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Experiences with structuring corporate social responsibility in Dutch industry

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Abstract

This article reflects upon the practical experiences gained by 19 companies with structuring corporate social responsibility within the framework of the programme '*From Financial to Sustainable Profit*' of the National Initiative for Sustainable Development (NIDO), that was run from May 2000 to December 2002. Based on the available literature and the views of representatives from the participating companies, a structured approach towards corporate social responsibility has been designed and tested in practice. In this process, the company representatives were confronted with various knowledge gaps, some of which could not be solved during the NIDO programme. Therefore, recommendations for bridging these gaps are made.
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1. Introduction

A growing number of companies now acknowledge the importance of corporate social responsibility. Among them are the more than 160 companies who are member of the World Business Council for Sustainable Development (WBSCD), a respected organisation promoting the pursuit of sustainable development, which defines corporate social responsibility as 'the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life'. Thus, both social and environmental concerns are part of a company's corporate social responsibility [1].

However, companies are faced with the problem of how to put this concept into practice. Recently various helpful frameworks have been developed to assist companies in their efforts to implement corporate social responsibility. Pioneering in this respect is the famous book of John Elkington, entitled *Cannibals with Forks*

(1997), in which he introduced the concept of the 'triple-P bottom line'. Triple P stands for profit ('economic prosperity'), planet ('ecological quality') and people ('well-being') [2]. Elkington's contention is that firms need to attain a certain minimum performance (i.e. the bottom line) in all these three areas in order to be labelled as a 'sustainable' business. In line with this philosophy the Global Reporting Initiative (GRI)—an independent international body—developed a fully tested set of guidelines to report about corporate social responsibility [3]. To underpin these GRI guidelines various initiatives were taken to develop indicators for corporate social responsibility and best practice guides (e.g. [1,4–6]). Further, to illustrate the business case for sustainable development, examples of good practices were provided (e.g. [7]).

Despite all these documents, the journey to corporate social responsibility is not clear-cut. It is a search process in which company leaders have to develop their own identity based on finding a responsible balance between people, planet and profit while taking account of what the outside world requires of them. This was also experienced by a group of 19 Dutch companies that participated in a major programme in the Netherlands entitled '*From Financial to Sustainable Profit*', coordinated by the

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National Initiative for Sustainable Development (NIDO). Its objective was to initiate and support change processes among companies wishing to create a link between their financial performance and their record in ecological and social matters [8]. In order to achieve this objective NIDO initiated various change processes in which companies could learn from each other as well as interacting with external stakeholders. Through such learning processes it was considered possible to help initiate leaps in corporate social responsibility that individual companies would probably not have triggered so easily of their own accord. Change-agents affiliated with the NIDO programme, which ran from May 2000 till December 2002, helped to enhance these transformations of behaviour towards corporate social responsibility.

This article reflects upon the practical experiences gained by these 19 companies with structuring corporate social responsibility. Based on the available literature and the views of the participating companies, a structured approach towards corporate social responsibility has been designed and tested in practice. Before describing the main results of this Dutch experiment, this article first explains the set up of the NIDO programme and the way in which the process of corporate social responsibility was initiated in the participating companies.

2. The design of the NIDO programme

In the NIDO programme 'From Financial to Sustainable Profit' the following 19 companies of various sizes and types participated:

1. Berghuizer Papierfabriek (Stora Enso Fine Paper Berghuizer Mill)
2. Christelijke Hogeschool Windesheim (College of higher education)
3. Coca Cola Enterprises Nederland B.V.
4. DSM (chemical company)
5. Dumeco (food concern specialising in meat)
6. Holding AVR-Bedrijven (waste management company)
7. Interface (carpet manufacturer)
8. Koffiebranderij Peeze (coffee still)
9. KLM (airline company)
10. Nuon (multi-utility company distributing energy and water)
11. Ordina (ICT company)
12. Ouwehands Dierenpark (zoo)
13. Pap Eieren en Eiproducten (company specialising in boiling and peeling of eggs)
14. Perfetti/Van Melle (confectionery company)
15. PinkRoccade (ICT company)
16. Rabobank Group (bank)
17. Sodexho (contract catering company)
18. Uniqema Nederland (oil and chemical company)
19. Ytong Nederland B.V. (company specialising in autoclaved aerated concrete)

The 19 companies joined either one or both of the following project groups:

Project group 1: *Integration of corporate social responsibility in business practices.* The basic aim of this project was to encourage the participating companies to integrate corporate social responsibility into their day-to-day working practices.

Project group 2: *Marketing–communication about corporate social responsibility.* The basic aim of this project was to facilitate the integration of the triple-P principle (i.e. people, planet and profit) into corporate marketing and communication strategies.

The approach was as follows: NIDO organised monthly meetings (of 4 hours) for both project groups in order to exchange experiences among the participating companies, to discuss common problems and to interact with external stakeholders. The discussions organised by NIDO focused on issues raised by the company personnel themselves. These related to specific knowledge gaps or were concerned with problems encountered in the process of implementing corporate social responsibility.

Moreover, every company carried out its own project in the company during the period January 2001–July 2002. The financial support of NIDO was limited to facilitating the monthly meetings as part of the overall process and to staying in contact with the companies during the execution of their individual projects. Thus, each company had to deploy its own manpower to carry out the project.

After a preparation phase (May 2000–October 2000) and the signing up of the participating companies (November 2000–December 2000), the execution of the NIDO programme was divided into the following phases:

- Phase 1: The start of the process: a zero-assessment (January 2001–July 2001)
- Phase 2: Follow-up activities within each company (August 2001–July 2002)
- Phase 3: Social embedding of the results of the programme (August 2002–December 2002).

3. The start of the process: a zero-assessment

To start the process of corporate social responsibility, all the companies carried out a zero-assessment of the present state of affairs. The objective was to get a first impression of how the participating companies currently performed in terms of the three pillars of corporate

social responsibility: profit, planet and people. Based on this information, and as a next step, companies could determine the aspects to which they had already paid attention, and those which were still under-developed. This knowledge formed the starting point for further strategy decisions.

Several methodologies are available for carrying out such a 'zero-assessment' in corporate social responsibility. All of them involve a questionnaire about the different aspects of corporate social responsibility. The company's answers to the questionnaire are interpreted according to pre-set parameters. On that basis the company can then form a picture of its current performance in the field of corporate social responsibility. The differences between the various methodologies can mostly be found in the organisation of themes and sub-themes in the questionnaires and the weight attached to each of them. This determines which subjects will appear, with what prominence, in their overall assessment.

The 19 participating companies made use of the sustainability score card (SSC). This zero-assessment tool was developed by the consulting firm DHV in close cooperation with Nyenrode University and Good Company. The SSC is a checklist of questions based on existing documents and guidelines on corporate social responsibility (e.g. the Global Reporting Guidelines, ISO 14001, AA 1000, SA 8000, ILO norms, OECD guidelines) and on the expectations of various stakeholders, as expressed in written documents. The SSC is divided into four main categories: vision and communication, profit, planet and people. All categories are sub-divided into various themes, each of which relates to a number of indicators and subsequent questions. On the basis of the answers to these questions, an impression could be formed of the performance level of the specific company on corporate social responsibility.

In the context of NIDO, the 19 participating companies applied the same generic checklist of questions, which resulted in a very diverse picture [9]. Some companies scored exceptionally well, while others performed at an average level or, in exceptional cases, below average.

Why did certain companies score so well in certain areas? Let us take two examples. The first example is the carpet manufacturer Interface, which scored above average in all main categories. It scored relatively highly in the field of the environment. This is because all company divisions have, at their disposal, an environmental management system. Besides that, Interface has an active policy in the field of facilitating environmental responsibility (i.e. an active traffic and transport management policy) and 'chain management' (improving environmental performance in the whole product chain). Interface checks progress by using performance indicators. For all major decisions, environmental risk assessments are carried out. In the last five years, Interface has performed continuous environmental improvements that have led to a 10% reduction per unit product in air emissions and local nuisance and have achieved a 5–10% reduction in waste and more than a 10% saving in the use of energy and raw materials. Moreover, Interface has developed a carpet based on renewable raw materials.

The second example is the chemical company DSM, which also scored above average in all main categories, particularly in the social area. This is connected with the fact that the company complies with all requirements on working conditions, that International Labour Organisation (ILO) standards are practically applied in all divisions and that active policies are in place in areas such as personal privacy, equal opportunities, stress management, worker participation, and grievance procedures. DSM rewards employees if they make a clear contribution to good performance on sustainability issues. Suppliers are asked about their environmental and social practices. In addition, DSM has formulated a policy in the field of recognising human rights.

The company also scored very well on policy and management. The published corporate values contain a clear mission and rules of conduct in the field of corporate social responsibility. Notably, DSM checks by means of an audit process that the rules of conduct are observed. Each year it publishes separate social and environmental reports, parts of which are verified externally. The company deliberately communicates with its employees and with external stakeholders.

Experience with applying the SSC showed that a zero-assessment could act as a catalyst in promoting the process of corporate social responsibility within the organisation as a whole. A variety of people within the organisation got involved in the process because they were asked to provide specific information. This made them aware that their work is linked to corporate social responsibility. Discussions were triggered within the organisation as to what the concept means and why the company should get involved. The SSC illustrated the great number of aspects that are addressed in the context of corporate social responsibility. It also made clear to those involved which information should be collected in order to be able to report on corporate social responsibility. As one of the participants put it: 'At first I was terrified at the idea of having to answer all those questions. After filling in the questionnaire, it turned out that our company was actually doing a lot of things quite well. It was a real eye-opener to see it all laid out like that. The problem now is to get the priorities right'. Because the data gathering process required co-operation among various departments, support for corporate social responsibility increased within the organisation.

Carrying out a zero-assessment on the basis of a general questionnaire, as happened in the framework of NIDO, also has its restrictions. First of all, the DHV consultants evaluated all answers to questions on the basis of a weighting chosen by themselves. The companies involved had no input to this. As a result, the context was not always clear for them. Secondly, the generic SSC did not reflect sector- or company-specific features, and therefore, led to an unbalanced scorecard result. For the Ouwehands Zoo, for example, animal welfare is crucial. One single question about the way animals are treated would be insufficient to get a proper view of performance in this key activity. The same applies to the meat producer Dumeco. Another example is the Rabobank Group. This bank distinguishes between three types of activities where sustainability is very important: in existing financial products and services, in the positioning of the bank within society and in its own business organisation. This three-way split is not reflected in a general questionnaire, and is indeed so business-specific that some fine-tuning of the questionnaire would be necessary to do it justice.

In order to solve the above problem, the 19 participating companies concluded that a sector- and company-specific questionnaire should be devised. It was thus, felt to be too early to report on current performance on the three Ps using the results of a generic questionnaire. A company had first to develop its own mission, vision and strategy regarding corporate social responsibility before it could design a tailor-made, company-specific questionnaire.

4. Designing a structured approach towards corporate social responsibility

On the basis of the experiences gained with the zero-assessment, each participating company further elaborated the concept of corporate social responsibility in its own particular way. At the start of the programme, no general procedure was available for setting up a structured approach towards corporate social responsibility. What should the components of such an approach be, and in which sequence should they be put in place? To bridge this knowledge gap the group of companies jointly designed a structured approach towards corporate social responsibility, consisting of the following six main activities:

1. To list the expectations and demands of the stakeholders
2. To formulate a vision and a mission with regard to corporate social responsibility and, if desired, a code of conduct
3. To develop short- and longer-term strategies with regard to corporate social responsibility and, using these, to draft a plan of action

4. To set up a monitoring and reporting system
5. To embed the process by rooting it in quality and management systems
6. To communicate internally and externally about the approach and the results obtained.

The sequence of implementing these various activities differed among the companies. It depended on the representatives' assessment as to which activities would be best to start with and would attract most support. Therefore, it was likely, for instance, that a company would first organise training programmes and issue an internal annual report to strengthen internal communication before setting up a monitoring and reporting system. Therefore, each company builds the whole according to its own interpretation. But in the end all six main activities mentioned above will fall into place like a jigsaw puzzle.

In the following paragraphs, the experiences gained by the 19 participating companies with elaborating each of the six main activities are presented in detail.

4.1. Drawing up a list of stakeholders' expectations and demands

The list of a company's stakeholders includes each group or individual who can influence the attainment of the organisation's goal, or who is affected by it. For this reason the range of stakeholders, which a company has to deal with can be very diverse. The trick for each company is to calculate which stakeholders are of any real value to the company. Considerations which can play a role in this are: the power and legitimacy that a specific group of stakeholders might hold and the degree of urgency of their social demands [10]. After selection of the most important stakeholders for each company, it is worthwhile checking out their underlying ideas. The company has to give due weight to these ideas in formulating its own vision, mission and strategy regarding corporate social responsibility.

Within the group of 19 companies participating in the NIDO programme there were differences in the extent to which they wanted to strengthen their contact with stakeholders. Some companies did not see the benefit of extra efforts in the direction of the stakeholders. Some were of the opinion that they already had sufficient contact with their main stakeholders. Others considered themselves too small, or too locally based to talk with stakeholders at national level. They preferred to leave this to the sector organisations.

Other companies precisely wished to develop their contacts with stakeholders. For some of them this was crucial in properly assessing the possible social criticisms of their company or product. For others, a good relationship with relevant stakeholders (for example, the local community) was essential for keeping their

'operating license'. On the basis of experience built up in involving diverse stakeholders, Udeke Huiskamp of KLM concluded:

> The most important conditions for success in a dialogue with stakeholders are:
>
> 1. to respect, beforehand, each others' right to exist;
> 2. to have policy space. It's no use raising issues for which there are no alternatives;
> 3. not to be too ambitious, and
> 4. to recognise the importance of good personal relations; it has to 'click'.

Despite the different levels of intensity in the relationships among the 19 participating companies and their stakeholders, all of them were interested to know more about the expectations of the various stakeholders with respect to corporate social responsibility. They wanted to find out what stakeholders thought of them and to investigate what the (im)possibilities for co-operation might be. Therefore, within the frame of NIDO, meetings were organised with representatives of social organisations (especially the NGO's and trade unions) and of the financial sector.

4.2. Formulating a vision, mission and code of conduct

A *vision* of corporate social responsibility gives something to use when determining the strategy to be followed by the company. Such a vision expresses the future challenges, which a company sees itself as facing in the economic, social and ecological fields. The *mission* then conveys the precise ambitions, which the company wishes to attach to this vision.

A good illustration of this is found in the following starting points provided by the carpet manufacturer Interface:

> We aim to be the company that, by its actions, shows the entire industrial world by 2020 what sustainability means in all its dimensions: people, process, product, place and profit—and, in doing so, we will become restorative through the power of our influence.

> Our ultimate ambition is to create a new type of business for the 21st century. We have looked at what the characteristics of such a company would be:

> - It will be resource efficient—wasting nothing;
> - It will have closed-loop products. This means that we will no longer operate in a linear fashion (take/make/waste)—products will not end up in landfills;
> - It will be energy efficient and driven by renewable energy;

> - It will stay well ahead of any legal requirements;
> - It will take nothing from the earth that is not renewable. Taking nothing includes not taking another drop of oil;
> - All outlet pipes and stacks will have been shut down;
> - It will be tightly connected to the community;
> - The best people will be lining up to work for us;
> - Investors will be beating a path to our door;
> - All this means that the company will be doing well by doing good.

> Success in all these points will allow Interface to reach its goal: to become the prototype company for the 21st century. What are the characteristics? It is strongly directed at service, efficient with its use of raw materials, not producing waste, using solar energy, producing and re-cycling and strongly connected with the local environment (community, customers and suppliers). The best people will line up to work for Interface. Customers will make Interface their first choice, and suppliers will support our vision
>
> <div align="right">(Rudolph de Jong, Interface).</div>

The creation of a vision and mission with respect to efforts in the field of corporate social responsibility generally takes place at the management level. The experience of most companies taking part in the NIDO-programme '*From Financial to Sustainable Profit*', was that they do not start at zero in this process. The usual situation is that one is building on an existing vision of how the company works. After internal discussions, some of the 19 companies decided not to make any changes to that vision. To support this view they often argued that their existing vision covers the topic of corporate social responsibility. Han de Groot of Ytong, a company that produces autoclaved aerated concrete products, expressed it as follows:

> In response to the results of employees' satisfaction surveys and to the NIDO—zero-assessment, mission, vision and strategy have been discussed in the management teams. We have concluded that the current mission and vision are still valid, but that they will be made clearer as far as the social aspects are concerned.

Other companies revised their vision, re-formulating the words more explicitly to express respect for human beings and the environment.

By no means did all the companies participating in the NIDO programme subscribe to the necessity of formulating a code of conduct within the framework of corporate social responsibility. Each company did have an implicit code of conduct that was connected with its own corporate culture. But often this was not put in writing. Mainly, it was the larger companies which

recognised the value of a written code of conduct, and sometimes they already had one. Generally, this latter group of companies took the subject very seriously and put a lot of time into both the development and the implementation of the code within the organisation. They used the code of conduct as a tool for behavioural change. They considered this on the one hand as traffic rules and on the other as a source of inspiration to get the process under way. The outcome of the process was the formulation of a number of key values and related rules of conduct which were broadly supported within the organisation.

Richard Piechocki of the Rabobank Group summarised this process as follows:

> At the Rabobank Group we have formulated a set of four principles: respect, integrity, professionalism and sustainability. These four principles are explained in a booklet ('Code of Conduct of the Rabobank Group') that has been sent to all employees. Various passages in this code of conduct are related to sustainability. A training programme has been drawn up and the code of conduct has been incorporated in company policy. Now we are working on putting the code of conduct into practice. Any remaining problems that are not in the booklet will be discussed in an ethics committee.

4.3. The development of a short- and longer-term strategy and action plan

In any company, drawing up short- and longer-term strategies is a familiar procedure. What is often still missing up till now is the integration of the three P's (planet, people and profit) into the strategy and the action plans which derive from it. In the context of the NIDO programme, several companies have experimented with this aspect—the approach of the chemical company DSM is illustrative. As Kees Bennebroek of DSM stated:

> By tradition the DSM Business Groups (BG's) periodically make a systematic analysis of their markets on the basis of long-term expectations, technological developments and their own position. DSM calls this the Business Strategy Dialogue (BSD). Topics such as economic results, environmental issues, the best conditions in which to establish a business, demographic developments and staffing policies are raised in the BSD. On this basis the BG's derive their strategy for the coming years. The results of the BSD and the proposed strategy are discussed and agreed at Board level. In the same way, a business strategy (Corporate Strategy Dialogue) is carried out.

> Consultation with the BG-managers about the best way to embed corporate social responsibility

in the company has led to the conclusion that, with some adaptation, the BSD system can prove to be a suitable vehicle. The BG's then identify crucial success factors ('key success factors') not only for profit, but also for planet and people. That is why they include a number of sustainability themes more explicitly in the BSD's. Thus, for example, they will investigate the meaning and the feasibility of aiming for zero emissions, complete recycling, use of non-fossil raw materials, process intensification, etc. Linked to this, perhaps via a workshop, they can invite external groups (NGO's, government, colleague companies, customers and suppliers) to contribute to debate. Quality and the commitment to carrying things through are crucial for the success of the three P's approach.

The way that strategy development takes place within each company differs. It depends on the structure, the culture and the size of the company. But, given that everyone recognises this fact, it did not generally cause big problems for the companies taking part in the NIDO programme 'From Financial to Sustainable Profit'. The same was true for drawing up an action plan on the basis of the strategy that was worked out. However, the issue that provoked discussion was the question of which key issues a company should address in the context of corporate social responsibility, and in its reporting on that subject.

The participating companies relied upon the 2002 Guidelines set up by the Global Reporting Initiative. Four key issues stood out:

- Policy and management (including communication);
- Economic aspects;
- Environmental aspects;
- Social aspects.

4.3.1. Policy and management (including communication)

Part of the section 'Policy and management' involves an explanation of the vision and strategy of the company and its profile. At the same time, an explanation is expected from companies about:

1. the division of tasks and responsibilities in carrying out the agreed policy;
2. the management systems used in order to embed quality;
3. the way in which this policy and its results will be communicated internally and externally.

Most participating companies did not meet all the issues raised above, but started to work on them.

4.3.2. Economic aspects

One of the things which comes under this heading is an explanation of the company's contribution to

economic prosperity in the broadest sense. Here, a distinction is made between *direct* and *indirect* economic impacts. Direct impacts involve the monetary flows between the organisation and its key stakeholders, and the impacts, which the organisation has on the economic circumstances of those stakeholders. The indirect impacts are related to the spin-off from company activities in terms of things like innovation, the contribution of the sector to the gross domestic product or national competitiveness and the dependency of the local community on the company' activities. The provision of information about this contribution to economic prosperity in a broad sense thus supplements extant financial reports. Most participating companies did not have any experience in providing information about these economic aspects.

4.3.3. Environmental aspects

Under the heading 'Environmental aspects' there is a need to discuss:

- the environmental impacts of the company's production activities;
- the use of scarce goods (like energy, water and other raw materials);
- the environmental impacts in the product chain.

A distinction is made between the following categories: materials, energy, water, bio-diversity, emissions (incl. effluents and waste), suppliers, products and services, compliance with legal and other regulatory frameworks, transport and general issues. Practically, all the companies taking part in the NIDO programme had already gained some broad experience with the development and implementation of their environmental policy. In the past, they had paid most attention to control of the environmental burden. But in recent years, increasing attention has been turned to the use of scarce goods and the environmental impacts of the product chain. That is why, compared with the other major issues, formulating a strategy and an action plan on environmental issues did not cause so many problems.

4.3.4. Social aspects

The companies involved in the NIDO programme often had more difficulty in making choices with regard to the tangible expression of the social aspects. According to the GRI guidelines, these include a range of subjects, including both internal and external social policy.

4.3.5. Internal social policy

Included under this heading are the nature of employment, labour/management relations, health and safety, training and education, and diversity and opportunity. In theory, all companies have developed wide experience in carrying out internal social policy. Many

activities in this field result from legal regulations. Therefore, the main question was what else they could do in order to be considered an attractive employer. How, as a company, can you ensure that employees are content with their working conditions and their own possibility of self-development in the company? It was found that employees' sense of well-being has much to do with a stimulating working environment in which respect and care for others and individual empowerment take centre stage. However, similar themes in human resource management suggest that it is difficult to translate this into simple measurable indicators, although surveys on job satisfaction do result in useful information. In the context of the NIDO programme, various companies have emphasised the need to do something positive about this issue of the working climate.

4.3.6. External social policy

Most of the problems, which the companies experienced, were in the area of external social policy, because within this area the range of themes is so large. The company leaders were worried about getting bogged down in it. According to the GRI guidelines, this dimension encloses three main categories, each with several sub-categories, namely:

1. Human rights issues, including strategy and management, non-discrimination, freedom of association and collective bargaining, child labour, forced and compulsory labour, disciplinary practices, security practices and indigenous rights.
2. Society, including community activities, bribery and corruption, financial contributions to political parties, competition and pricing.
3. Product responsibility, including consumer health and safety, products and services, advertising and respect for personal privacy.

In the frame of the NIDO programme, '*From Financial to Sustainable Profit*' the 19 participating companies had paid little or no attention to the further elaboration of the theme of human rights. Although this issue is crucial in an international context, the NIDO programme focused on the Dutch situation. The issue of product responsibility was dealt with by companies mainly in the context of the environmental policy and not so much as a part of the 'external social policy'. Within the theme 'external social policy' most attention was paid to the topic of 'society', and then especially in terms of local social activities. In the past, such activities were mainly seen as a charitable affair, but nowadays companies look at it in a much more business-like fashion.

4.4. Setting up a monitoring and reporting system

The information gathered above provided the essential material for setting up a monitoring and reporting system

on corporate social responsibility. The formulated policy underpins the vision, mission, code of conduct and strategy of the company, and the objectives, which derive from them. The elaboration of corporate social responsibility in the economic, ecological, social and management areas indicates what specific progress the company wants to make. To be able to monitor this progress in good time requires critical performance indicators, which reflect the defined objectives. Together this forms the basis for a well-substantiated monitoring and reporting system. However, during the execution of the NIDO programme a lack of clarity came to the fore regarding the description of the indicators to be used for the dimensions people, planet and profit. The environmental indicators were relatively well developed. However, it was far less clear which indicators would give a representative picture of the social and economic dimensions. These problems could be only partly resolved during the programme. This sometimes hampered the development of a reliable monitoring and reporting system.

The experience of the companies participating in the NIDO programme showed that companies usually begin by building up some knowledge about creating an annual report (mostly used internally) on corporate social responsibility. To start off immediately on setting up a monitoring system is often discouraging because of the amount of work that it seems to imply. Once support has been obtained for external reporting on corporate social responsibility, people within the company take the introduction of a monitoring system much more for granted, and understand its importance. Moreover, the companies learned that the setting up of a monitoring and reporting system should not be a separate activity but should be part of the regular reporting procedures of the company. This gives a better guarantee for implanting the activity in the organisation. Various companies participating in the NIDO programme have built up experience with the development of such a monitoring and reporting system in recent years.

4.5. Bedding in quality and management systems

With the introduction of any new initiative in a company, the question is how one can maintain momentum and ensure continuation of the initiative? This is the case for corporate social responsibility as well. The danger exists that an initiative, which started with enthusiasm does not survive in the organisation. Especially in times of economic recession, there is a big risk that the initiative will be stopped.

To guarantee continuity in the process of corporate social responsibility, it is crucial for it to be implanted in management and quality systems. Within most companies, various such systems already exist. Many are familiar with standards in the area of quality, safety and environment (ISO 9001, ISO 14001, OHSAS 18001 and EMAS) and of social policy (Social Accountability (SA) 8000). Moreover, companies have built up experience with systems of strategic management, for instance with the balanced score card and the European Foundation for Quality Management (EFQM) model. The question, however, is how the process of corporate social responsibility can best be attuned to these systems and in doing this whether it is desirable to make a distinction between big and small companies?

A good example of a big company that has already gained much experience with the integration of corporate social responsibility in its management and quality systems is the paper manufacturer Berghuizer Papierfabriek N.V. (part of Stora Enso). This example illustrates very well how corporate social responsibility can be embedded. The steering concept of management and quality systems chosen by Stora Enso Berghuizer Paper company forms a well-ordered whole and is being continuously improved. It consists of three main elements: the EFQM model, the balanced business score card and the integrated caresystem.

The EFQM model makes clear that leadership gives content and direction to Policy and Strategy, Resources, and Human Resource Management. On the basis of these three elements, process management can be carried out properly. In turn, this allows appraisal by diverse stakeholders (customers, personnel and society). Taken as a coherent whole, the criteria lead to the desired end results. Next, the results are compared and measures are taken which lead to new plans and activities. In this way, the Deming cycle (Plan-Do-Check-Act) is complete.

The balanced score card is designed to assist in the measurement of four categories of corporate performance: financial performance, knowledge of the customer, internal business processes and innovation and knowledge development.

The process model on which the integrated care system is based, divides business processes into primary processes (development and production), support processes (such as purchasing and maintenance) and steering processes (such as personnel management and internal audits).

The validated systems being in place within Stora Enso formed a source of inspiration for the other participating companies, particularly the larger ones. For the three smaller companies involved in the NIDO programme the quality and management system like that of Stora Enso Berghuizer was too extensive. Their system was relatively simpler, but quite adequate for their organisation.

4.6. Internal and external communication about the approach and results achieved

Essential in the whole process of corporate social responsibility is the internal and external communication

of the approach and results achieved. A number of companies particularly joined the NIDO programme to learn about external marketing communication. Originally, these companies were eager to set up a project within their own company on the issue of 'How do I sell my efforts regarding corporate social responsibility in the market-place?' However, people found it difficult to develop a credible marketing communication strategy. The participating companies were afraid of being blamed for green washing practices. They did not want to be criticised by non-governmental organizations and other social groups for being an unreliable company whose 'responsible' image was false. Therefore, they tended to be too reluctant rather than too outspoken in claiming openly how well they performed. This phenomenon was made even more marked by the particular Dutch trait of modesty in showing off how good you are.

This reluctance led to a radical shift in focus among most companies which joined the NIDO programme. In the course of the process, most of them realised that they first needed to acquire enough internal support before they could communicate with the outside world in a credible way. Therefore, most projects focused on increasing awareness and support within the organisation. This was done, for instance, by organising specific training programmes, permitting employees to participate in social projects and/or by linking their work more explicitly to corporate social responsibility. In doing so the company representatives aimed to bring internal experience with corporate social responsibility into line with the way in which their company communicates externally on this issue. They realised that employees reinforce the company's credibility by internalising its values into their own thinking and by communicating externally in a manner, which is consistent with these values. In fact, the employees were seen as the best ambassadors of the company.

Some companies, however, were less reluctant and recognised the advantage of incorporating the issue of corporate social responsibility in its marketing policy. Positive answers to the following questions were crucial: Does the market express a need for it? Does it fit in with the company's culture? Is the company's case strong enough convincingly to underpin the marketing message? Does the customer associate the company's product with corporate social responsibility? Is there enough internal support to be able to communicate externally?

5. Conclusions and recommendations

The practical insights gained within this project revealed that corporate social responsibility is a search process. The elaboration of corporate social responsibility differs according to the sector and according to the company within that sector. Every company makes its own strategic choices regarding how it wants to profile itself in the market. The same holds for the way in which a company implements corporate social responsibility. Experience revealed that each company follows its own route towards formulating the process of corporate social responsibility. It greatly depends on the specific circumstances in which the company finds itself and on the support within the organization.

Moreover, the key lesson learned was that the new thing about corporate social responsibility is not so much the attention paid to social and environmental issues. Companies have already dealt with this for some time. This was true for all the companies participating in the NIDO programme. Many, for instance, had reported on their environmental management activities, personnel policies and financial results. In this respect, corporate social responsibility seemed nothing new at first glance. The difference mainly concerned the way in which companies implement these themes on the basis of their own vision and ambition, and therefore, go beyond mere compliance with regulations. They look ahead and determine for themselves which environmental and social measures they are able or willing to take. But they also take account of what the outside world asks of them. This latter approach requires a strategic embedding of the three pillars of 'people', 'planet' and 'profit' within the business organisation. Through such a strategic embedding attention shifts from operational aspects of corporate social responsibility to an integrated approach at strategic level.

A question often raised among the participants at the beginning of the NIDO programme was: 'When can my company be considered as a socially responsible business?' They soon learned from the discussions during the monthly meetings that the answer to this question is: never. In fact, companies are always somewhere on the road towards corporate social responsibility. Over and over again, companies have to acquire the license to operate from society. When a company, however, acts with integrity and respect for its social and natural environment, it has solid ground to stand on. The company can then share its concerns both with its shareholders and stakeholders, and be transparent in its behaviour. Even when a company is criticised under such conditions, it can be confident enough to withstand criticism.

The kinds of criticism that stakeholders can come up will remain unpredictable. Every stakeholder has a personal agenda and can raise all sorts of questions, which should be properly answered. By setting up dialogues with such groups, companies have a better basis for determining which societal demands it wants to, and should, meet. They can incorporate some of these expectations in their own strategy. However, this is no guarantee that shareholders and stakeholders will have nothing but praise for them. Companies have to learn to live with this uncertainty.

The participants of the NIDO programme jointly developed and tested a structured approach towards corporate social responsibility. In this process, the company representatives were confronted with various knowledge gaps some of which they could not solve during the NIDO programme. On the basis of their experiences it is recommended to further elaborate the following activities:

1. Methodology how to select relevant stakeholders and to assess the relative importance of their opinions;
2. Sector-specific guidelines on reporting on corporate social responsibility;
3. Specification of the indicators, which would give a representative (often sector-specific) picture of the three P's (people, planet and profit), particularly of the social and economic dimensions;
4. Process-oriented instruments to create internal support within the organisation for corporate social responsibility;
5. Knowledge about the integration of corporate social responsibility in marketing strategies, depending on the characteristics of the product or company at stake;
6. Supporting measures for implementation of corporate social responsibility in small and medium sized (SME) companies.

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