



Federal Ministry
of Labour
and Social Affairs



High Level ASEM-CSR Conference

"Shaping CSR – Opportunities for the Well-Being of the ASEM Workforce"

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Main Results and Follow-Up Process

Dr. Michael Wimmer
Deputy Head of Division of International Labour and Social Policy

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Road Map

- *Background:* **Germany is project leader for CSR in the ASEM process** (*Bali Declaration*)
- CSR from the Perspective of Social Partners and Governments
- **International Instruments and Initiatives and National Experiences to promote CSR**
- CSR in the Supply Chain
- CSR: Competitive Advantage vs. Alleged Protectionism
- Follow up Potsdam-CSR-Process

Background

- CSR is mostly understood as *corporate action striving for sustainable economic success while taking account of social and ecological concerns in a balanced way*
- Especially the international perspective on CSR plays a crucial role
 - Global crisis demands international solutions
 - International guidelines often serve as the basis for national efforts

CSR from the Perspective of Social Partners and Governments

Unions	Employers	Governments
need for more regulation to prevent economic downturn	CSR to be voluntary not to stifle company's creativity	CSR to be part of the core business of enterprises

- **Current crisis - comprehensive and sound CSR activities can help to restore public trust**
- **To advance beyond the blueprint stage ASEM dialogue on CSR should ensure a broad involvement of actors at all levels:**
 - between Asia and Europe, as social dialogue between social partners, and as companies dialogue with stakeholders

International Instruments/Initiatives and National Experiences to promote CSR – Policy Challenges

- **Widespread lack of compliance and transparency at company level**
 - even when host governments agree with international guidelines

- ***But:* CSR is mostly (and should be) of voluntary nature**
 - the absence of regulation makes the consensus of related actors/stakeholders crucial for successful implementation well as the self-initiatives of the company

International Instruments/Initiatives and National Experiences to promote CSR – Recommendations

- **Raising awareness on international CSR instruments/ initiatives and supporting appropriate CSR networks by:**
 - pointing out the positive effects of CSR for companies
 - Improving communication for better transparency
 - giving more practical guidance on implementation requirements
 - creating/reinforcing national contact points which support employers and employees

- **Strengthening dialogue between social partners, governments and other stakeholders - especially on the national level – by:**
 - training social partners to guarantee the fairness of the dialogue
 - including civil society into the discourse

International Instruments/Initiatives and National Experiences to promote CSR – Recommendations

- **CSR strategies have to recognize diversity regarding companies:**
 - individual business, entrepreneurial culture and operational styles
 - size (i.e. difference MNEs and SMEs)
 - local conditions and cultural/regional values
 - general economic and organisational contexts

- **International initiatives should not promote a „one-size-fits-all“ national CSR strategy**
 - depending on stage of development of CSR instruments in the respective country, region or sector

International Instruments/Initiatives and National Experiences to promote CSR – Recommendations

- **Reporting and monitoring mechanisms at the national and international level should be strengthened by:**
 - using media and civil society to demand information from companies
 - creating/reinforcing national contact points which publish information on CSR performance

- **More SMEs should be involved in CSR activities by:**
 - developing communication strategies with and among SMEs which, as often being suppliers to MNEs, implement international guidelines to a larger extent

International Instruments/Initiatives and National Experiences to promote CSR – Current crisis

- **Crisis should be seen as a chance to make CSR part of a new identity in a new and better global world**

- **Within the framework of CSR international instruments/ initiatives, solutions alleviating the consequences of the crisis can be found, e.g.:**
 - helping to keep people in the labour market in the short-run
 - providing for better work conditions in the long-run

International Instruments/Initiatives and National Experiences to promote CSR - General principles

- **As the corporate sector acts internationally and even globally CSR should consolidate its international character**
 - actually by providing tools to tackle the global crisis and being part of a coordinated solution
- **CSR instruments should be reviewed regularly**
 - as they need maintenance, without being static
- **International CSR instruments/initiatives should be the basis for constructive dialogue and conducive frameworks on all levels**
 - as they serve as useful points of reference for universal principles and as orientation for their differing CSR activities and audiences
- **Effective implementation in practice should focus on guidance for companies**
 - as they apply international guidelines according to their individual situation and local condition

CSR in the Supply Chain – Policy Challenges

- **Complex interactions of a multitude of actors – again – making a „one size fits all“ solution difficult:**
 - cross regional business is domain of MNEs *and increasingly* SMEs
 - enterprises often have numerous suppliers at home and abroad
 - suppliers might be in weak or also dominant position
 - CSR requirement of buyers might go beyond legal obligations in the suppliers country

- **Consequences of practical difficulties or unwillingness to implement CSR in the supply chain:**
 - influence of enterprises vis-a-vis the supplier diminishes
 - unclear responsibilities
 - insufficient information on CSR causing fears of misuse
 - misused for protectionist objectives

CSR in the Supply Chain – Recommendations

- **Dialogue between governments, social partners and especially enterprises in the supply chain should:**
 - stimulate **greater transparency** to the supply chains
 - **disseminate CSR requirements** in the supply chain
 - **clarify the respective responsibilities** of all actors involved
 - **employ capacity building** and worker's empowerment
 - **facilitate mutual learning** between buyers and suppliers
 - **consolidate review and oversight mechanisms** of the main suppliers by contracting or customer
 - **develop auditing strategies** for SMEs
 - take into account **local and industrial specific features**

CSR in the Supply Chain – Recommendations

- **CSR should by no means replace the duty of governments to meet their legal obligations**

- **Next to enacting and enforcing appropriate regulations governments should:**
 - strengthen labour inspection
 - lead socially responsible procurement
 - stimulate communication taking the role of an agent for change
 - be especially engaged in tripartite dialogues

Competitive and Location-Specific Advantage vs. Alleged Protectionism – Policy Challenges

- **Fears that CSR might be abused for protectionist purposes by:**
 - applying CSR standards strategically for own cost benefits or also cost disadvantages to competitors in global competition
 - creating market barriers for enterprises in developing countries'
- **CSR is too often not recognized as a core element of companies leading to:**
 - potential competitive advantages are unknown and unused
 - counter measures against misuse difficult to find

Competitive and Location-Specific Advantage vs. Alleged Protectionism – Recommendations

- **Overcome accusations by**
 - taking fears seriously
 - informing appropriately about CSR and potential advantages
 - developing counter measures for the case of misuse

- **Governments should foster fair competition by**
 - applying equal conditions and obligations to all companies
 - promoting CSR strategies that create trust and reputation

Summary/ General Results

- **CSR can enhance the positive interplay of growth and employment by relating the three pillars of economy, ecology and social affairs to concrete entrepreneurial measures.**
- **CSR activities should be of a voluntary nature coming over and above compliance with legal standards including international norms and conventions.**
- **The role of governments should be to establish better framework conditions for CSR and to provide constructive support for the development of appropriate CSR networks.**
- **Social partnership, stakeholderdialogue and transparency are key factors for the succes of CSR when linked to active support from governments.**
- **CSR should increasingly be recognised as a core element of company philosphy, if SMEs or MNEs, while not dominating the individual entrepreneurial culture as well as local and industrial specific features.**

Follow-up „Potsdam-CSR-Process“

- Further cooperation on the issue at technical level
- Including enterprises, social partners, experts and governments
- Expected Result: **detailed recommendations on CSR** to be fed into 2010 ASEM Labour and Employment Ministers conference
- **THANK YOU**