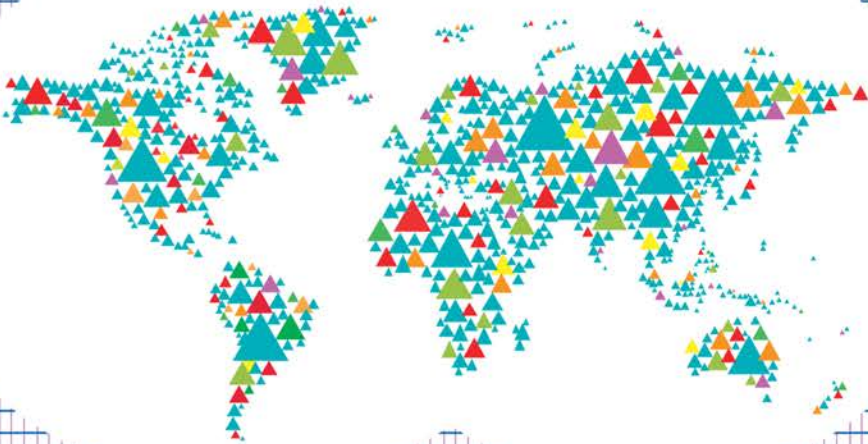


The World Guide to Sustainable Enterprise

Volume 3: EUROPE



A **Greenleaf Publishing** Book

Edited by **Wayne Visser**

The World Guide to Sustainable Enterprise

Volume 3 – Europe

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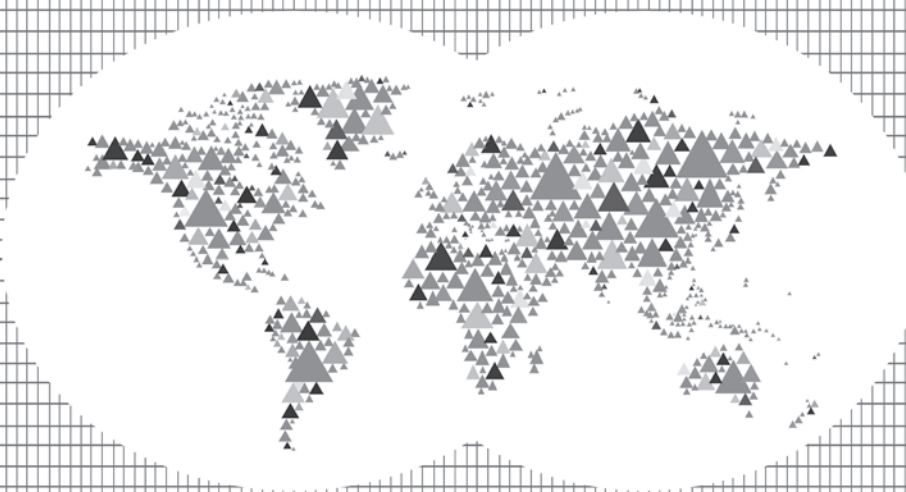
String, Donuts, Bubbles and Me: Favourite Philosophical Poems

Seize the Day: Favourite Inspirational Poems

Wishing Leaves: Favourite Nature Poems

The World Guide to Sustainable Enterprise

Volume 3: EUROPE



Wayne Visser

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Introduction

When I published *The World Guide to CSR* in 2010, it was the most ambitious project of its kind, providing the most comprehensive country-by-country analysis of corporate sustainability and responsibility, with over 100 contributors profiling five regions and 58 countries. It remains an excellent reference book and I highly recommend it.

However, I am acutely aware of how fast the ideas and practices around social responsibility and sustainable business are evolving around the world, many of which I have observed at first hand in my work in over 70 countries, including more than 30 countries in the past five years. So I knew *The World Guide to CSR* needed updating, but I also knew the agenda had shifted.

One of the shifts I have become aware of is a move away from narrow conceptions of corporate social responsibility to a more multifaceted understanding. Indeed, my work in the last five years has been all about promoting the evolution of CSR from defensive, charitable and promotional modes to more strategic and transformative approaches – what I call CSR 2.0. Despite these efforts, and those of the ISO 26000 standard on social responsibility, it seems that if the label doesn't change, it is hard to change people's preconceptions and habits.

The second shift I have noticed is away from CSR and towards sustainability as a more holistic practice, as well as alternative conceptions such as Michael Porter and Mark Kramer's notion of creating shared value (CSV), or what myself and Chad Kymal are now calling creating integrated value (CIV). The change in language may seem like semantics, but it signals a change in thinking, which is important. In essence, the management of

social, environmental and ethical issues is moving from the periphery (as a nice-to-have, optional extra) to the core of business (as a must-have, strategic imperative).

The third shift I am observing is that sustainable business is becoming less about compliance and risk management and more about breakthrough opportunities and innovation management. On the one hand, we see the rise of eco-innovation, being strongly promoted by the European Commission, OECD and UNEP, and on the other hand, the explosive growth of social entrepreneurship, with the catalytic support of institutions such as Ashoka, the Schwab Foundation and the Skoll Foundation. In effect, environmental and social challenges are being turned into market opportunities and we are looking not only to big corporates to bring solutions, but increasingly to creative, disruptive start-up ventures as well.

The combination of these three shifts convinced me to change the focus of the new World Guide, from corporate social responsibility to sustainable enterprise. Like *The World Guide to CSR*, this new edited collection brings together powerful summaries of the best academic research and practical cases on sustainable enterprise from countries around the world. However, unlike *The World Guide to CSR*, the emphasis is on sustainable business and social entrepreneurship, rather than traditional CSR and philanthropic approaches.

I define sustainable enterprise as any business, large or small, that integrates sustainability and responsibility, which includes value creation, good governance, societal contribution and ecological integrity, into its strategy, operations and products, in order to have a transformational, positive impact on the biggest social and environmental challenges we face.

The emphasis on sustainable enterprise, rather than corporate social responsibility, means that we are looking especially at innovative practices, including social enterprises, eco-entrepreneurs and companies that are introducing sustainable products and services into the market. We want to showcase companies and projects that are bringing disruptive solutions to our global challenges, rather than code-compliance or incremental change.

Sustainable enterprises are typically businesses that are practising five principles: creativity (innovation, entrepreneurship), scalability (designing solutions that can be applied to the mass market), responsiveness (using their business to directly tackle global social and environmental challenges), glocality (adopting global best practices, while maintaining local adaptation and sensitivity) and circularity (embracing zero-waste, closed-loop, cradle-to-cradle production).

Sustainable enterprise has also evolved from being a largely Western, developed-country phenomenon to being a diverse, “glocal” practice, with rapid take-up and many exciting innovations coming from developing countries and economies in transition. So I am especially pleased that we have 101 countries and eight regions profiled across the four volumes of *The World Guide to Sustainable Enterprise* – including 33 countries in Volume 3: Europe.

My hope is that, in the coming five years, the sustainable enterprise movement will continue to spread around the world and to evolve into more transformative practices. We desperately need to reinvent capitalism to help smooth the transition to a low-carbon, more equitable and sustainable society. Sustainable enterprise can – indeed, must – be an integral part of this economic revolution. The alternative is a world in a state of perpetual crisis and collapse, where business is cast as the arch villain. Let us choose instead a more positive future – one that is safe, smart, sustainable, shared and satisfying – where business responsibility and innovation are a source of solutions and a beacon of light.

Wayne Visser
Cambridge, UK
December 2015



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Part 1: Regional profiles



Eastern and southern Europe

Rodica Milena Zaharia

Professor, Bucharest University of Economic Studies, Romania

Dragos Tuta-Mihaylov

Founder and General Manager, The CSR Agency, Romania

Alexandru Ardelean

Editor-in-Chief, The CSR Report Magazine Romania, Romania

Ileana Magureanu

Managing Director, CSR International, Romania

Regional context

Eastern Europe includes Belarus, Bulgaria, Czech Republic, Hungary, Poland, Republic of Moldova, Romania, Russian Federation, Slovakia and Ukraine. Southern Europe includes; Albania, Andorra, Bosnia and Herzegovina, Croatia, Gibraltar, Greece, Holy See, Italy, Malta, Montenegro, Portugal, San Marino, Serbia, Slovenia, Spain, and Macedonia. Eastern and southern Europe is a very complex region in terms of economic, social and political challenges. Among these countries there are developed economies (such as Italy, or Spain), former communist countries (eastern European and western Balkan states), and members and non-members of the EU.

Sustainability is a major concern for this region; however, the way sustainable development is translated into governmental policies and business practices varies across the region according to country priorities and constraints. Apart from the economic, social and political particularities

of each country, a major threat to sustainability in the region is insecurity. One of the security challenges originates from the conflict between the Ukraine and the Russian Federation. Another is the refugee crisis, with forced migrants travelling from countries in conflict such as Syria, Iraq, North African states or Afghanistan. A humanitarian crisis generated by these conflicts can take prominence over any other existing concern.

Social enterprises as a driver of sustainable development offer a diverse picture in this region. Determinants that increase the need for social initiatives in eastern and southern Europe are related to structural unemployment, increasing budget deficits, the inefficiency of traditional passive social policies in integrating disadvantaged groups, and an ever higher number of people excluded from the labour market. Also, there is a growing demand for a stronger welfare system in Europe, in general, and in countries belonging to this region in particular. Social enterprises are seen as a good way to respond to these socioeconomic needs.

Some countries are much more advanced than others in developing social enterprises. In Italy and Spain, countries with a strong cooperative tradition (Defourny and Nyssens 2010), social enterprises are experiencing extraordinary growth. In other countries, such as Albania or Belarus, this sector is still in its infancy. Even in the former communist countries that are now members of the EU, such as Romania or Bulgaria, the initiatives meant to establish social enterprises are rather modest. In former communist countries outside the EU, the communist heritage, with its paternalistic mentality, is still a strong barrier for developing social enterprises. Besides this, in many cases the legislation is still unclear, the non-profit sector is weak and vulnerable to political influence, or financial resources supporting these initiatives are insufficient.

Another impediment to social enterprises, especially in the new democracies, is corruption. In the 2014 Corruption Perception Index by Transparency International (2015), eastern and southern European countries range (out of 174 countries ranked) from rank 31 (Portugal, the least corrupt country in the region) to 142 (Ukraine), with other countries also ranked low (Russia 136, Belarus 119, Albania 110).

Priority issues

Given the complexity of this region, there are numerous priority issues for these countries. General challenges include economic constraints, labour market shortages, an ageing population and climate change threats. Specific problems include the civil war risk in the Ukraine, the deepening economic crisis in Greece and the recent refugee crisis that affects mostly the southern and eastern borders of the EU.

In terms of economic challenges, the levels of public debt and unemployment (mostly youth unemployment) are a priority issue for the countries in this region. Greece seems to have major difficulties in finding the most appropriate solution for solving the economic crisis, while public debt to GDP ratios are a problem for several countries, such as Greece (177%), Italy (132%), Portugal (130%) and Cyprus (103)% (Eurostat, 2015a).

There is an uneven situation among countries in the region as regards unemployment. According to Eurostat (2015c), certain countries in this region record some of the lowest unemployment rates in Europe (Czech Republic and Malta, both 5.1%) while others have some of the highest unemployment rate (Macedonia 27.5%, Greece 25% and Spain, 22%). Youth unemployment is a major concern, as it records higher rates than general unemployment does. In July 2015, the lowest rates were found in Malta (8.7%) and the highest in Greece (51.8%), Spain (48.6%), Croatia (43.1%) and Italy (40.5%).

Reducing inequalities and social exclusion are the main social priority issues for the region. Although all countries face the risk of poverty and exclusion from education, employment or training for an increasing number of people, large disparities exist among countries from eastern and southern Europe. Among the countries that are members of the EU, Bulgaria (48%), Romania (40.4%), Greece (35.7%) and Hungary (33.5%) record the highest percentages of the population at risk of poverty or social exclusion, and Czech Republic (14.6%) the lowest, according to Eurostat (2015b). The conflict in the Ukraine, which started after the annexation of Crimea by Russia, has forced more than a million people to leave their homes. The consequences of this conflict are difficult to predict, with potential impacts across the full spectrum of social, economic, political, environmental and security issues.

Environmental issues are critical for the region. There are many concerns in this respect: from climate change, which leads to extreme weather events such as heat waves, floods and droughts, to waste and resource efficiency,

or safe and clean energy resources. Again, there are large gaps among countries. In terms of CO₂ emissions per capita, one of the most important causes of climate change, the figures vary largely among countries from the region: from 1.6 tonnes per capita in Albania to 12.6 tonnes per capita for Russian Federation in 2011 (World Bank, 2015).

Trends

To determine the CSR models in the so-called New Europe countries (new EU member states and candidate countries), a formula has been developed (Letica, 2010) taking into account the varieties of capitalism, social models, public policies promoting CSR and the existing conditions of the “market for virtue” (existing and potential customers’ demand for “virtue” within firm’s products and services – Vogel, 2005). Three CSR models were identified in New Europe, two of which are present in our targeted region: the New Central European model (found in Czech Republic, Slovakia, Poland, Hungary, Slovenia and Croatia), which includes elements of the Central European model (coordinated CSR) and rudimentary aspects of the communist/socialist model of CSR, and the western Balkan model (found in Albania, Bosnia and Herzegovina, Serbia, Kosovo, Macedonia, Montenegro, Bulgaria and Romania), which is the least developed of all New Europe CSR models.

CSR and sustainability requires engagement with internal and external stakeholders (European Commission, 2011). In Mediterranean countries, the improvement of relationships with stakeholders seems to be the primary motivation for companies to have a CSR policy (Krambia-Kapardis and Huntingford, 2012). CSR is also strongly linked to human development, according to a study on the relationship between the Human Development Index (HDI) and the National Index of Corporate Social Responsibility in 12 countries, among which nine (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Macedonia, Romania, Poland and Serbia) are in eastern and southern Europe (Gangone and Ganescu, 2014).

The research grouped countries into four CSR performance categories in terms of meeting stakeholder expectations. The “competitive ones” are countries such as Poland, Hungary and Bulgaria, with the greatest potential to align to global requirements of corporate social responsibility. The “responsible ones” are countries such as Albania, with above-average

values on the stakeholder satisfaction index, but a below-average level of human development.

The “cautious ones” are countries such as Romania and Croatia, with above-average values of human development, but a below-average level of stakeholder satisfaction. The “late ones”, Serbia, Macedonia and Bosnia and Herzegovina, have low levels of both the stakeholder satisfaction and human development, the cause being the low level of expression of stakeholder expectations and reduced corporate focus on corporate social responsibility in these countries.

This conclusion is also backed by UNDP (2008) findings in Albania, Bosnia and Herzegovina, Kosovo, Montenegro and Serbia, where only 12% of the businesses surveyed involved stakeholders in company activities and decision-making processes. Moreover, the understanding of CSR among western Balkan companies is limited; they view it mainly as philanthropy, community support and environmental protection. As a consequence, CSR activities usually consist of ad hoc donations to charities and communities, environmental projects, and investments in occupational health and employee training.

A similar behaviour is manifested by new EU members and candidate countries from central and eastern Europe (CEE). CEE companies don't see CSR as central to risk management and stakeholder relationships and they often connect it with philanthropy and sponsorship. Moreover, even if they are involved in forms of stakeholder dialogue, the absence of a dynamic civil society movement currently limits the ability for stakeholder opinion to help shape strategy (Line and Braun, 2007).

It is more often foreign, multinational companies with long-term commitments to local and global economic success that drive the social agenda (UNDP, 2008), while most domestic companies in CEE pursue CSR as a strategy to enter the EU markets or as a vehicle for innovation in their business models (Letica, 2010). Countries in the former Soviet Union share this export-driven perspective (Manzhynski, 2014), as Russian businesses are becoming world players in the global economy where CSR norms and practices are required. SMEs in the Mediterranean Region also contribute towards CSR because they also see a link between CSR and competitiveness (Krambia-Kapardis and Huntingford, 2012). However, this is mainly about reputational benefits, rather CSR-driven innovation nor or access to new markets.

Government policies

The maturity of public CSR policies seems to differ significantly among the CEE and Mediterranean Member states (Martinuzzi *et al.*, 2012). Bulgaria, Cyprus, Czech Republic, Italy and Poland are the only countries in the targeted region that have fully fledged national CSR strategies and action plans (EU, 2014). Hungary, Malta and Spain have National Action Plans (NAPs) close to completion and the remaining countries (Croatia, Greece, Portugal, Romania and Slovakia) are currently developing NAPs.

In a paper that characterizes the spectrum of the public policies on CSR in Europe (Steurer *et al.*, 2012), five policy instruments (i.e. legal, economic, informational, partnering and hybrid tools) and three fields of action (i.e. awareness of CSR, socially responsible investment and sustainable public procurement) were analysed. The transition countries from the CEE region are the least active in promoting CSR across all three themes. Although Hungary, Poland and Slovenia are as active as Italy, Spain, and Portugal, the average number of initiatives for the entire CEE region is below that of the Mediterranean model, and significantly below the leading Anglo-Saxon and Scandinavian countries.

Regarding the quality of public policies on CSR, a few high-profile and numerous low-profile instruments can be distinguished for each of the three fields of action. Regarding the spread of high-profile CSR policy instruments across Europe, the only such instrument that was adopted by more than half of the surveyed CEE countries were procurement laws that enable sustainable public procurement (renewed in line with the EU directives).

A UNDP (2008) study conducted in Albania, Bosnia and Herzegovina, Kosovo, Montenegro and Serbia revealed that the capacity of governments in effective policy-making and in implementing necessary reforms is even more limited. The policy environment where businesses operate does not actively encourage CSR engagement to an adequate level. Unlike an increasing number of EU member states, none of the western Balkan countries covered in the study has established a national CSR agenda with clearly defined objectives for incorporating CSR values in business practices.

In this subregion, while governments have adopted a wide range of laws and regulations that relate to different aspects of CSR, mainly as a precondition to EU accession, mechanisms to implement and enforce this legislation are often weak or absent. Governments lack the capacity or information needed to provide financial and/or nonfinancial incentives for

CSR engagement and to assist in creating a socially responsible business climate. In addition, CSR may not be prioritized by governments over other pressing issues in post-conflict, transition economies, such as completing privatization programmes, reducing unemployment and rural poverty, and ensuring political stability.

The countries coming from the former Soviet Union have a different perspective and they all seem to support the development of cooperatives, which, as social enterprises, seek to generate social benefits rather than being purely profit oriented and therefore are generally considered to be contributing towards CSR goals. Cooperative legislation in practically all CIS countries (with the exception of Belarus and Turkmenistan) recognizes the basic principles of cooperation announced by the International Co-operative Alliance (ICA): voluntary participation, freedom of exit, democratic governance, emphasis on member benefits (ICA, 2013).

Although CIS society is divided regarding the image of cooperatives and their social responsibility (Tcaciuc *et al.*, 2012), CoopSR (cooperative social responsibility) strengthens and complements the CSR approach (ILO, 2009). Cooperatives create economic security mainly through their economic stability, not the least in times of crises (ILO, 2009), contribute to maintaining the ecological balance and supporting social justice (Henry, 2012).

Case studies

Assarel-Medet JSC (Bulgaria)

Assarel-Medet JSC is the biggest Bulgarian company for open-pit mining and processing of copper ores, providing around 50% of the national production of the vital metal for the human development – copper. The company conducts several CSR programmes in order to achieve a high standard of a responsible and sustainable business.

One programme, Care for the Earth, deals with the technical and biological recultivation of an oxide dump. Reliable anti-filtration curtains were constructed to capture drainage water in the area of the oxide dump, as well as large-scale technical recultivation and resloping of the west dump.

Another programme focuses on eco-innovation, by deploying state of the art environmental technologies, some for the first time in Bulgaria. As a result of this project, by making full use of ores with low copper grades,

the life of the mine has been doubled, which is crucial for the Bulgarian economy and the socioeconomic development of the region.

Assarel-Medet is also reducing its carbon footprint, making a significant contribution to the country's transition to a low-carbon economy.

DTEK (Ukraine)

DTEK is the biggest private energy company of Ukraine and one of its business strategy vectors to 2030 is “Society”. This means that the company takes responsibility for the promotion of the comprehensive development of Ukraine and the regions where it operates. As a result, strategic partnership programmes have been developed by the company, together with communities in the territories where DTEK enterprises are located.

DTEK created the Coordination Committee for Social Partnership (CCSP) and its purpose was to discuss cooperation between business and local communities in order to resolve social issues and enhance transparency and effectiveness of social partnership programmes and projects. Participants in the CCSP meetings include mayors of the towns that signed the DTEK's Social Partnership Declaration, DTEK corporate centre directors and social projects partners (international donors and NGOs). The Coordination Committee outlines priority issues and develops project ideas to resolve them.

At present five priority areas have been jointly developed: energy efficiency in the communal sector; healthcare; socially important infrastructure; favourable business environment; and education, culture, sports. The company has supported over 200 social projects in the territories of its operations, investing more than 57 million hryvnias.

Rano Zebrano (Poland)

The Warsaw-based project Rano Zebrano (which means harvested in the morning) is a virtual marketplace where you can buy fresh and wholesome food. The team behind the project says that they created this space to not only be about shopping, but also building a conscious society and a local community of customers and suppliers. The project supports small farmers and gives Warsaw citizens inexpensive, healthy options.

Rano Zebrano implements the concept of sustainable development in practice by minimizing its carbon footprint. Supplying products directly from farms to the doorstep reduces the need to carry products over long distances and eliminates the need to store food. It also improves stakeholder

relations, since buyers know who they are buying from and stories about farmers and their farming methods can be found on the project website.

The project team contacts its customers on a regular basis. You can also leave your product feedback, using a form on the website. Relationships with farmers and offering them direct support in the form of ideas for the development of the “farming business” are equally important.

Vodafone (Romania)

Vodafone is one of the biggest telecom company in Romania and introduced a telemedicine solution for emergency services – SMURD. This system is a first of its kind in Romania and increases the efficiency of the medical emergency teams, contributing to saving patients’ lives. It is used annually in over 50,000 interventions.

Through its “Partnership for life” programme, Vodafone has supported SMURD since 2005 with medical equipment, special mobile units for emergency situations, voice and data services and a unique telemedicine solution for Europe. The devices enable the ambulances to transmit medical parameters and video transmission to the hospital units, using the Vodafone network. SMURD ambulances benefit from video equipment, in more 73 cities from 39 counties across almost the whole country.

The telemedicine solution is developed with three components:

1. Medical equipment and GSM terminals which collect information about the patient at the accident scene and transmit them to the Emergency Care Unit and to the Dispatch
2. The data services offered by Vodafone permit live transmission of medical information between the ambulances and the Emergency Unit Care
3. At the Dispatch and Emergency Unit Care, the data received from the paramedics is collected and interpreted by specialized doctors

So far, Vodafone Romania has invested over €1.1 million in SMURD.

Further resources

Enabling Actions for Social Enterprises in South-East Europe – A project created to stimulate new ideas among entrepreneurs, investors, financial

actors and public authorities, and to transform these ideas into concrete business and financial plans and to create new business opportunities.

Our Future – Founded in 2007 as a personal initiative of Russian businessman Vagit Alekperov to promote social entrepreneurship in Russia. The main goal is to catalyse positive social change in Russian society, to contribute to the development of social entrepreneurship and to support and finance companies which are working to solve social problems.

Partners Albania for Change and Development – Promotes dialogue with the government for reforming the legal framework for both non-profit organizations and social enterprises. Their Development of Social Enterprises programme aims to promote and advance social enterprises as an organization form which provides a sustainable model of social and economic development.

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Northern and western Europe

Hugues Séraphin

Programme Leader Event Management, The University of Winchester, UK

Regional context

Western Europe includes; Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, The Netherlands and Switzerland, while the countries of northern Europe include; Denmark, Estonia, Finland, Iceland, Ireland, Latvia, Lithuania, Norway, Sweden, the UK and various island nations. Economic growth across northern and western Europe is slowly picking up in the wake of the global financial crisis, although the ongoing economic difficulties in Greece and other southern European countries are threatening stability.

British and German companies dominate the ranking of northern and western Europe's 50 Most Trustworthy Companies. However, the Netherlands is the most attractive for foreign companies wishing to establish in this part of Europe. The Netherlands' leading position is partly thanks to the low cost of (office) facilities, the uniform cost structure and the specific incentive schemes for companies active in the field of research and development. The Netherlands is followed by the UK and France. Germany is the most expensive destination in western Europe for start-ups.

Typically, northern and western European (particularly Anglo-Saxon and Scandinavian) governments are more active in promoting corporate social responsibility (CSR) than governments in central and eastern

European (CEE) countries where foreign multinational corporations are the main agents of change (Line and Braun, 2007). These differences mirror the differences in popularity of CSR as a management approach in Europe (Steurer *et al.*, 2011).

Some countries, such as Germany, have a long tradition of social responsibility (Chancellor Otto von Bismarck in the 1880s, the Fuggar family in the 15th–16th centuries, etc.). Others, such as France, are leading on CSR promotion and the reporting process. For example, all listed companies in France have had to disclose information on social and environmental impacts in their annual reports since 2001. In countries such as Switzerland, where the banking sector relies on its neutrality policy and strong secrecy laws, the promotion of CSR is typically weaker. In Austria, on the other hand, there is an increasing trend of integrating sustainability and responsibility into corporate cultures, strategies, operations and products (Fembek, 2014).

Norway, Sweden and Finland are the geographically largest northern European nations and their economies depend on the exploitation of natural resources (forestry and fishing) and fossil fuels (oil and natural gas in the North Sea). Great Britain and Norway dominate the oil and gas sector in the region, making both economies relatively carbon intensive. By contrast, Denmark is positioning itself as the most sustainable country in the region. For example, all the largest stated-owned and private companies and institutional investors in Denmark have to account for their social responsibility and must include information on CSR in their annual reports. An action plan concerning CSR has been launched by the government of Denmark and comprises four areas, three of which are directly related to CSR issues, namely:

- Promoting business-driven CSR
- Promoting CSR through state activities
- Encouraging businesses in taking environmental responsibility

The goal for this action plan is not only to further social responsibility but also to create new business opportunities through increased competitiveness.

Priority issues

Western Europe operates under a capitalist system where most of the means of production remain in private ownership. Strict government control over business slows economic growth but protects against the boom-and-bust cycles. Europeans believe it is better to have more consistent, sustained growth than to let the market fluctuate from one extreme to the other. Also, western Europeans value security and stability, relying on a strong social safety net as a means to live longer and happier. However, this may make the region more vulnerable to economic downturns.

National responses to the global financial crisis have varied significantly. For example, while Germany has committed to eliminating its national debt by the end of 2015, France has seen its unemployment rate rising to 10.2% in 2014. France also experienced an increase of its poverty rate in 2013 with 14.3% of the population living below the poverty line (INSEE, 2014).

In northern Europe, a region essentially characterized by peace and prosperity, there are similar contrasts. For example, Norway, as an energy exporting nation, was somewhat protected from the financial crisis, while Iceland has suffered enormously from the collapse of its banking sector. Finland meanwhile has had low wages and high productivity growth and was buffered by the budget surpluses it maintained during the growth years.

Despite the financial crisis, most of the countries of northern and western Europe are highly prosperous and enjoy great human freedom. For example, five of the world's nine most peaceful states and three of the world's seven most innovative states are located there. The UK will be the biggest country in western Europe by 2050, overtaking both France and Germany. Also in the UK, the ratio of people of working age to people over 65 could fall from 3.7 to 1 (in 1999) to 2.1 to 1 in 2040. This is a cause for concern because it will place a higher burden on the shrinking working population.

International migration is now the dominant driver of population increase in most western European countries, although it also comes with political challenges, such as the flow of refugees and asylum seekers from conflict areas in Africa. While immigration is regarded negatively by some political parties such as *Le Front National* in France and the UK Independence Party, it can be a solution in countries such as Germany, which has one of the lowest birth rates in the world and an ageing population. Issues such as

the lack of social cohesion can also be addressed, as Switzerland is doing by encouraging cultural development and integration.

Air pollution levels are a concern across the region and France, Belgium and Germany are some of the countries actively addressing the issue. Air pollution is one of the top ten risk factors for health globally, while in western Europe it is ranked 11 (compared with 14 for central Europe and 15 for eastern Europe, which includes Russia). In response, there are industrial emission targets put in place by the European Commission and targets to reduce greenhouse gas emissions by 20% by 2020 and by 50–85% by 2050, backed by a series of incentives, official requirements and possible sanctions. There is also a trend towards strengthening public transportation and improving mobility policies, as well as the nascent development of a zero-carbon “eco industry”.

Trends

Sustainability practices vary across the region. For example, Swiss enterprises are making significant progress in the extent and quality of their sustainability reporting (Global Reporting Initiative, 2014), while more than 70% of large businesses in Germany have environmental and social practices embedded in their core business strategy (Schaltegger *et al.*, 2002). In France, 52% of companies with more than 50 employees say that they are active in the field of CSR (Ernst and Honore-Rouge, 2012).

Besides corporate activities, numerous educational institutions are now active in teaching CSR and sustainability across northern and western Europe, many of which are signatories to the Principle of Responsible Management Education (PRME).

Government policies

At a regional level, in October 2011 the European Commission published a new policy on corporate social responsibility (*A renewed EU strategy 2011–2014 for Corporate Social Responsibility*). According to the new EU CSR policy: “enterprises should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their

business operations and core strategy in close collaboration with their stakeholders” (European Commission, 2011, p. 6).

At a national level, countries are working on CSR action plans. For example, Austria’s plan includes five areas (NAP CSR draft version 2013): systematic integration of CSR in international value chains; promotion and use of CSR innovation potentials; pushing incentives for CSR; fostering the acceptance of CSR by the economy as well as by the society; and credibility and transparency

Other government initiatives to promote sustainable enterprise are, for example, in the area of biodiversity, where each country is required to have a national strategy. In France, this includes participation by companies on a voluntary basis. For instance, Eurovia (a French company) has been participating in the national biodiversity strategy since May 2011 along with 150 other associations, communities, and businesses, thereby demonstrating its willingness to act and build a project in support of biodiversity.

In England, Wales and Scotland, legislation places a duty on all public bodies to “have regard for” or to “further” the conservation of biodiversity when carrying out their duties (Natural Environment and Rural Communities Act in England and Wales; Nature Conservation (Scotland) Act in Scotland). Northern Ireland proposes to introduce a similar statutory biodiversity duty as part of its review of the Wildlife Order (NI) 1985. The future emphasis in the UK will increasingly be on Habitat Action Plans (HAPs), which go beyond the current Species Action Plans.

Case studies

Adidas (Germany)

The Adidas Group is a global leader in the sporting goods industry, offering a broad portfolio of footwear, apparel and hardware for sport and lifestyle. Headquartered in Germany, the Group employs more than 50,000 people across the globe and generated sales of €14.5 billion in 2013. Adidas is also one of the top 50 of western Europe’s most trustworthy companies (Forbes, 2014). As the official licensee and Outfitter of the 2014 FIFA World Cup Brazil, Adidas, in a spirit of transparency, published the list of factories manufacturing products for the event.

Adidas publishes an annual Sustainability Progress Report published. In 2013, more than 1,000 local community projects were supported

financially or through employee volunteering globally. As water is a key area of focus for the company, the proportion of Adidas' products that use DryDye fabric has steadily increased, thus saving 50 million litres of water. This game-changing technology will be further rolled out across product ranges. Energy consumption was reduced at supplier level, linked to energy management training.

Carlsberg (Denmark)

In western Europe, Carlsberg is the second largest brewer. In 2013, western Europe accounted for 41% of total volume and 47% of operating profit for the company. In 2008, Carlsberg initiated a new Group-wide approach towards CSR. Since then, Carlsberg have worked actively to integrate CSR throughout its value chain. Carlsberg focus on three key initiatives: Responsible Drinking, Sustainable Packaging and Efficient Brewery (reducing water, energy and CO₂ at their production sites).

For responsible drinking Carlsberg's approach builds on the following principles: encourage moderate consumption; prevent under-age drinking; prevent drinking and driving; discourage drinking during pregnancy; and responsible marketing. For sustainable packaging, Carlsberg is aiming to develop solutions that benefit not only the company, but also the environment and society, by optimizing their packaging for reuse and recycling.

As water is essential for producing beer, and also because water is an increasingly scarce resource, Carlsberg integrates water-saving projects at its production sites while imposing strict group requirements to ensure compliance with the necessary standards for waste-water treatment.

Eurovia (France)

Eurovia is a world leader in transport infrastructure construction and urban development. Eurovia was founded in 1997 and is a subsidiary of the VINCI Group, accounting for close to a quarter of its total revenues. The company is present in 16 countries and generates 39% of its revenues outside France (western and central Europe, North America and South America and India). Eurovia's activities are intensely people-centric; as a result, the Company has made occupational health and safety an absolute priority. Furthermore, Eurovia dedicates substantial resources to innovation in efforts to deliver solutions that foster sustainable development.

Since its founding, Eurovia has promoted civic values, including corporate social responsibility, and embraces the principles set out in the VINCI