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**CORPORATE SOCIAL RESPONSIBILITY POLICY IN THE EU: ISSUES OF
LEGITIMACY, REPRESENTATION AND POLITICAL COMPETITION**

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ABSTRACT

This paper examines the development of Corporate Social Responsibility (CSR) policy in the EU since 2001. During the period of time that has passed since the 2001 Green Paper on CSR, the EU has subsequently published a number of policy papers and hosted a number of consultation events and exercises as part of the deliberations in developing the policy. Critically, the main participants in the deliberations are typically well-resourced interest organisations (rather than individual citizens) and, crucially, the outcomes of the deliberations appear to bear striking similarity to the objectives of the dominant interest organisations: namely business interests. Accordingly, this paper seeks to address questions about the quality of democracy in the EU, the legitimacy of the deliberations reviewed, the degree of representativeness of the participants, and the character of the political competition within the polity.

1. INTRODUCTION

For scholars interested in the development of the European Union (EU), its qualities as a democracy have been a matter of considerable fascination and debate. Over a number of years, academics and practitioners have pointed to several significant alleged failings, such as its ‘democratic deficit’. In many ways this may be both cause and effect for an apathetic and distrustful European electorate, as demonstrated by the low turnouts for European Parliament elections and the recent ‘No’ votes in constitutional referendums. In some respects the problems afflicting the EU are no different from those affecting most western industrialised countries. However, the Commission itself has argued (EC 2001a, 3) these difficulties are especially acute in the EU, where the complicated policy-making system is poorly understood by most citizens and the loss of confidence in political leaders and public institutions is all too evident. In a rather contradictory way the EU is seen as both ‘remote’ and ‘intrusive’ by voters. As the European Commission itself has acknowledged, the European Union (EU) faces a ‘real paradox’ (EC 2001a, 3). On the one hand citizens are said to want public policy makers and political leaders who can resolve major societal problems whilst, on the other hand, citizens are suspicious of political leaders and indifferent towards and bored by politics and policy making.

In the absence of a politically active citizenry, there are others who are more than willing and capable of filling the political space created. Among those well-placed to do so are the political elites, who include both elected and unelected individuals and bodies. Among the unelected are well resourced interest organisations, including trade unions, business associations, individual businesses, and other groups that form part of civil society such as religious, environmental and welfare groups. Certainly, given the explosion in interest representation in the EU since the mid-1980s, interest organisations have not been slow to take advantage of the political opportunities afforded by the EU’s policy-making systems, although some have been more active and effective than others. However, herein lies a problem. Some interest organisations are better resourced than others and some have been more influential than others. In effect, there is not a level playing field when it comes to political competition among interest organisations.

Acutely aware of the problems above, the EU’s main policy-making institutions (the Commission (EC), the Parliament (EP), the Economic and Social Committee (EcoSoc), the Committee of the Regions (CoR)) have sought to reform the governance of the EU. For example, the Commission identified what it called the

principles of good governance (EC 2001a, 10), which are designed to reinforce those of proportionality and subsidiarity, such as ‘openness’, ‘participation’, ‘accountability’, ‘effectiveness’ and ‘coherence’. Proposals for change made by the Commission included findings ways of improving involvement, making better policies, improving regulation and delivery, making a contribution to global governance and re-focussing the EU’s policies and institutions. Among the key targets at which these suggestions were aimed was civil society (i.e. interest organisations).

The 2001 White Paper and other policy papers produced by the Commission and the Parliament in particular since the 1990s have been designed to remedy many of alleged failings alluded to above. In summary, it could be argued that the underlying intention of the EU’s main bodies has been to improve the legitimacy and representativeness of EU policy-making. In attempting to put the relationships between the EU bodies and interest organisation on a more formalised or regularised footing and by trying to create a climate of consultation and dialogue with civil society, then perhaps the EU could begin to strengthen its democratic credentials. By making deliberations more transparent, by giving advance notice of the annual work programme, by encouraging interest organisations to work to their own codes of conduct and by creating a register on interests, improvements could be achieved in the quality of decision-making in the EU. However, it remains to be seen whether such proposals and reforms have been effective.

In response to some of the issue identified above this paper forms part of a panel discussion that reflects a growing concern about the potential role for civil society and interest groups in EU governance and addresses a number of questions about the character of deliberation between civil society interests and policy-makers. The questions posed and addressed include the following. Does the consultation of interest organisations enhance democracy in the EU? Or, do EU deliberation processes only serve to strengthen the role of unaccountable elite networks who can secure access to policy-makers in exchange for expertise or other goods? Do the interest organisations consulted truly represent legitimate interests or are they merely the voice of those who are best organised and resourced? Should the engagement of organised interests in EU governance should be regulated and how? Should ethics play a role in shaping EU-interest organisation relations?

This paper represents a first foray into the subject of the ethics of lobbying, and particularly business lobbying. Potentially the research could have been tackled from a political science point of view, drawing on literature directly from that discipline. However, as an alternative, this paper actually draws on management studies research and scholarship and explores the notions of CSR and corporate citizenship. It also adopts a case study approach in order to explore the questions above in some detail. The paper focuses on the development of Corporate Social Responsibility (CSR) policy in the EU between 2001 and 2007. During the period of time that has passed since the 2001 Green Paper on CSR, the EU has subsequently published a number of policy papers and hosted a number of consultation events and exercises as part of the deliberations in developing the policy. Critically, the main participants in the deliberations are typically well-resourced interest organisations (rather than individual citizens) and, crucially, the outcomes of the deliberations appear to bear striking similarity to the objectives of the dominant interest organisations: namely business

interests. Accordingly, this paper seeks to address questions about the quality of democracy in the EU, the legitimacy of the deliberations reviewed, the degree of representativeness of the participants, and the character of the political competition within the polity. The remainder of this paper is structured as follows. Section 1 examines the role of the firm actor. Section 2 characterises the EU's approach to consultation and organised interests. Section 3 explores the case study provided by the development of CSR policy in the EU. Section 4 concludes the paper by returning to the underpinning questions and offering some tentative answers and conclusions.

2. THE FIRM AS A POLITICAL ACTOR

Corporate social responsibility

The term corporate social responsibility (CSR) has been an element of academic (and practitioner) discourse about the role of business in society for more than half a century. It is said (Carroll 1999; Crane and Matten 2004) to have first emerged in the USA in the 1950s, and in so doing, to offer a system of reasoning and a conceptual framework concerned with some basic questions about to whom businesses might have responsibility, what the alleged responsibilities might encompass, and how the 'social' duties might be discharged. During the decades that have followed since the 1950s efforts have been made to clarify and develop the idea of CSR. However, the process of elucidation has been somewhat hampered by the use of a variety of terms for what might essentially amount to the same idea. In academic and other literature terms such as 'responsible business practice', 'corporate citizenship', 'corporate philanthropy', 'corporate giving', 'corporate community involvement', 'community relations', 'community affairs', 'community development', 'corporate responsibility', 'global citizenship', 'corporate social marketing' all provide alternative labels for CSR.

Corporate social responsibility (CSR) is, therefore, a contested and 'slippery' concept. Interpretations and definitions have varied across time and geographical space (Acutt *et al.* 2004; Frederick 1995; Fukukawa and Moon 2003; Matten and Moon 2005; Welford 2004 and 2005), ranging from a narrow conception that views the role of business in society as one confined to profit maximisation offset by philanthropic donations to a more broadly conceived notion that attempts to combine and balance economic, social and environmental commitments of businesses as part of a drive towards sustainable development or sustainability. One seminal work (Friedman 1970) defined the social responsibilities of businesses as being the duty to generate (increased) profits. This approach to CSR was based on the contention that businesses could not have wider social responsibilities than profit-making on the grounds that only individual human beings can have moral responsibility for their actions and businesses are not individuals (although they consist of individuals and therefore individuals are responsible for the actions of the business); business managers only have responsibility to act in the interest of shareholders; the problems of society are not the concern of business (they are the responsibility of the state).

In contrast to this narrowly defined conception of corporate social responsibility, alternative influential definitions subsequently attempted to connect business 'responsibility' to business 'power' and to suggest that businesses were responsible to a wider range of groups and individuals than merely the firm's shareholders. This has led to further debate about the role of firms in relation to society and their alleged

responsibilities. It is to the notions of ‘stakeholders’, ‘accountability’ and citizenship’ that the paper now turns with a view to discussing the ‘firm as a political actor’.

Stakeholder theory of the firm

From the 1980s onwards the focus of the academic debate shifted from developing new and revised definitions to further research on CSR, resulting in a splintering of writings and the manifestation of several alternative concepts and themes (Welford 2004). Prominent amongst these, drawing on the notion of stakeholders, a new term that first entered the literature in the 1960s (Crane and Matten 2004: 50). This in turn led to the development of an approach labelled the stakeholder theory of the firm¹ in the 1980s (Freeman 1984). The stakeholder perspective takes as its starting point the contention that any business is not simply managed for the benefit of *shareholders* but is responsible to a range of groups and individuals, that is *stakeholders*, (see Freeman 1984 and Evan and Freeman 1993 for definitions of the term stakeholder) who have a legitimate interest in the organisation. Whilst under a traditional model of managerial capitalism (Crane and Matten 2004: 50-51), firms are seen as being responsible to four main groups (i.e. suppliers, employees, customers and shareholders, the latter being the dominant group since they ‘own’ the business), the stakeholder model envisages a two-way relationship between the firm and a whole range of individuals and groups besides shareholders². The framework highlights the importance of balancing the multiplicity of interests represented by internal and external constituent groups and individuals.

Corporate accountability

Although Friedman (1970) argued that firms should not undertake social policies (because that is the task of government) and that business managers should act on behalf of and be accountable to shareholders (since business managers are not elected by the general public they should not/cannot be accountable to public), businesses have actually begun to undertake a range of social activities, conducting many functions previously exercised by government (Crane and Matten 2004:55). This development can be seen to be part of a trend towards an increasing (actual or perceived) impotence of governments. Such as trend can partly be attributed to a rise in corporate power (Crane and Matten 2004: 57-58), following globalisation and the introduction of privatisation, liberalisation, de-regulation and self-regulation programmes (especially in many western European countries). It might also be seen as the product of the unwillingness of elected politicians to introduce unpopular social and political measures, the genuine inability of governments and others to control natural disasters (such as BSE), and the trend towards governance rather than government under which many more public, private and voluntary sector actors participate in public policy making. The alleged outcome is that public policy is increasingly dominated by the actions and policies of business organisations, rather than those taken by elected politicians and their civil servants. In effect, businesses have become political actors. Since firms appear to have acquired considerably wider

¹ It could be argued that there are different forms of stakeholder theory (Crane and Matten 2004: 54-55): first, normative theory that attempts to provide reasons why businesses should take into account stakeholders’ interests; second, descriptive theory that attempts to ascertain whether and how companies actually do take account of stakeholders’ interests; and third, instrumental theory that attempts to answer the question, is it beneficial take into account stakeholders’ interests.

² A network model (Rowley 1997) goes further and posits that each stakeholder might also have responsibilities to other or their own groups.

array of responsibilities, this has led to a growing concern about the issue of democratic accountability and a demand for corporate accountability (Crane and Matten 2004: 58). The question then arises, how is accountability to be achieved? Auditing, social reporting, transparency and a stakeholder dialogue are said to be some of the preferred methods by which the public can hold firms accountable.

Corporate Citizenship

It has been argued (Crane and Matten 2004: 60-61) that the issue of accountability has led, in turn, to that of corporate citizenship. The term itself emerged in the mid 1990s in the USA (but increasingly also used in Europe) and offered a fresh way of addressing the social role of businesses. It was initially favoured by practitioners but is increasingly being used in academic literature. Crane and Matten (2004) argue that the label corporate citizenship adds some new dimensions to the debate about the role of business in society and suggest that it might be more acceptable³ to business practitioners/managers than previous terms such as CSR. Initially coined by practitioners, it is argued that corporate citizenship has different connotations from previous terms because it highlights idea of firm and its rightful place in society and because the notion of citizenship focuses on rights and responsibilities of *all* members of the community who are seen to be interlinked and dependent on each other.

From a review of the available literature (Matten *et al* 2003) reveals three possible definitions of the term corporate citizenship. These include what they label (Crane and Matten 2004: 64-68) the 'limited view' (which is commonly used and equates to corporate philanthropy), the 'equivalent view' (that equates to CSR and is also widely used), and the 'extended view' (differentiated from the other interpretations because it acknowledges the extended political role of business in society). The starting point for this 'extended view' is the notion of citizenship. As understood in most western industrialised societies, citizenship is based on a liberal tradition and defined in terms of a set of individual rights comprising three elements of entitlement. These include social rights (that provide the individual with freedom to participate in society such education and welfare sometimes called positive rights); civil rights (these provide freedom from abuse or interference by third parties such as governments such as the right to own property, engage in free market, and freedom of speech, called negative rights); and political rights (e.g. the right to vote and hold political office).

Crane and Matten (2004) report that the idea of corporate citizenship has been applied to businesses (Wood and Logsdon 2001) because firms have to respect the rights of 'real' individuals and because firms have become political actors as discussed above. This contention translates into three areas of action for firms paralleling the three types of rights identified above: the social dimension where the firm acts as a *provider* of services (e.g. where firms undertakes welfare initiatives formerly conducted by the state such as neighbourhood regeneration); civil action where the firm is an *enabler* (that is, where the firm can enable or constrain individual civil rights); and political action where the firm might provide a *channel for political expression* (for example, political action focussed on firms in the form of consumer boycotts).

3. EU GOVERNANCE AND INTEREST ORGANISATIONS: ILLS AND CURES?

³ Crane and Matten (2004: 60-61) argue that many of the terms used in the debate about the social role of businesses were introduced by academics and for that reason have little currency among practitioners.

This section charts recent developments in the EU's efforts to reform its own governance and as part of that endeavour to formalise and regularise its relations with interest organisations.

Perceived problems

For scholars interested in the development of the European Union (EU), its qualities as a democracy have been a matter of considerable fascination and debate. Over a number of years, academics and practitioners have pointed to several significant alleged failings, such as its 'democratic deficit'. In many ways this may be both cause and effect for an apathetic and distrustful European electorate, as demonstrated by the low turnouts for European Parliament elections and the recent 'No' votes in constitutional referendums. In some respects the problems afflicting the EU are no different from those affecting most western industrialised countries. However, the Commission itself has argued (EC 2001a, 3) these difficulties are especially acute in the EU, where the complicated policy-making system is poorly understood by most citizens and the loss of confidence in political leaders and public institutions is all too evident. In a rather contradictory way the EU is seen as both 'remote' and 'intrusive' by voters. As the European Commission itself has acknowledged, the European Union (EU) faces a 'real paradox' (EC 2001a, 3). On the one hand citizens are said to want public policy makers and political leaders who can resolve major societal problems whilst, on the other hand, citizens are suspicious of political leaders and indifferent towards and bored by politics and policy making.

In the absence of a politically active citizenry, there are others who are more than willing and capable of filling the political space created. Among those well-placed to do so are the political elites, who include both elected and unelected individuals and bodies. Among the unelected are well resourced interest organisations⁴, including trade unions, business associations, individual businesses, and other groups that form part of civil society such as religious, environmental and welfare groups. Certainly, given the explosion in interest representation in the EU since the mid-1980s, interest organisations have not been slow to take advantage of the political opportunities

⁴ Although the study of organized interests is a very well established, difficulties over terminology persist. In effect, many alternative labels exist for what is essentially the same phenomenon. For example, one leading author on the subject of interest organisations and interest representation, (Richardson 1993) predominantly uses the term 'pressure group' but lists several alternatives including 'interest group', 'political group', 'lobby', 'special interest group', 'organized group', and 'associational group'. In academic literature the terms 'interest group' or 'pressure group' tend to be most commonly used. Often when referring to interest organisations on a collective basis, and when contrasting them to private or public sector bodies, the terms 'voluntary sector' or 'third sector' is employed. Alternatively the label 'civil society/' might be employed to refer to interest organisations. The European Commission (EC) has adopted the terms 'special interest group' (EC 1992), and the label 'civil society organisation' (EC 2002a). However, in this paper the preferred term is 'organized interests'. Drawing on established authors (Richardson 1993: 1; Grant 2000: 14) the term organized interests is used to refer to any organization that seeks to influence public policy by communicating its preferences to those public bodies that possess the power to make authoritative decisions with regard to that policy. It is worth noting that in much of the existing literature, authors are at pains to distinguish between organized interests and political parties (that is, the former tend to focus on single issues, whereas the latter normally offer proposals across the full range of public policy). Distinctions are also drawn between the public authorities that the organizations seek to influence and the interest organizations themselves (on the grounds that the latter neither attempt to replace the public body nor seek to form a government). Further differences can be marked out between organized interests and 'social movements' (Grant 2000).

afforded by the EU's policy-making systems, although some have been more active and effective than others. However, herein lies a problem. Some interest organisations are better resourced than others and some have been more influential than others. In effect, there is not a level playing field when it comes to political competition among interest organisations.

Proposed solutions

Acutely aware of the problems above, the EU's main policy-making institutions (the Commission (EC), the Parliament (EP), the Economic and Social Committee (EcoSoc), the Committee of the Regions (CoR)) have sought to reform the governance of the EU. As part of this process, in 2001, the European Commission published a White Paper on European Governance (EC 2001a). In this paper the Commission identified what it called the principles of good governance (EC 2001a, 10), which it described as being designed to reinforce the principles of proportionality and subsidiarity. The principles listed included (EC 2001, 10):

- Openness (meaning that the EU institutions should operate in a more open manner, communicate more actively in a language that would be accessible to the general public);
- Participation (referring to the need to ensure wide participation at all stages in the policy-making cycle. This, the paper argued would improve confidence in the policy produced. The White Paper emphasised the need for an inclusive approach);
- Accountability (meaning that the roles of the various EU institutions should be clearer);
- Effectiveness (this is a question of timely policy-making undertaken in a proportionate manner at the appropriate level of governance);
- and coherence.

Proposals for reform made by the Commission included findings ways of 'improving involvement', 'making better policies', 'improving regulation and delivery', 'making a contribution to global governance' and 're-focussing the EU's policies and institutions'. Among the key targets at which these suggestions were aimed was civil society (i.e. interest organisations). Of particular note among the proposals for change are the sections of the White Paper that refer to the role of civil society⁵. In the words of the White Paper, civil society plays an important role in European governance in "giving voice to the concerns of citizens" (EC 2001a, 14). The White Paper proceeds by suggesting that the EU could achieve more effective and transparent consultation through a number of different instruments (such as Green and White Papers, Communications, advisory committees, business test panels, ad hoc consultations and on-line consultation). The significance of such consultation, the White Paper claims would be that it could help:

⁵ Civil society is defined as trade unions and employers' organisations ("social partners"); nongovernmental organisations; professional associations; charities; grass-roots organisations; organisations that involve citizens in local and municipal life with a particular contribution from churches and religious communities.

“...the Commission and the other Institutions to *arbitrate between competing claims and priorities* and assists in developing a longer term policy perspective.” (EC 2001a, 15. Emphasis added).

Ultimately the aim of the reforms would be to create a ‘reinforced culture of consultation and dialogue’ (EC 2001a, 16). Such consultation, the White Paper argues, would need to be underpinned by a code that would set minimum standards of conduct focusing on what to consult on, when, whom, and how. Crucially, the codes of conduct would:

“...reduce the risk of the policy-makers just listening to one side of the argument or of particular groups getting privileged access on the basis of sectoral interests or nationality [...] These standards should improve the representativity of civil society organisations and structure their debate with the Institutions.” (EC 2001a, 17).

The White Paper’s discussion of codes of conduct was not the first attempt on the part of the Commission to put relations between interest organisations and the EU’s policy making bodies on a more formalised basis. From the early 1990s, the Commission had begun to explore ways of better managing the input of interest organisations into EU policy-making. For example, ‘An open and structured dialogue between the Commission and special interest groups’ (EC 1992) had recognised the valuable input from interest organisations but also the need to make relations more transparent. To that end the 1992 paper suggested several guiding principles such as the preservation of the open relationship between the Commission and special interest groups, (i.e. adhering to the principle of an open administration) and the commitment to:

“...the equal treatment of all special interest groups to ensure that every interested party, irrespective of size or financial backing, should not be denied the opportunity of being heard by the Commission” (EC 1992, 2).

Recommendations that first appeared in the 1992 paper (EC 1992, 2-4), such as the need for a directory of special interest groups, self-regulation of interest organisations through their own codes of conduct, and rules about Commission staff rights and obligations were picked up and reinforced in subsequent policy documents such as the Commission’s communications of 2002 and 2008. The 2002 policy paper (EC 2002) lays down general principles and minimum standards for the consultation of interest organisations with the intention of creating ‘a reinforced culture of consultation and dialogue’. The 2008 paper (EC 2008) builds on earlier proposals and puts forwards a ‘framework for relations with interest representatives’ designed to bring about greater transparency.

In summary, the 2001 White Paper and other policy papers produced by the Commission and the Parliament in particular since the 1990s have been designed to remedy many of alleged failings alluded to above in this paper. In summary, it could be argued that the underlying intention of the EU’s main bodies has been to improve the legitimacy and representativeness of EU policy-making. In attempting to put the relationships between the EU bodies and interest organisation on a more formalised or regularised footing and by trying to create a climate of consultation and dialogue with civil society, perhaps the EU could begin to strengthen its democratic credentials. By

making deliberations more transparent, by giving advance notice of the annual work programme, by encouraging interest organisations to work to their own codes of conduct and by creating a register on interests, improvements could be achieved in the quality of decision-making in the EU. However, it remains to be seen whether such proposals and reforms have been effective.

4. A CASE STUDY: CSR POLICY AND POLICY MAKING

This section charts the formal development of EU CSR policy. It outlines the key publications and events in the development of the policy between 2001 and 2007 with a view to examining policy content and the deliberative processes involved. (See Figure 1 for a chronology.)

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Policy Content

Arguably, the first important policy document to be published was the 2001 Green Paper (EC 2001), which defines CSR as

“... a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis [...] not only fulfilling legal expectations, but also going beyond compliance and investing “more” into human capital, the environment and the relations with stakeholders.” (EC 2001: 6)

The Green Paper discusses what it labels as the internal dimensions (EC 2001: 8-11) and external dimensions of CSR (EC 2001: 11-15), calls for ‘a holistic approach’ to CSR that incorporates social responsibility reporting and auditing, social and eco-labels, and socially responsible investment (SRI) and finally sets out details of the consultation process (EC 2001: 21), which was to follow during 2001 (see below for further discussion).

Following the Green Paper consultation exercise, the Commission then published a further Communication (EC 2002), which retains the definition of CSR originally set out in the 2001 Green Paper and sets out a ‘European Action Framework’ for CSR. It discusses how to improve knowledge about CSR, facilitate the exchange of good practice, and develop management skills. In particular, small and medium sized enterprises (SMEs) are singled out for attention. The Communication then debates related issues such as the promotion of convergence and transparency of CSR tools and practices; codes of conduct; management standards; measurement, reporting and assurance; labelling; SRI; the launching of an EU Multi-Stakeholder Forum (EMSF) on CSR (which was set up in 2002 and reported in 2004. See below); and the integration of CSR into all EU policy areas.

Finally, the most recent Commission document on CSR was published in 2006 (EC 2006). In effect this document represents the most complete statement of the EU’s policy on CSR. It further reinforces many of the elements of EU CSR identified in earlier documents, preserving the 2001 definition of CSR, continuing to emphasise the voluntary character of CSR, referring to the need to reconcile economic, social

and environmental ambitions, describing CSR as part of the debate about globalisation, competitiveness and sustainability, and arguing that any additional obligations and administrative requirements are counter productive and contrary to the principles of better regulation (EC 2006: 2). Moreover, one of the most striking aspects of the 2006 document is the Commission's announcement is that it sees businesses as the 'primary actors in CSR' (EC 2006: 3), arguing that the best way to achieve its objectives with regard to CSR is by working more closely with European businesses: hence the launch of the business-led 'Alliance' for CSR in 2006, which excluded other interests (see below).

However, it should be acknowledged that consensus does not prevail at the supranational level. Whilst broadly supportive of the Commission's approach to CSR, the own-initiative report drawn up in response to the Commission's 2006 Communication and adopted by a Resolution of the Employment and Social Affairs Committee on the 13th March 2007 adopts a mildly critical stance in relation to both the contents and the way in which the EU's CSR policy has been developed. For example, the Resolution goes on to 'remind' the Commission of the Parliament's 'invitation' to

'...put forward a proposal to amend the Fourth Council Directive 78/660/EEC of 25th July 1978 based on Article 4 54(3)(g) of the treaty on annual accounts of certain types of companies (the Fourth Company Law Directive) so that social and environmental reporting is included alongside financial reporting' (EP 2007: 5).

Whilst shying away from recommending a fully mandatory approach to CSR the European Parliament Report and Resolution effectively call for a more explicit CSR policy across the board with some regulatory elements.

Policy-making Processes

As part of the agenda setting phase with regard to EU CSR policy, the European Commission initiated and hosted a public consultation exercise as a follow up to the 2001 Green Paper. Although a range of policy actors participated (drawn from the public, private and voluntary sectors located at various tiers of governance) the process was dominated by the 'usual suspects'. Of the two hundred and sixty-six documents received in response to the European Commission's call for views and published on the Commission's website (DG Employment and Social Affairs 2001), the overwhelming majority came from organised interests. They supplied 88% of the policy papers sent to the Commission. Moreover, of those participating, business interests formed the biggest group. They were the source for 54% of the total number of documents submitted. Contributions from political parties and individual citizens represented a mere 6% of the total, and of these nearly 4% came from academics. See Table 1 for further detail.

-----insert Table 1 about here -----

Having conducted the public consultation exercise, the Commission went on to launch of the EMSF in October 2002, which met over the subsequent eighteen months and which produced its own final report in 2004 (EMSF 2004). The forum brought together main stakeholder groups at the EU level (DG Enterprise and Industry 2006)

including employers (such as Eurocommerce), trade unions (e.g. the European Trade Unions Congress), business organisations (e.g. CSR Europe and Eurochambres), and civil society organisations (e.g. the Green 8 and Oxfam). Approximately thirty member organisations and observers took part in the Forum's plenary meetings and other organisations and businesses were invited to participate in the thematic Round Tables. Over the course of these meetings, the positions of the participating organisations shifted (Kingfisher 2006; Anglo-American 2006). Initially very polarised over issues such as how to best implement CSR, the views of the various contributors did converge during the eighteen month period and a 'really sensible debate' took place (Kingfisher 2006). However, under the pressure to produce the final report (EMSF 2004), divisions were restored and 'the headlong dash towards regulation was averted' (Anglo-American 2006).

Following the EMSF report of 2004, the Commission then published the 2006 Communication (see above) and simultaneously established the most recent phase of deliberation by launching the so-called business-led 'European Alliance for CSR' in 2006. This decision to create a deliberation forum that excluded many of the organised interests that had participated in the 2001 Green Paper consultation and the EMSF, met with a cool or hostile responses (ETUC 2006; FOE 2006). One leading UK newspaper claimed it demonstrated that the EU had sided (again) with business organisations on the subject of CSR (FT 2006).

In summary, the EU's CSR policy displays continuity over the period of study. Neo-liberal values provide the underlying flavour and the policy-making process points to a continued practice of elite pluralism (Coen 2007) or neo-pluralism (Smith 1990).

5. QUESTIONS ARISING AND SOME TENTATIVE ANSWERS

This paper represents a first foray into the subject of the ethics of lobbying, and particularly business lobbying. Potentially the research could have been tackled from a political science point of view, drawing on literature directly from that discipline. However, as an alternative, this paper actually draws on management studies research and scholarship and explores the notions of CSR and corporate citizenship. It also adopts a case study approach in order to explore the questions below in some detail. The paper focuses on the development of Corporate Social Responsibility (CSR) policy in the EU between 2001 and 2007. During the period of time that has passed since the 2001 Green Paper on CSR, the EU has subsequently published a number of policy papers and hosted a number of consultation events and exercises as part of the deliberations in developing the policy. Critically, the main participants in the deliberations are typically well-resourced interest organisations (rather than individual citizens) and, crucially, the outcomes of the deliberations appear to bear striking similarity to the objectives of the dominant interest organisations: namely business interests. Accordingly, this paper seeks to address questions about the quality of democracy in the EU, the legitimacy of the deliberations reviewed, the degree of representativeness of the participants, and the character of the political competition within the polity.

More specifically, the following questions were chosen for this conference panel and paper:

- Does the consultation of interest organisations enhance democracy in the EU?

- Or, do EU deliberation processes only serve to strengthen the role of unaccountable elite networks who can secure access to policy-makers in exchange for expertise or other goods?
- Do the interest organisations consulted truly represent legitimate interests or are they merely the voice of those who are best organised and resourced?
- Should the engagement of organised interests in EU governance should be regulated and how?
- Should ethics play a role in shaping EU-interest organisation relations?

In answer the following conclusions can be tentatively drawn. The case study would seem to suggest that the consultation of interest organisations such as trade unions, business associations, environmental NGOs, and other civil society organisations in making CSR policy does represent a degree of participatory democracy and arguably provides a better level of democracy than if the policy making were left to elected representatives alone or citizens, since these two categories of individuals played an exceedingly limited role in CSR policy development. By offering their views about the nature and shape of EU CSR policy, the interest organisations were able to make policy makers aware of the rival preferences of different types of interest groups. However, this is scant consolation given that in effect EU CSR policy is the product largely of deliberation confined to the ‘rich and powerful’. Moreover, even well resourced interest organisations such as WWF, FoE, and Oxfam found themselves marginalised and finally excluded from the policy making process in 2006. In other words, the CSR policy making process between 2001 and 2007, amounted to a form of deliberation that served to strengthen the role of unaccountable elite networks who were able to secure privileged access to policy-makers in exchange for their expertise and support.

In defence of the business interests, who secured their policy objectives and who became the dominant (and ultimately the sole) category of interest organisations in the CSR policy-making process, it could be argued that they do represent legitimate interests to a degree. Recall from the discussion of CSR, stakeholder theory and corporate citizenship that businesses themselves are increasingly expected, to a greater or lesser degree, to act in accordance with the wishes of their own stakeholders (i.e. shareholders, employees, customers, suppliers, and local communities) when seeking to behave as ‘socially responsible businesses’ or ‘corporate citizens’. However, business interests are clearly among the best organised and resourced organisations and there is clearly some grounds for arguing that CSR policy is merely the product of those who can ‘shout the loudest’.

With regard to the issue regulating the engagement between organised interests and EU policy-making bodies, there is a strong case for introducing some form of control. The difficulty is that if the regulating mechanism takes a legal form it is likely to be ineffective given the way in which EU politico-economic structures favour business interests. Under a capitalist system businesses tend to have an in-built advantage bestowed on them. Given the evidence from the case study it is not clear how the relations between interest organisations and policy making bodies can be managed more effectively. Voluntary codes of conduct are always breakable. Moreover, judged by its own standards, when making EU CSR policy between 2001 and 2007, EU level policy-makers appear to have increasingly ‘forgotten’ their commitment to

“the equal treatment of all special interest groups to ensure that every interested party, irrespective of size or financial backing, should not be denied the opportunity of being heard by the Commission” (EC 1992, 2).

Certainly, in response to the final question above, the answer is a loud affirmative. Ethics should clearly play a major role in shaping EU-interest organisation relations. If policy-makers and interest organisations fail to behave in an ethical manner, the EU’s already frail democratic credentials are likely to be further weakened. In conclusion, it is vital to the health of the EU’s policy-making processes and its standing as a democratic entity that all of the parties adopt high ethical standards. Without these, there is a clear danger that the EU will continue to face severe criticisms. Unfortunately, given the evidence provided by the case study in this paper, the EU still has much to do to live up to its own published standards in terms of legitimacy, representation and political competition.

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Figure 1: Recent developments in EU CSR policy

2001

- July – COM(2001)366 final. Green paper “*Promoting a European Framework for Corporate Social Responsibility*” published.
- 31st December 2001 – deadline for CSR Green Paper Consultation papers.

2002

- July 2002 COM(2002)347 final. “*Communication from the Commission concerning Corporate Social Responsibility: A business contribution to Sustainable Development*” published.
- October - European Multi-stakeholder Forum (EMSF) launched

2004

- June - EMSF produced its final report.

2006

- March – COM(2006)136 final. ‘*Implementing the partnership for growth and jobs: Making Europe a pole of excellence on Corporate Social Responsibility*’ published.
- March - Launch of the European Alliance for CSR.
- December – European Parliament (Employment and Social Affairs Committee) draft and table a non-legislative report on CSR.

2007

- March - European Parliament Resolution on CSR.

Table 1 – Analysis of responses to the EU’s 2001 Green Paper on CSR, All contributors.

Category of respondent	Total number	% of total
Public Authorities	18	6.7
Political parties	1	0.4
Organizations	41	15.2.
Companies (networks, individual companies, consultants and social economy)	111	41.2
Social Partners (employers and trade unions)	48	17.8
Advocacy Groups	35	13.0
Academics	10	3.7
Other interested parties	5	1.9
Total	269	100

Source: Author's analysis of the responses received (see http://ec.europa.eu/employment_social/soc-dial/csr/csr_responses.htm, accessed June 2006.)