CORPORATE SOCIAL RESPONSIBILITY: A FRAMEWORK FOR THE SUSTAINABLE FUTURE OF ENLARGED EUROPE [1]

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Abstract

Sustainable development has provided a significant conceptual approach for the solutions of problems on the triangle of industrialization, urbanization, and population increase. In order to advance the current and future welfare of its members, European Union (EU) has worked to build its development model on the principles of sustainability. The involvement of business organizations to this process is viewed critical to achieve the overarching sustainability principle. However the adoption of sustainability seems to be more problematic among the organizations in the new member and candidate states. The aim of current study is to discuss why and how corporate social responsibility (CSR) can provide a useful framework for these countries in their integration process to EU's sustainability policy. In the study, after examining the current understanding of CSR in these countries, a network oriented approach is proposed to contribute to the generation of a sustainable future in an enlarged Europe.

Key Words: Corporate social responsibility, corporate social responsibility networks, European Union, sustainable development

KURUMSAL SOSYAL SORUMLULUK: GENİŞLEYEN AVRUPA'NIN SÜRDÜRÜLEBİLİR GELECEĞİ İÇİN BİR ÇERÇEVE

Özet

Sürdürülebilir kalkınma, sanayileşme, kentleşme ve nüfus artışı üçgeninde yer alan sorunların çözümünde önemli bir kavramsal yaklaşım sunmaktadır. Avrupa Birliği (AB), üyelerinin günümüzde ve gelecekteki refahlarının artırmak için sürdürülebilirlik ilkesine dayalı bir kalkınma modeli inşa etmek için çalışmaktadır. İşletme örgütlenmelerinin bu sürece katılımı, kapsayıcı nitelikteki sürdürülebilirlik ilkesine ulaşmada kritik önemde görülmektedir. Fakat sürdürülebilirliğin benimsenmesi yeni ve aday ülkelerde bulunan örgütler için daha sorunlu olacak gibi görünmektedir. Bu çalışmanın amacı, kurumsal sosyal sorumluluğun (KSS) AB'nin sürdürülebilirlik politikası ile bütünleşme süreci içerisinde bulunan bu ülkelere niçin ve nasıl yararlı bir çerçeve sunduğunu tartışmaktır. Çalışmada, bu ülkelerde hali hazırda var olan KSS anlayışı ele alındıktan sonra, genişleyen Avrupa'da sürdürülebilir bir gelecek yaratılmasına katkı sağlayacak, network odaklı bir politik yaklaşım öne sürülmektedir.

Anahtar Kelimeler: Avrupa Birliği, kurumsal sosyal sorumluluk, kurumsal sosyal sorumluluk networkleri, sürdürülebilir kalkınma

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[1] A previous version of this paper was presented by the first author at Migration Flows, Sustainable Development and Neighbourhood Policy in the New EU Countries, European Summer School Rapallo, Genoa/Italy, 29 May-3 June, 2007.

Introduction

The pressure on natural environment and humanity has dramatically increased especially during the last century due to the rapid development of industrialization and increasing demands of the markets. The increasing global problems trigger the concern of many people around the world and so some initiatives are taken in both national and international level. As a forefront venue in the way of setting some principles on the issue, Rio Summit in 1992 popularizes the concept of sustainable development. However, the concept was not new and had been defined by World Commission on Environment and Development (WCED) Report of 'Our Common Future' (1987) as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." This definition starts to invite people to change their current patterns of consumption and production.

Sustainable development has been one of the main principles of EU since 1997 and provides a strong base for all EU actions. In 2001, Gothenburg European Council, EU has formulated the sustainable development strategy (SDS) and in 2002 the European Council added an external dimension in Barcelona Summit (EC Environment, 2011). However, as having an important impact on the implementation of this strategy, the enlargement process has been accelerated during the last decade. As of June 30, 2011 the number of member states in the EU has been 27 and some states are currently in the negotiation process. It is clear that the enlargement wave in the last decade brings new opportunities and challenges at the same time. Therefore, this process should be also analyzed together with the dimensions of sustainable development and considering its impacts on the EU's goal of generating a sustainable future.

Accession process to EU has been an important stage for the new member and candidate states towards a free market economy. However, a rapid transition from command economy to market economy causes some societal and environmental problems in most countries. In other words, as the border of the EU expands, the quantity and composition of the problems varies as well. Especially after the unplanned growth of business organizations since the collapse of Eastern Bloc, the pressure on the society and natural environment has been increasing. However, some companies are still indifferent or ignorant towards these social and environmental problems, like global and local environmental pollution, gender equality, quality of the work conditions, local community connection, bribery, etc. This approach threatens the progress of sustainable development principle in accordance with EU standards. EU's sustainable development principle targets to create a harmony in the enlarged Europe through the involvement of all components as a whole. Therefore, the involvement of companies operating in these new member and candidate states should be increased as a part of an integrated sustainable development principle. Although a legal framework tries to protect the society and natural environment from the negative impacts of the

business organizations, it provides a reactive mode of control rather than a proactive approach. However, there should be a framework which increases the voluntary involvement of the companies into the sustainable development principle. As a proactive behavior, corporate social responsibility (CSR) provides a significant tool for companies to undertake their responsibility in generating a sustainable future of the Europe.

CSR is usually referred as the controversial concepts of literature. As Votaw (1972) states that CSR means something, but not always the same thing to everybody. According to a well-known definition, "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (Carroll, 1979: 500). Since this famous definition of Carroll's CSR pyramid, there have been lots of attempts to define the concept. In order to understand CSR more elaborately, Dahlsrud (2006) extracts the dimensions of concept based on a content analysis of existing CSR definitions originated from 27 authors in between 1980 to 2003. Depending on the analysis, the author finds that the environmental, social, economic, stakeholder and voluntariness dimensions are invoked most frequently during this time span (Dahlsrud, 2006). Although the author does not indicate a link, these five dimensions of CSR can clearly incorporate the economic, environmental and social dimensions of sustainable development. In addition to this apparent compatibility between CSR and sustainability on the conceptual level, it is important to understand how CSR fits well with the practical implications of sustainability in the real business life. Reflecting the practitioners' point of view, the World Business Council for Sustainable Development (WBCSD) is 'placing CSR in the context of sustainable development' and defines it as "...the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (WBCSD, 1999).

Since the 1990s, EU has been aware of the importance of CSR. It has been a part of the Europe 2020 strategy for smart, sustainable and inclusive growth to shape a European competitiveness approach. In the definition of the European Commission (EC), CSR is regarded as "a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment" (CEC, 2001b: 4). In this definition, CSR is perceived as a voluntary action rather than a compulsory framework and a proposal which intends to provide some options for the companies in their actions considering the environment and society. In 2011, Commission puts forward a new definition of the concept as "the responsibility of enterprises for their impacts on society" (CEC, 2011a). As stated in the final goal of the SDS for Europe, 'economic growth, social cohesion and environmental protection must go hand in hand'' in the long term (CEC, 2001a: 2) and the increasing attention of EU to CSR is consistent with the realization of this goal (Tencati, Perini, and Pogutz, 2004: 174). In the 'involvement of businesses and

social partners' principles of the renewed SDS, CSR is proposed as a way of fostering cooperation and common responsibilities to achieve sustainable consumption and production. The European Commission strongly believes the importance of CSR matters since it represents an aspect of the European social model and states that "CSR can contribute to sustainable development, while enhancing Europe's innovative potential and competitiveness, thereby also contributing to employability and job creation." (CEC, 2006).

However, CSR is a relatively new concept in the new member and candidate states. A recent conference on 'CSR in an Enlarged Europe' (2006) reveals that the Commissions have a specific interest to the CSR matters in these countries. Therefore, CSR in these countries should be carefully analyzed to articulate an integrated framework of sustainability around Europe. However, it seems that the adoption of CSR among business community in those countries can be more problematic than the practices of their counterparts in old members. Considering the severe conditions of recent economic crises around Europe, businesses need to develop a quick response and solutions with the least costly way. Although most studies in the literature suggest those companies in new members and candidate states to adopt CSR practices as soon as possible, there is little critical evaluation on how to do this. This study attempts to fill a void in the literature by providing a useful insight about the CSR conception of those countries and then suggest a viable tool to integrate their systems to the European sustainability principle. In doing so, first, CSR understanding of new member and candidate states is explored with providing a review of existing literature. Based on this analysis, the study provides a discussion how and why CSR can be used as a framework to achieve the principle of sustainable development. The study proposes a network oriented policy direction to generate a sustainable future for an enlarged Europe.

CSR as a Framework in the Adaptation Process

In the Treaty of Rome, six European countries resolved to ensure the economic and social progress of their countries by common action to eliminate the barriers which divide Europe. In 1992, a new stage in the process of European integration has been undertaken by the Maastricht Treaty in order to construct the future of Europe. During the 1990s, the Eastern enlargement of EU has been a political priority and this enlargement process reshaped its borders. In the last decade, the historic enlargement takes place in two waves in 2004 (Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia and Slovenia) and 2007 (Romania and Bulgaria). Currently EU has been in the accession negotiations with Croatia, Iceland, and Turkey and accepts Montenegro and the Former Yugoslav Republic of Macedonia (FYROM) as candidate states. Obviously, the accession process to EU has created a significant economic, social and political transformation both in these new member and candidate states. During this process, the institutional structure in these countries has been under a critical assessment based on the highly demanding EU framework. As a significant part of

this institutional structure, the private sector organizations are in the first layer that should adopt the economic, environmental and social standards of EU into their operations.

According to Secchi (2004), European companies should meet the challenges of both country-specific and EU-specific issues. While the country-specific issues include the cultural and social variables, economic structure, and legal and political constraints, the companies in EU have also faced the issues of European values, competitive challenges, broad social and economic pressures, legislative constraints, and structural funds. Among these variables in both layers, one of the overlapping factors for newcomers is the economic issues. Particularly, the countries with socialist background have experienced a real transformation from a socialist economy to a market economy since the beginning of the 1990s. The historical development of economic systems in old and new members creates a significant difference in their development levels today. The indicators of economic well-being in the new member and candidate states are quite lower than the average of EU25 (Eurostat, 2011a). Therefore, as an underlying motive of involvement, many of these newcomers joined to the union with the expectation that EU would support them to achieve a fast economic growth. However, maintaining a collective economic power, as one of the primary motives of establishing EU, has faced serious challenges especially after the global economic crisis that took place in late 2008 and 2009. As the recovery process of this stagnation period is a very slow one, some old members of EU are still facing significant economic problems which probably will result in long-range tight controlled solutions. According to CNN's (2011) recent news, 14 out of 27 EU countries had public debt exceeding 60 % of their gross domestic product (GDP) as of 2010, Greece being the first with a debt ratio of 143 %. The problems in member countries like Spain or Greece and the demonstrations against the protection precautions of economically strong countries like Germany or United Kingdom taken in order to save economically weaker countries are all examples to the social unrest taking place in EU. While old members are facing these challenges, the new members and candidate states are spending reasonable effort to accelerate the pace of growth in order to be a part of European economic life through meeting the economic criteria of EU.

The situation mentioned above increases the pressure especially on the business community in the new member and candidate states, as the main engine of economic growth in a free market economy. The companies in those countries need to be more innovative and growth-oriented without a strong economic support of EU. However, the economic growth is only a facet of the integration process. During the last decades, EU has made a substantial effort to build its growth model on the principle of sustainable development. Reflecting its commitment to the principle, in the renewed SDS, EU explains its integrated way of economic, environmental and social issues elaborately and indicates seven key

challenges (climate change and clean energy, sustainable transport, sustainable consumption and production, conservation and management of natural resources, public health, social inclusion, demography and migration, global poverty). Therefore, the 'sustainable' growth and expansion of this policy to the organizations of newcomers have become a significant part of EU-specific issues.

The companies in the new member and candidate states are still in the adaptation stage of EU-specific issues. However, they start to realize that following a route of sustainability, together with being innovative and growth-oriented, is important to survive in a strictly competitive global market. In doing so, the companies need a framework that integrates various dimensions of sustainable development simultaneously. Considering its flexible and voluntary nature, CSR can provide a useful starting point to obtain more sustainable organizations around Europe. As mentioned above, EU has been also aware of the importance of CSR. According to CEC's new policy on CSR in October 2011, in order to fully meet their corporate social responsibility, business organizations should adopt social, environmental, ethical, human rights and consumer concerns into their operations and strategy in close collaboration with their stakeholders, with the aim of (CEC, 2011a):

– maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;

– identifying, preventing and mitigating their possible adverse impacts.

In the context of economic crisis mentioned above, CSR has seen 'more relevant than ever' especially in two points; first, 'it can help to build (and rebuild) trust in business, which is vital for the health of Europe's social market economy' and second, 'it can also point the way to new forms of value of creation based on addressing societal challenges, which may represent a way out of the crisis' (CEC, 2011b). The flexibility and voluntary framework of CSR permit to the companies to define their own level of involvement. Most companies might find CSR more suitable than the alternative frameworks. For instance, despite the increase in the total number of companies that meet the criteria of the Community's Ecolabel licence (49 companies in 2001 to 1067 in 2010), the membership shows a great variety between new and old members (Eurostat, 2011b). It is true for adoption of the related management systems and certification standards, which can be seen in the same line with CSR. For example, the accreditation to the systems like the Eco-Management and Audit Scheme (EMAS), ISO 14001 Environmental Management System or Social Accountability 8000 (SA 8000) requires a more formal and standardized process than engaging in CSR. In their comparison of the first two systems, Perkins and Neumayer (2004) state that since EMAS is more rigorous and demanding on firms than ISO 14001, the number of companies certificated to the former is less than the latter. Even this comparison between two similar management schemes shows that the companies usually tend to prefer less demanding framework. On the other hand, besides its demanding structure, SA

8000 mainly focuses on the social dimension of sustainable development and develops the policies and procedures that protect the basic human rights of workers. Therefore, the adoption of SA 8000 alone is not a sufficient to encompass all dimensions of sustainable development.

Another, and perhaps more important, reason to promote CSR as a framework for these countries is the increasing popularity of concept among business community. The numerous researches indicate that CSR positively affects the overall organizational performance (Alexander and Buchholz, 1978; Carter, 2005; Herremans, Akathaporn, and McInnes, 1993; McGuire, Sundgren, and Schneeweis, 1988; Wokutch and Spencer, 1987) and reputation, competitiveness and sustainability of the organizations (Burke and Logsdon, 1996; Porter and Kramer, 2002; Johnson, 2003; Snider, Hill, and Martin, 2003). The perceived positive impact of CSR makes it more attractive among companies. On the other hand, depending on the increasing environmental and societal concern of people, the companies in the new members and candidate states have increasingly faced with the societal pressures. Today, many people are interested in what the companies do or don't when during production. For instance, Hajnalka (2006) states that the expectations were grown in Hungary and the companies are required to be active – besides profitability and job creation – in solving ethical, social and environmental problems. According to Elms (2006: 206) '…if stakeholders value responsibility, corporations will too'. It means that if the stakeholders, including the customers, start to demand a more responsible use of resources, companies must adapt to the change. CSR can be a solution for these companies which want to succeed in the long-term with considering the consumer preferences and societal demands. In fact, taking all these factors into account, CSR appears a significant tool of conveying the EU's sustainability philosophy to companies in the newcomers. However, before developing a policy, there is a need to understand what CSR means to the companies in these states.

CSR Understanding of New Member and Candidate States

Based on his analysis of CSR definitions mentioned above, Dahlsrud (2006) states that despite the existing congruence among definitions, there is still confusion; "the confusion is not so much about how CSR is defined, as about how CSR is socially constructed in a specific context". The context can be a major determinant of shaping how people perceive CSR. Despite the efforts of EU to provide a common ground, the companies differ in terms of their understanding and practicing CSR (Secchi, 2004). This difference might drive the companies in the new member and candidate states to follow a very diverse route of being responsible than their counterparts in the old members. In one of his interviews, Bernard Giraud, Executive Director of CSR Europe in 2004, emphasizes that CSR is at a starting phase in the new accession countries and states "I do not think 'CSR history' will be the same in Eastern Europe as in Western Europe…I do not think 'they will do the same but are behind us'. The new countries will also bring fresh

ideas and new views to the CSR debate". In order to foresee what they will bring new about CSR, it is important to analyze the existing CSR understanding of these countries.

CSR in the new member states of Central and Eastern European (CEE) is generally perceived as corporate philanthropy, sponsorship or marketing rather than a responsibility to stakeholders (Elms, 2006: 204). A survey of World Bank on the private sector views and practice of CSR provides somewhat different results (Mazurkiewicz, Crown and Bartelli, 2005a). The comparison of the perceived meaning of CSR in Estonia, Latvia, and Lithuania indicates that business executives have a wide range of understanding about being socially responsible (Figure 1). The study reveals that the executives in generally perceive the social responsibility as ethical conduct, environmental protection, addressing stakeholders concerns, transparency in operations and compliance with regulations. However, perceived relations between CSR and social inequalities correction, stakeholder partnership, or public relations are lower. According to the survey results, perceived overall cost is the most important barrier to adopt socially responsible practices for company executives. Another important obstacle is the resistance of managers and employees to behave in a more socially responsible manner. Therefore, if the managers start to see the opportunities created by the CSR in the long range, their future intentions can be transformed into a more positive attitude towards implementing CSR in their organizations. Additionally, spreading the CSR perspective in these countries as a policy might create an increase of awareness on CSR. At the same time, establishing a link may provide a solid basis for the integration of CSR and stakeholder partnership into a single framework.

Figure 1: *Understanding of CSR in Estonia, Latvia, Lithuania, Poland, Hungary and Slovakia*
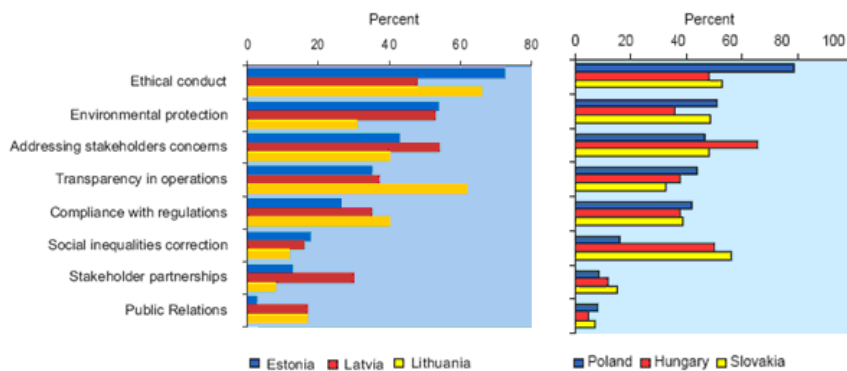
**Sources**: Mazurkiewicz, Crown, and Bartelli (2005a:xviii; 2005b:19).

Figure 1 also shows the CSR understanding of companies in Poland, Hungary, and Slovakia (Mazurkiewicz, Crown and Bartelli, 2005b). In those

countries, the business executives establish a link between CSR and compliance with existing regulations, behaving ethically, and assuring environmental protection, but do not, in general, establish the same link between CSR and correcting social inequalities or engaging in public relations. On the other hand, Mazurkiewicz and Crown (2005) analyzed the CSR understanding of companies in Bulgaria, Croatia and Romania (Figure 2). The results of study show that the ethical conduct in operations has viewed as the main component of socially responsible activities in all countries. The transparency in operations, establishment of stakeholder partnerships, and compliance with existing law has been also seen as significant parts of the CSR.

The results of all three studies show that there is a considerable variety on the CSR perceptions among these countries. According to Grigore and Candidatu (2009), during the Communist era, businesses were expected to serve the needs of society and state owned companies in most of Central and Eastern Europe implemented large-scale and costly social programs. Therefore, even today, social responsibility and welfare is viewed as the primary role of government due to the socialist heritage in most of these countries (Line and Braun, 2007).

**Figure 2:** *Understanding of CSR in Bulgaria, Croatia and Romania*
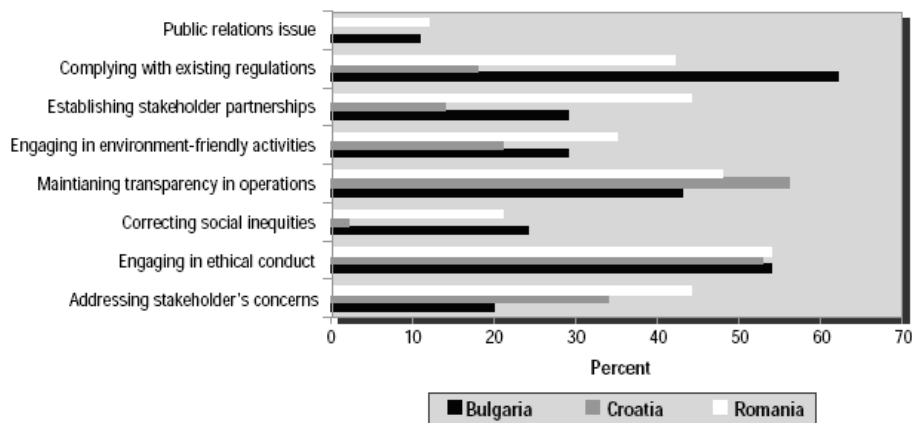
Source: Mazurkiewicz and Crown (2005:12).

In a more recent study, which was carried out as a part of the collaborative project with the financial support of EU, the level of CSR practices in Poland, Hungary, Lithuania, Slovakia, Croatia, Macedonia, Bulgaria and Turkey were assessed by the United Nations Development Programme Offices in this region (Line and Braun, 2007). As it is stated by the authors, despite differences among these countries in terms of history, economic development and relations with EU, all of them have experienced a 'wild capitalism' especially after the 1990s.

Therefore, since the beginning of transition process, the companies mainly focused on their profitability and had no time and resources to pay attention to social or environmental responsibility. However, according to the authors, there is a shift to 'a more long-term oriented way of operation thanks to the stabilization of the economy and the improvement of legal framework for employment and controls on the environmental impact of economic actors' (Line and Braun, 2007: 21). In order to show the level of CSR involvement in the region, Line and Braun (2007) conducted an empirical study with a sample of 288 companies operating in the region to measure the six 'domains' of CSR as strategy, stakeholder engagement, governance, performance management, public disclosure and assurance. Although there are some differences among companies in terms of ownership style and sector, the overall result in Figure 3 shows that a limited number of companies are fully involved in CSR. Comparison of the six domains indicates that the companies are more open to the concept of expressing a CSR strategy and engaging in dialogue with stakeholders than other domains.

Figure 3: *CSR Engagement of the Companies in Region*
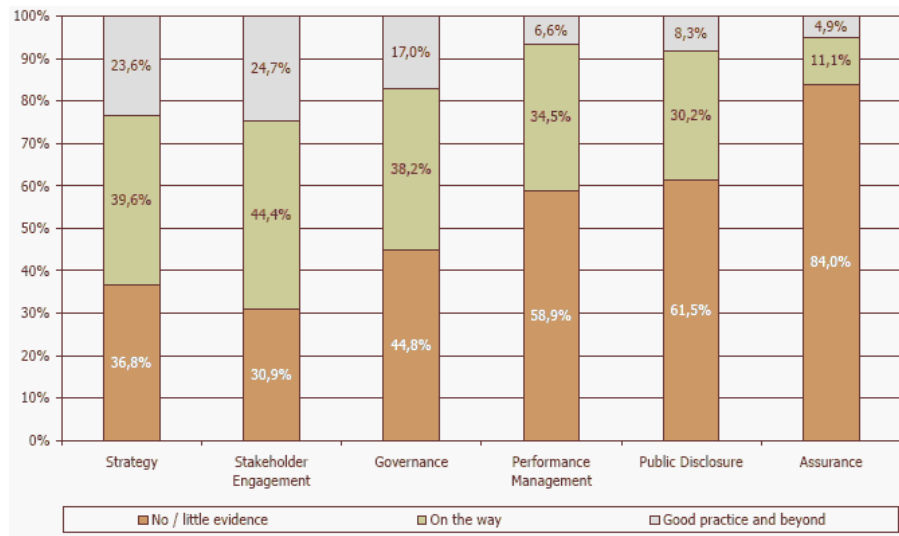
Source: Line and Braun (2007:37).

The role of Multinational Companies (MNCs) is also critical in these countries to construct a CSR understanding. For instance, a CSR report (2008) on Turkey states that the majority of these practices are put into action by MNCs. Their branches located in Turkey engage in CSR practices and these steps positively affect the attitude of Turkish companies towards this concept. However, the activities of the branches generally lag behind their headquarters and are generally

project-based. Therefore, fostering this concept among business institutions through several methods would increase the adoption of socially responsible corporate action.

In fact, the companies in all of these countries have their own unique position against CSR and generalizing their CSR understanding within a single scope might be misleading to ignore the differences. However, these findings given above indicate two main implications for policy makers. First, there is a significant perceptual difference among companies on the various dimensions of CSR. Considering these differences, Letica (2008) suggests three distinct CSR models in new EU members and candidate countries as the New Central European model (Czech Republic, Slovakia, Poland, Hungary, Slovenia and Croatia), the Baltic model (Estonia, Latvia and Lithuania), and the Western Balkan model. Second, these countries are currently in a learning process on how to adopt CSR. Combining these two closely related factors based on the empirical evidence given above, the current picture of CSR in these states shows a random and dispersed development process, rather than a systematic one. However, if EU wants to integrate these countries under its overarching sustainability goal, it should take a leading role in a CSR network including public, private and civil society across Europe to create an integrated CSR perspective.

The Policy Directions for the Future

Korka (2005) states that CSR is a challenging concept for every post-communist country, but it is rather slow to find adherents of CSR among the individuals and companies. In fact, especially in the recent years, CSR has increasingly taken the support of important actors in these societies. For the establishment of CSR culture in candidate states and to flourish the perceptions towards the concept in these countries, EU funded projects are put into effect. For example, due to the current uncertainty of business environment and the ultimate focus on profit among the whole value systems, the social values are stagnating in Croatia. This situation results in a low level of importance attached to the CSR concept by businesses. Therefore the aim of the EU project in Croatia is to raise the level of understanding CSR's importance in terms of all stakeholder representatives like non-governmental organizations (NGOs), public sector, business networks, consumers and most importantly targeted groups: companies. Another CSR project taking place in candidate states is the "Mainstreaming National CSR Agenda" for FYROM. Overall objective of the project is contribution to sustainable economic growth, through promotion of corporate social responsibility in the society through businesses but especially through SMEs as they form the majority of the business population in FYROM.

Although this type of attempts can be seen as a certain improvement in the development of a CSR framework, the contribution of various sectors to build a collaborative context has not achieved a satisfactory level yet. The study of Line

and Braun (2007) says much about the insufficiency of actors in these societies. According to this study, the direct involvement of governments across the region is diverse, but none is really yet taking a leading role. About the role of civil society, the authors indicate that the awareness, ability and organizational power of NGOs to put pressure on business and government are limited. The media in the region is failing to hold corporate actors accountable for irresponsible business activities. On the other hand, since the development of a stakeholder activism has been inhibited for a long time depending on the institutional factors in these counties, stakeholder involvement are also rather weak. In sum, except the support of membership based business organizations, businesses themselves are currently the main agents of change in the new member and candidate states (Line and Braun, 2007).

Considering the existing level of CSR understanding among these companies, it is questionable how they will handle the task of integrating into EU's sustainability policy. As explained in the previous section, the companies understand whatever they want to be interested in CSR. For some companies, CSR is a concept of complying with regulations, for some others, it is related with the correction of social inequalities. Although CSR is an umbrella term overlapping with the dimensions of sustainable development, these companies perceive it one-dimensional during their learning process. Therefore, if everything else remains unchanged during the next decade, there will be a rather slow and inefficient way of development in this part of Europe. On the other hand, no one wants to waste any time for an innovative, growth oriented, and sustainable development against the increasing environmental, social and economic pressures. Therefore, referring to famous quote of Charles de Gaulle about politics and politicians, CSR is also too serious a matter to be left to the businesses.

As a policy recommendation based on the discussion up to now, EU should take the leading role in the construction of a concrete and common meaning for CSR through implementing a networking policy in these countries. The companies in the region should adopt a common understanding of CSR that is embedded into the EU's sustainability philosophy. Although the companies should have the central role in this process there is a need to integrate the main actors of all sectors in the local, regional and national levels. However, considering the economic crises in the recent years, the construction of such a mechanism should be flexible, inexpensive and fast simultaneously. The best alternative that meets all of these criteria might be the effective use of communication technologies. Usage of the Internet for forming interorganizational networks is a recent tool for the purpose of streamlining and spreading the adoption phase of CSR practices. These network initiatives are called CSR networks formed of voluntary participation from corporations, NGOs, communities and governmental institutions. Nielsen and Thomsen (2011) provide a theoretical framework based on resource dependence and social network theory and tested it on an example in Denmark. However, in their study, the authors mention "none of the studies explicitly focus on the role of

communication in developing and driving CSR and sustainability through networks" (Nielsen and Thomsen, 2011: 3).

Companies benefit from these network oriented CSR platforms in order to manage financial, social and environmental pressures and develop or maintain good relations with stakeholders. The objective of the corporations participating in these kinds of networks is to address the issues raised by the external stakeholders and policy makers and thus to perform a CSR activity in line with the general responses or requirements of society. Actually these networks provide a road map for the corporations who aim to employ successful CSR activities and who want these activities address a correct gap in the overall social habitat. These CSR networks are valuable tools for the small and medium sized enterprises (SMEs) as well. The majority of the markets in new member and candidate states are formed by SMEs and these businesses do not have the sufficient infrastructure, capacity and experience in order to engage in CSR practices. CSR networks are valuable tools to provide a synergy opportunity for SMEs both nationally and internationally so as to adopt CSR practices in a timely and cost efficient way.

The largest example for CSR networks is United Nation's (UN) Global Compact which was launched in 2000. It has 8500 signatories in more than 135 countries today. CSR360 Global Partner Network is a global network of not-for-profit organizations working with businesses to improve their positive impact on society. The Canadian Business for Social Responsibility which was established in 1995 aims to serve as a networking and learning platform to Canada's corporate leaders. Emirates Environmental Group (EEG) formed a CSR network with the public and private companies located in United Arab Emirates (UAE) in order to achieve sustainable development through the concept of CSR. Another initiative from Asia came in January 2011 from the Association of Southeast Asian Nations (ASEAN) and they established a CSR network headquartered in Singapore. It is clear that CSR networks have been spreading all over the world to share the best practices and guide the way for the adoption of socially responsible corporate action. In Europe, the most active network is CSR Europe, which is the European initiative network with around 70 multinational member companies and 27 national partner organizations across Europe. However, if EU wants to create an integrated framework of CSR in the new member and candidate states, it should take a leading role in the formation of such a network that will provide a collaborative environment for the various actors.

Conclusion and Discussion

In the current study, we propose a network-oriented policy recommendation as one of the most applicable ways of achieving sustainability among business community in new member and candidate states. This recommended tool is not only applicable to those countries, but also it fits well to the priority areas of EU's overall sustainability and CSR policy. Figure 4 articulates

the European perspective on CSR on the sustainability framework and explains how CSR networks contribute to the overall CSR strategy. As stated throughout the paper, CSR is viewed as an 'opportunity' of reaching sustainability for business community in EU and covers every 'responsibility of enterprises for their impact on society'. Such multidimensionality of concept is best met by the implementation of several strategies simultaneously. The most recent document of Commission on CSR puts forward an action agenda covering 8 areas for the period of 2011-2014 (CEC, 2011a).

In Figure 4, the contribution of CSR networks to each of these areas is proposed for considering the case of CSR in the new member and candidate states. As it can be seen in these examples, CSR networks can provide a cross-functional policy tool that contributes to the implementation of all 8 areas. Considering its benefits stated in the Figure, CSR networks can be used efficiently to achieve the aim of encouraging common understanding and expectations among businesses in those states. With using CSR networks, EU can easily convey its mission to achieve an integrated CSR understanding to its new and possible members. Therefore, EU should focus on the formation and development of such networks and encourage the participation of businesses to them.

Figure 4: *Analysis of CSR Networks on the Framework of CEC's Action Agenda for CSR (2011-2014)*
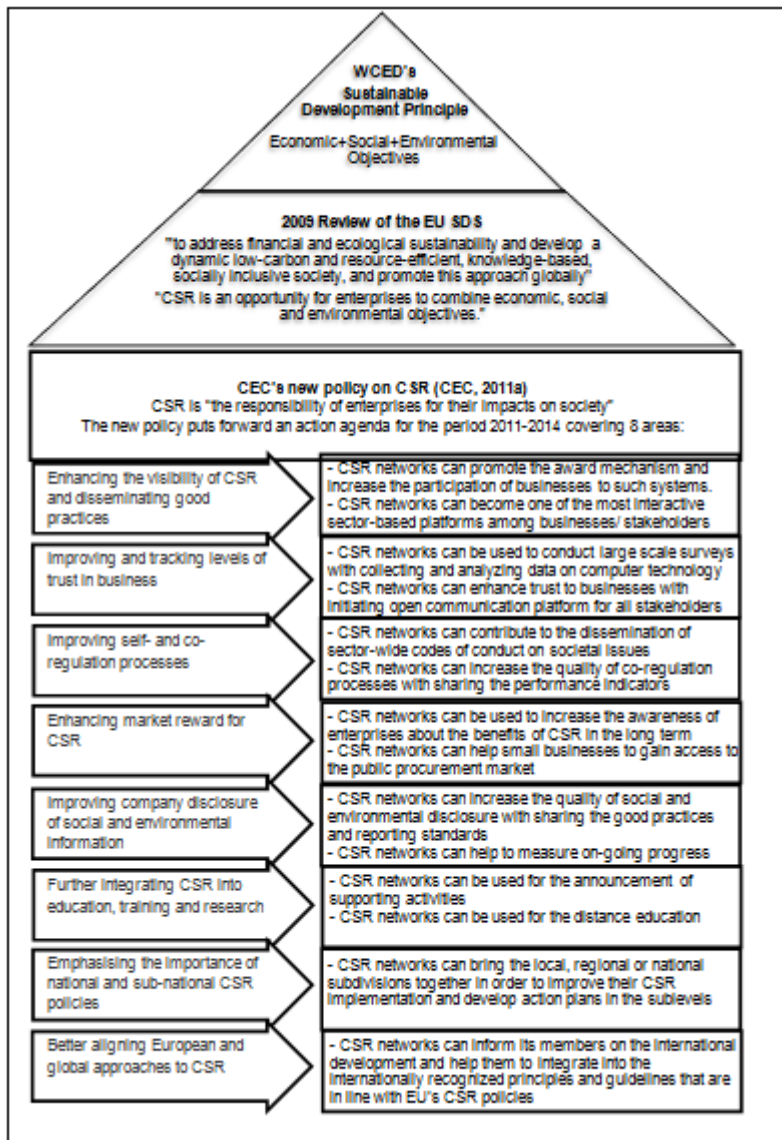

Figure 4 suggests a holistic point of view to European sustainability policies and the CSR Network related suggestions that may contribute to the successful dissemination of CSR throughout an enlarged Europe.

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