

Conceptual differences appear : some are due to semantic questions: for example, the word 'social' has a much larger sense in English than in French, 'sociétal' (societal) will be a more appropriate translation in French. But the fact that 'Corporate Social Responsibility' is translated by 'responsabilité sociale des entreprises' (social responsibility of the enterprises) is at the origin of a strong reserve in the francophone world: the trade-union world refuses the idea that unilateral private standards govern the social dimension of the enterprise, the employer's world fears to let itself be led by new obligations in this field which it finds already very constraining.

The international debates around the CSR represent important stakes at least at 3 levels: politic (the promotion of a model of society, which can be what we can call 'the European social model'), legal (nature of the standards to set up, role of the public law and of voluntary commitments - 'guiding principles', 'moral codes' - responsibility of the States and of private protagonists) and economic (image of the enterprises as a competitiveness factor, cost of application of the rules, markets of certification, delocalizations,...). It's a great matter of international negotiations.

Influence of CSR in Europeans countries:

For example, all over the Europeans countries, different meetings have been organized during the last five years:

In the literal wording of Conclusion 39 of the 2000 European Summit in Lisbon: "The European Council makes a special plea to the sense of social responsibility of companies regarding suitable practices concerning

continued training, organisation of work, equal opportunities, social integration and sustainable development”.

Several months later, the European Social Agenda adopted at the Nice Summit in December 2000, also included a reference when stating, in point d) of section II: “to support initiatives relating to corporate social responsibility and to managing the change, by means of a Paper issued by the Commission”

In Italy, CSR is the concern of the Ministry of Work and Social Policies. In 2003, it promoted a European Conference in Venice, where the project CSR -SC (Social Commitment) was presented as the Italian contribution to the European campaign for the promotion of CSR.

In Slovakia, in 2004, Foundation PONTIS initiated creation of informal corporation Business Leaders Forum, which join the enterprises applying for principles of CSR.

Recently, in the Conclusions of the European Summit in Brussels on 22 and 23 March 2005, under the heading: “an attractive place in which to invest and work” in Conclusion 20, it is stated that companies: “must develop their social responsibility”

Current trends actually registered on CSR:

Several factors explain the interest that is carried to the CSR:

The new concerns and expectations of citizens, consumers, authorities and investors in the framework of globalization and industrial changes,

The social criteria which influence more and more the investment of individuals or institutions, as investors or consumers,

The growing concerns raised by the deterioration of the environment.

The impact of the New Information and Communication Technologies on transparency and circulation of information concerning the activities of the enterprises.

However, the monitoring of the application of these codes represents a critical element. A high proportion of enterprises affirm to take into account ethical concerns in the management of the risks, but in fact a weak percentage of them carry out a methodical and regular evaluation of

their performance. One of the reason of this paradox lies on the difficulty to measure the social responsibility.

• the phenomenon of socially-responsible managed saving or ethical finance is acquiring a rising importance: the number of ethical mutual funds increased steadily by reaching the number of twenty in 2003. To underline the deep interest toward this sector, Assogestioni introduced the category of "Ethical Fund" among its classes.

Then, Italy had the highest number of certified organizations in the world.

Advantages and risks for the enterprises:

What are the advantages for the enterprise to apply the social responsibility principles? In addition, is there any risk?

At the question of knowing if enterprises should apply the social responsibility, there are two opposite visions: some say that there is a primacy of the shareholders, but there is a major stream in the public opinion: the enterprises must aim at the creation of profits but their responsibility is not limited at the maximization the yield for the shareholders. They must open themselves to the interests of other groups of society. To whom enterprises must explain themselves and how?

For example, in Slovakia,a risk has been identified:

In Slovakia is up to 99% of all companies in category of SME, according to EU definitions. In 2002 they shared 40% of general production. In the period 1989 - 2002 was growth value edit for SME faster then for big enterprises.

Repeated researches made by different independent institutions agreed in denomination the biggest barrier in development of SME:

- Insufficient approach to financial sources (investment and operative)*
- High stuffiness of labour market and high tax and recruitment charging*
- High corruption and bureaucracy measure*
- Unstable legislative environment*

We have also to regard, that economic and social environment in the countries of Central and East Europe is the environment of low level of confidence and social capital. Because of that, it is not surprising, that the question of social responsibility were not the most important subject of discussions in SME before.

Involvement of SME in social responsibility is less known and visible than it is in big enterprises. Activity of SME in CSR domain is divided,

irregular and informal. Only a small part of SME sees it like a part of business strategy and own (or feel the importance) of formal operations. The responsibility to the environment and to participation to solve the social and communal problems are registered mainly by those enterprises, which are the members of associations, business networks and interests groups.

Several experts have proved that businesses that applied the concept of social responsibility improve their financial health. Taking into account the interests of stakeholders would have a positive impact on long-term image, work relationships, access to credit, loyalty towards customers and suppliers.

Is there any negative effects to the social responsibility? The Board of Directors, subjected to pressures of lobbies, risk to pay no attention to the shareholders interests. Is the CSR a tempting trend for the enterprises?

Does the accent put on the self responsabilisation of the firms conduct to neglect the necessity of clear and well defined rules? An other consequence will be to impose uniform standards to situations of different nature between developed countries and developing countries.

How to improve the financial balance of the enterprise concerning the exercise of social responsibility

The question of the report of the social performance is raised, as well as transparency of the enterprises and verification of certain affirmations. The « Law on the new economic regulations », adopted in France in 2001, plans that the enterprises on the stock exchange would have to add an environmental and social part to their annual report.

Various and numerous tools:

How to find itself there in the various tools and what is the credibility to give?

A spanish reflexion shows to us the complexity to find objectives tools: Within the company, this refers firstly to respect for the environment in the running of the company, insofar as the quality and preservation of the environment, as a framework for life and as a source of wealth and concerns the stakeholders. Secondly, it relates to the rights of employees to free collective negotiation, to equality of opportunities between men and women, to non-discrimination based on age, racial or ethnic origin, religion or disability, to health and safety in the workplace, and to reconciliation between their personal or family life and their work.

CSR involves a new kind of business management that takes into account all the parties concerned through its policies, procedures, systems and measurement indicators. In these matters, it is necessary to distinguish between the processes aimed at greater responsibility of the company that are involved in this management model and some business philanthropy practices that dispense with any internal changes directed at more responsible management practices. With regard to this aspect, the public reference framework and public CSR policies will refer to social behaviour that is strictly integrated into the responsible running of the company.

There are many tools supporting the evaluation of the CSR. , as the 'guiding codes' (can be defined by a group of enterprises, a trade-union, a lobby...). There are also eco-labels or social labels (certification that the product has been manufactured or marketed according to standards). For example, in Italia, the rising attention to CSR-related issues is demonstrated by the creation of specific awards.

Role and action of governments about CSR:

Which role has played the government in this matter?

The State must make sure that the use of natural resources respect the principles of sustainable development at the core of social responsibility.

The key question is to know up to what point the State must intervene in the field of social responsibility. Is its intervention necessary to promote the CSR? Are there fields where the governmental intervention would be more useful? In the consumer goods sector, the role of the government is less necessary because there is an obvious interest for the enterprises to apply the principles of social responsibility regarding the impact on their image. But has the State a bigger role in the natural resources sector? Some support the idea that social responsibility can't replace the laws and the regulations. What is the balance to set up between an approach based on voluntary participation and the regulations?

How to promote good practises without imposing a burden to the enterprise?

Which form should take the governmental action? This is an important question in the context of a lightening of the regulation framework of the enterprises. The firm's managers are not against the exercise of social responsibility. But, there are constraints and risks. Some fear the negative effects on business competitiveness. The development of social responsibility must happen with the participation of the firm's managers.

Must policies and governmental programmes contribute to the development of CSR?

By implicating itself in international negotiations, France pays attention to the progressive strengthening of the international public law, 'the guiding principles' and other 'Green Papers' which represent either preliminary stages or opportunities to put in perspective a set of standards.

Would it be relevant for the government to require the application of social responsibility principles from the enterprises with which it handles?

Can the application of social responsibility criteria become a form of protectionism?

One of the reproaches made towards social responsibility is to constitute a shape of protectionism. Environmental standards or labour laws in force in industrialised countries can't be applied in developing countries without any distinction. To enforce identical standards would be a burden for developing countries and would slow down their economic growth. How to manage these differences? Can we oblige firms to respect identical standards when they invest abroad? Must firms require strict standards to their suppliers in other countries?

ROLE AND ACTION OF INVESTORS ABOUT CSR:

The investor, either individual or institutional, can take its investment decisions in function of the way enterprises assume their social responsibility. It raised the phenomenon of ethical or social investment. Several questions are raised, some concern the pension funds, other concern more the individual investor.

All this indicates a dynamic vision which presents specificities of CSR in Europa: it seems that, in a near future, his different countries would take part with a more effective way in the elaboration of international "hard and soft" standards concerning the enterprise...

To conclude this presentation with a gift, a George Bernard SHAW's reflexion:

There are two kinds of people in life: people who see the world as it is and wonder why?

People who imagine the world as it should be and wonder: why not?