Governance for Corporate Sustainability:

National and global governance influencing

TNCs' sustainability management in Germany, the US and India

Der Fakultät Nachhaltigkeit der Leuphana Universität Lüneburg

zur Erlangung des Grades

Doktorin der Wirtschafts- und Sozialwissenschaften (Dr. rer. pol.)

vorgelegte Dissertation von

Isabella Wedl

Datum der Disputation: 04.05.2017
Erstgutachter: Prof. Dr. Harald Heinrichs, Leuphana Universität Lüneburg
Zweitgutachter: Prof. Dr. Martin Müller, Universität Ulm

Acknowledgements

I am sincerely grateful to the Leuphana University for the scholarship I received; also, my travels to the US and India were made possible by financial support from the Leuphana University.
I would like to thank my numerous interview partners in Germany, India and the US who took interest in my study and shared their expertise in sustainability governance. The empirical analysis would not have been possible without these experts making their experience and knowledge available.
I am very grateful to my supervisor Prof. Dr. Harald Heinrichs for his scholarly guidance and support and to my second supervisor Prof. Dr. Martin Müller.
I would also like to thank Prof. Dr. Gerd Michelsen and my former colleagues at the Institute for Environmental & Sustainability Communication, especially Gesa Lüdecke and Norman Laws, for the fruitful discussions on my research.
Finally, I want to express my gratitude to my family and friends for their support.

Contents

Abbreviations

A

AUS *Australia*

B

BIAC *Business and Industry Advisory Committee*
BMAS *Bundesministerium für Arbeit und Soziales (Federal Ministry of Labor and Social Affairs)*
BMUB *Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety)*
BMWi *Bundesministerium für Wirtschaft und Energie (Federal Ministry for Economic Affairs and Energy)*
BMZ *Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung*
BOP *Bottom of the Pyramid*
B-to-B *Business to Business*
B-to-C *Business to Consumer*

C

CAN *Canada*
CC *Corporate Citizenship*
CDP *Carbon Development Program*
CEO *Chief Executive Officer*
CII *Confederation of Indian Industry*
CME *coordinated market economy*
CRISIL *Credit Rating Information Services of India Limited*
CS Corporate Sustainability
CSE *Centre for Science and Environment*
CSP *Corporate Social Performance*
CSR *Corporate Social Responsibility*

D

DEN *Denmark*
DGB *Deutscher Gewerkschaftsbund*
DJSI *Dow Jones Sustainability Index*
DNK *Deutscher Nachhaltigkeits-Kodex*

E

EC *European Commission*
EHS *Environment, Health and Safety*
EMAS *Eco-Management and Audit Scheme*
EMS *Environmental Management System*
EPA *Environmental Protection Agency*
ESG *Environmental, Social and Corporate Governance*
EU *European Union*

F

FDI *Foreign Direct Investment*
FICCI *Federation of Indian Chambers of Commerce and Industry*
FIN *Finland*
FRA *France*

G

GDP *Gross Domestic Product*
GER *Germany*
GHG *Greenhouse Gas*
GIZ *Deutsche Gesellschaft für Internationale Zusammenarbeit*
GRI *Global Reporting Initiative*

H

HDI *Human Development Index*
HR *Human Resources*

I

IICA *Indian Institute for Corporate Affairs*
ILO *International Labour Organisation*
ISO *International Standards Organisation*

J

JAP *Japan*

L

LME *Liberal market economy*

M

MCA *Ministry of Corporate Affairs*
MDCD *Most Different Cases Design*
MNC *Multinational Corporation*
MOEF *Ministry of Environment and Forests*
MoU *Memorandum of Understanding*
MSI Multi-stakeholder Initiatives

N

NBS *National Business Systems*
NCP *National Contact Point*
NGO *Nongovernmental Organisation*

O

OECD *Organization for Economic Coordination and Development*

P

PiC *Partners in Change*
PPP *Public-Private Partnership*

R

RNE *Rat für Nachhaltige Entwicklung (Council for Sustainable Development)*

S

SEBI *Securities and Exchange Board of India*

SEC *Securities and Exchange Commission*
SIF *Sustainable Investment Forum*
SME *Small and Medium Enterprises*
SRI *Socially Responsible Investment*

T

TERI-BCSD *The Energy and Resources Institute - Business Council for Sustainable Development*
TNC *Transnational Corporation*

U

UBA *Umweltbundesamt (Federal Environment Agency)*
UK *United Kingdom*
UN *United Nations*
UNCTAD *United Nations Conference on Trade and Development*
UNCTC *United Nations Centre on Transnational Corporations*
UNGC *United Nations Global Compact*
US *United States*
USD US-Dollar

V

VOC *Varieties of Capitalism*

W

WBCSD *World Business Council on Sustainable Development*
WCED *World Commission on Environment and Development*

Figures

Tables

A Introduction

1. Purpose of the study

> "With corporations as key actors in today's globalized economy, their practices and behavior are of utmost importance to environmental and social sustainability and justice." (Clapp/Utting 2008, p. 27)

Economic globalization has both contributed to exacerbate sustainability challenges and to cause a global governance deficit: it has provoked a structural imbalance between the size and power of global firms and markets, and the capacity, willingness, and ability of governments to regulate them.

Against this background, it seems crucial to ensure that TNCs´ activities and their increasing leverage do not undermine patterns of sustainable development, but rather embrace them. Accordingly, a broad range of governance efforts on national and international levels has aimed at fostering more sustainable business practices:

Governance for corporate sustainability: historical development and current dynamics

As a reaction to poor corporate environmental and social practices, in the 1960s and `70s, many national jurisdictions have witnessed a strengthening of environmental and social regulation (Utting/Clapp, 2008; see also Braithwaite/Drahos, 2000). The US was an early leader of this development: a wide range of regulatory statues that focused on environmental pollution control was enacted between 1969 and 1976 (Kelemen/Vogel, 2009), and governments across Western Europe followed a few years later thanks to international policy diffusion and the environmental movement.

While command and control regulations often constituted the basis of domestic environmental and social policy, during the past two decades, the list of policy instruments deployed in this field was extended by market-based, persuasive and cooperative instruments (Böcher/Töller, 2007). In addition, self-regulatory CSR initiatives and reporting schemes have been spreading and are recently encouraged and supported by governments. Thus, new forms of governance, like for example the EU emissions trading scheme, voluntary environmental agreements, information platforms and guidelines on corporate sustainability have emerged. These instruments differ not only in their degree of bindingness between compulsory and voluntary, but also in their underlying mechanisms. However, the choice of policy instruments and thus the national policy mix depends on various variables, like institutional factors, political culture, ideology and government capacity, path dependencies, and the influence of different actors on the political discourse (Böcher/Töller, 2007; Detomasi, 2008).

In the same vein, at the international level, environmental regimes have developed since the 1970s, and several UN conventions and guidelines targeting TNCs´ social and ecological responsibilities were agreed upon. The most prominent examples are maybe the OECD Guidelines for Multinational Companies, which were adopted as early as in 1976, and several ILO conventions on core labor standards. In order to restrain transnational companies from taking advantage of different levels of social and environmental regulation in a globalized economy, there had even been a discussion about establishing a binding international code of conduct for TNCs: “Negotiations were launched on a globally applicable voluntary code of conduct for TNCs in 1977 by the UN Center for Transnational Corporations (UNCTC). This code of conduct included provisions on environmental practice and outlined rights and responsibilities of TNCs” (Clapp, 2005, p.25). However, due to aggressive lobbying against binding international rules and the general shift to mainstream neoliberal thinking and policies during the 1980s, the code was never finalized or adopted (Lim/Tsutsui, 2012; Clapp, 2005).

This gap of regulation on the global level caused a slowly rising interest in corporate self-regulation and voluntary initiatives, which was accelerated by the fast pace of economic globalization during the past two decades. Consequently, environmental management systems, CSR initiatives and sustainability reporting gained momentum. Particularly since the beginning of the new millennium, the rising awareness of sustainability challenges related to business activities led to the emergence and growth of global voluntary frameworks on corporate responsibility (Lim/Tsutsui, 2012). For instance, the UN Global Compact initiative, which was founded in 2000, has grown to more than 12,000 participants, including over 8,000 businesses around the world (UNGC, 2016). As for the Global Reporting Initiative (GRI) Guidelines framework – initiated by an alliance of civil society organizations in 1999 – it is currently used by 82% of the world's largest 250 companies as the basis of their reporting (GRI, 2016). Another framework was launched in 2008: the UN Guiding Principles on Business and Human Rights, known as the “Ruggie Principles”, provide the first global standard for addressing the human rights risks linked to global business activity. In addition to the well-established environmental standard ISO 14001, the International Organization for Standardization in 2010 released the ISO 26000 standard for social responsibility after comprehensive stakeholder consultations. Furthermore, the earlier mentioned OECD Guidelines for Multinational Companies were revised and refined in 2011 in a multi-stakeholder process. These prominent standards are supplemented by a vast range of certifications, labels and multi-stakeholder forums, e.g. the FSC (Forest Stewardship Council), MSC (Marine Stewardship Council), CDP (Carbon Disclosure Project), Equator Principles etc. Finally, the UN Sustainable Development Goals (SDGs) which were released in 2015 include the goal of "sustainable consumption and production" that directly addresses companies` social and ecological responsibilities. In addition, the UN calls not only on governments, but on all societal actors including businesses, to play an active role in the realization of the SDGs.

Growing multitude of governance actors

New governance arrangements at both the national and the international level involve a greater diversity of actor groups. Along with government agencies, business and civil society organizations may be part of policy networks and multi-stakeholder initiatives. Furthermore, these new governance actors pursue their own strategies to promote corporate sustainability. NGOs, for example, might either follow a more confrontational approach by putting pressure on companies through naming and shaming mechanisms; they might use the leverage of market mechanisms and consumer power by initiating labels and certification processes; or employ a partnering approach and negotiate with or provide consultations and trainings to businesses. The result of NGOs partnering with businesses has been a set of cooperatively implemented CR and sustainability initiatives (Albareda, 2010). As the Socially Responsible Investment (SRI) movement is gaining momentum, investors and banks have started to play a role in governance for corporate sustainability as well. Consequently, a number of sustainability indices, like the FTSE4Good and the Dow Jones Sustainability Index, as well as SRI rankings and ratings have emerged. Leading companies have become prominent actors in governance for corporate sustainability themselves by taking a proactive approach towards corporate responsibility (Mühle, 2010). They agree on industry initiatives with their peers, manage the sustainability impact of their supply chains by imposing codes of conduct and sustainability audits, and regulate their own social and ecological impacts through various sustainability management tools. This general broadening of the range of governance actors and the partly shift of 'governance by government' to 'governance by civil society and private actors' is often associated with a declining steering capacity of governments and nation states, the rise of global interdependencies and transnationalization processes (Young, 2009).

What are the effects on TNCs` sustainability management?

It becomes obvious that TNCs operate in a space of regulatory and institutional pluralism: a complex mix of national regulation, treaty obligations and self-regulatory activities, as well as active participation by civil society. As a consequence, when designing their sustainability management, TNCs have to take into account a myriad of expectations and regulations.
With their subsidiaries being located in different jurisdictions, they have to adjust to diverse national sustainability governance patterns and stakeholder expectations. On the other hand, they have to deal with relevant global CSR standards and frameworks. This raises the question of which relative effects these different governance efforts have on the CSR/sustainability management of TNCs and their subsidiaries.

2. Research objectives and structure

2.1. Field of study and research gaps

Field of study: current approaches

While the current state of research will be discussed in greater depth in section B in order to develop a conceptual framework, the following overview illustrates how researchers have approached the topic from various angles:

On the one hand, the linkage between global governance and CSR/CS has been made by researchers looking at private transnational governance mechanisms. For instance, in the context of the Earth System Governance Project's research framework, several studies investigated the dynamics of transnational governance schemes concerned with corporate sustainability issues. Global governance scholars have looked for example at the design and effectiveness of transnational rule-setting organizations, international CSR schemes as well as the role of multi-stakeholder and public-private partnerships (for example Dingwerth/Pattberg, 2009; Kalfagianni/Pattberg, 2011, Clapp, 2005; Young, 2009; Vogel, 2010; Drauth, 2010). In the same vein, there is an ongoing debate about the role of TNCs as international governance actors, the legitimacy of private governance, and the relative power of global actors (for example Fuchs et al., 2011; Newell, 2005; Cashore, 2002). Since this strand of research is dominated by a case study approach, Oran Young emphasizes that progress could be made by "using other methods, such as qualitative comparative analysis" (Young, 2009, p.38).

A second string of literature explicitly takes on an empirical approach and looks at the rise of domestic public policies on CSR/CS. Reflecting the dynamic developments in this area, these surveys give an international overview of governments' role in promoting corporate responsibility and the policy instruments employed in this field (see for example Steurer, 2011; Bertelsmann Stiftung/UN Global Compact, 2010; Bertelsmann Stiftung/GTZ, 2007; KPMG et al, 2013 etc.). While some of these studies do not embed their findings into a theoretical framework, others use the governance concept as conceptual approach, highlighting the role of network governance and the 'shadow of hierarchy' in the realm of CSR policy. The integration of different governance mechanisms for CS is further dealt with under the key concepts of 'smart regulation' and 'partnered governance' (Utting/Marques, 2010).

Finally, a debate about the influence of institutional environments on the development and diffusion of CSR practices has developed recently within the realm of CSR research. By relating new institutional theory and comparative institutional analysis, scholars have started to examine the influence of institutional differences across countries on companies´ approach to CSR (see for instance Aguilera et al., 2006; Campbell, 2007; Matten/ Moon, 2008; Jackson/Apostolakou, 2010; Albareda et al., 2007; Kinderman, 2008; Detomasi, 2008; Gonzalez/Martinez, 2004). Their findings not only confirm the importance of institutional factors in shaping patterns of CSR; Gjolberg (2009) also resumes that "comparative CSR analyses show that CSR practices between countries differ in a wide range of areas" (p.606).

The vast majority of these studies follows a quantitative approach and focuses on developed countries. Thus, Detomasi (2008) suggests to “expand the research agenda to political systems other than […] developed economies. Other countries that are rapidly industrializing will almost certainly have different takes on the concept, purposes, and efficacy of CSR” (p. 816). With regard to TNCs, some scholars have started to use the institutionalist approach for investigating if the differing institutional environments for CSR result in ‘host country effects’ and ‘home country effects’ (for instance Tan/Wang, 2011; Li et al, 2010; Gardberg/Fombrun, 2006).

This rather recent recognition of the effects of national and international institutions on CSR reflects an ongoing debate within the field of new institutionalism about what drives the dispersion of business practices: From a new institutionalist perspective, it is likely that international isomorphism is responsible for the convergence of management practices as part of the global standardization of management practices (Whitley, 1989). In contrast, comparative capitalism approaches, like the National Business Systems (NBS) and the Varieties of Capitalism (VoC) frameworks, highlight how business continues to be influenced by the national institutional framework in which it is embedded (Hall/Soskice, 2001). TNCs’ response to this dichotomy of institutional environments with regard to their CS management practices has been rarely investigated. Exceptions include a quantitative study by Gjolberg (2009) which focuses on the influence of global and domestic institutional characteristics on CSR and finds that both strong national institutions and a highly internationalized economy lead to a strong presence of CSR in the domestic context. Tengblad and Ohlsson (2010) found that there is a trend of internationalization of national institutional frameworks for CSR using the example of Sweden. And Lim and Tsutsui (2012) quantitatively examined the influence of domestic institutional differences on the adoption of global CSR schemes like the UNGC and GRI.

Research gap

This brief overview of relevant research strands allows for identifying several research gaps: First, throughout the different research strands, there are very few studies on the implementation of CSR governance frameworks by companies. Second, governance literature often takes a detailed approach using case studies and ignoring the broader institutional context, while new institutionalist studies on CSR almost exclusively employ a quantitative approach and focus on the macro-level. Third, with regard to institutional environments for CS, there is little evidence of how TNCs take into account the discrepancy between domestic and international institutional settings.

Research objective

Against this background, this thesis aims at contributing to the better understanding of the roles of international and domestic institutional and governance patterns for corporate sustainability practices. By combining governance and new institutionalism approaches it bridges the gap between the close look at specific CS policies and the broader view on institutional frameworks. The qualitative comparative approach aims to provide deeper insights on the implementation of different governance schemes by TNCs. Finally, the conclusions might allow for the development of a) recommendations for the balancing of TNCs` CS management between global and domestic requirements, and b) policy recommendations in the field of CS governance.

2.2. Research questions and research design

Research questions

The overarching research question derived from the observations outlined in section A 1.1 and from research gaps identified above is as follows:

> *What role do national governance patterns play in comparison to global governance practices in shaping the corporate sustainability (CS) management of transnational corporations (TNCs)?*

In order to further operationalize this research objective, it is structured into three sub-questions:

1. What are relevant institutional factors and global governance patterns for corporate sustainability/CSR?
2. What are relevant institutional factors and national governance patterns for corporate sustainability/CSR in Germany, the US, and India?
3. How do these national and global governance patterns influence TNCs´ CS management?

The first two questions aim at tracing the institutional framework and governance patterns at both national and international levels by identifying norms, stakeholder expectations, prevalent modes of governance and actors involved in governance processes. On this basis, the third question targets TNCs` reaction to internationally varying governance patterns. Here, it is of main interest how relevant governance instruments are perceived by business actors and to which extent their sustainability management at the companies` headquarters and subsidiaries reflect global and national institutional and governance patterns.

Research design

In order to answer these questions, literature research and a structured qualitative analysis have been conducted.

The conceptual framework for the analysis is based on a linkage of different theoretical strands, particularly new institutional theories, the governance approach, and the concepts of Corporate Social Responsibility (CSR) and Corporate Sustainability (CS). While new institutionalism theories can be considered the bedrock of this analysis, the governance approach allows for a more detailed analytical differentiation of the vast array of instruments observable in practice - from hierarchical up to self-regulatory approaches – and the classification of different actors. The concepts of CS and CSR build the basis to analyze how TNCs and their subsidiaries manage their social and ecological corporate responsibilities.

Against this conceptual background, the research question is approached empirically by the means of an international comparison. Assuming that national institutional differences lead to diverse conditions for corporate sustainability, the design of the empirical analysis is inspired by the Most Different Cases Design (MDCD) (Lauth/Pickel, 2009; Blum/Schubert, 2009). Thus, three institutionally highly diverse countries were chosen for the international comparison: Germany, India and the US. India, an emerging market economy, was included to increase the diversity of the sample and to close the research gap indicated above. In order to identify the differences in governance for CS in these three countries, document analyses and 42 guideline-based interviews with experts from governments, NGOs, trade unions and trade associations were carried out. At the same time, global governance instruments for corporate sustainability – which are already relatively well researched – were identified by analyzing the relevant secondary literature.

In a second step, in order to explore how TNCs strategically deal with the multitude of different governance approaches at their headquarters and subsidiaries, three case studies of Germany-headquartered transnational corporations in the chemical and engineering industries (Siemens, BASF and Bayer) have been conducted. The according data collection comprised 13 expert interviews with sustainability, CSR and EHS (Environmental, Health and Safety) managers of these three corporations at their headquarters in Germany, and at their subsidiaries in the US and India. On the one hand, these interviews were designed to provide insights about the likeliness of subsidiaries of Germany-headquartered TNCs to adopt local practices of sustainability management due to domestic governance patterns and institutional structures. On the other hand, they focused on the relevance and implementation of global governance frameworks for the companies` sustainability management. To a lesser extent, the question of a “home country effect”, which would suggest that the subsidiaries have adopted (institutional and cultural) characteristics of their headquarters` country, was addressed.
In total, 55 interviews with governance actors and company representatives were conducted and serve as a source of data for the qualitative content analysis (supported by the computer-based program MAXQDA).
Central variables of the research design and expected interrelations between these variables are illustrated in the chart below:

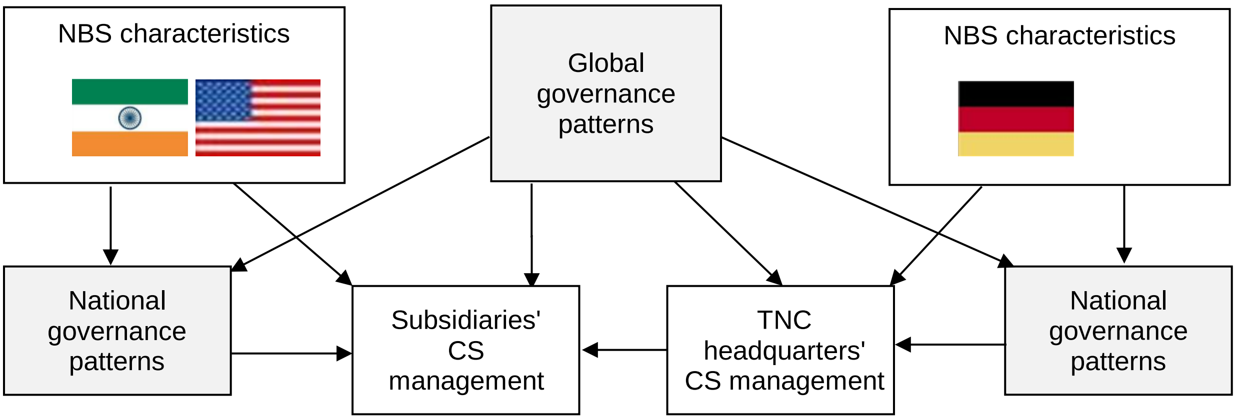

Figure 1: Research design and key variables

2.3. Structure of the study

The study is structured into the following chapters:

Part A (sections 1-2): Introduction
Part B (sections 3-7): Theoretical Framework
Part C (sections 8-9): Research Design and Methodology
Part D (sections 10-12): Description of empirical framework conditions
Part E (sections 13-18): Empirical findings
Part F (sections 19-21): Discussion of Theoretical and Empirical Findings
Part G (section 22): Conclusion

After the introductory chapter gave a brief overview of the purpose of the study, the research gap that it intends to fill, and the research design, **part B** comprises several theoretical approaches that form the conceptual framework of this study. **Section 3** of part B clarifies the underlying understanding of sustainable development and TNCs and puts them into context.
Section 4 introduces the concepts of CSR and CS and discusses the different elements and current dynamics of these conceptual approaches. **Section 5** features several sub-sections that deal with institutionalist perspectives on CS. After contrasting the theoretical assumptions of new institutionalism on the one hand and comparative capitalism approaches (NBS and VoC) on the other hand, it outlines how these perspectives have been applied to TNCs and on corporate sustainability in research. Based on this, **section 6** introduces the third pillar of the theoretical framework: the concept of governance. It examines relevant modes of governance and governance actors in the field of CS, and discusses the role of global governance for sustainability. Finally, **section 7** summarizes the theoretical findings and highlights its conceptual linkages.
Chapter C outlines the research design and methodological approach of the empirical analysis. The main elements of the comparative research design are explained in **section 8**, while s**ection 9** discloses how the qualitative research methods were applied in practice.

Before presenting the empirical findings of the expert interviews, **part D** gives an overview of empirical framework conditions. Based on literature research and document analysis, **section 10** focuses on predominant global governance instruments for CS, whereas **section 11** presents the key elements of the institutional environments and governance patterns in Germany, the US and India. S**ection 12** briefly summarizes main facts about the case companies Bayer, BASF and Siemens.

In **chapter E,** findings of the qualitative expert interviews are presented along the analytical categories. The experts' statements on the influence of domestic institutional patterns on CS can be found in **section 13**, followed by the empirical findings about the role of domestic governance instruments and actors in Germany, India and the US in **section 14**. **Section 15** summarizes the experts' views on global governance instruments for CS. **Section 16** provides insights on the case companies' global and national CS management approaches, whereas **section 17** focuses on the influence of global governance patterns, and **section 18** reveals which domestic governance patterns play an important role for the companies' CS managers in Germany, the US and India.

Chapter F discusses the empirical findings in the light of the previously developed theoretical framework. It is structured along the three research questions and highlights the differences and similarities between the case countries.

The final **part G** concludes with a short summary of the most important findings and provides recommendations for practitioners as well as suggestions for further research.

B Theoretical framework

3. Discourse on Sustainability and TNCs

3.1. Understanding of Sustainability

While corporate sustainability and CSR have developed as distinct concepts and will be looked at in detail in section B 2, it is helpful to briefly clarify the underlying concept of sustainable development referred to in this thesis.
Despite of decades of research on sustainability there is still no fully shared understanding of sustainable development. Yet, there is a clear tendency among authors to use the 'Brundtland definition' of sustainable development derived from the report of the World Commission on Environment and Development 'Our Common Future' (cited for example by Johnston et el., 2007; Kleine/Hauff 2009; Kolleck, 2010; Grunwald/Kopfmüller 2006). It particularly emphasizes the aspect of intergenerational justice: "Sustainable development is development which meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987). Furthermore, the Brundtland Report focuses on the interdependencies and interrelations of global problems like population growth, poverty, unequal social and economic development and the overexploitation of ecological resources – and advocates an integrated approach to addressing these problems (WCED, 1987; Johnston et al., 2007; Weiland, 2007). Furthermore, the inherent normative meaning of sustainable development is evident in most understandings of the concept: "Sustainable development has become a normative goal now embraced by both politicians and leaders from business and civil society alike" (Pies/Beckmann, 2004, p.7).

Yet, when taking into account the broad context in which the concept has developed over time it is not surprising that it bears various connotations: While early roots of the notion of sustainability (concerns about the scarcity of ecological resources reach back as far as to the 18^{th} and 19^{th} century) focused on resource conservation for economic purposes, the *Club of Rome's* publication "The Limits to Growth" from 1972 called attention not only to the discrepancy between a rapidly growing world population and finite resources, but also to environmental pollution causing a collapse of ecosystems and to the global imbalance between North and South (Grunwald/Kopfmüller, 2006; Paehlke, 2004).
During the following decades, international UN conferences played a significant role in shaping the political debate about sustainable development, namely the 1972 UN Conference on the Human Environment in Stockholm, the 1992 UNCED in Rio (also known as Earth Summit), the 2002 World Summit on Sustainable Development in Johannesburg, and the Rio+20 UN conference on sustainable development in 2012. At the 1992 Earth summit, in particular, important international framework agreements were negotiated, including the Agenda 21 and framework conventions on climate change and biological diversity. Public engagement was introduced as a further important conceptual aspect of

sustainable development in the context of the Agenda 21. The follow-up process of Rio aimed at the further institutionalization of sustainable development as “a framework for the integration of environmental policies and development strategies" (WCED, 1987, p. 40). Nevertheless, the operationalization, i.e. the transformation of the basic principles of sustainable development as defined in the Brundtland report into concrete requirements and measures, still poses a major challenge to politics, science and other societal actors (Grunwald/Kopfmüller, 2006).

Apart from the political arena, scholars from different disciplines have contributed to the further development and conceptual diversification of the notion of sustainability. Prevalent concepts differ mainly with regard to the emphasis they put on the three dimensions of sustainability (ecological, social and economic): they can be structured into one-column concepts, multiple-column concepts and integrative sustainability approaches. One-column-concepts give priority to ecological sustainability goals over economic and social concerns and focus on the mitigation of anthropogenic impacts on the environment and the use of natural resources within the limits of carrying capacity. In contrast, multiple-column-approaches pay equal attention to each single dimension of sustainable development, whereby three-column-concepts, which include the ecological, economic and social dimension, are predominant. Additional components are the political-institutional and the cultural dimension (Petschow et al, 2005, p. 24). Finally, integrative sustainability concepts take into account the complex interrelations between social, economic and ecological sustainability issues, and require a more comprehensive approach (Grunwald/Kopfmüller, 2006; Kates et al, 2005). Further discourses focus on the distinction between strong and weak sustainability, green growth versus de-growth, and on efficiency, sufficiency and consistency strategies to pursue sustainable development (Grunwald/Kopfmüller, 2006).

In this thesis, the understanding of sustainability is based on the integrative concept of sustainability, which can be considered consistent with the Brundtland definition to a great extent due to the emphasis on interdependencies between social, ecological and economic dimensions.

3.2. Understanding of TNCs

In the extant literature, different terms are used for globally operating firms. Apart from transnational corporation (TNC), widely-used terminologies include multinational corporation (MNC), global company and international company (Heinecke, 2011; Bartlett/Ghoshal, 1990; Mense-Petermann/Wagner, 2006). However, particularly the terms TNC and MNC are oftentimes used synonymously. Several sources distinguish TNCs and MNCs from international companies by the existence of subsidiaries in host countries. While the latter engage in business activities across national borders only in terms of importing and exporting, TNCs and MNCs are associated with foreign direct investment (Heinecke, 2011). Consequently, the basic definition of TNCs (and MNCs alike) that is used by a majority of authors is: “a firm that owns foreign subsidiaries” or in the narrow sense “a firm that owns and controls production facilities in two or more countries” (Heinecke, 2011; Jenkins, 2013). They are characterized as business entities that have their management headquarters in one

country, known as the home country, and operate in several other countries, known as host countries.
The understanding of the term TNC is slightly different in different research disciplines:
In international management research, the determinant factor is the firms´ approach to internationally marketing its products and services. In this context, transnational management is associated with a marketing approach that combines the strategies of MNCs, international companies and global companies by having invested in foreign operations and deploying a globally standardized marketing strategy, but at the same time giving decision-making and marketing powers to each individual foreign market in order to adapt to the local business environments (Mense-Petermann/Wagner, 2006; Bartlett/Ghoshal, 1990).
The term TNC has also been shaped by the political discourses: United Nations agencies like the UNCTC, UNCTAD and the UN Global Compact have placed its preference on the term TNC. UNCTAD provides a definition of TNCs as “an enterprise comprising entities in more than one country which operate under a system of decision-making that permits coherent policies and a common strategy” (UNCTAD, 2012). This definition comprises parent enterprises and their foreign affiliates, whereby a parent enterprise is defined as an enterprise that controls assets of other entities in countries other than its home country, usually by owning a certain equity capital stake. Accordingly, it is observable that, while the term MNC is more often used in the context of management literature, TNC is more often found in the context of globalization and global governance literature.

In the context of this thesis, the adoption of a rigid definition of TNC seems inappropriate given the varying use of terms in literature and policy documents. For instance, the firms chosen for the case studies are referred to both as MNCs, TNCs, and global companies in literature and mainstream media.[1] However, since the research interest of this study partly lies in the differences between headquarters and foreign subsidiaries with regard to their sustainability management approaches, TNCs will be defined in this thesis conforming with the United Nations use of the term as “enterprises which own or control production or service facilities outside the country in which they are based” (United Nations Secretary-General, 1995). Consequently, those firms shall be excluded whose foreign activities are limited to trade, importing and exporting, cooperation with license or franchise partners, pure foreign marketing facilities etc.

3.3. TNCs and sustainable development

The rise of TNCs as agents of globalization

Whereas in 1980, about 17,000 TNCs were operating globally, in 2012 this number rose to about 80,000 TNCs with over 900,000 foreign affiliates worldwide whose total FDI stock has

[1] On their own corporate websites, Siemens and BASF are described as global companies; a Google search delivers approximately the same number of results for the description of Bayer, BASF and Siemens as MNCs and TNCs.

reached 20 trillion US dollars (UNCTAD, 2013). The majority of these TNCs are headquartered in the United States, Europe and Japan – and recently also in China (ibid.).
TNCs have played a prominent role in the process of globalization during the last decades, and are even deemed “the primary agent of globalization” (Ostry, 1992, p. 7). Not only are they an integral part of globalization, the emergence of TNCs can also be considered a force that has driven and accelerated globalization (Ritzer, 2010). During the second part of the 20th century, several developments have prepared the ground for the rise of TNCs: While the progressive abolishment of protectionist barriers in the 50`s and 60`s provided the basis for the expansion of international trade, the subsequent two decades have seen a wave of international financial integration, deregulation and privatization. But it was not until the end of the Cold War that the rapid proliferation of TNCs has started (Ostry, 1992). The collapse of the Soviet regime and the adoption of free-market systems opened new international markets and propelled a surge in FDI and thus increased international flows of investment and technology (Ostry, 1992; Martinelli/Midttun, 2010; Detomasi, 2007). States started to compete for FDI which resulted in the liberalization of bilateral and multilateral investment and the proliferation of trade agreements (Detomasi, 2007).

Sustainability risks and opportunities of TNCs

Do TNCs face particular risks and/or opportunities with regard to sustainable development? Debates on the role of globally operating businesses for sustainable development generally base their arguments on two main characteristics of TNCs: On the one hand, their sheer size, significant economic leverage and global reach imply that they face more far-reaching sustainability risks and opportunities than other businesses. On the other hand, under-regulated international markets and TNCs’ ability to make geographically flexible investment decisions provide them with increased political and structural power with regard to sustainability standards.
The internalization of TNCs’ negative externalities is of particular importance simply because of their greater scope. Some of the most prominent cases include the environmental and social impacts of industrial disasters like the Deepwater Horizon oil spill in the Gulf of Mexico in 2010, the Bhopal gas leak tragedy in 1984, or the Fukushima nuclear disaster in 2011. Even the multi-faceted repercussions of the financial crisis of 2008 can be considered negative externalities of transnational financial institutions. While these are extreme examples, a major source of environmental and social externalities are day-to-day business transactions: negative external effects range from GHG emissions and the emission of other pollutants into air, water and soil, to health impacts and social injustices deriving from poor labor conditions.
Even more important might be TNCs’ sustainability risks and influences associated with global supply chains: “GVCs [global value chains] are typically coordinated by TNCs, with cross-border trade of inputs and outputs taking place within their networks of affiliates, contractual partners and arm’s-length suppliers. TNC-coordinated GVCs account for some 80 percent of global trade” (UNCTAD, 2013, p.10). Given that a vast number of global suppliers are located in developing countries where the enforcement of social and ecological

standards might be less stringent, the risk of being indirectly involved in violations of human/labor rights or environmental standards has significantly increased for TNCs. Although these violations might occur without the knowledge of the corporation, they can potentially cause considerable reputational damage (Millington, 2008). On the other hand, this gives TNCs the possibility to raise standards in global supply chains by using their market leverage: For instance, Jørgensen et al (2003) cite an Indian apparel supplier who stated in an interview “that buyers’ efforts to enforce codes of conduct ‘had achieved more in a few years than the Indian labor inspectorates had in 30 years” (Jørgensen et al 2003, p. 24).

Within the debate on the responsibility of TNCs it is furthermore emphasized that processes of economic globalization have led to a power imbalance between TNCs and states – which is often illustrated by the fact that some TNCs hold assets that exceed the gross national product of certain states (Curbach, 2009; Gazdar/Kirchhoff, 2004; Newell, 2005; Moon, 2009). The dimensions of their financial resources combined with their structural power to potentially shift production to other countries or regions provided TNCs with considerable political bargaining power. This problem is traditionally discussed in the context of the ‘pollution haven hypothesis’ which states that TNCs headquartered in developed countries will often look to (re)locate to the countries with the lowest environmental and labor standards or weakest enforcement. Countries thus are incentivized to keep their ecological standards and labor costs low in order to gain a comparative advantage in attracting foreign investment (Neumayer, 2001).

On the opportunities side, the increased political and economic leverage of TNCs also provides them with greater capacities for problem-solution: The literature on global CSR and global corporate citizenship particularly highlights the quasi-political role that TNCs increasingly assume in global governance for sustainable development. By engaging in voluntary self-regulation and imposing group-wide codes of conduct, using their market leverage to establish ecological and social standards within global supply chains, and cooperating with other governance actors in partnerships or multi-stakeholder initiatives, TNCs contribute to addressing global sustainability governance gaps (Haufler, 2009; Falkner, 2003; Pattberg, 2007; Habisch, 2008). TNCs can thus be considered crucial actors for creating an international level-playing field and spreading international sustainability standards.

Furthermore, there is growing emphasis on market opportunities arising from the pursuit of sustainable development. For example, the strand of literature following the ‘Porter hypothesis’ focuses on the impact of firm's environmental performance on their competitiveness and argues that the ‘greening’ of business does in fact lead to an improved economic performance simultaneously (Porter/van der Linde, 1995). In addition, a large part of the CSR management literature focuses on the ‘business case’ for CSR, highlighting the benefits of eco-efficiency, technological innovations for sustainability, market opportunities for sustainable products and services, and reputational gains from responding to stakeholders’ expectations regarding sustainability issues – to name just a few. Given their resources and market reach it can be assumed that TNCs are generally well placed to reap these opportunities.

4. CSR and CS: Concepts, management and drivers

The academic debate about the role of business in society has been framed by several concepts and "competing labels that cover the same or similar territory" (Crane et al, 2008, p.4), namely CSR, Corporate Sustainability, Corporate Citizenship, Corporate Responsibility, and sustainable business (ibid; Marrewijk, 2003). To many practitioners and researchers the differences between these concepts remain unclear.

The multitude of various concepts that deal with business` responsibility towards society can partly be explained by those concepts having different roots: With regard to CSR, its early roots are practices of corporate philanthropy and community relations (Curbach 2008; Carroll, 2008); this historical legacy might explain why some scholars and practitioners still tend to limit CSR to the aspect of corporate philanthropy and business support for good causes. However, "there has been a shift in the focus of CSR researchers' and practitioners' towards the ethical responsibility" (Curbach 2008, p.25), and the political and academic debate on CSR is considered as being highly dynamic (Matten/Moon, 2008).

In terms of content, the focus of CSR has traditionally been on social issues of business activities as opposed to environmental concerns (Montiel, 2008). The results of a literature review conducted by Montiel indicate that a vast majority of CSR articles between 1970 and 2005 were published in research journals focusing on social issues like the *Journal of Business Ethics*, *Business and Society Review* and *Business & Society.* In comparison, articles operating with the CS concept were found in journals in the field of environmental sciences, like *Business Strategy and the Environment*. At the same time, Montiel`s findings suggest a trend of convergence of both theoretical strands as over time more and more CS articles were published in social issues journals and vice versa (Montiel, 2008).

Another explanation for conceptual inconsistencies and the tendency to interpret CSR as exclusively concerned with social issues is language problems: As the translation of CSR into Continental European languages might result in a "limited interpretation of the term 'social responsibility' as applying to social welfare issues only" (Andriof/ McIntosh 2001, p.15; Curbach, 2008), Andriof and McIntosh introduced the term "corporate *societal* responsibility" which covers "all dimensions of a company's impact on, relationships with and responsibilities to society as a whole" (2001, p. 15). The same rationale resulted in the trend to leave the term "social" or "societal" completely aside and speak of Corporate Responsibility.

Finally, definitional ambiguity might be a result of differences in the underlying agendas of the actors who have sought to define the term, particularly in the case of practitioners: while civil society and NGOs have tended to prefer mandatory, legal approaches to CSR, business has generally favored definitions that focus on the voluntary aspects (Zerk, 2011).

With regard to the academic literature, CSR research has a longer publishing history than does CS research: While CS articles began appearing only in the 1990s, CSR articles already have been published since the 1970s (Montiel 2008). Based on a comprehensive literature review, Montiel (2008) found that currently, a similar number of articles on CSR and CS management are published in general management journals, since CS and EM articles have been increasing since the 1990s (Montiel, 2008).
A literature research shows that CSR scholars have approached the concept from various angles: while some consider it a management trend, others put an emphasis on the normative aspect of CSR and see it as a framework of soft regulation, and a third group focuses on businesses` role as political actors conceptualizing CSR as a way for corporate actors to assist in development (Sahlin-Andersson, 2006; Crane et al, 2008; Deakin/Hobbs, 2007). These varying perspectives reflect the diversity of the field of scholarship: not only management literature, but a wide range of disciplines such as sociology, law, economics, political science, etc. have contributed to CSR research – which led again to the application of various different theoretical approaches and methods within the field (Crane et al, 2008).
A dominant perspective on both CSR and CS in management literature has been the investigation of the 'business case': numerous scholars have sought to explore if and how a good CSR/CS performance may yield (financial) benefits for firms (Carroll, 2008; Crane et al, 2008; Schaefer, 2004). In the same vein, the motivations and drivers for CSR and CS have been explored (e.g. Marrewijk, 2003, Schaltegger/Burritt, 2005; Bansal, 2005). Similarly, a focus has been on best practices, operational measures and management tools for CSR and CS (Carroll, 2008). Beyond this, CSR literature has seen the inclusion of adjacent, complementary strands of research. As Carroll (2008) puts it, the CSR concept "served as a point-of-departure for complementary concepts and themes", such as "corporate social performance (CSP), stakeholder theory, business ethics, sustainability, and corporate citizenship" (Carroll, 2008, p. 37). Over time, these concepts have been conceptually linked to CSR. Depending on the particular perspective they are either considered specific aspects under the umbrella of CSR literature or - the other way around - seen as broader concepts under which CSR is subsumed.

The following sections give an overview of the most often used concepts and clarifies the understanding of CS and CSR in the context of this thesis. The main elements of CSR and CS are discussed, and analogies and differences between the two concepts are identified. In addition, recent developments in the field of research are introduced, namely the upcoming concepts of Corporate Accountability and Shared Value Creation. New developments also comprise recent changes in the conceptualization of CSR – reflected for example in the revised CSR definition by the European Commission – and the increasing convergence of CSR and CS. Finally, the section presents aspects and tools of CS/CSR management and looks at drivers and firms´ motivations for engaging in CSR/CS.

4.1. CSR: Elements, related concepts and dynamics

Given the great variety of existing approaches, authors agree that CSR is still a rather elusive concept (Crane et al, 2008; McWilliams et al, 2006; Curbach, 2008). When defining CSR, the question is mainly “what corporations should be responsible for in society” (Crane et al, 2008, p. 6) – a question that provokes competing answers. Since Milton Friedman´s famous essay “The Social Business of Business is to Increase its Profits” (an approach also referred to as ‘shareholder approach’ (Melé, 2008; Marrewijk, 2003), which was published in 1970, numerous scholars have refuted his statement and tried to clarify of what consists business` broader responsibility towards society.
Matten and Moon (2008) restrain from defining CSR in detail and argue that CSR is an “essentially contested, […] internally complex, […] and appraisive concept”, which remains “relatively open for rules of application” (Matten/Moon 2008, p. 405). Furthermore, they point out that “CSR is an umbrella term overlapping with some and being synonymous with other conceptions of business-society relations” and emphasize the dynamics of the phenomenon (Matten/Moon 2008, p. 405; Matten/Crane, 2005; Carroll, 1999). Curbach (2008) brings it to the point when she compares the term CSR to a conceptual ‘container’ whose content is “determined by (normative, ethical, and culturally justified) expectations” (Curbach, 2008, p. 25). This means that companies´ responsibility is highly dependent on concrete normative, political, and cultural interpretations and expectations (ibid.).

Nevertheless, there have been some prominent approaches to defining CSR. An early and still often referenced to contribution (for example by Loew et al, 2004; Curbach, 2008; Joyner/Payne, 2002; Bansal, 2005) has been the work of Archie B. Carroll: he proposed a basic CSR definition, whose four components “economic, legal, ethical and philanthropic responsibilities” are structured in the form of a pyramid with the economic part forming the base and the philanthropic responsibility forming the top of the pyramid (Carroll, 1979,1991, 2003, 2008; Curbach 2008; Matten/Moon, 2008). This basic four-part model refers to the “discretionary expectations that society has on organizations” (Carroll, 2008, p. 33) and can be considered a “managerial approach to CSR” (ibid, p.34) as it intends to provide managers of firms with a definitional framework in order to engage in CSR.
Although both economic and legal responsibilities are considered ‘required’ in this model, it can be criticized that the component of ‘legal compliance’ comes only second after economic viability.

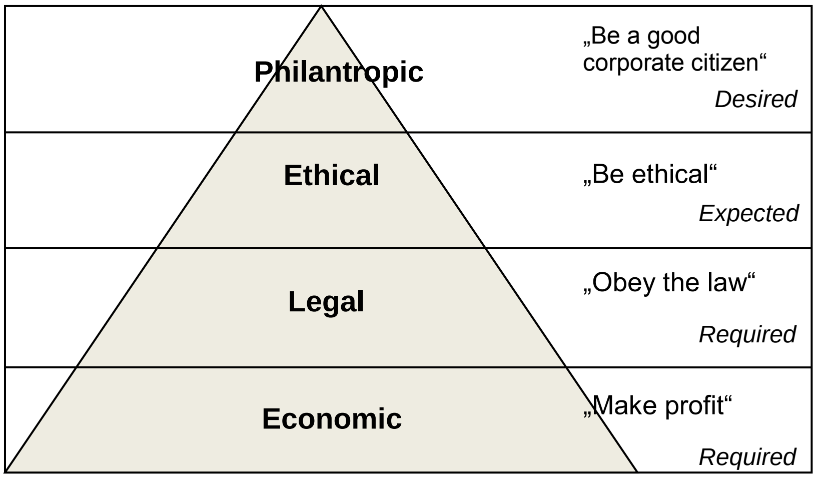

Figure 2: CSR pyramid; source: Schwartz/Carroll (2003)

Over time, the concept has undergone various changes as diverse perspectives on CSR evolved and different strands of literature emerged within the realm of research on business and society. One dominant trend has been the further specification of broader societal expectations towards business by explicitly focusing on stakeholders´ expectations (de Bakker et al., 2005). Whetten et al. defined CSR in 2002 as “societal expectations of corporate behavior; a behavior that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business” (p. 374).

CSR as responsiveness to stakeholders

Numerous authors in the CSR literature have emphasized the importance of embracing stakeholders` interests (e.g. McBarnet, 2007; Dunfee, 2008; Kleine/von Hauff 2008; Melé, 2008; Bansal, 2005; Marrewijk, 2003). The strand of literature on stakeholder theory can be considered a normative framework: based on ethical considerations about the firm`s responsibilities “for the effects of its actions on others” (Melé, 2008, p. 64), stakeholder theory stands in contrast to the above mentioned ‘shareholder value theory’ as the former argues that “corporations should have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contact” (Jones, 1980, p. 59-60).
As mentioned above, the respective content of CSR highly depends on normative societal, and particularly stakeholders`, expectations towards companies. Stakeholders are generally understood as “individuals or groups who benefit from or are harmed by corporate actions” (Melé, 2005, p. 62) - or how Dunfee puts it “who have an interest in the corporation´s decisions in that the corporation can have an effect, positive or negative, on the putative stakeholder” (Dunfee, 2008, p.353). This includes internal and external groups of actors, namely employees, suppliers, customers, communities, investors, government, and in a very broad sense, society as a whole (Freeman/Liedtka, 1991, Melé, 2008). Consequently, “different stakeholders will emphasize different aspects of CSR” (de Bakker et al, 2005, p. 291).

Drawing on the stakeholder approach, the notion of Corporate Social Responsiveness assumes that every corporation interacts with its environment and needs to engage in relationships with its stakeholders. (Loew et al, 2004). In this context, responsiveness means that companies take explicit action to deal with stakeholders and public policy issues (Waddock, 2003). Nowadays, the stakeholder approach is strongly integrated into most CSR definitions (Montiel, 2008).

Corporate Citizenship in the narrow sense: philanthropic responsibility

Another element of CSR whose perception and relevance has changed over time is corporate philanthropy: While philanthropic activities of companies are considered the cradle of CSR (Marrewijk, 2003; Carroll, 2008), they are of less significance in current understandings of CSR which in contrast prefer a more integrated understanding: “CSR is not philanthropy, contributing gifts from profits, but involves the exercise of social responsibility in how profits are made” (McBarnet, 2007, p. 9). Also, in 2003, Schwartz and Carroll presented a refined model of Carroll`s earlier CSR definition, which reduced the four categories to three, subordinating the philanthropic domain into the ethics category (Carroll, 2008). Corporate philanthropy is often conceptualized by the means of the Corporate Citizenship approach, which tries to link philanthropic activities with strategy.

The concept of Corporate Citizenship (CC) is closely related to CSR; it can either be considered a part of the latter or a competing concept. Sometimes it is also used as a synonym of CSR (Melé, 2008; for example Orlitzky, 2008). The concept is understood in two different ways: It traditionally refers to “philanthropic activities and donations to the community where business operated” (Melé, 2008, p. 68), and in this context can be seen as one component of CSR (e.g. in Carroll´s definition referred to as ‘philanthropic responsibilities’). In contrast, another notion of CC has developed against the background of globalization; this broader understanding considers “business as a part of the society” and emphasizes the political role of companies; it is thus often considered to exceed the meaning of CSR (Melé, 2008).
In the context of the first, narrow conceptualization of CC, being a ‘good corporate citizen’ is related to philanthropic efforts to promote human welfare and actively engage in the solution of social problems by providing financial and non-monetary contributions. Concerns for the communities where companies operate and consequently, a ‘community involvement’ approach play an important role in this framework (ibid.). Prevalent ways of ‘giving back to the community’ are mainly corporate giving and corporate volunteering, the former meaning donations to non-profit organizations and good causes, the latter describing charitable engagement or community involvement of the company´s employees (Curbach, 2008). Oftentimes, big corporations have ‘outsourced’ CC activities to company foundations especially founded for this cause. Although it is recommended to strategically link CC to the core business – e.g. by supporting a cause thematically related to the company´s business field, or by donating company-specific products or offering pro bono services – this notion of CC has no connotation with self-regulation, but relates to a company´s “commitment to

addressing social problems above and beyond its own business" (Loew et al, 2004, p. 12; Habisch, 2008). CC thus can be considered a sub-segment of CSR (Curbach, 2008).

Corporate Citizenship in the broader sense: Political responsibility

The second, broader meaning of CC is rooted in political science and closely linked to the global context (Crane et al, 2008). It emphasizes the responsibility of companies - and especially of TNCs - as institutional actors, and their contribution to solving overarching social problems. I this sense, CC claims that "corporate citizens carry 'ordo-responsibility'" (Pies/Beckmann, 2004, p. 12): Starting from the observation that globalization has altered the roles of governments and corporations, they see CC as a companies` duty to "administer citizenship rights, especially in countries where governments fail in their responsibilities" (Melé, 2008, p. 73; Matten/Crane, 2005). In such countries as well as in the global governance arena, the 'global corporate citizens' are expected to yield their "influence to bring about better social institutions in their respective business environment; in this process corporate citizens come to play an explicitly political role" (Pies/Beckmann, 2004, p. 13). As opposed to traditional lobbying activities, CC is about companies` contribution to create a "fair, legitimate, and socially accepted" (ibid, p. 13) institutional order through a transparent learning process which includes partnerships and communication with their stakeholders: "this influence is increasingly becoming formalized and legitimized through their involvement in partnerships with governments, international institutions and civil society organizations" (Zadek, 2001, p.99, in: Curbach, 2008, p. 23).
The Global Business Citizenship concept developed by Logsdon and Wood (2002) takes a similar approach and emphasizes the duties of corporations within society. In their view, being a 'global business citizen' essentially requires from companies to abide by a number of universal ethical standards by implementing a set of fundamental values throughout the organization (Melé, 2008; Logsdon/Wood, 2002). The broader understanding of CC thus encompasses a moral dimension and political role for companies, and thus exceeds the general notion of CSR by broadening the scope of companies` responsibility (Pies/Beckmann, 2004).

CSR and sustainability: The triple-bottom line approach

Recurring to the perception of CSR as a form to fill with content, a predominant interpretation has become to associate CSR with the notion of sustainable development (Curbach, 2009). As CSR was originally concerned with social issues, the idea of sustainability did not come into focus of the CSR debate until the mid-1990s (Loew et al, 2004). The reference to sustainability is reflected in the application of the triple-bottom-line of ecological, economic and social responsibility – sometimes also referred to as 'planet, profit and people' (Curbach, 2008, Kuhlen, 2005; McBarnet, 2007). This understanding is included in many recent definitions of CSR, for example in the definitions of CSR by the European Commission and the ISO 26000 standard which are mentioned below (see also Curbach, 2008).

Furthermore, when communicating their CSR activities, particularly TNCs and big corporations tend to structure them along the triple-bottom line or to portray their contribution to a sustainable development (Curbach, 2008).The reason why mainly TNCs adopt sustainability as key element of CSR is again explained by the normative expectations of a (global) society: "Companies are challenged to help society as a whole to achieve a sustainable development" (Loew et al., 2004: 13). UNCTAD (2004) even considers the integration of social and environmental concerns into companies´ business operations "the common denominator to most definitions" of CSR (UNCTAD, 2004, p. 22).
There are, however some critical environmental and social development issues which tend to be marginalized in the context of the CSR agenda: Clapp and Utting (2008) name the example of the backlash effect of increasing overall amounts of energy consumption despite the improvements in eco-efficiency. Another example is the trend to use sub-contracting as a substitute for part of the core workforce, which can result in a deterioration of labor standards. Furthermore, issues of gender justice and women empowerment are oftentimes neglected (Clapp/ Utting, 2008).

Corporate governance in the context of CSR

During the past decade, corporate scandals (such as the cases of Enron and WorldCom) have provoked an increasing interest in 'good' corporate governance. Understood as the system by which companies are directed and controlled, corporate governance has an effect on companies´ long-term prosperity, stakeholder interests and ethical standards. The debate on corporate governance is traditionally concerned with agency problems in manager-shareholder relationships and with creating value for and protecting interests of shareholders (Buchholtz et al, 2008). In the context of CSR, corporate governance has also come into focus with a view to balancing stakeholder interests, increasing transparency and preventing unethical business practices. Some of the important aspects in this context are disclosure practices, employee involvement at board level and board diversity, questions of executive remuneration, and the social aspects of corporate restructuring (ibid). Board diversity is expected to be crucial to make the board composition more representative and include different stakeholder interests, e.g. by addressing the gender imbalance and guaranteeing employee representation. Installing an ombudsperson can be another measure to help preventing corruption and make stakeholder concerns be heard (ibid.). The need for more transparency and accountability has also been reflected by legal policy reforms on the national and international level, some of the examples being the adoption of the US Sarbanes-Oxley-Act, the issuing of the OECD Corporate Governance guidelines, the formation of the International Corporate Governance Network, and the adoption of the EU International Accounting Standards (ibid.).

CSR and the law: Voluntariness vs. Corporate Accountability

Voluntariness has long been an integral element of most CSR definitions: "the adoption of CSR policies is routinely characterized as voluntary – a matter of business going the extra mile beyond what the law requires" (McBarnet, 2007, p. 11; Schaltegger, 2012; Marrewijk/Were, 2003). For example, McWilliams and Siegel (2001) defined CSR as "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (p. 117). There is a dual sense in defining CSR as 'beyond the law': On the one hand, it implies that CSR involves goals which exceed the requirements of the law, and on the other hand, it considers CSR as "driven by extra-legal forces" (McBarnet, 2007, p. 12), and thus rejects the idea of mandating CSR by law.

While the understanding of CSR as voluntary is usually strongly preferred by corporations and business associations, "many NGOs have remained skeptical of their motives, and of the ability of this type of private, industry led self-regulation to lead to significant […] improvements, particularly in poor countries" (Clapp, 2005, p. 26). Critics of voluntary CSR have raised the concern that the need to enhance shareholder value might be selected over CSR goals in the case of a conflict of interests – resulting in a limited effectiveness of self-regulation (McBarnet, 2007; Utting/Clapp, 2008).

From a meta-perspective, a major limitation of the extent and effectiveness of voluntary CSR is the small percentage of companies who actually adopt CSR practices compared to the total number of businesses worldwide (Utting 2005; Utting/Clapp 2008; McBarnet, 2007). Newell (2005) argues that while voluntary CSR schemes "may encourage 'responsible' business to go 'beyond compliance', they provide few checks and balances on the operations of 'irresponsible' businesses, for which strategies of regulation, sanction and protest continue to be key drivers of change" (p. 542).

Finally, CSR commitments are sometimes considered by critics to be aiming at the avoidance of binding governmental regulation, following the hypothesis that companies use CSR to avoid stricter hierarchical regulations (Utting, 2005; Newell, 2005).

Consequently, several authors and practitioners have chosen the term corporate 'accountability' over notions of 'responsibility' as the latter "tends to confer on business the power to set the terms of its own conduct" (Newell, 2005, p.542). The emerging corporate accountability 'movement' is "made up primarily of NGOs, trade union organizations, networks and scholars, but also certain mainstream political and business actors and institutions" (Utting, 2005, p. 5).

The concept of Corporate Accountability differs from conventional CSR as it exceeds self-regulation, voluntarism and ethical responsibility and in contrast, implies elements of 'answerability', 'enforceability' and 'universality' (Utting, 2005). This means that companies are considered to have "an obligation to answer to different stakeholders" (ibid, p.6), that non-compliance should be sanctioned and that "CSR standards apply to a far broader range of companies, rather than simply to those individual companies that choose to adopt voluntary initiatives" (Utting, 2005, p.6). Corporate accountability also includes issues that exceed the current understanding of CSR by including "structural and macro-policy issues", for example labor market flexibilization and subcontracting, labor rights in developing countries, and corporate taxation practices" (Utting, 2005, p. 7)

The adherents of Corporate Accountability feel that the effectiveness of CSR is fundamentally challenged by existent gaps in regulation (Utting, 2005) and that governmental regulation and a proactive role of the state are key to ensure that companies meet their responsibilities (Newell, 2005). This approach to regulation “emphasizes not only more effective codes of conduct, monitoring, reporting and certification systems but also recourse to public policy and law” (Utting, 2005, p.6). Consequently, the concept also aims at a gradual ratcheting-up of voluntary and softer approaches (ibid.).

Shared Value Creation: Integrating social responsibility into the core business

A recent development within the realm of CSR research is the ‘shared value’ approach introduced by Porter and Kramer in 2006/ 2011. This concept builds on the ‘business case’ of CSR, but is more far-reaching in its scope and intentions. The holistic approach aims at reconciling business and society interests by “creating economic value in a way that also creates value for society by addressing its needs and challenges” (p. 4).
The authors criticize that “most companies remain stuck in a ‘social responsibility’ mind-set in which societal issues are at the periphery, not the core”. In contrast, Porter and Kramer`s suggestion of ‘shared value’ lies at the center of business activity and aims at overcoming the belief that furthering societal benefits and internalizing negative environmental and social externalities are an obstacle to pursuing economic success (Porter/Kramer, 2011). Opposing the view of current business strategies that tend to neglect the importance of the broader business environment, the authors argue that by furthering societal needs, firms can benefit from avoiding “internal costs, such as wasted energy or raw materials, costly accidents, and the need for remedial training to compensate for inadequacies in education” and from the possibility to “innovate through using new technologies, operating methods, and management approaches” (p. 5). As a result, corporations would experience an increase in productivity and an expansion of their markets. Shared value is thus not conceptualized as a redistribution approach, but defined as “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (p. 6).
There are two main drivers for shared value creation that Porter and Kramer identify: On the one hand, the chance for innovation and the expansion of markets arises from the development of products and services that focus on society´s most urgent needs such as “health, better housing, improved nutrition, help for the aging, greater financial security, less environmental damage” (p. 7). In developing countries, social value creation and the development of new markets can be achieved through reaching the customers at the bottom of the pyramid (BOP), an approach that had already been introduced by Prahalad. It draws on the observation that the largest, but poorest part of the world population with the most fundamental needs has “not been recognized as viable markets” yet (p. 8). Since “meeting needs in underserved markets often requires redesigned products or different distribution methods” this approach can be a driver of innovations (p. 8). In developed economies as well, the authors find a growing demand for products and services that meet societal needs such as healthy nutrition, environmentally-friendly products, and energy efficiency (ibid.).
The second main driver for shared value creation is synergies between social and environmental progress and productivity in the value chain. Based on the observation that

"many so-called externalities actually inflict internal costs on the firm" (p. 8), firms can benefit from improvements "in areas such as health, safety, environmental performance, and employee retention and capability" (p.9). An example for synergies arising from minimizing environmental pollution might be cost reductions through energy savings, enhanced resource utilization and packaging reductions, process efficiency and quality, logistic refinements, etc. (ibid.). Furthermore, firms should be aware of the "positive effects that a living wage, safety, wellness, training, and opportunities for advancement for employees have on productivity" (p. 11).

Recent definitions by the European Commission and ISO 26000

A very often cited source from the political arena is the European Commission`s (EC) definition of CSR which was issued in the context of the EC`s efforts to politically promote CSR. Although it is not coming from the field of scholarship, but from a political institution, both the former CSR definition from 2007 as well as the subsequent, recently introduced definition (2011) have been widely recognized by the research community (at least by European-based authors, e.g. Kuhlen, Curbach, Loew et al, McBarnet). The European Commission had previously defined CSR as

> *"a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis"* (EC, 2007, p.8).

In the process of revising its CSR policy in 2011, however, it came out with a new definition of CSR as

> *"the responsibility of enterprises for their impacts on society"* (EC, 2011, p.6).

This extended understanding of CSR requires from companies *"respect for applicable legislation, and for collective agreements between social partners, […] a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders"* and identifies two major aims of CSR: (1) *"maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large" and (2) "identifying, preventing and mitigating their possible adverse impacts"* (EC, 2011, p.6).

When contrasting the two definitions, several changes indicate that a considerable shift in the EC´s understanding of CSR has taken place: particularly striking is the elimination of the defining element of "voluntariness". Consequently, the scope of CSR has broadened in contrast to the previously limiting criterion of "beyond the law". In the same vein, the new definition emphasizes compliance with legal requirements and agreements with trade unions as a basic condition for CSR.

While the importance of stakeholders had already been included in the former definition, there is an extension and specification of issues that firms should pay attention to, from "social and environmental concerns" to "social, environmental, ethical, human rights and consumer concerns".

Furthermore, negative and positive externalities of business conduct are highlighted, and the definition takes up the idea of 'shared value creation': while "identifying, preventing and

mitigating their possible adverse impacts" refer to negative external effects, the "creation of shared value" encourages the promotion of positive externalities.
Finally, the suggestions to integrate CSR into the company´s "core strategy" by setting up a "process" in "close collaboration with stakeholders" strongly indicates that the new definition endorses a strategic approach to CSR. Interestingly, the EC´s definition does not include at all the philanthropic dimension of CSR in the sense of corporate giving or corporate volunteering. It clearly advocates an integrated understanding of CSR which is embedded in a company´s core business.

Similar to the revised CSR definition by the EC, the definition included in the ISO 26000 standard published in 2010 reflects a comprehensive and far-reaching understanding of CSR. It defines the social responsibility of businesses as
"the responsibility of an organization for the impacts of its decision and activities on society and the environment, through transparency and ethical behavior that:

- *Contribute to sustainable development, including health and welfare of society*
- *Takes into account the expectations of stakeholders*
- *Is in compliance with applicable law and consistent with international norms of behavior*
- *Is integrated throughout the organization and practiced in its relationships"*
(ISO 26000, 2010)

Not only does it explicitly build on the Brundtland definition of sustainable development[2] and acknowledges the triple-bottom line approach; alike the EC´s definition, it also includes the aspect of compliance. Furthermore, stakeholder responsiveness and a strategic and comprehensive approach to CSR are required as the definition emphasizes the need to "*integrate [CSR] throughout the organization".* Another analogy to the EC´s definition is that, apart from social and environmental aspects, ethical behavior, transparency and human rights issues[3] are highlighted as specific elements of business responsibility.

4.2. CS: Elements and related concepts

Definitions and key aspects of CS

CS explicitly aims at applying sustainable development to the business level (Dyllick/Hockerts, 2002; Schaltegger/Burritt, 2005; Bansal, 2005, Schaefer, 2004; Montiel, 2008). This direct link to the idea of sustainable development makes the 'content' to which CS refers clearer than the variety of constructs used to define CSR. There are however, two

[2] The definition of sustainable development by the Brundtland Commission is explicitly mentioned as a basis of the understanding of sustainability in the ISO 26000 standard
[3] Although human rights are not explicitly mentioned in the short definition above, it is one of the seven key issues that the ISO 26000 norm comprises

different ways of conceptualizing CS: On the one hand, CS is sometimes based on the idea of ecological sustainability and thus is understood to deal primarily with the environmental dimension of business (Montiel, 2008). In contrast, many scholars base their understanding of CS on the Brundtland definition of sustainable development, whereby the three-dimensional concept of sustainability is the dominant aspect (e.g. Bansal, 2005, Schaefer, 2004; Marrewijk, 2003, Schaltegger/Burritt, 2005). However, as mentioned above, Corporate Sustainability has its roots in environmental management, and the social dimension of sustainable development has only been integrated over time. This explains the "traditional bias of CS towards environmental policies" (Marrewijk, 2003, p. 101).
Based on a multi-dimensional understanding of sustainability, CS can be considered an approach to managing ecological, economic and social effects, firstly to achieve sustainable development at the organization level, and secondly, to create with its business a positive contribution to a sustainable development to the economy and society as a whole (Schaltegger/Burrit, 2005; Schaltegger, 2012).
Accordingly, the "triple-bottom line perspective which aims to integrate economic, social and environmental aspects of business management" (Schaltegger/Burritt, 2005, p. 189) is the most prominent element of CS. Bansal (2005) applies the three dimensions of sustainability to the firm level by translating them into the principles of environmental integrity, social equity and economic prosperity.
Dyllick and Hockerts (2002) include a focus on stakeholders by taking the key element of the Brundtland definition of sustainable development as a starting point for their understanding of CS: when applied to businesses, the goal of a "continuous satisfaction of human needs" accordingly refers to "meeting the needs of a firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc.), without compromising its ability to meet the needs of future stakeholders as well" (p.131). Apart from the 'triple-bottom line' approach, they identify two other key elements of CS: the general need to maintain not only economic capital, but also natural and social capital, and a long-term business perspective (ibid). Furthermore, the CS concept establishes effectiveness and efficiency as criteria for a firm´s ecological and social performance (see below).

Economic, social and natural capital

Economic capital is generally understood as the sum of a firm´s financial, tangible and intangible capital. Accordingly, economically sustainable companies are supposed to maintain "cash flow sufficient to ensure liquidity while producing a persistent above average return to their shareholders" (Dyllick/Hockerts, 2002, p. 133). In contrast, natural capital describes the availability of natural resources, which can either be renewable (e.g. wood, fish, corn) or non-renewable (fossil fuel, biodiversity, soil quality); in addition to that, natural capital also includes ecosystem services like for example climate stabilization, water purification, soil remediation, etc. (ibid.). The authors conclude that in order to be ecologically sustainable, companies should "use only natural resources that are consumed at a rate below the natural reproduction, […]" (Dyllick/Hockerts, 2002, p. 133) and restrain from any activities that degrade eco-system services beyond their carrying capacity (ibid). Finally, two different types of social capital can be distinguished: human capital and societal capital. While human capital is associated with specific qualities of employees and business partners, societal capital includes aspects of infrastructure and culture, like the educational system, or a culture that supports innovation and entrepreneurship. In the context of social sustainability the role of stakeholders comes into focus again: companies are not only expected to “add value to the communities within which they operate” (Dyllick/Hockerts, 2002, p.134) by furthering their human and societal capital, but also base their actions on a value system that their stakeholders can broadly agree with. Scholars have emphasized the complementarity of these three types of capital; on the one hand, economic capital cannot substitute all kinds of social capital and natural capital. In fact, the latter can largely be considered a precondition of economic activity (Dyllick/Hockerts, 2002) On the other hand, from a normative perspective, natural and social capital should be preserved due to their intrinsic value and the potential irreversibility of the depletion (ibid).

CS performance criteria: efficiency and effectiveness

The basic idea of eco-efficiency and socio-efficiency is “undertaking environmental management and social management in as economic a way as possible” (Schaltegger/Burritt, 2005, p. 191).

Eco-efficiency and eco-effectiveness

A firm’s efficient use of natural capital can imply economic benefits – an idea which has become known as ‘eco-efficiency’. In the context of the corporate sustainability debate, eco-efficiency has been popularized by the WBCSD as “the business end of sustainable development” (WBCSD, 2000, p. 1, cited in Dyllick/Hockerts, 2002, p.131; Schaltegger/Burritt, 2005). Eco-efficiency is usually calculated as “the economic value added by a firm in relation to its aggregated ecological impact” (Dyllick/Hockerts, 2002, p.134; Schaltegger/Burritt, 2005), whereby the ecological impact is measured by the respective use of energy, water and resource efficiency, as well as waste or pollution intensity (Dyllick/Hockerts, 2002).

Eco-efficiency deals with the relationship between the economic dimension on the one hand and the ecological and social impacts of a firm on the other hand, and can thus only indicate relative improvements. In the case of ecosystems and non-renewable natural resources, there are however absolute thresholds and business impacts might have irreversible effects. It is therefore crucial that businesses achieve “substantial reductions in the *absolute scale* in the environmental impacts” (Schaltegger/Burritt, 2005, p. 190). In parallel to economic effectiveness, “that is to achieve the best possible economic results” (ibid, p.190), the CS concept frames the best possible ecological results that firms can achieve through ‘eco-effectiveness’ (Schaltegger/Burritt, 2005; Dyllick/Hockerts, 2002).

In practice, we have already seen that when combined with rapid growth “it is possible for resource productivity to improve and for natural systems to decline” (Dyllick/Hockerts, 2002, p. 137). If the additional negative ecological impact caused by high growth rates exceeds the improvements made by eco-efficiency, total resource extraction may actually increase – an effect known as the rebound effect (ibid.).

Socio-efficiency and socio-effectiveness

Similarly, although less widely recognized, 'socio-efficiency' describes the "relation between a firm's value added and its social impact" (Dyllick/Hockerts. 2002, p. 136). While in the case of eco-efficiency the aim is to mitigate negative externalities, social impacts of businesses can be both positive and negative. Positive external effects are for example corporate giving, the creation of employment, etc.; negative impacts can occur in the context of work accidents, human rights abuses, etc. (Dyllick/Hockerts, 2002). Consequently, socio-efficiency means minimizing negative social impacts or maximizing positive social impacts in relation to the value added.
In parallel to the criterion of eco-effectiveness, socio-effectiveness describes a perspective, which judges business conduct "not on a relative scale but rather in relation to the absolute positive social impact a firm could reasonably have achieved" (Dyllick/Hockerts, 2002, p. 138). This is again related to the social acceptance and legitimation of the company`s business practices by its stakeholders (Schaltegger/Burritt, 2005). Dyllick and Hockerts (2002) mention the 'bottom of the pyramid' approach as an example of how firms could effectively improve their positive social impact (Hart and Prahalad, 1999; Dyllick/Hockerts, 2002). However, the authors also confirm that the research to date has failed to provide a systematic framework for both socio-efficiency and socio-effectiveness.

By analyzing the respective strands of literature, Schaefer (2004) found that understandings of sustainable business had shifted from exclusively focused on ecological sustainability to the inclusion of social components parallel to the shift in the perspective on sustainable development during the 90s. However, the CS literature generally still stresses ecological issues more than social ones (ibid.). Furthermore, the integration of the social aspect in the context of the triple-bottom-line has raised concerns that the environment might "get short shrift" (Esty/Ivanova, 2004, p. 75; Dyllick/Hockerts, 2002, p. 139) and has caused some unease among CS scholars because social issues seem more elusive (Schaefer, 2004). Dyllick and Hockerts (2002) suggest a separation of the three areas at the operational level while considering the three dimensions simultaneously when taking strategic decisions.

CSR and Corporate Sustainability: converging concepts?

As shown above, corporate sustainability, when understood as triple-bottom line approach, can be considered one theory strand among others within the CSR literature (Montiel, 2008). Some authors also use CSR and Corporate Sustainability as synonyms (e.g. Marrewijk, 2003), while others understand CSR as one element among others within the concept of Corporate Sustainability (e.g. Schaltegger, 2005; Bansal, 2005).

With regard to the latter view, CSR is on the one hand considered a way to integrate the social dimension of sustainability (e.g. Bansal, 2005). A different suggestion is to consider CS as the ultimate goal, while CSR is seen as “an intermediate stage where companies try to balance the Triple Bottom Line” (Marrewijk, 2003, p. 101).
Schaltegger emphasizes the voluntariness of CSR as a main difference to CS which “covers both voluntary and compulsory issues such as legal compliance” (Schaltegger, 2005). While considering CSR a firm´s responsibility to address societal issues on a voluntary basis and in collaboration with stakeholders, he conceptualizes CS as an approach to integrate sustainability into the core business principles and emphasizes that “corporate sustainability comprises not only voluntary, but all systematic, coordinated and focused corporate activities that contribute to a corporate sustainable development and to a sustainable development of the economy and society” (Schaltegger, 2012, p. 168). This includes the further development of the core business as well as the integration of the social and environmental management into conventional business management. A further characteristic aspect of CS is a proactive approach in order to contribute to a sustainable development, e.g. by developing sustainability innovations and bringing them to mass market success (Schaltegger, 2012).
Several authors have pointed out that “the notions of CSR and CS have shown separate paths, which recently have grown into convergence” (Marrewijk, 2003, p. 102; Keijzers, 2002; Montiel, 2008; Loew et al, 2004; Loew/Rohde, 2013). Marrewijk (2003) defines CS and CSR identically as “a company's voluntary activities demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders” (p. 107). As mentioned above, social issues research has historically been grounded in CSR, while environmental issues were researched in environmental management (EM) (Montiel, 2008). CS has evolved from the latter theory strand, and moved from exclusively dealing with the environment to including social and environmental issues. As the uptake of the triple-bottom line and the integration of CS and EM issues in specialized social issues journals indicate, the CSR literature has seen a similar trend (Montiel, 2008). The integration of the respective other element into both concepts caused many to consider CS and CSR as very similar concepts or even synonyms (Marrewijk, 2003). Also, from a practical perspective, “companies use both CSR and CS as interchangeable” (Montiel, 2008).
Despite the increasing convergence, scholars have also pointed out differences that remain between the concepts: Montiel states that “CS scholars tend to argue that the economic, social, and environmental pillars are interconnected. […] On the other hand, most empirical CSR and CSP research treats social and economic performance as independent components. The link between economic and social performance remains enigmatic” (Montiel, 2008, p. 259). Correspondingly, Dyllick and Hockerts, (2002) suggest “that a separation of the three areas makes sense at the operational level (i.e. keeping operative economic, environmental and social responsibilities distinct), while a strategic decision would only be possible when considering the three dimensions simultaneously”. Also, CS scholars still tend to follow an eco-centric paradigm, while CSR arguments take an anthropocentric perspective (Montiel, 2008). Furthermore, Marrewijk (2003) keeps a small distinction between the converging concepts by associating CSR with “the communion aspect of people and organizations”, i.e. aspects such as transparency, stakeholder dialogue and

sustainability reporting, and CS with “the agency principle”, relating more to managing production and processes in a sustainable way (p. 102). Another difference has its roots in the perception of CSR as purely voluntary in contrast to CS which includes compliance issues (e.g. Schaltegger, 2012). However, as Loew and Rohde (2013) point out, recent internationally recognized CSR definitions like the EC´s definition from 2011 and the ISO 26000 definition of CSR have abandoned the limited view on CSR as beyond the law and include the compliance aspect. Consequently, CSR is converging with CS with regard to this aspect as well.

4.3. CSR/CS management at the firm level

To follow Loew and Rohde (2013), and after acknowledging the recent developments of the concepts, CSR management and CS management will be considered as equivalent in this thesis. Based on the theoretical elements discussed above, CS/CSR management describes approaches for the strategic implementation of sustainable and responsible business practices at the organizational level (Schaltegger et al, 2007; Curbach, 2009).

More specifically, companies make use of CS/CSR management to proactively identify, prioritize and operationalize social and ecological objectives in the context of their business operations, integrate them into the corporation, and measure and communicate their progress in achieving these goals.

Researchers have sought to develop and disseminate frameworks for CS management that oftentimes build on the insights of environmental management research (Schaltegger et al, 2007; Tonelli et al, 2013). On the other hand, practitioners like consultants, business organizations and government organizations provide guidance on the implementation of CS by sharing best practices with regard to management frameworks, tools, and methods (e.g. Loew et al, 2013). The management literature identified a series of strategic steps that are recommended in order to implement CSR/CS into the organization. However, in practice, CSR/CS management approaches do not necessarily follow these ideal management models. In order to systematically implement CS management, it is recommended to (1) identify key CS challenges, (2) set up a CS strategy, (3) introduce appropriate organizational structures, (4) develop a CS program including measures and a system of indicators, and (5) regularly measure and communicate the CS performance (ibid; Curbach, 2009; Loew et al, 2013).

Sustainability key issues

The sustainability challenges that different companies face depend on factors like industry, size, location, stage in the value-added chain, etc. (Porter/Kramer, 2006). There are usually three approaches to identify key sustainability issues for the organization key issues: firstly, an internal assessment of the business operations’ impacts which includes all steps of the value-added process; secondly, a stakeholder dialog process that systematically captures the most important stakeholder expectation[4]; thirdly, societal mega trends and developments are taken into account (Gastinger/Gaggl, 2012). Sustainability challenges that firms typically face cover several 'fields of action': "corporate environmental protection, employees' interests, ecological product responsibility and consumer protection, environmental and labor/human rights issues in the supply chain, fair and ethical business practices, and corporate citizenship" (Loew et al, 2013, p. 12).[5]

CS strategy and values

The identification of material issues, risks and potentials provides the basis for the development of a sustainability strategy. A strategic approach to CS starts with the commitment to certain values, principles and objectives that reflect the organization's social and ecological responsibilities. This can take the form of sustainability/CSR policies or guidelines, which should be communicated internally and externally in order to increase their bindingness (Curbach, 2009). Furthermore, long-term sustainability targets and corporate-wide codes of conduct are common instruments to strategically embed sustainability throughout the organization (Curbach, 2009).

Since sustainability issues are cross-cutting, the holistic integration of CS throughout the organization is a major challenge (Schaltegger et al, 2007; Curbach, 2009; Loew et al, 2013; Gastinger/Gaggl, 2012; Tonelli et al, 2013). Consequently, the organization should also strive for the inclusion of CS aspects into the business strategy (Loew et al 2013; Schaltegger et al, 2007). Particularly, risks and business potentials arising from sustainability issues should be taken into account and the relationship of sustainability issues and the firm's core business should be scrutinized (Schaltegger et al, 2007; Tonelli et al, 2013). Porter and Kramer (2006) have promoted a 'strategic CSR' approach by "making social value integral to the overall strategy" (p. 16). Furthermore, corporate sustainability aspects should be integrated into the corporation's corporate governance and value system, namely by including them in corporate mission statements, corporate values and by establishing codes of conduct (Loew et al, 2013). Integrating CS in corporate governance structures furthermore refers to the institutionalization in corporate-wide organizational structures and operational processes (Gastinger/Gaggl, 2012; Loew et al, 2013).

Organizational structure

[4] Mainly, stakeholder dialogs are used in the context of sustainability reporting where stakeholders are asked about their expectations on what key issues the corporation should report. As there is usually a feedback loop between the reporting process and the further development of the firm's sustainability strategy, these are considered to have a similar effect to stakeholder dialogs in the strategy development process.

[5] In more detail, these key challenges comprise environmental challenges, such as resource consumption and efficiency, energy consumption and efficiency, its impact on biodiversity, greenhouse gas emissions, and the environmental impact of its products and services, to name just a few., and social challenges, such as labor-management relations, occupational health and safety, training and education, diversity and equal opportunity, human rights, customer health and safety, quality of products and services etc. (Schaltegger et al, 2007).

Organizational responsibilities for CSR/sustainability are usually defined by setting up an organizational unit or appointing a CSR/CS officer. Depending on the company's size and progress in implementing CS this can be a whole staff for CS, a CS division or a single CS manager (Loew et al 2013; Curbach 2009; Gastinger/Gaggl, 2012). The involvement and commitment of the top management is highlighted by scholars and practitioners as a crucial factor for an effective CS management (Curbach, 2009; Loew et al 2013; Cannon, 2012).
As mentioned above, CS issues are cross-sectional and concern various business areas and group divisions. This is why coordination should be further facilitated through the institutionalization of a consultation committee that brings together the members of the top management, i.e. the heads of relevant divisions. This committee can help integrating CS management throughout the organization and enhance decision-making (ibid.). For transnational corporations, Loew et al (2013) recommend the appointment of a CS manager at each of the company´s relevant subsidiaries, who is responsible for making any adjustments that might be necessary in the context of implementing CS measures. The designation of CS officers in subsidiaries abroad can also provide information on sustainability-relevant issues regarding the respective subsidiary in the case that uncertainties arise.

Operationalization: CS program, management tools and indicators

The operationalization can be carried out via a 'sustainability/CR program': medium and short-term objectives are derived from the strategic long-term sustainability goals, and concrete measures are developed that provide a roadmap for actions to take (Loew et al, 2013).
Among management tools for CS, environmental management systems (EMS) are well institutionalized and have gained increasing acceptance among companies, the most well-known being ISO14001 and EMAS (Cagnazzo et al, 2013). Bansal (2005) distinguishes reactive and proactive approaches to corporate environmental management: while mere pollution control is achieved by end-of-pipe solutions, pollution prevention requires "innovative processes or technologies applied throughout the production process" (Basal, 2005, p. 199). Similar to EMS, social management systems have been developed that help companies prevent and manage occupational health and safety risks within their own company and throughout the supply chain, the most common ones being Social Accountability 8000 (SA 8000), OHSAS 18001 and ILO 'Guidelines on occupational safety and health management' (ILO-OSH 2001) (Lockett et al. 2006; EC, 2004).
Finally, some management systems aim at an integrated management of environmental, social and economic aspects and include stakeholder management, for instance AA1000 (Lockett et al, 2006) and the recently developed ISO 26000 standard. While standardization and certification of environmental or social management systems does not per se refer to performance improvements, it can, however, contribute to a better sustainability performance through "behavioral and managerial impacts" (Cagnazzo et al, 2013, p. 172). Particularly for TNCs, "the whole set of meta-standards (e.g. ISO 14001, ISO 26000) that allow general

management practices to be standardized, become guidance documents for sustainable development" (ibid, p.172).
For TNCs in particular, managing sustainability-related aspects of their supply chain is critical since they potentially carry serious environmental and social risks. In recent years, the issue of supply chain management has thus considerably gained importance among scholars and practitioners (KPMG et al, 2013; Lambert and Cooper, 2000).
Stakeholder management includes monitoring stakeholders´ concerns, communicate and cooperate with stakeholders to raise awareness of interdependencies and potential conflicts of interest (Melé, 2008; Bansal, 2005).
Apart from solutions focusing on process, another element of environmental management is product stewardship. This approach aims for example at reducing the use of materials and toxics and making products or product components recyclable or reusable (Cagnazzo et al, 2013). Instruments like life-cycle assessments and the cradle-to-cradle approach have come to wider use in this respect.
Finally, the determination of quantitative indicators (key performance indicators (KPIs)) is necessary to reflect the organization's progress in achieving its targets, and provide the basis for measurement, reporting and external verification (Gastinger/Gaggl, 2012). The 'Balanced Sustainability Scorecard' is for example a managerial framework that uses a top-down process in order to develop performance indicators, measures and specific requirements on the basis of sustainability goals.

Sustainability reporting

While environmental and EHS reports have been published by some companies since the late 1970s, sustainability reporting is a more recent development (EU, 2004). However, the high numbers of sustainability and CR reports published during the last years suggest that they have become a mainstream business practice worldwide. An international KPMG survey (2013), found almost three quarters (71 percent) of over 4,000 companies to issue sustainability reports, and 93 percent of the world's largest 250 companies report on their CS performance (KPMG, 2013; 2011). The by far most frequently used reporting framework are the Global Reporting Initiative`s (GRI) guidelines: "78 percent of reporting companies worldwide refer to the GRI reporting guidelines in their CR reports" (KPMG, 2013, p. 12). The GRI guidelines are at the same time a widely acknowledged reporting framework and recommended by management literature, non-governmental organizations and political actors (e.g. EU, 2004; Loew/Rohde, 2013).
CS reporting has different components: Firstly, similar to the development of a CS strategy, the company has to decide what specific issues it wants to focus on. Especially in the case of large, transnational corporations, sustainability reporting has to limit itself to most important information. The decision on material issues to report on is oftentimes supported by stakeholder dialogs where stakeholders' priorities are taken into account (Loew/Rohde, 2013).
Secondly, major challenge is to measure the company's social and environmental performance throughout the whole organization. The accounting process, i.e. the collection

and evaluation of data related to sustainability issues, is led by the previously defined key performance indicators (KPIs) (EU, 2004, p. 28). This CS 'inventory' is at the same time considered to help improving CS management processes and raising the awareness of sustainability issues across the corporation (Loew/Rohde, 2013). However, apart from KPIs "sustainability reporting includes a lot of qualitative information, where measurement is difficult" (EU, 2004, p. 28). Finally, the auditing or assurance process provides internal or external verification and assessment of the information given in the report (EU, 2004).

4.4. Drivers for CSR/ CS

The following section presents assumptions about drivers and motivations for companies engaging in CSR and CS activities. Among the CSR literature, this question is widely discussed. A reason might be that, particularly from a management perspective, it is closely linked to the 'business case' for CSR – which, as mentioned above, is one of the most predominant topics in CSR literature. Thus, management scholars often deal with the question of 'why should companies engage in CSR/CS' and 'what are the economic benefits'? From a sociological perspective, the observation that CSR "has grown to become a megatrend that is expanding on most continents" (Midttun, 2008, p. 407), leads to the questions of "what explains the rising interest in and uptake of CS practices among firms" or "under what conditions are corporations more likely to act in socially responsible ways than not?" (Campbell, 2007).

Although scholars have come to different results regarding the importance of single drivers (Curbach 2009), there is major consensus about a set of certain aspects that have an influence on firms' commitment to sustainable business practices. "Business approaches to CSR can largely be understood as a response to a series of external and internal drivers that generate a "business case" for CSR" (Ward, 2004). While external drivers relate to societal expectations, stakeholder demands, media pressure and regulation, internal drivers are associated with management assumptions about CS/CSR triggering economic benefits through reputation enhancement, risk management, cost savings, productivity gains and other effects that might result in a competitive advantage for the firm. Although external and internal drivers are closely linked to each other - for example, the internal motivation of reputation management can be considered a reaction to external societal expectations – the differentiation seems helpful for the purpose of this thesis.

Since actors and mechanisms that constitute external drivers for CSR/CS will be examined in more detail from a governance perspective in section 6.4, I will only give a brief overview here based on the CSR literature and focus on the internal drivers.

External drivers

Interestingly, a 2006 McKinsey survey found that "only 8 percent of the business executives thought "companies were motivated to champion social or environmental out of genuine concern" (McKinsey, 2006, quoted in: McBarnet, 2007, p. 14) – an estimation which illustrates the importance of external drivers for CS. Schaltegger et al (2013) distinguish

between push and pull factors when looking at external motives for CS: “On the one hand, striving for organizational legitimacy is a reaction to sustainability-related regulations and pressure from societal stakeholders (push factors). Market success, on the other hand, is a motive for corporate sustainability if consumers or investors offer incentives (pull factors)” (CSM, 2013, p. 18). (See also chapter 6 for a discussion of external drivers from a governance perspective)
In more detail, external drivers can be differentiated into the following categories:

1. *Laws and regulations*

Effectively enforced environmental and labor laws are of course a strong motivation for firms to comply in order to avoid sanctions (Clapp, 2005). A study by UNCTAD even found “that the most influential motivating factor for TNCs to develop corporate environmental policies was government-based laws and regulations” (UNCTAD, 1993, p. 38; quoted in: Clapp 2005). This argument is valid if one assumes a comprehensive understanding of CSR/CS which includes compliance. Campbell (2007) illustrates the importance of regulations as a driver for responsible corporate behavior by relating the aggregation of corporate scandals in the 1990s to the waves of deregulation during the years before.
Regulation furthermore establishes a level-playing field for voluntary CSR that allows market-based signals to “reward those players who go further” (Ward, 2004, p. 7). In addition, industry has a motivation to establish self-regulations “out of a concern that to do otherwise would eventually result in state regulatory intervention” (Campbell, 2007, p. 955; Fiorino, 2006) (see also section 6.3 for ‘shadow of hierarchy’). Finally, CSR can be a reaction to previous fines and penalties that trigger increased scrutiny (Bansal, 2005).

1. *Stakeholder expectations voiced by NGOs*

Societal expectations are closely related to a firm´s need to preserve its ‘license to operate’ (Fuchs, 2006; Curbach 2009; Schaltegger/Burritt, 2005). Consequently, “change is often motivated by firms seeking social approval” (Meyer and Rowan, 1977, cited in Bansal, 2005, p. 197). Societal expectations in this context can be understood as the sum of expectations that a firm´s stakeholders has towards it (Fiorino, 2006; Curbach, 2009).
NGOs, in particular, have played a major role in pushing companies towards more responsible business practices via ‘naming and shaming’ mechanisms, such as campaigns and publicity, boycotts, and the claim for more transparency (McBarnet, 2007; Midttun, 2008; Campbell, 2007; Clapp/Utting, 2008). In fact, the expansion of worldwide non-governmental activity is regularly identified as “one of the key drivers of the CSR movement” (McBarnet, 2007, p.15). However, reputation risks as one of the main drivers of CSR are mainly relevant for B-to-C industries and those firms for whom brand sensitivity is an issue, but not so much for B-to-B industries (McBarnet, 2007; Newell, 2005).

2. *Market factors: Consumers and investors*

‘Ethical consumerism’ or ‘green consumerism’ is based on the idea that consumers “care about issues of corporate responsibility and this will influence their purchase and consumption behaviors” (Smith, 2008, p.283), which will in consequence push companies to be socially and environmentally responsible. Smith (2008) distinguishes between negative and positive ethical consumerism, the first referring to consumer boycotts and the latter referring to purchase preferences (Smith, 2008; Vogel, 2005). Historically, there have been some powerful examples of consumer boycotts, for instance the boycott of Barclays Bank which cooperated with the apartheid regime in South Africa or the Greenpeace-led consumer boycott of Shell because of the intention to dispose the Brent Spar oil platform in the Atlantic Ocean (Smith, 2008). On the other hand, positive ethical consumerism is essentially about preferring socially responsible products. While survey data suggests that a large number of consumers are concerned with corporate responsibility, this is usually reflected in their purchase behavior only to a minor extent (Smith, 2008).
On the other hand, socially responsible investment (SRI) as a driver for CS relies on the financial market incentive that social/sustainable investors create for companies by including in their investment decisions “some combination of ethical, religious, social, and environmental concerns” (Kurtz, 2008, p 250; EC, 2011). Investment funds that follow a SRI approach screen companies on the basis of non-financial ESG (Environment, Social and (Corporate) Governance) criteria. Consequently, companies have an incentive to disclose information on these aspects, and enhance their sustainability performance if the financial leverage of this investment strategy is strong enough. Besides the SRI market, which is still rather small, social investors also use ‘shareholder activism’ strategies to influence companies, for instance via proxy resolutions and negotiations with management (ibid.).

3. *Mimetic pressure through industry-wide norms and standards*

Within the business community, “CSR has been successively internalized into industrial standards in the attempt to lift the social and environmental performance of whole sectors of the economy” (Midttun, 2008, p. 408). These sector standards are often the result of NGO-led criticism which targets business practices that prevail in an entire industry, followed by a process of developing sector-specific guidelines or minimum standards (Midttun, 2008). Although these are voluntary, corporations feel mimetic pressure to imitate their competitors at the sector level. Furthermore, sector-level institutions may be very important in explaining the diffusion of minimum standards and “standards may eventually gain political endorsement and thereby take on a quasi-legal character or a de facto rule system” (Midttun, 2008, p. 408), which is why industrial standards can have the potential to lift the social and environmental performance of whole sectors of the economy (ibid.).
Mimicry as a driver for CS works similar to the diffusion of other administrative forms: as “managers seek to act in ways that are deemed appropriate by other managers and significant actors in their environment” (Campbell, 2007, p. 958), after a certain number of firms adopt the business practice “the practice becomes accepted as an emerging norm” (Bansal, 2005, p. 213;). Bansal´s findings suggest, however, that their role in the organizational change process is more important in early stages and can be of declining over

time (ibid.). Campbell (2007) concludes that "corporations will be more likely to act in socially responsible ways if they operate in an environment where normative calls for such behavior are institutionalized" (p. 959). This also includes CS-related activities of business associations, and educational venues like important business publications, business school curricula, conferences and seminars (ibid.).

Internal drivers

Internal motivations for CS are strongly related to the 'business case' for CSR and the assumption that a good CS performance will trigger further benefits for the enterprise. The often referenced to 'Porter hypothesis' suggests a positive relation between a company's sustainability/CSR performance and its financial performance (Porter/van der Linde 1995; Young 2009; Curbach 2009; Schaltegger/Burritt, 2005; Orlitzky, 2008). Although a myriad of studies have examined this link over the last decades, results are mixed and a solid business case could not be proven (Kurucz et al, 2008; Vogel, 2005; Orlitzky, 2008). However, there is a series of more implicit benefits that firms might motivate to engage in CS.

CS is expected to enhance a firm's competitiveness by avoiding risks from sustainability-related issues on the one hand and generating benefits from sustainability-related opportunities on the other hand (Gastinger/Gaggl, 2012; Schaltegger/Burritt, 2005). Furthermore, the maintenance and enhancement of reputation and legitimacy is a more implicit aspect, but considered one of the most important benefits that arise from CS.

Apart from potential cost-savings through eco-efficiency, internal motivations strongly correlate with this external dimension: Benefits with regard to risk management and competitive advantage can be achieved only by aligning the company´s CS activities with stakeholder expectations, norms and regulations.

1. *Cost-savings and risk management*

Following the eco-efficiency concept, companies can be motivated to by the prospect of reducing costs through enhanced energy and resource efficiency. As environmental management and environmental accounting literature suggests, both costs can be reduced by optimizing production processes and product design in a way that reduces energy consumption, material input and waste (Schaltegger/Burritt, 2005; Gastinger/Gaggl, 2012; Dyllick/Hockerts, 2002; Curbach, 2008). Apart from these measurable advantages resulting from eco-efficiency, firms engaging in CS can lower business risks in the long term by "avoiding decisions that will push stakeholders to oppose the organization`s objectives" (Kurucz et al, 2008, p. 88) and by building trusting relationships. Not only can a good CS performance help to avoid scandals and legal costs from lawsuits, it can also mitigate potential reputational damage by maintaining a good overall reputation (Ward, 2004; Fuchs, 2006; Gastinger/Gaggl, 2012). In fact, quantitative studies found that CS and business risk are inversely correlated (Orlitzky, 2008).

2. *Competitive advantage: adapting to stakeholder expectations and leveraging opportunities*

While the struggle for competitive advantage can lead corporations to behave in socially irresponsible ways when there are strong incentives to "cut corners and save money wherever possible" (Campbell, 2007, p. 953), competition can also fuel a firm's ambitions to strive for a good CS performance in order to outrival their competitors (Schaltegger/Burritt, 2005; Kurucz et al, 2008). The creation of competitive advantage through CS mainly refers to incentives that are created by market actors, namely investors, consumers and customers, and (potential) employees (Smith, 2008). By adapting to the expectations of these stakeholders firms might yield competitive advantages in the market.

"A strong product brand or reputation can act as a marketing differentiation strategy for firms" (Kurucz et al, 2008, p. 90) and is thus "one of the most important non-material assets of a company" (Schaltegger/Burritt, 2005, p. 204). Particularly in B-to-C industries, and based on the assumption that consumer values are reflected in their purchasing decision, "firms that enjoy favorable reputations for their CC may be able to charge premiums for their products and services" and "may increase market share relative to competitors"(Orlitzky, 2008, p. 121). However, one has to bear in mind that consumers' concerns for e.g. environmental performance depends on cultural and individual aspects and might not even affect their purchasing decision (ibid.).

When looking at firms at the upstream stages the value added chain, i.e. B-to-B businesses that provide raw materials and supplies, requirements by customers related to CS, like for example environmental certifications, can be a strong motivation to engage in CS (Kurucz et al, 2008; Cashore, 2002).

As described above, "ethical investors may be willing to pay a premium for stocks of companies with high CC disclosure" (Orlitzky, 2008, p. 118). High scores in ratings and rankings and the inclusion in sustainability indices might further improve the overall reputation of the company.

CS practices aiming at the improvement of working conditions and employee relations can result in improved employee relations and potentially lead to increased workforce productivity (Gastinger/Gaggl, 2012). Also, a positive perception can help companies attract high potentials at the labor market as graduates prefer working for firms with good reputations (Curbach, 2008; Orlitzky, 2008).

Sustainability issues can be a driver for competitive advantage through triggering innovation, and thus enable product differentiation in the market (Schaltegger/Burritt, 2005). Potential for business innovation arises for instance through the demand for developing products and services that are environmentally-friendly or that target the 'bottom of the pyramid' (Gastinger/Gaggl, 2012; Curbach, 2008; Kurucz et al, 2008).

3. *Reputation and legitimacy*

Empirical research strongly supports the assumption that reputation is an important mediator between CSR and company success (Orlitzky, 2008). Businesses' motivation to engage in

CS in order to maintain their 'license to operate' follows a more normative logic and is strongly related to stakeholder and societal expectations. It is linked to the above mentioned competitive advantages from reputational gains and to the avoidance of reputational risks, but highlights the political role of a firm and its power and position in society: "the organization accepts certain duties and rights and participates in some form of social cooperation as an expected part of doing business" (Kurucz et al, 2008, p. 92). Being viewed as a responsible and legitimate business actor influences for instance a company´s abilities to leverage their expertise on policy outputs in networks and partnerships.

4. *Organizational characteristics: industry, size, internationalization, corporate culture*

Organizational characteristics are likely to influence the uptake of CS practices as well. For example, depending on what industry they are part of, companies' negative impacts on environment and society differ considerably. This often results in higher awareness for CS issues by those companies who are more polluting (Bansal, 2005; Fuchs, 2006). Consequently, companies in high-impact sectors like "large companies in the electronics & computers, mining and pharmaceuticals sectors produce the highest quality CR" (KPMG, 2013, p. 13; KPMG, 2011). This can have the paradox effect that high-impact corporations tend to have higher CSR scores in comparison to medium and low-impact sectors (Fuchs, 2006). However, there are exceptions like the oil & gas, construction, trade & retail, and engineering industries, where negative impacts are high, but CS reporting scores remain relatively low (KPMG, 2011; 2013).
Also, organizational size and the availability of slack resources are expected to have an influence on CSR scores: some scholars argue that large firms are more likely to adopt CS practices as industries with large-scale and long-term investments are more concerned about regulatory stability than more flexible ones, and large firms are generally more opposed to the media and public attention. Moreover, CS usually requires investments of financial and/or human resources. Accumulated capital generally allows large companies to invest in new technologies and process innovations which again can trigger improvements in CS (Bansal, 2005; Fuchs, 2006; Orlitzky, 2008). This assumption is supported by Waddock and Graves' (1997) findings which suggest that an increase in corporate financial performance is associated positively with an increase in corporate social responsibility.
The specific corporate culture and value system within firms is a further element of influence. Normative motives can be changes and learning processes within the top management and/or staff (Fuchs, 2006).
Furthermore, international experience is found to have a positive influence on firms' commitment to CS (Bansal, 2005). Firms operating internationally are likely to have good capabilities in systems integration and can "leverage knowledge acquired in different jurisdictions and develop a set of best practices based on their collective learning" (Bansal, 2005, p. 200).

Relative importance of drivers

The question arises of what relative importance these different drivers are? Opinions about and responses to this question differ considerably, and the results of various surveys show very different pictures. With regard to quantitative studies on this, it depends on what actors are addressed by these surveys. Surveys among managers indicate that they almost exclusively name internal drivers related to the business case as drivers for CS. However, it is plausible that for the companies, it is more advantageous to avoid presenting themselves as ‘reactionary’ to external drivers and expectations.

For example, in a 2010 survey, CEOs were asked about the factors that have driven them to take action on sustainability issues. The dominant motivation was by far the aspects of ‘brand, trust and reputation’, followed by two more internal drivers: ‘potential for revenue growth/cost reduction’ and ‘personal motivation’ (Lacy et al. 2010, cited in: Cannon, 2012, p. 201). While consumer demand was still a rather important driver, pressure from governments and investors were considered less important (ibid.). Another survey on drivers for corporate responsibility among the 250 largest companies worldwide showed that 74 percent of the companies surveyed referred to ‘economic considerations’ as the top driver of their CS engagement, followed by ‘ethical considerations’, ‘Innovation’, ‘Employee motivation’, ‘Risk management’ and ‘Reputation’ (KPMG/University of Amsterdam, 2005, in: Curbach, 2008). Although the latter motivations can be subsumed under economic motivations, this shows that internal drivers are perceived as particularly important. A further study (Bertelsmann Stiftung, 2006) shows a different evaluation of drivers, ranking ‘Employee motivation’ the highest, followed by ‘corporate culture’ and ‘reputation’. The survey indicates that managers perceived NGO pressure as less important, with only 11 percent considering it a motivation for CS.

5. Institutionalist perspectives on CS and TNCs

As outlined in the previous chapter, a company’s approach to CS is influenced by various aspects of its environment. However, since there is no universally agreed upon definition of corporate responsibility, it is reasonable to assume that a company will be influenced by the specific understanding of CR that dominates in their particular business environment. As shown above, stakeholder expectations and demands, regulation, and industrial standards can function as external drivers for CS/CSR and will usually be reflected in the CS management at firm level.

Institutionalist perspectives theoretically underpin the observation that organizations are constrained and affected by their respective societal and cultural environments (Tempel/Walgenbach, 2007; DiMaggio/Powell, 1983; Zucker, 1977). Therefore, the following chapter will draw on insights from institutionalist traditions in organization theory to shed light on the relation between different business environments and CS/CSR. A particular emphasis will be placed on the controversy about the dispersion of business practices via international isomorphism or within national institutional frameworks. While the first assumption is mainly advocated by new institutionalism scholars, the latter has been developed in the context of the business systems concept and the varieties of capitalism (VOC) approach. After introducing these theoretical strands including their hypotheses on mechanisms of organizational isomorphism, the specific implications of institutionalism theories for TNCs will be briefly discussed. Finally, a review of the current state of research that applies an institutional perspective and comparative political economy approaches to CSR will provide further insights on the relevance of national and international institutional environments for CS.

5.1. New institutionalism: Isomorphism and international standardization

New institutionalism

First of all, it is important to recognize that new institutionalism, a tradition of research which came up in the 1970s, does not constitute a unified body of thought (Hall/Taylor, 1996, p.1; Weiland, 2007; Schimank, 2007). While several schools of thought have been identified (historical institutionalism, rational choice institutionalism, new institutional economics, and sociological institutionalism) (ibid.), the following considerations only employ concepts from the theoretical strand of sociological institutionalism, which is linked to the subfield of organization theory - sometimes also referred to as organizational institutionalism (Djelic/Quack, 2003). This approach focuses on explaining “why organizations take on specific sets of institutional forms, procedures or symbols; and it emphasizes how such practices are diffused through organizational fields or across nations” (Hall/Taylor, 1996, p. 14). It challenges the assumption that the adoption of modern forms of organization necessarily reflects rational choices, but supposes that it primarily results from isomorphic effects of institutional and cultural pressures (ibid; Caprar/Neville, 2012; DiMaggio/Powell, 1983). With regard to the definition of ‘institutions’, sociological institutionalism research displays a rather broad understanding. In addition to formal rules, procedures or norms, the definition includes “symbol systems, cognitive scripts, and moral templates that provide ‘frames of meaning’” (Hall/Taylor, 1996, p. 14), thereby blending the concepts of ‘institutions’ and ‘culture.’ This extends the notion of institutions by aspects like shared attitudes or values. Scott (2008) acknowledges the stability of institutions by defining them as “social structures that have attained a high degree of resilience [and are] composed of cultural-cognitive, normative, and regulative elements”, thereby hinting at the mechanisms of institutional isomorphism (Scott, 2008, p. 48).

Mechanisms of isomorphism

Sociological institutionalists emphasize that “what an individual will see as ‘rational action’ is itself socially constituted” (Hall/Taylor, 1996, p. 15). Instead, organizations will often embrace new institutional practice, not because it may enhance efficiency, but because it is widely accepted within a broader cultural environment and consequently increases the social legitimacy of the organization (ibid; Schimank, 2007). Campbell describes this mechanism as

a logic of social appropriateness in contrast to a logic of instrumentality (Campbell, 2004). What constitutes the 'social appropriateness' of institutional practices is explained by mechanisms of isomorphism: The concept of isomorphism, which captures the process of homogenization of organizational forms, can be differentiated into competitive and institutional isomorphism (DiMaggio and Powell, 1983). While the first type refers to "a system rationality that emphasizes market competition", the latter is associated with the striving for political power and institutional legitimacy. The consequence is a modification of organizational characteristics "in the direction of increasing compatibility with environmental characteristics" (DiMaggio/Powell, 1983, p. 150).
New institutionalism literature mentions three main mechanisms that determine institutional isomorphism: (1) Coercive isomorphism stems from 'regulative systems' (Hall/Taylor, 1996; DiMaggio/Powell, 1983; Scott, 2001, Scott, 2010); (2) normative isomorphism is determined by 'normative systems', referring to values and norms (ibid.), and (3) mimetic isomorphism refers to 'cultural-cognitive systems' (Scott, 2001; Scott, 2010; Walgenbach/Meyer, 2008) and "results from standard responses to uncertainty" (DiMaggio/Powell, 1983, p. 150).

Regulatory isomorphism

The first mechanism, coercive isomorphism, results from "the pressure which is exerted on an organization by other organizations" (Tempel/Walgenbach, 2007, p. 3; DiMaggio/Powell, 1983). This pressure is strongly linked to the 'regulative systems' in which the organization is embedded. Regulative elements can be governmental regulations, laws, directives and incentives, including supervision and enforcement of the rules and the sanctioning of non-compliance (Scott, 2001; Walgenbach/Meyer, 2008; Scott, 2010). Organizations adhere to such regulations due to a cost-benefit rationale (ibid; Walgenbach/Meyer, 2008). As a result, "organizational structures increasingly come to reflect rules institutionalized and legitimated by and within the state" (DiMaggio/Powell, 1983) and thus become increasingly homogeneous within given domains. However, critics point out that the effect of rules and sanctions might be superficial "unless they are supported by other elements, norms and cultural beliefs" (Scott, 2010, p.6). DiMaggio and Powell`s (1983) broader view on coercive isomorphism includes "both formal and informal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function" (DiMaggio/Powell, 1983, p. 150). This more holistic understanding bridges the gap between coercive and normative mechanisms of isomorphism.

Normative isomorphism

Normative elements are associated with the social embeddedness of organizations and individuals (Scott, 2010). Concerns about "the reactions of others to one's choices as well as internalized commitments" (Scott, 2010, p. 6) result in compliance with values, standards, and norms that are socially appropriate and legitimate (Scott, 2001; Walgenbach/Meyer, 2008; Scott, 2010). Normative isomorphism is also seen in the context of growing professionalization: professional communities, Universities and professional training institutions have the perceived authority to define organizational norms within a specific profession or discipline and press certain standards on their members (Hall/Taylor, 1996; DiMaggio/Powell, 1983; Tempel/Walgenbach, 2007). However, institutional practices can also emerge from a more interactive process of actors in a given network - ranging from business schools to international conferences and symposia. As a result, 'shared cognitive maps' and institutional practices are developed and then widely deployed (Hall/Taylor, 1996).

Mimetic isomorphism

Finally, mimetic isomorphism is determined by the 'cultural-cognitive' environment of an organization. From this perspective, the adoption of a certain practice is explained by the fact that "under conditions of uncertainty, managers look towards other organizations when designing their structures and processes" (Tempel/Walgenbach, 2006, p.3; (Walgenbach/Meyer, 2008; Scott, 2001). Socially constructed conceptions, beliefs and assumptions provide vital templates for framing individual perceptions and decisions (Scott, 2010). As firms seek cultural-cognitive legitimacy, they imitate organizations that are deemed legitimate and successful (Scott, 2001; Walgenbach/Meyer, 2008). Models may also "be diffused unintentionally, indirectly through employee transfer or turnover, or explicitly by organizations such as consulting firms or industry trade associations" (DiMaggio/Powell, 1983).
Drawing on Scott (2001), Kostova and Roth (2002) employed the typology of different institutional isomorphisms in their survey to develop the concept of "'institutional profile', defined as the issue-specific set of regulatory, cognitive, and normative institutions in a given country" (p. 217).

Mechanisms of isomorphism

Mechanisms	Coercive	Normative	Mimetic
Basis of order	➢ Regulative system	➢ Normative system	➢ Cultural-cognitive system
Indicators	➢ Rules, laws, directives, incentives, sanctions	➢ Binding expectations ➢ Values, standards and norms ➢ Certification and accreditation	➢ Models/ templates of successful organizational forms ➢ Common beliefs, shared logic of action
Basis of compliance/ imitation	➢ Dependency on other organizations	➢ Social embeddedness ➢ Professionalization	➢ Uncertainty and ambiguity
Logic	➢ Cost-benefit rationale	➢ Social obligation/ appropriateness ➢ legitimacy	➢ Taken for granted-ness ➢ Shared understanding
Actors	➢ Government and regulators	➢ Society ➢ Universities, training institutions ➢ Professional associations, networks	➢ Other organizations ➢ Society
Basis of legitimacy	➢ Legally sanctioned	➢ Morally governed	➢ Comprehensible, recognizable ➢ Culturally supported

Table 1: Mechanisms of isomorphism, based on Walgenbach/Meyer, 2008; Scott, 2001; DiMaggio/Powell, 1983

Organizational fields

Research on institutional isomorphism often focuses on the level of organizational fields, thereby taking a meso-level perspective (Scott, 2010). An organizational field is composed of "organizations which, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products" (DiMaggio and Powell, 1983, p. 143). Although industry is an important indicator here, the scope of the field approach is broader as it focuses more on an organization's "involvement in a particular issue or policy community, such as environmental protection" (Scott, 2010, p. 8). Organizational fields include the „totality of relevant actors of a field of issue" (DiMaggio/Powell, 1983, p.148), i.e. the sum of actors which are involved in the interpretation and definition of an issue in the public discourse (Walgenbach/Meyer, 2008). The characteristics of an organizational field also impact the development of isomorphic mechanisms. For example, Scott (1994) argues that state influence can vary considerably between organizational fields and, where it is strong, will lead to increased importance of coercive isomorphism. Furthermore, increased structuration of organizational fields will foster the "awareness in organizations that they share a common meaning system" (Tempel/Walgenbach, 2007, p. 3). However, one has to recognize that "these fields are themselves nested within and interdependent with larger encompassing systems" (Scott 2010, p. 8).

Transnational institutional isomorphism

Organizational fields – as new institutionalists' primary subject of study – are not necessarily confined by national borders; the concept implies that "organizations in the same organizational field can theoretically be located in different nations" (Tempel/Walgenbach, 2006, p. 8). Consequently, transnational connections can be a source of assimilation and homogenization processes among organizations. In fact, given that globalization progresses at a fast pace, scholars argue that processes of institutional isomorphism work on a transnational scale, where international regimes, transnational institutions, and the growing importance of transnational actors "encourage shared understandings that carry common practices across national boundaries" (Hall/Taylor, 1996; Djelic/Quack, 2003; Scott, 2010). The result is, as new institutionalists argue, a global diffusion of practices, structures, and institutions and the adoption of these by organizations (Tempel/Walgenbach, 2006). The observation that transnational actors have considerably gained importance in the global arena underpins this assumption: While transnational organizations (civil society organizations, industry associations, labor associations, etc.) lack coercive power, they exercise influence through normative controls and 'soft regulation' by formulating a variety of standards and principles (Scott, 2010; Djelic/Sahlin-Andersson, 2008). Furthermore, the transnational exchange of ideas by "a set of 'consultants' such as economists, educators, scientists, or academics, involved in global discourse" (Tempel/Walgenbach, 2007, p.3) results in shared conceptions of 'best practices' in an organizational field.
The assumed consequence of these developments is the global standardization of management practices and structures through processes of isomorphism (Tempel/Walgenbach, 2006, p. 6; Meyer et al., 1997). However, critics claim that new institutionalists pay little attention to how such practices are interpreted locally as they travel around the world (Geppert et al, 2006; Sahlin-Andersson, 2006). Furthermore, few new institutionalism scholars have so far applied their arguments to MNCs (Geppert et al, 2006; Tempel/Walgenbach, 2007; Walgenbach/Meyer, 2008).

5.2. National Business Systems and Varieties of Capitalism

Alike organizational institutionalism, the business systems approach emphasizes the adaptation of organizations to their institutional environments. However, it has reached different conclusions when it comes to the global standardization of organizational forms and management practices. In contrast to new institutionalism, the latter school of thought stresses the continued persistence of national differences and the influence that national patterns of economic organization keep having on businesses (Tempel/ Walgenbach, 2007).
This concept is one of several approaches in the field of comparative capitalism that focus on the effect of national varieties or systems of capitalism on organizations (Walgenbach/Meyer, 2008; Amable, 2008; Hall and Soskice, 2001; Whitley, 1999). Another prominent approach with a very similar emphasis is the varieties of capitalism (VOC) concept, which will be introduced briefly before focusing on business systems.

Varieties of capitalism (VOC)

The most widely used model of VOC is based on the work of Hall and Soskice (2001), who have developed a framework to compare different forms of capitalism and thereby "offer an explanation for cross-national differences in firm strategy and behavior" (Jackson/Deeg, 2008; Nölke, 2008).

The framework offered by Hall and Soskice (2001) is based on institutional differences and similarities of national political economies among developed countries. They use these institutional characteristics to classify countries according to two ideal-types of capitalism: liberal market economies (LMEs) and coordinated market economies (CMEs).

An important overarching factor for this typology is the way in which firms coordinate with other actors: market-based modes of coordination are contrasted with non-market relationships, including modes of coordination like networks and collaboration. Based on this assumption, the authors distinguish four institutional domains that are crucial for firms' coordination with their stakeholders and other business actors: (1) financial systems and corporate governance, (2) industrial relations, (3) education and training systems, and (4) the inter-company system. Depending on specific national characteristics in these institutional spheres, the VOC approach classifies countries as predominantly LMEs or CMEs (Hall/Soskice, 2001; Jackson/Deeg, 2008; Nölke, 2008).

In LMEs, the dominant pattern of coordination is competitive market arrangements: These countries show tendency towards (1) short-term orientation in finance, (2) deregulated labor markets, (3) a dominance of general training in education, and (4) strong inter-firm competition.

In CMEs, in contrast, non-market relationships play a more significant role for coordination, resulting in a prevalence of (1) long-term financial orientation, (2) regulated labor markets, (3) vocational training, and (4) the tendency towards inter-firm coordination (Hall/Soskice, 2001; Jackson/Deeg, 2008).

The authors furthermore assert that respective predominant modes of coordination in LMEs and CMEs will be reflected in the relevance of different organizations and institutions in these countries: in CMEs, institutions that provide capacities for the exchange of information, deliberation, the monitoring of behavior, and the sanctioning of non-compliance will be of high importance – resulting in strong industry associations, trade unions, extensive networks, and the facilitation of information-sharing and collaboration by the regulatory system. In contrast to this, LMEs will display strong institutions that relate to market and competition, for example a legal system that supports formal contracting (ibid.)

Hall and Soskice (2001) also highlight the importance of shared understandings and informal rules to support the respective system of coordination in a political economy. Consequently, culture, history and path dependency play vital roles in the interactions of the political economy (ibid.).

Based on this framework, VOC scholars assume that "in any national economy, firms will gravitate toward the mode of coordination for which there is institutional support" (Hall/Soskice, 2001, p. 9). Following the presumption that "strategy follows structure" they expect systematic differences in corporate strategy across nations that "parallel the overarching institutional structures of the political economy" (Hall/Soskice, 2001, p. 15).

Using this framework, developed countries that constitute typical examples of LMEs or CMEs have been identified: Among the OECD countries, the USA, Britain, Australia, Canada, Ireland and New Zealand have been classified as LMEs, while Germany, Japan, the Netherlands, Belgium, Sweden, Norway, Denmark, Finland and Austria are considered CMEs. Others, like France, Italy and Spain show more ambiguous characteristics, and are sometimes referred to as 'Mediterranean' type of capitalism (Hall/Soskice, 2001).

LME and CME countries

	LMEs	**CMEs**
Dominating form of coordination	Market coordination	Non-market modes of coordination
Industrial relations	Deregulated labor market	Regulated labor market
Financial system/ corporate governance	Short-term orientation	Long-term orientation
Education systems	General training	Vocational training
Inter-company system	Competitive	Cooperative
Relevance of specific institutions	Market and competition, formal contracts	Strong trade unions, industry associations, networks, deliberative institutions
Examples	US, UK, AUS, CAN etc.	GER, FRA, JAP, FIN, DEN etc.

Table 2: LME and CME countries, based on Hall/Soskice, 2001

Business systems approach

While Hall and Soskice' approach to VOC exclusively focuses on developed countries, and among those, primarily on Western Europe and North America, the business systems approach - originally inspired by literature on East Asian capitalism - has a broader scope (Jackson/Deeg, 2008). Similar to the VOC approach, the comparative business systems framework, developed mainly by Richard Whitley, aims at explaining differences in the organization of national market economies. He developed a framework that identifies the key characteristics of economic coordination and control systems constituting distinctive business systems (Whitley, 1998). A further similarity to the VOC approach is the assumption that, in spite of the increasing internationalization processes, these varied institutional systems of economic organization will continue to influence business at the national level (Whitley, 1998; Tempel/Walgenbach, 2007).

Institutional features

Alike the VOC approach, the national institutional environment is compared along four categories, which are largely compatible with dimensions used in VOC literature:
(1) ‘States’ are compared as to the degree of market regulation, their involvement in economic development and as to whether they encourage intermediary organizations like business or labor associations. Accordingly, Whitley identifies an ‘arm’s length’ or liberal state, a ‘developmental’ or promotional state, a business corporatist state and an inclusive corporatist state (Amable, 2008; Jackson/Deeg, 2008).
(2) ‘Financial systems’ can either be capital market based or credit based.
(3) ‘Skill development and control’ is compared in terms of the strength of public training systems, the strength and organizing principle of unions, and the centralization of bargaining.
(4) ‘Trust and authority’ are compared as to the degree of trust in formal institutions, and “the relative degree of paternalist, communitarian, or contractarian authority” (Jackson/Deeg, 2008, p. 687; Amable, 2008; Whitley, 1998).
The specific features of these four institutional arenas – which are considered to be interconnected – influence the establishment and reinforcement of distinctive types of business systems (Tempel/Walgenbach, 2007; Amable, 2008).

Typology of business systems

‘Business systems’ are defined by Whitley as “distinctive patterns of economic organization that vary in their degree and mode of authoritative coordination of economic activities, and in the organization of, and interconnections between, owners, managers, experts, and other employees” (Whitley, 1999, p.33, quoted in: Jackson/Deeg, 2008, p. 686).
The typology of business systems is based on differences regarding the coordination and control of economic activities and relationships between actors. These variations are mainly determined by the degree of cooperation on a scale between pure market-based coordination mechanisms on the one hand and coordination through alliance and integration on the other hand (Whitley, 1998; Jackson/Deeg, 2008).
In order to classify types of business systems, three key dimensions are examined with regard to the prevalent coordination mechanisms: (1) ownership relations, (2) relations and coordination among firms, and (3) employment relations (Whitley, 1998; Jackson/Deeg, 2008; Tempel/Walgenbach, 2007, Whitley, 1999). In comparison to the VOC approach, the business systems framework goes more into detail, breaking down these three dimensions into eight categories. Accordingly, eight ideal-types of business systems are distinguished (Whitley, 1999; Jackson/Deeg, 2008; Tempel/Walgenbach, 2007), ranging from “fragmented business systems, where ownership and alliance integration (coordination) are very low such that economic activity is undertaken by small firms in highly competitive markets” to “highly coordinated systems utilize an alliance form of ownership to coordinate activities across sectors” (Jackson/Deeg, 2008, p. 686).
As indicated above, Whitley argues that the development and continual reproduction of distinctive business systems is a result of the adaptation to the characteristics of the

institutional environment. Consequently, in his framework, specific characteristics of business systems are complementary to the institutional features outlines above (Amable 2008). For instance, the framework indicates that “fragmentation of ownership is high in arm’s length states and low in developmental states” (ibid, p. 773).

National Business systems/ VOC and globalization

Given the increasing internationalization of economic activities, business systems and VOC scholars face the question if these developments lead to “the convergence of currently separate business systems” (Whitley, 1998, p. 445). Particularly the intensification of international trade and competition, the quickly growing number of TNCs, the increase in transnational networks, and the 'globalization' of capital markets are considered to “threaten many domestic ways of organizing economic activities” (Whitley, 1998, p. 459). Whitley argues, however, that “since the different varieties of capitalist economic organization in Europe, Asia and the Americas developed over some time interdependently with dominant societal institutions, the ways in which they change as a result of internationalization are path dependent and reflect their historical legacies as well as current institutional linkages.” (Whitley, 1998, p. 445)

5.3. Institutionalist perspectives on TNCs

The diverse institutional environments of TNCs pose challenges to both new institutionalism research and the comparative capitalism approaches outlined above. In fact, institutionalism literature has only recently started to systematically include TNCs in their observations (Kostova/Roth, 2002; Geppert el al, 2006; Walgenbach/Meyer, 2008; Morgan/Kristensen, 2006). The question arises of how TNCs are affected by their multi-level institutional environments in the uptake and alignment of business practices. Consequently, institutional literature looks both at transnational institutions shaping organizational features of TNCs and at the degree to which TNCs adapt to their different host countries` institutional environments and deal with ‘institutional duality’. More specifically, how do subsidiaries manage tensions arising from inconsistencies between their institutional embeddedness in the host country and the adoption of standardized business practices from the headquarters? On the other hand, TNCs are also actors who influence their institutional environments, both on the transnational and the domestic level: Not only do they have a growing influence on transnational institutions; through their subsidiaries, they are also considered to influence changes in the NBS of their host countries. In particular, TNCs are found to display a ‘home country effect’, which permeates throughout the organization. The following paragraphs aim at shedding light on how these questions are approached by the different strands of institutionalism literature.

5.3.1. Transnational institutions and TNCs

Transnational institutional environments and mechanisms of isomorphism

The process of economic globalization has facilitated the emergence of global markets, transnational organizations, and international flows of information, technology, capital, and people (Leung et al, 2005). TNCs are thus “operating in a global institutional environment which is increasingly shaped by global regulatory, political, economic and social institutions” (Geppert et al, 2006, p. 1453). From a new institutionalism perspective, these developments have triggered mechanisms of institutional isomorphism which are causing an international homogenization of management practices among TNCs (Geppert et al, 2006). With regard to the ‘regulatory environment’, three areas of transnational standard-setting are particularly important for MNCs: “1) product standards, 2) standards regulating ‘who (is) a ‘fit and proper corporate person’ and 3) standards of ‘fair dealing’” (ibid.). These standards can lead to a process of quasi-coercive isomorphism.

Further effects of both mimetic and normative isomorphism become apparent when looking at the high degree of adoption of certain quality standards among TNCs, as for example, ISO 9000 (Walgenbach, 2000). Geppert et al (2006) stress that “most companies see the introduction of ISO standards as a necessity for business success because their appropriateness is institutionally constructed; without any proof that these standards can be or are always met in reality” (p. 1455). Phenomena of normative isomorphism related to professionalization can be observed with a view to the internationally experienced workforce at the management level of TNCs: TNCs are usually “serviced by mobile cadres of international managers experienced in operating across different national cultures” (Ferner/Quintanilla, 1998, p.717).

A mechanism of mimetic isomorphism responsible for further homogenization is the strategic “Anglo-Saxonization” of (European) MNCs (Ferner/Quintanilla, 1998). Ferner and Quintanilla (1998) suggest that MNCs respond to the tensions between domestic and international institutional environments by using an adaptation strategy termed “‘Anglo-Saxonization’: a convergence of MNC behavior around a model typical of highly internationalized British or US MNCs” (Ferner/Quintanilla, 1998, p. 710). Particularly during the 1990s, European MNCs have attempted to catch up with the more internationalized companies from the Anglo-Saxon world, thereby starting a process of convergence between continental European MNCs and the Anglo-Saxon model. The result is for example a growing emphasis on ‘shareholder value’ (ibid.) However, in their case studies, the authors also found evidence that the manner in which the companies implemented this Anglo-Saxonization strategy appears to be influenced by the typical characteristics of the TNCs’ home-country (ibid.; see also home-country effect below).

Other examples of mimetic isomorphic pressures can be found in specific industries, for instance, the spread of new accounting software systems, such as SAP, or the diffusion of the concept of teamwork – supporting the assumption that organizational fields indeed spread across national borders (Geppert et al, 2006).

VOC and NBS scholars, in contrast, argue that the importance of these transnational institutional forces is overrated in comparison to national influences (Whitley, 1998). First, Whitley (1998) relativizes the ramifications of economic globalization and thereby challenges the assumption that there is a “distinctive 'global' system of economic coordination and control” (Whitley, 1998, p.461). While acknowledging the considerable growth of FDI during the last decades, he points to its still limited overall significance. Furthermore, he emphasizes that, despite some increase in foreign sales and foreign investment of assets, the lion’s share of firms' sales and assets remain in the home region. Second, he argues that “the consequences of such cross-national coordination of economic activities for the nature of firms and business systems are also less radical than is sometimes suggested” (Whitley, 1998, p. 461). Since production and exchange systems are still institutionally embedded, “any new 'global' competitive system would reflect the national, regional and international institutional arrangements in which it emerged, and be structured by conflicts and competition between existing economic systems” (Whitley, 1998, p.461).
With regard to transnational mechanisms of isomorphism between TNCs, Morgan et al (2001) reject the idea of “convergence towards a single model of the ‘global firm’” (p. 1). Instead, they predict “continued diversity and divergence between firms from different institutional contexts” (ibid.).

Contribution of TNCs to transnational institution building

Dahan et al (2006) emphasize the “potential for MNCs to shape and influence the institutional systems in which they operate” (p.1593). The authors argue that this influence is significantly growing on the transnational level, fueled by complex multi-level, multi-actor relationships. An important approach by which MNCs seek to influence institutional development is “by creating or participating in policy networks within transnational social and economic systems” (p. 1571). In this context, the strategic objective of MNCs is often to influence their institutional environments towards an “increasing harmonization of policies” (p. 1573). Since the creation of a ‘level playing field reduces the transaction costs associated with different national regulations and practices, it also creates potential for financial benefits (Morgan et al, 2001).
MNCs’ impact in different types of policy networks can thus contribute to induce various policy changes: (1) policy harmonization processes aimed at increasing the convergence of policies; (2) policy diffusion processes, where policy-makers adopt foreign policies as a reaction to the promotion of best practices, policy options, and regulatory standards by international fora and networks; and (3) policy imposition processes that might occur when MNCs use their economic leverage and exert some pressure on the targeted public decision-makers (Dahan et al, 2006).

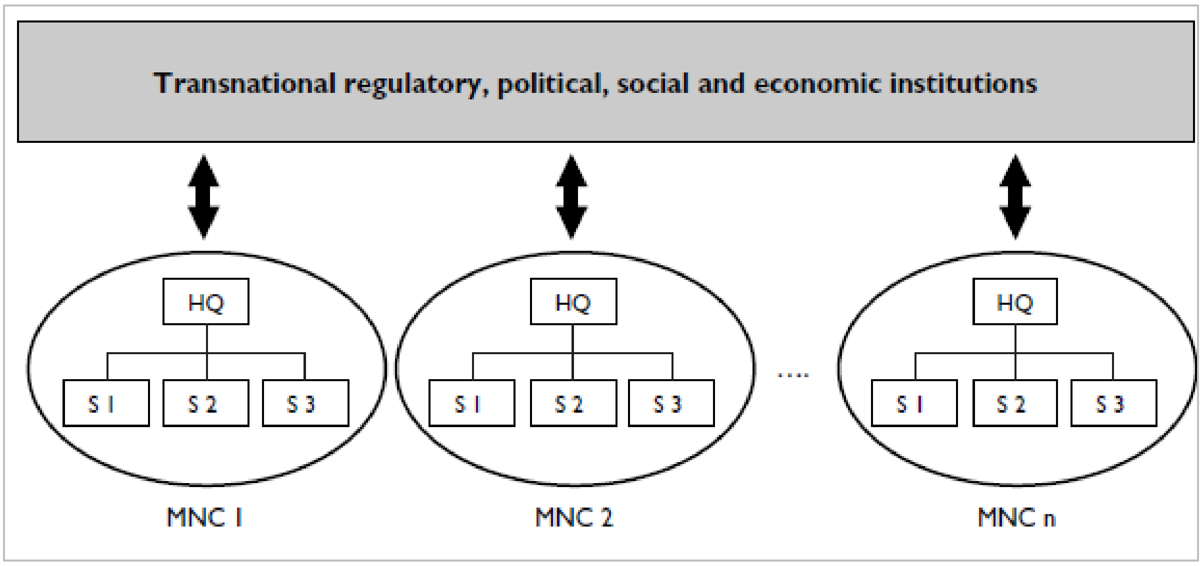

Figure 3: MNCs as institutionalizing and being institutionalized on the transnational level, Geppert et al, 2006, p. 1454

Intra-organizational institutionalization: International convergence through group-wide standards

Parallel to the debate about homogenization of different TNCs, there is a debate in institutionalism research about isomorphic tendencies versus divergence *within* multinationals (Morgan/Kristensen, 2006). When looking inside TNCs, it would be unrealistic to consider them “unified rational social actors” (Morgan et al, 2001, p. 11). Given the dynamic and sometimes conflict-laden relationships between multiple sites and different actors within the firm, Morgan et al (2001) suggest to rather see them as ‘transnational communities’ or “spaces of social relationships that are internally structured in complex ways” (ibid.).
New institutionalism scholars argue that the pressures for convergence of institutional systems are “substantial, widely evident, and may be intensifying” (Dahan et al, 2006, p. 1572). The role that TNCs play in this context is that of “agents of diffusion, learning, and convergence in institutional systems” (ibid, p. 1572). The result is - as Morgan and Kristensen (2006) put it - that “multinationals produce subsidiary ‘clones’ with little ability to leverage the specific assets which the institutional context provides” (p.1467).
The main reason for convergence among TNCs’ subsidiaries is that head offices impose management standards and structures on their subsidiaries through direct authority relationships. This is particularly encouraged by “the demands of capital markets which impose performance requirements on MNCs and lead to continuous organizational restructuring” (Morgan/Kristensen, 2006, p. 1467). The implementation of these practices can also be facilitated by the promotion of an international corporate culture: In order to counterbalance rather loose forms of corporate organization between the parts of an international corporation, companies have “stressed the ‘international culture’ as a form of so-called ‘corporate glue’” (Ferner/Quintanilla, 1998, p. 717; DiMaggio/Powell, 1983). The result is a diffusion of standardized reporting mechanisms, accounting practices,

performance evaluations, and budgetary plans that are compatible with the policies of the parent corporation (DiMaggio/Powell, 1983; Ferner/Quintanilla, 1998; Geppert et al, 2006).

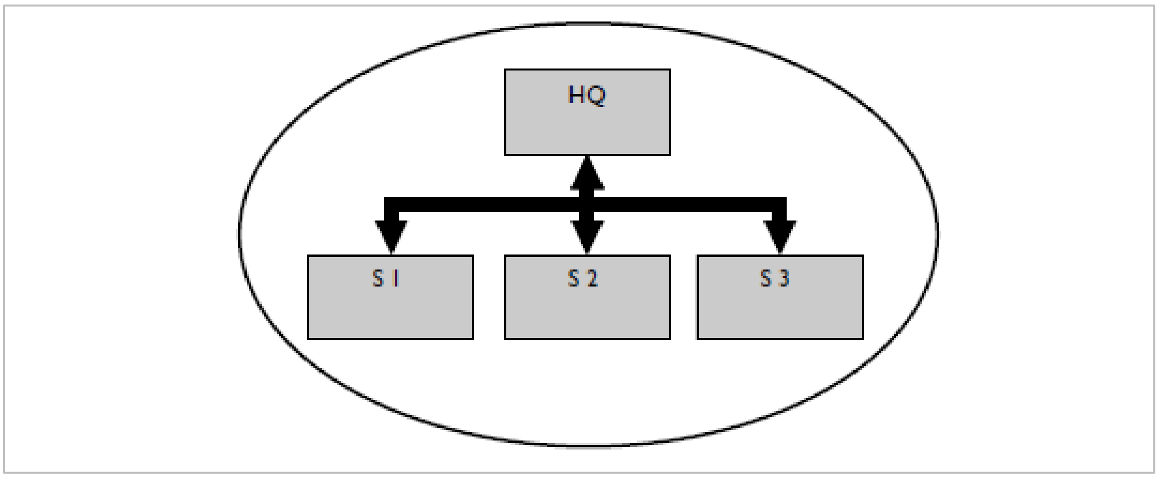

Figure 4: MNCs as institutionalizing throughout their transnational organization; source: Geppert et al, 2006, p. 1454

5.3.2. Domestic institutions and TNCs

Host-country effects and the institutional duality of subsidiaries

As shown above, TNCs will try to leverage practices on a worldwide basis in order to yield a competitive advantage. At the same time, organizations are looking to achieve and maintain legitimacy in all its institutional environments. Consequently, TNCs “experience the pressure to adopt local practices and become isomorphic with the local institutional context” (Kostova/Roth, 2002, p. 215). The result is a “tension between the need for global integration, on the one hand, and local adaptation, on the other hand” (ibid., p. 215; Geppert et al, 2006; Morgan/Kristensen, 2006; Kostova/Roth, 2002).
With a view to the diffusion of practices within TNCs, NBS scholars have emphasized the “institutional duality” that a TNC’s subsidiary might face when mandated by the parent company to adopt a certain practice. It is exposed to two distinct sets of isomorphic pressures: the within-organizational pressure to comply and the need to maintain legitimacy within the institutional patterns of the specific host country (Kostova/Roth, 2002; Morgan/Kristensen, 2006). In a quantitative study, Kostova and Roth (2002) have investigated how and to which degree subsidiaries of TNCs adopt organizational practices under the conditions of “institutional duality". The survey shows that indeed both the institutional profile of the host country and the relational context within the MNC are influential factors for adoption. With regard to different institutional aspects, the findings suggest that within the institutional profile of a host country the cognitive system – responsible for mimetic isomorphism – was particularly influential: thus, units located in countries where the social knowledge on the specific practice was widespread and where many other companies used it, were much more likely to adopt it (Kostova/Roth, 2002). Interestingly, the enforcement of certain practices by the host country’s regulatory system –

related to coercive isomorphism – “seems to be counterproductive when it comes to internalization of a practice because employees apparently may view the practice as externally imposed and the adoption as coercive” (p. 228). With regard to the intra-organizational context, strong identification with, and trust in, the parent company were found to reinforce acceptance and correlate with higher levels of implementation.

Drawing on Hall and Soskice’s model, Morgan and Kristensen (2006) have concluded that subsidiaries in CMEs are likely to respond to transfers of practices and structures with resistance. The higher local embeddedness is mainly rooted in the existence of strong institutions, networks between local firms, associations, and government, and strong employee representation (Morgan/Kristensen, 2006). Where this effect is strong, it results in local ‘isomorphism’ in which the subsidiary behaves much like other organizations within the host-country environment (Ferner/Quintanilla, 1998).

In contrast, subsidiaries located in host countries that show characteristics of LMEs, will be more likely to follow the rules set out by headquarters. Where management is dominated by non-local employees, where institutions are weak, and the power of the organization over employees is strong and “there is weak resistance to the imposition of outside practices and processes” (Morgan/Kristensen, 2006, p. 1477).

Other comparative studies also highlight the role that the embeddedness of subsidiaries in the societal context of their host country plays for the institutionalization of practices (Geppert et al, 2006). The institutional pressures of the local business system lead to distinct local adaptations and a ‘translation’ of foreign concepts and ‘best practices’ at subsidiary level (Geppert et al, 2006, Kostova/Roth, 2002; Sahlin-Andersson, 2006). When subsidiaries face strong institutional duality, this dichotomy can also lead to symbolic or "ceremonial adoption" of practices (Kostova/Roth, 2002).

Home-country effects

“Comparative institutionalist research in particular stresses the importance of the country of origin of the MNC and its influence on the transfer of particular management practices” (Geppert et al, 2006). A commonly shared assumption among NBS and VOC scholars is that the specific national contexts from which TNCs emerge shape how they internationalize (Morgan et al, 2001; Noorderhaven/Harzing, 2003; Geppert et al, 2006).

The home-country effect (also known as ‘country of origin’ or ‘parent-country’ effect) describes the phenomenon that the institutional environment of the parent company’s home country influences the TNCs’ “relationships between headquarters and subsidiaries, as well as with the markets and institutional context they operate in” (Noorderhaven/Harzing, 2003, p. 5) – und ultimately also has an effect on their subsidiaries in host countries. This can be partly due to “headquarters pressures for international conformity within the corporation” (Ferner/Quintanilla, 1998, p. 715). However, Noorderhaven and Harzing (2003) emphasize as a main factor “the (continued) hiring of home-country nationals by the MNC, and the embeddedness of the administrative preferences of these home-country nationals in the organizational structures, procedures and processes of the MNC” (p. 1).

For instance, TNCs have been found to reflect national differences in areas such as HR practices, control mechanisms regarding financial systems, and work system changes (Geppert et al, 2006; Ferner/Quintanilla, 1998). While UK and US MNCs are more likely to have world-wide systems of performance management and tight financial control, Japanese or German MNCs are less concerned with short-term financial ratios and performance indicators, but more focused on long-term strategic planning (Ferner/Quintanilla, 1998). Another example is the "preference of Anglo-Saxon MNCs for 'bureaucratic' rather than 'social' modes of subsidiary control", e.g. through the use of formal, world-wide policies. In contrast, German or Japanese MNCs rely more heavily on the use of informal and 'personal' control and feedback methods (ibid.). For HR practices, there is for instance partial evidence that Germany-based TNCs which tend to take a partnering and cooperative approach towards employees apply this approach to international work-forces as well (Ferner/Quintanilla, 1998). As mentioned above, even when TNCs adopt management practices in a process of transnational isomorphism, these are sometimes implemented in a way that reflects their respective home country's institutions. For instance, Germany-based MNCs paradoxically adopted Anglo-Saxon business methods "in a typically thorough, strategic way involving the commitment of long-term resources" (ibid., p. 724) and showed a strong continuing emphasis on the responsibilities of the company towards its employees. Ferner and Quintanilla thus argue that "companies are becoming Anglo-Saxon in a manner that retains many elements of their country-of origin NBS" (ibid., p. 724) – which also might imply new tensions as subsidiary managers receive contradictory messages.
Factors that moderate the degree of the country-of-origin effect are "the homogeneity of the home culture, substantive characteristics of the home-country culture, the size and openness of the home-country economy, the cultural and institutional diversity of the environments in which the TNC operates, and the international growth path of the MNC" (Noorderhaven/Harzing, 2003, p.1)

Finally, the filling of 'institutional voids' by TNCs in emerging markets has been investigated in the context of institutionalism research: Emerging markets are usually experiencing institutional reform processes in their transformation towards becoming free-market economies – a change, which can also create 'institutional voids' (Sako, 2009). This notion of 'institutional void' is traditionally associated with the absence of primarily formal, regulatory types of institutions. Sako (2009) suggests a broadening of the concept to include also the normative and cultural-cognitive dimensions of the institutional environment. The author emphasizes the potential of this concept to analyze how actors strategically bring about incremental institutional change in a particular country. Reasons for institutional change can be a co-existence of old institutions with new institutions or the "redeployment of old institutions for new goals, functions or purposes" (Sako, 2009, p. 154).

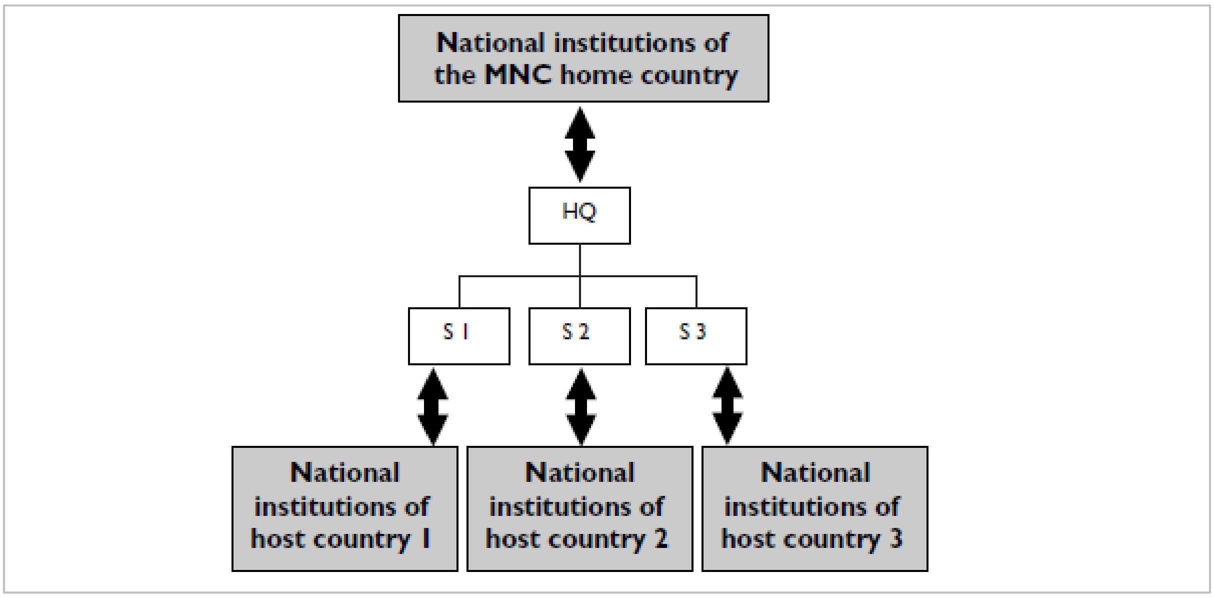

Figure 5: MNCs as transnational organizations institutionalizing and being institutionalized; source: Geppert et al, 2006, p. 1454

5.4. Institutionalist perspectives on CSR

Institutional environments as an explanation for CSR

Institutional theory has been applied to CSR in order to explain why, or under which conditions, corporations behave in socially responsible ways - a perspective closely linked to the literature concerned with external drivers of CSR.

Campbell (2007) has combined institutional theory with elements of stakeholder theory in order to identify institutional conditions that influence corporate behavior. With regard to regulatory systems, firms are particularly likely to act in socially responsible ways if their institutional environment is shaped by "strong state regulation, collective industrial self-regulation, NGOs and other independent organizations that monitor them" (2007, p.962). This conclusion implicitly acknowledges the contribution of external actors, like NGOs, who "provide a counterbalance to corporate power" (2007, p. 958), to coercive mechanisms of isomorphism, which is usually associated with state regulation. Normative and cognitive institutions also come into focus: thus, the institutionalization of CSR in business publications, business school curricula, conferences, etc. plays a role, as do the promotion of CSR by industrial or employee associations and the institutionalized dialogue with stakeholders, like unions, employees, community groups, investors, and others (Campbell, 2007).

Delmas and Toffel (2008) employ new institutionalism concepts in order to explain how social and cultural factors influence firms' strategic decisions to implement environmental standards. The authors show how external non-market and market constituents affect facility managers' decisions to adopt standards like ISO 14001 or government-initiated voluntary environmental standards. Furthermore, beyond looking at institutional pressures, they consider differences in firms' organizational structure to explain "receptivity to institutional

pressures from the diverse set of constituents in their external environments" (p. 2). They mainly differentiate between institutional pressures from non-market and market constituents: in the case of stakeholder concerns coming from non-market constituents, like regulators, NGOs, local communities, and the media, the adoption of voluntary environmental management standards is a measure "to avoid sanctions associated with failing to meet these constituents' expectations of legitimate organizational behavior" (p. 36). In contrast, when market constituents, like customers, suppliers, and competitors, demand environmental practices, these are rather considered market opportunities, and "culturally framed as indicators of superior management and risk-mitigated business partners" (p.36). Consequently, the authors found that if a firm is more receptive to institutional pressure from market constituents, they tended to adopt ISO 14001, and if an organization is more receptive to institutional pressure from non-market constituents, it is more likely to adopt government-initiated voluntary programs (Delmas/Toffel, 2008).
Caprar and Neville (2012) have combined institutional theory with cultural perspectives to explain corporate sustainability adoption. They emphasize the two-fold role that culture plays for sustainability adoption, as it influences both the development of institutional pressures for CS and the compliance with these norms. More specifically, since cultural frameworks are considered ''the deeper foundation of institutional forms'' (Scott 2008, p. 429; quoted in Caprar/Neville, 2012) culture facilitates or hinders the development of institutional pressures for CS. Consequently, "the more a cultural context includes norms and values compatible with sustainability principles, the more this context will generate and/or embrace sustainability-relevant institutions, increasing the likelihood for sustainability adoption" (p. 238). On the other hand, "cultural tightness increases the likelihood for sustainability" (p. 239). "Culturally defined propensity to adhere to social norms (''tight'' cultures) as opposed to tolerance for deviance and norm violation (''loose'' cultures)" (p. 232) can thus explain the varying effects of these institutional pressures.

5.4.1. Cross-country comparisons

The observation that "the tendency toward socially responsible corporate behavior varies across countries" (Campbell, 2007, p. 947) has recently induced scholars to investigate CSR from a comparative capitalism perspective. A vast majority of these comparative analyses are quantitative studies that share an interest in how cross-nationally varying institutions constrain and enable corporate behavior related to CS/CSR, drawing on neo-institutional theory and comparative institutional analysis (Campbell, 2007). However, their focus usually differs with regard to the depending variable: On the one hand, scholars are interested in institutional influences on CSR practices or CSR performances. On the other hand, the emergence of different "types" of CSR due to institutional differences are investigated: Matten and Moon (2008) have introduced the concept of 'explicit' and 'implicit' CSR to designate the broader differences of CSR practices in varying types of capitalism. Other scholars have compared specific CS practices in different NBS/VOC, like variations in the conceptual understanding of CSR (e.g. Bluhm, 2013), CSR/ sustainability reporting (Kolk, 2004; Maignan/ Ralston, 2002), philanthropic donations (Brammer/Pavelin, 2005), corporate governance (Aguilera/Jackson, 2003) and business-government interaction (Gonzalez/ Martinez, 2004; Albareda et al, 2007). Finally, researchers are interested in comparing the function of CSR in varying institutional environments (e.g. Jackson/ Apostolakou, 2010).

Higher CSR performance in LME countries?

Several institutional comparisons of CSR take as a common starting point the observation that firms from Anglo-Saxon countries "score higher on most dimensions of CSR than firms in the more coordinated market economies (CMEs) in Continental Europe" (Jackson/Apostolakou, 2010, p. 371), which is underpinned by the results of CSR rankings like the DJSI (ibid.). When it comes to an explicit commitment to CSR (e.g. in corporate self-presentations and reporting, the adoption of voluntary codes of conduct, and philanthropic donations), corporations in LMEs seem to be more active than those in CMEs (Matten/Moon, 2008; Bondy et al, 2004; Jackson/Apostolakou, 2010; Kinderman, 2009).
However, when the assessment of CSR performance includes not only SRI analyses, but also indicators like membership in CSR communities, adoption of CSR/environmental standards, and sustainability reporting according to the GRI standards, Midttun et al (2006) come to more mixed results: In a comparison of 17 EU countries and the USA, grouped according to the VOC categorization, they found the Nordic countries range highest on all four indicators. In contrast, companies in Anglo-Saxon countries, while scoring high in SRI analyses, range fairly low in the other categories. However, in line with the evaluation of Matten/Moon and Jackson/Apostolakou, companies in Continental European countries, like Germany, France and Belgium, showed comparatively low CSR performances (Midttun et al, 2006).

Influence of NBS on the adoption of CSR standards and practices

Apart from varying CSR performances, studies that compare the level of adoption of CS standards provide interesting insights about national differences:
For instance, Delmas (2002) has applied an institutional perspective to the diffusion of environmental management standards (EMS) in Europe and in the United States. While ISO 14001 has been widely implemented by companies in many Western European countries, very few American companies have done so. In fact, even within the United States, more than 30 percent of ISO 14001-certified firms had non-American headquarters. Delmas' empirical findings suggest that institutional reasons for this considerable gap can be found in the regulatory system and especially the facilitating role of the government, normative stakeholder expectations, the role of business networks, and the culturally shaped relationship between regulators and businesses, as firms are especially concerned about "potential legal penalties from voluntary disclosure" (Delmas, 2002, p. 108). By contrast, in Europe, governments have encouraged the adoption of EMS by providing information and technical assistance, and the existence of networks propels the diffusion of the standard.

Koos (2011) has investigated the cross-national diffusion of a completely different component of CSR: the philanthropic responsibility of companies that is expressed through monetary donations and volunteering. Using a quantitative approach, the institutional embeddedness of SMEs' civic engagement in different Western European countries is compared. The results suggest that "extensive welfare states seem to crowd out civic engagement, while corporatist institutions seem to provide a facilitating normative climate" (p. 154). The author concludes that civic engagement depends on the combination of institutions like corporatism, statism and social expenditures, as well as cultural aspects like religion: traditional Catholic ideas of paternalism for example seem to be a crucial factor in countries like Spain and Portugal (Koos, 2011).

In a cross-national analysis, Lim and Tsutsui (2012) have examined the influences of domestic institutional differences on the adoption of global CSR frameworks like the UNGC and the GRI. They find main differences between the uptake of these frameworks between developing and developed countries as well as between LMEs and CMEs. Key characteristics of the institutional environment that encourage the adoption of global CSR frameworks are global institutional pressure, local receptivity, foreign economic penetration, and the national economic system.

Li et al (2010) investigated the intensity of corporate communication on CSR in emerging markets (BRIC countries) and find that, apart from industry and firm level factors, the governance environment is an important driver of CSR: Firms in more rule-based societies (for instance India) tend to communicate more about CSR than those in relations-based societies (for instance China).

Finally, Bluhm and Trappmann (2013) compared managers' perception of CSR in Continental and Eastern Europe. Basing their comparison on different categories of cognitive CSR concepts, their findings suggest that most of the German managers adhere to a 'neo-corporatist' cognitive view of CSR (meaning that they are more inclined to collaborate with social partners), which the authors attribute to the institutional setting in the 'social market economy'. In contrast, in Eastern European countries, particularly in the post-socialist environments, many managers were found to have a 'minimalist' view of CSR (referring to an understanding of CSR as merely basic economic responsibility), which is partly explained by the lack of normative power of the institutional environment in these new market economies.

The concept of 'implicit' and 'explicit' CSR

In their comparison of CSR in the United States and in Europe, Matten and Moon (2008) apply institutional theory to clarify "how and why corporate social responsibility (CSR) differs among countries and how and why it changes" (p. 404). They develop a theoretical framework that conceptualizes CSR "as a dual construct—the implicit and the explicit" (p.407): While 'explicit CSR' is associated with corporations articulating social responsibility, and addressing it by employing "voluntary programs and strategies that combine social and business value" (p. 407), 'implicit CSR' refers to formal and informal institutions, like "values, norms, and rules that result in (mandatory and customary) requirements for corporations to address stakeholder issues and that define proper obligations of corporate actors in collective rather than individual terms” (p.409).

Although practices of implicit CSR and explicit CSR might seem similar, major differences lie in both the intentional reasons for these practices and the language used to communicate them: In the case of explicit CSR, companies explicitly describe them as CSR when communicating to their stakeholders, whereas those practicing implicit CSR do not describe them this way. With regard to intent, explicit CSR is “the result of a deliberate, voluntary, and often strategic decision of a corporation”, whereas implicit CSR is rather perceived as “a reaction to, or reflection of, a corporation’s institutional environment” (p. 410).

There is some criticism of this concept of implicit-explicit CSR, which particularly aims at the conceptualization of ‘implicit CSR’. Scholars who define CSR in a narrow sense as exclusively voluntary and going beyond legal requirements (see B 2.2.) consider the encompassing use of the term CSR as inconsistency. Thus, labeling businesses’ involuntary reaction to an institutional environment imposed on them as (implicit) CSR “creates the impression that business consented to or supported the creation of these institutions” (Kinderman 2008, p. 7; Bluhm/ Trappmann, 2013).

CSR as a ‘substitute’ or ‘mirror’ of institutions

Supporting the findings of Matten and Moon (2008), Jackson and Apostolakou (2010) argued that voluntary CSR practices in LMEs can be considered “as being a substitute for institutionalized forms of stakeholder participation”, while in CMEs CSR does not reflect more institutionalized forms of stakeholder coordination, but “takes on more implicit forms” (Jackson and Apostolakou, 2010, p. 371). By comparing CSR scores in LMEs and CMEs in Western Europe, the authors found that, contrary to their initial assumptions, “stronger forms of institutionalized coordination amongst stakeholders at the national level have a negative influence on the adoption of CSR practices at the firm level” (p. 372). CSR therefore remains “implicit and embedded within formal institutions in the more coordinated economies of Europe, such as Germany” (ibid., p. 372). The findings of Midttun et al (2006) about Continental European countries support the conclusion that a strong social embeddedness of the economy, characterized by a welfare state model, societal corporatism, and high levels of regulation, are inversely correlated with voluntary CSR activities of businesses. However, if CSR does not mirror the institutional environment, it remains unclear why Scandinavian countries are both highly socially embedded and show high CSR scores (Midttun et al, 2006). Koos (2011), as well, points to the case of the Scandinavian countries that provides support for the corporatist and welfare mirror hypotheses.

In LMEs, on the contrary, Jackson and Apostolakou’s (2010) findings suggest that CSR fulfils the function of an “explicit substitute” for weaker institutions. In particular, institutional environments that strongly support shareholder value orientation encourage the rise of CSR, which serves in this context as a pro-active approach to fill the institutional void and satisfy stakeholder expectations for participation. This suggests that “CSR practices may be seen as a particular mode of economic governance that may largely act as a substitute for other more formal patterns of social regulation” (ibid., p. 372). Kinderman (2009), as well, emphasizes

the historical evidence that “CR arises along with market liberalism, and compensates for the failures and gaps of the market by satisfying material needs and providing symbolic legitimacy” (p. 41).
Koos (2011) argues that there is empirical evidence for both the substitute hypothesis and the mirror hypothesis when it comes to philanthropic CSR: On the one hand, “corporatist arrangements complemented by an extensive welfare state provide a facilitating normative environment for civic engagement, mirroring the ideational model of consensus and care by business and society”, while, on the other hand, “residual welfare states that are complemented by weak corporatist institutions also facilitate civic engagement by substituting for the deficient supply of public goods through the government” (p. 158).

Relevant domestic institutions causing CSR variance

Drawing on the conceptual NBS framework, Matten and Moon (2008) compared the institutional environments in the US and Europe with a view to their influence on CSR. The authors have identified the following institutional dimensions as particularly relevant for differences in the embeddedness of CSR: workers’ rights, environmental protection, education, and ownership relations.
With regard to workers’ rights, differences in European and US employment legislation are responsible for varying approaches to CSR: For instance, “for many U.S. corporations, initiatives to insure the uninsured are fundamental to their CSR” (p. 412), whereas in European countries, where membership in a health insurance plan is mandatory for employees, this would not be an issue for CSR.
The different approaches in the United States and Europe to environmental protection are a source of different CSR priorities, as the cases of genetically manipulated organisms (GMOs) and climate change illustrate: For example, the public risk perception regarding GMOs is lower in the United States than in Europe, which is also reflected in EPA and EC regulations. American companies therefore “assumed the explicit responsibility that most of their European counterparts left to regulators” (p. 413; Vogel, 2002). Different governmental approaches to the issue of global warming and climate change are the reason for the greater importance of private initiatives to reduce carbon emissions in the US (Matten/Moon, 2008).
Further characteristics of the environmental regulatory system come into play: The strong reliance of the American regulatory system on command and control regulations can act as a deterrent of voluntary self-regulation - as it seems to be the case with the ISO 14001 standard. Firms are reluctant to acquire a certification because it might lead to the discovery of non-compliance with applicable environmental regulations and result in legal penalties. In the same vein, the cultural aspect of the rather adversarial culture between industry and the regulatory agencies in the US can play a role (Delmas, 2002). The role of business in education is also very different in Europe and the US: In America, “CSR education alliances have been used by business as a major vehicle for addressing issues of economic and social inequality” (ibid., p. 414), while it play only a minor role for most European corporations.
Ownership relations are another important factor: Corporate scandals based on fraud like those associated with Enron and WorldCom are considered to be a reaction to the norm of

shareholder preeminence in the US. In contrast, recent scandals in European companies, like Parmalat, usually reflect a system of "interlocking patterns of ownership, long-term relations, […] low levels of transparency and accountability of corporations, and close personal ties among business, the banks, and politics" (ibid., p. 415).

In a quantitative analysis, Gjolberg (2009) has tested hypotheses about the influence of global and domestic institutional factors on the CSR performance of firms and finds two country characteristics that lead to a strong presence of CSR in a country: strong institutions (corporatist integration, an active state and a strong political culture) and strong globalization (high proportion of TNCs and FDI).

The role of stakeholders in domestic institutional environments

Within the realm of institutional comparison, some scholars have focused on the role of stakeholders in order to gain a more detailed understanding of the dynamics and implicit effects of institutional environments on CSR. On the one hand, stakeholders themselves form a "'CSR system' of pressures, incentives, and advocacy" (Haslam, 2004, p.5). However, the broader institutional environment also affects the degree to which stakeholders can influence the perception of corporate managers or policy-makers (Campbell, 2007; Doh/Guay, 2006; Aguilera/Jackson, 2003). For instance, Doh and Guay (2006) have combined neo-institutional and stakeholder theory to explore how institutional differences in Europe and the US shape stakeholder involvement in corporate responsibility issues. By contrasting NGO influence and government policies with respect to CS issues in these two regions, they show that the "difference in the institutional setting of the EU and USA is the critical factor in understanding policy-making in both locations, and particularly the influence of NGOs" (p. 52). In general, NGOs have easier access to the policy-making process in the European Union than in the US: "In the United States, a federalist political structure, weak political parties, and a separation of powers among the three branches of government" (Campbell, 2007, p. 257) result in rather diffuse opportunities for NGOs to influence public policy. In contrast, the EU's more centralized political structures "often grant formal standing to interest groups, so NGOs more often enjoy direct access to the policy-making process" (Campbell, 2007, p. 257). Furthermore, the "communitarian tradition in Europe, as compared to a more individualistic culture in the USA" (Doh/Guay, 2006, p.53) brings about a greater inclusiveness and openness towards NGO interests. Based on this, the authors argue that the more influential position of NGOs in Europe resulted in perspectives and decisions by European policy-makers that imply greater corporate responsibilities – for instance, in the cases of trade with GMOs, international policies on climate change, and the relaxation of intellectual property rights for HIV/AIDS medications (Doh/Guay, 2006).

At first sight, these findings contradict the above mentioned results of Jackson and Apostolakou (2010) that CSR is inversely correlated to institutionalized forms of stakeholder coordination. However, this can easily be explained by Doh and Guay (2006) having a broader understanding of CSR, conceptualizing it as companies' responsibility to include interests of other stakeholders beyond those of their shareholders. In contrast to the spread of 'explicit' CSR among corporations, their focus is on "how policy issues relating to corporate responsibility are resolved" (p. 68).

5.4.2. Transnational institutionalization of CSR

"The recent worldwide adoption of CSR policies and strategies can be understood as part of the global spread of management concepts, ideologies, and technologies" (Matten/Moon, 2008, p. 406). Global institutional pressures have been recognized as factors that influence this development (Detomasi, 2008; Lim/Tsutsui, 2012, p.70). The growth of a global civil society, in particular, has contributed to the emergence of institutionalized transnational dialogs among multiple stakeholder groups on corporate responsibility (Campbell, 2007). As Campbell (2007) argues, "the pressures of globalization, stakeholder activism, political decision making, will continue to conspire in ways that may change institutions and, therefore, the tendency for corporations to act in socially responsible ways or not" (Campbell, 2007, p. 963). Consequently, Pattberg and Dingwerth (2009) have described CSR as a transnational organizational field which has gained in legitimacy and strength since the mid-1990s: "A set of commonly accepted core norms, the increasing density of interaction among the field's members, and the success and legitimacy ascribed to the field's key players by the outside world helped to solidify the organizational field until it eventually developed a 'life of its own" (Pattberg/Dingwerth, 2009, p.707).
At the same time, one has to bear in mind that the implementation of a company-wide CSR management can help foster the transnational integration of corporate culture in TNCs. A transnational homogenization of corporate policies and values facilitates internal coordination and processes: "Citizenship profiles therefore enable the socio-cognitive integration that global companies require to operate effectively across diverse local markets" (Gardberg/Fombrun, 2006, p. 330). Curbach (2008) points to the fact that group-wide standards might be easier and less costly to coordinate in TNCs than a myriad of diverse national standards, even if they are in some cases higher than domestic legal requirements.

Transnational dissemination of 'explicit' CSR

Several scholars argue that there is a global spread of explicit CSR triggered by processes of globalization and institutional changes, particularly the incremental process of economic liberalization in former CME countries (e.g. Kinderman, 2008; Kinderman, 2009; Matten/Moon, 2008). Kinderman (2008) thus causally links the evolution of market liberalism and the emergence of CSR during the past thirty years, where explicit CSR has taken on the function to legitimize economic liberalization. Tengblad and Ohlsson (2010), as well, show in their longitudinal study that the global discourse on the topic has brought about a dissemination of the 'explicit CSR' concept. In particular, the discourse about CSR in corporate annual reports has shifted from a more implicit, national orientation "toward an international and individualistic view of social responsibility" (p. 653).

Institutionalization of CSR in MNCs

In a qualitative study on UK-headquartered TNCs, Bondy et al (2012) find strong evidence that CSR has become institutionalized in MNCs. Interestingly, their findings suggest that this institutionalization primarily resulted from coercive pressures, particularly by government, customers and investors, and strong mimetic pressures as MNCs were tracking their CSR competitors, but less from normative isomorphic pressures. On the other hand, the authors found that the strategic alignment of CSR in these MNCs led to a prioritization of CSR issues relevant for business concerns rather than to an integration of the stakeholder agenda. Thus, they conclude that MNCs are in a unique position to shape CSR in ways beneficial to them, practicing "a form of CSR that undermines the broader stakeholder concept"; in this context, CSR is "therefore failing in its objective to make business more responsible and accountable to society" (p.2).

In contrast, Tan and Wang (2011) have focused on how MNCs balance ethical pressures from both their home and host countries, and propose that a MNC will "pursue distinctive ethical strategies under different scenarios and choose the 'right' configuration of core values and peripheral components that align with institutional environment in host countries" (Tan/Wang, 2011, p. 373)

6. Discourse on Governance and CS

The governance concept has emerged in sociology and political science during the past decades. Its theoretical development reflects "changes in the policy-making during the past 30 years that alter the character of political relations" (Weale, 2009, p. 58; Treib et al, 2007), namely an increasing complexity of steering mechanisms and of actor constellations, including non-state actors. The concept has been applied to sustainable development by a considerable number of researchers over the past years (e.g. Weale 2009; Adger/Jordan, 2009; Biermann, 2008; Cousin, 2005), and is increasingly used in the context of global sustainability challenges (e.g. Petschow et al, 2005; Rasche/Gilbert, 2012; Meadowcroft, 2011; Pattberg/Dingwerth, 2010; Young, 2009). Given the procedural, multi-dimensional and multi-actor approach of sustainable development and the complexity of issues it involves, the governance concept indeed seems to provide an appropriate analytical perspective. As Meadowcroft (2011) remarks, "it is striking that sustainable development and ideas about governance rose to prominence at more or less the same time. Indeed, there is substantial evidence of mutual influence between the two currents" (Meadowcroft, 2011, p. 537). This connection is not only restricted to the research lens, but is also observable in policy-making: as Young (2009) points out, "any effort to pursue the triple-bottom line [of sustainable development] will increase the demand for governance substantially" (p. 20) as it multiplies the respective interdependencies.

Adger and Jordan (2009) state that the vast majority of literature on governance and sustainability "is either empirical or normative […]. While the former is more interested in exploring how sustainable development has been variously interpreted and pursued in different governance systems, the latter seeks to identify and test what governance systems are needed to make sustainability a reality" (Adger/Jordan, 2009, p. 15). However, the identification of the capacity of different modes of governance to achieve sustainable development is restricted by several limitations: In particular, different modes of governance are interlinked, create a complex interplay and may impact each other's performance (Cousin, 2005). Several authors have also pointed to the undercurrent normative bias within the body of literature that follows the assumption that 'new' forms of governance would have a per se positive leverage on sustainable development (Zürn, 2008; Brand, 2002; Meadowcroft, 2011).

6.1. Governance: Understanding and Conceptual Elements

As Mayntz (2009) argues, the current understanding of governance had originally evolved from the theoretical approach of 'political governance' in the sense of top-down policy development and implementation ("Steuerungstheorie"). Against the background of the changing role of the state, this basic paradigm has been extended step-wise over time to include a bottom-up perspective, public-private policy networks, systems of self-regulation and multi-level policy-making (Mayntz, 2009). Consequently, governance research highlights the fact that governmental regulation is by now only one of several forms of political problem-solving (Zürn, 2008).

Within the current debate, governance is often broadly defined as "societal steering" (Benz 2004; Treib et al 2007) or "a social function centered on efforts to steer societies towards collectively beneficial outcomes" (Young, 2009, p. 12; Haufler, 2009; similarly: Zürn, 2008; Mayntz, 2005; Benz, 2005). The UNDP defines governance in a more detailed manner as "the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and the private sector" (UNDP, 2004).

Several authors have argued that the loose application to a wide variety of phenomena has led to a certain ambiguity and conceptual vagueness of the notion (Adger/Jordan, 2009; Zürn, 2008; Treib et al, 2007). While there might not yet exist a coherent governance theory or a commonly accepted definition (Adger/Jordan, 2009), the concept comprises several core elements that will be outlined in the following.

Governance as an analytical perspective

In contrast to the normative understanding which focuses on criteria for 'good governance', the concept can be understood as an analytical perspective with a focus on the "relationship between state intervention and societal autonomy" (Treib et al 2007, p.1; Biermann, 2008). Zürn (2008) summarizes the general characteristics of governance as (1) comprising the sum of rules applied in a certain context, (2) its applicability to various (societal) problems, (3) its focus on an intentional, collective action towards promoting a common interest, and (4) its varying scope depending on the respective group concerned (e.g. public governance or corporate governance) (Zürn, 2008).

Broad versus restricted understanding of governance

In governance research, there are two broadly varying understandings: the narrow one defines governance as opposed to government and as exclusively non-hierarchical, private modes of steering society, oftentimes referring to these mechanisms as “new” modes of governance; in contrast, the more comprehensive understanding – which will be used in the context of this thesis - comprises hierarchical as well as public-private and private modes of governance and considers their interactions (Mayntz, 2009; Treib et al 2007; Zürn, 2008).

Understandings of governance along the political dimensions

Both Treib et al (2007) and Zürn (2008) further distinguish different theoretical approaches to governance “according to whether they emphasize the politics, polity or policy dimensions of governance” (Treib et al, 2007, p. 2):
Politics-centered approaches (e.g. Rhodes, 1997; Kohler-Koch/Eising, 1999) focus on actor constellations and distinguish different types of governance depending on the relationship between public and private actors in the process of policy-making. Consequently, Zürn (2008) distinguishes „governance by, with and without government(s)” (p. 558).
Understandings of governance that are polity-oriented take an institutional perspective by conceptualizing it as a “system of rules that shapes the actions of social actors” (e.g. Mayntz, 2004; Lattemann, 2007). Different forms of governance are thus distinguished depending on their proximity to the ‘ideal’ types ‘market’ ‘hierarchy’, and ‘network’.
For researchers who mainly refer governance to the policy dimension, the focus is on steering instruments and content, varying from mechanisms of command and control (hierarchical regulation), incentive and supply (market-based instruments), information, to deliberation and persuasion (for example Héritier, 2002; Jordan et al, 2005).
As the different political dimensions do not exclude each other, but rather highlight different aspects of a certain governance field, in this thesis, I will take into account all three dimensions.

6.2. Global Governance of CS

Relevance and understanding of Global Governance

Problems of international coordination have traditionally been studied in the context of international relations (IR) research. Largely dominated by the “realist paradigm which maintains that states are the most important units in the international system” (Kjaer, 2004, p. 5), IR has long focused on the role of states and their interactions. Taking into account recent globalization processes, the proliferation and increasing influence of transnational actors such as NGOs and TNCs, and new co-existing forms of cooperation between states and non-state actors, the global governance approach has complemented the discipline of IR by focusing on transnational relationships and dependencies (Bevir/Hall, 2011; Lattemann, 2007; Mayntz, 2009).

Scholars explain the increased relevance of the global governance perspective by pointing to several parallel developments that have changed world politics: first, the absence of a supranational hierarchic institution – a world government – that would be able to establish binding regulations and sanctions is an inherent characteristic of the international system. This ‘regulatory vacuum’ has been reinforced by processes of international economic liberalization and deregulation on the national level. With hierarchical regulation not being an option, the resulting global governance gaps have to be addressed by coordination, negotiations and collaborative action (Rosenau/Czempiel 1992; Rasche/Gilbert, 2010; Bevir/Hall, 2011; Mayntz, 2009; Petschow et al, 2005).

At the same time, in what Habermas calls the ‘post-national constellation’ nation-states have decreasing capacities to comprehensively address complex and far-reaching societal problems, and non-state actors have started to step in and partially assume functions that were formerly provided by governments (ibid.; Young, 2009). Consequently, global governance shifts the focus from negotiations of nation-states to “global systems of rules” (Rosenau, 1995, p.13) by encompassing “not only actions of states and international institutions, but also the actions of non-governmental organizations and the processes associated to markets and networks that impact on transnational issues” (Bevir/Hall, 2011, p.353).

Finally, whereas IR research has traditionally focused on conflict and war prevention, global governance expands the focus on all kinds of transnational problems. Indeed, “some of today’s key problems have a strong transnational character and/or impact” (Rasche/Gilbert, 2010, p. 102) and thus cannot be solved unilaterally. The need to solve collective-action problems that have emerged on a global scale has given rise to a “demand for governance” (Young, 2009). Typically, these problems - such as global warming and the overconsumption of natural resources - are characterized by the dilemma that Hardin described as “the tragedy of the commons”, the ‘free-rider problem’ (Young, 2009).

Forms of global CS governance

Alike global sustainability governance, the global governance architecture related to corporate sustainability is highly fragmented. On the one hand, this is due to the plethora of different issues addressed (including human rights, labor standards, environmental management, and corporate governance issues); on the other hand, many governance initiatives are targeted at particular industries (such as the FSC in forestry, the Electronic Industry Code of Conduct, or the Ethical Trading Initiative) (Albareda, 2010).

On a conceptual level, forms of global governance for CS are oftentimes distinguished according to the constellation of actors involved (Haufler 2009; Kalfagianni and Pattberg 2011). Young (2009), for instance, differentiates between governance by intergovernmental

agreements, private governance, governance by civil society, and hybrid mechanisms that take the shape of cooperation between multiple actors.
In fact, the majority of literature focuses mainly on transnational arrangements dominated by non-state actors or on hybrid forms including a variety of actors. This research focus largely reflects the empirical developments: while there is a lack of binding intergovernmental regulation of TNC's social and environmental accountability (Newell, 2001; Clapp, 2005; Ward, 2004), we witness the proliferation of transnational governance by private and civil society actors (Pattberg, 2005; Young, 2009; Midttun, 2008) and a "dominance of soft or voluntary forms of regulation" in the global regulation of business (Braithwaite/Drahos, 2000). Scholars have paid particular attention to multi-actor partnerships and networks which have become the predominating form of transnational governance arrangements (Fransen, 2012; Dingwerth/Pattberg, 2009). The output of these transnational governance initiatives is usually the establishment (and/or enforcement) of institutions, standards, norms or certification schemes that "seek to institutionalize particular elements of CSR on a global level" (Brammer et al, 2012, p. 15).
Further important analytical aspects are the effectiveness of global governance systems (see for example Kalfagianni/Pattberg, 2011; Bäckstrand, 2006; Fuchs/Kalfagianni, 2012; Beisheim/Fuhr, 2008) and the question of legitimacy (see for example Bäckstrand, 2006; Fransen, 2012; Fuchs, 2009; Cashore, 2002; Vogel, 2009).

Intergovernmental agreements and international soft law

As a reaction to incidents resulting from poor corporate environmental and social practices and the emerging discourse on global justice, the call for a strengthening of environmental and social regulation of TNCs grew louder in the early 1970s (Utting/Clapp, 2008; Braithwaite/ Drahos, 2000). At the international level, soft law initiatives such as the OECD Guidelines for Multinational Companies (1976) and the ILO Tripartite Declaration of principles concerning Multinational Enterprises and Social Policy (1977) were adopted.
However, attempts to introduce international (binding) codes to regulate social and ecological aspects of TNCs' activities during the following decades have failed: The UN Center for Transnational Corporations (UNCTC) which was founded in 1973, launched negotiations on a globally applicable voluntary code of conduct for TNCs that included environmental and social aspects in order to mitigate adverse consequences of globalized economic activities. However, the code was never finalized or adopted. During the 1980s, the shift to mainstream neoliberal thinking let the number of adherents of a more stringent regulation of corporate actors decrease (Clapp, 2005; Brühl, 2004). Critical voices stress that pressure from the US and the International Chamber of Commerce led to the dismantling of the UNCTC prior to the 1992 Rio Earth Summit (Clapp, 2005). Instead of the adoption of a general code or an international treaty, the Agenda 21 called on the responsibility of business actors and promoted voluntary, self-regulatory initiatives (Clapp, 2005; Mühle, 2008; Curbach, 2009). Another unsuccessful attempt to achieve stricter regulation of TNCs in terms of sustainability was made during the preparations for the 2002 World Summit on Sustainable Development

(WSSD) by NGOs, who suggested a global framework treaty on corporate accountability (Clapp, 2005).

With a binding international regulation having failed to be introduced, intergovernmental efforts are viewed to play a less predominant role in global CS governance. Nevertheless, they have assumed several key functions in the global spread of corporate responsibility norms:

First, it can be argued that international treaties on social and ecological issues are of importance for TNCs insofar as they alter the conditions for their business operations indirectly – depending on the participation of the nation-states where the company operates[6]. During the decades after world war II, and in particular since the 1990s, transboundary environmental and sustainability issues have been increasingly negotiated in the context of international 'regimes' – defined by List (2007) as "institutionalized structures of inter-state cooperation" (p. 226). Within this framework of international regimes, multilateral environmental agreements have gained particular importance (Young, 2009; Mitchell, 2010; Pattberg, 2005). Inter-state negotiations on treaties, conventions and other agreements are influenced by a range of different factors that facilitate or inhibit international cooperation, including interdependencies between states, the number of relevant actors, their "interests and motivations, the distribution of power among them, and the availability of an appropriate institutional forum" (Mitchell, 2010, p. 115; Chasek et al, 2010). Consequently, the development of international treaties is often hampered by national political and economic interests, and tends to reflect the lowest common denominator (Curbach, 2009). The experience of the past decades has shown that the effectiveness of multilateral environmental agreements largely varies: While, for instance, the international regime for the protection of the ozone layer has proven to be successful, "the performance of many regimes leaves a great deal to be desired" (Young, 2009, p. 24). Apart from that, international trade and investment agreements can include labor, human rights and environmental provisions – although these usually tend to be vague (Moon/Vogel, 2008). The 2013 UNCTAD World Investment Report finds that there is "an increased inclination to include sustainable-development-oriented features in International Investment Agreements" (UNCTAD, 2013, p. 20). On the other hand, international trade rules have limited the abilities of governments to restrict imports on the basis of labor or environmental standards and generally "prohibit a country from requiring product labelling" (Moon/Vogel, 2008, p. 311) in international trade.

Second, while lacking the status of international conventions, soft law has become an important mechanism in the area of international public law: On the one hand, Albareda (2010) argues that it has "the potential to become in the future 'hard law' or binding instruments adopted as treaties" (Albareda, 2010, p. 93). On the other hand, it presents a source of reference for many non-governmental initiatives and standards, and most CR instruments have adopted principles and values from these international soft law documents (Albareda, 2010). Often mentioned examples for international soft law in the field of CS

[6] Although TNCs enjoy the ability to move capital between nations (see chapter 3), one has to bear in mind that this 'exit-strategy' is related to considerable costs for te company, and it remains unclear to which extent a ratcheting-up of ecological and social standards really leads to companies relocating their operations

include the above mentioned OECD's Guidelines for Multinational Enterprises, the ILO Tripartite Declaration Concerning Multinational Enterprises and Social Policy (1977), and the 'Protect, Respect and Remedy' Framework for Business and Human Rights (Ruggie, 2008).The principles of the UN Global Compact and the World Bank's Equator Principles, as well, are discussed by some authors as soft law (e.g. Braaten, 2008) (see chapter 10 for a more detailed description of empirical instruments).
International institutions have furthermore shaped the global discourse on CS by providing international fora - for example in the context of the Rio+20 conference where the concept of Green Economy was broadly discussed – and initiated global public policy networks (see below), the most important one being the UN Global Compact network.

Transnational private governance

A number of authors stress that, against the background of limited intergovernmental mechanisms, private CS governance initiatives have sought to fill various governance gaps: "in the absence of a global governance inter-state and multilateral structure, a largely voluntary institutional infrastructure for corporate responsibility has emerged" (Albareda, 2010, p. 76; Waddock, 2008).
Literature on private governance is predominated by both political science scholars who focus on transnational private regulation and CSR/business ethics scholars who investigate the role of MNCs in global politics. Transnational private governance is thus oftentimes framed in the terminology of CSR (Fransen, 2012; Vogel, 2010; Young, 2009; Brammer et al, 2012). Some authors refer the term private governance exclusively to business-driven programs (see Young, 2009); at the same time, it is oftentimes used to describe both governance efforts by businesses, NGOs and joint initiatives of private and civil society actors, thereby covering all forms of 'governance without government' (see for example Vogel, 2010; Falkner, 2003; Bäckstrand, 2006; Fuchs et al, 2009). Several authors (e.g. Young, 2009; Bäckstrand, 2006; Haufler, 2009; Falkner, 2003) also introduce the term 'hybrid governance' for those global governance schemes that involve multiple actors, including multi-stakeholder initiatives and public-private partnerships.
Transnational governance initiatives take various forms, and can be categorized in more detail according to the constellation of actors, including (1) self-regulatory mechanisms by individual companies, in particular company-wide policies, (supply chain) codes of conduct, sustainability management frameworks, and self-assessments; (2) industry or sector-specific voluntary standards and codes of conduct; (3) institutional business platforms and associations for the exchange of best-practices (e.g. WBCSD, Caux Round Table); (4) business-NGO partnerships; (5) multi-stakeholder initiatives "to promote global standards in reporting, certification and monitoring frameworks" (p. p.80), including public-private partnerships; and (6) businesses' interaction with international organization initiatives (such as the UN Global Compact) and international soft law initiatives (such as the Ruggie framework) (Albareda, 2010).
Purely business-driven programs are documented at the level of individual firms, industries and cross-sectoral organizations. As Fransen (2012) observes, the majority of these

programs are developed by business associations, For example, the Responsible Care program as developed by the US Chemical Manufacturers Association together with its Canadian counterpart in the 1980s “to promote environmental and safety principles and codes of management practice within the global chemical industry” (Falkner, 2003, 73). With regard to their institutional design, “business-driven programs generally only have businesses as members, which also engage with governance in the board. Firms also participate in special subject groups that discuss detailed aspects of the issue under regulation” (Fransen, 2012, p. 166). Young (2009) argues that one of the reasons for companies to engage in private governance is the aim to establish stable and harmonized level-playing fields in the absence of governmental rule-setting in the global arena.

Hybrid transnational governance: MSI and global policy networks

On the other hand, transnational governance is increasingly shaped by multi-stakeholder initiatives (MSI) set up between businesses and “a constellation of citizen organizations and networks: NGOs, labor organizations, responsible investors, responsible consumers, academy and business schools and also international organizations and governmental agencies” (Albareda, 2010, p. 16; Utting, 2005).

With regard to the institutional setting, MSI are oftentimes legally constituted as not-for-profit organizations (Utting, 2005), with different actors being represented in their governance structures: “a division of labor between firms and societal stakeholder groups exists on both board and advisory group levels, allowing for an equal voice for non-profit and for-profit categories of members” (Fransen, 2012, p.166).

A vast number of these MSI focus on standard-setting and certification, for example the International Organization for Standardization (ISO)’s ISO 14001, the Forest Stewardship Council (FSC), the Marine Stewardship Council (MSC), and the Fair Labor Association (FLA) and Social Accountability International’s (SAI) SA8000 (Utting, 2005; Tamm Hallström/Boström, 2010). Similarly, a number of MSI are concerned with monitoring schemes such as the Clean Clothes Campaign (CCC), the Global Alliance for Workers and Communities, and the Worker Rights Consortium (WRC). MSI that emphasize stakeholder dialogs and learning about good practices mainly have the function of a forum or a global policy network, for example the UN Global Compact (UNGC), the Global Reporting Initiative (GRI), and the Ethical Trading Initiative (ETI).

International framework agreements (IFAs) are mentioned in the context of hybrid forms of transnational governance as well. These agreements define minimum standards that are negotiated between TNCs and international trade union federations to ensure basic labor standards and social dialog throughout the TNC (Schömann/Wilke, 2011, in: Vitols/Kluge, 2011; Global Unions website). By signing an IFA, MNEs commit themselves to enforce the agreed upon labor standards in the various subsidiaries and to apply them to their suppliers as well. IFAs include the social partners’ right to complain about violations of agreed upon standards in subsidiaries and offer dispute settlement procedures to solve problems through social dialogue. However, IFAs lack a clearly defined legal status and their adoption is based entirely on the voluntary cooperation of companies.

By engaging a broader range of stakeholders, Utting (2005) emphasizes that MSI address some of the limitations of corporate self-regulation, particularly the problem of legitimacy. Mühle (2008) argues that in contrast to the early attempts of intergovernmental organizations to regulate CSR, the rise of a global common understanding of responsible business behavior was enabled only by dialogs among political, economic and civil society entities which "translated the idea of CSR from political into business language" (p. 20). However, Falkner (2003) also emphasizes that hybrid regimes such as the ISO 14001 standard, "gain in strength and legitimacy because they are adopted by states and international organizations" (p.77). Thus, for understanding the dynamics of global CS governance, it is necessary to acknowledge the interlinkages between public and private governance.

The question of legitimacy

Governance by non-state actors inherently lacks democratic legitimation. Critics point to problems of representation, transparency and accountability, and raise the question of how private (and hybrid) governance schemes can achieve greater legitimacy (Bäckstrand, 2006; Fuchs et al, 2011). Legitimacy, understood as "the conformation with social norms, values and expectations" (Fransen, 2012, p.165; Scherer/Palazzo, 2011), can be differentiated into 'input' and 'output' legitimacy: Whereas input-oriented legitimacy derives from institutional and procedural characteristics - such as the representation of relevant stakeholders - output-oriented legitimacy depends on the effectiveness of the governance system's results (Scharpf, 2001; Kjaer, 2004; Bäckstrand, 2006). Consequently, the institutional design of transnational governance schemes is by many understood as crucial to its legitimacy (Fransen, 2012; Scherer at al, 2006; Kalfagianni/Pattberg, 2011; Vogel 2010; Zürn, 2008).
Participation (also referred to as inclusiveness or representativeness) means the inclusion of relevant stakeholders: One reason why multi-stakeholder arrangements have significantly proliferated among the transnational governance initiatives is that they are "generally seen as having greater legitimacy than other forms of voluntary action" (Fransen, 2012, p. 163). They are thus likely to be considered as more legitimate than business-driven programs that exclude societal stakeholders (ibid.). Transparency aims at the provision of internal participants and external stakeholders with relevant information, thereby enhancing public scrutiny (Fuchs et al, 2011). Finally, accountability is referred to as monitoring mechanisms, for instance through internal and external auditing of standards and certification schemes established by private governance initiatives (ibid; Cashore, 2002). Legitimacy can furthermore be increased by the acceptance and support from external key stakeholders, such as businesses, consumers, governments, intergovernmental organizations and NGOs – either through public endorsement, financial support or participation in the program (Fransen, 2011; Cashore, 2002).

Effectiveness of global CS governance

Effectiveness of governance asks if "…a governance system [is] solving or alleviating the problem that led to its creation" (Young 2009). Effectiveness of CS governance can be thus understood as the degree of compliance with and uptake of the governance output (e.g. environmental or social standards) (Kalfagianni and Pattberg 2011, Fuchs, 2008). Since the question of effectiveness implies a causal connection between the governance system and the relevant behavioral changes, it inherently involves methodological complexities and usually can only be assessed in an ex-post evaluation (Zürn, 2008). As Fuchs et al (2011) emphasize, “it is extremely difficult if not impossible to assess the effectiveness of a private governance institution” (p. 359). However, there are conceptual approaches that identify criteria and elements that lead to “institutional effectiveness” (Bäckstrand, 2006).

Amongst others, the choice of policy instruments and their specific design were identified as key factors (Kalfagianni and Pattberg, 2011). This category includes both the comprehensiveness of a standard in terms of its scope of content, and its stringency. The latter depends on the choice between management-based systems or performance standards, as well as on the clarity and measurability of targets. Related to the design of the policy instruments is the design of compliance methods like monitoring and other enforcement mechanisms, which can vary in their strictness: “We expect stringent and comprehensive standards to foster greater environmental and/or social improvements […] However, we also expect them to be associated with lower uptake in relation to competitive, less strict standards” (ibid., p. 12).

Second, legitimacy also reinforces the effectiveness of governance schemes: While effectiveness is viewed as a factor that enhances ’output legitimacy’ (see above), conversely, legitimacy can provide transnational rule-setting organizations with regulatory authority and thus increase their effectiveness (ibid; Vogel 2010; Zürn, 2008).

Finally, cost-benefit incentives have been identified by several authors as enhancing effectiveness. This means that the provision of advantages like the “reduction of transaction costs and the provision of commercial and reputational gains” (Kalfagianni/Pattberg, 2011, p.7) creates a ‘business case for compliance’ and thus encourages the adoption of a governance instrument by companies (Fuchs, 2006; Vogel, 2010; Rieth, 2010). Vice versa, high costs of compliance (for certification processes, upgrading of production methods, etc.) “can either deter actors from adopting the scheme or lead to a low compliance rate” (Kalfagianni and Pattberg 2011, p.14). The mechanism of non-state market-driven governance (NSMD) systems is closely related to this incentive-based or rational choice approach: Cashore assumes that compliance with this type of private governance “results from market incentives” (Cashore 2002).

6.3. Modes of governance

6.3.1. Hierarchy, market and network

Three main modes of governance are usually distinguished: hierarchy, market and network (Adger/Jordan, 2009; Zürn, 2008; Börzel, 2008; Moon, 2002; Jessop, 2011). These modes represent ideal types of institutionalized ‘governance structures’, which means that we usually find combinations of them, both within and beyond the state (Treib et al, 2007; Börzel/Risse, 2010).

Hierarchy and the 'shadow of hierarchy'

While the majority of research contributions in the governance discourse focus on the partial replacement of hierarchical regulation through non-hierarchical modes of governance, Lynn (2011) stresses that hierarchical forms of governance, nevertheless, remain "at the heart of liberal representative governance" (Lynn, 2011, p. 219).
Hierarchy "results from authority and refers to the ability to command or impose on other actors that are subordinate" (Moon, 2002, p. 389; Börzel/Risse, 2010; Börzel, 2008). This implies that institutions of hierarchical control with claims to legitimacy – usually governments and public bureaucracies - can restrict the decision-making options of other actors and enforce a particular behavior by using coercive power (Börzel, 2008; Treib et al, 2007). The compliance mechanism characteristic of hierarchical governance is the fear of sanctions (Börzel, 2008; Wolf, 2008). Since "hierarchical legal or administrative regulation is the traditional way of governing by the state" (Wolf, 2008, p. 236), some authors also refer to hierarchy as the 'state' mode of governance (Börzel/Risse, 2010); however, also immaterial sanctions such as 'naming and shaming' are considered hierarchical governance (Börzel, 2008). Since this mechanism is also widely employed by civil society actors vis-à-vis corporations, the exclusive assignment of hierarchy to governments becomes blurred.
When looking at the interlinkage of modes of governance, a number of authors have pointed to the phenomenon of the 'shadow of hierarchy' (Benz, 2004; Börzel, 2008; Wolf, 2008; Töller, 2007; Börzel/ Risse, 2010). This metaphor illustrates the observation that cooperative modes of governance are often embedded in hierarchical structures. The potential threat of a government imposing binding legal regulations that 'looms in the background' provides an incentive for non-state actors to cooperate in non-hierarchical negotiations and rule-making. It also increases the probability of compliance with voluntary commitments and decreases the incentive for 'free-riding' (Töller, 2007; Börzel/ Risse, 2010; Wolf, 2008; Biermann, 2008) (see also role of the government under section 6.3.1).

Market

In contrast to hierarchical coordination, market forms of governance are based on voluntary decisions by participating actors. A market "is a competitive system in which supply and demand shape distributions" (Moon, 2002 p. 389).The governance literature characterizes market modes of governance as coordination through competition (Benz 2007; Börzel/Risse, 2010), exchange (Jessop, 2011) or bargaining (Börzel, 2008; Wolf, 2008). Compliance in market mechanisms depends on incentives or disincentives, i.e. material or immaterial cost-benefit expectations, and thereby "follows the interest-based logic of consequences" (Wolf, 2008, p.236).
Cashore (2002) has introduced the term of Non-state Market Driven (NSMD) governance which refers to systems set up by non-governmental organizations that aim at creating

incentives for companies to comply with environmental and social standards. These mainly include domestic and transnational certification schemes. Cashore argues that the viability of these systems will strongly depend on its perceived legitimacy.

Network

An overwhelming number of contributions to governance research focus on coordination through networks (Kjaer, 2004; e.g. Benz et al, 2007; Dahan et al, 2006). Governance scholars also point to the "increasing empirical prevalence of network-based modes of governance in the EU" (Adger/Jordan 2009, p. 13; Börzel, 2008).

Networks can be described as "partnerships derived from the interdependencies of actors neither in authority nor market relations" in which "reciprocity is based upon the recognition and pursuit of shared interests and values" (Moon, 2002, p. 389). Network governance is based on negotiation between interdependent actors in a non-hierarchical constellation, and is thus often characterized as 'heterarchic'. However, different actors participating in networked governance usually dispose of varying power resources (Treib et al, 2007; Börzel, 2008; Jessop, 2011). Wolf (2008) describes the characteristic compliance mechanism of the network mode of governance as "a logic of appropriateness" (p. 236). Network governance is furthermore characterized by a procedural rationality (Jessop, 2011). Public-private partnerships (PPP) are a typical example of governance institutions based on non-hierarchical coordination (Börzel/Risse, 2010; Börzel, 2008; Zürn, 2008)

Viewed from a governance perspective, CSR is associated with this mode of governance: "since CSR and respective public policies are characterized by voluntary activities and partnering relationships, they seem to correspond better with the network mode of public governance, than with the hierarchical or the market modes" (Steurer, 2009, p. 98). This implies that 'new' governance (primarily referring to network governance) and CSR can be considered complementary concepts (Steurer, 2010). Similarly, Moon (2003) observes the rise of 'new' modes of governance in the field of governance for sustainable business, and considers CSR a feature of new governance.

Relation between governance modes and actors

With regard to the relation between actors and modes of governance, the mode of hierarchy has been primarily associated with governments; market activity has been related to for-profit actors, and the network mode has traditionally been referred to non-profit organizations (Moon, 2002). As Moon (2002) argues, changes in governance have led to a shift (1) in the balance of responsibility among actors resulting in a relative reduction of the government's role and increased governance roles for for-profit and non-profit organizations, and (2) in the employment of diverse modes of governance by these actors, since for example market modes of governance are increasingly used by NGOs and governments, and network modes by businesses and governments (Moon, 2002).

6.3.2. Policy instruments and CS governance

The ‘governance question’ has been linked not only to the inclusion of non-state actors as a reaction to government failure, but also to the search of new policy instruments in the light of the failure of classic policy tools (Le Gales, 2011; see also Mayntz, 1993). The governance concept has thus been applied by several authors to types of policy instruments – generally understood as the “myriad techniques at the disposal of governments to implement their policy objectives” (Howlett, 1991, p.2, quoted in Jordan et al, 2003, p.8).
From a policy perspective, different forms of governance are oftentimes distinguished according to their degree of state intervention. Whereas legally binding instruments, rigid implementation, material regulation, sanctions and fixed norms are on the one end of the continuum, the other end is characterized by soft law, the absence of sanctions, flexible implementation, procedural regulation and malleable norms (Treib et al, 2007).
Traditionally, policy instruments have been categorized in three main groups, namely (1) regulation, (2) economic instruments, and (3) information (Jordan et al, 2003). Particular interest has been paid to the emergence and application of policy instruments associated with ‘new’ governance in environmental policy (Jordan et al, 2003; Böcher/Töller, 2007; Jänicke/Jörgens, 2004). This reflects the empirical developments in most industrialized countries where the number and diversity of ‘new environmental policy instruments’, has significantly increased in recent years (Jordan et al, 2003). Within the literature on ‘new’ types of policy instruments, the above mentioned typology is usually further subdivided to take into account the increased diversity of instruments associated with the network mode of governance (see for example Jordan et al, 2003; Böcher/Töller, 2007; Le Gales, 2011; Steurer, 2012). In particular, ‘partnering’ or ’cooperative’ policy instruments (such as voluntary agreements and public-private partnerships) have been added to the spectrum of government instruments (Jordan et al. 2003; Steurer, 2012; Böcher/Töller, 2007; Jänicke, 2003). Other additional categories include the setting up of new institutions (Jordan et al, 2003; Steurer, 2012), ‘de facto and de jure standards’ (Le Gales, 2011), procedural instruments (Böcher/Töller, 2007), and planning instruments (Jänicke, 2003).
Again, these types of policy instruments can be structured according to their degree of state intervention:

Category	Policy instruments	Degree of state intervention
Regulation	Norms, directives, laws	high
Market-based instruments	Tradable permit schemes, taxes, Subsidies, deposit-refund schemes	medium
Cooperative instruments	PPPs, voluntary agreements, networks, round tables, mediation	Medium to low
Information-based/ persuasive instruments	Information and awareness-raising measures	Low

Table 3: Categories of policy instruments most often used in the literature, adapted from Jänicke, 2003

Regulatory instruments have played a particularly important role in environmental policy, for example with regard to the establishment of limit values (Jänicke, 2003). While usually considered the bedrock of policy mixes, the weaknesses of traditional instruments of command and control regulation have been discussed since the 1980s. Scholars have particularly emphasized their deficits in implementation, their limited suitability for complex, supra-regional problems and their low efficiency (Böcher/Töller, 2007).

Against this background, the number of market-based instruments used in OECD countries has grown steadily during the past decades. Compared to traditional regulation, market-based instruments are particularly favored by economists as they facilitate greater cost-effectiveness and give industry more leeway for technological innovation. Whereas most countries are familiar with charges and taxes, the instrument of tradable permit schemes is still relatively novel. Sub-types of tradable permit schemes differ depending on whether the authorities set an upper limit (caps) on the total amount of a substance, and on how the permits are initially allocated (either for free or through an auction) (Jordan et al, 2003).

Partnering or cooperative instruments, on the other hand, have gained in importance since the mid-1990s as well. Negotiated voluntary agreements between industry and public authorities are particularly emphasized by several authors (Jänicke, 2003; Jordan et al, 2003; Delmas/Terlaak, 2002). On the industry side, these agreements can be either negotiated by individual firms or industry associations. Within the literature, voluntary agreements are further differentiated: Apart from the above mentioned negotiated agreements, they are sometimes considered to also cover unilateral commitments (self-declaratory measures by firms or industry associations), public voluntary schemes, and even agreements between industry and environmental NGOs or communities without state involvement (Jordan et al, 2003; Delmas/Terlaak, 2002; Jänicke, 2003). In summary, cooperative instruments are supposed to leverage "societal capacities for self-organization (in the shadow of hierarchy)" (Böcher/Töller, 2007, p. 307).

Finally, informational tools are an important part of the policy mix. Oftentimes, they are used to complement other types of policy instruments in a particular field (Jänicke, 2003). Environmental education and education on sustainable development are used to raise awareness and place specific topics on the public agenda. A number of authors also consider eco-labels and certifications informational tools, since they provide consumers with standardized information about the environmental impact of the products (Jordan et al, 2003; Jänicke, 2003). However, I argue that from a different perspective - focusing on companies instead of consumers - labels and certifications rather represent a market incentive based on the logic of competition.

The changing policy mix for 'greening the industry' has also been looked at from a normative perspective: Fiorino (2006), for instance, distinguishes between good and bad regulation: whereas 'bad regulation' is prescriptive and poorly designed (mandating specific technologies, setting unrealistic deadlines and stressing cleanup over prevention), the author argues that well-designed regulation offers potential for win-win solutions by giving companies flexibility how to comply with standards, thereby fostering innovation (Fiorino 2006, S.87). The concept of 'new' regulation suggested by Fiorino particularly highlights the idea of reflexive law that includes different forms of governance and different patterns of interaction among government and non-state actors (ibid.). Furthermore, Campbell (2007) emphasizes that companies are more likely to behave in socially responsible ways if “the process by which these regulations and enforcement capacities were developed was based on negotiation and consensus building among corporations, government, and the other relevant stakeholders” (Campbell, 2007, p. 955).

Yet, large parts of the literature on environmental policy instruments tend to ignore the institutional context in which instruments are selected and deployed (Jordan et al, 2003; Böcher/Töller, 2007). It is thus important to bear in mind that a country’s policy mix is strongly shaped by its national institutional legacies (Jordan et al, 2003).

6.3.3. Meta-governance: Public policies fostering co- and self-regulation

Corporate Sustainability issues are strongly related to a wide range of public policies on labor and the environment. However, when CSR is understood as voluntary self-regulation going beyond the law, the idea that law is used to make business responsible for CSR seems paradoxical (Parker, 2007; Moon, 2009). However, governments have various motivations to systematically foster voluntary actions by businesses that complement public policy efforts. Amongst others, it is argued that voluntary CSR can contribute to public policy goals while giving companies enough leeway for innovative approaches and strengthening their competitive advantage (Bertelsmann Stiftung, 2010; Campbell/Vick, 2007) (see also section 6.3.1. on governments as actors in CS governance).
Meta-governance has been defined as “the regulation of self-regulation” (Jessop, 2011; Parker, 2007), and in a broad sense is understood as the coordination of the mixture of hierarchies, networks and markets - the ‘governance of governance’ so to say (Jessop, 2011, p. 108; Meuleman, 2008). Amongst others, Parker (2007) argues that forms of ‘meta-regulation’ (understood as both tools of state law and non-law mechanisms) are “a key feature of contemporary governance” (p.208) and employs this analytical perspective to investigate in which ways law is used to “hold businesses accountable for taking their responsibility seriously” (p.208; Horrigan, 2008). McBarnet (2007) describes this phenomenon as ‘indirect regulation’ (p.32).
A number of studies have focused on the recent emergence of public policies on CSR and the role of government in promoting CSR (see for example Steurer, 2011; Steurer, 2009; Cuesta/Martinez, 2004; Horrigan, 2008; Riess/Welzel, 2006; Ward, 2004; Moon, 2004; Bertelsmann Stiftung, 2010; Knopf et al, 2011; Fox et al, 2002). Some of the studies primarily aim at giving an overview of empirical forms of public policies on CSR in different countries and/or aim at providing policy recommendations on how to develop a CR policy framework. Many of the authors use a typology or a variation of the classification that was initially suggested by Fox et al (2002) and Ward (2004). Public sector interventions to foster CSR are categorized into (1) mandating, (2) facilitating, (3) partnering and (4) endorsing (Ward, 2004; Fox et al, 2002; similar: Moon, 2009; Bertelsmann Stiftung, 2010; Midttun, 2008). Mandating refers to the legal enforcement of corporate accountability through laws,

regulations, and penalties, for example the legal requirement to disclose information on sustainability issues. Facilitating refers to instruments such as the creation of platforms for the exchange of best practices, the development of management tools, guidelines, and information. Partnering means the initiation of networks, partnerships and dialogues on CSR, and endorsing is associated with incentivizing approaches, for instance public procurement, and award schemes (Ward, 2004; Fox et al, 2002, Midttun, 2008). With regard to the empirical application of these instruments, Moon (2009) has observed a shift from endorsing and facilitating to partnering and mandating/soft legislation – a development which might reflect a strengthened institutionalization of CSR.

Steurer (2011; 2010; 2009) criticizes that most of the typologies used in literature on CSR policy conflate the steering mechanisms employed and the problems addressed by CSR policies. He suggests an analytical perspective that distinguishes five policy instruments applied in four key themes. On the one hand, the range of instruments includes legal, economic, informational, partnering and hybrid instruments:

(1) legal instruments that follow the rationale of hierarchy, such as laws, directives, and regulations, e.g. laws on CSR reporting;
(2) financial instruments that follow the rationale of market incentives, for example taxes, tax abatements, subsidies and CSR awards;
(3) informational instruments that imply no constraints, but apply the rationale of persuasion; for instance government-sponsored campaigns, research and educational activities, such as conferences and training courses, guidelines, and explanatory websites;
(4) Partnering instruments that are guided by the rationale of co-regulatory networking, e.g. stakeholder forums or PPPs;
(5) hybrid instruments (combined instruments), such as CSR platforms or centers

Steurer's classification of CSR policy instruments is closer to the traditional typology of policy instruments in political science. However, the author highlights that, while legal instruments are used in some cases, they are usually not universally binding or enforcement is either non-existent or weak (Steurer, 2009). Consequently the CSR policy instruments are soft-law in character and characterised by the principles of voluntariness and collaboration (Steurer 2010).

On the other hand, the CSR policy fields of action identified are:

a) awareness-raising and capacity-building for CSR (to foster implementation;
b) improving disclosure and transparency (quality and dissemination of CSR reporting);
c) facilitating Socially Responsible Investment (SRI);
d) leading by example through sustainable public procurement, applying SRI to government funds, adopting CSR management systems and audits in public institutions and sustainability reporting of governmental bodies.

While bearing in mind that CSR policies represent a form of meta-governance, in this thesis, I will follow Steurer in his classification of CSR policy instruments.

6.4. Actor-based approach to CS governance

Another predominant approach to the differentiation of forms of governance is the distinction between different actor constellations (Young, 2009; Kooiman, 2003; Treib et al 2007; Rhodes 1997; Haufler, 2009). In this context, the major determinant of different types of governance is the role of and relationship between public and private actors.

6.4.1. Actors in CS governance

The groups of actors that are involved in governance processes related to CS are usually roughly categorized into public (state/government), private (market/business/for-profit), and civil society (non-profit) actors (Steurer, 2009; Haufler, 2009; Moon 2002; Falkner, 2003). However, further sub-categories can be identified between the sectors. Haufler (2009) emphasizes the blurriness of actor categories, for instance in the case of public corporations: "In general, we need to realize that the distinction between public and private actors is not always clear or useful, but it does provide a rough demarcation between types of actors" (p. 122).

Curbach (2009) differentiates between government and intergovernmental organizations, profit-oriented actors (companies/TNCs), market-oriented non-profit organizations (business associations and other business interest groups), 'genuine' NGOs, governmental NGOs, and 'hybrid' multi-actor organizations (e.g. public-private partnerships, private-private partnerships and multi-stakeholder initiatives). While investors can be considered market actors and labor organizations can technically be counted as non-governmental organizations, I modified the categorization by adding these two as separate groups of actors in order to highlight their relevance in CS governance (see chart below). Another large group of actors that could be localized between market and civil society are consumers. However, as their interests are collectively represented by consumer organizations, I subsumed this group under the NGO sector.

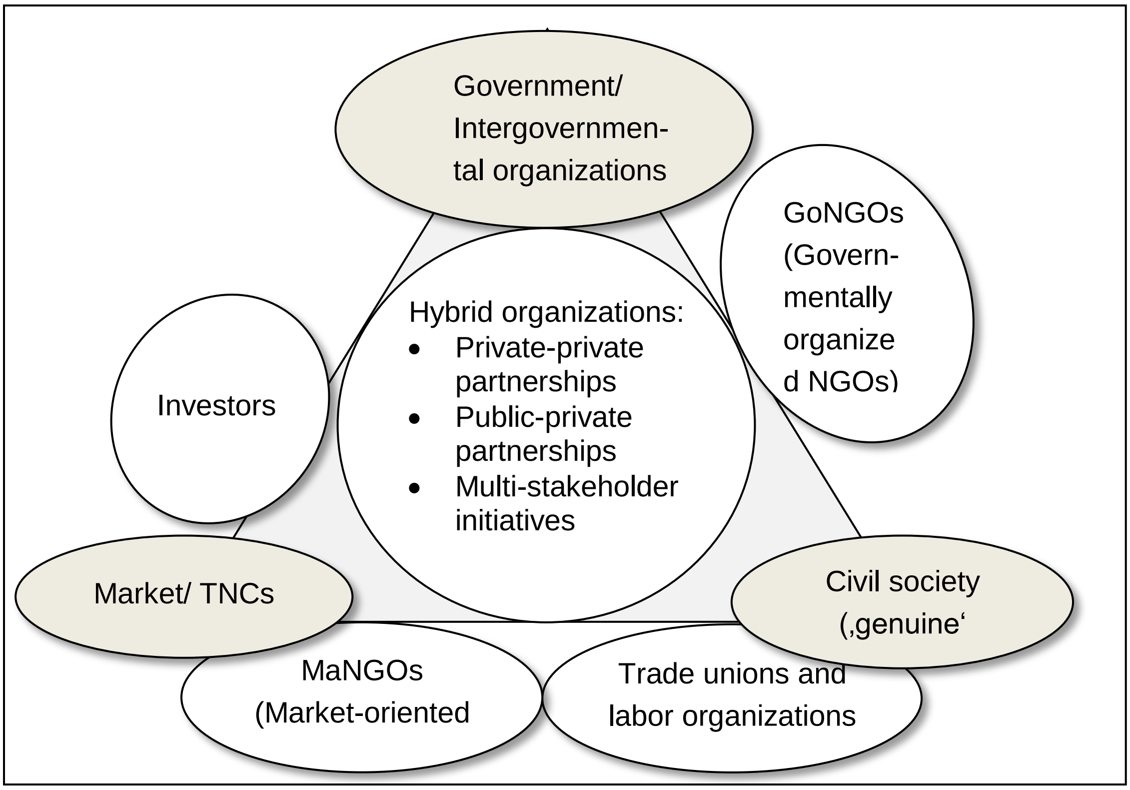

Figure 6: State and non-state actors (adapted from Curbach, 2009, p. 52)

Intergovernmental organizations (IGOs)

As mentioned above, IGOs like the OECD and the ILO have been involved in the global debate on how to regulate CSR as early as in the 1970s, and still take part in this discussion (Mühle, 2008). Apart from the UN Global Compact office whose explicit purpose is the promotion of corporate sustainability, several UN agencies that focus on sustainable development deal with CS as part of their activities. Examples include UNCTAD, the UNCED (UN Conference on Environment and Development), the CSD, UNEP (particularly under its Division of Technology, Industry and Economics) and UNDP. Other agencies, such as UNIDO and OHCHC have started to partly include CS/CSR in their considerations as well.

Chasek et al (2010) stress that while IGOs are "ultimately accountable to governing bodies made up of representatives of their member states, IGO staff can take initiatives and influence outcomes on global issues" (p. 63). It is thus useful to treat them as a group of actors of their own. Depending on their functions, purpose and resources, the potential influence of IGOs ranges from agenda-setting, the provision of authoritative scientific information on an issue, participation in the negotiations of global regimes, development of soft law instruments, the provision of funds for the implementation of global policies, and cooperation with states on issues not under international negotiation (Chasek et al, 2010).

Examples for the agenda-setting function of IGOs in CS governance are - amongst others - UNEP's role in promoting the concept of Green Economy in the run-up of Rio+20, and the CSD's discussion of sustainable production and consumption patterns (Chasek et al, 2010). With regard to the provision of scientific information, the best-known example in environmental global governance is maybe the work of the IPCC on climate change. In the particular context of CS, several IGOs, like UNCTAD, the ILO, UNEP and OECD, but also the World Bank, conduct research on a range of CSR issues (Mühle, 2008). The ILO has shaped global minimum labor standards through a large vast number of conventions, most importantly, the 'ILO Declaration on Fundamental Rights at Work' (1998), which reflects a broad consensus of its member states (Mühle, 2008). Soft law instruments, such as guidelines and voluntary principles on CS, have for example been introduced by the ILO, OECD, the OHCH (Ruggie framework on business and human rights) and the Global Compact, as discussed above in section 6.2. In addition, many of the above mentioned IGOs partner with other organizations and programs on CS issues and participate in the UN Global Compact. They have furthermore taken an important role in fostering public-private partnerships and facilitating multi-stakeholder networks (Chasek et al, 2010, Mühle, 2008; Albareda, 2010).

Governments

The recent shift in the role of the state is often viewed as a starting point of the emergence of new modes of governance. The partial failure of conventional forms of governmental steering as well as decreased governmental capacities to provide public goods and to respond flexibly and efficiently to complex problems have led to both diversified public policy mixes and the participation of non-state actors in governance (Wolf, 2008; Kooiman, 200; Doh, 2008; Börzel/Risse, 2010; Young, 2009). While the state as the only democratically legitimated public authority continues to act as a regulator, its role has been expanded to facilitate the participation of other actors in governance processes. In contrast to hierarchical state-society relations, new forms of cooperation with non-state actors have led to the "idea of the negotiating, enabling or cooperative state" (Wolf, 2008, p. 228). While the shifting role of the government is often "conceptualized as a 'power shift', as a relative decline of states and the rise of non-state actors" (ibid., p. 230), a number of authors emphasize that this does not result in a weak role of the state (Wolf, 2008; Falkner, 2008). They particularly stress the importance of the 'shadow of hierarchy' in governance with(out) government (see section 6.2.1).

Apart from imposing legal standards and thereby defining CSR *negatively* (since CSR is perceived as commitments that go *beyond* the law), governments increasingly aim to shape CSR *actively* by establishing political frameworks for CSR. Governmental frameworks and public policies for strengthening CSR have recently been introduced in a significant number of countries and can be conceptualized as a form of meta-regulation (see section 6.2.3). In this context, the notion of a facilitating or enabling state has been emphasized (Ward, 2004; Moon 2004; Riess/Welzel, 2006; Rahim, 2013). Motivations of governments to promote CSR coincide with the broader transition of public governance towards "new" modes of governance: First, scholars assume that governments are eager to shape contents of CSR as it influences the changing relations between business, governments and civil society (Moon, 2007; Moon, 2009; Kooiman, 2003). Second, by emphasizing a proactive role of business, CSR contributes to public policy goals (Moon/Vogel, 2008; Ward, 2004; Horrigan, 2008; Steurer, 2009). Especially in countries with weak regulation, it can close governance gaps by establishing a coherent level playing field for companies and help foster the integration in global markets and international policy processes (Ward, 2004). Third, the political promotion of CSR aims at fostering competitiveness of the national private sector. Furthermore, CSR policies usually imply relatively low political costs due to their soft-law character and can thus be promising complements to hard regulatory policies (Moon 2007; UN GC/Bertelsmann Stiftung 2010; Steurer, 2009; Ward, 2004).

The government can further act as a role model by implementing responsible management practices or reporting on sustainability aspects in its administrative agencies (Horrigan, 2007).

On the global level, the participation of governments in CS governance occurs either in hybrid arrangements such as partnerships with business, civil society organizations and IGOs, through the negotiation of international agreements, the support of international soft law, or via policy diffusion. Governments can furthermore reinforce international instruments on a regional and domestic level by transposing international law in national law, and disseminating information and guidance on international standards (Mühle, 2008; Horrigan, 2007).

Non-governmental organizations (NGOs)

Civil society organizations are not territorially defined. Even small and local NGOs “can attain global reach today” (Haufler, 2009, p. 122), and thus are able to assume a role in CS governance on multiple levels. Whereas NGOs are oftentimes defined by their non-profit-orientation and their independence from the state, researchers and practitioners using the term NGO usually exclude religious organizations, labor unions, academic research institutions and leisure associations that technically match this broad description (Curbach 2009). Instead, the political goals of NGOs that usually derive from the objectives of the ‘new social movement’ – including for example human rights, consumer rights, environmental protection, social and economic development, and human equity – are used as an additional criterion to identify ‘genuine’ NGOs (Curbach, 2009; Meyer et al, 1997). These objectives that represent collective societal goals have earned NGOs a particularly high degree of credibility and legitimacy, which provides them with a specific form of power, sometimes referred to as ‘legitimacy capital’ (Beck 2002; Curbach, 2009). Yet, it also might lead to the biased assumption that civil society organizations are 'intrinsically benign' resulting in the widespread tendency to idealize NGO activities.

Given the broad spectrum of sustainability issues, few NGOs deal with CS as a whole. Instead, most of them are specialized on either environmental issues, human and/or labor rights, or anti-corruption (Mühle, 2008). However, as a result of the perceived power shift from governments towards corporations, NGOs increasingly target the activities of TNCs directly (Winston, 2002; Tamm Hallström/Boström, 2010; Moon/Vogel, 2008).

The basic tactics of NGOs for fostering responsible business practices are often described as confrontation on the one hand versus cooperation on the other hand (Doh, 2008; Winston, 2002; Wolf, 2008; Coni-Zimmer/Rieth, 2012): "Engagers try to draw corporations into dialogue in order to persuade them by means of ethical and prudential arguments to adopt voluntary codes of conduct, while confronters believe that corporations will act only when their financial interests are threatened, and therefore take a more adversarial stance toward them" (Winston, 2002, p. 71). In their role as independent 'watchdogs' NGOs often employ 'activism' or 'naming and shaming' mechanisms to publicly criticize irresponsible business practices or non-compliance with norms. Confrontational strategies include for example (international) campaigns, litigation, calls for consumer boycotts, the publication of critical research and the filing of shareholder resolutions. Confrontational NGOs furthermore emphasize the importance of legal regulation and are typically skeptical towards private voluntary CSR initiatives (Winston, 2002; Börzel/Risse, 2010; Albareda, 2010; Doh, 2008).

While the relationship between NGOs and business has traditionally tended to be confrontational, cooperative approaches have emerged more recently (Albareda, 2010). This includes engaging in dialogs in order to disseminate knowledge on good practices and raise awareness of CS issues, and collaborating on solutions in partnerships with businesses. NGOs that collaborate with firms tend to see the voluntary CSR approach "as a practical response to the current lack of MNC accountability" (Winston, 2002, p. 75). Furthermore, a number of NGOs assume a role as 'service providers' by contributing to the provision of public goods, particularly in the realm of humanitarian and development aid (Curbach, 2009; Utting, 2005; Albareda, 2010).

In addition, NGOs act as agenda-setters and provide expert knowledge in the (global) political debate on corporate responsibility issues (Wolf, 2008). During the past two decades, NGOs have experienced a significant rise in importance as political actors in global sustainability governance. Having been largely accepted as the representatives of a global civil society, their influence is institutionalized both in formal and informal ways (Brunnengräber et al, 2007; Curbach, 2009; Take, 2002; Doh, 2008). NGOs are for example involved in policy development through drafting policy proposals, participation in (international) sustainable development conferences, and lobbying on environmental and social policy issues. Furthermore, they take on a consultative role as providers of expert knowledge in partnerships with UN organizations or governments, and in public policy networks (Wolf 2008; Mühle, 2008; Curbach, 2009).

Labor organizations

Several authors state that labor unions have traditionally been skeptical towards self-regulatory CSR considering it a neo-liberal business movement (Albareda, 2010). Labor organizations have thus been rather cautious about working with corporations on CSR. On the other hand, they have also tended to be marginalized in multi-stakeholder initiatives. For instance, the International Confederation of Free Trade Unions (ICFTU) has criticized the lack of attention that businesses and the UN had paid to labor organizations in the context of the UN Global Compact (Albareda, 2010).

Within the debate on transnational governance and CS, labor unions are most often mentioned related to their role in negotiating global framework agreements with TNCs

(Vitols/Kluge, 2011; Albareda, 2005) (see also section 6.2 on global governance). Furthermore, similar to NGOs, they are considered to play a role as 'watchdogs' when it comes to corporate misbehavior, for example in the context of the OECD guideline's complaints mechanism. On a broader scale, however, Utting (2001) observes that "the capacity of unions to use more confrontational tactics had declined, reflecting the more general weakening of international trade unionism that had occurred since the 1980s" (p. 8). Utting also points to various tensions between labor organizations and NGOs that have complicated civil society alliances. Nevertheless, trade unions are regarded to be an important stakeholder group whose formal involvement in MSIs enhances the legitimacy and accountability of these initiatives (Albareda, 2010). MSI with significant participation of labor unions are for example SA8000, ETI (Ethical Trading Initiative), WRC (World Resources Council) and CCC (Clean Clothes Campaign).

TNCs

Apart from being one of the main addressees of CS governance, the question arises in which ways TNCs themselves function as governance actors.

Mirroring the perceptions of the "decline of the state", globalization literature suggests that "the process of globalization is intimately linked with a transfer of power and authority from the public to the private sector" (Falkner, 2008, p. 74). As Moon and Vogel (2008) highlight, the business participation in new forms of governance, be it networks, partnerships or self-regulation, has led to corporations increasingly taking on a "subpolitical role" (p. 309; Beck, 1997). This is the case both in domestic governance and even more so in global governance for sustainable development: Instead of only reacting to external pressure, TNCs have gained a leadership position among CSR actors by proactively addressing governance gaps and engaging in transnational private governance (Levy/Newell, 2005; Utting, 2005; Haufler, 2009; Moon/Vogel, 2008). Rather than treating corporations as mere rational actors, Haufler (2009) points to recent research that highlights the "complexity of interests and motivations behind firm-level decisions" (p. 125). This becomes all the more relevant when looking at globally operating firms with a far-reaching corporate network.

Engaging in voluntary self-regulative activities that go beyond the law are the most obvious role that businesses can assume in CS governance. Global market patterns also allow TNCs to use their market leverage to establish standards beyond their own corporate boundaries. Within global corporate networks and supply chains, "key firms can set the standards that all other suppliers and partners must follow in order to maintain their place in the network" (Haufler, 2009, p. 126) (see also section 3.3). Through cooperating with other governance actors, for instance in public-private partnerships NGO-business partnerships or multi-stakeholder initiatives, TNCs engage in hybrid forms of transnational governance.

Authors who apply a power-theoretic/neo-pluralistic perspective, have described private actors´ power in CS governance by applying three theoretical dimensions: (1) 'instrumental' or 'relational' power, which refers to direct lobbying that influences policy outcomes, (2) 'structural' power, which arises from TNC's ability to make geographically flexible investment decisions, and (3) 'discursive' power based on the need of businesses` expert knowledge in policy-making (e.g. Falkner, 2003; Fuchs, 2008; Kolleck, 2010).

With regard to the realm of policy advocacy, Moon and Vogel (2008) emphasize the importance of 'responsible lobbying': "the definition of CS should be expanded to encompass how, to what extent and for what purposes corporations participate in the policy process" (p.318). In addition to traditional lobbying activities, business has a formal voice in policy networks and advisory panels on the domestic and international level (Levy/Newell, 2005). In opposition to the critical observation that TNCs might use their geographical flexibility as a source of power, scholars have also pointed to the role of TNCs as 'development agents' and to their interest in the international harmonization of standards since "divergence in regulatory systems […] can increases the costs to global business" (Haufler, 2009, p. 128). Kolleck (2010) found that corporations have tried to shape the discourse on sustainable development by repeating particular 'story-lines': First, they present themselves as competent and indispensable actors in global sustainability governance, and second, voluntary CSR is framed as a "responsible, innovative, efficient and essential" (p.226) approach that has exclusively positive repercussions for businesses.

Industry associations

Business associations traditionally provide an institutionalized framework to organize different interests among companies. The role of trade associations in CS governance is particularly emphasized in the context of sector-specific initiatives: "Indeed, they have been initiators and decisive multiplicators of CR initiatives because they are natural intermediaries between companies that are otherwise competitors" (Riess et al, 2010, p. 16; Albareda, 2010).

Apart from traditional industry associations, business associations that specifically aim at promoting corporate responsibility and sustainability have been established since the 1990s. Pioneering companies have set up these new associations "to stimulate inter-business cooperation in the area of sustainable development, business and human rights or labor standards" (Albareda, 2010, p. 83). This type of business network can be found both on the domestic and regional level (for instance BSR or the Caux Round Table in the USA, and CSR Europe in Europe), and the global level (e.g. the WBCSD or the International Business Leaders Forum (IBLF)). Their main function is to help develop definitions, norms and institutions for corporate sustainability (Kolleck, 2010; Albareda, 2010). Within these associations, the business community has been able to debate and mutually agree on a CR model based on its voluntary acceptance by companies without any legal or regulatory prerequisite requiring them to do so. CR business associations have become the advocates for the private sector with governments and international organizations, defending the business position on this matter and encouraging self-regulation within the international context In a case study on the WBCSD, Kentala-Lehtonen (2009) stresses that these associations also have considerable agenda-setting capacities and influence the discourse of sustainable development as a 'progressive business voice'.

Investors

Although SRI, which "is an important niche in the marketplace" (Kurtz, 2007) could be considered the mere implementation of CSR in the financial sector, socially responsible investors are at the same time considered drivers of CS due to the financial market incentive that they create for companies (Grunwald/Kopfmüller, 2006; Delmas, 2009). Broadly defined, socially responsible investors "include in their investment decision processes, over and above considerations of financial risk and return, some combination of ethical, religious, social and environmental concerns" (Kurtz, 2007). They are, however, far from being a homogenous group of actors. While the SRI movement originally has its roots in religious movements (at least in the US and partly in Europe), different types of 'modern' socially responsible investors can be distinguished according to their motivations: while value-based investors include ESG criteria in their investment portfolio to align it with their moral beliefs, value-seeking investors use ESG data to enhance portfolio performance (based on the assumption that sustainability performance and financial performance are positively related), and value-enhancing investors use shareholder activism to enhance investment value, particularly by focusing on corporate governance (Kinder, 2005; Kurtz, 2007). Within the universe of different types of investors, a particularly important role is assigned to institutional investors and especially to pension funds that can have a significant leverage on the capital market (McBarnet, 2007).
Asset owners and managers also follow different SRI strategies. Most often, the construction of SRI portfolios is based either on a negative screening approach that excludes companies involved in 'sin industries' like for example arms, tobacco, alcohol, and gambling, or on a positive screening approach including companies which have particularly positive CSR records (Kurtz, 2008). Eurosif (2012) distinguishes seven different approaches, including norms-based screening, sustainability themed investment, a best-in-class investment selection, exclusion of specific holdings from investment universe, the integration of ESG factors in financial analysis, engagement and voting on sustainability matters, and impact investment (Eurosif, 2012).
Since the 2000's, there is a range of different SRI products available for retail investors (McBarnett, 2007; Eurosif, 2012). On the retail side, the first SRI index fund, the KLD 400 Social Index (now MSCI KLD 400 Social Index) was launched in 1990, followed by other SRI indices, such as the Dow Jones Sustainability Index and the FTSE4Good.

6.4.2 Co- and self-regulation

As opposed to public regulation, the notions of self-regulation and co-regulation highlight the role of business and civil society in CS governance (Riess et al, 2010; EC, 2011).

Self-regulation

The term self-regulation is traditionally used to describe voluntary CS policies and practices unilaterally designed and implemented by companies and industry associations, such as codes of conduct, environmental reporting, social audits, and corporate social investment. Codes of conduct, for instance, formally define “standards for specific company behavior” (EU, 2004, p. 7; Bondy et al, 2004) and are “embedded primarily through the management control or information systems” (Cannon, 2012, p. 85). Advocacy, education and training, as well as audits are used to encourage compliance with codes of conduct throughout the organization (ibid.). While internal company codes are adopted unilaterally by companies, sector-specific codes apply within a particular industry, and some companies also adopt ‘external codes’ or ‘third party codes’ developed by multiple stakeholders (EU, 2004; Bondy et al, 2004).

A number of authors use the term self-regulation in a broader sense which implies that corporations take on a political role by accepting their social responsibility and using their corporate authority and power to foster sustainability in global markets (Albareda, 2010). The benefits of sector-specific initiatives are particularly emphasized in the debate on self-regulation. Since companies in a particular industry face comparable problems, issues and challenges, sector-wide solutions can reduce transaction costs and create synergies (Riess et al, 2010).

As mentioned above, traditional business self-regulation is typically exclusively governed and controlled by firms. However, critical voices - NGOs, trade union organizations and related networks, but also scholars and governmental institutions – have pointed to the issue of poor implementation of voluntary self-regulation and the lack of external control. Consequently, the involvement of stakeholders and civil society is usually considered enhancing the quality of self-regulatory measures. This is why the line between self-regulation and co-regulation gets increasingly blurred, and some studies use the terms in combination rather than differentiating them (for example Riess et al, 2010; EC, 2011).

Co-regulation

In the literature, forms of non-state governance that are not purely business-driven are oftentimes referred to as co-regulation (e.g. Utting, 2005; Krichewsky, 2009; Albareda, 2010; Bertelsmann Stiftung, 2013; Coni-Zimmer/Rieth, 2012) or civil regulation (e.g. Vogel, 2010; Williams et al, 2011; Utting/Clapp, 2008). Civil or co-regulation is usually associated with the involvement of civil society actors and/or multi-stakeholder initiatives. As a ‘third way’ it is supposed to address some of the limitations of both corporate self-regulation and public regulation (Utting, 2005; Utting/Clapp, 2008). Therefore, it is sometimes linked to the concept of Corporate Accountability (Utting/Clapp, 2008; see also sections 4.1 and 6.3.3). Williams et al (2011) describe civil regulation as referring “to governance arrangements whereby non-governmental organizations and other civil society actors seek to exercise oversight over, and thus influence, the activity of business organizations” (p. 952).

Various forms of activities are subsumed under the notion of co-regulation, ranging from rather confrontational to more collaborative approaches. These include ‘watchdog’ activities, media and consumer campaigns, legal actions by NGOs and labor organizations, and

shareholder activism, framework agreements, NGO advisory and consultancy services, business-NGO partnerships, and multi-stakeholder initiatives (Utting, 2001; Krichewsky, 2009; Coni-Zimmer/Rieth, 2012).
Midttun explains the leverage of these activities by the interplay of increased media range and the high degree of credibility that NGOs generally enjoy: “In modern media-driven societies, idealistic stakeholders acquire bargaining power vis-à-vis industry through public legitimacy bestowed upon them by media in open public debate” (Midttun, 2008, p.407; Ward, 2004). NGOs also use this bargaining power in implicit ways, for example by making sure their expertise is included into the policy-making process or pressuring local governments to adopt certain regulations (Campbell, 2007).
Compared to traditional forms of business self-regulation, Vogel (2010) argues that “civil regulations are more likely to be politicized: They have typically emerged in response to political and social pressures on business, often spearheaded by national and transnational activists who have embarrassed global firms by publicizing the shortcomings of their social and environmental practices” (p.70). Thus, civil regulations are more likely to be transparent and contested (Vogel, 2010).
Nevertheless, one has to bear in mind that many of these co-regulatory approaches have a limited reach as well. On the one hand, several strategies that civil NGOs, consumers and trade unions use as a leverage to hold companies to account in Europe and North America - such as boycotts, shareholder activism, and partnerships over specific issues - are not available to poorer communities in developing countries due to a lack of political mobilization, resources, networks and purchasing power (Newell, 2005). On the other hand, only a small portion of the world’s TNCs is involved in multi-stakeholder initiatives, and particularly initiatives relying on third-party monitoring and verification often engage only few companies (Utting, 2010).

6.4.3. Synergies between public and private governance

Concepts to foster synergies between different forms of governance

Given the specific limits of each form of governance - be it governance by government through public policies, private governance through self-regulation, or hybrid governance through co-regulation - a number of authors claim a synergistic combination of these different approaches (Midttun 2008; Utting, 2005; Ward, 2004; Mathis, 2007; Delmas, 2009). Vogel (2010) emphasizes the importance of such an alignment in order to create synergies and fill governance gaps on the global level: “The future effectiveness of global business regulation depends on the extent to which private and public authority, civil and government regulation, and soft and hard law, reinforce one another” (Vogel 2010, p.83).

Partnered governance

Midttun (2008) focuses on the interface of political governance and industrial self-regulation and introduces the conceptual framework of ‘partnered governance’: “Partnered governance

[…] may allow advanced states and pioneering companies to work together to raise the social and environmental bar above the global lowest common denominator" (Midttun, 2008, 416). The author argues that CSR could be much more effective if it was more systematically integrated with political steering in joint 'partnered governance': Thus, governments should stimulate and support self-regulatory initiatives by developing or supporting appropriate CSR management tools and mechanisms, including voluntary product-labeling schemes, benchmarks and guidelines, and facilitate CSR-orientation by creating fiscal incentives through its own procurement and investment practice.

At the same time, business actors expect the public sector to provide "(1) clarity in its regulations […] and (2) predictability of government intervention" (Ward, 2004, p. 7). As pro-regulation business coalitions on climate change in the UK and USA illustrate, "corporations claim long-term public policies (e.g. in the field of carbon emissions) to better decide on long-term investments" (Moon, 2009, p. 320).

Articulated regulation

A very similar string of thought can be found in the concept of 'articulated regulation' which was suggested by Utting (2005; 2007). This approach describes forms of interplay and mutual reinforcement of public and transnational governance. As opposed to the polarized debate about voluntary versus mandatory approaches, it highlights the potential synergies between soft and hard regulation, and proposes the combination and interlinkage of different regulatory approaches. Furthermore, it intends to expand the idea of co-regulation. Four forms of articulated regulation in a transnational context are differentiated by Utting:

(1) 'Articulating non-governmental systems of regulation' relates to forms of private and civil society regulation and proposes to "connect these initiatives in some inter-operable way that may help to overcome the challenges of scope, access and credibility" (O'Rourke, 2003, quoted in Utting, 2005, p.8). The author draws particular attention to the need of collaboration between NGOs and trade unions, and furthermore emphasizes the role of complaints procedures, which should be strengthened in comparison to the use of monitoring and reporting.

(2) 'The confrontation-collaboration nexus': collaborative standard-setting arrangements of hybrid governance are usually contrasted with confrontational activities like protest, campaigns and watchdog activities. While the mainstream CSR discourse tends to favor collaborative approaches, Utting highlights the importance of the co-existence of these two strategies in order to foster the ratcheting-up of standards.

(3) 'Voluntary and legalistic approaches' interact with each other in complementary and synergistic ways which can lead to an increasing harmonization of standards: for instance, domestic public policies on CSR, including (the threat of) mandatory requirements, market-based incentives, and negotiated agreements can promote voluntary CSR; fundamental laws create an enabling institutional environment for co-regulation; international soft law and transnational private standards may influence national legislation; voluntary initiatives achieve greater legitimacy when derived from international law, and can vice-versa reinforce

international law by referring to the former; and voluntary initiatives can pave the way for a step-wise “hardening” of soft law (Utting, 2005; 2007; Dingwerth/Pattberg, 2007).

(4) Policy coherence: contradictory policy environments (both on the national and international level) should be avoided since they can hinder improvements of corporate sustainability performances. Therefore, it is crucial to improve policy coherence and integration. This also applies to firm-level standards, such as TNC (supplier) codes of conduct which should not be in contradiction with contract conditions and delivery schedules.

Corporate Accountability

In the same vein, the Corporate Accountability movement (see also section 4.1) can be understood as a call for more integration of self- and co-regulation of TNCs with public regulatory approaches. A key term created by Ruggie, which denotes this desired institutional restructuring is “embedded liberalism” (Ruggie, 2003).

On the one hand, stressing the need of “enforceability” and “answerability” within the (self- and co-)regulation of companies, the approach claims a gradual hardening of softer approaches, like “more effective codes of conduct, monitoring, reporting and certification systems”. For improved effectiveness, the threat of sanctions in the case of non-compliance with agreed standards is necessary (Clapp/Utting, 2008). Within these governance arrangements, civil society organizations play a major role, which is why corporate accountability is sometimes dubbed “private sector hard law” (Cashore 2002, quoted in Clapp/Utting, 2008, p.18).

On the other hand, it assigns more importance to public policy and law (Utting, 2005) for addressing the issues of legitimacy and democratic governance raised by private governance. Corporate accountability is often associated with the attempt to introduce an international regulation of corporate activities (Clapp/Utting, 2008) (see also section 6.2). Within the debate on Corporate Accountability, the legal liability of TNCs in globalized economic structures is discussed, referring to “‘foreign direct liability’, under which firms in some countries can be prosecuted in their home country for abuses committed abroad” (Clapp/ Utting, 2008, p.19).

7. Summary of conceptual approaches

In the previous chapters, the main conceptual approaches that form the theoretical framework of this thesis have been described and discussed.

The debate on sustainability and TNCs in chapter 3 shows that TNCs have become crucial players in the pursuit of global sustainable development. The steadily increasing number of TNCs, their size and global market reach imply that their operations are directly and indirectly responsible for major social and ecological externalities and that they face increased sustainability risks. On the other hand, TNCs have an immense potential to use their leverage for furthering the idea of sustainable development and for taking advantage of sustainability opportunities.

As shown in chapter 4, CSR and CS both lack universally accepted definitions, but have undergone major conceptual developments: Despite having different roots, the two concepts now seem to have largely converged to include the triple-bottom line of sustainable development, a stakeholder orientation, and a focus on responsible business practices in the core business that goes beyond philanthropic activities. Furthermore, particularly with a view to the global level, a certain political responsibility has become an element of CSR. Yet, although the recent definition by the European Commission points in a new direction, the literature still tends to define CSR as exclusively voluntary activities that go beyond the law - whereas CS is associated with a broader understanding. Literature on firm-level CS management displays fairly homogenous ideas: it usually includes elements such as the identification of key issues, strategy development, the setting-up of an organizational structure, a CS program and management tools for operationalizing the strategy, and a reporting process. Finally, external and internal drivers of CS/CSR have been distinguished. While regulation, stakeholder expectations, market factors and mimetic pressures in the industry are assumed to be external influences that drive CSR, the often cited 'business case' of CSR is considered to function as an internal driver.

As discussed in chapter 5, institutionalist theories provide different assumptions about the influence of institutional environments on TNCs and CSR. In this context, I focused on two opposed strands of literature, namely new (sociological) institutionalism on the one hand and NBS/VoC on the other hand. Based on the observation that firms in a particular organizational field are shaped by coercive, normative and mimetic mechanisms of isomorphism, new institutionalism scholars tend to assume that there is a transnational homogenization of management practices. On the other hand, the NBS and VoC approaches emphasize the specific institutional characteristics of nation states and provide typologies of different national economies and their institutional features. A distinction which is particularly often made is the differentiation between LMEs and CMEs. With few exceptions, there is, however, little research on institutional features of emerging and developing countries. With regard to TNCs, new institutionalism acknowledges both the influence of transnational institutional isomorphisms on TNCs as well as how TNCs themselves contribute to shaping this institutional environment. At the same time, host country and home country effects on TNCs' subsidies are described. Finally, an extended literature review on the effects of different institutional environments on the uptake and dissemination of CSR shows that cross-country studies indeed found national differences in CSR, particularly between LME and CME countries. In this context, an important distinction is made between 'explicit' and 'implicit' CSR. A number of studies conclude that (explicit) CSR functions as a substitute for state intervention and is thus more predominant in LME countries. Nevertheless, explicit CSR seems to be spreading transnationally due to recent institutional changes in CME countries. Furthermore, CSR/CS is considered to have developed into a transnational organizational field, and a strategic form of CSR has been found to be institutionalized in TNCs.

Chapter 6 introduced the concept of governance and applies it to the field of Corporate Sustainability. In this context, governance is understood as a conceptual lens to look at different forms of societal steering that include both government and/or non-state actors. Within the debate on global governance and CS, the focus on intergovernmental regimes has been shifted to private and hybrid transnational forms of governance, with particular attention being paid to standards set by multi-stakeholder initiatives. This increasing importance of private governance gives also rise to questions of effectiveness and legitimacy. With a view to the basic modes of governance (hierarchy, market and network), (self-regulatory) CSR is oftentimes associated with the network mode of governance. While hierarchic forms of governance are usually linked to government authority and thus to the domestic level, forms of market governance (including NSMD) and network governance can be found on both the national and transnational level. From a policy perspective, the basic modes of governance have been linked to a typology of policy instruments that include regulatory, market-based, cooperative and informational instruments. The concept of meta-governance is particularly interesting in the field of CSR, since it helps to understand soft policies on CSR as 'governance of self-regulation'.

Agency in CS governance has been conceptualized around the often used 'triangle' of state, civil society and private actors, including combined actor constellations. These actor groups assume different roles in CS governance: for instance, IGOs are associated with international soft law development; governments continue to act as a regulator, but increasingly take on an 'enabling' role through metagovernance in the shadow of hierarchy; civil society actors (NGOs and labor organizations) play a major role for 'co-regulation', using both confrontational and collaborative approaches; TNCs and business associations take on self-regulatory roles, but also use their discursive power for agenda-setting; and socially responsible investors use their financial leverage to foster CS. Given the multitude and complexity of these governance approaches, several authors have pointed to the reciprocal influences between public and private, national and global governance, and claimed a better alignment of different forms of governance to enhance synergies.

Complementarities between the conceptual approaches

The detailed discussion of the different theoretical strands reveals that institutional theory and governance complement each other in several ways:

First, institutionalism enriches the governance concept insofar as it provides insights on the "settings in which these [governance] systems operate" (Young, 2009, p.39). Kjaer (2004) also emphasizes that "governance theory has a broad institutional grounding" (p.?). Consequently, the outcomes of governance efforts highly depend on the fit between the respective governance system and the institutional and cultural settings in which it is embedded (Young, 2009).

Vice versa, the governance perspective complements the institutionalist view by combining rule-structures with agency, thereby introducing an element of intentional change "which is oftentimes lacking in institutionalism" (Kjaer, 2004, p.10). While some conceptual elements seem similar - for instance the hierarchical mode of governance and the coercive mechanisms of isomorphism - one has to bear in mind that governance always looks at intentional forms of ‘steering’ by a defined set of actors while institutionalism focuses on existing institutional structures.

Finally, institutionalism and governance differ in how they have so far been linked to corporate sustainability/CSR: In governance literature, co- and self-regulatory CSR has been identified as part of ’new’ governance or private governance due to the obvious relevance of non-state actors and networks. Institutionalist approaches, on the other hand, have offered competing hypotheses on the spread of CSR, and provide some theoretical insights on how different institutional environments might result in different forms of CSR. Nevertheless, both theory strands tend to view CSR as a phenomenon that fills governance gaps – be it on the global or the domestic level.

C Research Design and Methodology

As mentioned earlier (A 3: Research questions, research design and limitations), the aim of this thesis is to *analyze the role of national governance patterns in comparison to global governance practices in shaping the CS management of TNCs and their subsidiaries in Germany, the US and India.*

The following sub-questions have been developed in order to operationalize this research objective:

1. What are relevant institutional factors and global governance patterns for corporate sustainability/CSR?
2. What are relevant institutional factors and national governance patterns for corporate sustainability/CSR in Germany, the US, and India?
3. How do these national /global governance patterns influence TNCs´ sustainability/CSR management?

In the following, I will explain how the research questions are approached by means of a qualitative empirical research design. The comparative research design, criteria for case selections, and the methodologies which have been applied will be described. Furthermore, I will point out the sampling for the expert interviews and the development of the interview guidelines on the basis of the theoretical framework. Finally, the process of the content analysis will be explained.

8. Empirical research design

Elements of the empirical research design

Based on the research questions mentioned above, the empirical research design includes three main elements:

- the identification of global governance patterns for CS
- a comparison of three different national governance patterns for CS
- three case studies on TNCs´ CS management in the previously analyzed national environments, which allows for capturing variations and indicators of global and national governance influences

Independent, dependent and context variables

Variables are used in the social sciences as constructs that designate varying features or characteristics of the subjects of investigation (Gläser/Laudel, 2006; Kromrey, 2009; Lauth/Pickel, 2009). Interrelations and connections between these variables are at the focus of the analysis. According to their function, three types of variables are distinguished: *dependent variables* are those aspects which the analysis aims to explain; *independent variables* are assumed to have an influence on these aspects and include all the factors which are used to explain the dependent variables; finally, *context variables*, also known as *intervening variables* cover varying framework conditions, which might influence the dependent variables or modify the relation between independent and depend variables (Lauth/Pickel, 2009; Gläser/Laudel, 2006). Depending on the research methods and the type of data used, variables can be either quantitative (numerical) or qualitative (not numerical). While quantitative research usually uses a concept of ‘simple’ variables, similar to indicators, qualitative research works with complex variables that combine several features and can usually not be reduced to (Gläser/Laudel, 2006; Lauth/Pickel, 2009). In the context of this thesis, qualitative and complex variables are used.

The chart below shows the different variables and influences that this study focuses on: The TNCs´ CS management at the headquarters and different subsidiaries are the dependent variables, while national governance patterns and global governance patterns represent independent variables that are assumed to have an influence on TNCs’ CS management. The main context variables are the national institutional context, the specific sustainability challenges that the country or region faces, and the industry that the TNC is part of.

In addition, it has to be taken into account that the headquarters exert a considerable influence on their subsidiaries via corporate governance mechanisms (see dotted arrow). Furthermore, there are interconnections between the two independent variables, as transnational and international governance might influence the national governance level through policy learning and convergence (see dotted arrow).

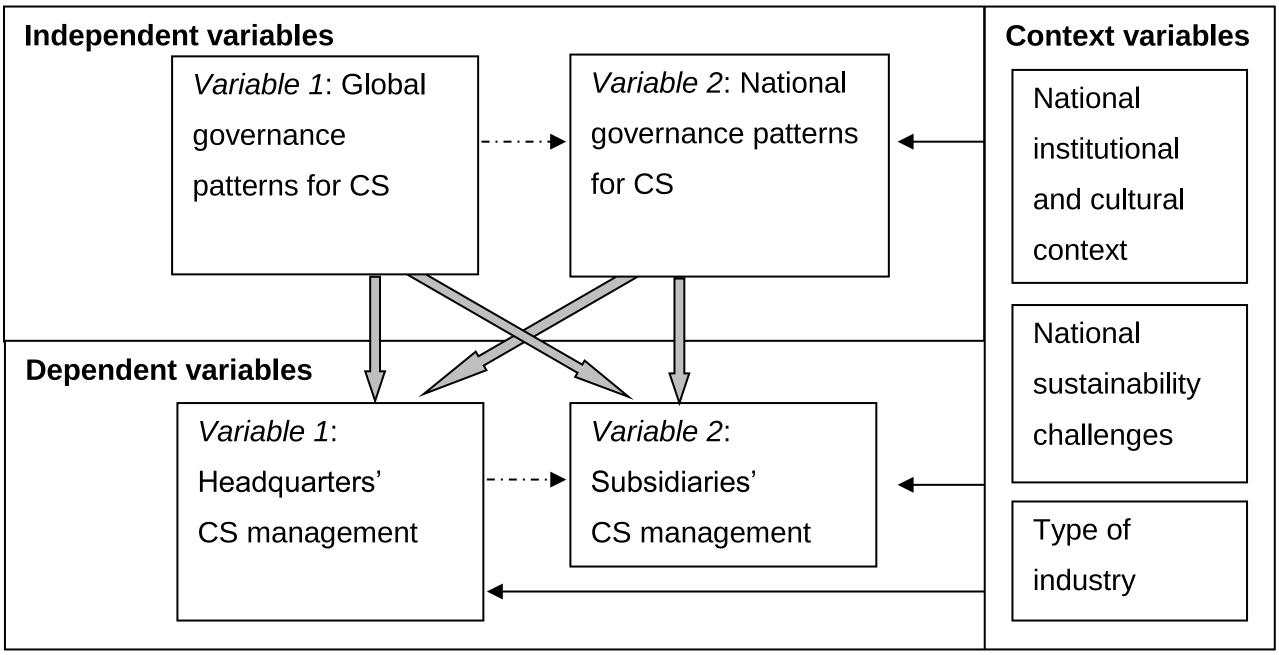

Figure 7: Interdependent, dependent and context variables

Comparative research design

In order to answer the research questions, it was crucial to develop an empirical research design that is based on international variation. By revealing international differences, the cross-country comparison allows for identifying unique national characteristics of CS governance. Based on this, an examination of how TNCs align their CS management to

these national specificities is able to shed light on the relevance of domestic factors. Hence, the diversity of national frameworks is an important condition for this research design.
Consequently, the case selection for the comparison is inspired by the Most Different Cases Design (MDCD) (Lauth/Pickel, 2009), also referred to as „most dissimilar case design"(Blum/Schubert, 2009). In general, a comparative research design can either follow the principle of similarity or the principle of variation with regard to the selection of cases, i.e. the constructed cases are either most similar (MSCD) or most different (MDCD) (Lauth/Pickel, 2009; Blum/Schubert, 2009). From a methodological perspective, a comparable cases strategy is appropriate for a small to medium number of cases as well as a small to medium number of variables (ibid.). Cross-country comparisons based on qualitative methods usually comprise three or four cases, since a bigger number of cases - which in contrast, is typical for quantitative comparative studies - would be too work-intensive and costly for a qualitative research approach. Interpretative analyses with a small number of cases typically do not produce generalizable and representative findings. The advantage of comparative case studies is, however, the greater depth of information that they provide with regard to the description and analysis of cases (Schneider/Janning, 2006; Blum/Schubert, 2009).
The MDCD is usually applied when the research interest aims at similar processes under varying conditions (Lauth/Pickel, 2009). In the context of this thesis, the varying conditions relate to the different institutional conditions and CS governance patterns in the three countries, while the processes to analyze refer to the alignment of TNCs' CS management to these conditions. The selection of countries with different institutional environments is based on the assumptions of comparative capitalism research which suggest that significant differences in the national institutional environment result in varying the framework conditions for CS/CSR (Matten/Moon, 2008; Jackson/Apostolakou, 2010).

Selection of countries

Following the logic of the MDCD, the countries for the comparison had to meet the criterion of varying from each other in their institutional environment, e.g. in economic, political and cultural aspects. In addition, however, they all had to meet basic framework prerequisites that relate to the focus of the study: First, as the analysis is focused on TNCs, the countries should be a location for transnational business, which is usually signaled by a fair amount of FDI inflow. Second, in order to be able to apply the governance perspective, the decision was made to select only democratic countries where civil society. Third, the concepts of sustainability and CS/CSR should be known paradigms, and there should be observable efforts to govern these.
On this basis of these criteria, the institutionally highly different countries Germany, India and USA were chosen for the international comparison.
As for the institutional diversity, the VoC and NBS approaches help illustrate the differences between these countries: developed economies can be grouped into CMEs and LMEs, with Germany being considered a CME and the US being considered an LME. Furthermore, the intention was to include one of the BRICS countries in order to evaluate the characteristics of CS governance in an emerging market economy opposed to developed countries. India has been rarely studied from a NBS or VoC perspective (for an exception see Witt/Redding,

2013). In fact, “all Asian economies, except Japan, cluster on a completely different branch than the countries the VoC framework identifies as CMEs and LMEs” (Witt/Redding, p.23). Witt and Redding have instead analyzed its institutional characteristics according to types of NBS and count India among the cluster of ‘post-socialist Asian countries’ “because its socialist heritage of central planning and state control of the economy remains strong” (Witt/Redding, 2013, p. 21).

With regard to the presence of transnational businesses, the US displays the by far largest amount of FDI (over 200 billion USD per year during the past 3 years) compared to India and Germany, which is partly due to the mere size of the economy (World Bank, 2013). The idea to also include a developing country in the comparison was rejected, as FDI inflows are usually rather low, except for the extractive industries.

The political systems in all three countries are based on democracy. Although, for instance, in an autocratic political system with a market economy, like China, hierarchic and market-based forms of governance would be possible to observe, it can be assumed that new forms of governance associated with civil society actors – which have a considerable importance in the field of CS – would be very constrained in a non-democratic environment.

With regard to the third prerequisite, in all three countries, there are observable efforts on different levels of governance to pursue the ideas of sustainability and CS/CSR, although they might be subject to political and public debate.

India was favored among the BRICS countries, as both China and Russia have no democratic political systems; South Africa has only a very small amount of FDI inflow; and Brazil was excluded due to practical constraints, since fluency in the official languages of the countries was a crucial factor for the expert interviews and document research.

Company case studies: Selection of TNCs

Based on this comparative approach, in order to explore how TNCs strategically deal with different national CS governance in these highly diverse countries, the second step of the research design comprises three case studies of TNCs and their subsidiaries. The focus of these case studies is on the CS management and particularly on the different perceptions of governance instruments and actors by CS managers in TNCs’ headquarters and subsidiaries.

With regard to the selection of the case companies, the decision was made to focus on TNCs headquartered in Germany with subsidiaries in USA and India. This limitation is particularly useful as it helps to reduce the variation of framework conditions other than the intended variation in national governance environments. In other words, as the explicit focus of the study is on the influence of governance patterns as independent variables, it was recommendable to select the cases in a way that keeps other influencing factors, like for example corporate culture and industry, relatively stable.

Another approach would have been to select TNCs from each of these three countries – both an Indian, a North American and a German TNC with subsidiaries in the respective other countries – to investigate the variation in their approaches to dealing with national differences. However, as the number of cases would have been only one TNC per country due to practical restrictions, the findings would have been quite limited: The findings would provide information limited to one specific company. The examination of three cases from the

same home country (Germany-headquartered TNCs), in contrast, allows for the identification of similarities between the cases. Although there cannot be made any representative statements based on three case studies, the higher number of similar cases (TNCs with German headquarters) improves the explanatory power of the analysis.
The TNCs selected for the case studies had to meet the following additional criteria: First, they had to be part of industries with a significant sustainability impact. However, industries which have a per se unsustainable business model (like for example the oil, tobacco, or arms industries) were excluded. The reasons for these limitations were the assumption that industries with a significant sustainability impact would be more sensible to any forms of CS governance, while industries which are per se unsustainable can by their very nature not employ a holistic approach to CS.
Second, the TNCs should have a significant size and preferably be publicly listed companies, in order to ensure a certain public interest in their sustainability activities. In addition, several regulations apply only to large or publicly listed companies. Consequently, the TNCs were chosen from the group of DAX 30-listed companies.
The third condition was that India and the USA should have a certain importance as production locations for the case companies. The reason was that a significant ecological and social sustainability impact in the host country would only be given when the subsidiaries actually comprise production facilities and a considerable number of employees.
Fourth, the TNCs should have implemented a substantial and observable CS management and have appointed CS managers in all three countries.

Based on these criteria, the following German TNCs from the chemical and engineering industries were selected as company cases: BASF, Bayer and Siemens.
With regard the first criterion, businesses from manufacturing industries were selected as their sustainability impact is usually stronger and easier to localize than in service industries or in retail industries. For instance, the sustainability impact of a transnational trading enterprise or a clothing company is mainly generated through the worldwide supply chain, which makes it difficult to localize it. Although sustainable supply chain management is an important issue in manufacturing industries as well, their production processes and products are to a higher extent embedded in national contexts. The decision was made to select TNCs from two different manufacturing industries in order to avoid a bias
With a view to the second and third criteria, the TNCs being part of the list of DAX 30-companies and belonging to the chemical and engineering industries were scrutinized with regard to their subsidiaries in India and the US. Four companies were singled out for having a strong business presence in these two countries: Siemens, Bosch, Bayer and BASF.
The fourth criterion was, at the time of the empirical data collection, only met by three of these four companies. Although the Bosch GmbH has global CS structures, its CS management in the United States was undergoing restructuring process at that time. Siemens, Bayer and BASF have implemented CS management structures in India and the US and CS managers could be contacted in order to gather information via expert interviews.

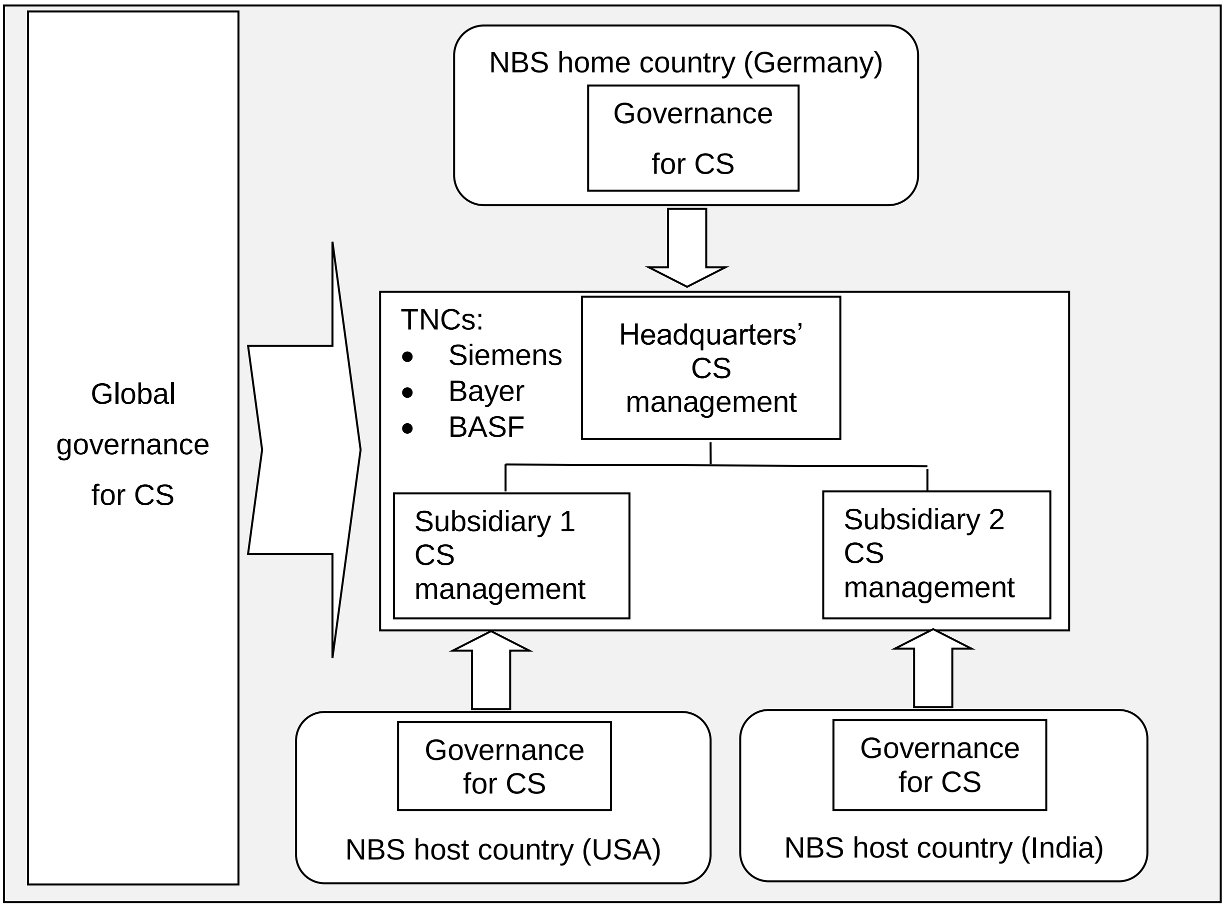

Figure 8: Overview of the comparative research design

9. Qualitative research methods

Based on this comparative research design, relevant data was collected by means of a structured qualitative analysis empirical research: For all three countries, a series of semi-structured expert interviews as well as literature and document research were conducted.
Qualitative methods were chosen because of their ability to generate deeper insights, particularly when dealing with several independent variables (Blum/Schubert, 2009). It is explicitly not the aim of this thesis to produce numeral and representative results, but to create a deeper understanding of causal links and influences that explain the influence of domestic and global CS governance processes on TNCs' CS management.
Lauth and Pickel (2009) emphasize the usefulness of the "understanding approach" (p. 167) of qualitative methods in comparative policy research. Oftentimes, macro-based quantitative methods are not able to provide information on processes that generate policy output and outcome. Expert interviews are one of the typical qualitative methods to gather this type of context information and to understand and interpret how variables are connected to each other (Lauth/Pickel, 2009). This deeper understanding generated by a qualitative approach can be used both for the generation of hypotheses and classifications, the further development of existing theories, and even the testing of 'trend theories' (Mayring, 2010).

Answering research sub-questions through qualitative analysis

The theoretical basis for sub-questions one and two was provided in chapters 7 and 8. As for the first question, the identification of actual global governance actors, norms, and instruments for CS is mainly addressed by literature research and document analysis in chapter 12. Since there is plenty of information available on global governance for CS, it was not necessary to collect more descriptive data through expert interviews with actors involved in the global governance processes. However, with regard to the perceived relevance of these global governance instruments and actors, it is addressed in the expert interviews with governance actors in the three countries.
Similarly, the second research question, which relates to the domestic level, is partly addressed by literature research and document analysis in chapter 13 for all the three countries included in the comparison. Institutional factors as well as background information on governance actors and instruments are given in order to embed the empirical data within the respective context. However, the 42 expert interviews with governance experts significantly extend the findings from literature by revealing the governance actors' expectations with regard to TNCs' responsibilities, their evaluation of relevant instruments and modes of governance, and their perception of the role of other governance actors and important networks. The resulting differences finally allow for a comparison of the governance patterns in Germany, India and the US.
The answer to the third research question is conceptually based on chapter 6, but equally draws on the theoretical insights from chapter 7 and 8 with regard to global and domestic influences. This question is empirically approached through 13 qualitative interviews with sustainability/EHS managers of selected TNCs in Germany, India and the US. These interviews are supposed to reveal, on the one hand, how the CS management in Germany-headquartered TNCs is structured transnationally. On the other hand, and most importantly, it shows how relevant governance instruments on the global and national levels are perceived by the CS managers in the home country and the host countries. The comparison of the data from the three countries allows for an assessment of the extent to which the CS management at the companies` headquarters and subsidiaries reflect global and national governance patterns.

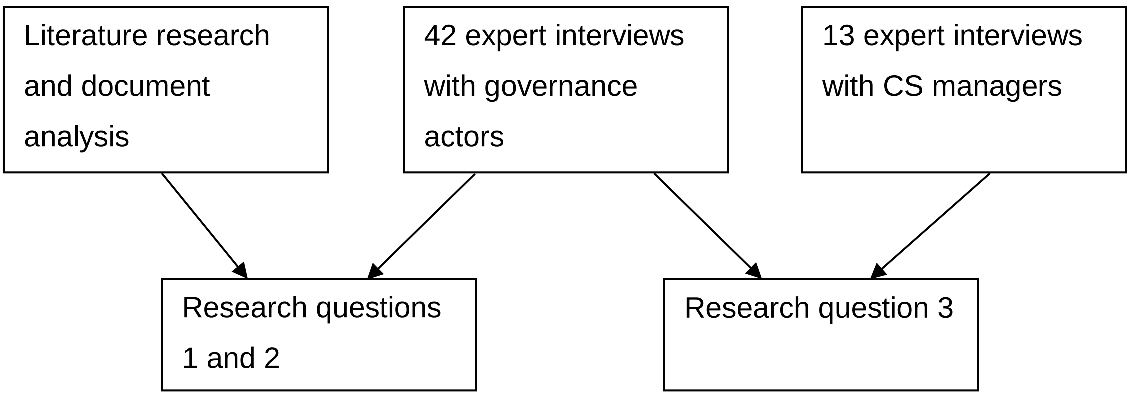

Figure 9: Answering research sub-questions through qualitative analysis

9.1. *Expert Interviews*

Based on the identification of relevant governance instruments through literature research and document analysis, the conduction of guideline-based expert interviews is the core element of the qualitative data collection for this thesis.

Expert interviews are used in the research process to analyze structural connections and interrelations. In expert interviews, the expert is usually not the subject of the research, but only the source or ‘carrier’ of relevant information. This is why expert interviews are predominantly conducted in the form of semi-structured or guideline-based interviews as opposed to narrative or open interviews (Lauth/Pickel, 2009; Meuser/Nagel, 2005). In contrast to some other forms of qualitative interviews, a prerequisite for the analysis and interpretation of expert knowledge is a theory-based framework of analytical categories. Thus, the research results are not only able to provide hypotheses, but at the same time contribute to testing the explanatory power and scope of the theoretical framework (Meuser/Nagel, 2005).

With regard to the number of interviews, “it may be advisable to seek out a larger subject pool when groups or subpopulations are discernable within the setting and it is likely that members of these groups have varied perceptions, roles, statuses, problems with, or decisions about the scene” (Baker/Edwards). Due to the comparative research design and the different sub-groups of governance actors, this was definitely the case in this thesis. In total, 54 semi-structured, guideline-based expert interviews with governance actors and company representatives were conducted and serve as a source of data for the qualitative content analysis. As mentioned above, these can be broadly grouped into expert interviews with governance actors on the one hand, and expert interviews with CS managers on the other hand.

Theory-based sampling strategy

I used a theory-based sampling strategy for the selection of interview partners as the comparative research design and the stratification of governance actors created a need to include adequate numbers of participants from each stratum (Baker/Edwards). Theoretical sampling[7] or the ‘theory-based determination of cases’ describes the sampling of interview partners on the basis of certain theory-based criteria in order to avoid distorted results. This sampling strategy usually aims at a structural variation in order to portray the actual heterogeneity within the field (Kruse, 2010). It requires the a priori definition of selection criteria that are based on theoretically relevant features.

[7] Glaser and Strauss (1998) use the term ‘theoretical sampling’ in a different manner: Although the emphasis is on variation, the sampling criteria emerge stepwise during the process of data collection (Glaser/Strauss, 1998; Kelle/Kluge, 1999; Kruse, 2010).

Selection of experts for CS governance

Criteria

The identification of relevant interview partners who are representative for groups of governance actors involved in CS governance in the US, India, and Germany, was based on the theoretical findings in chapters 6 and 8 of this thesis. The sampling had to both capture the heterogeneity of the governance actors within the countries and cover the same categories of governance actors in all three countries, in order to ensure comparability.

The affiliation with one of the groups of governance actors for CS was thus the first criterion for the selection of interviewees: Following the findings from chapter 8 with regard to governance actors in the field of CS, the sampling focused on experts from governments, NGOs, trade union associations, business associations, SRI associations, and international organizations.

Second, either the focus of the organizations had to be explicitly on CS/CSR governance, or the interviewees had to be experts for CS/CSR governance within their organization. Experts are defined by the literature as persons who have privileged access to information about decision-making processes or groups of actors, or who have responsibilities for the draft, implementation or monitoring of problem solving processes related to the field of research (Schmid, 1995; Lauth/Pickel, 2009); Meuser/Nagel, 2005). Consequently, the direct involvement in the governance process for CS or the access to inside information about the political discourse about CS were important characteristics of these experts. In the case of government representatives, this implied for example targeting experts at the staff level who are in charge of the topic.

Recruitment strategies

In order to approach appropriate interview partners, I employed different recruitment strategies: First, similar to the 'snowball sampling' strategy, easily identifiable experts served as 'gatekeepers' (Kruse, 2010): These experts could usually name several more experts in the field who they recommended to approach for the interviews. In order to gain a consistent picture of the relevant actors in each country, I asked each of my interviewees for further recommendations at the end of the interview. Thus, the pool of experts was extended during the field research process. Second, where experts were hard to identify (for example within ministries where it was unclear which organizational unit is in charge of the issue), an indicator of the involvement in CS governance was the affiliation with working groups, policy networks or roundtables in the field of CS. For instance, the federal governments in all three countries have working groups on CSR including experts from different ministries. However, as these are part of the internal structure, I first had to identify one member of these working groups who then provided me with the contact details of the relevant other experts. Furthermore, relevant organizations were identified by consulting experts from research communities on CS/CSR (e.g. at the Boston University, Boston College Center for Corporate Citizenship, Harvard Kennedy School of Government, Tellus Institute, and Indian Institute of Science).

However, some governance actors were particularly difficult to approach: for example, no experts in the group of trade unions in India could be interviewed. However, from the other interviews, it became apparent that trade unions are merely involved in CS/CSR governance in India, which also explains their absence in CSR policy networks or roundtables. Furthermore, an interview request to CSR Germany, a network of employers in Germany, was rejected due to time constraints.

In total, 40 interviews with experts from the identified groups of governance actors were conducted, 13 in Germany, 15 in the US and 12 in India.

	Germany	USA	India
Government/ political actors	▪ BMU ▪ BMAS (2) ▪ BMWi (2) ▪ RNE	▪ EPA (2) ▪ Dep. of Commerce ▪ Dep. of Labor	▪ IICA ▪ MOEF ▪ Ministry of Corporate Affairs ▪ GIZ
NGOs	▪ Germanwatch	▪ Ceres ▪ Environmental Defense Fund ▪ BSR	▪ Cividep ▪ PiC ▪ CSE
Business associations	▪ Econsense	▪ NAEM ▪ Conference Board	▪ CII - Centre of Excellence for Sustainability ▪ Teri-BCSD
Union associations	▪ DGB (Deutscher Gewerkschafts-bund)	▪ Blue Green Alliance ▪ Labor Network for Sustainability	
SRI associations	▪ FNG (Forum Nachhaltige Geldanlagen)	▪ US SIF	▪ CRISIL
International organizations' national offices	▪ UNGC network ▪ ILO office ▪ OECD NCP	▪ UNGC network ▪ ILO office ▪ OECD NCP (at the Dep. of State CSR unit)	▪ UNGC network ▪ ILO office

Table 4: Expert interviews with groups of governance actors

Experts for CS management in the case companies

Criteria

The criteria for the selection of experts within the case companies were twofold: First, the interviewees should be part of the sustainability management department of the selected case companies. Second, in the case of experts from the headquarters, it was important that they have an overview of both the global CS management as well as the domestic CS management in Germany. Where these responsibilities were split between several persons, multiple experts were interviewed. In the case that the interviewees referred to colleagues, for instance in the EHS department for a complementary view on environmental and labor issues, the latter were approached as well.

Recruitment strategies

The interviewees were initially approached via a request directed to the headquarters of the sustainability departments in Germany. In most of the cases, the German CS managers were able to refer me to their colleagues in India and the US. As mentioned above, in some cases, several interviews were conducted due to varying responsibilities.

In total, 14 CS managers of the three case companies in Germany, India and the US were interviewed.

	Germany	**USA**	**India**
Siemens	4 CS managers (global coordination, national CS, stakeholder management, CS in the sectors)	1 CS manager	2 CS managers
BASF	1 CS manager	1 CS manager	1 CSR manager
Bayer	1 CS manager	1 CS manager	2 CS managers, 1 EHS manager

Table 5: Expert interviews with sustainability managers

Theory-based development of the interview guidelines

Guidelines for interviews that aim at gathering expert knowledge are usually developed along thematic categories which form the precedence of the system of analytical categories used later for the content analysis (Meuser/Nagel, 2005). In line with this approach by Meuser and Nagel, the interview guidelines were based on the theoretical findings of chapter 5 to 8 and the research questions of the study. Gläser and Laudel (2006) recommend the development of key questions that specify the information needed to answer the research questions and are then are complemented by more detailed interview questions. These key questions mirror the conceptual framework as they aim at closing the knowledge gaps and at applying the conceptual framework to a specific empirical context (Gläser/Laudel, 2010). The thematic categories and key questions used in the interview guidelines are indicated in the two tables below.

As Gläser and Laudel (2006) emphasize, it is useful to develop several specific interview guidelines if there are different groups of experts in the sample. Two guidelines with different focuses were developed: (1) for governance actors, and (2) for corporate CS managers.

The guideline for the expert interviews with governance actors is composed of a core part which is consistent for all the governance actors plus a small number of questions that are specifically tailored to the respective type of actor groups. After an opening question about the experts' responsibilities within the respective organization, the first thematic block captures the experts` view on the national institutional framework for CS. Drawing on new institutional theory and comparative capitalism theories (NBS/VoC), the relating key questions are supposed to generate insights about informal norms and shared understandings about CS/CSR and TNCs as well as to reveal the effect of relevant characteristics of the NBS on CS. The second thematic category focuses on prevalent domestic modes of governance (hierarchy, market, and network) and respective policy instruments. The key questions in this section capture policy instruments considered relevant for CS and the experts' perception of their importance and effectiveness. CSR is considered as a mode of self-governance in this context. Also, interconnections between governance instruments, and mechanisms of 'shadow of hierarchy' regarding the government's approach to CSR are explored. The third thematic focus is the role of domestic governance actors. Consequently, key questions cover the perception of the role and importance of domestic governance actors for CS, and try to unravel the interconnectedness of different governance actors. The question about policy networks and cooperation in the organizational field of CS at the same time relates to the thematic block of modes of governance, and aims at mechanisms of normative and cognitive isomorphism. The fourth thematic category covers the role of instruments and actors of global governance, including networks and partnerships, while the fifth interrelations between international and national governance patterns.

Target group	Key interview questions	Thematic categories
All groups of governance actors	1. What are your responsibilities at [organization] and how does your day-to-day work look like?	Ice-breaker question
	2. How would you describe the ecological and social responsibility of TNCs? 3. Among the characteristic political, economic and cultural aspects of this country, which do you consider particularly relevant to CS? 4. What are the biggest challenges to CS that policy-makers face in [country]?	Influence of the national institutional environment
	5. What are relevant policy instruments in [country] for promoting or regulating CS? 6. How effective are the different types of policy instruments in this field? (Regulatory, incentive-based, and agreement/information-based) 7. What are advantages and disadvantages of corporate self-regulation; how effective is CSR as self-regulation? 8. Please describe the role of the political framework for CSR in [country]?	Role of domestic modes of governance
	9. What are your organization's priority topics/focus areas within the field of CS? 10. What are your strategies to promote CS? 11. What is the role these actors in influencing CS in [country]: trade unions, NGOs, business associations, government, investors? 12. With which of these actor groups do you cooperate or	Role of domestic governance actors

	exchange ideas? 13. Which networks do you participate in/ consider most important in this field?	
	14. What are international instruments/frameworks for CS/CSR that you consider most relevant – and how should they be implemented by companies? 15. What types of international instruments do you consider most important? 16. Which international organizations and networks do you consider most important?	Role of global governance instruments and actors
	17. Please describe your exchange of ideas/ best-practices with international counterparts about CS/CSR.	Interrelations global-national

Table 6: Key interview questions governance actors – core guideline

In addition to this core guideline, a few questions were tailored to specific actor groups:

Target group	Additional key questions tailored to actor groups	Thematic categories
Government	1. How do you coordinate the topic of CSR with other ministries? 2. How would you describe the relation between CSR policies and sustainability policies in [country]?	Political coordination/ institutionalization
	3. In what ways does the government directly or indirectly support or contribute to international instruments? In what ways are national policies on CS/CSR inspired by international instruments?	Global-national interrelations
International organizations‘ national offices	1. How close is the coordination between the international headquarters of [organization] and the [country] office?	
NGOs **Trade unions** **Business associations**	1. Do you mainly target policy-makers or companies with your activities?	Role of governance actors
NGOs **Trade unions**	2. Would you describe your approach to companies as rather confrontational or cooperative?	
SRI associations	1. How would you describe the development of the market for SRI in [country] in an international comparison?	Institutionalization of SRI

Table 7: Interview questions tailored to specific actor groups

On the other hand, the expert interviews with corporate representatives focused on the international coordination of the TNCs` CS management, decision-making and communication between headquarters and subsidiaries, differences in their CS strategies, focus issues and stakeholders, as well as their perception and implementation of different national and international governance instruments. Along with insights from governance and institutional theory, this guideline had a closer focus on the conceptual framework of CS and CSR.

A few of the interview questions regarding the influence of headquarters varied depending on the CS manager being employed at the headquarters or subsidiaries of the TNCs.

Target group	Key interview questions	Thematic categories
All corporate CS managers	1. What are your responsibilities at [company] and how does your day-to-day work look like?	Ice-breaker question
	2. How would you describe the ecological and social responsibility of TNCs? 3. Among the characteristic political, economic and cultural aspects of this country, which do you consider particularly relevant to CS?	Influence of the national institutional environment
	4. Please describe the organizational structure of your company´s CS management. 5. Please describe your CS/CSR strategy in [country]. How do you decide upon sustainability activities? 6. Which are the key topics that you focus on in your sustainability management in the US/India? 7. Please describe how your CS initiatives are linked to your core business/ the role of CC initiatives. 8. How do you report/communicate on CS?	CS organizational structure, strategy, key issues, program and reporting
Headquarters	9. Please describe how you integrate the international subsidiaries in your CS management. 10. What are overarching elements of the corporate culture?	Influence of headquarters
Subsidiaries	9. Please describe how you coordinate your work with the headquarters´ sustainability department. 10. Please describe how you experience the corporate culture; what are differences in your country?	
	11. Who are your most important stakeholders in [country]? 12. What role do the following stakeholder groups play in shaping/influencing your sustainability initiatives: NGOs, trade unions, government, investors, and customers? 13. In which networks in the field of CS do you participate and why?	Influence of domestic stakeholders/ governance actors

All corporate CS managers	14. What role do business associations play for your CS activities? 15. How do you interact with competitors in your industry with regard to sustainability?	Mimicry
	16. How do the following aspects in [country] affect your work? • Regulations • Fiscal or governmental incentives • information policies • Activism by NGOs and trade unions • Partnerships and cooperation • certifications • SRI ratings/rankings and indices • voluntary agreements • codes of conduct	Influence of domestic governance instruments
	17. What role do international instruments play for your sustainability activities? How do you implement these principles and guidelines? 18. Who are your most important international stakeholders?	Influence of global governance instruments and actors

Table 8: Key interview questions sustainability managers

Conduct of expert interviews

Most of the expert interviews were conducted in the time period between September 2011 and September 2012, and the interview phase was completely finished in May 2013. The majority of the interviews were face-to-face interviews, however, 11 interviews were conducted via telephone, and one interview guideline was answered in writing at the request of the interviewee. The conduction of face-to-face interviews was facilitated by research stays in the US from March to July 2012 and in India in September 2012; most of these interviews took place in the work environment of the interviewees (office), while a few interviews were conducted in public locations (café) on request of the interview partners. At the beginning of each interview, I briefly introduced the research project and my own professional background. All the interviews were recorded and fully transcribed by myself. In some cases, socio-cultural differences became noticeable in the communication patterns between the interviewees of the different countries. This had, for instance, the effect that the length of some interviews varied considerably between the three countries. The large majority of the interviews were approximately one hour long; however, the longest interview took about three hours, whereas the shortest interview took 25 minutes. Another reason for these variances in duration was, of course, the variation in the experts' knowledge about the topic and time restrictions.

Transcription of interviews

Certain transcription rules were set up to ensure a consistent form of all transcripts:

- standard orthography was used instead of dialect or word abbreviations in spoken language (e.g. ‘do not’ instead of ‘don’t’)
- Non-verbal expressions (e.g. laughter, clearing one’s throat) were only transcribed where they changed the meaning of the respective passage – for instance, when they were an indicator for irony.
- Interruptions of the interview (e.g. because of phone calls) were noted
- Inaudible or incomprehensible passages were marked

Unless agreed upon otherwise, the transcripts were sent to the interviewees by e-mail, giving them the opportunity to check their statements and, if desired, to subsequently exclude specific statements from being used in the analysis.

9.2. Qualitative Content Analysis

The transcribed expert interviews were analyzed by the means of a qualitative content analysis, mainly drawing on the methodological approach suggested by Mayring (2010).
Depending on the research objective, three different techniques of data interpretation are distinguished by Mayring: ‘Summarization’ is used to reduce the text material to the essential content, providing the basis for the inductive creation of categories. ‘Explication’ uses context material to deepen the understanding of a specific text passage. Finally, ‘content structuring’ describes the systematic extraction of specific content aspects from the text material using deductively derived analytical categories (Mayring, 2010).
In my analysis, I followed the approach of ‘content structuring’. The characteristic feature of this methodological approach is the a priori determination of the main analytical categories.
Mayring (2010) suggests the following procedure for the content structuring analysis: (1) the first step is determining the units of analysis. (2) Second, the researcher has to determine the main analytical categories on the basis of the theoretical framework and the research question. These categories are then (3) further differentiated by building subcategories and (4) defined in order to ensure an unambiguous coding of text passages. Using this system of categories, the text material is then (5) scoured for relevant text passages, which are (6) extracted from the material. This first round of coding is usually followed by a (7) review and revision of the categories and then repeated. After having coded the whole material, the last steps consist in (8) paraphrasing the extracted text passages and (9) summarizing the relevant findings (Mayring, 2010).
Following this approach, in the case of this thesis, the units of analysis consist of the text material from the 54 interview transcripts.

Analytical categories

The superordinate categories which were derived from the theoretical framework and reflect the thematic blocks of the research questions are the following:

1. The role of the domestic institutional environment for CS

2. The role of national CS governance instruments and actors
3. The role of global CS governance instruments and actors
4. CS management structures between headquarters and subsidiaries
5. Influence of national governance patterns on CS management
6. Influence of global governance patterns on CS management

The complete list of categories including all sub-categories is provided in the annex.

Quality criteria: validity and reliability

Traditionally, the quality criteria that research processes have to take into account are validity and reliability (Mayring, 2010). The 'classic' methodological practices of ensuring these criteria are not perfectly applicable to qualitative content analysis; however, specific requirements for the validity and reliability of this qualitative research approach have been identified. Drawing on Krippendorf (1980), Mayring (2010) distinguishes eight quality criteria for qualitative content analysis. The list below describes these requirements and how I met them in my analysis. The conceptual umbrella of 'validity' subsumes:

- Semantic validity: the definitional adequacy of the analytical categories (semantic validity), which could be ensured by checking the relative homogeneity of the text passages coded to the respective category.
- Sampling validity: this is met by taking into account the rules of the chosen sampling strategy. I met this criterion by abiding to the rules of theory-based sampling.
- Correlative validity means the comparison of the research results to findings of other studies with a similar focus.
- Predictive validity can only be applied in cases where the findings allow for verifiable predictions, which is not the case in this thesis.
- Construct validity relies on the use of appropriate and established models or theories, the researcher's familiarity with the context of the text material, and previous successful application of similar constructs/concepts. This is the case for the concepts of CS, Governance and institutional theories. Also, governance and institutional theories have been proven in previous studies to be adequate concepts for the application to CSR and CS. The familiarity with the context of the text material is given, since (1) I conducted and transcribed the expert interviews myself, and (2) I outline the societal context of the actors which I interviewed in chapter D (Empirical framework conditions).

On the other hand, components of 'reliability' are:

- Stability which could be met by a second round of coding (intracoder-reliability).
- Replicability is related to intercoder-reliability, i.e. the number of researchers involved in the analysis. This requirement could not be met in this analysis because of its nature as a PhD thesis.
- Accuracy means the degree to which the analysis meets specific functional standards.

D Description of empirical framework conditions

The following chapter describes the empirical framework conditions of governance for CS in the three case countries. This information was gathered based on literature, policy documents and online information, and functioned as bedrock for the expert interviews by giving a basic and neutral overview of relevant institutional features, policies and policy actors.

10. Global governance for CS

Proliferation and competition of standards

The global governance architecture in the field of CS/CSR is still rather fragmented, which for most actors engaged in the field makes it "full of ambiguities, uncertainties and potential conflicts" (Bres/Raufflet, 2011, p.37; Waddock, 2008). Several authors have reported a proliferation of norms and standards related to CSR over the past few years (ISO Advisory Group on Social Responsibility 2004; Tamm Hallström, 2004; Waddock, 2008) – a development considered problematic because it hampers the emergence of a more harmonized international institutional infrastructure for corporate responsibility (Waddock 2008). In addition, there is also rivalry between the platforms on which those standards are developed – among them the ILO, UNGC, ISO and GRI (Bres/Raufflet, 2011).

Convergence of standards

Yet, recent developments show that there are increasing synergies and overlaps between relevant global governance instruments for CS. Not only have researchers observed increasing exchange of policy ideas between standard-setting organizations, there is also a trend towards convergence of the standards' content and cross-referencing to other instruments (Fransen, 2012).
For instance, the amendments from the recent revision of the OECD guidelines show a major influence of the Ruggie Guiding Principles on Business and Human Rights, including TNC's human rights and supply chain responsibilities and the principle of corporate due diligence (OECD, 2011).
The ILO, in order to ensure policy coherence, collaborates with the UNGC, the OECD, the UN Office of the High Commissioner for Human Rights (Ruggie) and the ISO. The UNGC Office encourages its participants to employ the GRI's Reporting Guidelines when submitting COPs (Gordon, 2001; Lim/Tsutsui, 2010), and the GRI itself maintains formal partnerships with UNEP, UNGC, OECD, and ISO. It provides guidance on linking GRI with CDP or with ISO 26000, and aligned its guidelines with the Ruggie Guiding Principles on Business and Human Rights in 2011. Likewise, during the development process of ISO 26000, ISO has included other inter- and transnational organizations such as ILO, the UN Global Compact and the OECD, as well as NGOs like the Fair Labor Association, etc. (Bres/Raufflet, 2011).

Finally, the adoption of the UN Sustainable Development Goals in 2015 which succeed the Millennium Development Goals can be considered an important milestone in global sustainability governance: The goals are part of the 2030 Agenda for Sustainable Development and the result of an extensive international deliberative process. They are intended to be implemented by all UN member states (.

Intergovernmental instruments

Various intergovernmental initiatives focus on the issue of corporate sustainability and responsibility. These are mainly driven by UN agencies, but also comprise initiatives by the OECD. In the following, the most prominent and widely-known examples, namely the OECD Guidelines, the UN Global Compact, the UN Guiding Principles on Business and Human Rights (Ruggie Principles), and the ILO MNE Declaration will be briefly described. Further intergovernmental initiatives for CS, which cannot be explored in depth here, include for example the UN Principles for Responsible Investment (PRI), the UNEP Life Cycle Initiative, the UNEP Climate Neutral Network, the UN Partnership Assessment Tool, and others.

OECD Guidelines

The OECD Guidelines for Multinational Enterprises are a set of non-binding principles and standards on responsible business conduct and aim at MNCs headquartered in adhering countries. The Guidelines are outstanding in that they are the only multilaterally government-endorsed, comprehensive code of responsible business conduct (OECD, 2011; OECD Watch, 2010; Clapp, 2005; Drauth, 2010).
The guidelines, first established in 1976, have been updated periodically and were recently revised in 2010/11. This revision involved extensive consultation and participation of different actor groups: the OECD Business and Industry Advisory Committee (BIAC) represented the views of business, the OECD Trade Union Advisory Committee (TUAC) advocated the interests of workers' organizations, and OECD Watch, an international coalition of NGOs, brought in the views of civil society organizations (OECD, 2011).
Overall, the guidelines are intended to “encourage the positive contribution which multinational enterprises can make to economic, social and environmental progress, and minimize and resolve difficulties which may arise from their operations” (OECD, 2011, p. 5). They address nine areas of business conduct, covering a wide range of issues including labor relations, human rights, the environment, anti-corruption, information disclosure, consumer interests, competition and taxation. With regard to content, the guidelines are comprehensive and recommendations tend to be detailed and specific (Gordon, 2001).
For the implementation of the guidelines, the establishment of ‘National Contact Points’ (NPCs) in member states is a crucial component. While the OECD Guidelines are only voluntary recommendations for TNCs, governments have bindingly committed themselves to promoting them and establish NCPs at the national level. While some countries prefer to organize the NCP in a single ministry or involve several ministries, others create a tripartite organization and include social partners, the business community, worker organizations, and even NGOs. Along with awareness-raising and promotion of the OECD Guidelines in their respective countries, the task of the NCPs is to deal with enquiries about companies

allegedly being non-compliant with the OECD Guidelines. These complaints are usually raised by NGOs, trade unions or other interested parties. The NCPs are then responsible for assessing the issues raised, offering a forum for discussion, consult with the parties involved and help them to resolve the issues. They are furthermore required to report on issues raised and publish a statement in the cases of unresolved complaints against an MNC (OECD, 2011).
Through this mechanism the OECD guidelines “assign a watchdog function to non-state actors […] who indirectly regulate businesses through naming and shaming” (Drauth, 2010, p. 25). Consequently, they essentially rely on companies’ need to maintain a good reputation and societal ‘license to operate’.

ILO MNE Declaration

The ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration), which was adopted as early as in 1977, is “the ILO’s key tool for promoting labor standards and principles in the corporate world” (ILO website). The Declaration has been developed and agreed upon in a process that reflects the tripartite structure of the ILO including employer and labor organizations. It is thus the only international tripartite consensus on MNEs’ social responsibilities.
The Declaration’s aim is to “encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise” (ILO, 2006, p. 2). Last updated in 2006, the MNE Declaration is based on various international Labor Conventions and Recommendations, and particularly takes into account the ILO Declaration on Fundamental Principles and Rights at Work and its follow-up in 1998 that forms the basis of the ILO’s ‘core labor standards’. It offers guidelines on responsible business conduct in areas such as employment, training, conditions of work and life, and industrial relations (ILO, 2006).
The Declaration is universally applied on a voluntary basis. In order to increase awareness and facilitate a shared understanding of its principles, the ILO has established a helpdesk for assistance and consultation, and offers capacity building and training activities. In addition, periodic surveys on the Declaration’s implementation are conducted (OECD, 2008). Despite being legally unenforceable, the Declaration is a norm-setting instrument, intended to create a shared understanding of responsible business conduct by defining a core of norms (Drauth, 2010).

UN Guiding Principles for Business and Human Rights (Ruggie principles)

In 2011, the United Nations Human Rights Council endorsed the ‘Guiding Principles for Business and Human Rights’ as a new global standard for addressing the risk of adverse impacts on human rights linked to international business activities. Previously, there had been an attempt to introduce binding and far-reaching norms on business and human rights, which were however strongly opposed by several member states and the business world and thus abandoned in 2005. As a consequence, the Human Rights commission appointed a Special Representative of the UN Secretary-General, Professor John Ruggie, who was

responsible for developing the Guiding Principles as a non-binding ‘soft law’ instrument (Miretski/Bachmann, 2012).
The Guiding Principles for Business and Human Rights apply to both States and businesses. They essentially provide guidance for the implementation and operationalization of the ‘Protect, Respect and Remedy’ framework on business and human rights, developed in 2008. This framework is based on three pillars: (1) the state duty to protect human rights, (2) the corporate responsibility to respect human rights, and (3) access to remedy for victims of human rights abuses (UN Human Rights Council, 2008). While the ‘state duty to protect’ refers to appropriate policies and regulation through which governments should prevent corporate-related human rights abuses, the ‘corporate responsibility to respect’ principles provide a blueprint for companies on how to implement respect for human rights across its business activities. The concept of ‘due diligence’ is particularly important in this context. The core elements of human rights due diligence are a commitment to respecting human rights, an assessment of human rights impacts, the integration across functions and processes, and tracking and communicating performance. Finally, ‘access to remedy’ principles focus on accountability and effective judicial and non-judicial redress in a case of human rights violation.
The Guiding Principles are non-binding; they rather follow a management approach by outlining an appropriate approach for businesses to deal with global human rights issues (Miretski/Bachmann, 2012).

UN Global Compact

The UN Global Compact has been claimed as one of the most important initiatives to close global governance gaps (Rasche/Gilbert, 2010). The UNGC, launched in 2000, is a global network and learning platform that advocates ten universal principles of corporate sustainability, covering the areas of human rights, labor standards, environmental protection, and anti-corruption (UNGC, 2011; Rasche/Gilbert, 2012). It is by now the world’s largest corporate responsibility initiative, with over 10,000 signatories based in 145 countries (UNGC, 2011; Rasche/Gilbert, 2012; Dashwood, 2004; Tsutsui, 2010; Drauth).
The initiative provides both guidance to companies who voluntarily align their operations and strategies with the ten UNGC principles and a platform for sharing best practices and encouraging an exchange of ideas among participants. Furthermore, it has introduced specialized work streams on critical issues such as climate change or responsible investment (Drauth, 2010). Although the UN Global Compact’s main target group is the business sector, it has become a multi-stakeholder initiative including civil society and governmental organizations. Participants pledge to incorporate the ten principles into their operations and to support the broader UN goals and report on this implementation via an annual ‘communication on progress’ (COP). This annual report has been rendered a binding obligation, and companies who don’t submit a COP can eventually be delisted from the network (Drauth, 2010).
The Global Compact itself neither monitors its member’s adherence to the principles nor verifies information given in the COPs. The initiative rather aims at inducing gradual change through the mechanisms of dialogue and learning within the network (UNGC, 2011; Dashwood, 2004; Drauth, 2010; Rasche/Gilbert, 2010). As Rasche and Gilbert (2012) put it,

“the network-based character of the initiative is well aligned with its underlying core idea: to voluntarily unite business and nonbusiness actors, and allow them to combine their efforts to contribute to global governance” (p. 109).

However, critics, and NGOs in particular, remain skeptical of the UNGC’s impact due to the vagueness of the promoted principles and the lack of essential monitoring and compliance mechanisms (Rasche/Gilbert, 2012; Dashwood, 2004). Despite the steps taken by the UNGC in 2005 to avoid free-riding and improve compliance – like the obligatory COP – there remains a fear that corporations might use the membership for ‘bluewashing’, i.e. enhance their reputation and credibility by associating themselves with the United Nations without any substantial commitment (Clapp, 2005; Rasche/Gilbert, 2010).

With regard to the implementation of the ten principles at the firm-level, the UNGC is rather consensus-oriented and does not outline detailed requirements for implementation (Rasche/Gilbert, 2012). However, in 2010, the UNGC Office in cooperation with companies and stakeholders has developed a ‘Blueprint for Corporate Sustainability Leadership’ which represents a “model for corporate sustainability leadership that offers an aspirational but attainable strategy for companies to generate maximum value through the UN Global Compact” (UNGC, 2010, p. 2). The document recommends key components of implementation such as “robust management policies and procedures, mainstreaming into corporate functions and business units, value chain implementation, CEO Commitment, stakeholder engagement, transparency and disclosure” etc. (UNGC, 2010, p. 5).

The UNGC website emphasizes that company's commitment to join the Global Compact applies not only to its headquarters, but also to all subsidiaries. Subsidiaries are either included in the parent company’s Global Compact commitment or they can choose to become Global Compact signatories alongside the parent company. Also, subsidiaries of non-participating companies can become Global Compact signatories (UNGC website).

The network furthermore employs a multilevel approach as it has established a local presence in over 100 countries by setting up Local UNGC Networks that allow for collective actions on a local level (UNGC, 2011; UNGC/Bertelsmann Stiftung, 2012; Rasche/Gilbert, 2010). The local networks are intended to (1) advance the Global Compact and its principles at the local level through awareness-raising and outreach activities, (2) serve as national “forums for collective action and policy dialogue” (UNGC/Bertelsmann Stiftung, 2012, p. 24) in the field of CS and (3) provide assistance and advice to individual companies on how to improve their CS practices.

Due to its features outlined above, the UNGC can be considered a “multi-actor, multilevel, and network-based form of governance” (Rasche/Gilbert, 2012, p. 110).

10.1. Transnational hybrid governance

Hybrid governance (Multi-Stakeholder-Initiatives)

A broad range of principles, standards, guidelines and networks have been set up in the context of transnational MSI governance for CS. Examples include certifiable social and environmental standards such as the AccountAbility’s AA1000 Series, Social Accountability International (SAI)’s SA 8000 standard, and the ISO 14000 series; principles and codes like

Amnesty International's Human Rights Principles for Companies, the Fair Labour Association (FLA)'s Workplace Code of Conduct, the Global Sullivan Principles of Social Responsibility, Transparency International's Business principles for countering bribery, and the Ethical Trading Initiative's code; and guidelines such as the Global Reporting Initiative's (GRI) sustainability reporting guidelines, the ISO 26000 guidance standard on SR, the Ceres Roadmap to Sustainability, the Sigma guidelines, and the Greenhouse Gas Protocol (developed in a partnership of the World Resources Institute and the WBCSD).
Since the GRI guidelines, ISO 26000, CDP and ISO14001 are mentioned extraordinarily often in the literature, I chose to describe these MSI standards in more detail below:

GRI Guidelines

The GRI Sustainability Reporting Guidelines is the internationally most often used voluntary standard offering guidance for the preparation of sustainability reports. Currently more than 1,500 organizations are registered with the GRI (Lim/Tsutsui, 2010) and 82 percent of the world's largest 250 companies reported according the guidelines in 2013 (KPMG, 2013).
The guidelines have been initiated by the Global Reporting Initiative (GRI), an international not-for-profit organization with a network-based structure. First issued in 1999 by the Boston-based NGO CERES, the GRI guidelines constantly undergo further development, and the most recent version was released in 2013 (GRI G4). A multi-stakeholder approach was established for the development involving representatives from business, labor, civil society, financial markets, and governmental agencies (GRI, 2013, p. 3).
The GRI guidelines are comprehensive and detailed, and considerably more rigorous and in comparison to many other global instruments (Lim/Tsutsui, 2010). They provide reporting principles intended to ensure transparency and the quality of information, 'standard disclosures', i.e. material aspects and indicators of economic, social, environmental and governance performance that organizations should report on, and an implementation manual for the preparation of reports. In addition, sector-specific guidance for diverse industries is provided in the form of Sector Supplements.
GRI also engages in outreach activities, supported by a range of organizational stakeholders, as well as trainings and partnerships. Furthermore, it has recently set up regional offices, 'GRI Focal Points', in several countries, among others India and the USA.
The GRI does not assess companies' conformity with its reporting guidelines (Gordon, 2001). Instead, the success of the guidelines relies somewhat on them having become a 'de facto standard' for companies to display legitimacy and transparency: "the application of an external framework as the GRI will increasingly be seen to be essential to demonstrate credibility" (KPMG, 2013, p. 31). Also, the standardized reporting format allows for comparability, which is essential for financial markets: "Today a significant percentage of the hundred largest asset managers in the world take into account non-financial criteria when building investment portfolios. Markets need this information to be as robust and comparable as financial information" (GRI, 2011, p. 17).

CDP (Carbon Disclosure Project)

The Carbon Disclosure Project (CDP) is a global scheme for voluntary carbon disclosure. It provides firms with standardized climate change-related reporting procedures and collects data on greenhouse gas emissions from over 3000 corporations, including 366 of the Fortune 500. The initiative, launched in 2000 by a non-governmental organization, is based on an international collaboration of investors concerned about business risks and opportunities related to climate change. The investors who back the CDP comprise 655 institutional investors with 78 trillion USD in investor assets thus creating considerable market leverage (Kolk et al, 2008; CDP, 2012).
Participating firms annually disclose information about their carbon emissions and climate change activities. More specifically, CDP evaluates corporations on their climate change risks, opportunities, impacts, associated business strategies and performance. On this basis, CDP rates companies not only with regard to the quality and completeness of their disclosure, but also introduced a 'performance score' that ranks companies' efforts to integrate climate change into their business goals and strategy.
By leveraging market forces including shareholders, customers and governments, CDP has incentivized thousands of companies and cities across the world's largest economies to measure and disclose their environmental information (CDP website).

ISO 26000

The International Standard ISO 26000 'Guidance on social responsibility' is an international standard on Organizational Social Responsibility, which was adopted by ISO in 2010 following a comprehensive multi-stakeholder development process which included most of the major players and took several years.
The standard aims at creating a shared understanding and providing guidance for organizational implementation of SR. More precisely, it specifies the underlying principles of social responsibility, core subjects that organizations need to address, ways of implementing SR into organization's practices, and best practices in the field. ISO 26000 identifies sustainable development as the overarching objective of social responsibility. The principles of social responsibility outlined in the document cover principles of accountability, transparency, ethical behavior, respect for stakeholder interests, respect for human rights, and include respect for national law as well as for international norms. Furthermore, it addresses the importance of engaging with stakeholders, and defines core subjects of SR, namely organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement and development. The document also cross-references existing international standards and initiatives on corporate responsibility (ISO, 2011; 2010).
It is emphasized in the document that ISO 26000 contains only voluntary guidance and is not a management system standard, thus not intended to be used as a certification standard like ISO 9001:2008 and ISO 14001:2004. However, several national standard bodies and governments have developed their own certifiable version of the ISO 26000, for instance in Portugal and Brazil, Austria and Denmark (Bres/Raufflet, 2011).

Being a voluntary, non-certifiable standard, ISO 26000 lacks mechanisms of enforcement or monitoring; however, several authors presume that the standard is likely to enjoy a high degree of legitimacy given the intense participation of numerous international stakeholders in its development and the success of other ISO standards (Ward, 2011; Bres/Raufflet, 2011).

ISO 14001

ISO 14001 is the core of the ISO 14000 family of environmental management standard, and allows individual companies to seek certification of their EMS (Falkner, 2003). Its adoption is particularly widespread: In 2010, ISO reported that as many as 250,000 ISO 14001 certificates have been issued in 155 countries (ISO, 2010).
The standard was developed in the aftermath of the 1992 UNCED in the context of an international consultation process including environmental experts from the private and public sectors. However, as Falkner (2003) emphasizes, the drafting was dominated by business, and very few NGOs were involved at this point. It is sometimes criticized - particularly by civil society organizations - that certification to ISO 14001 can be achieved without improvement in environmental performance, since the standard only requires the establishment of an environmental management system. Nevertheless, the standard derives particular legitimacy from the involvement of and encouragement by states and international organizations such as the WTO (Falkner, 2003).

Private business-driven governance

While the majority of global CS initiatives include other stakeholders, there are some networks, codes and standards that are purely business-driven. For instance, the International Business Leaders Initiative (IBLF) which produces publications and tools such as a guide to Human Rights Impact Assessment; the Caux Round Table, a network of business people that seeks to promote ethical principles for business conduct; the Global Sullivan Principles

Responsible Care

The chemical industry’s 'Responsible Care' initiative is an important example of a global sector-specific CS standard. This scheme is “firmly in the hand of business actors” (Conzelmann, 2012, p. 196), with its key sponsors being the international umbrella association ICCA along with European and 54 national associations of the chemical industry. Companies that sign up to 'Responsible Care' commit to eight ‘guiding principles’ related to their environmental, health and safety (EHS) performance (ICCA, 2006). The Responsible Care initiative was already launched in 1985. As Conzelmann (2012) argues, its development was partly a reaction to increased public concerns about the chemical sector’s environmental impacts, regulatory threats, and the Bhopal disaster of 1984. In 2006, the negotiation of the ‘Responsible Care Global Charter’ marked a further development of the initiative. The new charter aims at taking into account the public dialogue over sustainable development, public health issues, greater industry transparency, and harmonization among the national Responsible Care programs (ICCA, 2006; Conzelmann, 2012).

World Business Council for Sustainable Development (WBCSD)

The WBCSD, which was founded in 1995, provides a global platform for dialogue and exchange of best practices on corporate sustainability among companies. The membership-based organization's framework is considered fairly proactive since it explicitly proposes to rebuild the role of business in the economy, and encourages companies to take advantage of the opportunities arising from sustainable development (Albareda, 2010). Furthermore, the WBCSD has developed numerous guidance documents, initiatives and tools on specific social and environmental issues, for instance global water management, stakeholder engagement, impact measurement, issue management, and a learning tool on sustainable development.

11. Domestic governance for CS

For each of the three countries included in the comparison, the following chapter will provide an overview of country-specific institutional and governance patterns with regard to CS by drawing on literature and document research. This background information allows for putting into context the empirical findings from the expert interviews and serves as a basis for understanding the experts' views on CS governance in their respective countries.
With regard to institutional patterns, country-specific background information, main institutional characteristics and sustainability challenges as well as the embeddedness of corporate responsibility in the countries' socio-cultural contexts will be described. Institutional characteristics are analyzed according to the conceptual dimensions of the comparative capitalism approaches (VoC/NBS) which comprise (1) the state's role in economy (NBS), (2) industrial relations (VoC and NBS), (3) the financial system and ownership structures (VoC and NBS) and (4) education and skill development (VoC and NBS).
With regard to country-specific governance patterns, the chapter is structured along the main theoretical categories and will provide both a brief overview of relevant governance actors for CS and of national trends with regard to sustainability, environmental, labor and CSR policies, self- and co-regulation.

11.1. Germany

11.1.1. Institutional patterns

Basic information and institutional features

Although Germany is the most populous member country of the European Union, with only 82 million inhabitants and around 357.000 square km of land area, it is hardly comparable to India and the US in terms of geographic size and population.

From a VoC perspective, Germany is considered a typical CME (Hall/Soskice, 2001; Kinderman, 2008; Matten/Moon, 2008). The federal republic's *political system* is characterized by a constitutional parliamentary democracy, and structured into the federal government and 16 states (Länder). As a founding member of the EU, multi-level governance has become increasingly important for Germany's political agenda. Furthermore, the German style of political decision-making has been associated with the 'search for a rationalist consensus', which makes it heavily relying on the involvement of experts in order to take into account different relevant perspectives (Weiland, 2007). During the conduction of the field research, the current governing coalition was formed by the CDU/CSU and FDP with Angela Merkel as chancellor.
Germany's e*conomy* is the fourth-largest in the world by nominal GDP with around 3.7 trillion USD in 2015 (UNdata, 2013 b) with a high share of economic output being generated through exports.

The state`s role in economy and in social affairs is by tradition relatively strong. Germany's model of 'social market economy' combines a free market economy with high levels of social cohesion (Visser/Tolhurst, 2010; Kinderman, 2008). This combination is also referred to as 'Rhenish capitalism' and characterized by non-market patterns of coordination and relatively extensive state regulation (Pleon/IFOK, 2008). Accordingly, Germany has a fairly expansive social security system with public social services accounting for 29% of GDP in 2009 (Fifka, 2013; Pleon/IFOK, 2008).

Industrial relations in Germany are shaped by its 'corporatist' or 'tripartite' system. Important issues of economic and social relevance are usually discussed between the government, employer organizations, and unions. Unions have a strong position in Germany, and employee participation at the company-level is usually ensured through works councils and representation on supervisory boards ('Mitbestimmung') (Visser/Tolhurst, 2010; Fifka, 2013; Hall/Soskice, 2001). Setting wages is achieved through coordinated industry-level bargaining between trade unions and employer associations (Hall/Soskice, 2001).

With regard to the financial system, ownership of corporations is often concentrated in the hands of large investors, such as banks, insurance companies, and government. In the German system, shareholders usually have access to relevant information through close relationships with the companies, extensive networks, and joint membership in industry associations making transparent public disclosure less critical than in LMEs (Fifka, 2013; Hall/Soskice, 2001). Furthermore, Germany has a high proportion of family-owned businesses which are often well embedded in their community (Visser/Tolhurst, 2010). These patterns generally allow companies to focus more on long-term investments than short-term profitability (Hall/Soskice, 2001). During the past years, the market share of SRI in Germany has been growing rapidly. Institutional investors dominate the German market for SRI with a market share of 77% in 2012 (FNG, 2013).

Concerning education and skill development, private educational facilities are still rather the exception in Germany. The government provides education from primary to tertiary level through a publicly subsidized education and training system. Furthermore, the German educational system is considered to be less business-oriented in its skill development (Fifka, 2013). Many firms rely on a labor force with high industry- or firm-specific skills, and apprenticeship schemes are accordingly important. Major firms are also pressured to participate in such schemes and take on apprentices (Hall/Soskice, 2001).

Sustainability challenges

The 2013 peer review report that analyzes the progress on sustainable development in Germany has identified demography, energy, cooperation between government and business, and financing the transition to sustainable development as the most pressing current key challenges (RNE, 2013). Similarly, the 2012 Progress Report on the National Sustainable Development Strategy focuses on sustainable economic activity, climate and energy, and sustainable water policy as major current priorities (The Federal Government, 2012).

With regard to demography, the country faces the demographic challenge of an ageing society due to low birth rates. This development implies challenges for urban development and land management as well as the threat of a serious shortage of skilled human resources in the future.

The German "Energiewende" involves further big challenges in order to provide energy supply that is reliable, reasonable priced and environmentally sustainable. This includes providing security of supply, developing a socially balance pricing scheme, meeting carbon reduction and renewable energy goals, and at the same time ensuring the competitiveness of German industries. Related to the energy system is the goal to significantly reduce greenhouse gas emissions in Germany, which remains a major challenge.

Germany’s economic performance and living standards involve high consumption of energy and raw materials. Due to the level of industrialization, traffic volumes and population density, the pressure on the environment remains high. Thus, a major challenge consists in increasing the productivity of raw materials and energy so that the consumption of natural resources and growth are decoupled as much as possible. In order to further sustainable economic activity, both by the 2012 Progress Report and the 2013 Peer review Report identify a need for better cooperation between government and business. The goals of such cooperative partnerships would be to engage businesses in creating sustainable economy roadmaps, invite them to develop their own sustainability strategies, strengthen state-based implementation requirements, or encourage best practices (RNE, 2013; Bundesregierung, 2012).

In order to finance the transition to a new energy system and a green economy in Germany, better involvement of the financial market in financing the transition is needed. Major investments are necessary in order to fund the new green economy and energy infrastructure.

Finally, although Germany is a water-rich country, the conservation of water bodies remains a constant task, including the preservation or restoration of the ecological balance of the water bodies (The Federal Government, 2012).

Cultural and historical understanding of corporate responsibility

Similar to other countries, there have been traditions of corporate social engagement in Germany since the early stages of industrialization, when large business houses like the Fuggers, Krupps and Thyssens started providing social benefits to their employees and communities (Visser/Tolhurst, 2010; Kinderman, 2008). Thus, „the idea that business bears social responsibilities is a long-standing feature of German culture" (Antal et al, 2007, p. 11, cited in: Kinderman, 2008).

However, in terms of voluntary or 'explicit' CSR, Germany is rather considered a 'laggard' in an international comparison (Kinderman, 2008; Riess et al, 2006). This is due to the fact that many aspects relevant to corporations' responsibility are addressed by the welfare state or are legally regulated which reduces the scope for both voluntary self-regulation and civic engagement as corporations rather contribute implicitly through taxation, social insurance contributions and compliance with environmental and labor regulation (Pleon/IFOK, 2008; Matten/Moon, 2008; Kinderman, 2008; Riess et al, 2006).

Against this background, in contrast to American 'corporate citizens', German corporations traditionally rather consider the government responsible for societal issues (Pleon/IFOK, 2008).

Until the late 1990s, corporate responsibility was neither prominently discussed in German media nor extensively researched in academia (Pleon/IFOK, 2008; Loew et al, 2004). Nevertheless, several factors have contributed to increasingly change the German approach to corporate responsibility. First, globalization is one of the drivers for an increasing awareness both by the public and companies: "On the global stage, the increased prominence of CSR has led big German companies to adopt a proactive strategy towards CSR" (Visser/Tolhurst, 2010, p. 159; Pleon/IFOK, 2008). Second, recent processes of institutional change with regard to the increasing liberalization of the German economy, are associated with a dynamic development towards more 'explicit' forms of CR in Germany (Kinderman, 2008; Matten/Moon, 2008; Jackson/Apostolakou, 2010). Kinderman (2009; 2008) argues that against the background of institutional changes during the past decade which have entailed an increasing shareholder-value orientation, CSR in Germany also fulfils an 'offensive' role "serving to facilitate reforms which promote a more business-friendly environment" (Kinderman, 2008, p. 16).

As a result, CS/CSR is considered increasingly important by German managers: In a 2005 survey, 93% of the top 500 companies stated that "CSR is one of their primary objectives (Visser/Tolhurst, 2010, p. 161; Riess/Peters, 2005). Priority issues are for example good employment conditions, which might be related to the demographic challenges that companies face when securing talents. Furthermore, similar to American companies, German TNCs are concerned with human rights issues, labor standards and environmental issues in their international supply chain (Visser/Tolhurst, 2010).

11.1.2. Governance patterns

11.1.2.1. Governance actors

Governmental agencies

The German government has considerably strengthened its role with regard to CSR during the past few years. Within the government, formal responsibility for the topic of CSR lies with the Federal Ministry of Labor and Social Affairs (BMAS). However, several other ministries play an active role for CSR governance as well: in particular, the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and the Federal Ministry for Economic Cooperation and Development (BMZ) have numerous programs and initiatives in place to foster CSR (Visser/Tolhurst, 2010; Bertelsmann Stiftung/UN Global Compact, 2010; BMAS, 2012 a). Furthermore, the German Agency for International Cooperation (GIZ, formerly GTZ), which assists the Federal government in its international cooperation for sustainable development, is involved in several international initiatives regarding corporate responsibility (Bertelsmann Stiftung, 2010). While recent governmental activities aim at fostering 'explicit' CSR, the German government's role has traditionally been to ensure corporate responsibility more 'implicitly' through environmental and labor policies - with the BMUB, the Federal Environment Agency (UBA) and the BMAS being the most important institutions.

With regard to Germany's governance approach to sustainable development, the Federal Chancellery has taken on a key role. Further important institutions for the sustainability policy framework are the State Secretaries' Committee for Sustainable Development, the German Council for Sustainable Development (RNE), and the Parliamentary Advisory Council on Sustainable Development in the German Bundestag (RNE, 2009; 2013; GTZ, 204; Bundesregierung, 2013 a). Representatives from the following institutions were included in the interview sample:

- BMAS (Federal Ministry of Labor and Social Affairs), being responsible for coordinating the government's activities on CSR, has its own CSR unit (BMAS, 2012 c). The Department has been in charge of developing the National Strategy for CSR („National Action Plan on CSR“) and coordinating the National CSR Forum which advises the German government on its CSR policy framework (BMAS, 2012 a). It is furthermore responsible for the implementation of measures developed in the national CSR strategy. BMAS also represents the German government's interests in the High Level Group of Representatives on Corporate Social Responsibility of the EC. In its traditional role, the Ministry is responsible for creating good framework conditions for the labor market (ibid.).
- BMUB (the Federal Environment Ministry) – apart from being responsible for environmental policy – plays an important role in promoting Green Economy in Germany. The Department's unit for Environment and Economy furthermore promotes environmental management systems and produces a wide range of publications on CS-related issues. Besides it is involved in inter-ministerial consultations on both CSR and sustainable development (BMAS, 2012 a)

- BMWi (the Federal Ministry for Economic Affairs and Energy) consults with BMAS on CSR activities and houses the German NCP for the OECD guidelines for MNCs. It also comprises a unit dealing with issues regarding the government's sustainable development policies (BMWi, 2012).
- The German Council for Sustainable Development (Rat für Nachhaltige Entwicklung, RNE) was established in 2001 as an independent, pluralistic advisory body that consults the German government on all matters relating to sustainable development. Together with the Secretaries' Committee for Sustainable Development it was responsible for preparing the National Strategy for Sustainable Development (RNE, 2009). Furthermore, it launched the German Sustainability Code (DNK) in 2011.

At EU level, there has been a lot of political momentum regarding the topic of CSR throughout the past decade. The EC has played a major role in raising awareness of CSR among its member countries and in shaping new CSR policies, the most prominent being its suggestion of a regulation for CSR reporting. The topic is dealt with at the EC in the unit 'European employment strategy, CSR, local development', which is housed at the Directorate General for Employment, Social Affairs and Inclusion (EMPL). Two further institutions have been established by the EC to deal with the cross-cutting issue of CSR: first, a Commission inter-service group on CSR to ensure a coherent approach across the different Commission services concerned. Second, in 2000, the CSR High-Level Group of Member States Representatives was set up in order to maintain a continuous dialogue between Member States on the most appropriate and effective practices of CSR and to develop and implement a harmonized strategy at the Community level in the same field (Cosmin/Eugenia, 2009).

Business associations

In the German corporatist system, the government tends to involve major business associations in the process of policy formulation in order to include their expertise in the decision-making (Weiland, 2007). Important industrial associations in Germany include, amongst others, the Federation of German Industries (BDI), the Confederation of German Employers' Associations (BDA), the Association of German Chambers of Industry and Commerce (DIHK), and the German Confederation of Skilled Crafts (ZDH) (Riess et al, 2006).

These four umbrella associations have jointly launched the CSR Germany platform that provides their members with background information and the possibilities for networking and presenting their own CSR activities (CSR Germany, 2012; Bertelsmann Stiftung, 2006). All four of them participate in the National CSR Forum launched by BMAS (BMAS, 2012 a). The business associations also publish statements on CSR policy initiatives. Since their shared understanding of CSR highlights the aspect of voluntariness, these statements usually oppose any mandatory political approaches towards CSR.

Furthermore, the BDI founded 'Econsense - Forum for Sustainable Development of German businesses' as a member-based network organization of Germany-headquartered MNCs. The association's focus is exclusively on sustainable development and CSR. Other business networks particularly focused on CSR and corporate citizenship are UPJ (Unternehmen –

Partner der Jugend) and 'Initiative Freiheit und Verantwortung'. As econsense is considered the leading large-firm-driven CR association in Germany (Kinderman, 2008; BMAS, 2008), I included it in the interview sample:

- econsense - Forum for Sustainable Development of German Business e.V., founded in 2000, aims at providing "a dialogue platform and think tank, with the dual objectives of advancing sustainable development in business and assuming social responsibility" (econsense, 2012). To date (2015), the network has 32 members – all of which are globally operating businesses from various industries (econsense, 2015). As Kinderman (2008) points out, Econsense is able to cultivate more progressive views because of its autonomy from the BDI.

At EU level, CSR Europe (formerly EBNSC, founded in 1995) is the leading business network association on CSR, representing around 70 corporate members and 37 National CSR organizations, including the German Econsense and UPJ (CSR Europe 2012 a). Interestingly, German firms are underrepresented in the network, since many German companies left CSR Europe in 1999 (the proportion of German members declined from 22% in 1997 to 2-3% in 1999, and is currently still below 5 %). Kinderman (2008) explains this as a result of "differences between the German and Anglo-American firms" (ibid, p. 28) in their approach to CSR, and the unease of German companies vis-à-vis the network's broadening agenda (Kinderman, 2008).
In 2006, the EC initiated the business-led European Alliance for CSR. The alliance is supported by business organizations such as BUSINESSEUROPE, UEAPME and CSR Europe (Business Europe, 2012).

Civil society organizations

Germany has a well-developed civil society sector covering a wide range of issues, including environmental protection, international development, and human rights. Within their respective focus areas NGOs oftentimes deal with CS issues (Bertelsmann Stiftung, 2010).
However, a 2006 study by Bertelsmann Stiftung found German NGOs' role in CSR to be rather weak: on the one hand, their campaigns are less aggressive than those of their American counterparts - which makes them rather "harmless 'watchdogs'" (Bertelsmann Stiftung, 2006, p. 33) – and on the other hand, they are also less likely to cooperate with business (ibid.)
Nevertheless, since 2006 several changes have taken place. For instance, the German Corporate Accountability (CorA) network was founded: It unites over 50 NGOs – including human rights organizations, trade unions, church and development organizations, consumer and environmental protection associations – who work together to ensure that TNCs fulfil their corporate responsibility on a global level (CorA, 2012). Germanwatch, amongst others, is actively engaged in CS and Corporate Accountability issues. Along with Germanwatch, Transparency International Germany, VENRO (the German umbrella association of development NGOs), and Deutscher Naturschutzring e.V (the German umbrella association of environmental NGOs) participate in the government's National CSR Forum.

In addition, church-related NGOs, for instance Misereor and Brot für die Welt e.V. (Bread for the World), research organizations and think tanks such as the DNWE (Deutsches Netzwerk Wirtschaftsethik), SBI (Sustainable Business Institute) and the Center for Corporate Citizenship Deutschland e.V. as well as political foundations such as the Bertelsmann Stiftung are involved in shaping the debate about CSR (Visser/Tolhurst, 2010; BMAS, 2012 a).

- Germanwatch is an environment and development organization that has been engaged for promoting sustainable development since 1991. Its particular focus is on fighting global North-South inequalities through targeting unsustainable practices of the "politics and economics of the North" (Germanwatch, 2012). One of its main areas of activity is Corporate Accountability. In this context, the organization focuses on MNCs and their global impacts, advocating a framework of international social and ecological standards for businesses.

At EU level, NGOs tend to enjoy greater opportunities to influence the policy-making process when compared to their counterparts in the United States. This is mainly due to better access to policy-makers, a collaborative approach, and advantages in funding (Doh/Guay, 2006; Schreurs/Selin, 2009). Schreurs and Selin (2009) also highlight that the EC is "particularly receptive to non-governmental organizations' demands throughout the policy process" (p. 49). The ECCJ network (European Coalition for Corporate Justice) promotes corporate accountability by bringing together national platforms of NGOs, such as the German CorA network, from 15 European countries. ECCJ' approach is based on the claim that corporate responsibility should be based on international legal frameworks and principles in order to hold MNCs accountable for the environmental and social impacts of their operations (ECCJ, 2012). Furthermore, the European Environmental Bureau represents a large number of environmental non-governmental organizations (Doh/Guay, 2006).

Responsible investment organizations

Endowments and foundations in particular, are the most important institutional investors engaging in SRI, followed by religious institutions and charities, and pension funds and insurances (ibid.). The German banking industry is active in the field of sustainable investment as well, especially the government-owned KfW and sustainability-oriented specialist banks (such as church, green and alternative banks). Further actors involved in the German SRI market are SRI-specialized asset management companies, such as RobecoSAM, research agencies who focus on sustainability ratings like for instance oekom research and Sustainalytics, and financial advisors (Eurosif, 2012). Several sustainability-oriented stock indices have been launched in Germany, for instance DAXglobal Sarasin Sustainability Germany Index, Naturaktienindex, ÖkoDax (Renewable Energies), Global Challenges Index and STOXX Sustainability Indices. In addition, leading international sustainability indices like the FTSE4GOOD, Dow Jones Sustainability Index and the MSCI World ESG Index are important for German TNCs. The 'Forum für Nachhaltige Geldanlagen' (FNG) is a network that unites numerous actors in the German SRI sector:

- FNG (Sustainable Investment Forum), founded in 2001, promotes sustainable investment in all the German-speaking countries (Germany, Austria, Switzerland).

As a Sustainable Investment Forum (SIF), FNG is a member of Eurosif, the umbrella organization operating at the European level, and can be considered the German counterpart of the US SIF. The association has over 150 member organizations, including banks, investment management companies, insurance companies, rating agencies, investment companies, asset managers, financial advisers and NGOs, and individual members. It aims at fostering SRI through policy advocacy, networking and collaborations, and providing its members and the public with up-to-date information (FNG, 2013).

At the EU-level, the national Sustainable Investment Forums have formed the network Eurosif which functions as a think-tank and advocacy network with regard to EU policy issues. Eurosif is in turn a member of the Global Sustainable Investment Alliance (GSIA) which also counts US SIF among its members (FNG, 2013).

Labor unions

As mentioned in the context of industrial relations, trade unions traditionally have a strong standing in Germany (Fifka, 2013; Bertelsmann Stiftung, 2006). Union density is moderately high with the rate of unionization currently still amounting to 21% (Bureau of Labor Statistics 2010; Fifka, 2013). With regard to CSR, however, trade unions are considered to play only a marginal role yet, as they have dealt with the issue rather passively so far and rather keep stressing that the role of CSR as a mere supplement to minimum legal standards (Bertelsmann Stiftung, 2006; BMAS, 2012).

The DGB (Deutscher Gewerkschaftsbund), the trade unions IG-Metall, ver.di and IG BCE (Industriegewerkschaft Bergbau, Chemie, Energie), participate in the National CSR Forum.

- DGB (The German Confederation of Trade Unions) is the German trade union umbrella organization, and represents the interests of the labor movement in dealing with the government authorities and the employers´ organizations. The organization's inherent focus lies on issues such as conditions of employment and payment, codetermination, training, welfare state, and employment through economic growth. Apart from taking part in the CSR Forum, the association publishes information and statements on CSR and especially on the OECD guidelines. The DGB is furthermore a member of the European Trade Union Confederation (ETUC) and affiliated with TUAC (Trade Union Advisory Committee) and ITUC (International trade Union Confederation) (DGB, 2012).

At the EU-level, ETUC (European Trade Union Confederation) unites Europe's trade unions with the aim of influencing the EU decision-making process. ETUC is a member of the Spring Alliance which brings together civil society stakeholders from environmental, social and development organizations and trade unions to promote social and ecological sustainability goals at the European level (ETUC, 2012).

11.1.2.2. Public policy framework

Sustainability policy framework

The origin of the current German sustainability policy framework can be considered the country`s environmental policy which gradually emerged over the past decades (see *Environmental policy framework* below). Particularly since the 1980s, it became clear that a more inclusive approach is needed to tackle interconnected and wicked problems that mere sectoral environmental regulation has not been able to address successfully (Heinrichs, 2014).

In 2002 – the year of the WSSD in Johannesburg – the German government published its National Sustainability Strategy titled “Perspectives for Germany”, and progress reports are published every four years to take into account further developments. The strategy gives priority to four long-term objectives: intergenerational equity, quality of life, social cohesion and international responsibility (The Federal Government, 2002). In order to make the political progress towards these goals measurable, it defines 21 key indicators covering a wide range of economic, ecologic and social policies. A report which captures the development of these indicators is published on a bi-annual basis. In order to ensure cross-sector integration, the State Secretaries Committee for Sustainable Development has been in charge of coordinating the implementation and further development of the strategy (GTZ, 2004; BMAS, 2012).

Economic sustainability is understood in the strategy both in the context of a sound economy and balanced budget for future generations as well as in terms of reconciling economic and ecological needs (p. 11 ff.). The strategy also refers to the role of business for sustainable development at several points: First, it explicitly calls on the responsibility and collaboration of industry in the context of its reduction goals for resource efficiency, energy efficiency and GHG emissions reduction (p.9 f.; p.162 ff.). Second, the importance of employers’ cooperation is highlighted with regard to challenges in the field of employment, equal opportunities and demographic change (p.121 ff.; p. 250ff.).

The role of business is also discussed in depth when it comes to sustainability as a source of innovation (p. 176 ff.). Finally, the strategy emphasizes the role of TNCs in promoting sustainable development internationally: In the context of development policy it suggests a further intensification of partnerships between the private and public sectors (p.309 f.), and welcomes voluntary efforts by companies to implement environmental and social standards on an international level (mentioning both the OECD guidelines as well as the UN Global Compact) (p. 310).

The 2012 progress report on the National Sustainability Strategy focuses amongst others on sustainable economic systems, taking up one of the key themes of the international Rio+20 conference in the same year (Bundeskanzleramt, 2012). With a view to promoting a Green Economy, the 2013 peer review report on German sustainability policy (RNE, 2013) sees room for improvement and suggests further government action for promoting a Green Economy. Furthermore, both peer review reports (2009 and 2013) encourage an “ongoing in-depth dialogue between government and business” (RNE, 2013, p.37).

The principle of sustainable development was furthermore institutionalized within the legislation process through a sustainability impact assessment which enables the Parliamentary Body for Sustainability to check each proposed law against the effects that it will have for sustainable development. However, the instrument has not been able yet to "mainstream sustainability into the work of The German Parliament" (RNE, 2013, p. 20; BMUB, 2013 a).

As an independent advisory body, the German Council of Sustainable Development has taken on an important role for advancing the sustainability policy framework by developing policy recommendations, including recommendations on the further development of a "German Profile of Corporate Social Responsibility" (RNE, 2006). Also, among its most important initiatives is the development of the "German Sustainability Codex" (Deutscher Nachhaltigkeitskodex (DNK)) (see also below under CSR policy framework) (RNE, 2013; Bundesregierung, 2012; Göll, 2003).

Finally, the government's policy framework for sustainability includes the recent introduction of sustainability criteria for public procurement. Since 2008, all federal agencies are required to take into account energy efficiency criteria when purchasing products and services, and public buyers at national and regional level are provided with advice and information on sustainable procurement through the governmental Competence Centre for Sustainable Procurement (Kompetenzstelle für nachhaltige Beschaffung) and a web-based information platform (Bundesregierung, 2013 a) (see also "CSR policy framework" below).

At the EU-level, the Cardiff process introduced the principle of environmental policy integration with the aim of promoting sustainable development in 1998 (Schreurs/Selin, 2009; European Commission, 2013 a; Heinrich Böll Stiftung, 2010). Against this background, a long-term EU Strategy for Sustainable Development (EU SDS) was developed. The strategy was first adopted in 2001 and further amended in 2006 and 2009. Its understanding of sustainable development is mainly based on the Brundtland definition as it highlights intergenerational justice and the integration of economic, social and environmental goals (Council of the EU, 2006). Since 2006, it comprises sustainability goals, a monitoring process, and priority measures in the areas of climate change, transport, consumption and production, public health, natural resources, global challenges from poverty, as well as social inclusion, demography and migration. The 2009 review of the EU SDS also mentions CSR as a means to "enhance Europe's capacity for sustainable development" (EC, 2009, p.3); and the Commission's intensified efforts to promote the uptake of CSR, with the emphasis on dialogue between stakeholders.

In the context of the Lisbon process, the 2006 strategy review states, "the EU SDS and the Lisbon Strategy for growth and jobs complement each other" (EU Council, 2006, p 2; BMUB 2013 b). The Lisbon Strategy, which has been succeeded by the Europe 2020 strategy in 2010, primarily aimed at economic competitiveness and social renewal, comprising ambitious goals with regard to sustainable economic growth, job creation, and social cohesion (European Commission, 2013 a). The EU SDS added the environmental dimension to the Lisbon Strategy. Its successor strategy, Europe 2020, is more inclusive in its targets, aiming at 'smart, sustainable and inclusive growth' and counting climate/energy among its priority issues along with employment, research and development, education, social inclusion and poverty reduction (ibid.).

Based on the EU SDS stipulations in the field of sustainable consumption and production, the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan (SCP/SIP) was developed and adopted in 2008. It mainly aims to “improve the energy and environmental performance of products and foster their uptake by consumers” (EU Commission, 2008, p. 1; European Commission, 2013 b). Amongst others, it highlights the importance of green public procurement (GPP), and the EC has in the following provided member states with GPP criteria sets, guidance documents and training tools on GPP (EC, 2013). The Action Plan also stipulated the further development of environmental product labelling (see also below under environmental policy framework). Furthermore, it established a multi-stakeholder platform to exchange best practices on sustainability in the European retail sector, the Retail Forum (EU Commission, 2009; EU Commission, 2013; BMUB, 2013 b).

Since 2012, the EC aims at strengthening synergies between these regulatory instruments: For instance, the Commission will establish a common methodological approach for the environmental performance assessment of products, services and companies based on their 'environmental footprint' in the context of the ‘Resource Efficiency Roadmap’. With regard to problems with ‘Greenwashing’, the implementation of the Unfair Commercial Practices Directive is intended to be strengthened regarding green claims (EC, DG Environment, 2013).

In summary, as Schreurs and Selin (2009) put it, the EU’s approach to sustainable development distinctly takes the form of ecological modernization.

Environmental policy framework

Since the early 1970s, Germany has become one of the frontrunners in a number of areas of environmental policy, particularly in clean air, climate change, and waste management (GTZ, 2004). Consequently, its environmental policy framework is characterized by a high density of regulation.

Instead of a bottom-up movement, environmental protection appeared on the political agenda at the initiative of the government who developed an environmental program in 1970/71. This initiative was on the one hand a reaction to environmental degradation caused by industrial growth, and on the other hand inspired by the example of early American environmental policies (Heinrichs, 2014; Jänicke, 2003; Weiland, 2009). The leading principles of German environmental policy were already included in this first environmental program and its amendment of 1976: the ‘polluter pays’ principle, the precautionary principle, the cooperation principle and the principle to treat environmental policy as a cross-cutting issue (Jänicke, 2003).

With a focus on water and air pollution control, a series of basic command-and-control regulations was adopted during the 1970s, notably the Federal Immission Control Act (BImSchG) (amended several times), the Federal Forest Act (BWaldG), the Federal Nature Conservation Act (BNatschG) (amended in 2002), and the amendment to the Federal Water Act (WHG), whereas a basic regulation on soil protection followed much later, in 1998, with the Federal Soil Protection Act (BBschG) (Weiland, 2009; Jänicke, 2003). Nevertheless, as early as in 1978 the first German environmental label - ‘Der Blaue Engel’ (“Blue Angel”) - was introduced as well (Steurer, 2010).

Public awareness for environmental problems increased during the 1970s and '80s, spurred by the beginning of the anti-nuclear movement, the decline of forests ("Waldsterben"), and the Chernobyl accident. After the Ministry of the Environment (BMU) was established in 1986, progressive policies on air quality, like the Technical Instructions on Air Quality Control (TA Luft), the regulation on emissions from large combustion plants (BImSchV), and tightened car emission standards, were adopted (BMUB, 2013 c; GTZ, 2004; Jänicke, 2003).
During the 1990s, further important policies that affected industry were introduced, including the establishment of environmental impact assessments of industrial facilities and infrastructure measures (UVP), and the first regulation on GMOs (GenTG) in 1990 (BMUB, 2013 c), and the Recycling and Waste Management Act (KrWfG) of 1996 (amended in 2012) which marks the first step towards a closed cycle management. In 1994, environmental protection becomes a federal goal (BMAS, 2012).
Climate change gained political momentum in Germany, and an ambitious GHG emissions reduction target was adopted along with promotion schemes for renewable energies (StrEG) (later amended by the Renewable Energies Act (EEG) in 2000 and again in 2004) (Jänicke, 2003; BMUB 2013 c).

The 1990's were furthermore characterized by the introduction of 'new' policy instruments such as the ecological tax reform ("Öko-Steuer"), established in 1999 (BMU 2008; GTZ, 2004; BMUB 2013 c) and incentives for the implementation of voluntary environmental management systems. In the context of the 'Environmental innovation program', which started in 1997, BMUB provides funds for technical projects aimed at preventing or mitigating environmental pollution, focusing in particular on integrated environmental projects (BMUB 2013 d). In addition, negotiated agreements with German industry associations are part of the environmental policy instrument mix since 1996 – the latest having been set up in 2013. These agreements have mainly focused on climate protection by negotiating reduction targets for industry's GHG emissions and energy intensity, as well as the implementation of energy management systems (Institute for Industrial Productivity, 2013).
A milestone for the German climate change policy was the National Climate Action program which was introduced in 2000. It lists 64 concrete measures for climate protection which aim at helping Germany achieve its climate protection targets under the Kyoto Protocol (BMUB 2013 e; GTZ, 2004). Another bundle of climate change policy measures is adopted in 2007 with the Integrated Energy and Climate Program (IEKP/ Meseberger Beschlüsse) which transposes EU directives on emission reductions, energy-efficiency and the promotion of renewable energies. In this context, the Climate protection dialogue between German enterprises and policy-makers, launched in 2009 serves "the intention of discussing technical options for the reduction of greenhouse gas emissions and the framework conditions required for their implementation" (BMUB 2013 d). Furthermore, the Federal Environment Ministry and the Federation of German Industries Germany jointly launched the "Innovation Prize for Climate and Environment" in 2009 for technological innovation by companies in the field of climate change and environmental protection (Knopf et al, 2011).
The nuclear power phase-out, which was decided in 2011 after the Fukushima nuclear disaster in 2011, marks the beginning of the turnaround in German energy policy ("Energiewende"), which has substantial consequences for energy-intensive industries as well. Against the background of a traditionally strong anti-nuclear movement in Germany, a phase-out had already been officially announced in 2000, but was slowed down after the

change of government. The re-evaluation of risks from nuclear energy led to the decision to complete the phase-out already by the end of 2022 (BMUB, 2013 c). Large energy-intensive industries, however, enjoy exemptions to surcharges so far.
A series of international environmental treaties has been implemented in Germany, amongst others the Kyoto Protocol, the Stockholm Convention on Persistent Organic Pollutants (POPs), and the Convention on Biological Diversity, BMUB, 2013 c).

At the EU level, environmental policy is “today one of the most integrated and centralized policy areas” (Schreurs/Selin, 2009, p. 44). This is, on the one hand, due to the increased awareness of environmental interdependencies between EU member states. On the other hand, environmental policy was also a prerequisite for creating a level-playing field that allowed economic integration. Transnational businesses are interested in “uploading (even stringent) national standards to the European level in order to harmonize the conditions in which they do business” (ibid., p. 48).
During the past decades, policies on a range of environmental issues have been introduced at the EU level, which affect German businesses directly or indirectly through member state implementation. The most recent (7th) EU environmental action program has declared “a resource-efficient, green and competitive low-carbon economy” one of its priority objectives (BMUB 2013 e).
In the context of EU climate change policy, the European Union emissions trading scheme (EU-ETS), which was established in 2005, is the key tool for reducing industrial GHG emissions. Using a cap and trade system, it created a GHG emissions market for energy-intensive firms who operate in Europe[8]. Although the market-based instrument has been praised for its cost-efficiency and for allowing market participants great flexibility, it was sharply criticized for over-allocation of emission credits in its first and second phase (Kolk et al, 2008; Fischer, 2009). Therefore, major revisions have been decided for the third phase, beginning in 2013, including the introduction of auctioning instead of free allocation of allowances (European Commission, 2013 c). In addition, starting from 2014, the auction volume will be cut by several hundred million allowances (BMUB 2014).
Another important policy framework is the EU Ecodesign Directive of 2005, extended in 2009. It established EU-wide rules for setting mandatory product requirements, in particular energy consumption requirements, for certain product groups (European Commission, 2013 d). The Ecodesign Directive was complemented by the EU Directive on energy labels in 2010 (European Commission, 2013 e).
With regard to pollution abatement efforts, the EU Industrial Emissions Directive (Directive 2010/75/EU) of 2010, which replaces the IPPC (Integrated Pollution Prevention and Control Directive), aims to “prevent and reduce pollution to all the environmental aspects such as air, soil, water, resources/energy use, and waste generation from the major industrial activities in the EU” in an integrated way (EEB, 2011). Germany has adopted national regulations for the implementation of that directive in 2013 (BMUB 2013 g). Under the IPPC, the previous Directive on pollution prevention, a reporting system had been introduced: the European Pollutants Release and Transfer Register (E-PRTR) is an information-based instrument

[8] Sectors included are: power and heat generation, oil refineries, steel works and production of iron, aluminium, metals, cement, lime, glass, ceramics, pulp, paper, cardboard, acids and bulk organic chemicals, as well as commercial aviation (http://ec.europa.eu/clima/policies/ets/index_en.htm)

targeting industrial pollutant releases to air, water and land as well as off-site transfers of waste (including heavy metals, pesticides, greenhouse gases and dioxins). The Europe-wide register contains data reported annually by more than 30,000 industrial facilities from years 2007 onwards, and makes this environmental information easily accessible (European Environmental Agency, 2013).

Another crucial regulatory framework at the European level affecting European industry is REACH (Registration, Evaluation, Authorization and Restriction of Chemicals). Adopted in 2006, the EU's flagship legislation on chemical substances addresses the potential impacts of chemical substances on human health and the environment, and made substantial alterations to former chemical legislation. What is considered a paradigm shift is that – in contrast to earlier times – it puts the responsibility on companies to demonstrate the safety of chemicals they produce or import. The European Chemicals Agency (ECHA) was established to implement REACH, and operates the processes of substances registration, evaluation and authorization (ECHA, 2013; EU Commission, 2009). Hey et al (2008) hybrid form of governance as it interlinks hierarchical elements, network (cooperative) modes of governance and self-responsibility.

The EU-Ecolabel, introduced in 1992 and re-launched in 2010, is a voluntary label for the certification of products and services that meet high environmental standards. The scheme involves certification as well as independent compliance checks (RAL, 2012; BMAS, 2012).

The EU Eco-Management and Audit Scheme (EMAS), introduced in 1995, encourages companies to develop environmental programs and management system on a voluntary basis. The scheme requires participating companies to set environmental targets, issue environmental statement reports and have their reporting examined and externally verified (EMAS, 2012; European Commission, 2013 f; KPMG et al, 2013;). When comparing it to ISO 14001, EMAS is considered the more demanding one as it includes performance requirements in contrast to just focusing on process management (Cagnazzo et al, 2013). The German BMUB particularly promotes and incentivizes the uptake of EMAS by the private business sector through tax advantages. Indeed, in international comparison, “there is no other country with more EMAS sites” (BMUB 2013 d).

Labor policy framework

In an international comparison, Germany has been identified as the country with the second highest level of labor market regulation (Ernst et al., 2008; Pleon/IFOK, 2008). Anglo-Saxon authors sometimes use the term ‘Rhenish capitalism’ to describe the characteristics of the German model of worker participation and social security systems (BMAS, 2012 a). Some of the most important legal standards in this context are employee representation, co-determination, and collective bargaining (ibid.). Labor law is usually split into individual labor law which governs working conditions, and collective labor law which governs the relationship between employers and employees as a group. The latter includes for example regulations on collective bargaining, co-determination and minimum wages (BMAS, 2012 a).

Regulations on collective bargaining and trade unions were introduced as early as in 1918, and the Collective Agreement Act of 1949 regulated the process of collective bargaining for the establishment of collective agreements. The German Works Council Constitution Act (1952) established the employees’ right in companies with at least five employees to

elect a works council. Furthermore, to fund the expansive social security system, corporations were increasingly obliged to contribute to the provision of social mandatory social security services (Fifka, 2013; BMAS, 2012 a). Another important milestone of collective labor law has been the 1976 co-determination laws (Kinderman, 2008).
On the other hand, working conditions such as working hours, part-time employment and protection against unfair dismissal are important elements of individual labor law. An important basic law for firm-level working conditions is the Law on the performance of occupational safety and health measures (ArbSchG) (1996), which obliges employers to assess risks at the workplace and establish the measures necessary for the protection of safety and health of workers.
The New Quality of Work Initiative (INQA) has been jointly developed by Germany's Federal government, state governments, social insurance partners, social partners, foundations and enterprises in 2001. The initiative comprises projects, information campaigns and partners with the award scheme 'Best Employers competition'. It mainly aims to raise awareness for the link between healthy working conditions and competitive advantages (BMAS, 2012 b). More recently, current problems such as employee data protection and bullying at work have been addressed by Federal labor law (BMAS, 2013)

CSR policy framework

While a 2006 study of the Bertelsmann Stiftung still had described Germany as substantially lagging behind its international counterparts in politically framing CSR (Pleon/IFOK, 2008; Bertelsmann Stiftung, 2006; Kinderman, 2008), this has changed significantly since 2008, including the launch of a CSR forum, a National CSR strategy, and a series of initiatives to promote CSR among German companies (KPMG et al, 2013; BMAS 2012 a). The national 'Action Plan for Corporate Social Responsibility' adopted in 2010 mainly aims to increase the awareness of CSR and improve the political conditions for its further dissemination among businesses (BMAS, 2010; BMAS, 2012).
BMAS has been in charge of developing and implementing the strategy, with the support of the multi-stakeholder CSR Forum. The forum, which consists of 44 CSR experts from business, trade unions, NGOs and academic institutions, was established as an advisory body in 2009 to provide recommendations during the development process (BMAS, 2010). It has continued its work by accompanying the implementation of the strategy, and meets twice a year to discuss on current CSR topics (BMAS 2012 a).
In line with the 2004 EU definition of CSR, the German action plan bases its understanding of CSR on the triple-bottom line of sustainable development, the involvement of stakeholders, and the assumption that CSR means "responsible business practices in the respective company's actual core business" (BMAS 2010, p. 7), thereby distinguishing it from Corporate Citizenship. It also emphasizes the voluntariness of CSR which "goes beyond compliance with laws and regulations" (ibid, p.7) – deviating from the renewed EU CSR definition of 2011 which no longer mentions voluntariness. Because of the general predominance of regulatory policies in the German governance mix, the debate on a political framework for CSR is generally "strongly focused on regulation versus voluntariness"

(BMAS, 2008). However, the strategy also describes CSR as a “fundamental element in the country’s social market economy system” (BMAS 2010, p. 7).

The action plan focuses on several overarching goals for CSR in Germany, including (1) the promotion of CSR in German enterprises – especially SMEs, (2) greater visibility and credibility of CSR, (3) integration of CSR into education and research, (4) strengthening of CSR in international contexts, (5) tapping CSR’s potential to meet societal challenges such as demographic change, and (6) the further development of a CSR-friendly environment (BMAS, 2010, p. 6). Various measures are outlined in the strategy to achieve these goals. The strategy also aimed at bundling the already existing government initiatives on CSR (BMAS, 2008; BMAS, 2010; BMAS, 2012). These priorities mirror some of Germany’s particularities: its strong export orientation, the high importance of SMEs for the economy, and the challenges related to an ageing society. The CSR action plan mentions the national sustainability strategy mainly in relation to CSR’s potential to meet societal challenges (BMAS, 2010, p. 30).

Several measures have already been implemented since 2010 and thereby broadened the policy framework for CSR: For instance, the ESF assistance program "CSR in SMEs" offers training and advisory measures in order to foster CSR among German SMEs (BMAS 2012 a). The annual CSR Award of the German Federal Government (“CSR-Preis der Bundesregierung”), which recognizes companies with a systematic and innovative approach to CSR, has been awarded for the first time in 2013. (CSR-Preis der Bundesregierung, 2013).

A wide range of awareness-raising measures provide businesses and stakeholders with information on CSR through websites, publications, seminars and conferences. In particular, the internet platform csr-in-deutschland.de, run by BMAS, offers an overview of CSR instruments, guidelines, and the government’s activities on CSR. In addition, several information brochures have been published, including a consumers’ guide on CSR (BMEL, 2009), information brochures on the use of sustainability/environmental management systems such as EMAS ISO 14001, and ISO 26000, and publications on various aspects of CSR, for instance its nexus to Green Economy (BMUB, 2012).

With regard to CSR in international and development-policy contexts, the government tends to follow a partnership approach: for instance, the ‘deveIoPPP.de’ program (formerly Public-Private Partnership (PPP) program), which has been run by the BMZ since 1999, launches development partnerships with companies to promote social and environmental standards in developing and emerging countries (Bertelsmann Stiftung/GTZ, 2007; Bertelsmann Stiftung/UN Global Compact, 2010). CSR is also part of the government’s action program 2015 for fight extreme poverty in international development (Riess et al, 2006). Another important instrument is the ‘Round Table Codes of Conduct’ a multi-stakeholder forum which was initiated and launched already in 2001 by BMZ. The roundtable brings together representatives from companies, trade unions, NGOs, and government institutions who discuss aspects of international CSR, particularly how working and social standards can be implemented throughout the international supply chain (BMAS, 2012). The forum functions as a platform for discussion, exchange of best-practices, and joint pilot projects (Der Runde Tisch Verhaltenskodizes, 2013). In addition, the website CSR.weltweit.de, which was launched by the German Federal Foreign Office in cooperation with Bertelsmann Stiftung in 2008, focuses on promoting CSR among companies operating internationally (Bertelsmann

Stiftung, 2010; BMAS, 2010). The German government also offers financial support for suppliers in developing countries seeking certification, such as SA8000 and FSC, as part of development aid (Knopf et al, 2011).
In its outreach material and activities, the government furthermore explicitly refers to international CSR instruments and schemes, in particular the OECD guidelines, the ILO Tripartite Declaration, and the UN Global Compact, and the Ruggie framework for Business and Human Rights (BMAS, 2010; CSR Forum, 2012). In 2012, an international conference on CSR was held where international CSR instruments and different national policy approaches to CSR were discussed (BMAS 2013 a). Political exchange also takes the form of bilateral development cooperation projects in the area of CSR, for instance with India and China (BMAS, 2010).
With regard to demographic challenges in Germany, the government has launched several initiatives to foster good working conditions: While the New Quality of Work Initiative (INQA) was established in 2002 to disseminate best-practices of healthy working conditions, the Work - Learn - Develop Skills program aims at fostering diversity in company workforces, as does the XENOS – Integration and Diversity program (BMAS, 2010).

In order to create a CSR-friendly market environment, ecological and social criteria for public procurement have been identified as an important instrument. With the Act to Modernise Procurement Law of 2009 contracting authorities are allowed to impose additional social and ecological requirements in their procurements (ibid; BMAS, 2012). In order to increase the market leverage of investments, the government also intends to foster SRI.
With regard to sustainability disclosure requirements, there have been introduced several soft law measures in Germany, the recent most discussed one being the German Sustainability Code (GSC – Deutscher Nachhaltigkeitskodex (DNK)): The German Sustainability Code was drafted by the German Council for Sustainable Development, and adopted as a voluntary instrument in 2011. Its development was accompanied by a consultation process with representatives of financial markets, various enterprises and civil society. The code specifies 20 indicators of sustainability performance that are aligned with the reporting standards of GRI and EFFAS, as well as with the UNGC principles, the OECD Guidelines for Multinational Companies and the ISO 26000 Guidelines. Participating companies are required to declare whether and to what extent they are in accordance with the German Sustainability Code ('comply or explain'). The code is intended to foster transparency and comparability in CSR/sustainability disclosure and thereby facilitate the evaluation of sustainability performances by financial analysts and investors (KPMG et al, 2013; RNE, 2012; Eurosif, 2012).

In 2005, the Reform Act on Accounting Regulations (Bilanzrechtsreformgesetz (BilReG)) was introduced. Amongst others, the act requires German listed companies to include non-financial key performance indicators to such a degree as they are relevant to the performance and future development of the business. In this context, the German Accounting Standard No. 20 'Group Management Report' (GAS 20) also requires that, "if non-financial performance indicators are used for internal management, quantitative information on these indicators should be provided" (DRS 20, p. 23; KPMG et al, 2013).

The German Corporate Governance Code, which was already adopted in 2002, is a summary of existing legal requirements for the management and supervision of German listed companies, plus recommendations and voluntary standards for good and responsible corporate governance, which they can commit themselves to. Albeit non-mandatory, deviations from the recommendations have to be explained and disclosed with the annual declaration of conformity (Comply or Explain) (Regierungskommission Deutscher Corporate Governance Kodex, 2013; Loew et al, 2011; KPMG 2013).
Furthermore, German pension and insurance companies are required to report on whether they invest sustainably or not. The obligation to report on ESG criteria is furthermore taken into account in the use of investments in saving plans. BMAS and RNE also support the ranking of sustainability reports which is conducted by the Institute for Ecological Economy Research (IÖW) and the business initiative future e.V. (BMAS, 2010). Finally, several Individual federal ministries of the German government (e.g. BMAS, 2012; BMU, 2009; 2013) have started to issue sustainability reports in order to as role model for the private sector (BMAS, 2010).

At the EU level, the European Commission has taken a key role in promoting CSR since the early 2000s. Its activities for raising awareness of CSR includes statements, reports, research studies and the funding of research, workshops and conferences on the topic. For instance, parallel to issuing its sustainability strategy, the EC politically framed CSR in a Green Paper in 2001 and a 2002 Communication by the Commission as part of the strategy for European competitiveness (Steurer, 2012) A Commission Recommendation of 2001 and the EU Modernization Directive of 2003 already urged a stronger consideration of sustainable development issues in annual reports (KPMG et al, 2013). The further institutionalization of CSR at EU level was fostered by the launch of a European Multi-Stakeholder Forum on CSR (EMS forum) which met from 2002 to 2004 to discuss CSR best practices and further steps for the EU in promoting CSR (Riess et al, 2006; Loew et al, 2004; EC 2002).
Steurer (2012) observed that the EU approach towards CSR changed from a pro-active approach to a more passive approach in the mid-2000s, which is also illustrated by the framing of CSR as voluntary in the EC’s definition of 2006. With a stronger focus on self-voluntary regulation, the ‘European Alliance for CSR’ was launched in 2006 by the EC and business leaders (Business Europe website).
Several EU Member States have become active in promoting and shaping CSR, with countries like the UK (which has the longest experience in fostering CSR through public policies), Denmark and France taking the lead (Steurer, 2012). In this context, the EC ran a peer review of EU Member States' policies and activities on CSR in 2013-2014.
In April 2013, the EC has published its suggestion for adapting the reporting requirements for EU companies with more than 500 employees to include ‘non-financial statements’ that disclose social and ecological information (EC, 2013; KPMG, 2014).

11.1.2.3. Co-regulation and self-regulation

A number of self- and co-regulatory initiatives have emerged in Germany – particularly during the past decade – ranging from voluntary CS policies and practices by companies and industry associations to multi-stakeholder initiatives and PPPs.

During the 1990s, large companies in particular began to publish voluntary environmental reports and set up environmental management systems based on EMAS (BMU, 2006)., In 2013, 67 percent of the top 100 German companies issued sustainability reports, with 80 percent of them using the GRI guidelines (KPMG et al, 2013).
German CSR business networks and associations – such as Econsense, CSR Germany and UPJ typically function as ‚think tanks' and facilitators of responsible business practice by providing platforms for the exchange of best practices among its members (Kinderman, 2008). To varying degrees, these initiatives include stakeholders or civil societal actors; the network UPJ, for instance, strives to set up cooperative endeavors between businesses and non-profit organizations (UPJ, 2012; Bertelsmann Stiftung, 2006). Among numerous activities, Econsense provides information about Europeans' mounting demographic challenges and discusses possible solutions with businesses, policymakers and other stakeholders (ibid; econsense 2013). At the EU level, CSR Europe and its national partners work together on collaborative projects under the European Business Campaign on Skills for Jobs, collaborative project on Business and Human Rights and the European CSR Award Scheme (CSR Europe 2012).
A collaborative initiative by several business associations has been the 'Initiative Freiheit und Verantwortung' (Initiative for Freedom and Responsibility) which was founded in 2000 by BDI, BDA, DIHK and ZDH in cooperation with WirtschaftsWoche. The initiative seeks to foster corporate citizenship and gives an annual award to companies with an outstanding civil engagement (Riess et al, 2006). The ‚Stiftung 2°' (Foundation 2 Degrees) is an initiative led by German CEOs and managers whose goal it is to support better policies for battling climate protection (Stiftung 2 Grad, 2012). In a similar vein, a voluntary agreement on Global Warming Prevention had already been launched in1995 when thirteen large German industry associations agreed to reduce their CO2 emissions to a specific target level in exchange for the government's tacit promise not to implement an energy tax and/or heat ordinance (Delmas and Terlaak 2002).

Industry-specific initiatives, as well, have been realized with a differing degree of stakeholder involvement. For example, 'Forum Waschen' is an awareness-raising initiative on sustainable cleaning and washing launched by the trade association Industrieverband Körperpflege- und Waschmittel (IKW). More inclusive is for example the Aid by Trade Foundation's 'Cotton made in Africa' (CmiA) initiative, which is supported and funded by private companies in the fashion, textile, and cotton sectors, NGOs such as Welthungerhilfe, WWF, NABU (Naturschutzbund Deutschland e.V.), as well as public sector organizations such as the BMZ in addition to private (BMAS, 2012). Another example of a German multi-stakeholder industry initiative is the 'Rugmark label' which is a special label for hand-knotted carpets made without the use of child labor. The Rugmark Foundation was formed in 1994 in Germany with the help of trade unions, religious and human rights organizations, and consumer groups and concludes contracts with producers and exporters who agree to the ban on child labor (Rugmark Foundation, 2012, EC, DG Employment and Social Affairs, 2004). An industry initiative which has been launched as a public-private partnership with the BMZ in cooperation with the GIZ and the German Coffee Association, is the Common Code for the Coffee Community (2002 – 2010) that aimed to improve the social and ecological conditions prevailing in the coffee sector (Bertelsmann Stiftung, 2010).

Among co-regulatory approaches mainly led by the civil society sector are for example the inclusion of social and ecological criteria in product tests by Stiftung Warentest (BMAS/imug, 2012) and the ranking of sustainability reports by IÖW and future e.V. The German and European NGO community is furthermore quite active when it comes to lobbying for mandatory policies on corporate sustainability issues (KPMG et al, 2013).

With regard to socially responsible investment (SRI), the asset volume in Germany amounted to 950 billion Euros in 2013 (equaling about 1.3 trillion USD). There has been an extraordinary increase in investment strategies with a 'negative screening' approach during the past years, particularly because several large asset management companies began excluding producers of cluster munitions from their investment universe in 2010 and 2011 (taking into account the Convention on Cluster Munitions). With a volume of €13.1 billion, the Best-in-Class approach was the second most important singular strategy within the German market (Eurosif, 2012; FNG, 2014).
In Europe, the amount of ESG-related investments has even grown to US$ 8.76 trillion at the end of 2011 (GSIA, 2012). There is, however, no homogenous market for SRI in Europe as no consensus on a unified definition of SRI exists within Europe.

11.2. USA

11.2.1. Institutional patterns

Basic information and institutional features

With a total area of around 9.6 million square kilometers, the US is the third-largest country in the world. Its population is estimated to be currently around 314 million (UNdata, 2013 a). The average population density is thus very low (34 people per sq. km in 2011) (World Bank, 2013); however, it differs considerably between states, and due to the strong urbanization of the country, 82 % of the population live in cities or suburbs. The United States are a fairly resource rich country, possessing 31.2% of the world's coal reserves, 750 million forested acres, and a considerable amount of copper, gold and natural gas (24/7 Wall St., 2012).
The US has a decentralized, federalist *political system* consisting of 50 states. The American presidential democracy is characterized by the idea of 'checks and balances', promoting pluralistic competition between political institutions and actors (Weiland, 2007). Since the 1980s, US federalism has been characterized by a relatively large political scope of state governments (ibid; Bertelsmann Stiftung/GTZ, 2007).

The American *economy* is the world's largest national economy, with an estimated GDP of $16.7 trillion in 2013, which accounts for 23% of global nominal GDP (and a per capita GDP of $ 51.689 in 2012). Slowly recovering from the economic recession that followed the global financial crisis, the annual growth rate has risen again to 2.8 percent in 2013 (OECD website). The American business landscape is dominated by large companies: of the Global Fortune 250 companies, 27% are headquartered in the US (KPMG et al, 2013). Current employment levels remain below their pre-crisis peaks the unemployment rate being around 7.5 percent in 2013 (US DOL, 2013).

Being historically shaped by immigration, the country is culturally and ethnically highly diverse. With regard to cultural values, the society is characterized by a high degree of individualism (Doh/Guay, 2006; Fifka, 2013; Weiland). Furthermore, religion plays a large role in society as well as in politics (Doh/Guay, 2006), with slightly over 50% of the population adhering to Protestantism. Regarding the political culture, the American society increasingly displays a "values gap between Republicans and Democrats, considered greater than gender, age, race or class divides" (Pew Research Center 2012). A 2012 Pew poll shows that "Americans' values and basic beliefs are more polarized along partisan lines than at any point in the past 25 years" (ibid.).

The US model of capitalism is often referred to as a typical LME. Market solutions are the predominant form of coordination in these types of economies (Hall/Soskice, 2001).

Compared to continental European countries, *the state's role in economy* is distinctly weaker: "the US has a much weaker tradition of governmental direction of business" (Marens, 2012, p. 62). In contrast, a high value is placed upon the role of the free market and minimization of government intervention in private enterprise. The task of government in the economy is mainly to keep competition fair, e.g. by antitrust laws (Hall/Soskice, 2001; DeGeorge, 2007).

Minimal government involvement holds also true for public social services: "lower tax revenues imply a relatively low government capacity to address basic social needs such as health services, education and infrastructure" (Bertelsmann Stiftung/GTZ, 2007, p. 34). Although the recently introduced healthcare reform provides basic coverage, the United States have no extensive social security systems, and the role of government is basically limited to providing support only in cases when other support systems, such as family or market, fail (Fifka, 2013).

As typical for an LME, industrial relations in the US generally "rely heavily on the market relationship between individual worker and employer to organize relations with their labor force" (Hall/Soskice, 2001, p.29). Firms are not obliged to establish works councils, and labor unions are traditionally weak having experienced a further decline during recent decades (Fifka, 2013, Hall/Soskice, 2001). Distinctive to the American collective bargaining system is its high degree of decentralization, i.e. collective bargaining often happens at plant or company level, as economy-wide wage coordination would be difficult to secure (ibid.).

The US capital market is the largest in the world (KPMG et al, 2013). A key feature of America's financial system is that *s*hare ownership is widespread, which increases the importance of individual investors as opposed to institutional investors (Fifka, 2013; Hall/Soskice, 2001). As a result, a high degree of transparency and accountability is demanded from listed companies (Matten/Moon 2008; Fifka, 2013). In addition, it encourages firms to focus on current earnings and share prices, since their access to funds heavily relies on short-term profitability (Hall/Soskice, 2001). The principle of maximizing shareholder-value in the short term is thus often attributed to the American capital market, a phenomenon Waddock refers to as 'investor capitalism' (Waddock, 2012). However, the market for SRI is relatively well developed in the US, with a market share of 11% in 2012 (GSIA, 2012).

The private sector plays an important role in education and skill development. About 20% of students at the tertiary level attend a private institution (National Center for Education Statistics 2008). In the US, there is a significant amount of collaborations between business and educational institutions (Fifka, 2013). With regard to education for sustainable development, business ethics has become an institutionalized area of study in US business schools (Brammer et al, 2012).

Sustainability challenges

Environmental challenges in the United States include debates on oil and nuclear energy, dealing with air and water pollution, logging and deforestation, and international responses to global warming (Daynes/Sussman, 2010). U.S. emissions of greenhouse gases on a per capita basis are far higher than those of any other country (DeSombre, 2010). Along with geographic and demographic reasons, this is propelled by the tradition of low gasoline prices and easy access to fossil fuels – factors that have increased reliance on individual transportation and discouraged fuel efficiency and alternative energy generation (DeSombre, 2010). Furthermore, the majority of the world's hazardous waste is generated in the country, and total U.S. emissions of carbon dioxide, sulfur oxides, and nitrogen oxides as well as per capita water use have been well above the OECD average in the United States (OECD 2005; NRC, 2011).
Although average disposable household income in the United States is substantially higher than the OECD average, income is distributed relatively unequally in the United States. U.S. income inequality, measured by the Gini coefficient, is the 4th highest among the OECD countries. Gains by the wealthiest Americans have been accompanied by rising poverty and by increasing economic insecurity among the poorest Americans with the poverty rate in the U.S. being around 17.4%, compared to an OECD average of 11.1%. Furthermore, health-related challenges are illustrated by the extraordinarily high health expenditures in the United States that are on average two and a half times higher than in other OECD countries (OECD 2014).

Cultural and historical understanding of corporate responsibility

The concept of CSR is usually considered to have its historical origins in the Anglo-Saxon context (Marens, 2012; Brammer et al, 2012; Bertelsmann Stiftung/GTZ, 2007).
Marens (2012) explains the rise of voluntary corporate responsibility practices by referring to the 'defeat' of the American labor movement in the early 20th century. This led to an institutional void and "by the 1920s, executives responded by claiming to manage according to principles of social responsibilities" (p. 59) in order to fill this gap. Visser/Tolhurst (2010), in

contrast, traces back the evolvement of US CSR in early 20th century to the initiative of “a few visionary business leaders such as Rockefeller, Carnegie, Ford, Hewlett and Packard” who engaged in corporate philanthropy (p. 437).
A particularity to the American understanding of corporations and business ethics is that, under American law, corporations are treated as ‘legal persons’. Consequently, Goodpaster (2013) argues, “corporations were eventually expected to behave in society with consciences analogous to individual persons” (p. 586). Scholars also argue that the strong civic engagement is “founded in the Puritan and Calvinist ethos that has shaped the American culture” (Fifka, 2013, p. 343). Furthermore, the notion of ‘giving back to the society’ fills in for the limited role of government and thus functions as sort of a ‘substitute’ (Matten/Moon, 2008; Jackson/Apostolakou, 2010; Fifka, 2013). Consequently, along with donations and charity, volunteering is widespread in the US: as much as 44.2 % of the people in the United States regularly serve as volunteers for civic purposes, and 97% of the top-100 US companies have a corporate citizenship scheme in place (Fifka, 2013).

Despite the early roots of corporate engagement in society, the concept of CSR is considered to have emerged on a broader scale in the US during the 1960s. On the one hand, tax-breaks to corporations engaging in charity fostered corporate philanthropy. On the other hand, pressure for more responsible corporate behavior had increased due to emerging social and environmental concerns and the rise of “grass roots movements that targeted big business corporations” (DeGeorge, 2007; Visser/Tolhurst, 2010; Tschopp, 2005). Critics included various NGOs, environmentalists, and civil rights activists; as a result, many large corporations sought to regain public support by engaging in and publicly highlighting their positive contributions to society (ibid.). As DeGeorge (2007) states, “CSR was thus a tool developed by business in response to critics” (p. 75). However, against the background of the American focus on shareholder value, these societal demands also provoked dissenting opinions, illustrated by Friedman’s famous quote that the only social responsibility of business is to increase its profits. During the 1990s, big corporate scandals weakened stakeholders’ trust in corporations and thus gave another boost to the notions of corporate responsibility and business ethics. Furthermore, the internationalization of many US businesses with the emergence of globalization added a new dimension to CSR, stretching the perception of American multinationals’ responsibility to their operations in less developed countries (DeGeorge, 2007; Hurst, 2004).

Parallel to the public debate an academic discourse about corporate responsibilities developed during the 1950s and 60s (Loew et al, 2004), oftentimes framing corporate responsibility by the broader notion of ‘corporate citizenship’ (Fifka, 2013).
The recent global recession following the financial crisis in 2008 had a similar effect as the corporate scandals in the 1990s did, making reputation a major driver of corporate responsibility initiatives in order to rebuild public trust in businesses (Visser/Tolhurst, 2010).
A survey among US managers in 2009 showed that the integration of CSR principles into the mainstream business is seen as crucial (Visser/Tolhurst, 2010). This is underpinned by the findings of Maignan and Ralston (2002) that “firms in the USA are most likely to describe their CSR as a ‘part of core (strategic) values” (Kang/Moon, 2011, p.7), which leads the authors to conclude that “the competitive motivations for CSR have become stronger (Ibid.).

With regard to priority issues, climate change turned out to be the top priority in a 2009 survey among managers conducted by BSR (Visser/Tolhurst, 2010). Despite the lack of regulations to reduce greenhouse gas emissions – or rather as a reaction to this institutional gap – many U.S. companies have made voluntary public commitments to reduce their emissions (Fiorino, 2006; Matten/Moon 2008). Given the above mentioned internationalization of many US businesses, human rights issues ranked second highest in the BSR survey, reflecting the importance of supply chain management and international CSR (Visser/Tolhurst, 2010). Furthermore, U.S. CSR often addresses employee issues, such as fair wages, initiatives to cover the health care costs of uninsured employees, and working conditions - reflecting the relatively weak position of trade unions and formerly lack of public health insurance in the United States (Matten/Moon 2008). Education and consumer health issues are further priority areas for CSR in the US (Matten/Moon, 2008; Maignan/ Ralston, 2002). A major trend that companies identified was the need to "work closely with government on addressing major public issues" (Visser/Tolhurst, 2010, p. 440). Finally, due to the country's history, the issue of discrimination influenced the CSR agenda in the United States (DeGeorge, 2007).

11.2.2. Governance patterns

11.2.2.1. Governance actors

Governmental agencies

Bertelsmann Stiftung/GTZ (2007) state that although CSR originated in the Anglo-Saxon context, in the US "the public sector has not been the major driving force behind CSR" (p. 35). While many federal agencies deal with a range of sustainability issues, there is no government-wide management strategy related to sustainability. In general, the institutionalization of both CSR and sustainable development throughout the federal government is rather fragmented in the US (Hecht et al, 2012; Schreurs/Selin, 2009).

While the President's Council on Sustainable Development (PCSD), created during the Clinton administration, existed only until 1999, the Environmental Policy Agency (EPA) has recently taken efforts to further integrate sustainability (NRC/USEPA, 2011). In addition, the White House Office of Science and Technology Policy has expanded the goal of the Committee on Environment and Natural Resources to include Sustainability (CENRS) and coordinate across federal agencies to promote the use of the concept (Hecht et al, 2012; US White House, 2012). A number of governmental agencies and ministries at the federal level are involved in politically framing sustainability and CS - although more indirectly. Several key corporate sustainability-related aspects, particularly those related to environmental protection and human health, are covered by the EPA, whereas the US Department of Labor is in charge of regulating working conditions. The Equal Employment Opportunity Commission (EEOC) and the Consumer Product Safety Commission (CPSC) are further federal agencies that deal with CS issues (Visser, 2010). A 2005 report on Federal CSR activities indicated that the Department of State (DoS), the Department of Commerce (DOC), and the EPA had the largest numbers of discrete initiatives related to CSR (GAO, 2005). In addition, also the Agency for International Development (AID) and a few other agencies have programs or activities related to corporate responsibility (DoS, 2011; GAO 2005). Also, being responsible for disclosure requirements, the U.S. Securities and Exchange Commission (SEC), plays an important role when it comes to corporate sustainability reporting (KPMG et al, 2006; 2013).

The following governmental agencies have been identified as particularly relevant for the field of CS and have been included in the expert interview sample:

- The Department of State's Bureau of Economic, Energy, and Business Affairs (EEB) comprises a CSR unit which at the same time functions as the United States' OECD NCP. It promotes responsible and ethical business practices, provides guidance for American companies engaging in CSR, and partners with the business community and a range of other stakeholders on CSR issues (DoS, 2011).
- Founded as early as in 1970, the EPA's mission has traditionally been to protect human health and the environment. Recent efforts explicitly focus on institutionalizing sustainable development as a strategic goal and cross-agency strategy throughout the EPA (NCR/USEPA, 2011; EPA, 2011; US EPA, 2012). Activities in the area of CS include for example labeling green products and promoting green chemistry and engineering (US EPA, 2012 b). The EPA´s Office of Research and Development (ORD) takes the lead with regard to the re-orientation towards sustainability (NRC, 2011; ORD, 2012).
- The Ministry of Labor and especially its Occupational Safety and Health Administration (OSHA) agency regulate working conditions by setting and enforcing standards, providing trainings, and outreach (US DOL, 2012 a). With regard to CSR, there are a few programs and activities, in particular aiming at international business (GAO, 2005; US DOL, 2012 a).
- Within the US Department of Commerce it is in particular the International Trade Administration (ITA) that consults with the Department of State's CSR unit and has launched individual programs and initiatives to encourage American companies to adopt global CSR practices. Its 'Good Governance Program' for instance focuses explicitly on transparency and anti-corruption in the context of international business.

Business associations

Business' influence on American politics has traditionally been at high levels, due to the particularly important role businesses play within the United States (Bertelsmann Stiftung/GTZ, 2007; Doh/Guay, 2006; DeSombre, 2010; Schreurs/Selin, 2009). Since "the pluralist nature of US politics encourages the formation of interest groups" (Doh/Guay, 2006, p.50), umbrella associations have an accepted role in the American public policy process. The role of lobbying is of great importance for influencing public policies: According to the Center for Responsive Politics, there have been around 12,300 registered lobbyists in Washington, DC, (Open Secrets.org, 2013) in 2013 – more than twice as much as are registered in Brussels (European Lobbying Survey, 2013); what is more, the estimated number of lobbyists goes up to 90,000 when taking into account 'shadow lobbying'.

Using the example of climate change, Kolk et al (2008) illustrate the ambivalent role that industry organizations in the US have had on sustainability issues: While on the one hand, in the past groups like the Global Climate Coalition (GCC) and the Climate Council, "played a major role preventing the USA from joining the Kyoto Protocol" (p. 720), on the other hand, organizations have emerged more recently that support a proactive industry role, such as the Pew Center on Global Climate Change (Levy, 2005; Kolk et al, 2008). In fact, compared to the rather reluctant role of the government in this field, proactive business membership organizations, networks and think tanks are considered important drivers of the CSR agenda in the USA. Outstanding examples are for instance Business for Social Responsibility (BSR) and the Center for Corporate Citizenship at Boston College (BCCCC) (Waddock, 2008; Visser/Tolhurst, 2010). Furthermore, traditional industry associations and business think tanks like the US Chamber of Commerce, Business Roundtable, the Aspen Institute, and the Conference Board have established specialized centers or programs that focus on CS/CSR.

- Conference Board is a business membership and research association founded as early as in 1916. Its 'Initiative on Sustainability' focuses on research, peer learning and leadership development activities covering corporate philanthropy, citizenship, and sustainability practices.
- BSR (Business for Social Responsibility), founded in the early 90s and headquartered in San Francisco, is a network of more than 250 member companies and considered one of the global leaders in promoting responsible business practices among companies (Waddock, 2008; Visser/Tolhurst, 2010). BSR works predominantly with large multinational companies and helps them implement sustainability policies and practices through consulting, research and exchange of best-practices.

Civil society organizations

Of all stakeholders, an international survey of 11 countries finds that the US companies regard NGOs to promote CS engagement most strongly (CSM, 2013).

The USA has a rich history of civil society movements, most notably the civil rights movement, the student movement in the 1960s, the anti-apartheid movement, etc. The American environmental movement started very early, with the Sierra Club, for instance, being founded as early as in 1892. During the 1960s and '70s, US environmental organizations were very successful in gaining members and leveraging political influence, fostered by the debate about DDT and books like 'Silent Spring' and 'The Limits to Growth' which were initially published in the US (Weiland, 2007). However, the social and political influence of environmental organizations and lobbies in the United States weakened considerably during the early 90s (Weiland, 2007; Kelemen/Vogel, 2009). With regard to the current situation, scholars emphasize that the political influence of environmental NGOs in the US is distinctly weaker than in the EU (Doh/Guay, 2006; Schreurs/Selin, 2009). This is partly due to the limited accessibility of federal policy makers to environmental groups. In contrast, the latter are more effective at the state level (Schreurs/Selin, 2009).

Prominent examples of important American environmental organizations are the Sierra Club, the US-headquartered World Resources Institute (WRI), the Natural Resources Defense Council (NRDC), and the National Wildlife Federation. NGOs who explicitly deal with CSR and CS oftentimes come in the form of networks including different stakeholders, like for instance Ceres, or think tanks like AccountAbility. NGOs who rather act as watchdogs or activists in the field of corporate responsibility are for example CorpWatch or the Corporate Accountability project. The following NGOs were included in the interview sample:

- Ceres (Coalition for Environmentally Responsible Economies) promotes the adoption of sustainable business practices, primarily through a network of investors, companies and NGOs – the Ceres Coalition - which counts more than 130 member organizations. The organization was founded in 1989 with the mission "to bring environmentalists and capitalists together to forge a new sustainable business model" (Ceres 2012). Together with the Tellus Institute, Ceres originally launched the Global Reporting Initiative (GRI) as a common project in 1997. Through its network, the organization directs stakeholder teams that provide ongoing input to network companies on environmental and social issues. In addition, Ceres directs the Investor Network on Climate Risk (INCR), and the Business for Innovative Climate and Energy Policy (BICEP), an advocacy coalition of businesses committed to advancing climate and energy policies (ibid.)
- The Environmental Defense Fund (EDF) is a leading national environmental advocacy organization with more than 750,000 members, which was founded in the 1960s and played a major role in achieving the legal ban of DDT in the US. The organization's focus issues include global warming, ecosystem restoration, oceans, and human health. EDF is also known for designing market-based policy solutions and engaging in corporate partnerships (EDF, 2012). The organization was even ranked first in a 2007 Financial Times study of 850 business-nonprofit partnerships (Financial Times, July 5, 2007, p. 14).

Responsible investment organizations

Fostering sustainable investment plays an important role in the American CSR movement, and the national market for SRI has been growing considerably during the past years (Waddock, 2012; US SIF, 2012). Although institutional investors dominate the sustainable investing landscape, numerous actors are involved in the American SRI movement: a range of responsible investment institutions has been established who invest money for individuals and organizations through socially responsible mutual funds, for instance Calvert, Domini Social Funds, and Trillium. Major US stock indices with a sustainability orientation are the MCSI index family, Dow Jones Sustainability Index (DJSI), Domini 400 Social Index, and the Calvert Social Index. In addition, research organizations and network associations that focus on SRI include the Social Investment Research Analyst Network (SIRAN) and the US SIF (Waddock, 2008; GSIA, 2012; USSIF, 2012).

- The American Sustainable Investment Forum (US SIF) is a membership association for organizations dealing with responsible and sustainable investment in the US. Its mission is to "advance investment practices that consider environmental, social and corporate governance criteria to generate long-term competitive financial returns and positive societal impact" (US SIF, 2012). Its programs include research and education activities, policy advocacy and member working groups on several national SRI issues. US SIF is a member of the Global

Sustainable Investment Alliance (GSIA) and can be considered the international counterpart of the German FNG (Forum für Nachhaltige Geldanlagen)

Labor unions

As Marens (2012) put it, the formerly strong labor movement in the USA "has been defeated" (p. 461) by the rise of large corporations around the early 20th century. The political and legal influence of trade unions in the USA vis-à-vis business interests is thus considered relatively weak (Marens, 2012). The rate of unionization has dropped significantly since the 1960s and is currently at 11.3% in 2013. Most unions in the US are affiliated with one of the following two umbrella organizations: the AFL-CIO, created in 1955, and the Change to Win Federation which split from the AFL-CIO in 2005, who advocate policies and legislation on behalf of workers. Labor-environmental coalitions like the BlueGreen Alliance and the Apollo Alliance that unite governance actors from the labor movement and the environmental movement have been recently established.

- The BlueGreen Alliance, founded in 2006, brings together 14 of America's largest unions and environmental organizations – with more than 15 million members and supporters –.who cooperate with the aim of "building a cleaner, fairer and more competitive American economy" (Bluegreen Alliance, 2012). The organization focuses on advocating the growth of 'green' industries like renewable energy, energy efficiency, modern transportation systems, sustainable agriculture, etc. Its activities include designing public policies, research, advocacy and public education campaigns.
- The Labor Network for Sustainability (LNS) is a network of individuals that engages workers to support sustainability and works closely with labor unions and labor-environmental coalitions. The network's focus issues include a range of social, economic and environmental sustainability challenges, such as climate protection, economic justice, corporate accountability, water availability, renewable energy, etc. Its main approach is to connect and inform individuals in the labor movement in order to promote the discussion about sustainability and labor. LNS founding president Joe Uehlein is the former Secretary-Treasurer of the AFL-CIO's Industrial Union Department.

11.2.2.2. Public policy framework

Sustainability policy framework

Sustainable development as a policy goal is not very prevalent in the US – at least when compared to their European counterparts (Schreurs/Selin, 2009). The US has not developed a National Strategy for Sustainability yet, and with regard to institutionalizing sustainability, federal policies have lagged behind those on the sub-national level. In contrast, state and local governments have advanced their approach to sustainability since the early 1990s and some of them established a range of far-reaching policies (Doh/Guay, 2006; Bertelsmann Stiftung/GTZ, 2007; Hecht et al, 2012; Schreurs/Selin, 2009).

Schreurs and Selin (2009) emphasize that official explicit recognition of sustainability at the federal level was at its height during the Clinton administration when the President's Council on Sustainable Development (PCSD) was created. The PCSD brought together representatives from government, industry, NGOs and labor groups in order to develop recommendations for sustainability. Their report "Towards a Sustainable America", presented in 1999, comprised ambitious goals, but the Council faced opposition in Congress, and lost support under G.W. Bush's administration. Government attention towards sustainability abated afterwards, and the US has so far failed to follow most of the Council's recommendations (Schreurs/Selin, 2009; NRC/EPA, 2011).

Nevertheless, it is worth noticing that several sustainability-related principles, such as precaution, policy integration, a holistic approach, and interaction with stakeholders are embodied in US environmental policy (Schreurs/Selin, 2009). Also, the U.S. environmental and conservation laws are related to all three pillars of sustainability, not just the environmental pillar, including for example also goals like protection of human health, intergenerational equity, and community stability (NRC/EPA, 2011). The 2011 NRC report "Sustainability and the US EPA" applies a definition of sustainability which is based on the National Environmental Policy Act (NEPA): "to create and maintain conditions, under which humans and nature can exist in productive harmony, that permit fulfilling the social, economic, and other requirements of present and future generations" (NRC/EPA, 2011).

With regard to recent developments, Hecht et al (2012) argue that "federal policy is now overcoming past resistance to the concept of Sustainability" as a result of pressures from a range of stakeholders, including risk managers and insurers, policy-makers and regulators, financial investors, and global organizations (Hecht et al, 2012, p. 89). As a consequence, "almost every federal agency is wrestling with how to make sustainability operational" (ibid. p.90). In order to help manage this transformation, a National Research Council (NRC) committee has prepared a consensus report on how to incorporate the theme of sustainability into all of USEPA's activities. Recent efforts at the EPA to integrate sustainability include a "Sustainability Research Strategy" for integrating the concept across its programs and a Collaborative Science and Technology Network for Sustainability (CNS) program that connects universities, federal agencies, and local governments.

Environmental policy framework

Traditionally, the United States has had among the world's strictest domestic environmental regulations – at least from the early 1970s through the early 1990s. Since the early 1990s, however, the governmental approach towards environmental standard-setting became much more hesitant and even adverse (DeSombre, 2010; Kelemen/Vogel, 2010).

Against the background of increasing environmental concerns, advocates of environmental regulation gained considerable public and political support in the United States in the late 1960s and 1970s. During that period, the US government adopted a wide range of new legislations and consequently became an international pioneer in environmental policy (Weiland, 2007; Kelemen/Vogel, 2009; DeSombre, 2010; Schreurs/Selin, 2009). The first major federal environmental law, the National Environmental Policy Act of 1969 (NEPA) established a precautionary approach and a policy integration approach with the establishment of an 'environmental impact statement'. It was followed by the establishment

of the EPA in 1970 and a series of important regulations on air, land and water pollution and hazardous waste control, including the Clean Air Act of 1970, the Clean Water Act of 1972 (Amendments in 1977), the Safe Drinking Water Act of 1974, the Toxic Substance Control Act (1976) and the Resources Conservation and Recovery Act (1976). Although this first decade of US environmental regulation was predominantly characterized by a command-and-control approach, industrial air pollution control also comprised a tradable permit scheme in the form of the Emissions Trading Program (NRC/EPA, 2011; Tschopp, 2005; Schreurs/Selin, 2009; Visser/Tolhurst, 2010; Weiland, 2009; Vig/Kraft, 2006; Tietenberg, 2010).
During the 1980s, the political struggle between pro- and anti-regulators dominated environmental policy debates: the general tendency towards deregulation under the Reagan administration partly set back the EPA's regulatory efforts; nevertheless, thanks to the pressures of the environmental movement and Democratic-ruled Congress further environmental standards were introduced. With a focus on hazardous substances control, the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), which comprised substantial funding for the decontamination of toxic landfill sites was enacted, along with the Hazardous and Solid Waste Amendments of 1984 and the Ocean Dumping Ban Act of 1988 (NRC/EPA, 2011; Kelemen/Vogel, 2009; Weiland, 2007; Fiorino, 2006). In 1986, as part of the Superfund Amendments and Reauthorization Act (SARA) the Emergency Planning and Community Right-to- know Act (EPCRA) required companies to submit data on emissions of 400 different toxic chemicals to the USEPA who makes this information available to the public through the Toxic Release Inventory (TRI). Based on the data collection through TRI, EPA launched a voluntary toxic-emissions reduction scheme in 1991, the '33/50' program, which allowed participating companies to set their own reduction targets (Maxwell, 1998).

Although environmental policy regained momentum at the end of the 1980s, its approach changed considerably: On the one hand, both the EPA and several states sought to design more flexible policy instruments and experimented with incentive-based policies; for instance, the Acid Rain Program of the 1990 Clean Air Act allowed trading of sulfur dioxide emissions. There was also an increase in the use of negotiation, partnerships and information disclosure as new tools for protecting the environment (Vig/Kraft, 2006; Fiorino, 2006; Tietenberg, 2010). On the other hand, there was a general trend of decreasing interest and support for domestic as well as international environmental policy efforts (Kelemen/Vogel, 2009). In international environmental politics, the United States' role, which had been decisively proactive during the decades before, changed radically: at the 1992 UNCED, for instance, it signed but refused to ratify the Convention on Biological Diversity, and although having signed and ratified the UN Convention on Climate Change it refused to ratify the Kyoto Protocol negotiated later, which contained actual obligations (DeSombre, 2010).
In contrast, policy-makers on the state level have been more active since the 1990s - especially in the field of climate change where a national policy proved unreachable so far. Many U.S. states have created state-level climate policies, with California taking the lead using a cap and trade system. In addition, climate policies have also been established on the regional level by groupings of states, for instance the New England Governors Climate Change Action Plan which was created by six New England states, along with the Regional

Greenhouse Gas Initiative (RGGI) of ten northeastern states, the Western Climate Action Initiative covering California, five other Western US states, and two Canadian provinces, and a cap and trade system by six Midwestern states (DeSombre, 2010; Kolk et al, 2008).
Nevertheless, under the Obama administration there have been recent advancements on the federal level as well: in 2011 the EPA began regulating GHG emissions nationwide under the Clean Air Act - a program that targets the largest single-source emitters so far. (Hecht et al, 2012). Furthermore, "USEPA programs have been inching toward life cycle analysis, green chemistry, green design, green engineering, smart growth, and industrial ecology" (ibid, p.86).

Labor policy framework

The US Department of Labor website states that "substantive terms and conditions of employment are left largely to private negotiation or determination. The law views this as a private responsibility from which the government should stand apart" (US DOL, 2012 b). Nevertheless, the development of the US labor policy framework has a long history, of which only the major milestones will be briefly described in the following. While a series of legislations for factory safety and health were created during the 19th century on the state level, the Federal Labor Department was created in 1913.
The National Labor Relations Act of 1935 defined unfair labor practices, protects workers' rights to strike and collectively bargain, and established the National Labor Relations Board. It was followed by the Fair Labor Standards Act of 1938 (FLSA) which standardized the 40-hour workweek and set forth standards for minimum wages, overtime pay, recordkeeping, and child labor.
Regulations that fight discrimination at the workplace were created during the 1960s with the Equal Pay Act of 1963 that guarantees equal pay for both genders and Title VII of the Civil Rights Act of 1964 which prohibits employment discrimination based on race, color, religion, sex or national origin. Furthermore, the Office of Federal Contract Compliance Programs is established in 1965 in order to hold federal contractors to a higher obligation for affirmative action. These regulations against discrimination in employment are complemented by the Equal Employment Opportunity Act of 1972, the 1990 Americans with Disabilities Act, and the creation of the Glass Ceiling Commission of 1991 (US DOL, 2012; Tschopp, 2005).
The Occupational Safety and Health Act of 1970 was another milestone in labor policy: The Act aims to assure workers' rights to safe and healthful working conditions and established the OSHA agency as part of the Department of Labor. It is also to be seen in relation to the increasing awareness of the health impact of chemicals during that period thanks to the environmental movement (US DOL, 2012a).
In 1996, The Family and Medical Leave Act introduced parental leave, and the government launched the "No Sweat" initiative for ending sweatshops in the garment industry.
The Workforce Investment Act of 1998 replaces the Job Training Partnership Act of 1982 to provide funding for local, statewide and national on-the-job training.
In 2010, The Patient Protection and Affordable Care Act is signed into law by President Obama with the goal of decreasing the number of uninsured citizens and reducing health care costs via tax credits, subsidies, incentives and fees for employers and uninsured individuals (US DOL, 2013).

With regard to international labor standards, the US is regularly criticized for not having ratified several of the fundamental ILO Conventions although being a member state. Of eight fundamental conventions, the US has ratified only two: the Abolition of Forced Labor Convention (105), and the Worst Forms of Child Labor Convention (ILO, 2007). It has not signed Conventions 29, 87, 98, 100, 111 and 138, including the Convention on the Freedom of Association and Protection of the Right to Organize and the Right to Organize Collective Bargaining Convention (Visser/Tolhurst, 2010).
In an international comparison, the US labor market is considered to be fairly flexible and provide low employee protection (OECD, 2012).

CSR policy framework

As mentioned above, the public sector has not been the major driving force behind CSR in the United States (Bertelsmann Stiftung/GTZ, 2007). Although there is no explicit policy on CSR, a 2005 report by the US Government Accountability Office (GAO) identified "over 50 programs, policies, and activities […] that are related to global CSR" (GAO, 2005, p. 16). These include governmental activities on issues such as labor, environment, human rights, community development and corporate governance. Nevertheless, public sector engagement for CSR at the federal level is considered "relatively low, fragmented and patchwork in nature" (Bertelsmann Stiftung/GTZ, 2007, p. 35) since there is no engagement in terms of strategy development, coordination point, or evaluation, and few agencies label their activities CSR or provide a definition of CSR (ibid; GAO, 2005). McBarnet (2007) argues that CSR-related policies in the US rather follow an indirect enforcement strategy, focusing mainly on good corporate governance. CSR policies have also been established in terms of integration of stakeholders, communication and awareness-raising (Bertelsmann Stiftung/GTZ, 2007).
Furthermore, partnerships between government agencies and companies are a relatively widespread instrument to foster responsible corporate conduct in the US. In the context of the OSHA Strategic Partnership Program (2002), the agency partners with employees, employers, professionals, and trade or labor associations "in order to encourage efforts to prevent serious workplace hazards and to achieve model workplace safety and health practices" (Bertelsmann Stiftung, 2010, p.26). With regard to the environmental realm, the U.S. EPA's Climate Protection Partnerships Division employs cost-effective partnerships to advance clean energy and energy efficiency across the U.S. economy in order to reduce greenhouse gases (US EPA, 2012 a).

The US government has furthermore taken substantial action to improve corporate governance through fostering the implementation of corporate codes of conduct and business ethics compliance programs: The Sarbanes-Oxley Act, which was adopted in 2002 as a reaction to the Enron scandal, fosters compliance through requiring companies to implement codes of ethical conduct and whistleblower policies (Parker, 2007; McBarnet, 2007; KPMG/UNEP; 2013). In addition, the SEC, the NYSE and NASDAQ require effective implementation of corporate codes of ethics for US-listed companies (McBarnet, 2007).
The 1991 Federal Sentencing Guidelines for Organizations (FSGO) defines minimum standards of an effective compliance program reflecting industry standards and government

regulations. In case of corporate misconduct, such a compliance system will provide companies with a reduction of penalty (Department of Commerce, 2004; DeGeorge, 2007; Parker, 2007, in: McBarnet). The same approach is employed by the EPA which takes account of internal corporate policies in deciding on penalties (McBarnet, 2007).

Closely related to the legal promotion of responsible corporate governance is the governmental approach to corporate information disclosure. Although CSR reporting remains largely voluntary in the United States, several specific requirements for the disclosure of ESG information have been established:

First, US corporations are mandated to disclose environmental information under a number of statutes, including the above mentioned Clean Air Act (CAA), Clear Water Act (CWA), and the Toxic Release Inventory (TRI) (KPMG/UNEP, 2013). Furthermore, in 2008 the EPA has issued the Mandatory Reporting of Greenhouse Gases Rule that requires large US sources and suppliers to report GHG emissions via annual reports to the USEPA (Hecht et al, 2012).

Second, disclosure of corporate governance elements is fostered through SEC regulations and investor protection Acts. The Sarbanes-Oxley Act of 2002 increased the reporting requirements on corporate transparency for US-listed companies, and the Dodd Frank Act of 2010 features disclosure provisions on companies' supply chain management regarding conflict minerals from the Democratic Republic of Congo or adjoining countries. Companies who fall under this rule are required to conduct an assessment of their supply chain activities to determine the source of their conflict minerals and submit a report that describes the due diligence measures taken to this regard (ibid; US GPO, 2010, 2010; KPMG/UNEP, 2013). Furthermore, the SEC's guidance on climate change risk requires appropriate consideration and disclosure of material effects.

In addition, federal agencies are urged to give a good example by reporting on their own CS performance under the Presidential Executive Order13514 (KPMG/UNEP, 2013). On the state level, the California Transparency in Supply Chains Act, 2010 requires retailers and manufacturers to provide consumers with information regarding their efforts to eradicate slavery and human trafficking from their supply chains (KPMG/UNEP, 2013,).

Although there is no explicit public procurement criteria, White House Executive Order 13514 seeks GHG-related analysis of government supply chains which already results in suppliers being reviewed on sustainability-related performance (KPMG et al, 2013).

As mentioned at the beginning of this section, several US policy initiatives address issues related to global CSR. Governmental activities aiming at global CSR "assist US companies with their philanthropic efforts, as well as with their efforts to be socially responsible in their core business operations, including their supply chains" (GAO, 2005, p. 20). As with domestic efforts, these governmental activities range from mandatory to facilitating:

The Foreign Corrupt Practices Act which applies to any US company or US-listed company introduced higher penalties for corruption that includes payments to foreign officials (Callaghan 20011; McBarnet, 2007). The Alien Tort Claims Act holds American MNCs legally accountable for human rights abuses even when committed outside the US. This Act was originally adopted as early as in 1789, but has been rediscovered by NGOs and lawyers in the late 1990s "as a potential tool for creative enforcement in the context of international human rights" (McBarnet, 2007, p. 150; Callagan, 2011).

The vast majority of US governmental policies on global CSR, however, take a softer approach by “either facilitating and/or partnering with companies on their voluntary CSR efforts“(GAO, 2005, p. 21). An example of partnerships between government and business in this context is the Department of State’s ‘Partnership to Eliminate Sweatshops Program’ which addresses unacceptable working conditions in manufacturing facilities overseas that produce goods for the U.S. market (GAO, 2005).

The government also endorses global CSR through providing awards, such as the Department of State’s Award for Corporate Excellence (ACE) which is given yearly to U.S. businesses for advancing good corporate governance, best practices, and democratic values overseas (ibid; US Department of State, 2012) and the EPA Montreal Protocol Awards which honor achievements in ozone layer protection and climate protection.

Furthermore, several federal programs provide companies with information and training to engage in global CSR, such as the Department of Commerce’s training on rule of law, human rights, and corporate stewardship (GAO, 2005) or its Sustainable Manufacturing Initiative (SMI) (US Department of Commerce, 2012 a). Finally, the government also provides funding to facilitate CSR schemes abroad; for instance, the International Child Labor Program at the Department of Labor funds projects in Bangladesh, Pakistan, Central America, and West Africa that work with various industry associations to address the use of child labor (GAO, 2005).

11.2.2.3. Co-regulation and self-regulation

In the US, a growing number of individual corporations, business associations and initiatives have been involved in private governance efforts

Sustainability reporting has increased during the past years in the United States – particularly among large and transnationally operating companies with 86% of American G250 corporations disclosing their environmental and social performance (KPMG et al, 2013). Although this figure comes down to 53% percent when including the whole of S&P 500 companies (figure from 2013), it shows that sustainability reporting is becoming mainstream among large American companies - especially when taking into account that this figure was around 20 percent in the previous year (KPMG et al, 2013; Conference Board, 2013). Yet, the quality of these reports is rather low to medium in a worldwide comparison, and the number of assured reports prepared in accordance with the GRI guidelines accounted for just three percent of total US reports in 2011 (KPMG et al, 2013; GRI, 2011).

As mentioned above, the use of certified environmental management standards is less common in the US; nevertheless, in a quantitative study including over 600 US companies, Ceres and Sustainalytics (2014) found that 79 percent (482 companies) had a formal environmental policy, and 58 percent (353 companies) had supplier codes of conduct. A majority of the companies surveyed also committed themselves to voluntary CS targets beyond the law; for instance, more than two-thirds are taking steps to reduce GHG emissions (ibid). Also, many US chemical companies “reduced their toxic emissions substantially below the levels allowed by EPA regulations in order to avoid more stringent regulation” (Tsutsui, p. 5).

With regard to collaborative industry-driven approaches, several US trade associations run programs to develop best practices and hold events on different CS topics for their members. (KPMG et al, 2013).

Institutionalism scholars argue that in LMEs actors involved in CSR governance - stakeholders such as NGOs, consumers, investors, and labor as well as managers – heavily "rely on market-based solutions to pursue their agendas" (Kang/Moon, 2011, p. 8). Accordingly, shareholder activism and socially responsible investment have played a major role for the co-regulation of CS in the USA (ibid; Moore, 2004; Kurtz, 2008; Davies, 2009). The 'Chicago Climate Exchange'– a voluntary cap and trade program for United States-based corporations - ran from 2003 through 2010 (Ecosystem Marketplace/Bloomberg, 2013).

The mechanisms of shareholder activism are oftentimes used by NGOs and other members of civil society to raise awareness of environmental and/or social issues at a particular company. In order to gain a legal status within the company, they buy shares in order to be able to exercise shareholder rights and bring resolutions to annual general meetings. This approach was used, for instance, in 2004 by the Interfaith Center on Corporate Responsibility, a group of shareholding NGOs, to pressure Occidental Petroleum to adopt human rights policies, and in 2006 by Amnesty International USA with regard to DowChemicals and Chevron (McBarnet, 2007).

Labor unions use a shareholder activism approach as well, mainly through employee ownership schemes or pension funds, such as CalPERS (California Public Employees' Retirement System). For instance, the AFL-CIO promotes progressive management of union money by educating pension trustees and union leaders through the Center for Working Capital as a key strategy (Kang/Moon, 2011).

With regard to SRI, the market share of sustainable investing strategies is approximately 11 percent of assets under professional management in the US equaling $ 3.74 trillion. As more and more asset owners and financial analysts include ESG information in their analysis and decision making, SRI constitute one of the most rapidly growing segments of the investing community, and has seen a 22-percent increase in 2012 since 2009 (GSIA, 2012; KPMG et al, 2013; Visser/Tolhurst, 2010). The predominant sustainable investing strategy practiced in the US is negative/exclusionary screening, with the exclusion of investments related to repressive regime countries like the Sudan and of industries like tobacco and alcohol accounting for the lion's share of the total investments. Similar to shareholder activism by NGOs, the SRI strategy of many institutional investors includes the filing of shareholder resolutions on ESG issues. Another form of shareholder engagement is to pursue dialogues with portfolio companies on these issues (GSIA, 2012). GSIA (2012) has found that in the United States corporate governance issues, political contributions (lobbying) and environmental issues, particularly relating to climate change, are among the most important issues for sustainable investors.

With the growing interest in SRI, investors are calling on publicly-traded companies to expand their disclosure on ESG-related and to apply comparable and reliable reporting standards (KPMG et al, 2013; Tschopp, 2005). This has led to increasing awareness of standards for sustainability reporting, like GRI (Kang/Moon, 2011). Yet, US companies

continue to be slow in implementing sustainability reporting standards. In an international comparison, U.S. corporations clearly lag behind in adoption of the GRI reporting framework and external assurance. American companies account for only 11 percent of the total number of GRI-based reports in contrast to companies headquartered in Europe with 47 percent (GRI, 2012; Conference Board, 2013).
US-headquartered companies are also comparably reluctant in picking up other international CS standards, such as the environmental management standard ISO 14001 and the social management standard SA8000 (Delmas, 2002, Tschopp, 2005). While, for instance, ISO 14001 has been widespread among Western European companies, very few American firms are 14001-certified. Delmas (2002) suggests that institutional reasons are partly responsible for this considerable gap, especially as US firms are more concerned about "potential legal penalties from voluntary disclosure" (Delmas, 2002, p. 108).

Although market-driven approaches are a widespread instrument of co-regulation, stakeholders in the US have also embraced more conventional forms of social movement such as protests and campaigns, and lobbying (Kang/Moon, 2011). For instance, campaigns of "naming and shaming" – which were supported by NGOs transnationally – had played a major role in the re-orientation of Shell and Nike towards more responsible business practices after the respective scandals during the 1990s (McBarnet, 2007). Likewise, private litigation against individual companies has been an important instrument for increasing companies' legal compliance and accountability. In some cases, litigation has also been used creatively by civil society actors to hold companies responsible for their voluntary commitments: for instance, in 1998 a lawsuit had been filed against Nike for violating California's legislation on unfair competition and false advertising by making false statements in its CSR report about working conditions in their supply chain. Nike finally agreed to settle the lawsuit by paying US$1.5 million to the Fair Labour Association (McBarnet, 2007; Tschopp, 2005; KPMG et al, 2013).
Lobbying and policy advocacy are employed as well in order to pressure government for adopting stricter policies related to CS. However, Doh and Guay (2006) emphasize that "the opportunities for influencing public policies in the USA are more diffuse, owing to the country's federal structure" (p. 50) and that American NGOs tend to have less influence on CS policies than their counterparts in Europe. In this context, it is a common practice in the US that coalitions are built between different interest groups in order to lobby for a specific cause (Weiland, 2007). While corporate lobbying usually has a rather poor reputation, leading corporations in CS increasingly engage in 'socially responsible lobbying' or 'lobbying for good'. Corporate representatives – who usually gain political access more easily than representatives of civil society organizations – use their leverage to advocate social or environmental causes (Fifka, 2013).

11.3. India

11.3.1. Institutional patterns

Basic information and institutional features

India is the world's largest democracy, with a population of approximately 1.2 billion. The subcontinent has a total area of around 3.2 million square km – slightly more than one-third the size of the US – and, consequently, a high population density.
After its independence from Britain in 1947, India became a parliamentary democracy with a federalist governmental structure, being divided into 28 states and seven union territories. However, the federalist system, with elected officials at the federal, state and local levels, displays a power bias towards the central government. General elections take place every five years (Tharan, 2004). The current prime minister is Manmohan Singh, member of the Indian National Congress party (INC).

India has experienced a rapid economic growth over the last two decades: for the years 2011, 2012, 2013 and 2014, GDP increased by 6.6%, 5.1%, 6.9% and 7.2%, respectively (Olivier et al, 2015). Thanks to its large and fast growing economy, the country is considered an emerging market and a member of the BRICS states. However, given the huge population, GDP per capita is still low with India ranking 141th in international comparison in 2012 ($ 1,500 nominal GDP per capita and $ 3,843 at purchasing power parity) (World Bank). Enhancing international economic competitiveness and maintaining high growth rates in order to further the country's economic development is considered one of the most important goals of the Indian government (Bertelsmann Stiftung, 2007; Krichewsky, 2009; Government of India, 12th FYP, 2012).
The majority of the workforce is still employed in agriculture, but the service sector contributes to more than the half of the GDP, and industry accounts for 27 percent of the GDP (Tharan, 2004; SustainAbility, 2005). However, the shadow economy in India is significant and estimated to be about a quarter of the GDP (Allen et al, 2007).

India's society is highly diverse with regard to culture, religion and ethnicity. While Hinduism is the most predominant religion, Islam, Jainism, Christianity and Buddhism are widespread as well. Hindi is the national language, spoken by about 30% of the population, whereas hundreds of regional languages and dialects are used across the country, and English has an associate status being the most important language in politics and commerce (Tharan, 2004).

When looking at the state´s role in economy, India can be considered a 'post-socialist' country (Witt/Redding, 2013). The main reason for the recent economic boom in India has been the stepwise economic liberalization and opening of the market to international trade since the beginning of the 1990s. Before, India had developed a tradition of central planning inspired by the Soviet model. Five-Year Plans initially represented the core element of governmental economic planning. Economic reforms were initiated when M. Singh – the current prime minister - became finance minister in 1991, and the country slowly abandoned its protectionist and central planning approach (French, 2011). However, planning is still an important steering instrument: Five Year Plans which are prepared by the Planning Commission of India (PCI) under the guidance of the National Development Council (NDC) provide medium-term strategies for overall development (Tharan, 2004). Nevertheless, multiple stakeholders are involved in the planning process in the form of working groups and task forces (ibid.). With a view to political corruption, Witt and Redding (2013) categorize India also as a 'predatory state' (according to NBS typology), "in which top leaders and their families use the state to enrich themselves" (p. 18).

Hill (2009) emphasizes the high centralization of the Indian industrial relations system with the state being the main mediator between capital and labor. In contrast to the central position of the state, trade unions are not necessarily recognized by employers as a collective bargaining agent. Instead, "the Indian union movement is closely aligned to political parties through party-based union federations" (p. 402). The disadvantages of this constellation are a certain shortage of grassroots support for unions, and the lack of "a culture of collective bargaining and bipartisan negotiation" (ibid, p. 402). Although labor market flexibility is formally limited by the regulatory system, these regulations are partly circumvented by employers, and they don´t cover the huge 'informal sector'. Thus, the vast majority of the labor force is not included in the system (Krichewsky, 2009; Ghosh et al, 2009; Hill, 2009).

In India's financial system, state influence remains strong: "The major banks remain in the hands of the states and engage in policy-driven directed lending, with preference given to state-owned enterprises" (Witt/Redding, 2013, p. 15). Also, thanks to a stricter regulated bank system, the global financial crisis had not hit India as hard as other countries (French, 2011). Corporate ownership patterns in India are characterized by a high degree of concentrated ownership as opposed to dispersed ownership, and family-owned conglomerates own about 50-60% of share capital of listed companies in India (SustainAbility, 2005; Balasubramanian/Anand, 2013). Compared to the international SRI trends, the inclusion of SRI in the Indian capital market is currently rather weak and 'Responsible Finance' is widely associated with the practice responsible lending (GIZ, 2012).

Education and skill development in India is both provided by the public sector and the private sector - sometimes working together in public-private partnerships (PPPs). Although progress has been made with regard to elementary education, India ranked only 105 among 128 countries in the UN's Education Development Index in 2010 (UNESCO), with the literacy rate among adults in India being 61% (Witt/Redding, 2013). However, the country has a few excellent Universities, and - given its huge population - a large higher education sector in student numbers, even though it only comprises about 10 percent of its younger people. Also, CSR education has been mainstreamed in many business schools during the past years (Visser/Tolhurst, 2010). In academic circles in India, the best known CSR models comprise the 'CSR pyramid' by Carroll, an 'ethical model' which is influenced by Ghandi' s trusteeship concept, a 'statist model' linked to the socialist economical traditions, and Freeman's 'stakeholder model' (Kumar et al, 2001; Visser/Tolhurst, 2010).

Sustainability challenges

Although processes of economic liberalization, privatization, and globalization have led to rapid economic growth in India and thus helped to reduce poverty, at the same time they cause growing concerns about increased inequality and environmental degradation (Patel, 2012). The huge and growing population combined with increased industrial production is placing significant pressure on India’s environment: “Water scarcity tops the list of environmental concerns followed closely by air pollution and loss of biodiversity” (SustainAbility, 2005, p. 5). It is estimated, for instance, that 97 million Indians lack access to safe water. The issues of improper waste disposal, soil erosion, desertification, and water pollution are further urgent problems (Greenstone/Hanna, 2011; Tharan, 2004).

Despite two decades of economic growth, over 400 million people in India still live on less than $1.25 a day; Oxford Poverty and Human Development Initiative, 2010). Poverty thus remains “the single biggest issue for the country to deal with“ (SustainAbility, 2005, p. 14). Also - typical to any emerging economy - income inequality is striking in India and has even doubled since the early 1990s, with a GINI coefficient of 33.9% in 2013 (SustainAbility, 2005; World Bank, 2013; Krichewsky, 2009). The HDI (Human Development Index) of India was 0.554 in 2012 (UNDP Human Development Report).
The cultural relicts of the officially abolished caste system and the related problems of persisting caste and gender discrimination are a particular challenge for modern India. Although prohibited by the Indian Constitution in 1950, these implicit social hierarchies still have an effect on everyday life, especially in rural parts of the country (French, 2011; SustainAbility, 2005; Krichewsky, 2009).
Child labor is another pressing issue: Around 12 million out of approximately 200 million children were employed in the labor market in 2001 (the last time that official calculations were done) (Indian Ministry of Labor and Employment, 2012). But according to the organization ‘Free the Children’, the number might be considerably higher, adding up to around 70-80 million child laborers (SustainAbility, 2005).

Furthermore, corruption and bribery are at the top of the list of biggest systemic problems in India (Allen et al, 2007; SustainAbility, 2005). In the Transparency International’s Corruption Perception Index (2013) India ranks 91st with a score of 36 (100 meaning there is no corruption) (Transparency International 2013). These problems, together with a lack of monitoring and poor governance, have led to inefficient and ineffective implementation of policies, resulting in poor compliance with the regulations in place (SustainAbility, 2005; Allen et al, 2007).

Although power generation has been increased during the past years, the country faces problems to keep pace with the quickly growing demand for energy. This does not only affect industry, but also the country’s population: energy poverty is widespread with 400 million Indians living without any electricity in their households (OECD/IEA, 2010). India’s energy mix is highly dependent on coal, whereas renewable energies account only for 6 % (figures from 2010). The country`s CO_2 emissions in 2014 increased to about 2.3 Gt CO_2 making India the fourth largest CO_2 emitting country in the world (Olivier et al, 2015).

Cultural and historical understanding of corporate responsibility

CSR scholars have found that the understanding of corporate responsibility in Asian countries can differ significantly from Western models. Almunawar and Low (2013) emphasize the collectivistic cultural tendencies and the particular importance of business relationships with stakeholders in the Asian context (Almunawar/Low, 2013; Visser/Tolhurst, 2010). Cultural norms, values and tradition are considered to play a vital role as drivers for CSR in Asia (Visser/Tolhurst, 2010). In general, there seems to be a dominating tendency towards philanthropic CSR in the Asian context (Chapple/Moon, 2005).

In India, practices of charity and corporate philanthropy have a long tradition and are deeply rooted in society (Chapple/Moon, 2005; Chahoud et al, 2007; Visser/Tolhurst, 2010; Almunawar/Low, 2013; Muniapan, 2013). Kumar (2004) stresses that “India has one of the world’s richest traditions in CSR” as part of its cultural heritage (cited in: Almunawar/Low, 2013, p. 185). The roots of Indian CSR are seen also in relation to the Hindu religion in India, particularly to the religious concepts of ‘dharma’ (the duty to help the welfare of all living beings) and ‘karma’ (cause and effect of actions) (Muniapan, 2013; Chapple/Moon, 2005). Since industrialization in the late 19th century, there is a tradition of big Indian corporations, such as Tata and Birla, of donating money, e.g. to schools and hospitals (Visser/Tolhurst, 2010; Almunawar/Low, 2013; Chahoud et al, 2007). Drawing on the Ghandian principle of ‘trusteeship’, during the struggle for independence, Indian businesses took on a more proactive role and participated in institutional and social development, mainly investing in social infrastructure (Chahoud et al, 2007; SustainAbility, 2005; Almunawar/Low, 2013).

Against this background of traditions of corporate philanthropy and social investment, the concept of CSR has recently gained momentum, and “since 2000, the level of CSR awareness has raised significantly” (Visser/Tolhurst, 2010, p. 194; SustainAbility, 2005). However, traditions of corporate giving seem to have strongly shaped the notion of CSR as the concept is still “often understood as synonymous to working for society or community in which the business operates” (Tewari, 2012). As the authors of the ‘Handbook on CSR in India’ (2013) put it: “CSR in India tends to focus on what is done with profits *after* they are made” (PwC/CII, 2013, p.7) rather than *how* they are made. CSR issues which are particularly often addressed by corporations in India are community development, education, health and environment (Almunawar/Low, 2013). In recent years, under the influence of global trends, the understanding of CSR in India is undergoing a certain change: “the Indian understanding of CSR seems to be shifting from traditional philanthropy towards sustainable business” (Chahoud et al, 2007, p. 29) as it increasingly includes mainstream aspects like multi-stakeholder dialogues and the integration of CSR into the business processes strategy (Muniapan, 2013; Chahoud, 2007).

11.3.2. Governance patterns

11.3.2.1. Governance actors

Governmental agencies

Among the various ministries of India's central government the Ministry of Labor & Employment, the Ministry of Environment and Forests (MoEF) and the Ministry of Corporate Affairs (MCA) together with its affiliated Indian Institute of Corporate Affairs (IICA) can be considered the most important government agencies for the context of environmental and labor regulation as well as CSR. The Central Pollution Control Board (CPCB) and its branches in the states, which are responsible for data collection and policy enforcement, can be considered further important agencies with regard to environmental regulation (Greenstone/Hanna, 2011; Krichewsky, 2009). Another important actor in the CS context is the Securities and Exchange Board of India (SEBI) which regulates the stock market and was responsible for mandating the publishing of Business Responsibility reports for the top 100 listed companies (KPMG et al, 2013; SEBI, 2012). In the following, a brief introduction to the governmental agencies and other political organizations which were included in the expert interviews is provided:

- Apart from its responsibility for the implementation of environmental programs and regulations, the Ministry of Environment and Forests (MoEF) is also in charge of the national strategy for sustainable development and the major administrative force behind Corporate Environmental Responsibility initiatives (Tharan et al, 2005; MOEF, 2012).
- The Ministry of Corporate Affairs (MCA) regulates corporate affairs in India through the Companies Act – the latest having been adopted in 2013 – and other allied Acts, Bills and Rules. It was the responsible government agency for releasing the CSR Voluntary Guidelines in 2009 which preceded the more recent National Voluntary guidelines (NVGs) on Social, Environmental and Economical responsibilities of Business (Bertelsmann Stiftung/UN Global Compact, 2010; KPMG et al, 2013).
- The Indian Institute of Corporate Affairs (IICA) has been established by the MCA as a governmental agency for capacity building and training in the field of corporate regulation and governance. Its focus areas explicitly comprise business sustainability through environmental sensitivity and social responsibility, compliance management and corporate governance. It is furthermore set up as a platform for dialogue and partnership between governments, corporates, civil society, and other stakeholders (IICA, 2012).
- A partner for the Indian government in the development of recent CSR framework policies was the Gesellschaft für Internationale Zusammenarbeit (GIZ) India. The NVGs were developed for example in the context of the bilateral cooperation project on CSR between IICA and GIZ (MCA/IICA, 2011).

Business associations

Among the most important Indian business associations that have special departments to promote CSR are the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI) (Bertelsmann Stiftung/UN Global Compact, 2010; Visser/Tolhurst, 2010).

- The CII, which has around 8000 direct members, and 90.000 indirect members, has established a Center of Excellence for Sustainable Development to promote sustainable business “through a complete program of policy advocacy, knowledge creation, knowledge dissemination and 'on-ground' model projects” (CII-ITC, 2012) working with businesses and the government. The CII was furthermore involved in the Drafting Committee of the NVGs (MCA/IICA, 2011).
- The Energy and Resources Institute (TERI) has become the national chapter of the WBCSD in India and functions as a platform for business leaders to promote corporate responsibility (TERI-BCSD) (Visser/Tolhurst, 2010). Besides, TERI works and provides knowledge on a wide array of sustainability issues and hosts the annual international Delhi Sustainable Development Summit (DSDS) (Tharan et al 2005). Alike the CII, TERI-BCSD participated in the drafting of the NVGs (MCA/IICA, 2011).

Civil society organizations

The organized civil society sector in India has traditionally been large and vibrant: The history of civil society goes back to the independence movement in the 19th century; today, India has one of the largest numbers of active NGOs worldwide with around 3.3 million according to estimations by the Indian government (2009). NGOs are complemented by strong individual activists, particularly in the field of sustainability. In addition, international NGOs are strongly present with most of the large organizations - for instance ActionAid, Oxfam, Greenpeace, and Corporate Watch - having local offices in India. Furthermore, the press enjoys a lot of freedom and has taken on the role of a ‘watchdog’, reporting incidents of misuse of power and corruption (SustainAbility, 2005; Tharan et al, 2004; Visser/Tolhurst, 2010). The following Indian NGOs focus on responsible and sustainable business conduct and have been included in the expert interviews:

- The Centre for Science and Environment (CSE), which was founded in 1980, is a public interest research institution and environmental pressure group active in the field of corporate responsibility (Visser/Tolhurst, 2010). For instance, the center’s Industry & Environment division regularly conducts a ‘Green Rating Programme’ to assess and publish several industries’ environmental impacts with the objective to encourage companies to adopt better environment management policies (CSE, 2012).
- Partners in Change (PiC) was set up in 1995 by Action Aid in India and is among the pioneers engaged in deepening CSR practice in India (Visser/Tolhurst, 2010). The NGO was established specifically to promote CSR in India through building awareness and capacity. The organization also promotes partnerships among businesses, communities, development initiatives and the government (PiC, 2012).

- The NGO Cividep, established in 2000 in India, focuses on corporate accountability and workers' rights. It generally works to ensure that businesses comply with human rights, labor rights and environmental standards through education, campaigns and policy advocacy.

Responsible investment organizations

As outlined above, the market for SRI in India is currently still in its very infancy. There are, however, some recent developments in the national context, such as the launch of the country's first national ESG index in 2008 (KPMG et al, 2013). India's major stock exchanges are the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE). With regard to important organizations in the field of SRI, there is for example the 2013 founded Responsible Investment Research Association (RIRA), a not-for-profit organization that aims at promoting ESG-based investments in India. Further stakeholders in the field of SRI are banks, investors and rating companies. As RIRA, an organization that would be comparable to the German FNG and the US SIF was not yet established at the time of the interview

- CRISIL India (Credit Rating and Information Services of India Ltd) is part of a global analytical company that provides ratings, research and risk advisory in the financial market. The company helped to develop and launch the S&P ESG India Index in collaboration with KLD Research & Analytics and Standard & Poor's. CRISIL also has a joint venture with the National Stock Exchange of India to maintain the S&P ESG India Index.

Trade unions

As mentioned above in the context of industrial relations, India has a very low unionization rate, and for several reasons as much as 92 percent of the total workforce is not organized in unions (Ghosh et al, 2009). Important collective trade union associations are the country's 12 Central Trade Union Organizations. However, the landscape of trade unions in India is fragmented along political lines and between competing unions, which limits their influence within corporations (Krichewsky, 2009). Unfortunately, it was not possible to detect any experts for the issues of corporate responsibility, sustainability or CSR from Indian trade union federations through internet research and the questioning of academic scholar.

11.3.2.2. Public policy framework for CS

Sustainability policy framework

Although the Indian Government had officially claimed to develop a National Strategy for Sustainable Development (NSDS) by 2005, no such separate strategy document has yet been adopted (ESDN, 2009). Nevertheless, the government's perspective on sustainable development has been laid down earlier in 2002 in the form of a detailed governmental study, "Empowering People for Sustainable Development" (EPSD). The document outlines four main objectives for sustainable development in India: "Combating poverty", “Empowering people”, “Using core competence in science and technology”, and “Setting environmental standards: Conservation of Natural Resources, Improving Core Sectors of Economy” (MOEF, 2002; Tharan et al, 2004). Based on this, monitorable targets were defined in the realm of human development and natural resources conservation (Tharan, 2004).

Sustainable development concerns and objectives are also integrated directly into the national Five-Year Plans (FYP), the most important element of the national development planning process. The Ninth Indian FYP (1997-2002) was the first to explicitly recognize the synergy between environment, health and development and the need for ensuring environmental sustainability through social mobilization and multi-level participation (MoEF, 2002; Tharan, 2004). The most recent national planning document, the 12th FYP (2012-2017) includes a chapter on Sustainable Development which particularly focuses on “Inclusive and Sustainable growth” (Government of India, 2012).

Environmental policy framework

Even before India’s independence, several environmental legislations existed. The international Stockholm Conference in 1972 was an important driver for the development of a national environmental policy framework in India, spurring the adoption of basic environmental regulations during the 1970s and 1980s. Another trigger for the further development of Indian environmental regulation was the Bhopal disaster of 1984 (Tharan, 2004; Greenstone/Hanna, 2011; SustainAbility, 2005). Albeit India’s environmental policy framework is considered comprehensive and substantial, many scholars draw attention to the insufficient implementation of laws (SustainAbility, 2005; Krichewsky, 2009; Greenstone/Hanna, 2011; Curmally, 2002). The following are considered the most important developments and elements of the Indian environmental regulatory framework:

Early environmental regulations focused mainly on pollution control with regard to water, air and forests: the Water Pollution Control Act, which set norms for water polluting companies, was adopted in 1974 and complemented in 1977 by the Water Cess Act, which imposed taxes on companies for water consumption. Similarly, the Forest (Conservation) Act and the Air Pollution Control Act were established in 1980 and 1981, and River Conservation Plans, which focused on reducing industrial pollution in the rivers, followed during the 1990s (Greenstone/Hanna, 2011).

The Environment Protection Act was passed after the Bhopal tragedy and parallel to the foundation of the MoEF in 1986. It is the most comprehensive Indian Act relating to environmental protection and tightened air, water and soil pollution standards as well toxic waste treatment and emission standards for industries. It also extended the competencies of the MOEF and the Central Pollution Control Board (CPCB) vis-à-vis companies with regard to check and regulate the establishment of new industrial projects, to conduct inspections of industrial sites, and sanction business actors in case of repeated violation of rules (Krichewsky, 2009).On this basis, the Environmental Impact Assessment (EIA) Notification (1994; 2006) introduced environmental clearance processes for large industrial and infrastructure projects conducted by the MoEF (MOEF, 2012).

During the late 1980s and 1990s, rules on the treatment of hazardous waste, bio-medical waste, the Municipal Solid Wastes Rules and the Recycled Plastics Manufacture and Usage Rules were issued. Furthermore, regulations on the use of GMOs, the Biological Diversity Act (2002) the Ozone Depleting Substances (Regulation) Rules (2000) were adopted, and business activities causing pollution along the coast were banned through the Coastal (Regulation) Zone Notification (Krichewsky, 2009; Greenstone/Hanna, 2011; MOEF, 2012).

Recently, in 2006, the National Environment Policy was approved. It represents a comprehensive action plan for environmental policy-making and explicitly recognizes the interrelationship of social, economic and environmental problems covering a wide range of topics including forest and wildlife protection, biodiversity and natural heritage, freshwater, pollution abatement and climate change (MOEF, 2006).

Furthermore, the National Action Plan on Climate Change (NAPCC) aims at fostering sustainable growth by outlining eight ‘national missions’ related to climate change and energy. It focuses on renewable energies and new technologies, energy efficiency, natural resource and ecosystem conservation, and better knowledge on climate change adaption and mitigation (Government of India, 2008). In addition, the Indian government has signed numerous international treaties on environmental issues (Tharan, 2004).

Labor policy framework

Similar to its environmental regulations, India has a comprehensive set of labor laws, which are comparably strict: Allen et al (2007) state that “it is almost twice as hard to hire people in India as in OECD countries and almost three times as hard and costly to fire them” (p. 15). Key labor laws were enacted even before independence, for instance, the Industrial Disputes Act of 1947 (amended in 1976) which defines the legal framework for industrial relations. Another important element of labor regulation is the Factory Act, first adopted in 1948, which regulates the working conditions in factories by ensuring minimum standards of safety, health and welfare as well as labor inspections, working hours, holiday, overtime and employment of children. It was accompanied by the Minimum Wage Act, which aims at ensuring a minimum income for workers, and was later complemented by further remuneration policies and several laws to ensure minimum social security such as the Employees’ State Insurance Act. However, in many cases the legally defined minimum wage does not provide a sufficient income in order to meet cost of living (Ministry of Labor and Employment, 2012; SustainAbility, 2005; Krichewsky, 2009; Hill, 2009; Ghosh et al, 2009). Child labor is also separately regulated through the Child Labour Act of 1986 which prohibits the employment of children under the age of 14 (SustainAbility, 2005). Comprehensive regulations on contract work from the 1970s monitor the employment and working conditions of temporary and migrant workers (Krichewsky, 2009).

Recently, in 2009, the National Policy on Safety, Health and Environment at Workplace was adopted: It establishes a set of national objectives for improving EHS conditions and outlines eight specific working areas, including enforcement, national standards, compliance, awareness, research and development, occupational safety and health skills development and data collection (Ministry of Labor and Employment, 2009). Furthermore, India has ratified 39 ILO conventions, including four of the eight core conventions (SustainAbility, 2005).

However, observers state that in the light of economic liberalization, since the early 1990s constraints on companies have been relaxed in order to counterbalance the inflexibility of the labor market and to ensure an investor-friendly climate. As with environmental regulation, the Indian labor policy framework is extensive, but ineffectively enforced (Krichewsky, 2009; SustainAbility, 2005).

CSR policy framework

The Indian government's approach to CSR has been particularly dynamic during the past five years (since 2008). While the lead department for CSR issues is the MCA and its affiliated government agency IICA, other ministries are involved, and particularly the MOEF is responsible for various initiatives with regard to corporate environmental responsibility. Apart from soft law, awareness-raising and PPPs, a particularity of the Indian government's framework for CSR are its comparably strong mandatory elements.

The Indian CSR policy framework is developed mainly through the IICA, which was established by the MCA in 2008 and is explicitly charged with furthering the issues of CSR and sustainable business. However, even before, various government initiatives focused on the promotion of CS:

In 2003, MOEF and the CPCB initiated the Corporate Responsibility for Environmental Protection (CREP) charter for environmentally-intensive industries. This initiative aims at promoting various environmental management measures that go beyond compliance including waste minimization, in-plant process control, and adoption of clean technologies. CREP is mandatory for large businesses in the 17 highest polluting sectors in India (KPMG et al, 2013; MOEF, 2003).

Another approach by the Indian government was to foster the BOP (bottom-of-the-pyramid) approach by mandating Indian insurance companies to do twenty percent of their business in rural areas and the informal sector. This triggered an increase in micro-insurance products that are considered vital in combating poverty (Bertelsmann Stiftung/UN Global Compact, 2010).

Furthermore, there are various public policies on non-financial reporting in India: First, it is mandatory for all companies to disclose environment-related information within their annual reports. As early as in 1993 the MOEF required environmental audit reports for industries that operate within the Water Prevention & Control of Pollution Act, the Air (Prevention & Control of Pollution) Act, and /or the Hazardous Wastes (Management and Handling) Rules (KPMG et al 2013; Ruchi, 2010). In 2003, SEBI introduced a requirement for listed companies to submit a quarterly compliance report, including a corporate governance report, taking into account societal concerns about labor and the environment. In 2011, the government issued a Guidance Note on Non-Financial Disclosures to enable companies to voluntarily make appropriate non-financial disclosures. The non-financial reporting policy was strengthened recently when SEBI determined that, starting from 2012, the 100 top listed companies in India must mandatorily submit Business Responsibility Reports (BRRs) as a part of their annual reports based on an apply-or-explain approach. These reports are required to be based on the principles of the "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs), which comprise a reporting framework (KPMG et al, 2013).

The NVGs, launched in 2011 by the MCA, represent an important element of the CSR framework: As a revision of the National CSR Guidelines of 2009, the NVGs were developed to provide a voluntary basic framework for responsible business behavior based on overarching principles (KPMG et al, 2013; Bertelsmann Stiftung/UN Global Compact, 2010). They address main areas of responsible business conduct, including ethical business conduct and transparency, sustainable products, labor rights and employee welfare, stakeholder engagement, human rights, inclusive development, the environment, and responsible policy advocacy. The Guidelines were furthermore developed through an extensive consultative process comprising different stakeholder groups (MCA, 2011). The Indian government has also issued guidelines aiming specifically at public enterprises, the 'Guidelines on CSR and Sustainability For Central Public Sector Enterprises' (CPSEs), which were revised in 2013 (MOEF, 2012; KPMG et al, 2013).

Another crucial development – and an international novelty among public policies on CSR – is clause 135 of the 2013 Companies Bill which mandates companies (above a certain line of annual turnover/profits) to spend two percent of the previous three years' average net profit on projects and activities related to CSR. In this context, the Bill also requires companies to set up a CSR committee, CSR policies and programs, and to publicly report on these measures (MCA, 2012; KPMG et al, 2013)

Finally, to provide a platform for multi-stakeholder dialog and partnerships on the issues of CSR and sustainable business, the IICA has recently established the National Foundation for Corporate Social Responsibility (NFCSR). Its task will mainly be to enable collaborative projects, networking, and training and research activities in the field of CS. (IICA, 2013).

11.3.2.3. Co-regulation and self-regulation

A 2005 study found that Indian companies showed the highest level of CSR among Asian countries - despite its comparably lower level of economic development (Chapple/Moon, 2005). Similarly, in a survey on Indian businesses' perceptions on CSR, "every single respondent claimed that the characteristics of a successful modern Indian company are related to a company's social and environmental performance" (Brown, 2001, cited in: Chapple/Moon, 2005, p. 437) and in a 2004 study, 80 percent of the companies claimed to have CSR policies and practices in place (Visser/Tolhurst, 2010). Furthermore, KPMG et al (2013) state that many organizations in India have certified environmental management systems, based on ISO 14001.

With regard to Indian corporate sustainability reports, the practice of reporting has recently increased dramatically: the sustainability reporting rate has risen from 20 percent in 2011 to 73 percent in 2013 (KPMG, 2013). This dynamic is likely to be caused by recent regulatory measures (see chapter 11.1.2.3). However, scholars have criticized that reports vary considerably with regard to content and quality (Patel, 2012, KPMG et al, 2013) and tend to "include only the external dimension in their understanding of CSR" (Patel, 2012, p.4) as opposed to internal aspects such as working conditions and environmental practices.

The shift from philanthropic CSR to corporate self-regulation is supported by industry associations who provide sustainability frameworks and promote norms and management systems for Environment Health and Safety (EHS), and CSR, like SA 8000 and ISO 14001. Furthermore, CII and FICCI give CSR awards to reward the most efficient and innovative companies in this domain. The associations organize regular conferences and meetings with company representatives

A prominent example of industry-wide private CS initiatives is the Affirmative Action code of conduct, which came into being in 2006: Developed by a coordination committee which brought together various industry associations and senior representatives of the Indian industry, the code encourages the practice of “reservation” for Scheduled Castes and Tribes in the private sectors. (Bertelsmann Stiftung/UN Global Compact, 2010; Bertelsmann Stiftung/GTZ, 2007; CII, 2012)

As mentioned above, the leverage of Indian trade unions to influence companies has been rather weak. Hill (2009) argues that their role in collective bargaining is somewhat undermined by the ‘all-powerful’ role of the state in industrial relations. Furthermore, due to the progressive liberalization of the economy trade unions have taken on a more “defensive role of limiting layoffs” (ibid., p. 45) and the number of strikes and workers protests in India has decreased continually since the 1980s and is currently at an all-time low (Krichewsky, 2009).

In contrast, there has been an upsurge of NGO initiatives during the past decades to monitor corporate activities. The development of a highly vigilant networked community of activists and NGOs in India has been spurred by events like the Bhopal disaster in 1984; and after the economic reforms of the 1990s civil society groups have stepped in to exert pressure on the corporate sector, particularly with regard to ecological and human rights issues. India has seen various civil society movements, for instance the ‘Chipko’ movement for the protection of forests, women’s movements, the citizens’ right to information movement and the movement against large dam projects.

Indian NGOs have traditionally tended to be ‘anti-corporate’ and skeptical towards the role of economic globalization ad TNCs. Various forms of activism are employed by Indian NGOs to co-regulate companies: an example is launching high profile information campaigns against companies, for instance the CSE’s campaign against Coca Cola and Pepsi, the campaign against Hindustan Lever on their mercury contamination and the ongoing protests against the introduction of GM seeds by Monsanto (CSE, 2012; SustainAbility, 2005; Krichewsky, 2009). A number of research centers and institutes aim at putting social and environmental impacts of corporate activities onto the political agenda through publishing reports and studies. Other NGOs focus more on informing citizens about their rights, and provide technical and legal assistance. Also, the filing of public interest litigations is a comparably important instrument of Indian NGOs.

On the other hand, partnerships between NGOs and businesses predominantly take the form of collaborations with private sectors trusts. Over 55 percent of large Indian companies have established foundations, and work with civil society organizations mainly in the areas of education, health and rural development.

Finally, there are some initial developments indicating that the SRI movement has reached Indian investors and capital market actors. An important initiative was the 2008 launch of the S&P ESG India Index by Standard and Poor’s CRISIL and KLD Research & Analytics. This is the first national index that focuses on companies’ commitment to ESG standards and sustainability performance (KPMG et al, 2013). Very recently, the Bombay

Stock Exchange (BSE) and the Indian Institution of Corporate Affairs (IICA) have signed an agreement to collaborate on developing a CSR index, which would assess the CSR activities of companies listed on the BSE.

12. Case companies

The TNCs chosen for the empirical case studies show several similarities with regard to their sustainability management as disclosed in their sustainability/integrated reports of the past years. In the following, basic information about the size, core business operations and the sustainability management of each of the case companies is summarized.

12.1. Bayer

Bayer is a diversified, international chemicals and health care group that comprises 298 subsidiaries internationally and is headquartered in Leverkusen, Germany. In 2013, the Bayer Group employed 113,200 people worldwide and had sales of around € 40.2 billion (Bayer, 2013). The company describes its overarching mission by using the slogan 'Bayer: Science For A Better Life'. The core guiding values of the corporation are subsumed under the abbreviation 'LIFE' which stands for 'Leadership, Integrity, Flexibility and Efficiency' (Bayer, 2011; 2012; 2013 a).

Bayer's core competencies are in the fields of health care, agriculture and high-tech materials, with a product range of around 5,000 products in total. The main operational business is divided in three subgroups: *Bayer HealthCare* which operates in the field of pharmaceutical and medical products, *Bayer CropScience* which produces seeds, crop protection solutions, and plant biotechnology, and *Bayer MaterialScience* which supplies high-tech polymers and develops solutions for a broad range of applications.

Sustainability management at Bayer

Key issues	In its sustainable development reports (Bayer, 2011; 2012), Bayer has highlighted global sustainability challenges arising from a growing world population, in particular problems related to access to health care, global food supply and energy efficiency/climate change. More detailed key sustainability issues are identified on the basis of a materiality analysis and include innovation, product stewardship, business ethics & transparency, resource availability, access to health care, human rights, sustainable food supply and climate change (Bayer, 2012; 2013).
Organizational structure	Main elements of the organizational management structure are the integration at management board level by the establishment of a Chief Sustainability Officer, the company's Environment & Sustainability Department, and the Sustainable Development Committee.
Sustainability strategy and program	Particularly drawing on the potential of innovation, the reports emphasize that sustainability is "an integral part" of the company's business strategy (Bayer, 2011, p. 11), since the above mentioned sustainability

	challenges also imply business opportunities. At the same time, it is stated that “potential negative effects of our business activity on people and the environment must be limited” (Bayer, 2011, p.10). Bayer established a ‘Sustainable Development Policy’ which outlines its common understanding of sustainability that applies to the entire group (Bayer, 2012, p. 10). Targets and performance indicators were defined for the above mentioned key sustainability issues (Bayer, 2011; 2012; 2013). In 2009, the group launched a sustainability program which is structured along the above mentioned areas of sustainable health care provision, high-quality nutrition and climate and natural resources protection. Projects in these areas include for example programs with regard to family planning and neglected diseases, food chain partnerships, environmentally-friendly building solutions (EcoCommercial Building Program), energy efficiency and renewable energy concepts (Bayer, 2012). Amongst others, the company has early on subsumed its efforts for climate protection under a group-wide ‘climate program’, and the 2013 report displays a strong focus on stakeholder relations management (Bayer, 2013).
Sustainability reporting	Bayer has published yearly group-wide sustainability reports since 2004 following the GRI guidelines A+ level. Since 2013, Bayer has reported its sustainability performance for the first time in an integrated format, combining it with its financial reporting.
Participation in sustainability initiatives/ SRI indices	Bayer participates for instance in the UN Global Compact and its LEAD initiative, GRI, the Responsible Care initiative, and the WBCSD (Bayer, 2011; 2012). Bayer has furthermore been continuously listed both in the Dow Jones Sustainability Index (DJSI World and DJSI Europe) and the UK-based FTSE4Good index (Bayer, 2012), and has been ranked in the Carbon Disclosure Leadership Index.

Table 9: Sustainability management at Bayer

12.2. BASF

BASF SE is the world’s largest chemical company. Headquartered in Ludwigshafen, Germany, it has six “Verbund sites” and 376 other production sites worldwide. In 2013, BASF had around 112,200 employees worldwide and sales of approximately €74.0 billion. The company uses the slogan "We create chemistry for a sustainable future” and describes its value system along the four company values ‘Creative, Open, Responsible, Entrepreneurial’ (BASF, 2013 a).

Its business portfolio is organized in five segments: (1) Chemicals, (2) Performance Products, (3) Functional Materials & Solutions, (4) Agricultural Solutions and (5) Oil & Gas (BASF 2013 b).

Sustainability management at BASF

Key issues	Similar to Bayer, BASF particularly acknowledges the global sustainability challenges arising from population growth and distinguishes three major areas in which their core business can play a key role for addressing these: 'Resources, environment and climate', 'food and nutrition', and 'quality of life' (BASF, 2012). In more detail, key sustainability issues are identified in a materiality analysis and comprise issues such as product safety, climate and energy, water, human and labor rights, human capital development, biodiversity, renewable resources and sustainable products (BASF, 2013 b).
Organizational structure	The organizational structure for sustainability management at BASF comprises a 'Corporate Sustainability Board' as the central steering body, and several teams that drive the implementation, namely a 'Sustainability Core Team', a 'Sustainability Strategy Team', 'Sustainability Communities' made up of cross-divisional and cross-regional teams, and a Stakeholder Advisory Council (BASF 2013 a).
Sustainability strategy and program	BASF emphasizes that sustainability is firmly embedded into its corporate strategy as a significant driver for growth (BASF, 2012). Three strategic responsibilities of sustainability management are highlighted: the minimization of risks, strong stakeholder relationships, and business opportunities through the development of innovative products and solutions that contribute to sustainable development (BASF 2013 b). The company sets itself long-term goals in the areas of employee management, safety, security and health and environment (BASF 2013 a). In its integrated reports and websites on sustainability, BASF emphasizes the role of management systems and instruments for integrating sustainability into core processes on the one hand and its portfolio of products and solutions that contribute to sustainable development on the other hand. Instruments include for example compliance, stakeholder and supply chain management, group-wide social and ecological standards, monitoring mechanisms like audits, and sustainability evaluation tools, such as eco-efficiency analysis and product footprint analyses (BASF, 2013).
Sustainability reporting	BASF has published an integrated global report since 2007, being one of the first companies to integrate its financial and sustainability reporting. The report is aligned with the GRI reporting guidelines A+ level. Furthermore, an annual country-specific sustainability report for India ("BASF in India – Report") has been published (2010; 2011; 2012).
Participation in sustainability initiatives/ SRI indices	Alike Bayer, BASF participates in the UN Global Compact and its LEAD initiative, GRI, the Responsible Care initiative, and the WBCSD. The company is included in the Dow Jones Sustainability World Index (DJSI World), the FTSE4Good and the CDP Global 500 Climate Disclosure Leadership Index (CDLI).

Table 10: Sustainability management at BASF

12.3. Siemens

Siemens AG is a globally operating engineering and electronics conglomerate, headquartered in Berlin and Munich, Germany. Siemens has around 362,000 employees in 290 production and manufacturing plants worldwide, and reported global revenues of approximately € 75.9 billion in 2013.

The corporation describes its core corporate values with the adjectives 'responsible', 'excellent' and 'innovative'.

Its business operations are organized into four main divisions: the *Industry sector*, which supplies technology-based products and solutions for industrial processes, the *Energy sector* comprising services and key components for fossil and renewable energies and power transmission, the *Healthcare sector* which focuses on medical technologies, and the *Infrastructure & Cities* sector which includes a portfolio of integrated mobility solutions, building, security and power distribution systems.

Sustainability management at Siemens

Key issues	The megatrends of demographic change, urbanization, climate change, and globalization have been identified by Siemens as overarching global challenges from which it derives its sustainability mission. The company's respective key sustainability topics have been prioritized through a materiality analysis and include: innovation, sustainability in the supply chain, resource productivity and the environmental portfolio (Siemens, 2012; 2013).
Organizational structure	By establishing a Chief Sustainability Officer, Siemens has integrated the topic at the management board level. Further elements of the organizational structure are the Siemens Sustainability Board, the Sustainability Office and the Siemens Sustainability Advisory Board.
Sustainability strategy and program	Alike Bayer and BASF, Siemens emphasizes that sustainability represents "a key element of our corporate strategy" (Siemens, 2013, p.6). This is underlined by the growing importance of Siemens' environmental portfolio and the company's focus on innovation. Sustainability is also linked to the company's principles of integrity and its 'Business Conduct Guidelines'. Siemens has grouped its sustainability program in three main areas that are headlined as (1) "Business opportunities", referring to market opportunities related to sustainability, (2) "Walk the talk" which highlights the commitment to embedding sustainability throughout the organization and operations, and (3) "Stakeholder engagement" which refers to collaboration and dialogue with relevant stakeholders. In these areas, targets and activities are developed and refined (Siemens, 2012; 2013).
Sustainability reporting	Alike Bayer, Siemens has published its first integrated report in 2013. It had previously issued separate annual sustainability/CR reports since 2000.

Participation in sustainability initiatives/ SRI indices	Siemens, too, is a member of the UN Global Compact and in this context also participates in the UNGC's CEO Water Mandate and its "Caring for Climate" initiative. The company also participates in the GRI and WBCSD, and is listed in the DJSI and the CDP index.

Table 11: Sustainability management at Siemens

E Empirical findings

In the following chapters, the results from the expert interviews are presented in detail. The empirical findings are structured along the research questions and the theoretical framework, and summary tables can be found at the end of each chapter.

13. National institutional conditions

This chapter outlines the experts' views on national institutional conditions that have an influence on corporate sustainability, including different understandings of CS and CSR. The findings are broken down by country and structured along the conceptual categories described in chapter 4 and 5.

13.1. Institutional patterns

13.1.1. Germany

Influence of institutional features

Several of the governance actors stated that the German model of Social Market Economy generally provides favorable conditions for socially responsible corporate behavior (DPBMAS2; DPRNE).

> "[…] the Social market economy already includes an anthropocentric orientation that strongly shapes the economic system. This is, I believe, an advantage." (DPRNE)[i]

Another factor shaping the German approach to CSR and CS is the high level of public regulation both in the social and the environmental realm (DPBMWi2; DW; DPBMAS1; DG; DUNGC). While these high legal standards provide a reliable regulatory framework for responsible business practices, they leave only limited scope for voluntary CSR activities (DPMAS1; DUNGC).

Third, the CSR and sustainability policy framework in Germany are mostly shaped by the consensus approach that is inherent in the German political culture. This becomes particularly apparent in the multi-stakeholder process for the development of the German CSR strategy (DPBMAS2).

The traditionally strong social partnership system in Germany has a similar effect as does the high level of regulation: It provides stable conditions in the realm of labor issues and social security, and leaves less room for voluntary action (DPBMWi1; DPRNE; DW; DPMAS1). Both labor unions and business associations have a traditionally strong standing in Germany (DPRNE; DW), and employees tend to have long-time working commitments resulting in strong working relationships (DPBMAS2). In the context of the German model of co-determination, workers' participation in decision-making has been seen in an increasingly positive light by employers (DG).

A number of interviewees highlighted the importance of the German „Mittelstand" - small and medium-sized businesses - which form the basis of the German economy (DI; DUNGC;

DPBMWi1; DPRNE). The experts agreed that the majority of SMEs in Germany engage in responsible and sustainable business practices and have a long-term business orientation, but are challenged by communicating CS/CSR and using the plethora of CSR standards.
The German tradition of apprenticeship schemes was generally perceived as advantageous for a sustainable economic development in Germany (DBMWi2). Furthermore, the wide-ranging private and public research and development activities provide good framework conditions for furthering sustainable development (DBMWi2; DPBMWi1).

Influence of cultural, historical and geographical aspects

According to the experts, principles of responsible business have been historically embedded in the German business culture – oftentimes referred to by the image of the „honorable merchant“ (DPRNE; DILO). What is more, the generally high level of environmental awareness throughout the German society is increasingly pressuring businesses to transparently deal with ecological and social issues (DPBMU; DI; DPRNE).
Finally, as the scarcity of skilled workers caused by demographic change poses a significant challenge to German businesses, firms invest in improved talent management, training and remuneration systems in order to attract employees (DI; DUNGC).

Corporate sustainability challenges

When asked about corporate sustainability challenges in Germany, the majority of the experts pointed to issues in the international added value chain, in particular human and labor rights in the supply chain (DILO; DPMAS2; DPBMAS1; DI; DUNGC; DW; DNGO; DPRNE). On the domestic level, the most important problems are considered to be demographic change (DW; DPBMU), gender equality (DPMAS2), and precarious employment conditions due to a rising number of temporary work contracts (DILO; DG). Important environmental challenges – both in domestic and international business operations – are energy-efficiency, climate change, and managing increasingly scarce natural resources (DPRNE, DPBMU; DUNGC).

13.1.1. *USA*

Influence of institutional features

Several of the US interviewees pointed to the general mistrust with which state regulation is perceived in their country (USAG1; USAG2; USAWNGO; USANGO1; USANGO1). As USAG1 puts it:

> “I understand that there are a lot of forces out there who really feel that *less* regulation is *always* better, but that is not my perspective.” (USAG1)

This tendency - closely related to the deep political divide between Republicans and Democrats - was perceived by a number of governance actors as hindering change towards sustainable development (USAW2; USAG1; EPA1; USANGO1).
The debate about government’s role in society is similarly heated when it comes to social security - as the conflict-ridden discourse on the recent introduction of public healthcare has

shown. In the opinion of interviewee USAW2, this has, however, not triggered a tradition of social engagement by companies (USAW2).
In a similar vein, many interviewees pointed the national public discourse about environmental regulation allegedly 'killing jobs' (USAEPA2; USANGO2; USAG1; USAG2; USAEPA1):

> "There is always this concern that a new regulation has a negative impact on industry […] in most cases, it is false that it is a job killer, it does cost industry but it also promotes incentives and innovation and they can recoup any kind of initial loss. The difficulty today is that because of the economic recession the sensitivities are very high." (USAEPA1)

Various interview partners - particularly those representing NGOs and labor union organizations - emphasized that trade unions are less integrated into corporate decision-making, enjoy less political and public support, and generally have a much weaker position in the US compared to European countries (USAG1; USAG2; USAILO; USANGO1; USAW2):

> "When you form a union in the US, you could be fired, that is how they kill union drives. Legally, our labor law says you cannot fire people for joining a union, but there are no penalties."(USAG2)

Lacking the "the structural incentive to include the social aspect [of sustainability] (USANGO1)", American companies thus tend to be less interested in collective bargaining and freedom of association (USAILO; USANGO1).
Several interviewees pointed to the particular importance of shareholder interests and short-term profits - reinforced by the practice of quarterly financial reporting - as having a negative impact on corporate sustainability (USANGO1; USA NGO2). The primacy of shareholder value was even considered to be enshrined in the American legal system (USAG1; USAG2; USAEPA2):

> "Their legal mission here, their charters say that they need to provide returns to their shareholders, and that is it. They do not need to be socially responsible" (USAG1).

However, USAW2 stressed that this legal basis has in fact been recently disproved by the 'Freshfield study' which "found that by a large, there is no fiduciary impediment to being a good corporate citizen and to doing sustainability, […]" (USAW2).
However, the financial crisis seems to have triggered a growing interest among investors in SRI: in contrast to the overall pool of assets, SRI assets gained market share during this period and are expected to continue to grow (USASRI). While there is still little awareness of SRI among individual shareholders, large institutional investors have helped to advocate the consideration of ESG (Environmental, Social and Corporate Governance) (USASRI).

Several experts stated that there has been a massive effort by both public and private education institutions to include environmental education, especially at the college level (USANGO1; USAG1; USAW2; USAPDS). This has already had positive effects on the awareness among young people:

> "I feel like people under 30 are much more aware and demanding of companies, they will go to interviews and say: 'well, tell me your sustainability program, what are you doing about the environment?'" (USANGO1)

Influence of cultural, historical and geographical aspects

Public attitudes and societal expectations on CS are strongly divided in the United States reflecting the overall political schism between left and right. On the one hand, the public awareness of sustainability challenges has recently increased considerably; on the other hand, a strong resistance towards the idea remains:

> "I think that the single most important thing that has happened in the US in the past five years is a public awakening to the idea of sustainability, in many dimensions. At the same time you have - and this is typical of the US - a strong backlash to progressive social investment." (USAW2)

In general, however, the American society and politics were rather perceived as a 'laggard' with regard to sustainability (USAW2; USAG1; USANGO1). This was partly explained by geographical and infrastructural aspects: the sheer size of the country combined with its low population density creates a certain "sense of space and openness, […] a sense of abundance" (USANGO1) that stands in the way of grasping the reality of limited natural resources and also affects attitudes towards the use of energy:

> "We think about energy use in a much different way than Europeans do. We have got a big country, we have got lots of roads, we live in suburbs, we need energy […] and we generally want energy prices to be low." (USAEPA2)

Cultural features considered to hinder sustainable development are the strong orientation towards individualism and short-termism (USANGO1; USAPDS; USAW2; USASRI):

> "[…] the strength of the US really is in the power of individuals to activate the society to do something, not the other way around." (USAW2)

In addition, some of the experts highlighted the general attitude of 'putting business profitability first' as a particularity of American culture (USAW2; USAPDS):

> "I think there is a lot more focus on the business succeeding first, and then social value second. […] we are slowly starting to see that change where US companies are becoming more aware that there is more than just the bottom line: we have to help our employees, we have to help our consumers, it is a slow change taking place".(USAPDS)

Furthermore, the continuously growing 'consumer culture' - being an important trigger for economic growth - is politically endorsed, and thus "conservationists have been turned into a niche of being backwards or anti-American" (USANGO1).

Nevertheless, there are also cultural and historical factors having positive effects on the orientation towards corporate sustainability. For instance, the increasing interest in SRI is seen as having religious as well as historical roots:

> "The first SRI investors were state-based Quakers not investing in the slave trade, and other faith traditions not investing in tobacco or weapons. Another area that led to the more modern SRI movement was the anti-Apartheid movement, which called for divestment of US companies from South Africa." (USASRI)

Furthermore, the US has a long history of environmental engagement (USANGO1), and the American cultural paradigm of 'fair competition' was considered as positively shaping responsible corporate behavior (USAPDS).

Corporate sustainability challenges

Global warming was explicitly named by many of the governance actors as the single most important sustainability challenge in the US (USAG2; USAG1; USAEPA2; USAEPA1; USANGO2; USANGO1). This urgency has several reasons:

First, there is no regulatory framework for reducing greenhouse gas at the moment, in the United States (USAEPA2; USAEPA1; USANGO2; USAG1). Second, energy was described as a very controversial and contentious issue (USAG1; USAG2; USAEPA2). Third, there has long been much public skepticism of the scientific evidence of climate change (USAG1; USAEPA2). However, acceptance has recently been growing, partly because of an increase in noticeable weather events like tornados, floods, and hurricanes in the US (USAG1; USAW2). Forth, new technologies to access natural gas like fracking and mountain top removal provoke a lot of controversy because of its environmental impacts (USAG1; USAG2; USAEPA1) and cause the price of natural gas to come down, which puts renewable energies under pressure (USAG1). Fifth, the above mentioned debate about environmental regulation killing jobs is another hurdle for fighting climate change, which has to be overcome (USANGO1). Finally, subsidies for fossil fuels and the profound political influence of the oil industry stand in the way of clean energy technologies (USANGO1; USAG1).

Sustainable supply chain management was furthermore emphasized as an important issue for American companies (USAILO; USAEPA1; USAUNGC; USANGO2; USANGO1; USAPDS; USAWNGO). In this context, conflict mineral issues (USAPDS; USAILO), human rights (USAWNGO; USAILO; USANGO1), and labor rights were mentioned most often.

Transparency and anti-corruption were considered particular challenges, both in the domestic context and for TNCs operating overseas (USAILO; USAUNGC; USAWNGO; USANGO1; USAPDC). A related issue specific to the US context is political lobbying:

> “There is a huge question about corporate influence: do corporates put in money into political campaigns that unduly influences their relationship with a particular regulator or policy-maker? Those questions may be very specific to the US.” (USAWNGO)

Further important challenges comprise the issue of toxic chemicals and their health effects (USAEPA1; USAEPA2; USANGO2) as well as water use (USAEPA1) and uncertainties about the environmental and health impacts of nano-technology and biotechnological developments (USAEPA2).

Community relations – also in the context of international CSR – were mentioned as another key issue of corporate responsibility (USAPDS; USAPDC; USAG2; USAG1; USAEPA1; USAUNGC; USASRI), as well as the social responsibility towards employees (USAPDC; USAG1; USAG2; USAWNGO), and addressing exploitation in supply chains, particularly with regard to human rights issues (USAILO; USAPDS; USAWNGO).

13.1.2. *India*

Influence of institutional features

The late liberalization of the Indian economy – starting in the mid-1990s – has been an important factor of influence for the present role of business in the society (IILO; INGO3; IPGIZ; IPIICA; INGO2; IW1; INGO3). According to the opinion of most of the governance actors, this development had some adverse effects on CS governance: First, especially state governments are somewhat hesitant of regulating corporations in order to maintain economic growth from FDI. Corporations, on the other hand, have not yet got used to their new role in society. Several experts pointed out that the market opportunities that opened up thanks to economic liberalization have made short-term profits the overriding priority for many entrepreneurs (IPIICA; INGO2; INGO3; IW1; IILO):

> "[…] the first aim was just to grow. And considerations for environmental implications were there, in the back of the mind, but during the first ten years the focus was just to look at the financial part. […] This short-term thing is very prevalent in India." (IW1)

The relationship between employers and unions/workforce was described as tense, conflict-ridden, and even "ultra-confrontational and violent" (IILO) (IPMOEF; INGO2; INGO1; IILO; IUNGC; INGO3).

The established unions that have traditionally been affiliated to political parties and cover mostly the public companies tend to have a bad reputation because of corruption issues (INGO1; NGO2; IILO). Meanwhile, new and rather small unions are popping up which also organize in umbrella organizations. However, the relationship between these new unions and the traditional ones is tense (IILO). Unions are often banned or largely marginalized (IUNGC; INGO3; IILO). Interviewee INGO2 gave an example of how skeptical Indian managers tend to view trade unions:

> "[…] the executive director of one company actually said to me: 'We are very proud that we do not have any trade unions.' […] But the mindset was: If we do not have trade unions, it is because there are no problems - as opposed to saying: We have trade unions, so that we do not have problems." (INGO2)

This tense relationship between managers and employees was partly linked to a gap in education (IUNGC; INGO2):

> "Apparently, business students are not learning about industrial relations and they are not choosing to study that." (INGO2)
>
> "Many managers who came out of the business schools had no idea on how to deal with the workers on the shop floor. Which in turn generated a very peculiar condition whereby managers never talked to the workers, and the workers always felt that they are being ignored, etc."(IUNGC)

The country's national investment patterns are shaped by specific ownership structures: First, the majority of businesses are family-owned SMEs: This has the effect that corporate conduct "depends upon that patriarch so to speak" (IGIZ). Also, SMEs are likely to be overburdened with claims for CS:

> "70% of pollution is from small companies. And the problem with them is they do not have financial resources, for example, just to come up with pollution control technology."(IW1)

Second, there are a large number of publicly owned companies, banks and insurance companies. These institutional investors have, however, not shown any interest in SRI yet (ISRI; INGO2 IPGIZ). Since equity market participation is still a very recent phenomenon in India, investors currently tend to prioritize short-term profits (ISRI; INGO2).

Influence of culture, history, and geography

Several interview partners emphasized the importance of cultural aspects for CSR, and expect TNCs to adapt to the Indian context (IUNGC; IWNGO; INGO1):

> "When the multinational companies come to operate in India, […] they usually have a global CSR program, but many of those do not really fit in our specific context. And therefore the challenge for them is to localize their CSR programs and activities." (IUNGC)

Pointing to India's geographical size and cultural diversity, the experts also stressed that the expectations towards CSR differ from one state to another depending on the region (IW1; IUNGC).

With regard to historical influences, the traditional notion of Gandhian trusteeship was mentioned as an important cultural parameter for CSR (IPIICA). Also, the philanthropic traditions of long-standing Indian business houses, such as the Tata's and the Birla's, were considered pioneering drivers of Indian CSR (IGIZ; IPIICA; INGO2).

Despite these outstanding examples, INGO2 pointed out that other cultural aspects are rather opposed to the notion of corporate giving:

> "[…] for the most part, Indians do not give money, they give it to the church, to the temples, in a way that it cannot be used for donations to charity [...]. It is all very centered on the family and community - community in the sense of caste, not people living next to you." (INGO2)

With regard to the environment, however, religion was considered to endorse sustainable corporate practices in India:

> "The environmental concerns are very much there in the culture itself: India is the land of many gods and goddesses and then we have all the natural resources that we pray: rivers, earth etc. - that is a religious sentiment." (IW1)

Of course, the increasing public awareness of environmental issues is also triggered by other factors, namely (1) environmental pollution reaching alarming dimensions (IPMOEF; INGO3; ISRI), (2) the strengthening role of civil society organizations in India (IPIICA), (3) the influence of the global discourse on CS (IPMCA) and (4) the low average age of India's population (INGO).

Corporate sustainability challenges

A wide array of challenges was named by the interviewees: Water scarcity and water pollution were emphasized by several experts as urgent challenges (IPMOEF; INGO2; IW1; INGO3; IGIZ; IILO). Social problems caused by the displacement of communities due to land acquisition – particularly by mining and construction businesses - are another major issue (ISRI; IPMOEF; IPMCA; IGIZ; IILO). Land resources being scarce in such a populous country, "there is more and more land acquisition by businesses taking place, and there is more and more resistance from the people" (IPMOEF).

Given the prevailing disparity in India, a more inclusive access to the benefits of economic growth remains a major challenge (IGIZ; IPMOEF; IW1; IPMCA):

> "The undeveloped or neglected sectors of the society expect a lot in terms of linking business and its growth to their development." (IPMCA)

India is a power-deficient country, and the expansion of domestic power generation capacities will only be possible in the long-term. This is why energy use was considered a further major challenge (INGO3; IPMOEF; IW1; IILO). With regard to renewable energies, it is planned that "by 2025 India will have 20.000 megawatts of renewable power" (IW1). Given the current economic growth rates this will, however, not suffice to cover the additional energy demand.

With regard to labor conditions, the list of challenges remains long: child and bonded labor, safety issues, long working hours, now minimum wages, no overtime payment and exclusion from freedom of association remain critical issues. Even if there is a legal minimum wage in a certain industry or state, it is sometimes not enough to make a living (INGO1; IUNGC; IILO).

While discrimination of lower castes, tribal people and Muslims is a challenge of its own (IILO), the culturally entrenched caste system was considered to further exacerbate the tense relationship between employers and workers (INGO2).

Corruption is another major issue and a general challenge among businesses as it has to be dealt with nearly "on a day-to-day basis" (INGO2; INGO1). "Lack of transparency or bad governance" provoked some big corporate scandals in the recent past (IPGIZ).

13.2. Understanding of corporate responsibility/ sustainability

13.1.3. *Germany*

CS and CSR concepts only partly converged

While many German interviewees had a common understanding of the ecological and social responsibility of businesses, CSR and Corporate Sustainability are not yet used synonymously in Germany. Because of the blurriness of the concept, even many experts are not at ease with defining CSR.

The government officially defines CSR as the ecological, social and economic responsibility of businesses, including responsibility towards employees, managing environmental resources, responsibility towards suppliers and customers, and responsibility towards society and communities (DPBMAS1). The majority of the interviewees shared this triple-bottom line approach (DI; DPBMAS1; DPRNE; DPUNGC; DPBMAS2; DNGO; DW; DPBMU). However, several of them pointed out that CSR and sustainability continue to be understood as separate concepts in Germany: while sustainability is still often linked to the ecological context, CSR tends to be referred to social and employment issues or remains to be associated with exclusively voluntary activities (DPRNE; DNGO; DUNGC; DPBMWi2). DPRNE summarizes that "the meaning of sustainability is somehow still clearer than CSR because the latter always needs further explanation"[ii].

Strategic responsibilities in the core business

The majority of the interviewees emphasized that CS relates to companies' responsibilities in their core business (DUNGC; DPBMAS1; DPBMWi1; DPBMU; DILO; DNGO; DG). Several experts also emphasized that this responsibility should be assumed “along the entire value chain” (DPBMAS1; DNGO; DUNGC; DPRNE).

Voluntary CSR and the Social Market Economy

The concept of voluntary CSR poses certain challenges to companies in Germany where a lot of social and ecological responsibilities are regulated by the provisions of Social Market economy (DPRNE; DPBMAS2; DPBMAS1; DPBMWi2). This has led to a shift in focus: CSR in Germany is less focused on filling the gaps of the social security system but places more emphasis on environmental issues and supply chain management (DW). It also implies that „because we have Social Market economy, we can maintain CSR as a voluntary concept” (DPBMAS2) [iii]. Against the background of globalization, CSR can also contribute to „modernize” Social Market economy by providing the means to exert a certain international influence (DPBMAS1).

Many interview partners confirmed that companies complying with the comprehensive German legal framework already assume a high level of social and ecological responsibility in an international comparison (DPBMWi1; DPBMWi2; DPRNE; DPBMAS1; DUNGC).

> “In Anglo-Saxon countries, many ecological commitments, for instance with regard to sewage or waste air issues, are considered CSR, whereas in Germany these issues are regulated.” (DPRNE)[iv]

Nevertheless, CSR is by the vast majority of experts understood as voluntary commitments beyond the law – an understanding that is also reflected in the government’s official CSR definition (DPBMAS1; DPBMAS2; DPBMWi1; DPBMWi2; DW; DG). The government’s insistence on defining CSR as voluntary seems to mainly result from concerns that companies might be overburdened by additional mandatory provisions (DPBMWi2; DPBMWi1; DPBMAS2). In other words, while the voluntary engagement of companies is encouraged, they should be protected from coercive measures that would expand the already comprehensive regulatory framework. On the other hand, labor union representative DG stressed the voluntariness of CSR since companies should not pride themselves by labeling compliance with the law as CSR (DG).

However, on the international level, this understanding creates a certain lack of comparability (DPRNE; DPBMAS1; DUNGC):

> „What I find problematic about the term CSR is that it is ‘beyond compliance’; and the problem on the global level is that there are different jurisdictions. Thus, each company will define ‘beyond compliance’ differently depending on its location and this, of course, fosters the non-comparability of firms’ sustainability performances.” (DPRNE)[v]

Civil society actors in Germany thus either avoid the term CSR or tend to define it in a broader manner (DUNGC; DNGO; DILO).

Particular responsibility of TNCs

The majority of interviewees agreed that TNCs have particular responsibilities with regard to sustainability, since their size and market power imply far-reaching impacts (DILO; DPBMAS2; DPBMWi2; DG; DPBMU). Another reason is that they face manifold sustainability challenges in the global value chain (DPBMWi2; DPRNE; DG; DUNGC; DPBMAS1; DNGO). TNCs should thus ideally apply the same standards in their international operations that they comply with in Germany (DPBMWi2).

13.1.4. *USA*

Triple-bottom-line understanding of CS

There is growing consensus among most of the US experts about the triple-bottom-line of corporate sustainability (USAG1; USAG2; USANGO1; USANGO2; USAW2; USAEPA1). On the basis of this three-dimensional understanding, some interviewees also emphasized the interconnectedness of the dimensions (USAG2; USAEPA1). USAW2 exemplarily described the development from corporate citizenship towards the notion of corporate sustainability over time:

> "In 1997, I began the program that was then called 'Global Corporate Citizenship'. […] Over the years it went from 'Global Corporate Citizenship' to 'Center for Corporate Citizenship and Sustainability' to then the 'Center for Sustainability' and to now the 'Initiative on Sustainability'. So those 14 years describe the evolution of the topic in this country." (USAW2)

Also, some of the experts expected companies to explicitly focus on ecological and social responsibilities in their core business. In this context, internalizing negative externalities was considered a bedrock of CS (USAWNGO; USANGO1).

Shareholder value approach

However, there are still many voices in business and politics following Milton Friedman in his approach to corporate responsibility, i.e. who believe that corporations' only responsibility is to maximize shareholder value (USAEPA2; USAW2; USANGO1):

> "[…] they believe that […] if you simply let money work, good things are going to happen. So that tends to not give any sense of accountability to companies other than just function about money, which is the old shareholder idea." (USAW2)

Among the interviewees, one shared this approach, emphasizing that sustainability issues should instead remain the responsibility of the government:

> "I think that it would be a sad day if we looked to multinational corporations to be responsible for sustainability or environmental quality in any way; government is supposed to decide how much of the non-market resources of an economy are consumed, not corporations." (USAEPA2)[9]

Voluntary CSR

[9] This understanding of CS starkly differs from the one that the second expert from the EPA displayed in another interview (see above USAEPA1 on triple-bottom line of CS), which shows the heterogeneity of understandings even within organizations.

Several experts confirmed that the discussion on CSR is exclusively focused on activities that go beyond the law (USANGO1; USAWNGO; USAPDC; USAPDS). Similar to Germany, government representatives, in particular, were eager to define CSR as voluntary:

> "We believe that CSR should be an unregulated voluntary action, we are strong supporters of it, but we want it to be the company's decision […] what it means to their company, and they can decide where to go." (USAPDC)

Despite this voluntariness, interviewee USAW2 pointed out that the country's strong environmental tradition and EPA regulations have built the basis for companies' companies' expertise in environmental sustainability, while social aspects have less prominence on the CSR agenda reflecting the weaker employee awareness in the US (USAW2). Several experts confirmed this bias of industry towards the ecological dimension at the cost of social responsibility (USAG2; USANGO1; USAG1). USANGO1 explains that this focus of corporations on the environmental domain might reflect a bias in broader societal priorities:

> "That may be uniquely American, it is very occurring to me having been in this movement for a long time that it is much easier to galvanize support around natural ecosystems than it is around poor people, of any sort" (USANGO1)

Interestingly, USAG1 emphasized that even foreign TNCs who have socially responsible labor practices in their home countries, tend to undermine these in their operations in the United States.

> "They come here, and it is our culture: you are allowed to hate unions and be bad to workers, and there are no laws to protect them, so you do it, even though in your home country you are a good socially responsible corporation". (USAG1)

Corporate Citizenship

On the other hand, corporate giving, corporate volunteering and community development were described as an inherent part of corporate responsibility in the US. Several interviewees emphasized that corporate citizenship has also increasingly been linked to the global level (USAG1; USAW2; USAPDC):

> "The US has a unique corporate giving tradition which has always been associated with the idea of corporate citizenship. But then along a separate parallel line that became a global corporate citizenship in parts of the world where giving was not a tradition. […] In this country then, corporate citizenship is more inclusive and more than simply a matter of corporate giving, […] although giving continues. That is a stable American tradition." (USAW2)

In this context, corporate citizenship is seen in a more strategic light: Social engagement of businesses in the realm of education, for instance, is considered to yield business advantages by building up a base of potential consumers and employees, and thus benefitting both sides (USAPDC). The concept of 'shared value' was also explicitly mentioned:

> "And then, there is this whole area called 'Shared value' or 'Social value', in which companies operate around the world, they employ people, they operate perhaps in a developed country or community, and they are becoming more and more responsible

for improving the quality of life for the people that work for them but also for the environment." (USAEPA1)

Global dimension

Government experts, in particular, focused on the global CSR efforts of American multinationals rather than on the domestic context (USAPDOL; USAPDC; USAPDS).

"Do they even..? American companies in the US adopting CSR policies for themselves in the US...?" […] When they say CSR policies isn´t it usually global things?" (USADOL)

In this context, voluntary CSR is expected to balance governance gaps that TNCs might face in other countries are by corporate responsibility:

"There are grey areas in many of these countries, the law is outdated, the law overlaps and is not enforced. […] then maybe these good corporate practices help filling the gaps."(USAPDS)

Another aspect is that corporations are viewed as representatives of their home country, which means that their reputation overseas ultimately reflects back on the US as a whole (USAPDC).

Several experts also stressed that TNCs should implement consistent CS standards throughout their global operations (USAILO; USAWNGO; USAPDC).

13.1.5. *India*

CSR and sustainability as separate concepts

Various interview partners emphasized that CSR and sustainability have not yet been interlinked in the Indian context, but are still understood as distinct concepts (IW1; IWNGO; INGO2; IGIZ):

"Sustainability in India is understood as triple-bottom line, and CSR is still the societal, the community works, etc. […] I think in India these two things have taken different roots, but now they are converging in a way. […] still it will take time that people will have one single thought process about CSR and sustainability."(IW1)

This distinction was also emphasized when talking about the Indian governmental initiatives on corporate responsibility: in this context, the term CSR is associated with corporate giving or spending money on projects, whereas the term 'business responsibility' reflects the sustainability concept. CSR is thus increasingly considered as "just one component of sustainability" (IW1; IPGIZ).

CS as triple-bottom-line approach in the core business

Most of the governance actors displayed a fairly advanced and holistic view, including the triple-bottom-line approach, stakeholder responsiveness and integration into the core business (IPGIZ; IW1; IWNGO; INGO1; INGO2; IPMOEF):

"The core business approach of triple-bottom line, which is economic, environmental and social, combined with being responsive to the interest of diverse stakeholders: that is the understanding of responsible business" (IGIZ).

CSR as community development

Against this background, the vast majority of governance actors emphasized that the Indian understanding of CSR as community development and corporate philanthropy is still widespread (INGO1; INGO2; IW1; IPIICA; IGIZ; IPMOEF; IILO):

> "Companies often treat [CSR] as a philanthropic or charitable activity instead of really incorporating it in their core business or making a business case for being a responsible corporate citizen […] they have all sorts of philanthropic initiatives."(INGO1)

In the opinion of the experts, this understanding reflects the huge development challenges of the country and the respective societal expectations towards business (IPGIZ; IPMCA; IUNGC; IPMOEF).

The traditional approach of equating CSR with corporate philanthropy was, on the other hand, sharply criticized by several of the interviewees (IILO; INGO1; INGO2; IWNGO). In a first step, they argued, a more strategic corporate citizenship approach would be necessary (PGIZ; IPMOEF):

> "Strategic CSR or philanthropy that is somehow related to the well-being of your core business, either it is social license-to-operate or creating a shared value for stakeholders, so it is not pure philanthropy, it has a strategic angle, and it is long-term value for your own business, plus also the value for your stakeholders". (IPGIZ)

Second, many interviewees claimed the integration of sustainable business practices throughout the whole company operations:

> "The sustainability aspect has to be impregnated in every initiative a corporate does […] giving money is not the solution!" (IWNGO)
>
> "I would want to see that CSR is not seen as charity - we provide a school or we provide computers or we feed children - but I would like the government to encourage companies to really act within their own core business area" (INGO1)

Shift of understanding

Although the two concepts still seem disintegrated in the Indian context, interviewees stressed that this is slowly changing: First, the understanding is moving towards the triple-bottom-line approach, which is for instance reflected by the governmental approach to CSR spending: although still focused on corporate giving, it includes the environmental dimension:

> "CSR is two things: If you are a company you must invest your CSR funds in development work or in environmental sustainability work." (IPIICA)

Second, the understanding of corporate responsibility is currently shifting from philanthropic CSR to a more inclusive approach that integrates sustainability into businesses' core activities.

> "The NVGs (National Voluntary Guidelines) clearly said there are nine principles that go from human rights to environment to supply chain [...]. So, it is a huge jump

forward for many companies for whom CSR equals helping with schools, and what is actually philanthropy. That shift is very, very recent and dynamic." (INGO2)

13.3. *Summary table: institutional conditions*

The table below summarizes the different institutional conditions and understandings of CS in the case countries. The starkest contrast can be found with regard to the general attitude towards state regulation ranging from the American mistrust towards state regulation, and the German tradition of social market economy to the legacies of a formerly state-controlled economy in India. Also, the sustainability challenges in the countries differ widely, which is mostly due to India being an emerging economy and Germany and the USA being economically highly developed.

With regard to conceptual understandings of CSR and CS, the perceptions still differ between the countries; however, they seem to slowly converge internationally.

Influence of institutional features on CS			
	Germany	**USA**	**India**
State`s role in the economy	▪ Social market economy ▪ High level of regulation ▪ Political consensus approach	▪ Mistrust towards state regulation ▪ Debate on environmental regulation "killing" jobs	▪ Late market liberalization ▪ Political priority of economic growth ▪ Legacies of state-controlled economy era
Industrial relations	▪ Strong social partnership system	▪ Declined power of trade unions	▪ Confrontational relations
Financial system/ ownership structures	▪ Importance of SMEs ▪ Predominance of institutional investors	▪ Perceived primacy of shareholder value ▪ Institutional investors support SRI ▪ Many TNCs	▪ Many family-owned as well as public corporations ▪ Equity market still a new phenomenon
Education and training systems	▪ Tradition of apprenticeship schemes ▪ Strong R&D culture	▪ Increasingly inclusion of environmental education	▪ Business curriculums do not include training on industrial relations
Culture, history, and geography	▪ Tradition of the „honorable merchant" ▪ High level of environmental awareness ▪ Labor market changes due to demographic change	▪ Perception of sustainability reflects political schism ▪ Strong individualism ▪ Culture of "business success first" ▪ "Consumer culture" ▪ Geographically based sub-cultures ▪ Religious groups as drivers of SRI	▪ Enormous cultural diversity ▪ "Ghandian trusteeship" concept ▪ Philanthropic traditions of Indian business houses ▪ Religion includes worshipping of the environment
CS challenges	▪ International supply chain challenges, in particular human and labor rights ▪ Climate change and	▪ Global warming ▪ International supply chain challenges: conflict minerals, human/ labor rights	▪ Scarce energy and water resources ▪ Linking growth to development ▪ Displacement due to

	energy efficiency ▪ Gender equality ▪ Demographic change	▪ Corporate lobbying ▪ Transparency and anti-corruption ▪ Toxic chemicals	land acquisition ▪ Corruption ▪ Labor exploitation ▪ Caste discrimination
Understanding of corporate responsibility/ CS			
Conceptual elements reflected in the country's under-standings of CS/CSR	▪ CS and CSR concepts only partly converged ▪ Focus on strategic CS in the core business ▪ Understanding of 'explicit CSR' versus implicit CSR in the Social Market Economy	▪ Both philanthropic tradition and strategic CS in core business areas ▪ Triple-bottom line ▪ Shareholder value ▪ Tendency to neglect labor issues ▪ Shared value approach ▪ Predominance of global CSR	▪ CSR and sustainability as separate concepts ▪ CSR traditionally as philanthropy and community development ▪ Shift of understanding towards triple-bottom line and strategic CS in the core business

Table 12: Summary of empirical findings on national institutional conditions

14. Domestic CS governance patterns

The following chapter lays down the interviewees' perceptions of national governance patterns for CS, broken down by country. Based on the conceptual framework, it is structured along the concept of metagovernance and the different modes of governance – hierarchy, market, and network.

14.1. Germany

14.1.1. Metagovernance

Proactive governmental approach to CSR

The government's proactive approach towards CSR since 2005 was mainly a reaction to comparative studies published by the Bertelsmann Foundation and the Council for Sustainable Development (RNE) which found that other countries' governments deal with CSR in a much more systematic way than Germany (DPBMAS1). Another important impetus was provided by the 2007 G8 summit in Heiligendamm (DILO; DG). In the following, BMAS launched a feasibility study[10] that assessed possible political approaches to CSR and established the multi-stakeholder CSR forum that provided advice to the government during the development of the CSR strategy (DPBMAS1).Main objectives of this proactive approach to CSR are to encourage firms to contribute to solving societal challenges through CSR, and to strengthen the international competitiveness of German companies by making their responsible business practices more visible (DPBMAS1; DPBMAS2; DPBMWi1).
The political CSR framework is based on two pillars: (1) a multi-stakeholder approach (DPBMAS1; DPBMAS2; DPBMWi1; DI; DG; DPBMU), and (2) the voluntariness of CSR (DPBMAS2; DPBMWi1; DW; DPBMAS1; DPBMWi2; DW; DG). On the basis of its definition of CSR as explicitly voluntary, the government perceives its own role as "initiating, moderating and complementary" (DPBMAS2):

> "We see ourselves as moderators and motivators, but nothing else. […] We want to support the companies who are active, we maybe want to provide guidance and see if we can complement their activities. […] And the bottom-line is that we believe that the voluntary approach is the right path to pursue." (DPBMAS2) [vi]

Dynamics of the policy mix: increase of market and information-based policies

While the German policy mix is still largely based on command and control regulation, a gradual and 'cautious change' can be observed, particularly in environmental policy, with market-based policy instruments increasingly complementing regulation (DPBMWi2; DPBMU). Also, the use of information-based instruments and networks has significantly

[10] Pleon/IFOK, 2008: "„Die gesellschaftliche Verantwortung von Unternehmen (CSR) zwischen Markt und Politik"

increased during the past decade (DPBMU). DPBMWi1 summarizes that "in total, the number of instruments and actors largely increases in this field"[vii].

Policy recommendations: interlink separate approaches

Although the national sustainability strategy contains a chapter on sustainable economy, the question remains to what extent the CSR strategy and the sustainability strategy are linked to each other (DPBMAS1; DPRNE; DBMWi2). In summary, the importance of „an intelligent mix of policy instruments" (DPNGO)[viii], including regulatory, market-based and information-based instruments was emphasized (DNGO; DPBMAS2; DPBMAS1; DPBMU).

14.1.2. Hierarchy

Dense regulatory framework

> „There is clear and enforceable legal guidance on good practices in managing human resources and the environment" (DG)[ix].

Environmental protection in Germany has traditionally been highly regulated, with the early conservational policies and the principle of precaution building the basis for further developments and reinforcements. At the same time, environmental policy is increasingly influenced by the EU level. Examples of environmental regulations that influence CS in Germany are the Federal Immissions Control Act, the Recycling and Waste Management Act (Kreislaufwirtschaftsgesetz), the Renewable Energies Act (EEG) and the EU Ecodesign Directive's energy consumption requirements (DPBMAS1; DPBMU; DPBMWi2; DG; DI):

> "These regulations have an immediate impact on corporate policies and practices" (DPBMWi2)[x].

Generally, regulatory instruments are preferred "in those cases where damage to people and nature has to be avoided "(DPBMWi2)[xi].

In the realm of labor policy, regulations for the protection against dismissal (DPBMWi1), worker safety and health management, the collective bargaining autonomy and the right to strike (DG) form the basis of the regulatory framework. DG particularly emphasized the German Works Council Constitution Act (Betriebsverfassungsgesetz) and the Codetermination Act (Mitbestimmungsgesetz) "that give employees good options for influencing the company's performance and uphold workers interests" (DG)[xii].

Discussion on mandatory CS reporting on the EU level

Whereas the soft law requirement in the German commercial code (HGB) which requests listed companies to include relevant non-financial indicators in their annual report is considered a purely voluntary commitment (DPBMAS2; DI) and has not proven to be very effective yet (DPRNE), in 2011, the European Commission announced its intention to introduce a legal regulation for sustainability reporting (DPBMAS2). In the view of the European Commission, „smart regulation needs a reasonable mix of voluntary and mandatory commitments." (DPBMAS2)[xiii]. Advocating mandatory sustainability reporting, the

EC argues that instead of the antagonism between voluntariness and coercion a more flexible approach is necessary (DPBMAS2).

This approach is clearly more far-reaching compared to the German government's definition of CSR as strictly voluntary. The opponents of the EC's approach argue that mandatory reporting requirements would burden SMEs with higher costs of bureaucracy, and that the competitive advantage of companies who currently report on a voluntary basis would be levelled out (DW; DPBMAS2; DPBMWi2; DPBMWi1). A majority of the interview partners, however, was generally in favor of mandatory sustainability reporting and appreciated the EC's approach (DPBMU; DILO; DNGO; DI; DPRNE; DG).

Policy recommendations: address international challenges and increase transparency

The majority of the governance experts agreed that Germany already has a good domestic regulatory framework for environmental and labor issues. While civil society actors stressed the importance of regulatory instruments, some of the governmental representatives seemed very skeptical towards adding any regulations that might burden companies.

However, a need for adjustment was seen with regard to international CS challenges (DNGO; DPRNE; DUNGC):

> "Domestically, we have a fairly dense regulatory framework with regard to environmental and social standards, but what about the international level? This is where Germany tends to take on an 'anti-attitude'. […] Does it really do us credit if the government is not interested in applying the high domestic standards on a supranational level?" (DPRNE)[xiv]

The 'hardening of soft law' was furthermore suggested to increase transparency about companies' sustainability performance, for instance through mandatory ESG reporting or a publicly accessible data base (DI; DG; DPRNE; DNGO; DILO).

14.1.3. Market

European market-based schemes: incentivizing companies while leaving leeway to innovate

The European emissions trading scheme was mentioned by several interviewees as the prime example for market-based approaches (DNGO; DPBMWi2; DPBMU; DW). Interviewee DPBMU explained that there have been considerations about expanding the trading of allowances to other fields, for instance to soil sealing (DPBMU). DPBMWi1 stressed that the appropriateness of the model depends on the emissions in question: trading toxic substances, for example, would result in local hot spots (DPBMWi2).

The European toprunner approach and the EU Eco Design Directive were highlighted as incentivizing companies to constantly improve their products with regard to energy efficiency while at the same time leaving them enough leeway to innovate (DNGO; DPBMU).

Controversial debate on subsidies and tax incentives

Subsidies, which in Germany are mostly employed to foster renewable energies, were viewed rather critically by some experts (DG; DI). Whereas DI criticizes that subsidies “make companies lethargic and prevent important innovation” (DI)[xv], DG rejects the idea of employing financial incentives which are ultimately borne by the tax payers. In contrast, more interviewees were in favor of tax reductions to incentive CS (DI; DW; DUNGC). DUNGC and DW, in contrast, think that subsidies and tax reductions can be crucial to enable innovations in an early stage, but should be designed in a degressive way to avoid misallocations (DUNGC; DW) – a good example being tax incentives for energy-efficiency of buildings (DW). DI, as well, stressed that tax reductions can be a particularly effective incentive in Germany (DI).

High potential of sustainable public procurement

The market-based instrument most often highlighted by interviewees was the inclusion of sustainability criteria in public procurement (DILO; DW; DI; DPRNE; DPBMAS2; DUNGC). While in Germany it is not mandatory to consider sustainability aspects in public procurement, recent legal changes make it much easier for purchasers in public institutions to take them into account, and encourage its adoption, both at the federal and state level (DILO). Political discussions on encouraging sustainable public procurement take place on the EU level, as well:

> “The European Commission has already indicated that it wants to reform the European public procurement law and to make these things [sustainability criteria] not mandatory, but more compulsory.“ (DPBMAS2)[xvi].

The majority of the experts agreed that public procurement (amounting to ca. 17 % of the German GDP) represents important market leverage to foster CS which should be exploited (DILO; DPBMAS2; DW; DI; DPRNE; DUNGC):

> „This is an important leverage; a huge amount of money is involved in public procurement, in Germany as well as Europe-wide, over 3 billion as much as I know. So, this is an important point.“ (DILO)[xvii]
>
> “You could generate a completely new dynamic by including more mandatory requirements in the German public procurement law; that would be a different leverage.“ (DPBMAS2)[xviii]

Certifications and labels: Emphasis on EMAS

In the same vein, the experts explained that “the German government has adopted an EMAS Privilege Regulation” (DPBMWi2)[xix] because the EMAS certification system is likely to encourage companies to continuously improve their environmental performance and simultaneously boost efficiency (DPBMWi2; DPBMU). The certification also enjoys high credibility thanks to the inclusion of compliance aspects, independent inspections and a registration process (DPBMU). Similarly, the eco-label ‚Blue Angel‘ (Blauer Engel) has potentially incentivizes companies to develop more efficient products while leaving it up to the firms if they want to participate (DPBMU; DPBMWi2). In contrast, private certification companies (TÜV, for instance) were partly seen in a critical light (DG), along with the development of a profit-oriented ‘certification industry (DILO).

> „Nowadays, there is a genuine ‚certification industry‘, which issues certifications on a profit-oriented basis; we are rather skeptical about this development.“ (DG)[xx]

Nevertheless, many interviewees welcomed the trend towards industry-specific labels (DILO; DNGO; DUNGC; DSRI).

CSR award for strategic sustainability management

Part of the government’s CSR strategy is the objective to „highlight the merits of those companies who demonstrably are committed to CSR so that they are rewarded by consumers and investors accordingly” (DPBMAS1)[xxi]. Consequently, the Federal government’s CSR award was launched in 2013. The award is given to companies with an outstanding strategic management of their ecological, economic and social responsibility (DPBMAS2; DG; DPBMWi1; DPBMAS1).

SRI: Potentially powerful, but still a niche market

The potential leverage of SRI-related approaches is seen by many governance experts in a positive light. Along with voluntary reporting instruments such as the DNK, SRI ratings can help companies analyze their CS-related risks and thus avoid potential reputation damages (DSRI; DPRNE). Nevertheless, several interviewees pointed to the fact that the potential of SRI has not yet been fully exploited in Germany (DPBMU).

Similar to the United States, sustainable/ socially responsible investment has increased its market share and attracted more attention in Germany during the past years (DSRI). However, an international comparison is hampered by varying definitions of SRI: while in some countries, funds that exclude cluster munitions are already considered a sustainable investment, the understanding of SRI is more specific and narrow in Germany (DSRI):

> “The German SIF (FNG) has a very conservative counting method based on a very narrow definition of sustainability. Furthermore, we only count those assets that are managed by German portfolio companies. […] but this leads of course to a considerable distortion of the volumes that are involved in SRI.” (DSRI)[xxii]

DSRI explicitly pointed to the potential of the German Sustainability Code to foster the proliferation of SRI in Germany – especially among SMEs. Furthermore, the trend towards integrated sustainability reporting can be beneficial to the development of SRI (DILO; DI).

The FNG has developed a label for sustainable investments that complements the European ‘transparency label’ (DI).

Policy recommendations: apply incentives more widely and leverage sustainable public procurement

Most of the experts agreed that price-based mechanisms, labelling and incentives are promising instruments to create a level playing field, and – where appropriate – should be employed on a larger scale (DW; DNGO; DUNGC; DPBMU; DW; DILO; DPRNE). Only subsidies were viewed rather critical (DG; DI). Incentives and labels could also be employed more widely in the international realm: DPRNE suggested that labels could be further promoted in international trade where they are so far dismissed as non-tariff trade barriers, and that companies' compliance with standards like the OECD guidelines could be made a condition for access to benefits like the Hermes guarantees (which are part of the German foreign trade promotion).
Second, many interviewees stressed that a more compulsory introduction of sustainability criteria in public procurement processes would significantly increase the effectiveness of CS governance (DUNGC; DI; DPRNE; DPBMAS2).

14.1.4. Network

Several experts highlighted the predominance of information-based policy instruments and policy networks within the German CS governance mix (DPRNE; DPBMAS2; DPBMAS1; DPBMWi1; DPBMU). These include both government-initiated and private multi-stakeholder dialogs, platforms for best-practice sharing, persuasive instruments, research and information, cooperation and trainings on CSR, policy advocacy and voluntary agreements (DPRNE; DUNGC; DSRI; DNGO; DILO; DW).

Guidance on CS: persuasive policy instruments and best-practice sharing

Persuasive policies, such as the provision of information and guidelines on CS, were mentioned quite often in the interviews. For instance, a myriad of information brochures and publications are issued by BMUB and UBA to inform companies about environmental policies and standards. In order to reach out to companies, BMU also involves firms in their research studies on CSR (DPBMU). Furthermore, the government provides companies with information on sustainability through its websites; sites like „Kompass Nachhaltigkeit" offer information on the range of different sustainability standards and sustainable supply chain management (DUNGC; DNGO).
Several interviewees referred to the DNK (German Sustainability Code) as a potentially promising standard for sustainability reporting (DPRNE; DPBMAS2; DI; DUNGC). According to DPRNE, its development was partly motivated by the financial crisis which revealed the over- and under-evaluation of corporate values. Consequently, the RNE (German Council for sustainable development) was looking for an instrument that would encourage players at the stock exchange to fuller appreciate sustainable business management. The DNK was thus developed in cooperation with actors of the capital market in order to meet investors' requirements (DPRNE). Based on GRI and EFFAS indicators, it contains a specific set of key performance indicators on environment, social and governance aspects:

> "It now includes 27 GRI indicators and 19 EFFAS indicators and the 20 criteria on processes, environment, society, and strategy. And these cover essentially the minimum and the crucial aspects that have to be taken into account in sustainable investments." (DPRNE)[xxiii]

By focusing on essential data, the instrument both facilitates ESG reporting for starters – especially SMEs (DPRNE; DI) – and makes important information available to investors in a more consolidated form (DPRNE; DUNGC). Consequently, the success of the DNK depends to a large degree on how well the voluntary standard is received by investors who would then create a demand for companies to use it (DPRNE). Some experts questioned its benefits for internationally operating companies because of the country-specific focus (DUNGC; DI).

In addition, a vast number of conferences, workshops and events aim at providing companies with information on how to implement CS policies and allow for the exchange of best practices (DUNGC; DOECD; DILO; DNGO; DSRI; DPRNE; DW)

For example, Germanwatch has held a conference on business and human rights (DNGO), and econsense regularly organizes workshops and symposiums on CS topics (DW). These events are partly complemented by internet-based platforms for knowledge sharing provided by the above mentioned networks (DUNGC; DW).

In addition, information is disseminated via research studies, brochures and reports published by different organizations in the field: the Bertelsmann Stiftung regularly publishes studies on CSR/CS and econsense has launched a research report on demographic change (DW; DUNGC; DILO; DPBMAS).

Training and capacity building for SMEs

Given the significant role of SMEs in Germany, several experts highlighted the importance of the ESF assistance program "Corporate Social Responsibility in SMEs". In the context of the government's CSR strategy BMAS has launched this program which provides SMEs with training and counselling on CSR (DPBMWi1; DILO; DW; DPRNE; DPBMAS1).

> „SMEs are already quite active in this field [of CSR], but they do not have the financial and personal resources to strategically deal with this topic. This is where policy-makers can assist […] and also financially support the companies to position themselves, and that is why we launched the funding program." (DPBMAS1)[xxiv]

Voluntary commitments: need for better monitoring mechanisms

According to DPBMU, voluntary commitments have been widely employed in the past, particularly in the environmental realm (DPBMU). However, due to the "free rider problem […] we made the experience that voluntary commitments are often not effective when if there is no monitoring" (DPBMU)[xxv]. Voluntary commitments at the European level were mentioned in the context of transnational framework agreements: the EC supports these agreements and provides information on the topic (DPBMAS2).

Various multi-stakeholder policy networks on CS

The institutionalized networks mentioned most often by the interviewees were:

(1) the CSR forum (DPRNE; DPBMAS1; DPBMAS2; DILO; DPBMU; DUNGC; DPBMWi1; DG; DW; DNGO), launched by BMAS
(2) the ‘Round Table Codes of Conduct’ (Runder Tisch Verhaltenskodizes) (DPRNE; DILO; DPBMAS1) which was established by BMZ and deals with CSR challenges arising from international business operations, and
(3) the working group on the OECD guidelines at the BMWi (DUNGC; DPBMU; DPOECD).

The most inclusive of the policy networks on CSR is clearly the CSR forum: Facing a range of different interests, the BMAS established it in order to launch a broader discussion among the different players and identify potential challenges and focus issues (DPBMAS1; DPBMAS2). The network comprises almost 40 member organizations including representatives of companies, business associations, labor unions, the academic community, NGOs, other ministries, and international organizations (DPBMAS1; DPBMU; DW; DNGO; DPBMWi1; DG; DUNGC; DILO). Furthermore, other CS networks like the UNGC local network, econsense and the Round Table Codes of Conduct are represented (DPBMAS1).

> „You actually need all these actors to make CSR really work. That is why it makes good sense to bring everyone to the table and discuss solutions with them.” (DPBMAS1)[xxvi]

Despite the different background of the stakeholders, the forum turned out to unite many common interests with regard to CSR (DPBMAS2; DPBMAS1; DPBMWi1). After developing policy recommendations for the government’s CSR strategy, the forum decided to continue its work in order to monitor the implementation process. The network has established working groups on different key topics, discusses current dynamics in the field of CSR and publishes position papers (DILO; DUNGC; DG; DPBMAS1).

Issue-specific policy dialogs

Apart from institutionalized policy networks, government agencies and the parliament use multi-stakeholder working groups and commissions on specific topics to pool the expertise of different stakeholders or to get their opinion on certain policies. Examples are the enquete commissions on sustainable future and sustainable growth (DW; DI).

The BMUB has initiated several round tables, dialogs and working groups on CS issues, such as sustainable consumption, biodiversity, energy efficiency and climate change (DPBMU; DPBMWi2; DPRNE). In the context of the ‘climate protection dialog’ between business and policy-makers, several companies formed working groups and consulted on policy suggestions and solutions (DPBMU):

> “The Environmental Minister initiated this [dialog], because he wanted to have this kind of information from the companies, how they view climate policy, where they see opportunities and what aspects should be adjusted, […] also to allay potential fears and show that we care for their concerns; that worked out very well.” (DPBMU)[xxvii]

BMAS organizes dialogs with companies and civil society stakeholders on different topics like for instance the Ruggie framework for business and human rights, but also on their expectations towards the government's CSR policy (DPBMAS2; DNGO). The ministry also held an international CSR conference (DPBMAS2). During the development process of the DNK, the RNE, as well, launched multi-stakeholder dialogs focusing particularly on different actors of the capital market (DPRNE; DPBMAS2; DI).

Policy advocacy

Although the role of policy advocacy is less outstanding in Germany than in the United States, many experts talked about their organizations' activities in this realm (DNGO; DSRI; DG; DW; DPBMWi1; DPRNE).

NGOs and labor organizations, including Germanwatch, the FNG (the German SIF) and the DGB are regularly invited by parliamentary committees to speak about CS, either at the occasion of parliamentary events or in bilateral dialog (DNGO; DSRI; DG). On the other hand, they proactively reach out to members of the parliament and to the respective ministries, arrange appointments – such as parliamentary breakfasts – and publish their policy position on current CS issues (DNGO; DSRI; DG). The DGB, in particular, traditionally engages in lobbying activities both on the national and on the EU level (DG).

In its role as an advisory council to the German government, the German Sustainability Council (RNE) is per se involved in policy advocacy, and regularly exchanges ideas with a number of ministries, the Chancellor's office, the State Secretary Committee for Sustainable Development and the Parliamentary Advisory Council for Sustainable Development (DPRNE).

Similar to their American counterparts, German civil society organizations stressed that a joint statement with business to support particular regulations actors generally has more leverage – be it climate change policies or CSR reporting regulations (DNGO; DSRI). The FNG (the German SIF), for instance, coordinates with banking associations and investment companies in order to develop a common policy position vis-à-vis policy-makers (DSRI). Indeed, FNG has contributed to policy changes such as the introduction of information on sustainable investment in the Insurance Supervision Act insofar as insurance companies and pension funds are required to declare if they use sustainable investment strategies. As a project partner during the development of DNK, the FNG focused on making sure that the code is compatible with banks' methodologies (DI).

While econsense does not engage in traditional lobbying activities, it does publish the policy position of their member companies on current CS policies, and provides input in the context of the policy networks and dialogs it is involved (such as the policy dialog on the German DNK)(DW).

As DPRNE points out, the intensity and quality of the policy dialog varies depending on which governance actor approaches which political body:

> "In the policy dialog on CSR, it becomes obvious who is communicating with whom seriously – because particular ministries are clearly associated with particular lobby

groups who have better access to these ministries as a consequence of their focus topics.“ (DPRNE)[xxviii]

While business associations and companies are generally more often involved in dialog with BMWi and BMAS, NGOs tend to approach the BMU (DPRNE; DPBMU).

Policy advocacy – ideally in alliance with businesses - is seen by most of the civil society actors as a fruitful approach to promote CS in Germany (DNGO; DSRI; DG; DPRNE).

Business-NGO partnerships and dialogs

Project-based partnerships between businesses and NGOs were mentioned by several interviewees as a promising instrument to help companies implement sustainability (DPRNE; DUNGC; DW; DILO; DNGO). However, the organizations' member base is sometimes skeptical of such partnerships as they fear a loss of credibility (DPRNE).

The more common form of cooperation between German NGOs and businesses consists in confidential stakeholder dialogs or workshops. These provide a platform where companies can receive criticism and technical input on their CS challenges in a trustful setting (DW; DUNGC; DNGO). Oftentimes, NGOs are asked to comment on sustainability reports, etc. (DNGO). However, the NGOs often lack the capacities for that (DNGO).

Other forms of dialogs have been established between NGOs and business initiatives: Germanwatch, for instance, maintains an ongoing dialog with the progressive business initiative "two degrees" (2Grad-Initiative) about climate issues (DNGO).

In addition, a lot of the organizations involved in private CS governance launch their own dialog formats and invite different stakeholder groups to discuss CS policies and issues (DPRNE; DUNGC; DSRI; DNGO).

Independent monitoring

The importance of independent monitoring mechanisms for CS was emphasized by a range of German governance actors (DPBMAS2; DNGO; DILO; DPBMWi2; DPBMU). On the one hand, interviewees highlighted the positive impact of (voluntary) external evaluations of sustainability reports through rankings and ratings (DPBMWi2; DBMAS2). On the other hand, monitoring was mentioned in the context of external audits related to international labor issues (DILO), and with regard to the complaint mechanisms of the OECD guidelines (DPBMU).

Campaigns/ naming and shaming

Research-backed campaigns that aim at raising awareness of CS issues are oftentimes concerned with international CS issues (DNGO). NGOs pressure companies to take voluntary action and policy-makers to take legal steps that would hold TNCs more accountable for human rights violations abroad and increase transparency (DNGO).

Policy recommendations: improve effectiveness

Information-based instruments were favored by government actors as they raise awareness while being in line with the definition of CSR as voluntary (DPBMWi1; DPBMWi2; DPBMAS2); other experts, however, would like to see these instruments being complemented by a "more strategic approach" (DPRNE). Generally, networks and outreach activities were perceived as very important instruments as they guarantee the inclusion of different actors in CS governance (DPBMU; DPBMAS1; DPBMAS2). However, certain doubts about the effectiveness of these dialogs were voiced (DNGO; DI). Skepticism was also voiced about the effectiveness of voluntary agreements - at least in case they lack a monitoring mechanism (DPBMU).

While confrontational co-regulatory mechanisms such as naming and shaming were seldomly mentioned by German interviewees, the potential harm that they might do to German businesses' reputation was recognized by several interviewees as an effective tool (DUNGC; DNGO; DW).

14.2. USA

14.2.1. Metagovernance

No coordinated domestic CSR policy framework

Compared to Germany and India, the political framework for CSR in the United States was considered significantly less interventional (USANGO1; USAPDC; USAWNGO). Several experts even stated that "there is no [domestic] political framework for CSR" (USAG1; USAPDOL), or at least no coordinated framework, which is why the existing initiatives are very dispersed throughout the governmental agencies (USAG1; USAG2; USAW2; USANGO2).

> "I think it is probably less of a regulatory approach here specifically as compared to Europe... […] We probably have a lighter touch here in the US, and it tends to be the perspective that it is better to incentivize rather than to regulate." (USAWNGO)

In the context of the existing political initiatives to foster CSR, encouraging and partnering approaches are predominating (USAEPA1; USAINGO1; USAPDS; USAPDC) - for example in the form of giving awards, recognition, and providing incentives, or partnering with industry on specific issues.

Government's international perspective on CSR

In contrast to domestic CSR, the US government was considered to follow a more proactive and coordinated approach with regard to international CSR issues (USAPDS; USAPDC; USAILO). The US Department of State is "developing a common strategy, […] coordinating and sharing resources to address the issues of CSR" (USAPDS), both in cooperation with other American embassies around the world, and multinational enterprises. The objective is to use CS as a diplomatic tool "in promoting the good things about the United States, to make others receptive towards the United States" (USAPDS) and at the same time create an international level playing field.

> "Promoting sustainable development, peace, security, stability, and prosperity - those are all goals that the United States seeks to promote globally. […] So we see ourselves as partners with American companies as they operate overseas." (USAPDS)

The government efforts in the realm of international CSR focus particularly on the issues of business and human rights, including labor rights (USAPDS; USAILO), global human trafficking (USAPDS; USAILO), transparency and anti-corruption (USAILO; USAPDS; USAUNGC; USAPDC) in the global value chain.

On the way to a policy framework for sustainability?

Similarly, the US currently lacks an overarching domestic policy framework for sustainable development. Filling this gap, local and state regulations play an important role, with California often taking the lead (USANGO2; USAUNGC):

> "We do not have a policy framework on sustainability across the Federal government, so if someone said to me 'what is the sustainability policy of the US?' it is hard to point to, except in the international domain, where we promote sustainability in our technical assistance for developing countries. […] At state and local level, we do have much more focus on building sustainable communities, and industries are working at all levels to do that." (USAEPA1)

Nevertheless, interviewee USAEPA1 expects a more integrated approach to develop:

> "One of the things we hope we will see in the next administration is a far greater focus at the national level with industry on a national policy for sustainability, which would then have some regulations, voluntary programs, incentives, partnerships, etc." (USAEPA1)

Furthermore, the US EPA has started to shift its focus from environment to a more integrative view of sustainable development that recognizes the interlinkages between environmental, social and economic dimensions. On the basis of the National Academy of Science's recommendations (the 'Green Book' "Sustainability and the U.S. EPA"), the agency has developed a strategy "to move the agency as a whole towards sustainability" (USAEPA1).

Dynamics of the policy mix: more market-based policies and gradual hardening of soft law

With regard to the dynamics of the policy mix, parallel developments have been observed: First, while command-and-control regulation still builds the bedrock of the American policy mix, a few interviewees pointed to a slow trend towards integrating more market-based policy instruments in the field of CS (USAEPA1; USANGO2; USAWNGO). On the other hand, multi-stakeholder network approaches that used to be more widely applied in the 90´s, have declined (USANGO1).

Finally, some voluntary initiatives are slowly shifting towards regulations, especially on the state and local level (USAPDC; USANGO2; USAUNGC; USAW2), for instance in the fields of toxic chemicals, greenhouse gas emissions (USANGO2).

> "I think voluntary is a precursor to either financial or regulatory. And sometimes it is a long-time precursor" (USANGO2)

Policy recommendations: strengthen system thinking; regulate climate change and toxic chemicals

A national policy for sustainability would require a more diverse policy mix comprising "some regulations, voluntary programs, incentives, partnerships, etc. […] and collaborative effort across the board" (USAEPA1; USAW2). Furthermore, the interlinkage of different regulations is considered a challenge in developing a sustainability policy framework:

> "We do not have a good mechanism, because the rules were not created with that kind of system thinking. That is a challenge for the next generation, how you link air, land and water, and one of the biggest and best examples for that is the link between water use and energy use." (USAEPA1)

An overwhelming majority of interviewees pointed to the contentious issues of climate change and energy as representing the biggest governance gaps in the United States (USAEPA2; USAEPA1; USAW2; USAG1; USAG2; USANGO1; USANGO2; USASRI). Policy recommendations thus focused on greenhouse gas regulations, "ideally by putting a price on carbon" (USASRI; USANGO1; USANGO2; USASRI). With regard to energy policy, civil-society actors advocated for the stronger promotion of clean, renewable energies (USAG2; USAG1; USANGO1). According to several governance actors, toxic chemicals, which are currently still regulated under the Toxics Substances Control Act of 1976, represent another policy area with high uncertainties (USANGO2; USAEPA1; USAEPA2). Given that many American companies operate internationally, the adjustments that they are forced to make due to European REACH regulation might prepare companies for a change in national US regulations on chemicals (USAEPA1).

14.2.2. Hierarchy

Traditional command and control regulation focused on pollution

The United States have traditionally had a high level of environmental command and control regulation mainly focusing on pollution (USAPDS; USAWNGO; USAEPA2; USANGO2).

> "The big regulatory things in the United States are conventional pollutants, air pollutants, water pollution and hazardous waste." (USANGO2)

In contrast, recent sustainability challenges like, for instance, climate change and GMOs are not regulated sufficiently in the view of several interviewees (USAPDS; USAUNGC; USAW2; USAG1; USAG2; USANGO1; USANGO2).

Similar to Germany, basic Federal regulations dating back to the 1970s like the Clean Air Act and the Clean Water Act are considered the bedrock of environmental regulation (USAEPA1; USANGO1; USASRI). Several interviewees pointed to the recently passed regulations on limiting the carbon emissions of new power plants as a first step towards national regulations on greenhouse gas emissions (USAG1; USAEPA2; USASRI; USANGO1; USANGO2). Another trend-setting regulation is the Executive Order of 2009, which aims at 'leading by

example': it sets sustainability goals for Federal agencies and requires them to manage and report on the improvements (USAW2). Also, the government is shifting its focus from regulating output/waste to "regulate materials going into a product rather than materials coming out" (USAEPA1). Consequently, approaches like green chemistry, lifecycle analysis, and systems thinking gain importance (USAEPA1).
In the realm of labor law, interviewees pointed to the OSHA regulations (USAG2; USAPDOL; USAILO; USAPDC), although experts criticized the weak implementation of the law on freedom of association (USAG1).

Issue-specific ESG disclosure requirements

While there is no mandatory requirement to report on CS; there are however single requirements which cover certain aspects of ESG. Interviewees mentioned, for instance, the Toxics Release Inventory under which companies are required to publicly report on toxic chemical releases (USANGO2; USAEPA1; USAEPA2), and the disclosure requirements about diversity on companies' boards (USAUNGC). Many interviewees also pointed to the more recent SEC climate disclosure requirements (USAUNGC; USASRI; USANGO2; USAW2), which require companies to report on how climate change could potentially impact their businesses. However, so far the enforcement of this regulation has been weak (USANGO2).
Reporting requirements have likewise been introduced with regard to certain international aspects, namely human trafficking, conflict minerals and corruption: The Dodd Frank Act requires companies to report if they source conflict minerals from the Democratic Republic of the Congo and neighboring countries (USAILO; USAUNGC; USASRI; USAPDS), and requires them to allow shareholders to comment on their executive pay practices (USASRI). The Foreign Corrupt Practices Act has been strengthened to ensure that US companies overseas are not engaged in bribery and corruption (USAPDC; USAPDS). Also, a 2012 California law requires globally operating companies to disclose how they address trafficking and forced labor in their supply chains (USAPDS).

Policy recommendations: expand regulation to current sustainability issues, consider increasing transparency

Several interviewees stressed that the scope of regulation should be expanded from natural resources to other sustainability issues and play a relevant role in the policy mix (USAG2; USAG1; USASRI; USAEPA2).

> "I think there are some issues that are large and complicated enough that while voluntary efforts are helpful, they are not enough. And I would say climate change is the perfect example." (USASRI)

On mandatory approaches to CSR, opinions tended to be divided: On the one hand, non-governmental actors highlighted the potential advantages of governmental standards for disclosure of ESG data which would allow for comparability (USANGO2; USASRI).
On the other hand, government representatives were very skeptical of mandatory measures for enhancing CSR (USAPDOL; USAPDS; USAPDC):

"We do not believe in making it mandatory, or having US companies become compliant, but we are supportive. […] I think by imposing a set of regulations it loses some of the charm and some of the value of CSR because it is not a concept that fits in a box, and I like the fact that US companies can think what it does mean to their company, and they can decide where to go." (USAPDC)

14.2.3. Market

According to the majority of American interviewees, market incentives, such as ethical consumerism, social responsible investment (SRI), the competition for leadership and eco-efficiency, have become strong drivers for CS in the US (USAUNGC; USAEPA1; USANGO1; USASRI; USAPDC; USAW2).

"Market feedback becomes very important. […] Companies are beginning to recognize that the more they can take into account, the more competitive they will be, and it enhances their market abilities." (USAEPA1)

Use of cap and trade systems

Although the attempt to introduce a national cap and trade system for greenhouse gases failed, USAEPA1 thinks that a second attempt to create a domestic market for carbon emissions is "possible, because the business world did embrace it, and from a business perspective, they want stability in the market place" (USAEPA1). Non-governmental experts were in favor of putting a price on carbon as well (USANGO2; USAG1), but criticized the draft for providing too many loopholes. Cap and trade systems have furthermore been introduced on the state level, for instance in California, New England, and in the North-West (USANGO2).

The market logic has also been applied to other kinds of emissions and natural resources, for instance to sulfur-dioxide (USAEPA2), ecosystems and endangered species:

"It is sort of an ecosystem services market where you can be purchasing kind of these wildlife benefits. We've done that with endangered species before, working with land owners and trying to change the financial incentives in order to making it more attractive for them financially to expand endangered species habitat rather than destroy it" (USANGO2).

Mixed opinions on fiscal incentives

In contrast, interviewees' opinions about financial incentives in the form of subsidies or tax credits were very mixed. According to USAEPA2, subsidies for renewable energies and green investments are used widely, either in the form of tax preferences/ tax credits, or in the form of direct loans (USAEPA2; USANGO1). Whereas some experts were skeptical towards public subsidies as they represent a distortion of the market competition (USAEPA2), governance actors from civil society emphasized the importance of these instruments for the promotion of renewable energies (USANGO1; USAG1). In this context, several experts heavily criticized the long-standing subsidies for the fossil fuel industry (USAG1; USANGO1; USAW2).

Environmental taxes are practically not used in the United States (USAEPA2; USAG1):

> "I think environmental taxes have not been used very much, because (a) people do not like taxes and (b) the environmental groups do not like to be transparent about the cost of environmental programs. […] taxing environmental pollution really would make more sense. But that is a hard sell." (USAEPA2)

Growing interest in sustainable public procurement

With regard to integrating sustainability criteria into public procurement processes, there is a dynamic development in the US (USAWNGO; USANGO1; USAUNGC; USAW2): For instance, the General Accounting Office which is the main purchaser of goods and services for the US government has produced rules for purchasing that include sustainability criteria (USAW2). Given "the enormous amount of purchasing that the US government does" (USAWNGO), the leverage of introducing a corporate responsibility perspective in their procurement decisions was considered by several interviewees an important factor:

> "The government has put a lot of different requirements in place: if you want to sell to the government, you have advantages if you can qualify yourself as EPEAT [Electronic Product Environmental Assessment Tool], which is an environmental standard […] the government has set its own energy reduction goals and its own goals around environment, and so suppliers have an advantage if they can demonstrate that they can help the government to meet these goals." (USAUNGC)

Industry-driven proliferation of 'green labels'

Product labels linked to social and environmental corporate responsibility have proliferated in the US, which, however, also creates a certain ambiguity:

> "Sometimes it gets a little crazy, because there are over 400 so-called green labels and products. And everybody wonders what that really means." (USAEPA1)

In contrast, only a few examples of governmentally initiated labels or certifications were mentioned: the EPA incentive programs include for instance labels like the energy star, where products are certified if they meet certain energy-efficiency requirements (USAWNGO). In the international cooperation realm, a good governance certification process for foreign companies was set up in order to facilitate supply chain relations for US companies (USAPDC).

Several CS awards

Apart from that, "the US companies are incentivized by a lot of the awards that are out there" (IWNGO; USAILO; USAG1). For instance, "Ceres gives out an award for the best sustainability reports - and companies love to get it because they can brag about it" (USAG1). There are also several government awards that aim at incentivizing companies to engage in CSR/ CS (USAPDC; USAPDS; USANGO1; USAEPA1). For example, the annual ACE Award for corporate excellence, given by the State Department (USAPDC; USAPDS), is specifically focused on US companies operating overseas “who are engaging in good corporate practices, whether that is community relations, environmental protection or the inclusion of persons with disabilities (USAPDS). In the environmental realm, there is for example the Green Chemistry Award that intends to encourage industry to adapt to safer chemical treatment, green chemistry (USAEPA1).

> “The one thing they will do is reward key players. So, EPA might select leaders and give them an award, but there is no stakeholder involvement, it´s more like: if you do these ten things, you get awards; oh you did it, so here is your award.” (USANGO1)

SRI and shareholder activism

The SRI movement in the United States has a fairly long history and the interest in SRI has further increased during the past years (USAUNGC; USASRI; USAILO). This is mainly true for institutional investors, while “at the retail level, there still is not necessarily a lot of awareness” (USASRI). Nevertheless, “the market share of responsible and sustainable investment has been growing somewhat faster than the larger market of professionally managed assets in the United States” (USASRI). USASRI explained that, in contrast to the overall pool of investment assets, SRI assets retained and gained market share during the financial crisis (USASRI; USAUNGC).

There are different ways in which investors leverage their influence on companies when it comes to questions of corporate responsibility:

There is a growing pressure on companies to report on ESG aspects driven by the expectations of the financial market (USAEPA1). As USAW2 puts it, “there is a quasi-regulation, and that is that if you are a big company you must do a GRI report” (USAW2). Reporting is also incentivized by companies such as Bloomberg who decided to post companies’ sustainability information on their terminals (USAW2). Some conventional investment companies, too, such as Goldman Sachs, have established strong portfolios that are based on sustainability criteria (USAW2). Furthermore, “the New York stock exchange has been encouraging companies to talk about these things” (USAW2). A lot of companies are also seeking to have a high ranking on the Dow Jones Sustainability Index (USAWNGO).

This development is spurred by SEC regulations on certain aspects of ESG disclosure. In general, the SEC does not require companies to issue information about ESG, but encourages it (USAW2). The US SIF is pushing the SEC to issue rules that require companies to disclose their political contribution and lobbying expenditures (USASRI).

Another trend is the rise of activist investors, i.e. investors who put public pressure on companies that display irresponsible corporate behavior. A fairly small stake is usually enough to launch such a campaign (USANGO1). A recent development linked to SRI is the fossil fuel divestment campaign which has been launched by the 350.org network and has been receiving a lot of attention for example by college campuses, municipal governments and mayors offices in the United States (USASRI).

In a similar vein, shareholder resolutions are a common instrument in the US to raise concerns about questions of CS (USASRI; USANGO1). Shareholder resolutions are advisory in America, so companies do not have a legal obligation to respond; however, “obviously they would have a moral obligation” (USASRI), and the threshold to file a resolution might be lower than in some European countries (USAG1; USASRI)

An important question that will influence the success of the American SRI movement is if SRI investors can get the same returns as the so-called "sin" investors (USANGO1). Another challenge is that “a lot of financial advisors are not familiar with SRI; they are not going to ask their clients if they are interested in SRI because if their clients say yes, the financial advisor doesn´t know what to do next.”(USASRI)
The US SIF is trying to address this problem and to increase the number of advisors who are familiar with SRI by developing a series of courses on SRI aimed at financial advisors (USASRI).

Related to market-based mechanisms, the proliferation of corporate sustainability reporting was considered a positive development by many interviewees (USAEPA1; USANGO2; USAUNGC; USASRI). However, as USAG1 points out, “the accountability part really lacks, and companies can fill out a report that looks good and then not really do a whole lot that is meaningful, and that is a concern” (USAG1). A further development of “a financial accounting and reporting system that really recognizes externalities” (USANGO2) would be needed in the long term to exploit the potential of SRI.

Competition for leadership

The American experts made it clear that companies are driven to a certain degree by competition for leadership towards dealing with CS (USAEPA1; USAUNGC; USASRI; USANGO1; USAWNGO):

> “I work with a lot of companies that want to be always recognized as sustainability leaders in their field.” (USAEPA1)

These market dynamics create peer pressure between competitors and might stimulate a certain “race-to-the-top” (USANGO1).

Leveraging the supply chain potential

The market leverage of big companies, i.e. the influence that they exert on their suppliers through codes of conduct etc. has been identified by several interviewees as an important market mechanism to foster CS on a broader scale (USANGO1; USANGO2; USAPDC).
Some American NGOs (for example the EDF and Ceres) try to leverage this market power indirectly in their cooperation with major corporations (USANGO1; USANGO2):

> “Just as an example: we did a project with Mc Donald’s, […] and worked with them to develop a purchasing policy that required their suppliers to stop using antibiotics as growth promoters. That is one very specific example of a direct market incentive; we do that a lot through the supply chain”. (USANGO2)

Policy recommendations: sustainable public procurement, putting a price on carbon

Many interviewees were generally convinced of the effectiveness of market-based policies, and would welcome more incentive-based policies in the realm of CS, particularly in the cases of integrating sustainability criteria in public procurement, and putting a price on carbon (USAWNGO; USANGO1; USANGO2; USAEPA1; USAEPA2; USASRI):

> "I think competition among industries, the market, is probably a stronger driver than regulating, because the regulations are not that much that they can move a company to sustainability." (USAEPA1)
> "Here in the US, it tends to be the perspective that it is better to incentivize rather than to regulate." (USAWNGO)
> "We are definitely in favor of policies that ideally would put a price on carbon." (USASRI)

14.2.4. Network

Awareness raising and capacity building in the international context

The EPA is trying to increase awareness among companies, especially "on big global issues like climate change, […] and water use" (USAEPA1), amongst others by issuing information and reports (USAEPA2; USAEPA1).
The promotion of CS through information and dialog is also employed to a fairly great extent in the context of international CSR (USAPDC; USAPDS; USAPDOL). Outreach, information and dialog are used to educate companies on the advantages of CSR (USAPDS; USAPDC). The US Department of Commerce`s 'Sustainable Manufacturing Initiative' primarily aims at facilitating the international best practice sharing on environmentally-friendly corporate practices through annual reports, advisory committees etc. (USAPDC). Depending on the issue, there are also efforts to raise awareness in specific industries, for instance the US Department of Labor "engages at the private sector level particularly working with travel and tourism to promote awareness about the human trafficking phenomenon" (USAPDOL).
Trainings and capacity building activities have started to play a role in the promotion of international CSR as well: The US Department of Commerce has established the 'Good Governance Program', which provides trainings and capacity building measures on business ethics and good governance for companies in partner countries (USAPDC). Trainings are for example targeted at Latin American companies and business chambers (USAPDC):

> "Within the past year, we have started a series of training workshops and programs […] so the companies know how to begin their CSR programs or how they can improve it […]". (USAPDC)

Consultancy and dialog

Besides from formal partnerships, NGOs and CS business associations offer companies their expertise on CS policies through consultancy and advisory services (USAWNGO; USANGO1; USAILO). BSR consults their members bringing in experts and drawing on the experience they have gathered across multiple industries (USAWNGO).
Finally, guidance is sometimes provided through dialogue between corporations and their stakeholders in a confidential setting (USANGO1; USAUNGC).

Best-practice and information sharing

Best practice sharing occurs on the one hand in peer to peer settings (USANGO2;USANGO1; USAWNGO; USAW2), for instance in working groups where competitors discuss industry-specific CS challenges (USAWNGO).

Networking opportunities – be it in the form of conferences, working groups, or singular events – were considered an important instrument to allow the sharing of best practices (USAUNGC; USAPDOL; USAW2; USASRI; USANGO1; USANGO2).

Big annual conferences on CS are for example organized by BSR, the Conference Board and US SIF (USAW2; USASRI; USAWNGO), while some large corporations (such as Coca Cola) have also set up these kinds of conferences themselves (USAPDOL).

American CS business associations also provide companies with information through publishing and discussing research findings on specific topics (USAWNGO; USAW2).

Various forms of public-private and private-private collaboration

Public-private partnerships and voluntary agreements were considered important instruments in environmental policy and to some extent in international labor rights policy (USAEPA1; USAEPA2; USANGO2; USAPDOL).

The EPA, in particular, has sought to establish partnerships with industries around specific areas of sustainability (USAEPA1; USAEPA2). These collaborations are for instance focused on product lifecycle assessments which the EPA is trying to promote:

> "We partner with industry or look together on the lifecycle of a product that they manufacture and […] then they realize how much water or energy it takes to make this product, and it drives them to start reducing". (USAEPA1)

Collaborations can also take the form of 'alliances' with businesses to bridge the perceived gap between environment and economy. Oftentimes, this might include mutual support at public events:

> "The people at EPA are trying to promote environmental quality but they do not want to be perceived as job killers. So, their goal is to increase their good will with the public by going to the podium with somebody in industry […], there is a symbiotic relationship: if we grant good will to the companies by saying that they are doing a good job, then they grant good will to us saying that we are not killing the economy." (USAEPA2)

The EPA has also established more formal agreements with businesses, where companies voluntarily commit themselves to specific environmental goals, and in return will be publicly granted a certain environmental status (USAEPA2).

With regard to international CSR issues, the State Department's Global AIDS Coordinator office and the US Global Trafficking Agency engage in PPPs with businesses (USAPDS).

Many interviewees stressed that NGOs increasingly tend to partner with industry as opposed to being a critic, resulting in a proliferation of collaborations between companies and civil society organizations (USAW2; USAG2; USAEPA1; USAEPA2; USAG1; USASRI). For example, more and more environmental groups like EDF, NRDC, WRI, WWF and Nature

Conservancy work with major businesses such as Wal-Mart or Dow Chemical on a range of issues, from supply chain and manufacturing to shipment:

> "What you are seeing more and more is NGOs and industries collaborate. Some people criticize that saying that is like a facade […] but that actually does have an impact."(USAEPA1)

> "The work that EDF does with major corporations: we are trying to change their products, processes, services, technologies they use, create some kind of environmental innovation with them." (USANGO2)

> "Sometimes environmental groups are brought in by corporations to help shape sustainability policies, and that is TREMENDOUSLY helpful […] because in many cases the corporations know perfectly well that they will be judged by these very NGOs." (USAG2)

Starting from a specific environmental problem, the EDF, for instance, engages in partnerships with businesses and strategically approaches those companies that are particularly likely to have a high leverage on this environmental issue. The NGO then tries to build a strong business case for the companies – e.g. through potential cost savings, reputation and risk management, etc. – in order to motivate them to cooperate (USANGO2).

Targeted stakeholder consultation instead of multi-stakeholder networks

Several interviewees stated that there are almost no institutionalized multi-stakeholder networks or dialogs around CS in the US (USANGO1; USAEPA1; USAPDC; USAW2):

> "That is a very German approach; Germany has a stakeholder model in its governance, we do not have that. So, companies are doing that on their own, but it is not yet standard operating procedure." (USAW2)

In contrast, cooperation between various types of stakeholders tends to take a different form in the US compared to the German context:

> "I do not think we have those multi-stakeholder networks that you are talking about. I mean we create these types of teams, within a really controlled context." (USANGO1)

In this context, collaborations between environmental and labor organizations have gained importance during the past years. While unions and environmental organizations "had several decades of animosity between them, […] the new development is that these groups have come to realize that they actually have quite a few common goals that they can work on together" (USAG2).

> "That is the great divide that we have to bridge: the environmental movement is viewed as job killers and the labor movement is viewed as anti-environment. We need to change that, bring them together, in order to build enough power to do the things needed to get to a sustainable future". (USAG1)

Another type of alliance would be NGOs teaming up with SRI investment firms:

> "An SRI investment firm will often work very closely with an NGO such as Amnesty International, Rainforest Action Network. So the NGO may have the expertise on a particular human rights or environmental problem that involves corporations and the investment firm has the shareholding stake in the companies in question". (USASRI)

Nevertheless, the State Department organizes some dialogs on international CSR issues that include various stakeholder groups (USAILO; USAPDS; USAPDOL):

> "We do outreach with various stakeholders about CSR: series of workshops and roundtables, various panels with experts from NGOs, trade unions, from the business community, from chambers of commerce, foundations, academies, to talk about CSR-related issues." (USAPDS)

USAPDOL highlighted three initiatives that take a multi-stakeholder approach in international labor rights issues: the Apparel Industry Partnership, which was initiated by the White House in the 1990s, the Cocoa Initiative which deals with child labor issues, and the agriculture consultative group which discusses best practices for eliminating child and forced labor in supply chains (USAPDOL).

Stakeholder consultations rather take place in the context of policy-making processes, where public comments on proposed regulations are taken (USAEPA2). In particular when regulating contentious environmental issues, the EPA tries to build consensus and work together with companies (USAEPA1).

> "There is a lot of thinking about how we can work together, and if there is a barrier, companies will come to us and say: 'listen, this rule is preventing us from being innovative, how can we change it?' And then we - it´s not easy - but we will work from that" (USAEPA1)

Policy advocacy alliances

Advocating for policies that foster responsible corporate behavior plays a vital role in the US (USASRI; USAG2; USAG1; USANGO1; USAW2; USANGO2; USAPDC). Examples of policies that were heavily lobbied for by NGOs are for instance the Foreign Corrupt Practices Act and the Dodd Frank Act (USAPDC); USASRI).

Civil society organizations such as the US SIF, the BlueGreen Alliance, Ceres and others regularly use policy advocacy to advance the policy framework for CS. On the one hand, they engage with policy-makers themselves and publish their policy positions, and on the other hand, these organizations reach out to their members, partner organizations and the public "to get them onboard, get them to sign on to a particular policy position". (USAG2; USANGO1)

> "We, day to day, are looking very closely at what legislative initiatives can move, […] And we then campaign around those, so we get people to talk to their Congress men and women, talk to their senators, be active at the state legislature, to sign competitions, sign letters […] We are also talking to the White house weekly, about how we can work together". (USANGO1)

Policy advocacy is also conducted in larger coalitions (such as the "Americans for Financial Reform" coalition for example) that bring together different societal actors (USASRI).

US interviewees particularly underlined the importance of building alliances with businesses when advocating CS policies (USANGO1; USANGO2; USAG2):

> "If you want a regulation in place, you have got to have somebody who says: This is not going to put me out of business, this is not going to lose jobs, this is going to be a good thing […] EDF also interacts with big companies for policy advocacy, where

we´re trying to bring them to the table to help us advocate for policy change." (USANGO2)

In the context of its broader Corporate Sustainability Program, Ceres, for instance, has launched a network called "Businesses for Innovative Climate and Energy Policy" (BICEP), which is a coalition of companies that is committed to working on climate and energy policy and enter a dialogue with policy-makers, etc. (USANGO1)

Independent monitoring

A "growing distrust in business" (USAUNGC) has triggered increased public awareness of CS issues in the US (USANGO1; USASRI; USAWNGO).

To check and monitor if and how companies manage corporate sustainability issues was considered an important part of many American environmental and workers' organizations activities (USAG2; USAPDC; USAWNGO; USAILO; USAG1). NGOs in the US both employ independent monitoring and naming and shaming mechanisms by publicly criticizing bad corporate practices:

> "NGOs will monitor companies and they will publish their own reports. Now the difference with the NGOs is that they cannot punish or impose any sanctions on these companies. However, they can actually act as watchdogs by reporting on it and publicize it to others." (USAPDC)

Naming and shaming mechanisms

Naming and shaming mechanisms usually target large companies, traditionally in the extractive industries, apparel and footwear sectors, and increasingly also in the electronics and food industries (USAILO).

Holding companies accountable can take the form of researching and producing reports that reveal critical issues (USAPDS) or launching direct campaigns against certain companies (USANGO2). Organizations that were named as exemplary for taking successful direct action against irresponsible corporate behavior are 350.org (USAG1; USASRI) and Greenpeace (USANGO1).

The importance of social media for monitoring CS

Interviewees highlighted the importance of the internet, and social media in particular, for independent monitoring of corporations:

> "A company operating in one part of the world makes a big mistake, 30 seconds later everyone in the world knows it." (USAEPA1)
>
> "What has really moved the ball forward is just the digital age, the fact that you can run but you cannot hide."(USANGO1)

Policy recommendations: strengthen multi-stakeholder dialog on CS

Several experts stated that the use of multi-stakeholder networks should be expanded in order to foster CS:

"Domestically I think that is an area we are still weak in. And I think we could definitely benefit by building new linkages with NGOs, with Universities, with the government." (USAPDC)

"One step needed to advance sustainability is much more collaboration with business, government and NGOs. […] I think you have to have mechanisms to bring these groups together" (USAEPA1)

14.3. India

14.3.1. Metagovernance

Proactive approach to CSR and sustainability

Several interviewees agreed that the Indian government's approach to CSR and sustainability has taken a more strategic direction particularly during the past five to ten year (IPMOEF; IPMCA; IWNGO; IILO; ISRI). Partly due to a loss of trust in the private sector, corporate responsibility issues have gained momentum on the political agenda (IPMCA; IPGIZ; IPIICA; IWNGO).

In order to develop a more coherent framework for corporate responsibility the government has sought to bundle policies on CS (IPGIZ; IUNGC; IWNGO):

"There were laws which were isolated, so you would have a law on labor that acted in contradiction to a law in environment for instance. Then the government said: How can we combine all these things to a new policy vision? […] And everything is now being converged into one page by this overarching law." (IUNGC)

This has happened, on the one hand, by establishing the IICA as a central institution in charge of business responsibility (IWNGO). On the other hand, a bilateral cooperation project between GIZ and the IICA was set up with "the objective to foster and mainstream a common understanding of CSR in India" (IPGIZ).

However, this political alignment seems not to have full external visibility yet, as the statement of INGO2 proves:

"There is not a kind of a structured policy, […] the big understanding, the big picture is not there." (INGO2)

In addition, government aims at making the public sector leading by example: For instance, public sector enterprises have been required to "implement both CSR and sustainability development" (IUNGC). Policy instruments like the NVGs and the Companies Bill stipulations on CSR spending were preceded by similar policies which exclusively targeted public sector enterprises.

Dynamics of the policy mix: ratcheting-up of standards and diversification of policy instruments

A ratcheting-up of standards has been observed by some of the interviewees, particularly with regard to emissions standards and land acquisition issues (IPMCA). At the same time, there has been an evolvement from pure command and control regulation towards new modes of governance (IUNGC; IWNGO; IPIICA; IPMCA; IW1): Whilst for decades the government confined itself to regulating consumer, labor and environmental issues, it has recently employed a wider range of instruments, including stakeholder dialog and guidance on good corporate behavior (IPMCA). Though hesitantly, more market-based requirements have been introduced as well (IW1).

> "It is very interesting that regulation does not necessarily mean that there will be excellence of behavior, it can ascertain the minimum, but it cannot guarantee the top. So, government did realize that the businesses have to be notched softly, but they have to be told definitely to be active partners in the story of development, not only growth, because challenges are simply too big for India." (IPGIZ)

Interviewee IPIICA described the governmental approach as "push and pull", indicating that the governmental framework aims at enabling companies to take responsibility, while also formulating clear expectations, and including regulatory elements (IPIICA).

At the same time as regulatory policies are complemented by voluntary elements, several interviewees stated that these soft policies are the starting point for a 'hardening of policy' (IPMCA; INGO2), "going from the voluntary guidelines to a more mandatory logic" (INGO2).

Policy recommendations: combining voluntary and mandatory approaches, strengthening regulation on industrial pollution and land acquisition

Interviewees from business associations highlighted the potential effectiveness of voluntary policy schemes in the 'shadow of hierarchy':

> "Rather than making a law, you could make certain policies which are voluntary in nature, and you give industry time to practice it around, and if this voluntary thing is not solving the purpose, then a law would be made." (IW1)

Debating mandatory versus voluntary measures, several interviewees also advocated the combination of these two approaches (IPMCA; IPIICA; IWNGO; IPGIZ):

> "There is a trust deficit as far as the business sector is concerned, and that is why certain things have to be mandated. But when you want to get something going in India, you have to come up with an iron fist with a silky touch. […] you have to incentivize people, and you also have to do a change in mind shift." (IWNGO)

IWNGO and IUNGC emphasized that, while the threat of sanctions is an indispensable tool, they should be combined with incentives and awareness-raising at the same time:

> "When you have to get something going in India, you have to come up with an iron fist with a silky touch…" (IWNGO)

With regard to different aspects of business responsibility, some interviewees stressed that certain issues should be (re-)strengthened on the political agenda, including the issues emerging around land acquisition (IPMOEF), the problems of industrial pollution, which have been overshadowed by energy and climate change policies (INGO3), and labor law revisions to modernize the labor policy framework (INGO1).

14.3.2. Hierarchy

Comprehensive regulatory framework on environment and labor

The majority of the experts emphasized the vast abundance of environmental and social regulations in India with command and control regulation forming the basis (INGO1; IILO; ISRI; IPMCA; INGO3). Per se, the command and control regulations that are in place in India are perceived as comprehensive and fairly advanced:

> "We have very good environmental laws for example in India that have also been successful in stopping or delaying corporate projects" (INGO1)

The following regulations were highlighted as being particularly relevant:
Interviewee IPMOEF stressed the importance of the Environment Protection Act from 1986 along with the Forest Conservation Act, the National Lake Conservation Directorate and the River Conservation Directorate which primarily aim at the conservation of natural resources (IPMOEF). Pollution control policies that aim at businesses more directly, like the Water Pollution Act and Air Pollution Act, were mentioned by several interview partners (IPMCA; IPMOEF; ISRI; INGO3). Land ownership, tribal rights, forestry and wildlife issues arising from land acquisition are mainly addressed through environmental clearance processes combined with social impact assessments (IPMOEF; IPMCA).
With regard to recent climate change policies, the 'National Action Plan on Climate Change' and its eight missions were emphasized (IWNGO). IPMCA described the continuous upgrading of emission standards (IPMCA).

With regard to labor regulations, the Fair Wages Act, the Child Labor Act, safety and hygiene laws were mentioned as being important (IUNGC; IILO; INGO1). Labor inspections are conducted at various levels, and an e-governance initiative ensures that employees are registered (IW1; IPMCA). Furthermore, affirmative action policies apply to public companies, where a certain percentage of jobs have to be reserved for members of scheduled castes and tribes (INGO2).
An overarching problem related to labor regulation is the fact that federal labor laws basically do not apply to the vast majority of the workforce (IILO; INGO2; INGO3; INGO1). This has three major reasons: First, regulatory responsibilities for labor issues are shared between the central government and the state government, which means that if certain central labor laws are not extended to the states, this leaves regional workers in fact unprotected (IILO). Second, over 90 % of the economic activities in India take place in the informal economy, to which the formal labor laws do not apply (IILO; INGO2). Third, contract work has become a significant problem in the Indian market (IILO; INGO2; INGO3): While regular employees enjoy a range of social security benefits, contract workers are excluded from these rights (IILO; INGO3).

Weak enforcement and non-compliance

Despite this myriad of environmental and labor regulations, the actual problem is that they oftentimes lack enforcement. The implementation of these laws in India was perceived by the vast majority of interviewees as largely insufficient (IILO; INGO3; INGO1; INGO2; ISRI; IW1; IWNGO; IPMOEF; USAEPA1):

> "This country has more laws that you can count, it is just how they get imposed, and the art of living in India is how to get around them."(INGO2)
>
> "We have all the laws but the implementation is so bad - nobody checks" (IWNGO)

Interviewees mentioned several reasons for these deficits:

First, power imbalances and the prioritization of economic growth keep regulators from enforcing laws vis-a-vis larger companies (INGO3; INGO1):

> "Powerful industries can just circumvent all the rules and laws […] industries are considered as wealth generators and employment generators. So no state government wants to harm their industries." (INGO3).
>
> "The biggest challenge for the Indian government would be that they, on the one hand, want the investment, especially from foreign companies, and therefore have to provide incentives. And that that very often does not go hand in hand with meeting social or environmental criteria." (INGO1)

Second, capacity problems lead to insufficient monitoring mechanisms (IPMOEF; INGO1; IILO; INGO3):

> "Regulatory bodies are under-staffed. In the last 20 years, India has grown at such a fast rate, but the regulators are very few, and they are not even trained well." (INGO3)

Third, bureaucracy and corruption among regulators hinder proper implementation (IILO; INGO1; INGO3).

Finally, the huge number of SMEs and the prevalence of the informal sector in India are further challenges for the implementation of environmental and labor laws (IWNGO; IPMCA):

> "The number of business entities in the unorganized sector would be about maybe 3 million or so. So how do you reach across to these unregulated entities?" (IPMCA)

One consequence of non-implementation is that the relationship between CSR and the law becomes altered:

> "Normally CSR would be anything that is going beyond the responsibilities that you have according to the law. And here the law is being flouted in any manner, and they try to compensate with CSR. And this is not why CSR is being created."(IILO)
>
> "There is so poor compliance. I have seen whole presentations by companies on their CSR work and it is just 100 percent compliance."(INGO2)

Mandatory CSR spending controversially discussed

The interviewees controversially discussed the Companies Bill (now Companies Act) which includes the requirement for private businesses to spend 2 percent of their profits after tax for CSR (IPIICA; IPGIZ; INGO1; INGO2; INGO3; IUNGC; IWNGO; IPMCA). Previously, in 2011, the public sector enterprises undertakings (PSU) had already been mandated to spend a certain amount of their profit on CSR in the context of the DPE guidelines for PSUs. In the view of several interviewees, this push on the public sector functioned as a pilot phase for the private sector (IUNGC; INGO2; IWNGO).

The unusual measure of mandating private CSR initiatives was mainly rooted in dissatisfaction with many voluntary CSR engagements, which were perceived as ineffective and non-transparent (IUNGC; IPIICA; IPMCA; INGO3). Since the Indian government grants tax abates for donations and charity activities, these concerns had also a financial angle: while a 2011 government report showed that a significant amount of tax debates for donations had been granted, these figures stood in sharp contrast to the perceived ineffectiveness of private civic engagement (IUNGC).

In order to address this lack of transparency and increase the effectiveness of corporate giving, several measures have been decided upon under the umbrella of the new legislation:

- First, the Bill calls on companies to follow a more strategic approach by requiring them to analyze the status quo and develop a “CSR plan”, which lays down concrete measures, a timeline and the budget allocation for these projects (IUNGC; IPIICA).
- Second, it requires firms to appoint a board member who is responsible for overseeing the company´s CSR (IPIICA; IUNGC).
- Third, companies are required to submit an annual report on their CSR activities (IUNGC).
- Finally, “there must be a third-party evaluation of the program implementation” (IPIICA).

CSR initiatives which will fall under this regulation are characterized by the IICA as follows:

> “One stream is about the development of this country, whether it is roads, schools, hospitals, health, flood relief, malnutrition, disaster management […] So any contribution to development will be part of your 2 percent of CSR. Stream two is environmental sustainability. You build a solar energy plant, whatever contributes to climate protection or preservation of the ozone layer, all that will also be debitable to the 2 percent.” (IPIICA)

Among the non-governmental interview partners, several were rather skeptical towards the Companies Bill (INGO2; INGO3; IWNGO; IW1), Since measuring CSR in monetary terms implies a definition of CSR as philanthropy, it might undermine the convergence of the CSR and sustainability concepts (IWNGO; INGO2):

> “CSR is linked to strategy. So, it is got to be embedded at all points of the value chain. How do you separate what is CSR spending and what is not? […] If you are thinking of sustainability in a larger context, if you are making a choice to invest in a new production site, does the extra-money that you spend count towards the CSR budget? In the end, you cannot legislate strategy.” (INGO2)

Other governance actors were concerned that the mandatory approach might impede innovation, or might lead to Greenwashing or fraught (INGO2; IWNGO; IW1).

Compulsory CR reporting for top listed companies

The recent SEBI regulation that requires the top 100 listed companies at the two big Indian stock exchanges (BSE and NSE) to report on CS was mentioned by nearly all of the Indian interviewees (IPIICA; IPGIZ; INGO1; INGO2; INGO3; IW1; IWNGO; IPMOEF; IPMCA; ISRI; IUNGC). SEBI, constituted as the regulator of capital markets in India, has mandated the inclusion of business responsibility reports as part of the annual reports following the disclosure framework of the NVGs. This means that companies will have to provide a statement or a report on each point of the guidelines (ISRI; IPGIZ).

Nearly all of the governance actors expected this regulation to have positive effects by raising awareness and increasing the level of CS reporting:

> "The impacts will be much more concrete, and the potential much more positive than anything that the government can do. Because SEBI is a professional body to the companies, and therefore, (1) they have to do it and (2) they are seen as much more justified in doing something […] The SEBI requirements should make a difference." (INGO2)

Policy recommendations: better enforcement of existing laws; motivate companies to engage in CSR without curbing innovation

Given the weak enforcement of regulations and widespread corporate non-compliance, some governance actors questioned the effectiveness of command and control regulations, thereby justifying their preference for alternative policy instruments in the realm of CS (IW1; IPGIZ; IWNGO).

> "The moment you make a law you are going into a command and control regime; and if the enforcement of that law is weak, then there is not going to be any change, […] so, if you make a law on sustainability, it is not motivating anybody." (IW1)

Critics also highlighted that the motivation for companies to engage CSR should be business case opportunities rather than legislation (IWNGO; INGO2).

Others – particularly NGO representatives – insisted on the importance of regulatory instruments, and stressed the relevance of (1) better enforcement with regard to existing labor and environmental legislation, and of (2) mandatory CS policies reflecting the conceptual difference between CSR and Corporate Accountability (INGO1; INGO3):

> "A big task for the Indian government is to protect human and environmental rights - by implementing the laws that it already has. […]. Coming from a civil society organization that believes in corporate accountability rather than in CSR, I would of course like to see that they [CSR policies] are in some form mandatory or that social and environmental reporting is mandatory and not optional." (INGO1)

Reporting requirements were, indeed almost unanimously, seen in a positive light:

> "Let´s forget about the CSR spending aspect, disclosure is something that is very important." (IWNGO)

14.3.3. Market

According to several interviewees, Indian companies have only recently started to discover the role of CS for market opportunities and risk management (ISRI; IWNGO; IW1). Experts from a business association emphasized that "those companies which are realizing it fast will be the leaders in the 21st century" (IW1). Yet, both market-based policy instruments and non-state market-driven governance instruments are still rare in India: The Indian government has so far been rather reluctant to use market-based policy instruments that would provide financial incentives in the field of CS (INGO3; INGO2; IGIZ; IPMCA; IPMOEF; IPIICA), the market for SRI is still in its infancy, and "sustainability labels in India are still to arrive" (IW1).

Pilot trading scheme for energy use

While companies have the possibility to participate in international emissions trading schemes, there is political reluctance to introduce a national market for carbon emissions (IPMCA). Nevertheless, the government recently launched the Perform, Achieve and Trade scheme which aims at energy-efficiency and follows a similar approach:

> "The companies have a certain baseline, if one company is below the baseline, they get money for the savings, and another company is exceeding it, so this company will have to buy from the other one. This is very recent, it is in a pilot phase right now, I think with 400 energy-intensive companies." (IW1)

Hesitant fiscal incentives for renewable energies and CC

Subsidies and tax incentives are mainly used for promoting renewable energies and energy-efficiency in the context of the Indian National Action Plan for Climate Change (IPMCA; INGO3; IWNGO). Fiscal incentives are also available for environmental pollution control equipment (IPMOEF; INGO3). Yet, some interviewees were afraid that the effectiveness of these subsidies might be undermined by corruption and short-term interests (INGO2; INGO3). The experts were similarly critical of tax abates for corporate citizenship because they might not suffice to incentivize companies (IPMCA; IUNGC). With regard to environmental taxation, INGO3 mentioned charges like the 'water cess' and the 'coal cess', the latter aiming at promoting clean technologies. However, these charges are still too low to really incentivize companies to save scarce resources (INGO3).

Plans to introduce sustainable public procurement

In contrast, sustainability-based public procurement standards were perceived by several experts as a potentially highly effective instrument (IILO; IWNGO; IW1):

> "Unless until all procurements are based on sustainability rather than the lowest cost, you are not giving that impetus it requires" (IWNGO)

Standards for sustainable public procurement that are currently being introduced are the 'Green Procurement Guidelines' for the public sector and the National Public Procurement Law that aims at improving transparency and fighting corruption:

> "One of the agenda points of the 12th five-year plan is sustainable public procurement, shifting from the L1, the lowest cost aspect to more sustainable aspects. Interestingly, some of the public-sector undertakings are opening up to it." (IWNGO)

Labelling scheme for energy-efficiency

Another example of market-based policies that focus on energy-efficiency is the "star labelling system", which is a rating scheme that ranks products depending on their energy-efficiency. IW1 argues that this instrument has been successful in raising consumer interest:

> "The thing with the star rating is actually a massive success in India. […] If you can monetize that you are being environmentally-friendly, there is definitely going to be consumer take-up for it." (IW1)

Interviewees agreed that responsible consumerism "is yet to arrive in India" (IW1; ISRI; IWNGO). However, the representatives of business associations, in particular, were optimistic that the growing public awareness of sustainability is going to translate into consumer demand for more socially and environmentally responsible products in the next five or ten years (IW1; IWNGO).

High number of awards

Sustainability awards are fairly widespread in India (INGO3; IW1; IWNGO; ISRI; INGO2). Although awards are "in most companies today still seen as an add-on" (INGO2), in general, "the corporations have become hungrier for recognition" (INGO3).

Interviewees mentioned that "the government will set up a national award to recognize and create visibility about companies that are doing a good job. So incentives are inbuilt" (IUNGC; IPMCA). Awards are not only given by the government, but also by private and civil society organizations; in particular, industry associations have employed this approach vastly (INGO3): The industry associations CII, FICCI, ASSOCHAM have CSR award schemes which include sustainability rankings (IW1; INGO3; INGO2). Teri, as well, awards companies for outstanding sustainability initiatives (IWNGO). NGOs have award schemes as well: for instance, CSE gives the Green Leaves Award in the context of their environmental performances ranking (INGO3).

With regard to the effectiveness of sustainability/CSR awards Indian interviewees had mixed opinions: The "branding and visibility" effects of awards were considered to be an incentive for firms, potentially triggering learning processes and innovation (IW1; IWNGO; INGO2):

> "No matter how they perform, we do actually give them feedback, we tell them the good points and the negative points, […] and the trend which we have seen is: Once they apply for it the next year, we actually do see an improvement." (IW1)

> "My approach is very pragmatic […] the more questions you ask, the more you trigger thought. […] There is two parts: there is an educational aspect to it, and then there is the aspect of who is winning. If companies want that - and I guess that showy kind of thing is very important in the Indian culture - who cares? It is driving the thing!" (INGO2)

On the other hand, NGOs questioned the independence and reliability of these awards. Also, the sheer amount of awards that are given creates an impression of arbitrariness, and some private award-giving organizations in India were considered to lack credibility as participating companies will have to pay a fee (INGO3; ISRI). In addition, industry associations might have conflicts of interest when awarding companies, either because of personal interrelations or business interests. Most importantly, INGO3 criticized that many award schemes lack scrutiny in their assessment of companies' sustainability performance which creates "a lot of false recognitions" and "Greenwashing":

> "They are giving an organization an environmental excellence award. But when you go and check their documents, we find that most of them are not complying with norms. […] So they just give an award, without really going into the detail assessment of the documents." (INGO3)

This is why INGO3 considers only those awards as reliable which are based on independent assessments – those are, however, very few, because of funding problems (INGO3).

SRI in its very infancy

In contrast to the dynamics of SRI in the American or European context, there is no significant SRI movement so far in India (IPMCA; INGO3; INGO2; INGO1; IW1).

> "The emerging markets are still kind of becoming SENSITIVE to this issue. I would not say that they have begun to practice it. I do not see that they have really entered into the investment practices." (ISRI)

Since the stock market is still a very new phenomenon "there is TREMENDOUS pressure on the fund managers to give them [the investors] quick returns" (ISRI). While large institutional investors play a major role for SRI in the Western context, they are not (yet) driving the SRI market in India (INGO2; ISRI)

> "In India, the TREND of social investing in my view is not going to come from these guys, unless and until there is a regulation saying that you have to do that, simply because they will still be driven or pushed to seek short-term rather than long-term returns." (ISRI)

However, most of the experts also agreed that SRI is likely to be a driver in the future. The above mentioned SEBI regulation on ESG reporting and the creation of the first national Indian ESG index were considered first steps towards a SRI movement (IUNGC; IW1; INGO2; IPGIZ; ISRI). Linking sustainability and financial decision-making will become easier when integrated reporting and value-based measurement of sustainability practices will gain momentum in India (IW1).

International investors, on the other hand, are expected to trigger increasing interest in the SRI market. Foreign institutional investors (FIIs) who are coming into the Indian market are "setting some kind of a trend, because in many cases their mandate is that a certain amount of fund has to be invested in socially responsible companies" (ISRI; INGO3):

> "[…] a lot of foreign investment is flowing into the economy, […] particularly with respect to FII, foreign institutional investors, very large pension funds or large institutional funds from the West started investing in the Indian equity market. In MANY cases, these FIIs were interested in investing in THOSE companies who have better environmental, social and corporate governance practices." (ISRI)

Sustainability criteria for bank loans

The interviewees who considered SRI as being already a factor in India mainly referred to (national and international) bank loans (IPMOEF; IUNGC; ISRI; IPGIZ) and international investors (INGO1; IPMOEF).

Certain bank loans have recently been linked to sustainability criteria, especially safety issues and environmental issues, and the disclosure of sustainability information (IPMOEF; IUNGC).

Both the Indian government and international organizations are trying to foster this development: While the Ministry of Finance requires banks to include environmental and social criteria (ISRI), the UN initiative UNPRI, in cooperation with the Indian UNGC network, has worked on convincing banking and financial institutions to support companies which are scoring high on sustainability through priority lending and better rates of interest (IUNGC). Also, international ethical investors of multinational companies operating in India have “to check what the company is actually doing here and whether it is in line with their requirements” (INGO1).

First Indian ESG index

International investors also played a role in triggering the development of the first ESG index for Indian companies which was launched in 2008, since for foreign institutional investors, “it was very difficult to find ANY research happening in this area” (ISRI). The IFC (International Finance Corporation), a member of the World Bank Group, supported the creation of this ESG index which is piloted in India and could be a model for the emerging markets (ISRI). In contrast to many other ESG indices, which are mainly based on questionnaires, the Indian ESG index is exclusively based on public information, such as sustainability disclosure and media coverage (ISRI).

The index aggregates the public information on the top 500 companies listed on the Indian national stock exchange through a screening process focusing on corporate governance, environment and social factors. The 50 companies that score the highest in this ESG screening and meet certain liquidity criteria were picked for inclusion in the index (ISRI).

Interestingly, “since June 2009 onwards, the ESG India index has started outperforming NIFTI [the NSE`s benchmark index].”(ISRI) Yet, ESG indices provide benefits rather in the media- to long-term, which is why “we still have not seen too much of commercial success to our ESG India index till now” (ISRI).

Supplier codes of conduct

As India is getting more closely engaged with the global economy, international supplier codes of conduct are becoming particularly important for Indian SMEs (IPGIZ; IW1; IWNGO). These codes usually reflect international standards:

> “A lot of our Indian SMEs are also part of the supply chain of international buyers - so increasingly, the companies which are following international voluntary standards are asking their suppliers to comply with these standards.” (IPGIZ)

But also multinationals’ subsidiaries operating in India and some big Indian companies apply codes of conduct to their supply chain in India (IW1; IWNGO).

> “Big companies are doing this so-called socially responsible supply chain, it has started with the multinationals, like for example Wal-Mart coming to India and if you want to become a Wal-Mart supplier you have to disclose what are the minimum wages, etc.” (IW1)

At the same time, the proliferation of different codes of conduct can pose significant challenges to small suppliers (IILO; IPMCA).

Policy recommendations: further exploration of incentive-based policies

Although incentives are not widely employed so far (INGO2), they were perceived as a promising instrument and should be further explored with a view to CS (IPIICA; IW1; ISRI; IWNGO) However, opinions varied with regard to the form of incentive: Some experts argued that 'getting the prizes right' and abolishing counterintuitive subsidies would trigger more systemic change:

> "Because energy is a cost, companies are getting aware. But in terms of air pollution, water pollution and solid waste disposal, they are very poor in their management. As long as it is not prized or is expensive, they waste it."(INGO3)

Other experts advocated for "non-financial incentives, for example fast approval of projects or recognition systems" (IPGIZ).

14.3.4. Network

Co-and self-regulatory approaches in India that fall into the category of the network mode of governance are mainly concerned with disseminating best practices and shaping the CS policy agenda. Although classical multi-stakeholder initiatives are still rare, several experts stated that a change towards stakeholder involvement is slowly taking place (IW1; IUNGC; ISRI; INGO1; IPMCA).

Voluntary guidelines on business responsibility, awareness raising and capacity building

Raising awareness was considered a crucial aspect by several interviewees in order to mainstream the 'modern' understanding of business responsibility (IWNGO; IPGIZ; IPIICA; IPMCA; ISRI).

However, with the exception of CSR circulars issued by the MOEF, and the MCA's Voluntary guidelines on corporate governance, the Indian government has no long tradition of using persuasive policies in the field of CS (IPMOEF; INGO3; ISRI). Thus, the 2011 National Voluntary Guidelines on Business Responsibility (NVGs) represent a rather new approach (IPMCA; IPIICA; IPGIZ; IUNGC; IWNGO; IILO; INGO1; INGO2; IW1). From a government point of view, the NVGs have several functions:

- to clarify and concretize government`s expectations towards businesses (IPIICA; IPMCA; INGO2),
- to function as an overarching reference point for other CS policies and thus foster a cohesive policy framework (IPGIZ; IPMCA),
- to raise awareness among all types of companies and mainstream a common understanding of business responsibility based on the triple-bottom-line approach (IPGIZ; IWNGO; IPMCA; IUNGC, INGO2), and
- to function as a template for a standardized disclosure framework on CS that increases the comparability of corporate sustainability reports (IPMCA; INGO1; IPGIZ; IWNGO).

In summary, governance actors have welcomed the issuing of the NVGs as a promising trend – although some NGOs would suggest more concrete guidance on their implementation:

> "I think the guidelines are really the most far-reaching step that the Ministry of Corporate Affairs has done so far, and I would also congratulate them to issue these guidelines. […] But what we would like to see from the government or especially the Ministry of Corporate Affairs or the IICA, is to give a little more guidance for companies on how to really implement these guidelines." (INGO1)

Awareness of the guidelines is intended to be spread widely, using advocacy and capacity building in the form of trainings and workshops. In order to facilitate this process, intermediary organizations are supposed to act as catalysts (IPIICA; IPGIZ; IPMCA):

> "The idea is to engage with multipliers: financial sector, government, business associations and industry chambers, media, consumer groups, educational institutions, international community and civil society organizations […], they need to be trained and made aware of. […] so, it is advocacy and engagement with these constituencies, also building capacities, creating trainings on NVGs, and reaching out to businesses through these multipliers." (IPGIZ)

Consultancy and trainings

Many interviewees highlighted the rising importance of trainings, capacity-building and consultancy on CS in India and gave examples of their own organizations' activities in this realm (INGO2; IW1; IWNGO; IUNGC; INGO3; IILO; INGO1).

The NGO PiC, for instance, has started consulting companies by doing impact assessments, providing CSR strategy advice and toolkits for CSR implementation (INGO2).

> "We are functioning more and more like a not-for profit consultancy for companies." (INGO2)

Teri disseminates the outcome of its research projects through capacity building workshops, training programs, and seminars (IWNGO), and the industry association CII offers its members consulting and trainings on sustainability reporting, management systems, assurance, ISO 26000, and the implementation of the NVGs (IW1). In contrast, the NGO CSE offers training programs that are mainly targeted at regulators (INGO3) and Cividep conducts workshops for unions and NGOs on such topics as the UN Protect, Respect and Remedy framework (INGO1).

Training and the dissemination of information and best practices among companies were highlighted as the most important strategies to promote CS – particularly by those experts representing business associations and networks (IW1; IUNGC).

Best-practice sharing, research and information sharing

Facilitated by business associations and networks, there is a range of corporate-driven forums that allow the exchange of best practices among businesses (INGO1; IUNGC; IWNGO; IW1; IPMOEF). Teri, for example, regularly organizes a big sustainability forum, the World CEO Sustainability Summit (IWNGO).

Several interviewees described the provision of research results as one of the most

important tools to foster CS in India (IWNGO; INGO2; INGO1; IW1; INGO3).
Activist NGOs, such as CSE and Cividep, conduct research that primarily aims at informing the public or policy-makers about corporate irresponsibility (see above on naming and shaming mechanisms) (INGO1; INGO2), while business-oriented NGOs and industry associations primarily conduct research projects in order to provide companies with knowledge on CS (IWNGO). The industry association CII aims at generating awareness among their members through publishing research papers that anticipate trends in CS (IW1), and the NGO PiC conducts surveys and studies on key topics like human rights, the state of CSR in different sectors. (INGO2). In order to disseminate the respective information, the organizations do a lot of outreach using media and social networking tools, conferences, publications and newsletters (IUNGC; IWNGO; IW1; INGO3).

Voluntary commitments

Voluntary agreements between government and industry were rarely mentioned in the interviews. The 'Corporate Responsibility for Environmental Protection' scheme ('CREP') under which companies commit themselves to higher environmental standards was seen rather skeptical by interviewee INGO3 who questioned its effectiveness:

> "Companies only show a good picture under CREP for their environmental performance, whereas they really do not show the real situation […] still now, many companies have not complied with their own self-regulation commitment. […] all the industries have signed it off, but they are not really meeting that." (INGO3)

Another voluntary commitment scheme is established in the context of environmental clearance processes for land acquisition, where "industries are asked to voluntarily earmark a certain amount of their project costs every year for addressing social problems of the community as a part of the CSR" (IPMOEF). However, "the commitments that have been coming from the industry have not been very forthcoming" (IPMOEF).

Partnerships

While more activist NGOs like CSE usually avoid partnering with companies in order to maintain their impartiality (INGO3), business-NGO partnerships are mainly established for implementing CSR projects on the ground:

> "If companies are doing work on the field in the communities, there is a real logic for them to partner." (INGO2)
>
> "In many cases corporates in fact have started partnering with them. Supposed they want to do something for the community, rather than they doing it, they actually partner with the NGO, so the money is given to the NGO and then the NGO drives the company's agenda" (ISRI)

This partnership approach is also supported by the government, as it is considered to provide more reliable results when it comes to implementing corporate citizenship projects:

> "We tell corporations: Please outsource CSR, to NGOs, civil society organizations, academic institutes... But for heaven´s sake, do not do it yourself (laughs), that is why NGOs and civil society organizations are so important: without them the CSR job will never get done." (IPIICA)

However, business-NGO partnerships suffer from the fact that the “idea or stereotype of ‘business is bad’ is quite prevalent” (INGO2) in India, which is why PiC offers guidance for NGOs on how to work with companies (INGO2).

While NGO-business partnerships do not yet seem to play a similar role as in the US and Germany, several interviewees highlighted the considerable potential of such cooperation and consultative approaches (INGO2, IW1):

> “I think that is where the NGOs can play a major role, that they can create more pro-active sort of behavior, they can say that ok, let´s go from the mentoring side, let us give them solutions”. (IW1)

Multi-stakeholder policy networks and consultation processes

In addition, experts from various stakeholder groups were directly involved in drafting the NVGs by participating in a guidelines drafting committee, “bringing in the viewpoints of companies, private and public, even multinational, as well as the NGOs, the chambers, the government” (IPGIZ). In the development process of the disclosure format which is based on the NVGs (see above), this committee then was reconstituted as disclosure framework committee, including an additional expert from the GRI Focal Point in India (IPGIZ). The committee included amongst others experts from CII, Teri, and the former chief executive of PiC, who welcomed the multi-stakeholder approach (INGO2; IWNGO; IW1):

> “For a change, they deployed an inclusive process, and it was not the government´s bureaucrats who were telling how others should act, but they were creating committees from corporate, from civil society, in order to understand the elephant.”(IWNGO)

Apart from this particular policy network, stakeholders are asked to provide input and their own perspective in different committees on CS policy issues (INGO3).

In the development process of several CS policies stakeholder consultations took place. Interviewees mentioned particularly the cases of the NVGs, the Companies Bill, and the environmental impact assessments (IPMOEF; IPMCA; IUNGC; IW1)

> “The Company Bill and the NVGs, these were thoroughly debated, and they have taken a lot of time, and there was a lot of consultation which happened between the government and private sector, industry chambers, Global Compact, so all the key stakeholders were called, and a very long and deep consultation took place.” (IUNGC)

> “For example the environmental impact assessment notification 2006 came about after two year consultative process, involving everybody; all stakeholders were invited, from the other ministries of the central government, the state governments, the industry organizations, to NGOs.” (IPMOEF)

In the context of the NVGs, the multi-stakeholder dialogue played a particularly important role as it was the basis for formulating a common understanding of business responsibility (IPGIZ; IPMCA; IPIICA):

> “The idea was to start a multi-stakeholder dialogue to encapsulate the principles and elements of this common understanding, which will then of course be reflected in a national framework. And the NVGs is the culmination of the dialogue” (IPGIZ)

The consultations included a wide range of stakeholders,

> "from every possible group, from large businesses, small businesses, sector-specific businesses, government stakeholders, chambers, NGOs, financial institutions, stock exchanges, so the entire spectrum of stakeholders was represented in this process, even the international stakeholders, a large number of multinationals participated; we took feedback from OECD, and from some of the international NGOs" (IPMCA).

In addition to form a basis for the common understanding of business responsibility, the consultations with various actors served to "find out with them what are the bottlenecks and how can they be overcome."(IPGIZ) Furthermore, participants of the stakeholder dialogues are built up as multipliers and role models: "the idea is be also to strengthen the existing or potential leaders or institutions in this cross-section of constituencies." (IPGIZ)

Apart from this, governance actors are brought in on specific topics: for instance, different stakeholders were involved in the environmental part of the Planning Commission's development of India´s 12th five-year plan (IW1).

With the exception of the multi-stakeholder CSR policy networks recently established by the government, formalized multi-stakeholder initiatives that would regularly bring together corporate and civil society actors are not common in India (INGO1; IW1).

However, private governance actors increasingly make efforts to establish a dialog between different stakeholder groups about CS (IW1; IUNGC; ISRI; INGO1; IPMCA). Some industry-specific multi-stakeholder forums have been established, for example a garment sector roundtable and a working group of NGOs, brand companies and suppliers that discuss the improvement of working conditions. (INGO1). The local Indian UNGC network arranges round tables and workshops in order to bring together the private sector, civil society, academia and NGOs (IUNGC), and Teri, as well, understands itself as a forum for exchange of ideas between stakeholder groups (IWNGO).

Policy advocacy

Several interviewees referred to policy advocacy as being used to influence the CS policy framework (IPMOEF; INGO3; IWNGO; IW1; INGO1; IUNGC), with industry associations and business networks seeming to be more proactive in this field than NGOs (INGO1; INGO2; INGO3; IWNGO; IW1; IUNGC).

Nearly all of the governance actors engaged in political dialogue when approached by the government (INGO2; INGO3; IW1; IWNGO; IUNGC; IILO), like for instance in the development process of the NVGs (INGO2; IWNGO; IW1; IUNGC) or the Companies Bill (IUNGC; IW1). INGO3 explained that the organization also receives requests from members of parliaments to give their "side of the story" on environmental issues.

In addition, CSE issues political statements and has staff members that engage in political dialogue to provide inputs for the government (INGO3). In order to rebalance dominant business lobbying in the context of public consultation processes for environmental policy (IPMOEF), CSE also provides communities with analytical know-how so that they can raise their voice at public hearings (INGO3). Cividep focuses on the political dialogue with state governments, for instance on issues like child rights and working conditions (INGO1).

Teri engages in policy advocacy by providing its expertise on CS in the context of policy committees and white papers (IWNGO).

The business point of view is mainly brought in by industry associations like the CII, for instance on the NVGs and the public procurement guidelines of the government:

> "It works in two ways: One is we go to the government and say: this is what industry wants, and we try to get a feedback from them how they feel about it. Second: the government will say if we want something to happen, we get industry´s feedback on it. For example, these National Voluntary Guidelines, this was driven by the government, so we interfaced with several working groups for industry, got their feedback, and gave our input." (IW1)

Independent monitoring

Against the background of low governmental capacities for compliance enforcement, independent monitoring mechanisms and third-party evaluation were considered to play an important role in India (IW1; IPMOEF; INGO1; INGO3; IPIICA; INGO2; ISRI).

> "We really need to follow and observe corporates very closely and check what they are stating on their websites and in their sustainability reports, and verify whether these community initiatives are actually there" (INGO1)

Various actors are involved in this: on the one hand, some environmental pressure groups collect information, set up databases, and report their findings (IPMOEF; INGO3). CSE, for instance, regularly collects environmental performance data of specific industry sectors in the context of their 'Green Rating Project' (see below) (INGO3).

The recently introduced Right to Information Act has played an important role to facilitate these data collection activities (INGO3; IPMOEF).

In various cases, third-party evaluation is also used in the context of labor inspections (IILO).

Naming and shaming

Civil society organizations have started to function as a watchdog vis-à-vis corporations (IUNGC): For instance, CSE developed the 'Green Rating project' in the 1990s as a tool to fill the perceived governance gap resulting from weak law enforcement and the lack of reliable information. Consequently, the NGO started collecting information on companies' environmental performance and publishing their findings in the form of rankings and comprehensive studies. Several industry sectors have been assessed so far on the basis of quantitative environmental parameters. The results of the analyses are not only presented to the public but are also explained to the respective corporations, for instance in the form of workshops (INGO3).

Important role of the media

INGO3 emphasized that the success of the naming and shaming approach particularly depends on the broad dissemination of information via media that puts pressure on companies:

> "We have HUGE amounts of media coverage: Wall Street Journal, Financial Express, Economic Times, all the Indian newspapers, and the mainstream newspapers as well as financial newspapers carry that. So, when we did this press release, we had close

to 400 people who had come, the Planning Commission, the UNDP director, […] and media of course starts putting pressure on companies thereafter. […] so, when we want to push, we push through the media." (INGO3)

Many interviewees highlighted the important role of media for raising awareness of CS in India (INGO3; IUNGC; IW1; IPGIZ; ISRI). Media attention for corporate responsibility issues has particularly risen since the late 1990s, as corporate scandals found their way into the public consciousness (IPGIZ).

> "Media brings a lot of pressure […]. In India, now the media is very strong; so, that is pushing towards sustainability because organizations are more and more careful about their reputation." (IW1)

Litigation

IW1 observed that because of the increased public environmental awareness in India, enforcement through the courts is gaining importance (IW1). In this context, NGOs play an important role acting "as a catalyst to ensure that if there is a non-compliant industry, they get the data and then they can file the case" (IPMOEF)

In the social realm, as well, NGOs have "provided legal counseling for workers, […] and training on labor rights or the right to form or join a union" (INGO1). In addition, unions file complaints with the ILO as well, which are then taken into account when the organization reviews the application of ILO standards, and lead to "dialogue mechanism which in the end can result in technical cooperation from our side". (IILO)

Against the background of reputation risks, the leverage of naming and shaming mechanisms combined with the important role of the media was perceived as considerably important (IW1; IPMOEF; INGO1; INGO3; IPIICA; INGO2):

Taking the CSE's "Green Rating Project" as an example, the NGO could observe direct effects of their efforts:

> "After we released [the ranking], a number of companies now have taken water conservation measures. […] Because it is putting public pressure on them, media, public..." (INGO3)

On the other hand, business association representatives criticized NGO`s naming and shaming activities and respective consumer activism campaigns for being too demanding or for their generally hostile attitudes towards companies (IW1; IWNGO):

> "When you hear the activists` side, they need everything to be done now, or they do not talk to you." (IW1)

In contrast, they would rather see Indian NGOs partnering with companies (IW1).

Policy recommendations: raising awareness while avoiding the risks of ineffectiveness and greenwashing

The majority of interviewees welcomed the creation of awareness-raising policies for CS (INGO1; IPIICA; IPMCA; IWNGO; IW1) The advantages of soft policies, like the NVGs which are voluntary in nature, are seen in (1) the leeway that they give companies to come up with innovative solutions, and (2) their inclusiveness as they allow companies who have not been involved in CS so far to approach the issue at their own pace (IWNGO; IPMCA; IPIICA; IW1; IWNGO):

> "The advantage of voluntary guidelines is that individual companies have a lot of freedom, so I can have my business responsibility policy or programs designed in my own way, depending on my vision, my interest and my business realities. […] So, voluntary guidelines will make you available that freedom, it also allows you to start with baby steps and graduate." (IPMCA)

Nevertheless, interviewees were also aware of the risk of ineffectiveness or greenwashing when it comes to policies that rely on voluntary participation:

> "The risk of voluntary guidelines is: You may end up in a situation where nobody does anything. […] these instruments are creating SOME impact, partial, but overall, there needs to be real change in the mindset of the people rather than just making documents" (IPMCA).

Thus, the government's decision to design a voluntary policy instrument instead of a regulation has also to be seen against the background of lacking regulatory enforcement capacities: "If government tomorrow creates a capacity to regulate we will think of shifting it" (IPMCA).

An NGO representative, on the other hand, spoke much more critically about information-based policies:

> "It is all about prodding the companies: 'please improve; please improve', but that does not improve the situation. […] inefficient or highly polluting industries are not closed. And there is a total lack of serious intent from the government; it is only about lip service that 'ok, we will go in seminars and conferences', but then everyone goes back to their own ways of life." (INGO3)

14.4. Summary table: domestic governance patterns

The table below shows the diversity of domestic public governance in the case countries. In contrast to the proactive governmental approach to CS/CSR in Germany and India, there is no coordinated domestic political framework for CSR in the US. The countries have in common a dense environmental regulatory framework, which in India, however, is rendered ineffective by weak enforcement. The wider use of market-based instruments is recommended by the governance actors in all three case countries. Network governance plays a particularly important role in the German context, but is used in the US and India as well to encourage and facilitate CS.

Public governance			
	Germany	**USA**	**India**
Dynamics of the CS policy mix / Meta-governance	▪ Proactive governmental approach to CSR ▪ Motivation: make German businesses' responsible practices	▪ No coordinated domestic political framework for CSR ▪ No overarching sustainable development policy	▪ Proactive governmental approach to CS/CS ▪ Motivation: response to irresponsible corporate behavior

	more visible ▪ Strong multi-stakeholder approach ▪ Command and control regulation complemented by new modes of governance	framework yet ▪ Proactive approach to international CSR ▪ Slow shift from environmental policy to an integrative view of sustainability	▪ Evolvement from pure command and control regulation towards new modes of governance ▪ Bundling of policies to form coherent framework for CS
Hierarchical mode of governance	▪ Dense, historically grown environmental and labor rights regulation ▪ German government skeptical of mandatory sustainability reporting on the EU level	▪ High level of institutionalized command and control environmental regulation ▪ focus on environmental pollution; climate change and GMOs are less regulated	▪ Comprehensive regulation on environment and labor ▪ Weak enforcement and non-compliance ▪ Mandatory CSR spending ▪ Mandatory CR reporting
Market mode of governance	▪ EU emissions trading scheme, EMAS, European toprunner approach ▪ Certifications like EMAS and 'Blauer Engel' ▪ Sustainability criteria partly introduced in public procurement ▪ Subsidies and tax reductions to foster renewable energies ▪ Several award schemes	▪ GHG emissions cap and trade systems in several states; no national system ▪ Market-based approaches for other emissions ▪ Sustainability criteria partly introduced in public procurement ▪ Tax preferences/ credits to foster renewable energies ▪ Several awards schemes	▪ No cap and trade system for GHG emissions, but energy consumption trading scheme for energy-intensive companies ▪ 'Green Procurement Guidelines' ▪ Various fiscal incentives ▪ Star-labelling system for energy-efficiency ▪ Several award schemes
Network mode of governance	▪ Institutionalized multi-stakeholder policy networks ▪ Various policy dialogs on CS ▪ Information and voluntary guidelines ▪ Voluntary environmental commitments	▪ Outreach and capacity building, particularly on international CSR ▪ PPPs ▪ Voluntary environmental commitments ▪ Very few multi-stakeholder networks	▪ NVGs as a new approach ▪ Multi-stakeholder policy network ▪ Capacity building for businesses ▪ Stakeholder consultations ▪ Few voluntary commitments
Evaluation and policy recommend-dations	▪ Network instruments important, but effectiveness should be improved ▪ a 'hardening of soft law' for CS reporting and sustainable public procurement is recommended ▪ Need to regulate international CS challenges ▪ Price-based mechanisms should be used more widely	▪ Command-and-control regulation most important in environmental policy ▪ CSR meta-governance: while NGOs are more in favor, government representatives are skeptical ▪ Endorsement of market-based instruments ▪ Governance gaps: climate change, energy, chemicals	▪ Low effectiveness of command and control regulations because of capacity and compliance problems ▪ NGOs stress regulatory approach ▪ Endorsement of awareness-raising policies such as the NVGs ▪ Market-based mechanisms should be employed more widely

The following table sums up the national private governance patterns in the case countries. Distinctive features in Germany are the importance of (multi-stakeholder) networks and the widespread use of certifications. In the US, the importance of non-state market-driven governance, business-NGO partnerships, and actor coalitions for policy advocacy stand out. Peculiarities of the Indian private governance architecture are the important role of media for naming and shaming companies and the low relevance of SRI.

Private governance			
Confrontational co-regulation	▪ Seldom mentioned ▪ naming and shaming mechanisms on international CS issues potentially very effective	▪ Importance of independent monitoring/ naming and shaming mechanisms ▪ Growing importance of social media for monitoring CS	▪ Independent monitoring ▪ NGOs started acting as watchdogs ▪ Important role of the media ▪ Environmental litigation gaining importance
Market (NSMD governance)	▪ Growing market share of SRI ▪ Widespread use of certifications	▪ Great importance of SRI, shareholder activism and activist investors ▪ Competition for leadership in CS ▪ Leverage of supplier codes of conduct ▪ Non-governmental awards and "green" product labels	▪ SRI in its very infancy ▪ Sustainability criteria for bank loans ▪ International supplier codes of conduct ▪ Awards by non-governmental organizations
Network	▪ Stakeholder dialogs and workshops ▪ Sharing of information and best practices ▪ Policy advocacy: private governance actors both advise the government as experts and proactively reach out to policy-makers	▪ NGOs increasingly partner with industry on strategic CS ▪ NGOs and business networks offer consultancy services on CS ▪ Policy advocacy: great importance of actor coalitions, including businesses	▪ Business-NGO partnerships only for implementing CSR projects ▪ Importance of capacity-building/ information sharing ▪ Nearly all governance actors engaged in political dialogue
Evaluation of mechanisms	▪ Network-based private governance as important as policy networks initiated by the government ▪ Potential of SRI not yet fully exploited	▪ Non-state market-driven mechanisms considered most effective ▪ Proliferation of CS reporting as a positive development ▪ Great potential of NGO-business partnerships	▪ Naming and shaming mechanisms/ media expected to have important leverage ▪ Low relevance of SRI /responsible consumerism ▪ Skepticism towards award schemes

Table 13: Summary of empirical findings on domestic governance influencing CS

15. The role of domestic governance actors

In the following, the interview results with regard to the role of domestic governance actors for CS governance are described, broken down by country. The findings take into account the relevant actor groups identified in chapter 6, namely government, civil society organizations (NGOs), labor unions, business associations, and investors.

15.1. Government

Germany

The majority of governance experts thought that the government should definitely play a role in CS/CSR governance (DNGO; DI; DPRNE; DG; DPBMU; DPBMAS1; DPBMAS2). Opinions differed, however, on how exactly it should fulfil this role: Civil society actors tended to emphasize the government's function as rule-setters (DPRNE; DG; DI; DNGO; DSRI), while government representatives stressed their role as initiators, moderators and facilitators of companies' CS activities (DPBMAS2; DPBMU; DPBMAS1; DPBMWi1; DPBMWi2).

Government institutions dealing with CS

The governmental institutions considered relevant for sustainable development are the Federal Chancellery (DPBMU; DPBMWi2), the Council for Sustainable Development (DI; DPRNE; DPBMAS2; DUNGC; DPBMU; DPBMAS1), and the Parliamentary Advisory Council on Sustainable Development (DSRI; DPRNE; DPBMWi2).
On CSR, the Federal Ministry of Labor and Social Affairs (BMAS) bundles the government's activities after having taken ownership for the topic in 2005 (DPBMAS1; DPBMAS2; DPBMU; DNCS; DPBMWi2). The Ministry for Environment (BMUB) is mainly active on topics such as Green Economy, Green Growth, sustainable procurement, and sustainable consumption (DI; DBMAS1; DPRNE; DPBMWi2; DPBMU). The Federal Ministry for Development cooperation (BMZ), with the help of the GIZ, is mainly engaged in promoting international CSR and responsible business practices as part of development cooperation (DUNGC; DPBMAS2; DPRNE; DPBMAS1), while the Foreign Ministry coordinates UN initiatives on corporate sustainability (DUNGC). The Federal Ministry for Economic Affairs (BMWi) was mainly mentioned by interviewees when referring to the OECD NCS (DUNGC; DPBMWi2).

With the aim of including different ministries' expertise and reaching consensus, institutional cooperation on CS takes place on multiple levels:
In addition to an institutionalized inter-ministerial steering group on CSR, representatives of the BMZ, BMWi, BMU and the Federal Chancellery are also involved in the CSR multi-stakeholder forum (DPBMAS2, DPBMAS1; DPBMWi1; DPBMU). Similarly, the different departments are involved in accompanying the further development of the government's national sustainability strategy, and another inter-ministerial steering group deals with the

promotion of the OECD guidelines and respective complaints [11] (DPOECD; DPBMAS2; DPBMWi1; DPBMWi2).
„Mirror departments“ (Spiegelreferate) are another mechanism for inter-ministerial coordination: the BMWi, for instance, has a department that observes the BMU`s policy-making and contributes its expertise where economic aspects are touched (DPBMWi2). Furthermore, departments work together on overlapping topics, such as Green Economy or Green Growth (DPBMU).

<u>USA</u>

The restrained role of the US government in CS governance was explained by cultural aspects, the decentralized distribution of government power and intensive business lobbying (USAW2; USASRI; USAG1; USAG2; USANGO2). While a few governance actors would want to see the government to be more proactive on this subject (USAG1; USANGO2), others were skeptical of governmental involvement in CSR (USAG2; USAEPA2).

Government institutions dealing with CS

In the context of a rather fragmented and dispersed political framework for sustainability, various ministries, government agencies and regulatory bodies are involved in CS governance. The government agencies mentioned most often are the EPA and the State Department. The EPA is not only the most important player when it comes to environmental regulation, but also engages in CSR (USAG2; USAG1; USASRI; USAWNGO; USAPDS; USAEPA1). The Department of State, on the other hand, covers a range of global CSR issues, including human rights, environmental issues, and global human trafficking (USAG1; USAPDS; USAPDC; USAG1; USAILO). The Labor Department and OSHA play an important role for promoting international labor rights and human rights (USAG2; USAPDOL; USAILO; USAPDC), and the Department of Commerce partly deals with global CSR issues, as well, particularly focusing on fighting corruption and bribery (USAPDS; USAPDC).
Further agencies mentioned are the SEC, which regulates sustainability disclosure (USASRI; USAW2; USANGO2; USAUNGC), the recently established consumer bureau (USAG1), and the General Services Administration (GSA), which is responsible for including sustainability criteria in public procurement (USAWNGO; USAW2).

While collaboration takes place on many single issues which relate to corporate responsibility (USAEPA1; USAEPA2; USAPDOL; USAPDS; USAEPA2), there is no institutionalized coordination with regard to CSR or sustainability between these government agencies (USAPDOL; USAEPA2; USAPDS). There is, however, an inter-agency working group on the OECD guidelines (USAPDS), and within the State Department, the CSR team has a

[11] Apart from the Ministry of Economic Affairs (BMWi), the council currently comprises the Foreign Ministry (AA), the Ministry of Labor and Social Affairs (BMAS), the Ministry of Food and Agriculture (BMEL), the Ministry of Finance, the Ministry of Justice and Consumer Protection (BMJV), the Ministry for the Environment, Nature Conservation and Nuclear Safety (BMUB), and the Ministry for Economic Cooperation and Development (BMZ).

“coordinating role with regard to the other business and human rights, corporate social responsibility activities that occur throughout the entire State Department” (USAPDS).

India

Many interviewees recognized that, with the establishment of the IICA, the Indian government has started to take a proactive approach to CSR and business responsibility (IPGIZ; ISRI; IWNGO; INGO2; INGO1; IW1). Comparing it to the US government, INGO2 even states that “it is the other extreme of the American context; the government sets the rules for everything” (INGO2). The expectations towards government range from “getting sustainability under a common platform” (IWNGO) to “including Corporate Accountability into the laws” (INGO1).
At the same time, civil society representatives questioned the seriousness of the government’s intent, criticizing that it barely uses its biggest actual leverage: the enforcement of existing environmental and labor laws (INGO3; INGO1; INGO2; IILO). Within the realm of corporate responsibility issues, government seems to place particular emphasis on businesses’ contribution to solve development challenges (IPGIZ; INGO2; INGO1).

Government institutions dealing with CS

As an autonomous body under the Ministry of Corporate Affairs (MCA), the Indian Institute for Corporate Affairs (IICA) is the specialized institution for corporate governance and CSR, and has been responsible for “shaping the business responsibility agenda of the government” (IPMCA; IPGIZ; IUNGC; IWNGO; INGO1; IPIICA; IPMOEF). It is also responsible for coordinating the governmental activities on business responsibility with the other ministries concerned (IPIICA; IPMCA; IPGIZ).
The Ministry of Environment and Forests (MOEF) brings in the expertise on corporate environmental responsibility in the consultation with the MCA (IPGIZ; IPMOEF). Yet, when it comes to environmental and labor policy, differing priorities cause potential conflicts of interest between ministries (IPMOEF). Furthermore, with regard to both labor policies and environmental policy-making, there is a complex distribution of competencies between the federal government and state governments (IPMOEF; IILO).
Besides, the autonomous agency SEBI is expected to have a potentially far-reaching impact due to its regulatory power to mandate companies listed at the Indian stock exchanges to disclose ESG issues (IUNGC; IPIICA; IPGIZ; INGO2).
Apart from that, the Ministry of Power’s Bureau of Energy Efficiency, the Ministry of Mines, the Ministry of SMEs, the Ministry of Textiles, the Department of Public Enterprises, the Ministry of Corporate Governance, the Labor Ministry, and the Ministry for Tribal Affairs take various individual initiatives on CS issues in their respective area (IPMOEF; IW1; IPGIZ; IWNGO; ISRI; IILO; INGO1).

15.2. Civil society organizations

Germany

German governance experts highlighted the role of NGOs as important drivers and even as "essentially important" for the dialog on CS (DUNGC; DPRNE; DPBMAS1; DPBMU; DI; DILO; DPBMAS2). Most of the interviewees appreciated both NGO`s role as critical observers and their capacities to partner with companies.

The role of NGOs as independent 'watchdogs' was particularly highlighted in the context of the OECD guidelines complaints mechanism and in the fields of consumer protection and sustainable consumption (DPRNE; DPBMU; DPBMAS1). On the other hand, the contribution of NGOs' expertise on solving specific CS problems in a trustful setting – for example in partnerships with businesses or in policy networks and dialogs – was appreciated (DI; DW; DPBMAS1; DPBMU; DUNGC; DILO).

Nevertheless, as DPRNE observed, some NGOs are still on a „search for identity" between watchdog and partnering approaches:

> „Some NGOs partner with companies and engage in helping companies to start a learning process, others have established partnerships with companies but then withdrawed from it." (DPRNE)[xxix]

Policy advocacy activities of NGOs have had particular importance on the EU level: As DPBMAS2 emphasizes, "surprisingly, the access of NGOs to policy-makers at the European Commission is extremely open" (DPBMAS2).[xxx] During the past years, NGOs made intensive use of this access to advocate their claims for more corporate transparency and successfully furthered the Commission's recent proactive approach to CSR (DPBMAS2; DNGO).

DNGO confirms that these three functions are crucial elements of NGOs' strategies to foster responsible business practices. Germanwatch, for instance, practices both its role as an independent ‚watchdog' - including shareholder activism - and engages in cooperation and dialogs with industry depending on the particular issue (DNGO). Awareness-raising campaigns – pointing to a particular problem in a company's international supply chain, for instance – can also result in dialogs and cooperation and drive further action. In the context of its policy advocacy activities, Germanwatch has also started to partner with companies in order to promote certain political framework regulations.

Relevant organizations

NGOs who deal with corporate accountability have established networks to effectively advocate policy change, namely the CorA network on the domestic level, the ECCJ network on the European level, and the international OECD Watch network (DNGO; DILO; DPBMU; DUNGC; DPBMAS2; DPBMAS1).

Several interviewees also explicitly named Germanwatch as a very active and important domestic NGO in the field of CS (DILO; DPBMU; DI; DUNGC). Furthermore, several church organizations, such as the Kolping Society (Kolpingwerke), MISEREOR or the Protestant Development Service (Evangelischer Entwicklungsdienst), are engaged in activities on social responsibility, workers' rights, and sustainable investment (DILO; DPBMU; DNGO).

As DILO explains, this range of NGOs is complemented by many organizations that focus on particular CS issues, for instance those who drive fair trade initiatives, and institutions like the Consumer Advice Centers (Verbraucherzentralen) and the consumer association ‘Stiftung Warentest’ (DI; DPBMAS1; DILO).
The contributions of international NGOs, such as Transparency International (DPBMU; DILO; DUNGC), Oxfam (DILO), Amnesty International (DNGO) and Greenpeace (DI), are particularly relevant in the context of international supply chain issues and the OECD guidelines.

USA

Civil society organizations were considered by many American interviewees one of the most important governance actors in the CS governance arena (USAG1; USAG2; USAPDC; USAW2; USAEPA1; USAWNGO):

> “NGOs are crucial, they play a huge role.” (USAEPA1)
>
> “The NGO sector is vitally important, it is strong in the US and getting stronger, and playing a big role in sustainability.” (USAW2)

Many interviewees stressed that, while the watchdog approach has been the more traditional role of American NGOs, an increase of collaborations between NGOs and business and in the United States can be observed (USAEPA1; USAEPA2; USASRI; USAWNGO; USAW2; USAG2; USANGO1; USANGO2):

> “What you are seeing more and more is NGOs and industries collaborate […] NGOs are very much engaged and have become more and more partners with industry opposed to being a critic.” (USAEPA1)

These collaborations can take various forms: NGOs provide expertise on a particular labor, human rights or environmental issue, partner with individual companies on making their products and processes more sustainable, offer companies trainings, tools and information and act as a facilitator for stakeholder relationships (USAPDC; USANGO1; USASRI; USAWNGO; USAEPA1; USAEPA2; USAW2; USANGO2).
On the other hand, the watchdog approach remains an important function of NGOs in the United States (USAG2; USAPDC; USAPDS; USAPDOL; USANGO1; USANGO2; (USAEPA2). With a view to globally operating companies, in particular, NGOs contribute to monitoring business compliance with ethical standards (USAPDOL; USAPDC; USAPDS).
Differentiating between these two major functions - (1) working cooperatively with companies and (2) acting as watchdogs - both strategies were considered as highly valuable in order to further the CS agenda and get companies on board:

> “We rely on groups like Greenpeace, confidentially, the more they push, the easier our job becomes. If Greenpeace is hitting you over your head, you want to come to Ceres and say: ok let´s work together.” (USANGO1)

Finally, policy advocacy is an important part of NGOs’ work in the United States (USAEPA2; USAEPA; USAPDC; USASRI; USAG1). This includes lobbying activities, campaigns to mobilize citizens, and partnering with big companies to publicly advocate for sustainable policy change (USANGO1; USANGO2).

Relevant organizations

Ceres, in particular, was mentioned as an American NGO that takes a comprehensive approach to CS (USAG1; USAUNGC; USANGO2; USASRI). The environmental organizations mentioned most often were the Sierra Club (USAG2; USAG1; USAW2; USANGO2), the National Resources Defense Council (USAG1; USAEPA2; USAEPA1), the World Resource Institute (USAW2; USAWNGO; USAEPA1), 350.org (USAG1; USASRI) and WWF USA (USAEPA1; USANGO2). On labor and human rights issues, the organizational landscape is more diverse: Organizations like Oxfam (USAWNGO; USAPDS), Human Rights Watch (USAPDS), Amnesty International (USAWNGO), Americas Watch (USAG1), and ATEST (Alliance to End Slavery and Trafficking) (USAILO) were mentioned as being influential.

Academic institutions, such as Universities and research institutes contribute to shaping the debate on CSR and sustainability in the United States (USAPDC). A lot of them have developed their own institutes focused on CSR, and thanks to their expertise and reputation, they are oftentimes part of multi-stakeholder round tables or advisory bodies on CSR (USAUNGC; USAPDS).

India

Similar to the US, the important role of NGOs was emphasized by several interviewees in India (IPMOEF; IPIICA; IUNGC; INGO3).

> "Very important! […] Civil society works very closely with communities, their outreach is very large, and they have implemented some of the projects which were ultimately adopted by the government." (IUNGC)

Whereas there is an increasing number of NGOs, several interview partners were concerned about their low level of institutionalization which implies that "the society stakeholders are not organized enough to articulate their expectations" (IPMCA; INGO3; ISRI).). INGO3 adds that of the few institutionalized NGOs "only two or three are powerful." (INGO3).

According to the majority of the Indian interviewees, the most prominent role that NGOs currently fulfil in CS governance is to work as activists and watchdogs, taking a rather confrontational approach (IPIICA; IPMOEF; IUNGC; INGO1; IW1; INGO3; IWNGO; INGO2):

> "NGOs act as a catalyst to ensure that if there is a non-compliant industry, they get the data and then they can file the case, etc. They are definitely a pressure group on this" (IPMOEF)

> "And the role of civil society institutions has not only been to work with the community, but also to work as a watchdog. And in that role, they highlight the name and shame system, and they kind of galvanize the popular civic movements." (IUNGC)

However, representatives of business associations, in particular, see a need for more collaborative NGO approaches in order to help companies improve their sustainability performance (IW1; IWNGO):

> "NGOs, rather than playing an activist role, can also play a role of providing some solutions, […] because companies are not purposely doing this thing wrong, but they do not know the right way. I think that is where the NGOs can play a major role, that they create a more pro-active behavior, they can come from the mentoring side and give them solutions." (IW1)

While organizations like PiC have started to provide companies with trainings and information on strategic CS (INGO2), the most common type of NGO-business partnership are collaborations on community work (ISRI; IPIICA; INGO2).

Relevant organizations

On the national level, "Voluntary Action Network India" (Vani) is India's largest umbrella body of civil society organizations comprising 3000 NGOs (IUNGC). Among the well-known national organizations are the Centre for Science and Environment (CSE) (IWNGO; INGO3) and PiC; others include NACDOR, the national committee of Dalit organizations (INGO2), Development Alternatives (DAI), CKinetics (ISRI), Corporate Accountability Desk, ASK, Toxics Link, and the Human Rights Law network, and LIFE (Legal Initiative for Forest and Environment) (INGO1).
Civil society organizations - both labor and environmental organizations - coordinate with each other in networks or partnerships around CS issues (INGO1; INGO3). CSE, for instance, works and communicates with a network of various NGOs in different areas of India (INGO3). Further NGO umbrella networks are "NGO meet" in Delhi (INGO3) and the "Voluntary Action Network India", which is India´s largest umbrella body, comprising about 3000 NGOs (IUNGC).
International NGOs play a significant role in India: in particular, Greenpeace, WWF, Oxfam and "Save the children" were mentioned by interviewees (INGO3; IILO; INGO1; INGO2). Academic actors, as well, are appreciated for bringing in their expertise on CSR in international partnerships (IPIICA).

15.3. Labor unions

Germany

The majority of German governance experts' considered trade unions a very relevant group of stakeholders who, consequently, should play an important role in CS governance (DI; DILO; DPBMAS1; DPBMU; DPBMWi1; DPRNE). However, the interviewees also emphasized that this actor group has not been as prominent or proactive in CS/CSR governance in the past (DPRNE; DILO; DBMAS1; DI).
This is partly due to certain distrust of trade unions vis-a-vis voluntary CSR (DILO). Also, interviewees mentioned that some trade unions still tend to remain tied to a rather dogmatic "class struggle attitude" (DILO; DI; DPRNE).
Nevertheless, there has been an evolution during the past years towards a stronger engagement and involvement of trade unions in the field of CS governance (DILO; DPBMAS1):

> „In the beginning, the topic of CSR was rather neglected [by the trade unions] as they feared that it would soften legal regulations; by now, however, they tend to consider it an opportunity for the respective works councils to contribute to actively shape this agenda." (DPBMAS1)[xxxi]

Trade unions and trade union associations, particularly the DGB, are well represented in several policy networks and dialogs on CS, namely the CSR forum, the OECD guidelines steering group, the debate on the Ruggie framework for business and human rights, the negotiations of ISO 26000, and the 2011 revision of the OECD guidelines (DG; DPBMAS1; DPBMU; DUNGC).

With regard to international CS challenges, trade unions prefer to negotiate global framework agreements with TNCs which is facilitated by 'world works councils' that promote the international collaboration of works councils (DPRNE; DI; DUNGC; DG).).

Another realm where unions are fairly active is complaints procedures in the context of the OECD guidelines (DG; DPBMU; DNCS): if the respective company is headquartered in Germany, complaints are usually brought to the DGB's attention by ITUC (International Trade Union Confederation) or member unions; oftentimes, however, the problems can be solved in an unbureaucratic way by cooperating with the affected member unions and the company's local management (DG).

Relevant organizations

The role of the German union confederation (DGB) was particularly highlighted in the context of political framework regulations, such as the OECD guidelines (DNGO; DI; DILO; DG), while individual trade unions, namely IG Metall and Verdi, are involved in the CorA network and in concrete cases of global framework agreements, OECD complaints procedures and cooperation with NGOs (DNGO; DG).

USA

Similar to Germany, many US interviewees emphasized that trade unions should definitely be involved in shaping CS (USAG1; USAG2; USANGO1; IWNGO; USASRI; USAPDC). Yet, the declined power of organized labor, its weak integration in corporate management decisions and the traditionally adversarial relationship between unions and employers in the US are impediments for them playing a larger role in CS governance (USAW2; USAG1; USAG2; USANGO1; USAWNGO).

> "I would say that they are not [sufficiently involved], and that they certainly should be. […] I think there is an unfortunate historical tendency in the US not featuring unions as partners, but rather as adversaries. That has changed, there are certainly examples in the US where deliberate partnerships HAVE been formed with trade unions, that is a relatively recent phenomena, and still unusual." (USAG2)

Among the members of the labor movement, there is still certain skepticism towards voluntary CSR which is viewed as "a smokescreen, an excuse that people use for not doing something" (USAG1). There is also a remaining disconnection between labor and environment interests (USAG1; USAEPA1; USAEPA2), which is however slowly being overcome (USAG1).

Policy advocacy is one of the most important approaches that labor organizations use in CS governance (USAWNGO; USAG1; USAG2). Another role of unions and labor organizations is lobbying companies "to become compliant with different regulations, rules, etc. or adopting a new business practice" (USAPDC; USAWNGO). Finally, alike NGOs, international unions

play a role as ‘watchdogs’ with regard to labor and human rights violations (USAPDOL; USAILO) – but also working with corporations as partners for capacity building (USAPDS).
The labor organization which was mentioned most often as a dialog partner on CSR/CS is the AFL-CIO the biggest umbrella organization of American trade unions(USAILO; USAPDOL; USAG2; USAG1; USAPDS). In addition, the Working for America Institute does some sustainability work (USAG1).
In the context of international CSR, the American Center for International Labor Solidarity (ACILS) which is affiliated with the AFL-CIO and promotes the free practice of labor rights around the world (USAPDOL; USAPDS), the US Council for International Business (USAILO) the International Labor Rights Forum, and Fair Labor (USAPDOL) were mentioned as being the most relevant actors.
Furthermore, two networks explicitly deal with integrating the labor movement in the debate on sustainability: the Labor Network for Sustainability, which is a network of individuals and originated from the labor movement (USAG1), and the BlueGreen Alliance, a coalition of labor and environmental organizations which advocates policies that unite their various organizational partners’ goals, including the protection of workers’ rights, fair wages etc., but also a transition to renewable energies that takes into account workers’ welfare (USAG1; USAWNGO; USAG2;).

India

According to the majority of interviewees, trade unions in India have not yet assumed a relevant role in CS governance (ISRI; IPMCA; IPIICA; INGO3; INGO2; IUNGC; IILO; IW1).
As mentioned earlier, industrial relations have generally been very confrontational in the Indian context (INGO2; INGO3; IUNGC; IILO; INGO1). Against this background, several interviewees stated that Indian trade unions follow a limited agenda focused on basic labor laws and remuneration. Consequently, they are usually nor aware of the broader sustainability framework neither involved in discussions on CS/CSR (IPIICA; IPMCA; INGO3; INGO2; ISRI; IW1):

> “Trade unions: I do not see them playing a role, they are just trying to get the basics” (INGO2)
>
> “The whole labor part of social sustainability, they have the best position to do that, but they do not see that. They just see the monetary part.” (IW1)

However, as opposed to the large, politically affiliated confederations, many smaller trade unions have developed more recently, and formed the umbrella organization NITU (New Indian Trade Union Initiative) (INGO1; IILO). The governance experts stressed that these new “genuine” unions should definitely play a role in CS governance (IUNGC; INGO1; IPIICA; IW1):

> “The boards of individual companies will need to take trade unions on board when they formulate their CSR strategies.” (IPIICA)
>
> “I definitely think they have a very big role in the discussion to play. Unfortunately, many trade unions and companies would not be willing to sit at the same table, but that has also improved […]. I think it is very important to actually include unions as the representatives of workers in any discourse on Corporate Responsibility.” (INGO1)

A few unions have so far used legal instruments to enforce their interests by, for instance, filing Supreme Court cases (INGO3), entering a dialog with the Ministry of Labor (IPIICA), or cooperating with NGOs and the ILO (INGO1; IILO).

15.4. Business associations

Germany

The majority of German interviewees emphasized that business associations tend to follow the "lowest common denominator" rather than being a voice of the progressive companies (DPRNE; DPBMAS2; DPBMU; DNGO; DUNGC; DI; DPBMAS1).

> „We always experience business associations as laggards who move at the pace of the slowest companies; that is why we find it much more helpful to talk to individual companies – who not always feel represented by the associations." (DNGO)[xxxii]

As a result, several governance experts explained that they rather engage in dialog or cooperation with individual leading companies than with associations (DPRNE; DNGO; DUNGC).

This conservative position of traditional German business associations is widely reflected in their lobbying activities on CS: DPRNE stressed that policy-makers are often strongly influenced by the opinion of business associations, be it on issues like soil sealing, GMOs, emissions trading in aviation or meat consumption – or the EC's approach to mandatory CS reporting (DPBMAS2; DI; DILO; DPRNE). Similarly, business associations who are organized in BIAC (Business Advisory Committee) opposed to the inclusion of any sanction mechanisms during the latest review of the OECD guidelines (DG).

Nevertheless, it was appreciated that all the relevant German business associations intensely address the topic CS/CSR (DILO), and that associations and chambers of commerce should definitely play a role in CS governance, particularly by supporting their members in dealing with international CSR issues (DNGO).

On the other hand, networks which explicitly focus on CS, namely econsense, are usually not involved in lobbying activities, and by their nature take a more progressive approach: Since the econsense network comprises only 32 member companies and makes it a condition for membership „that the company already has a sustainability agenda and reports on their sustainability activities" (DW)[xxxiii], it is far easier to reach a consensus among the members (DW). The organization's main objective is to provide its members with a platform for the exchange of ideas and best practices of CS. Key issues include supply chain management, resource efficiency, climate change, human rights and demographic change; in order to support its member companies in dealing with these sustainability challenges, econsense collaborates with research organizations, produces publications, guidelines and overview documents, organizes events and workshops, and engages in dialog with policy-makers and civil society (DW; DPBMWi2).

Relevant organizations

Among Germany's big business organizations, both the BDI (DPBMU; DUNGC; DPRNE; DPBMWi2) and the BDA (DUNGC; DPRNE) were mentioned by several experts as important

partners for dialog and cooperation, with the latter being perceived as less progressive (DNGO; DPRNE). In addition, the DIHK plays a certain role (DPBMU).
Unsurprisingly, however, econsense, BDI's sustainable development forum, was considered the most important player and most constructive partner for dialogs on CS (DUNGC; DPBMAS1; DPBMU; DPBMWi2; DI; DPRNE; DW). Further relevant domestic business networks which focus on CSR are the UPJ network and ‚Wirtschaftsjunioren Deutschland' (DUNGC). At the EU level, the role of the network CSR Europe is mainly shaped by its policy advocacy activities (DPBMAS2).

<u>USA</u>

Similar to Germany, the role of US business associations in CS governance strongly depends on its type and purpose, as well as the industry it represents:
On the one hand, traditional industry associations hinder progress towards sustainability (USANGO2; USAG1; USAG2; USANGO1; USASRI; USAW2), mainly because they have to take into account the interests of all their members and thus tend to follow the least common denominator:

> "There are a few exceptions, but as a rule, trade associations are not an accelerant to sustainability, I mean by definition they can only move as fast as the slowest guy." (USANGO2)

Conservative business associations are particularly criticized for their lobbying activities, political influence through campaign financing, and "stalling tactics" to delay for example new environmental regulations (USAW2; USAG1; USANGO1; USASRI). The American Petroleum Institute, in particular, was considered by some interviewees "the biggest barrier to change" because of the inherent political interests of the industry it represents (USANGO1; USAG1). The US Chamber of Commerce, as well, was perceived as opposed to change towards sustainable development (USAEPA1; USANGO1; USASRI; USAW2; USANGO2). On the other hand, USAPDC and USAPDS mentioned the Chamber of Commerce's Business Civic Leadership Center and its supportive role of sharing best practices of CSR internationally (USAPDC; USAPDC).
In contrast to forming centralized business groups like CSR Europe, various American industry associations have their own individual programs on CSR/sustainability, for instance the Business Roundtable, the US Council for international Business, the American Association of Apparel and Footwear and the National Association of Manufacturers, etc. (USAW2; USAPDS; USAILO).

At the same time, several progressive business associations whose mission is to foster CS have emerged (USASRI; USAG1; USAW2; USAWNGO). For instance, the member-based business organization Business for Social Responsibility (BSR) – which started in the US but has now international presence - was mentioned most often (USAG1; USAILO; USAW2; USANGO2; USAPDC; IWNGO). According to the American interview partners, the most important function that business associations fulfil in CS governance is the dissemination of information. The associations act as multipliers of information when it comes to new regulations:

> "Whenever we would issue a rule, we would most likely work with the business

> associations to educate them so that they can educate their members about what the rule does and what their members would have to comply with it" (USAEPA2)

At the same time, constructive feedback that business associations might give on drafted policies is valued by policy-makers who can take into account their expertise (USAEPA1).

Second, associations advance current CS topics and identify future trends through conducting research projects, establishing working groups on specific topics, and providing their members with the findings (UASWNGO; USAW2). Both BSR and the Conference board, for instance, hold conferences and publish reports covering a range of CS topics (USAWNGO; USAW2).

> "What we tried to do was to help businesses in the US who are members of the Conference Board which is a business NGO get an intellectual conceptual understanding what this topic is and then apply that to business decision-making" (USAW2)

Furthermore, business groups play a role in CS governance by doing consultancy work for their members or offering them advisory services (USAW2; IWNGO). BSR, for example, explicitly incentivizes their members to use the organization' consultancy expertise and work on their core sustainability issues (USAWNGO):

> "We work one on one with companies on their specific needs, but also in a collaborative way across industries" (USAWNGO)

<u>India</u>

The majority of the Indian interviewees agreed that industry associations have started to play a (potentially) important role in promoting CS (IPMCA; IPIICA; IPMOEF; IILO; IUNGC; ISRI; INGO2; IPGIZ; IWNGO; IW1).

> "CII, FICCI: yes, I would say that some of them have become far more enlightened, particularly over the last 2-3 years. And they are also supporting the idea of CSR and sustainability and business responsibility in a big way, I have to credit them." (IPIICA)

In contrast to the diverse landscape of associations in the United States, the Indian system of business organizations is much more centralized: The most important umbrella organizations are CII, FICCI and ASSOCHAM (IPIICA; IPMOEF; INGO2; IILO; ISRI; IUNGC; INGO3), the latter two of which have their own centers for CSR/sustainability (INGO2; IW1; ISRI).

> "I guess all three of them are pretty active. At least amongst their membership, to raise their awareness about environmental, social and governance issues. CII in fact had taken the lead in case of India." (ISRI)

Teri-BCSD, on the other hand, a division of the research institute Teri, is a business membership-driven platform with the explicit mission to promote sustainable development (IWNGO). Interestingly, the associations' initiatives on sustainability have had a certain nexus to the international level: Teri-BCSD, for instance, is the regional partner of the WBCSD in India (IWNGO), and the establishment of CII's Centre of Excellence for Sustainable was inspired by the 1992 Rio Earth Summit and the international discussion on sustainable development (IW1).

The functions that Indian business associations fulfil in CS governance is (1) raising awareness among their members, for instance through sustainability award schemes, research, conferences, and working groups (IWNGO INGO3; IW1; INGO2; ISRI; IPGIZ;

IPMCA), and (2) capacity building for CS by providing their members with trainings, tools and information (IPMOEF; IW1; IWNGO). Furthermore, they provide the government with industry´s feedback on CSR and sustainability policies in the context of policy dialogs (IW1; IWNGO).
However, traditional industry associations have also been criticized by other governance actors for advocating business interests that are opposed for example to environmental regulations (IPMOEF), for making profits a priority before environment and labor interests (IPIICA; INGO2; INGO3), and for treating the topic of CS superficially due to conflicts of interest (INGO3).

15.5. Investors

Germany

Given their financial leverage, investors and other actors in the capital market were considered potentially important actors in CS governance by many of the interviewees (DPRNE; DI; DPBMU; DPBMAS1). Consequently, policy-makers and political actors are keen to foster SRI, and especially the DNK was developed with a view to stimulate and facilitate sustainable investment practices (DPRNE; DPBMAS1). The governance experts seemed to agree that financial institutions and pension funds in Germany have not fully recognized their responsibility in fostering responsible business practices yet (DPBMU).
The SRI association 'Forum Nachhaltige Geldanlagen' (FNG) aims to raise awareness among the relevant groups of stakeholders, including private and institutional customers, asset managers and financial advisers (DI). The latter have a key position as they can bring their customers' attention to the option of SRI when consulting investors. However, a very small percentage of financial advisors in Germany are currently familiar with SRI, which is why DI suggests the mandatory inclusion of a SRI-related question into the consultation sheet used by financial investors (DI).
The membership-based network FNG unites important players in the field of SRI, including institutional investors, such as the GLS Bank, as well as individual investors (DI). The network addresses different SRI topics in several working groups, conducts research and - in cooperation with banking associations and/or NGOs - actively uses policy advocacy to promote sustainable investment (DI). At the European level, the FNG is a member of the umbrella association Eurosif (DI).

USA

Investors – large investors, in particular - are considered to have a potentially enormous leverage in American CS governance (USASRI; USAILO; USANGO1; USAW2; USANGO1):

> "I think that investors have an interesting position, you could say they are almost semi-insiders: they own shares, they can vote at the annual meeting, in many cases they can call for a meeting with corporate management, engage in dialog. So that is something NGOs or labor unions cannot do with the companies." (USASRI)

Several public pension funds, who are the major investors in the US, have played a role in advocating ESG - namely Calprs, the California Pension Retirement System, CALSTRS (California State Teachers Retirement System), and the New York State Retirement Funds (USASRI). Membership-based investor networks for SRI use their combined leverage to promote change, for instance the Investor Network on Climate Risk, which was launched by Ceres and calls on companies to look at climate risks (USASRI; USANGO1).

Activist investors are a further group of actors who explicitly use their status as shareholders to further CS issues:

> "The other trend, of course, is activist investors, and the fact that investors are looking at companies that they own, saying "why are you doing that?" to really press them; that is a tremendous innovation, which is much more important than lawsuits." (USANGO1)

Investors are not the only important actor group in the investment arena: stock exchanges exert leverage as well: for instance, "the New York stock exchange has been encouraging companies to talk about sustainability" (USAW2). Research firms, the best-known being KLD, have been rating large companies' ESG performance (USASRI). And even traditional investment banking firms like Goldman Sachs, which themselves may not be sustainable, have developed SRI portfolios (USAW2). Financial advisors are a potentially crucial group of actors for furthering SRI as they could include this into their advice to their clients, individual and institutional investors. However, the majority of them are not familiar enough with SRI yet (USASRI). The membership association US SIF unites firms, institutions and organizations engaged in SRI to advance sustainable business practices (USASRI).

Apart from engaging in sustainable investment practices and filing shareholder resolutions, investors and investor networks have also sought to address CS issues through policy advocacy, as does for example the US SIF (USASRI):

> "We will develop each year a list of our policy priorities, […] what sort of legislation we would support. […] we have written and submitted comments to the EPA, […] we will send letters to members of Congress, we´ll meet with congressional staff, we´ll meet with regulators such as the Securities and Exchange Commission. One very important area is supporting efforts to increase disclosure by companies on ESG issues. (USASRI)

The association also conducts research projects, publishes reports and organizes conferences on SRI trends and topics in the United States (USASRI). Furthermore, US SIF has member working groups to work on different questions around SRI, and offers trainings aimed at financial advisors in order "to increase the number of advisors who are familiar with SRI" (USASRI).

India

In India, the situation is very different: since the country's SRI movement is still in its very infancy, investors have not yet gained much importance as governance actors in the field of CS (INGO2; ISRI; IPMCA; IPIICA; INGO3; IPGIZ; INGO1; IW1).

> "The reality is that investors do not have any role so far." (IPMCA)
>
> "Investors are basically only interested to know how much more the share goes up, they are only shareholders. They are not concerned with communities, green...." (IPIICA)

INGO3 even criticizes that investors play a counter-productive role by “investing in polluting companies” (INGO3). ISRI explains the general low interest of Indian shareholders in SRI by their current focus on short-term returns:

> “There is TREMENDOUS pressure on the fund managers to give them returns. The outlook or the idea is that I should invest today and within five days, then days, within three months, I should get a very good return.“ (ISRI)

Yet, it also depends on the type of investor: individual investors and informal investors “will generally not be interested in the track record of the company on business responsibility issues” (IPMCA), whereas among Indian institutional investors, such as banks and financial institutions, and multinational financial institutions, such as the World Bank, there is at least “a little bit of awareness or consciousness” of SRI (IPMCA). However, large, typically government-owned institutional investors, who are the major players in the Indian stock market, such as LIC (Life Insurance Corporation of India), SBI (State Bank of India), have not yet shown much interest in SRI (ISRI; INGO2).

While religious institutions in the West were partly driving the SRI movement, these types of investors have not entered the stock market in the Indian context yet:

> “[…] the temples, the churches, they may be having a lot of money at their disposal, but they do not invest in the stock market.”(ISRI)

On the other hand, IPMOEF and IUNGC underline the positive role that banks and international financial institutions have started to play in CS governance by making sustainability performance or ESG disclosure criteria for granting loans to companies (IPMOEF; IUNGC). Finally, international ethical investors of MNCs have started to apply SRI requirements to the Indian subsidiaries of these companies (INGO1). Furthermore, the creation of the first Indian ESG index was supported by IFC, a member of the World Bank group. On the domestic level, CRISIL and KLD Research & Analytics are engaged in assessing the companies for the index, and doing advocacy work in order to spread awareness for SRI (ISRI).

15.6. Summary table: domestic governance actors

The table below summarizes the roles of domestic governance actors in comparison: the perception of NGOs as important governance actors for CS is shared by interviewees in all three case countries. Also, labor unions are considered to not playing a large role in CS governance by the majority of interviewees. Both the role of government and the role of investors reflect the respective policy patterns and SRI markets in Germany, the US and India. Business organizations were discussed controversially: on the one hand, traditional associations follow the lowest common denominator; on the other hand, business organizations can foster capacity building and best practice sharing.

Role of governance actors			
	Germany	**USA**	**India**
Government	▪ Proactive approach to sustainability / CSR ▪ Inter-ministerial coordination by BMAS and BMU ▪ Initiating, moderating and facilitating CS ▪ Influenced by the European level; EC considered a frontrunner with regard to CS meta-regulation	▪ Decentralized approach of various ministries and agencies ▪ No central coordination ▪ Strong interest in international CSR; CSR unit at the State Department ▪ Mixed opinions about the role of government for CS meta-regulation	▪ Proactive approach to CSR, coordinated by the IICA ▪ Emphasis on businesses' contribution to solve development challenges ▪ Primacy of economic growth hurdles effective environmental and labor regulation
NGOs	▪ Important role for CS governance ▪ Both watchdog and partnering role ▪ Awareness-raising function ▪ Policy advocacy activities particularly important on the EU level	▪ One of the most important governance actors for CS ▪ Watchdog approach ▪ Increase of collaborations between NGOs and business ▪ Policy advocacy as an important part of NGOs' work	▪ Considered one of the most important governance actors for CS ▪ Low level of institutionalization ▪ Great importance of international NGOs ▪ Rather confrontational role
Labor unions	▪ Traditionally rather reluctant role in CS governance, but recently stronger involvement ▪ Certain distrust vis-a-vis voluntary CSR	▪ Not sufficiently involved in CS governance ▪ Disconnection between labor and environment interests is slowly being overcome (e.g. BlueGreen Alliance)	▪ Currently not playing a role in CS governance ▪ Focus on very basic labor issues ▪ Interviewees would want to see labor unions to play a more active role
Business organizations	▪ Traditional associations perceived as laggards following the lowest common denominator ▪ Dialog with individual companies is considered more promising ▪ Business networks that explicitly focus on CS take a more progressive approach	▪ Ambiguous role, depending on the type of business association: ▪ On the one hand, traditional industry groups hinder CS through lobbying ▪ On the other hand, progressive business networks have emerged that foster CS	▪ Very relevant role for promoting CS ▪ Large, centralized associations, in particular: CII, FICCI, ASSOCHAM ▪ Awareness-raising, capacity building, best practice sharing
Investors	▪ Potentially important actors, but financial institutions, pension funds and asset managers have not yet fully recognized their responsibility in fostering CS	▪ Enormous potential leverage of large investors, such as public pension funds ▪ Important influence of stock exchange regulations ▪ Activist investors	▪ SRI has not yet gained momentum ▪ Positive role of banks /international financial institutions

Table 14: Summary of empirical findings on the role of domestic governance actors

16. Global CS governance

This chapter outlines the empirical findings on global CS governance, starting with the experts' perceptions of the general relevance of global governance instruments in the three case countries. Based on this, their views on different governance instruments are described, distinguishing between intergovernmental instruments and transnational governance instruments. Finally, the synergies between global and domestic governance that result from the harmonization of polices and from international policy learning are presented.

16.1. Relevance of global CS governance

Oftentimes, interviewees drew the line between global and domestic governance, but did not distinguish between international and transnational governance instruments for CS. This is why the following chapter deals with the general perception of global CS governance by the governance experts before describing the different opinions interviewees had of specific international and private transnational governance instruments.

16.1.1. Relevance in Germany

The German interviewees referred to a wide range of global CS governance instruments and emphasized their importance to close global governance gaps:

> „In our opinion, MNCs should adhere to the international frameworks that exist, and when these requirements – of the OECD guidelines or the ILO - are complied with they have the potential to carry the sustainability dimension of globalization forward.“ (DG)[xxxiv]

The experts explicitly attached significant relevance to the following standards:

(1) the OECD Guidelines (DUNGC; DPBMU; DPBMWi1; DNGO; DW; DSRI; DPRNE; DG; DPBMAS1),
(2) the UN Global Compact (DPBMWi1; DILO; DW; DSRI; DPRNE; DPBMAS1; DUNGC),
(3) the GRI Guidelines (DPBMAS1; DUNGC; DW; DPBMU; DSRI; DPRNE; DILO),
(4) the ILO labor standards (DPBMAS1; DILO; DW; DSRI; DPRNE; DG; DNGO),
(5) ISO 26000 (DPBMU; DPBMWi1; DW; DUNGC; DPBMAS1),
(6) certifiable ISO norms (DPBMU; DW; DPRNE; DUNGC)
(7) the Ruggie framework for business and human rights (DILO; DPRNE; DUNGC; DPBMAS1).

As DPBMAS1 explains, „when asking about the most significant CSR instruments, these are the OECD guidelines, the UN Global Compact and the ILO MNE Declaration. […] Of course, another two instruments were added with the ISO 26000 and the Ruggie principles – I would say that these five instruments are perceived as the most important ones in the field of CSR within this Ministry” (DPBMAS1)[xxxv]

In addition, the UN Principles of Responsible Investment (UNPRI) were mentioned as a helpful instrument, which is, however, not yet widespread in Germany (DPBMU; DSRI; DPRNE; DUNGC).

Although experts from labor and civil society organizations emphasized the importance to global governance instruments, they pointed to their inherent lack of accountability (DNGO; DG):

> „Ideally, they would not be voluntary, but enforceable and thus more binding. If international frameworks were more binding, this would take us a major step forward." (DG) [xxxvi]

16.1.2. Relevance in the US

In the United States, the perception of global governance instruments for CS is rather ambivalent: On the one hand, the uptake of these standards is encouraged in the context of the US government's international CSR activities. On the other hand, the awareness and influence of global standards among domestic companies was considered very low – with the GRI guidelines being one important exception.

With regard to their international CSR activities, governmental representatives explained that they work with a range of different international guidelines (USAPDOL; USAPDC; USAPDS):

> "You have got the ISO 26000, the UN Global Compact, the GRI reporting. I think there is plenty of great resources and tools. The OECD as well has their set of principles and pillars. […] we are supportive of them, we recommend them as guidelines to companies, and oftentimes in some of our trainings we have cited them." (USAPDC)

The US government furthermore integrates the ILO core labor standards as criteria in the context of free trade agreements and their trade preference programs (USAPDOL). The United States is also a major donor to the international ILO programs (USAPDOL).

At the domestic level, the GRI guidelines was perceived by almost all of the American interviewees as having a significant impact (USAG1: USANGC; USAEPA1; USASRI; USAW2; USANGO1; USANGO2; USAPDC; USAWNGO):

> "I think GRI is probably the most important, because so many companies do reporting […] I would say there is a quasi-regulation, and that is that if you are a big company, you must do a GRI report." (USAW2).
>
> "To me it [the GRI] is one of the best, most important."(USAG1)
>
> "I think a lot of companies look to GRI - that is one we hear a lot about." (USAWNGO)

Apart from GRI, however, global instruments have a rather low relevance in the US (USAG2; USAEPA1; USAUNGC; INGO2; USAW2; USANGO2): For example, the membership numbers of the national UN Global Compact network are comparably low (USAUNGC); the same applies to ISO 14001 certified companies (INGO2), and although the US is a major donor of the ILO, it has not ratified a considerable number of its agreements (USAG1).

When trying to explain this American reluctance towards international standards, some interviewees pointed to the traditionally weak role of the United Nations in the US which results in unawareness of UN governance instruments. Another explanation was that US companies are concerned about being held liable for complying with the voluntary principles through lawsuits (USAUNGC; INGO2):

> "You will find that ISO is not very big in the US. It [the US] is going to be low on everything like this. They [the companies] are not going to put it down in writing, it

opens up to lawsuits. They are not going to sign on." (INGO2)[12]

"I think that companies are just unaware of the Global Compact. […] I think the role of the UN as a whole is not as central to a lot of companies. […] They have had legal reviews and a legal opinion issued that the Global Compact is a non-binding document, because the US companies... people are very litigious, they like to sue and take people to courts, so I think that is another barrier sometimes." (USAUNGC)

Nevertheless, several governance experts registered a growing consciousness for the UN Global Compact, the Ruggie framework for business and human rights and certifications such as ISO 14001 among multinational US companies (USAILO; USANGO1; USAW2; USASRI; USAUNGC) – a development which was welcomed:

"The fact that there are international standards that one can point to I think is very helpful for investors and other stakeholders who engage with companies. […] I think it gives you a better bargaining position that you can point to this set of standards that numerous companies at least pay lip service to." (USASRI)

16.1.3. Relevance in India

Many interviewees in India attached great importance to global drivers of CS. The experts distinguished between multiple ways in which international standards, institutions and market structures have impacted companies in India:

- First, global CS standards have had an indirect impact serving as a source for domestic policies (i.e. the NVGs) (IPGIZ; IW1; IPMCA; IPIICA).
- Second, international buyers and TNCs that operate in India increasingly require their Indian suppliers to comply with certain international CS standards, thus creating a market pressure (INGO2; ISRI).
- Third, international investors and global financial institutions have created a market incentive for companies by requiring companies to adhere to certain sustainability criteria (IPMOEF; INGO2; ISRI).
- Finally, intergovernmental institutions and transnational NGOs and labor organizations exert significant influence in this field by cooperating with both governmental agencies, domestic NGOs and companies on implementing CS standards (IUNGC; IPMOEF; IPMCA; INGO3; IILO; INGO2; IPGIZ; ISRI).

"International pressures of various norms and standards were proliferating, and we were getting more closely engaged with the global economy […]. A lot of our SMEs are also part of the supply chain of international buyers - so increasingly, the companies which were following international voluntary standards were asking their suppliers to comply with these standards." (IPGIZ)

Inter- and transnational CS instruments that have so far received much attention in India are mainly:

(1) the GRI guidelines (IW1; IPGIZ; INGO2; IUNGC; ISRI; IPMCA; IWNGO; INGO3; INGO1)

[12] The interviewee INGO2 is an American citizen who currently works in India, but has worked in the field of CS in the United States as well.

(2) the UN Global Compact (IPGIZ; IW1; ISRI; IUNGC; IPMCA; INGO1; INGO2; INGO3),
(3) and ISO 26000 (IPGIZ; IUNGC; IPMCA; IW1).

In addition, companies are oftentimes expected to contribute to the UN Millennium Development Goals (MDGs) or to the upcoming Sustainable Development Goals (SDGs) respectively (IUNGC).

Awareness of sector-specific instruments, such as SAI for the textile supply chain, (IPGIZ; INGO1) has gone up recently due to supply chain pressure. With regard to ISO certifications, such as ISO 9000 and 14001, some interviewees mentioned that there is an increasing uptake (IPMOEF; ISRI; IPIICA; IWNGO; INGO1), while others thought that they have not yet gained momentum (IPMCA; IUNGC; INGO2).

16.2. Intergovernmental instruments

Alongside the below mentioned more prominent global instruments, the UNPRI were emphasized by several interviewees – particularly in Germany and the US – as another relevant international instrument, which should be further strengthened (USANGO2;USAPDC; IUNGC; DSRI; DPRNE; DUNGC; DPBMU).

16.2.1. OECD Guidelines

According to several interviewees, the stakeholder engagement process of the 2011 revision that involved around 700 stakeholders lent the guidelines a high degree of legitimacy (DUNGC; DILO). Even more importantly, its independent complaint mechanism backed by governments' National Contact Points (NCPs) was considered a unique advantage of the OECD guidelines – in particular by NGOs and labor organizations (DNGO; DG; INGO1; DPBMAS1; DG). The same governance actors have been closely involved in the drafting of the revised guidelines, amongst others via the network 'OECD Watch' (DNGO; INGO1; DG; DUNGC).

The relevance and legitimacy of the OECD guidelines was emphasized by other governance experts as well (DPBMU; USAEPA1; DPBAS1; DUNGC):

> „The OECD guidelines are very important for us when it comes to implementation. They are actually the instrument that we tell companies to put into action because they reflect what society expects of TNCs in their operations abroad." (DUNGC) [xxxvii]

Although the above mentioned characteristics increase the bindingness of the guidelines compared to other global governance instruments, DG and DGO made it clear that they would have preferred a further strengthening of the guidelines' bindingness in order to hold TNCs more accountable in the context of their international operations (DNGO; DG). Yet, as several OECD member countries and international business associations such as BIAC (Business Advisory Committee) are strongly opposed to this idea, the introduction of a legal enforcement mechanism is unlikely in the foreseeable future (DG).

Although awareness of the guidelines is raised nationally and internationally both by governments and civil society organizations (DNGO; USAPDC; INGO1; DPBMAS2; DNCS;

DPBMU; USAPDC), the level of awareness among companies seems to be lower in comparison to other major global governance instruments for CS.
However, due to their interlinkage to other governance instruments, the OECD guidelines were on the one hand perceived as a basis for instruments such as the GRI guidelines and the ILO MNE Declaration (USAUNGC; DW; DPBMAS1) and, on the other hand, as a tool to specify and implement norms like the Ruggie principles for business and human rights (DNGO).

> "I think the OECD guidelines are an undercurrent to everything, corruption policies, the way you deal with your employees, etc. […] they are the underlying details when you want to go deeper into what does this really mean or how can it be applied" (USAUNGC)
>
> „The OECD guidelines can be understood as part of the implementation of the [Ruggie] guiding principles. We see them to some extent as a non-judicial grievance mechanism linked to the third pillar of the principles, but at the same time they are linked to the first pillar, the state's duty to protect."(DNGO)[xxxviii]

National Contact Points (NCPs)

The German NCP for the OECD guidelines is housed at the Federal Ministry for Economics and Technology (BMWi) which was partly criticized by interviewees since it might lead to conflicts of interest as opposed to having a tripartite structure (DPRNE; DNGO). The NCP is committed to raise national awareness of the OECD guidelines, for example through participating in events and panel discussions (DPBMAS2; DNCP).

In the US, the NCP is housed in the State Department, as part of the Economic and Business Affairs Bureau's broader CSR team (USAPDS).The NCP is responsible for both outreach and promotion of the guidelines and addressing complaints. Interviewee USAPDS explained that, in order to avoid full-blown complaints, the NCP follows a pro-active agenda and offers mediation: "using the resources of our embassies, when we hear about problems on the […], trying to get the parties to have an opportunity to talk with each other, and hopefully find some solutions." (USAPDS)

Since India is not an OECD country, Indian companies' awareness of the OECD guidelines is relatively weak (INGO1; IPMCA; IPGIZ; IPMCA; IW1), although the guidelines have been recognized at the policy level.

16.2.2. ILO Declarations and Conventions

Along with the OECD guidelines, the ILO core labor standards were considered the most binding international instrument for CS. Compliance with the core labor standards – and ideally their adoption by tier-one suppliers – is generally viewed as a basic requirement that global businesses has to fulfill (DG; DUNGC; IILO; ISRI; DPBMAS1; USAPDOL; DILO; USAILO; USAG1)

> “Somewhere you have to draw a line, and for us, it is very easy, it is these international labor standards.”(IILO)
>
> “The ILO is the baseline on a lot - whether it is the OECD guidelines or Global Compact. And I think a lot of the company initiatives actually recognize that there are core labor standards, and maybe that forms the base.” (USAPDOL)

While the percentage of ratification of the ILO core labor standards by countries is very high (about 90 percent), major governance gaps remain with regard to some of the norms, namely those dealing with freedom of association and collective bargaining: “although 80 percent of the countries ratified these two conventions, half of the world’s population lives in those countries that have not ratified them yet” (DILO).

The ILO MNE Declaration, on the other hand, reflects a more comprehensive set of norms: Whereas it includes the core labor standards it also covers issues such as occupational health and safety and regional development (DILO).

> “It is my impression that the MNE Declaration tends to be underestimated. I think that the topics [covered by the MNE Declaration] such as training, regional development, etc. are particularly substantial in the field of labor. The weak point of the MNE Declaration is that it is voluntary, it is a recommendation and does not provide for any sanctions.” (DILO)[xxxix]

However, DPBMAS1 stresses that the ILO MNE Declaration “has a more or less indirect impact on corporations since the labor chapters of the UN Global Compact and particularly the OECD Guidelines have been copied from the ILO MNE Declaration” (DPBMAS1).[xl]

National ILO offices

The local ILO offices – both in Germany, USA and India – follow the logic of the ILO as a tripartite organization, where the government, workers’ associations and employers play equal roles (DILO; USAILO; IILO).

The ILO office has two main missions in Germany: first, to raise the visibility of the ILO in Germany by informing the public about global labor market developments and providing recommendations and expertise on these international issues. The second aspect is fundraising for projects (DILO).

The office is also strongly involved in CSR forums and networks as a strategic partner (DILO). With regard to particular focus issues in Germany, unsecure employment relations have been identified as a recent problem, along with issues of youth employment and the 'social protection floor' (DILO). The office regularly publishes reports on employment trends and challenges in Germany. On the other hand, globalization issues such as human trafficking, forced labor, trade union freedom and supply chain management represent issues for German companies as well (DILO).

Compared to other ILO offices abroad, the German ILO office is quite receptive to partnerships with businesses in order to mainstream the implementation of certain CS aspects and ILO conventions in transnational business operations (DILO):

> “I was glad to find out that the ILO is very open towards cooperating more intensively with corporations. […] I think that a particularity of the German ILO office is that we very much push the idea of business cooperation with the ILO.“ (DILO)[xli]

The US ILO office also represents the ILO to the International Finance Institutions, the World Bank and the IMF, and also other multilateral institutions (USAILO). Focus issues of the US ILO office are centered around the ILO's 'decent work agenda' and included subjects like the post-2015 agenda, core labor standards, global supply chains, youth employment, and issues associated with the recent global recession (USAILO). Oftentimes, the US office is part of a larger, international dialog contributing the ILO perspective on global policy issues in the Washington context (USAILO).The office works with different actor groups on international labor standards:

> "It is about core labor standards, and about good practices and global supply chains, what you should be doing with your suppliers, how do you figure out and then promote core labor standards. […] I am working with US companies, with labor, with the US agencies." (USAILO)

The main mission of the local ILO office in India is to guard the application of labor standards and deal with problems of non-application of ratified conventions (IILO). Informal or small unions can approach the ILO office to raise awareness of a certain problem, "and then there is a kind of dialogue mechanism which in the end can result in technical cooperation from our side" (IILO). The Indian ILO office discusses with governmental agencies on issues such as labor inspections, caste discrimination, child labor and bonded labor, and initiates projects in these areas (IILO). It cooperates with a range of governance actors:

> "We work together with the labor authorities in the state, with the employers' associations, with unions, and with NGOs on issues like education, and come up with some kind of code of conduct". (IILO)

The ILO National office in India has recently started to partner with individual companies on working conditions in the context of the 'ILO Declaration for a fairer globalization'. However, IILO maintains a rather skeptical view, putting the organization's credibility first:

> "The moment you take money from companies, we also have to maintain our neutrality and objectivity, so all has to be done in some kind of formal arrangement; it has to be specifically determined for what kind of activities we´re using it."(IILO)

16.2.3. Ruggie principles (UN Guiding Principles for Business and Human Rights)

Although the Ruggie principles were introduced only in 2011, interviewees of all three countries showed a considerable level of awareness with regard to this new UN framework for business and human rights. The governance experts stated that the launch of the framework has triggered an increasingly dynamic debate on business and human rights. (DNGO; INGO1; DILO; DW; USAILO; DPBMAS2)

> "I think the Ruggie framework or the guiding principles to the framework are the most elaborative instrument on business and human rights so far, and they have also created quite some international cloud around them." (INGO1)

The interviewees generally had a very positive view of the UN principles (DPBMAS2; DPBMAS1; USAPDS; DPRNE; DUNGC; IUNGC; USAWNGO) and particularly appreciated

that the framework clearly defines both state's and companies' responsibilities for human rights and furthermore addresses the question of 'remedy' (INGO1; DILO; DNGO).
On the other hand, some interviewees pointed to the fact that John Ruggie had previously failed to introduce binding international norms on business and human rights. The framework is consequently seen as a second-best option by those who would have preferred a sanctionable international mechanism (DILO; INGO1).
DILO emphasized that, at the time when the expert interviews were conducted, the debate on the UN framework for business and human rights had been still confined to a circle of CS experts. Nevertheless, there is a slowly growing consciousness and discussion among multinationals about how they can implement the Ruggie principles in their operations (USAILO; DW; DILO). In order to raise awareness and discuss best practices for implementation, a considerable number of organizations, networks and government agencies from both Germany, the US and India has launched various outreach activities (INGO1; DW; USAWNGO; DPBMAS1; DPBMAS2; IUNGC, USAPDS). For instance, NGOs and business associations have drafted guidelines on how to use the UN Protect Respect and Remedy framework (INGO1; DW), while government agencies, local Global Compact networks and others have organized events to which they invited experts or John Ruggie himself so that companies could hear from them directly on the implementation of the Ruggie Framework (USAWNGO; DPBMAS1 USAPDS; IUNGC).
The principles are furthermore interlinked with other international governance instruments: In particular, the human rights chapter of the OECD Guidelines which has been amended in the 2011 revision process draws upon and is consistent with the Ruggie principles (DNGO; USAPDS).

16.2.4. UN Global Compact

In contrast to the other international governance instruments, the UN Global Compact was considered by the interviewees as a more generic instrument with a cross-cutting approach (DUNGC: USAUNGC; IUNGC; USASRI):

> "The UN Global Compact is a high level statement that covers a lot of areas […]. That is to me the beauty of the Global Compact, it brings all of it together under its umbrella." (USAUNGC)
>
> "The UNGC is basically summarizing some of the key international codes, the Declaration of Human Rights, the fundamental principles of the ILO and so forth." (USASRI)

On the other side, the Compact's voluntary approach is oftentimes criticized as being rather ineffective or prone to Greenwashing. A number of interviewees shared this critical view (INGO3; USASRI; INGO1; DNGO; DG; USAILO):

> "We tend to be a little skeptical of the UN Global Compact, […] I think that the UNGC is being sort of a "feel-good" exercise, I do not feel like it has a lot of teeth." (USASRI)
>
> "[…] the UN Global Compact, but I think that is a rather weak instrument. It does not have any sanctioning mechanism, is again voluntary." (INGO1)

„I leave out the Global Compact which is not the most effective instrument from our point of view.” (DG)[xlii]

While DUNGC was fully aware that problems of free-riding might arise from the instrument’s voluntary approach, he stressed that sanctioning companies who perform badly in terms of CS is explicitly not the Global Compact’s goal. Instead, it aims at supporting these companies in their efforts to improve their sustainability performance (DUNGC).

In terms of interlinkages with other global governance instruments, the close tie between the Global Compact and GRI guidelines was emphasized by several governance experts (DUNGC; DW; IW1). In particular, the Global Compact members are able to link their COP (Communication on Progress) with their standardized GRI sustainability reporting:

„When we talk to companies about reporting we tell them: please report about the content related to the Global Compact principles - and please do it in the format suggested by the GRI.“ (DUNGC)[xliii]

Among the three countries, various differences in the uptake and perception of the UN Global Compact were striking:

In Germany, DPBMAS1 emphasized that the high relevance of the Global Compact could be explained by companies appreciating the opportunities for exchange of ideas and best practice that the Global Compact provides (DPBMAS1). Also, DUNGC and DNGO stressed that the about 200 member companies of the German local network can rather be characterized as ‘frontrunners’ than laggards in the realm of CS (DUNGC; DNGO).

In contrast – and as mentioned above – the UNGC is not as prominent in the United States. Although the more members have started to join since 2005, the role of the Global Compact seems to be less central to US multinational corporations’ sustainability programs as it might be the case in other countries (USAUNGC). There are several rationales behind this: First, the percentage of multinationals in America is quite high and these corporations are involved in a wide range of initiatives – of which the UNGC is only one; second, although the Global Compact is a non-binding document, US companies tend to be concerned about potential legal disputes; and third, as USAUNGC reports, a number of US companies seem to be “nervous about joining the Global Compact because of principle three, the labor one” (USAUNGC).

In the Indian context, the instrument is considered to be quite popular and well-known among companies, which is also reflected by the multifaceted and frequent outreach activities of the local Indian UNGC chapter (IUNGC; INGO2, ISRI; IW1).

National UNGC networks

The German local UNGC network is governed by a multi-stakeholder steering committee and primarily understands itself as a platform that brings together different players from business and civil society on a very confidential basis (DUNGC; DNGO). It furthermore provides its members with expertise, training and dialog forums, and publishes a yearbook with varying focus themes that are chosen on the basis of a yearly member consultation (DUNGC). Recent issues discussed in the network have been, for instance, business and human rights, sustainable supply chain management as well as sustainable finance (DNGO; DUNGC).

The UNGC local network in the United States is led by a steering committee of business members and was undergoing a certain strategy alignment at the time of the interview (USAUNGC). Its relatively low visibility was explained by USAUNGC by the unique structure of the US network:

> "It is made up of very large multinational companies, and the role of the UNGC is not as central to their sustainability programs. […] You would think the US network might be much more forthright, with much more visibility. But it is very informal and a lot of our member companies are members of so many initiatives that the UNGC becomes one of those initiatives; and it is not the center of how they drive their programs, it is just a component." (USAUNGC)

The US UNGC network focuses on providing its members with a platform for networking and best-practice sharing (USAUNGC):

> "Networking is another major point: We did a survey of our members a few of years ago, and that was the number one thing that the US network members wanted." (USAUNGC)

It also holds two symposiums a year as well as webinars on different CS topic. Focus issues of the network have been women and gender equality, supply chain management, education, water, climate change, stakeholder engagement, and sustainability reporting (USAUNGC).

With the UN Global Compact being "quite popular in the Indian context" (ISRI) and the local Indian chapter being one of the pioneering local UNGC networks, it has been pretty active (ISRI). In addition to the national UNGC chapter registered in Delhi, it has set up decentral state and city level chapters (IUNGC).

In order to foster CS, the Indian local UNGC network employs a broad range of instruments: networking programs, such as round tables, national conventions, media (IUNGC; ISRI), a training and capacity building program, awareness-raising, outreach and communication activities, and the publication of research results (IUNGC). It also uses "partnerships with the private sector to a very large extent" (IUNGC).The agenda of the local network is shaped by the four core pillars of the Global Compact (human rights, labor standards, environment, and anti-corruption) and is complemented by specific focus issues, such as woman empowerment, principles of responsible management education, the local relevance of Rio+20, and the transition of the Millennium Development Goals into the next phase (IUNGC).

The national UNGC network in India also intends to "act as an interface with the government" (IUNGC) in order to influence policy-making:

> "We work very closely with the government to be able to influence the policies. For instance, you will also hear that the Global Compact was the one which played a very decisive role in helping the government bringing out the voluntary guidelines."(IUNGC)

16.3. Transnational hybrid and private governance

Apart from the below mentioned instruments, the Carbon Disclosure Project was emphasized by several experts as another global initiative that is gaining importance and recognition among companies (DSRI; USASRI; IW1; IPGIZ).

16.3.1. GRI Guidelines

Unsurprisingly, the GRI guidelines were described by the majority of the interviewees as the internationally most acclaimed and best known standard for sustainability reporting (DUNGC; Accordingly, across all three countries included in the analysis, it was considered an important transnational standard (DPBMU; DUNGC; DPBMAS1; DW; USAG1; USASRI; USAEPA1; USAUNGC; USANGO1; USAW2; USAWNGO; IW1; IUNGC; ISRI)

> „GRI has established itself as THE reporting standard within the past four to five years." (DW)[xliv]
>
> "GRI to me is one of the best, most important."(USAG1)
>
> "We certainly appreciate that GRI is the most acclaimed, the most accepted." (IWNGO)

Its relevance is also reflected in the fact that the GRI standard has served as a source for domestic policy design in the cases of the German DNK and the Indian NVGs (DPRNE; IPGIZ).

The interviewees emphasized particular advantages of the standard: first, it is more concrete and specific compared to other global instruments; second, being based on comprehensive multi-stakeholder dialogues, it enjoys high legitimacy; and third, it significantly enhances the comparability of corporate sustainability reports (ISRI; DILO; USANGO2).

Nevertheless, several experts also criticized the guidelines for their lack of accountability and the inherent risk of Greenwashing (USAG1; INGO3):

> "The accountability part really lacks, and companies can fill out a report that looks good and then not really do a whole lot that is meaningful, and that is a concern. I just wish we had more of an accountability mechanism." (USAG1)

With regard to its degree of specificity, the opinions differed: While DSRI stressed that it would be necessary to include national and further industry aspects into the reporting framework in order to refine the GRI guidelines (DSRI), IWNGO was afraid that "GRI is very prescriptive, so it takes away the innovativeness of how a reporting has to be done" (IWNGO).

Another point of concern for several interviewees was that the number of companies using the GRI guidelines is still relatively low (IPMCA; INGO1; USAGO2; INGO3). Mostly, it is large, multinational corporations that follow the guidelines, and the percentage of businesses reporting according to the GRI is hardly significant when comparing it to the total number of companies operating in India or the US.

With regard to its interlinkages to other global governance instruments, the spread and implementation of GRI is supported by its link to the UNGC's Communication on Progress

(IUNGC; IW1), and the guidelines' content refers to both the OECD Guidelines and the UN Global Compact (DW).

16.3.2. ISO 26000

The non-certifiable norm ISO 26000 was mainly mentioned by German and Indian governance experts as gaining momentum and relevance among companies (IPGIZ; DSRI: IW1; IUNGC; DPBMU; DPBMAS1; DUNGC).
Interviewees particularly appreciated the comprehensiveness of the norm that provides companies with extensive guidance and gives specific information on a range of CS issues (IUNGC; DPBMU).
Yet, in the view of a number of interviewees, the fact that ISO26000 cannot be used as a certification has reduced the role of the norm and somewhat disappointed the expectations that experts had when developing the new standard (DILO; USAUNGC)

> „ISO is the international standard organization whose mission it is to develop certifiable standards and disseminate them internationally. When such an organization – with the participation of a multi-stakeholder approach - publishes an ISO norm and then states that it is not meant to be certified – I do not know what intention the actors involved had doing this." (DUNGC)[xlv]

Despite this provision, several German experts stressed that companies have started to use the norm as a certification nonetheless (DUNGC; DILO; DPBMU). In particular those companies that comply with the requirements of other ISO norms, such as ISO 900 and ISO14001, might only have to make a few adjustments in order to fulfil the criteria of ISO26000 (DUNGC).

16.3.3. ISO 14001 and other transnational certifications

Transnational certifications, in particular ISO 14001 and ISO 9001 were considered by many interviewees from all three countries as important and prominent standards (DW; DSRI; DPBMU; USAUNGC; USAEPA1; IPIICA; ISRI; INGO1).

> "Very important - because it does regulate the trade, and it does have an impact and it forces companies to begin to think about how to meet those standards, so I think that is very important." (USAEPA1)
>
> "I think that these certification schemes are quite prominent and important because a lot of Indian companies supply to foreign companies." (INGO1)

However, several interviewees pointed to the weaknesses of certifications and labels:
While making purchasing decisions easier is the greatest strength of certifications and labels, it also creates problems of generalization since it requires breaking down complex CS issues to a "yes, certified" (DPBMAS1; DILO). Another point of criticism was that there are simply too many certifications and labels available, which makes it harder for investors and consumers to assess their quality (DPBMAS2). Indeed, consumers might be overtaxed by maintaining an overview (DNGO).

Also, ISO certifications do not provide any information on the quality of performances or results, but only demonstrate that management systems are in place (DUNGC), which might lead to the false impression that a company is particularly environmentally conscious (INGO3; IWNGO).
Finally, ISO certifications are still not as widespread in India and the US as they are in Europe and thus have not yet developed a far-reaching impact (INGO2; IPMCA).

16.3.4. International Framework Agreements

The relevance of International Framework Agreements (IFAs) that are bilaterally negotiated between labor unions and companies is usually emphasized by representatives of the labor movement (DPRNE; DG; DUNGC). DG stressed that the instrument makes it possible to apply German legal requirements to all of a company's sites worldwide (DG). Other interviewees confirmed that IFAs play an important role in the automobile industry (DG; IILO).
However, the practical relevance of IFAs was partly questioned, since most of the employees might not be aware of the existence of such an agreement (DPBMAS2). Also, the instrument has not much importance among US companies (USAG1).

16.4. Synergies between global and domestic governance

16.4.1. Harmonization between global and domestic policies

In India and Germany, harmonization processes between global and domestic governance instruments can be observed:

The Indian National Voluntary Guidelines (NVGs) were drafted by taking into account a wide range of global standards, namely ISO 26000, ILO labor standards, the UN Global Compact, the Ruggie framework and the GRI guidelines (IPIICA; IPMCA; IPGIZ; IUNGC; INGO1).

> "While we were drafting these guidelines we looked at whatever was there already available, from UN Compact, ISO 26000 to OECD Guidelines to some of the sector specific guidelines, GRI framework." (IPMCA)
> "If you read the NVGs, you will feel and find that everything has been lifted from the Global Compact." (IUNGC)

When the German government started to approach CSR actively and launched its 'CSR action program', it stood under the impression of global governance initiatives such as the UN Global Compact, OECD guidelines and the ILO MNE Declaration (DILO; DPBMAS2).Also, the local UNGC network in Germany cooperates closely with BMAS and brings its expertise to the working groups of the government's 'CSR forum' (DUNGC).
Finally, the developers of the German Sustainability Code (DNK) for sustainability reporting thoroughly took into account the key performance indicators of the GRI guidelines as well as

the content of the OECD guidelines, UN Global Compact, the ILO standards, SA 8000 standards, UNPRI criteria etc. when drafting the DNK principles (DPRNE).
At the EU level, it is striking that the European Commission's recent definition of CSR strongly resembles the understanding of corporate responsibility that is inherent to the ISO26000 standard (DPBMU).

16.4.2. International policy learning

An important aspect that emerged from the interviews is international policy learning in the field of CS policies. The experts described various forms of exchange that policy-makers and private governance actors maintain with their international counterparts:

Multilateral exchange of ideas

First, with regard to multilateral exchanges, international conferences such as Rio+20 provide the platform for dialog on CS governance (DPRNE; USAEPA1). In India, several interviewees emphasized the rise of awareness that international sustainable development summits of the past decades have triggered among governance actors (INGO1; IW1; IUNGC). The business association CII, for instance, established its Environmental Management Division (now called Sustainable Development Excellence Centre) in 1992:

> "It was sort of a response to the Rio Earth Summit. This Earth Summit was such a big thing and the realization came in India that there was not anyone in India to guide industry how to go about environmental impacts". […] So that is how we came to being, member companies decided that such a department was required. It was a reaction to Rio." (IW1)

Another occasion for multilateral dialog on CSR have been G-8 summits: several German interviewees stressed for example that the 2007 summit in Heiligendamm had played an important role for setting the topic of CSR on the German government's agenda. The same summit had also contributed to trigger the revision of the OECD guidelines (DILO; DPBMAS1).
At the EU level, the dialog on CSR between EU members has been institutionalized through the establishment of the European Commission's High Level group: the group includes representatives of member states' ministries that are in charge of CSR and meets every 3-4 months (DPBAS1; DPBMU). Apart from this institutionalized exchange, CSR has been the focus of certain EU Council working groups and Council conclusions at particular occasions (DPBMU).

Bilateral exchange of ideas

Second, many interviewees – in particular, the German governance experts - described a bilateral exchange of ideas on the work level of federal ministries through dialog with international counterparts (DPBMAS2; DPRNE; DILO; DPBMAS1; DPBMU). For instance, the German BMAS has fostered the exchange of ideas with Scandinavian governments on CSR policies, in particular with Denmark (DPBMAS2; DPBMU). The German government

also maintains close bilateral contact and cooperates on the topic of CSR with India and China (DPBMAS2; DPBMAS1). And the US government is involved in a series of bilateral discussions and CSR training events, particularly with Latin American countries (USAPDC), Brazil and China (USAEPA1).
With regard to an exchange of ideas between policy-makers of the three case countries, there is currently a bilateral cooperation between India and Germany on CS/CSR, while dialogs of the US with Germany and India on CS have taken place on a more sporadic basis: There has been some exchange on CS/CSR between the German and the US government a few years ago (DPRNE), and the US government's 'Good Governance program' is being replicated in India. However, USAPDC stresses that the learning process is reciprocate: "I think India is actually in a lot of ways ahead of the United States on CSR as well, and there could be lots of opportunities to kind of share our ideas and practices with one another" (USAPDC).

Between India and Germany, there have been bilateral dialogs as well (DPBMAS1) – and what is more, the German BMZ and the Indian government maintain bilateral cooperation on the topic of CSR (DPBMU). In particular, the German GIZ does a lot of work on CSR in India (INGO2): the organization has, for instance, helped creating the GRI Focal Point in India (ISRI), and cooperated with the Indian government in the preparation of the National Voluntary Guidelines (IPIICA; IPGIZ; INGO2). It was involved in setting up the multi-stakeholder dialog that was conducted in order to develop the NVGs (IPGIZ):

> "The German model of social and ecological market economy does have interesting things that can be talked about. But there is no direct adoption of anything - I mean, there cannot be probably "a" model that can simply be imposed or brought from outside. What GIZ has done is really being a neutral facilitator to a multi-stakeholder dialogue process, bringing in international good practices and letting the whole dialogue evolve here." (IPGIZ)

International trade and investment

A more indirect way in which policies create an international impact is through international trade and investments: For example, the European REACH program is having implications on international suppliers abroad (USAEPA2; USANGO2):

> "There are definitely some big companies who are thinking that it is time to do something nationally on toxic chemicals - because the multinationals who are operating in Europe, they are operating under REACH, they know how to do it now, they figured it out, they can do it, so having a REACH-like program in the US does not sound nearly as scary as it might have five years ago." (USANGO2)

As mentioned above, the US includes requirements regarding internationally recognized worker rights – in particular the core standards from the ILO - in their trade preference programs and trade agreements (USAPDOL), and Indian governance experts mentioned the impact that international investments had for creating a market for SRI and raising awareness of CS requirements (ISRI; IW1).

International exchange of ideas between private governance actors

On the other hand, learning processes between different countries take place with regard to private governance as well: interviewees from all three countries mentioned transnational private networks and cooperation on CS that they are involved with or that have considerable transnational influence.

In the realm of business associations, the World Business Council for Sustainable Development (WBCSD), located in Geneva, is globally connected and holds international meetings (USAEPA1); at BSR (Business for Social Responsibility), international teams work on the same consulting projects which results in the international dissemination of industry-specific expertise (USAWNGO). The German business network econsense, for instance, maintains dialog with international counterparts via conferences, informal meetings and joint events (DW). It is also a member of the European umbrella association CSR Europe that allows for an exchange of ideas with international colleagues (DW). While some focus issues might be different among countries, DW stressed that almost every CS-specific business association deals with the topics of sustainability reporting and sustainable supply chains.

Another example is the US-based Conference Board' connection to the Brazilian organization 'Instituto Ethos' which gathers many international CSR/sustainability leaders (USAW2).

Indian NGOs described collaborations both with Western counterparts – especially those organizations that work on supply chains – and a network with different counterparts in South-Asian countries (INGO2). For example, the environmental performance ranking conducted by the Indian NGO CSE (Centre for Studies on the Environment) had been inspired by a visit of the organization's director in the US where he interacted with another environmental NGO (INGO3). At the European level, the ECCJ network as well as the OECDWatch network, both mentioned earlier, connect different NGOs working in the field of CS (DNGO).

The transnational exchange of ideas among organizations working on SRI is organized between national SIFs (Sustainable Investments Forums) in Europe, the United States and Asia (USASRI; DSRI):

> "There is a lot of sharing of ideas and advice; […] So we share information and thoughts; and we are providing webinars to one another where we would talk about some of the key SRI public policy issues coming up in our markets. Just so that we all understand a little bit more on what is going on in each SIF region." (USASRI)

Furthermore, the Global Sustainable Investment Association is a transnational umbrella organization which allows for collaboration and releases a report on global sustainable investment trends (USASRI), and the European network Eurosif provides a platform for the dialog between members from national European member countries' SIFs (DSRI).

Policy dissemination via intergovernmental institutions

Finally, intergovernmental institutions and UN agencies help to disseminate CS/CSR policies and governance approaches at the domestic level. For instance, several Indian interviewees mentioned cooperation between national governments or governance actors and multilateral institutions such as the World Bank/IFC, UNICEF and UNDP for promoting CSR in the emerging economies (ISRI; INGO2; IUNGC).

An international exchange of ideas often also takes place between local UNGC networks and their neighbor countries' counterparts (IUNGC, DUNGC). The Indian UNGC chapter, for instance, facilitated an exchange of ideas between UNGC member companies from Brazil, China and India at the Rio+20 conference, and offers an exchange program where Indian companies engage in dialog with their counterparts from Asia and Oceana (IUNGC). The German UNGC network uses an online-based knowledge-sharing platform to exchange information, publications and best practices with other European UNGC networks. The UNGC local networks meeting which is held every year provides further opportunity for exchange and dialogue, and the New York UNGC office oftentimes coordinates cooperation between national networks that might have common challenges or interests (DUNGC; USAUNGC). Similarly, National Contact Points (NCPs) for the OECD Guidelines conduct peer learning processes with their international counterparts through peer reviews and yearly conferences (DOECD; DPBMU; USAPDS). National ILO offices, as well, have institutionalized dialogs with their international counterparts, in particular, bi-annual meetings with the directors of other country offices in their larger geographic area (DILO; IILO).

16.5. Summary table: global CS governance

In the following, the interviewees' perceptions of global governance for CS are summarized: Most striking is the low awareness of global standards among American companies that stands in contrast to the recognition of global CS governance in Germany and India. This is for example illustrated by the differing relevance of the UN Global Compact in the three countries. The interviewees highlighted the importance of specificity and bindingness of global governance instruments, and underlined the increasing interlinkages between the different instruments. As shown in the last part of the table, there are a number of synergies between global and domestic CS governance, especially in Germany and India.

Relevance of global governance in the national context			
	Germany	**USA**	**India**
General relevance of global governance instruments	▪ Importance of inter- and transnational standards to close global governance gaps ▪ Partly criticized for lack of accountability ▪ Most relevant: OECD guidelines, UNGC, GRI guidelines, ILO labor standards ▪ ISO 26000 and Ruggie principles gaining momentum	▪ Generally very low awareness and influence of global standards among domestic companies ▪ Exception: GRI guidelines ▪ Governmental representatives promote international guidelines in the context of global CSR	▪ Generally perceived to have great importance ▪ Global CS standards as a source for domestic policies (e.g. the NVGs) ▪ International buyers / investors require compliance with global CS standards ▪ Most important: GRI guidelines, UNGC, ISO 26000
International organizations' national offices	▪ Local UNGC network governed by a multi-stakeholder steering committee ▪ ILO focus issues: global labor market developments and fundraising; cooperates with companies ▪ OECD NCP is housed at the BMWi	▪ Informal and rather small UNGC local network ▪ ILO focus issues: decent work agenda and international supply chains ▪ OECD NCP is part of the State Department's CSR unit	▪ Very active local UNGC network, supported by regional chapters ▪ ILO focus issues: labor inspections, caste discrimination, child labor and bonded labor; skeptical towards partnerships with private cooperation

Perception of intergovernmental instruments	
OECD guidelines	▪ High degree of legitimacy ▪ High degree of bindingness through independent complaint mechanism ▪ Strong interlinkage to other governance instruments, particularly the GRI guidelines and the ILO MNE Declaration
ILO Declarations and Conventions	▪ The most binding international instrument for CS along with the OECD guidelines ▪ High percentage of ratification, but major governance gaps remain with regard to the norms dealing with freedom of association and collective bargaining ▪ MNE Declaration rather underestimated ▪ Interlinkage with the UN Global Compact and the OECD Guidelines
Ruggie principles	▪ Triggered an increasingly dynamic debate on business and human rights ▪ Viewed very positively by the majority of governance actors as the framework clearly defines both state's and companies' responsibilities ▪ Interlinked with the human rights chapter of the OECD Guidelines
UN Global Compact	▪ Rather generic instrument that brings a lot of areas under its umbrella ▪ Low threshold: addresses companies at all levels to improve their sustainability performance ▪ Its voluntary approach is oftentimes criticized as being ineffective or even prone to Greenwashing ▪ In Germany, the high relevance of the UNGC is explained by companies appreciating exchange of ideas and best practices ▪ Less relevant in the US, because for American multinationals the UNGC is only one initiative among others, US companies are concerned about potential legal disputes and might be nervous about principle 3 (labor rights) ▪ Quite popular and well-known among Indian companies; multifaceted and frequent outreach activities of the local Indian UNGC chapter

Perception of transnational hybrid instruments	
GRI guidelines	▪ Considered the internationally most acclaimed and best known standard for sustainability reporting ▪ Advantages: o More specific compared to other global instruments o High legitimacy based on multi-stakeholder dialogues o Enhances the comparability of sustainability reports ▪ Criticism: o Number of companies using the GRI guidelines is still relatively low ▪ Interlinkages with the UNGC and the OECD guidelines
ISO 26000	▪ Mainly mentioned by German and Indian governance experts as gaining momentum ▪ Interviewees appreciated the comprehensiveness of the norm ▪ Non-certifiability has somewhat reduced the relevance of the norm
ISO 14001 and other certifications	▪ Great importance, particularly ISO 14001 and ISO 9001 ▪ Makes purchasing decisions easier for investors and consumers ▪ Weaknesses: o Generalization of complex CS issues o ISO certifications do not provide information on CS performance o In India and the US, ISO certifications are less common
International Framework Agreements	▪ Particularly emphasized by labor union representatives ▪ Criticism: only a mere fraction of the workforce might be aware of IFAs ▪ Not very common in US companies

Synergies between global and domestic governance	
Harmonization of global and domestic governance	▪ Global governance initiatives partly influenced the German government's CSR strategy and the 'German Sustainability Code' (DNK) ▪ EU level: EC's CSR definition reflects the ISO26000 definition ▪ GRI guidelines and other global standards have been a source for the design of the Indian National Voluntary Guidelines
International policy learning	▪ Impact of international conferences on domestic political agenda-setting ▪ EU level: institutionalized dialog on CSR: European Commission's High Level group ▪ Bilateral international exchange of ideas on the work level of federal ministries, e.g. cooperation on CSR between Germany and India ▪ Policies create an international impact through international trade and investment, e.g. the European REACH program ▪ Vital transnational exchange of ideas between private governance actors ▪ Intergovernmental institutions help to disseminate CS/CSR governance at the domestic level, particularly in India

Table 15: Summary of empirical findings on global governance influencing CS

17. Influence on TNCs' CS management

The following chapter is based on the results from the expert interviews with sustainability managers at Bayer, BASF and Siemens in the three case countries. First, the CS management of the companies is described, followed by the interviewees' perceptions of what are main drivers for the companies' CS activities. Against this background, I present the findings on how global and domestic governance patterns shape the CS managers' decisions in their view.

17.1.1. Global CS management

Organizational structure and coordination

All three case companies have applied matrix structures in order to organize their international sustainability management: on the one hand, subsidiaries are clustered by region or country, each of which has an assigned sustainability manager who is based in the region. On the other hand, Bayer, Siemens and BASF all have established cross-sectional sustainability steering committees or councils where representatives of different corporate units (such as EHS, procurement, HR, finance, compliance, etc.) and business segments (for example Healthcare, Materials etc.) come together.

Sustainability clusters by regions

Siemens, for example, has 14 sustainability clusters worldwide - with some clusters being composed of several countries, and others being at a country level - managed by cluster sustainability managers (SD1; SD2; SD3). The global roll-out of sustainability across the organization is managed from the headquarters' sustainability office which coordinates these clusters. The regional sustainability management ranges between implementing programs that are driven by the headquarters and realizing measures that depend on their local needs (SD3; SD1):

> "We break the organization up into 14 clusters, and it is about me working with the 14 cluster managers around the world in order to help them to implement sustainability in their countries. […] and my job is to understand the local needs of the regions and what sustainability therefore means to them . […] However, we cannot be too specific. Because when you look across those various ranges of geographies and development and maturity of markets, you have to give guiding principles in order for them to localize" (SD1).

Bayer, as well, has structured its sustainability management by regions, broadly broken down into EMEA (European, Middle East and Africa), APAC (Asia Pacific) and Americas (North and Latin America). For each region there is a sustainability officer, supplemented by country heads in those countries where the company felt that country-specific issues made it necessary, for example in China and India. In these regions, Bayer has also established regional sustainability committees (BayerD).

BASF, although strongly focusing its sustainability management on the headquarters in Ludwigshafen, also has regional sustainability "bridge heads" and regional steering committees dedicated to the topic (BASFD).

Headquarters' sustainability department

In line with the above mentioned cross-sectional management of sustainability, at Siemens, the interviewees emphasized that the headquarters' sustainability department plays an important coordination and facilitation role, but "does not have any governance function" (SD1). SD1 characterized it as "the bringing-together department", while other departments, such as "EHS, HR, Finance, Compliance or Integrity etc." remain the "governance owners" (SD1).

All case companies have divided their headquarters' sustainability department in units that focus on different issues of sustainability management, namely SRI (ratings and rankings, investors relations), stakeholder engagement, communication and sustainability reporting etc. (SD1; BayerD; BASFD). The Siemens headquarters' sustainability department, for instance, is made up of four teams dealing with customer and business models, stakeholder engagement, rankings and ratings, and business transformation, the latter of which is predominantly working with the sector management to drive sustainability in the organization (SD1). With regard to their position within the organization, the case companies' sustainability departments are associated with management divisions that directly report to the board of management (BASFD).

Furthermore, at Siemens and BASF, the different divisions or subgroups of the corporation have its own sustainability officers (Siemens) or 'bridge heads' (BASF) (SD3; SI; BASFD) who are responsible for mainstreaming the topic within the respective corporate segment (SD; SD2; SD1; SD3).

Sustainability councils and committees

The case companies attached very strong importance to cross-sectional sustainability councils for decision-making processes. The sustainability committee/council/board meets on a regular basis, usually comprises senior executives of different corporate departments (e.g. HR, procurement, EHS, finance, communications etc.) as well as the heads of the different corporate sectors and is chaired by the corporation's CEO or another board member who is appointed Chief Sustainability Officer (BayerD; BASFD; SD1; SD2).

> "The Sustainability Council comprises high-level representatives from all units, which makes it possible to mainstream the topic into the divisions, and by bringing these executives together it is possible to make decisions of strategic relevance." (BASFD)[xlvi]
>
> "There might be a project put in place based on the inputs of the Sustainability Board, which is representatives from across the corporate units and the sectors primarily, so they are senior managers, either heads of divisions or heads of the sector or heads of

corporate units, that sit on the sustainability board. There´s about 12 members, they meet on a quarterly basis […].” (SD1)

“This cross-sectional committee which is comprised by the heads of the different corporate subgroups and units has the power to make decisions which then only have to be approved by the board member.” (BayerD)[xlvii]

At Bayer and BASF, this type of cross-sectional sustainability committee with representatives from each business unit is reflected also on the regional level (BayerD; BayerI; BASFD).

Coordination with other departments on the working level

In addition to these sustainability councils on the executive level, all of the interviewed sustainability managers - both at the headquarters' level as well as the country level - stressed the importance of cooperating with different departments on the working level. In their view, the most important units to cooperate with are the EHS (Environment, Health and Safety) and Human Resources (HR), along with Procurement/Supply Chain Management, Corporate Citizenship, Communications, Compliance, and Governmental Affairs units (BayerD; BASFD; SD1; BayerI1; SI; BayerI2; BASFUSA; BayerUSA; SUSA; SD3; SD2):

“You need the support from different departments, from HR to procurement, to site services, and the business heads. This is very important. So, all these departments are involved very closely.” (BayerI1)

„Due to the complexity of the topic and the diversity of sustainability issues, basically all of the corporate divisions and units are somehow involved: the human resources department, the technical units dealing with water, biodiversity etc., and the strategy department - basically ALL of them.” (BASFD)[xlviii]

Since it deals with environmental and social management systems and processes, the EHS unit (or EHQS) plays a particularly important role when it comes to the setting of environmental targets and the operational roll-out of sustainability programs. As it collects much of the required data, it is also crucial for sustainability reporting and the monitoring of sustainability performance indicators (BASFD; BASFUSA; BayerD; BayerI1; BayerUSA; SI; SUSA; SD2; SD3).

“In the EHS group, they have specific colleagues that are working on sustainability assessment tools; they are also directly connected to the central sustainability group, where those competencies are developed from a global perspective.” (BASFUSA)

Another strong connection exists between the sustainability managers and the HR department: Similarly to EHS, the cooperation with HR is crucial for the roll-out of sustainability programs, and particularly the awareness-raising for sustainability issues among employees. Other aspects where the departments interact are for instance corporate volunteering, trade union issues, and the gathering of data on employment aspects for the sustainability reporting. Vice versa, the sustainability managers provide HR with information and marketing material for recruiting processes as potential job applicants are increasingly interested in a company's commitment to sustainability (BayerI1; SUSA; BayerUSA; BASFD; BayerD). Other cooperating departments are the Procurement and Supply Chain

Management units for the integration of sustainability criteria in supply chain management processes (SI; BayerD.
Most of the case companies manage Corporate Citizenship activities through a separate corporate foundation or in a separate unit (sometimes also referred to as CSR unit) that is often part of the Communications department (SD1; BASFD; BayerI1; BayerD; SI).
Finally, the case companies have Governmental Affairs/Governmental Relations units and advocacy offices that observe policy developments, compile policy statements, and interact with policy-makers in different levels. If required, these units also provide the sustainability managers with important information regarding sustainability policies (BASFD; SD2; SD3; BayerD; BASFUSA).

Sustainability strategy, program and reporting

Overarching values and strategy

The interviewees at Bayer, Siemens and BASF emphasized that sustainability has been integrated into the organizational-wide strategy and the core values of the organizations (SD1; SI; SD2; BayerD; BASFD; BASFUSA).
At Siemens, the organization's mission statement comprises a ten-point value system that integrates sustainability as a guiding principle, based on the fundamental company values "responsible, excellent, and innovative" (SD2; SI). In addition, strategic sustainability goals are part of the corporation's overarching strategy:

> "So, the growth of our environment portfolio, the integration of our integrity initiatives, compliance, etc. is all within the organizational strategy." (SD1)

Both Bayer and BASF have recently linked sustainability to the global corporate strategy by reformulating their overall strategies: BASF uses the slogan "We Create Chemistry for a Sustainable Future" (BASFD; BASFUSA), while Bayer adopted the company motto "Science for a Better Life" meaning that sustainability is enhanced by innovation and vice versa (BayerD).

On this basis, the companies have derived global 'pillars' for sustainability that describe their strategic orientation in this field: Siemens and BASF for example, have defined fairly similar pillars, such as 'Walking the talk', 'Business opportunities', 'Visibility' and 'Stakeholder engagement/ alliances' (SD1; SD2; BASFUSA). While 'walking the talk' in this context means that the companies aim to integrate ecological and social aspects in their own organizations, the pillar 'business opportunities' is associated with creating and benefitting from market opportunities linked to sustainability – Siemens' environmental portfolio, for instance –, 'visibility' regards the sustainability communication and reporting aspect, and 'stakeholder engagement' comprises for example stakeholder dialogs and partnerships (SD1).
Bayer has strived to define its slogan „Science for a Better Life" by linking the impact of their business segments "Materials", "Cropscience" and "Healthcare" to global sustainability goals, such as food security, global health, and energy efficiency (BayerD).

Focus issues and goals

Within this strategic framework, the case companies regularly determine priority topics by analyzing global mega-trends that constitute sustainability challenges and identifying their strategic importance for the company. With regard to these prioritized topics, the companies set themselves specific long- and short-term goals (SD1; SD4; BayerD; BASFD).

For instance, Siemens has identified demographic change, urbanization, and climate change among others as mega-trends that affect their business. As a consequence, its "Infrastructure and Cities" sector looks at different technology solutions that can address the increasing urbanization (SD1). With regard to the challenge of climate change, the organization has set itself targets to reduce its greenhouse gas emissions, but also expands its environmental portfolio to seize the market opportunities that arise from the need for climate adaption (SD4; SD1).

Within the chemical industry there is a strong focus on issues regarding environmental protection and energy, including energy and water consumption, CO2 emissions, waste water, ozone depleting substances, pollutants (nitrogen, phosphorus etc.), and hazardous waste. With regard to these aspects, Bayer sets itself overarching sustainability targets on a global level, passes them on to the subgroups where they are broken down into operational targets, and tracks the organization's overall performance against these goals (BayerD). In the pharmaceutical segment, an important topic is "access to medicine" related to ethical considerations on, for example, what the cost limits are for drugs in order to make them available to patients regardless of their economic situation (BayerD).

BASF, as well, strongly focuses on several overarching topics related to global challenges such as climate change. Based on a methodological approach that includes a desk research analysis, a global stakeholder survey and the clustering of issues, the company has identified its 44 most relevant issues out of which it focuses on eight priority topics, including energy, climate, water, employee development, etc. BASF has for example set itself the goal to reduce its relative CO2 emissions per product by 40% in 2020, and wants to invest in wind energy and electric mobility (BASFD).

Products: life-cycle assessments and sustainability impact

With regard to the sustainability impact of their products, Siemens focuses on its environmental portfolio that reduces the environmental impact of its customers' operations (SD3), while both Bayer and BASF conduct upstream and downstream life-cycle analyses and impact assessments of their products.

Products in the chemical industry are usually at the beginning of the value-added chain, hence these life cycle and impact assessments are focused on downstream processes:

Bayer has developed an assessment tool for several products of it subgroups in order to quantifiably measure a products' sustainability impact by analyzing its specific characteristics in relation to its ecological footprint, risk potential and socio-economic impact during its life cycle. For example, the assessment of a new cereal herbicide includes, on the one hand, the calculation of energy and resource use for the production and transport and costs for the

removal from the environment. On the other hand, it comprises the quantification of higher harvest yields and socio-economic factors due to this herbicide, and consequently a calculation of how many additional people can be fed thanks to the application of this product against the background of a growing world population (BayerD).
The life cycle sustainability assessment at BASF primarily focuses on the downstream impact of their products as well: for instance, the company has launched a project with food retailers who want to introduce sustainable fish in the market; since several BASF products are involved in the fish production – such as the substance Astaxanthin which is added to salmon and ingredients of fish food – BASF conducts eco-efficiency analyses in order to improve the overall sustainability impact of the (BASFD). The company furthermore increasingly looks at chemical products and solutions that contribute to the further development of electric mobility (BASFD).

Processes: company-wide optimization

The interviewees also emphasized the importance of company-wide programs and schemes that, for instance, increase overall energy-efficiency and are coordinated from the headquarters:
Siemens undertakes a number of different sustainability programs throughout the organization; for example, it launched a company-wide energy-efficiency program, complemented by a similar program its suppliers (SD3).

> “Those types of initiatives are run throughout the globe, throughout real estate and throughout EHS and sustainability coordinating the overarching efforts.” (SD1)

At Bayer, ecological assessments of new facilities that go beyond legal requirements are initiated and controlled by the global headquarters: When one of the subgroups makes an investment in new plants or equipment that exceeds 10 million Euros, the headquarters’ sustainability team obliges it to conduct an ecological assessment of the planned facilities (BayerD). Bayer furthermore mainstreams new methods that make production processes more energy-efficient throughout the company: The company has developed a new method for the manufacture of chlorine - which is needed for a lot of the chemical processes and is normally very energy-intensive – that saves up to 30 percent of the energy consumption (BayerD).
Another example of company-wide programs driven by the headquarters was given by the BASF sustainability manager: a recent strategy project focuses on internal awareness-raising in order to mainstream the understanding of sustainability throughout the organization (BASFD).

Supply chain management

In the chemical industry, commodity products make up a large part of the product portfolio which is why there is less focus on the supply chain (BASFD). There are, nevertheless, sustainability risk analyses depending on the classification of sourcing countries as well as

on-site supplier audits and trainings in the regions (BASFD). In addition, all of the case companies have a supplier code of conduct (BASFD; BayerD, SD4).
Siemens has launched a broad energy-efficiency program (EEP) for their suppliers along with its internal EEP (SD3).

Corporate Citizenship activities

Philanthropic activities, sponsoring, corporate giving and volunteering are usually more location-specific; however, the strategic approach of Corporate Citizenship as well as international PPPs and bigger development projects are driven from the headquarters (BASFD; SD1). Siemens has implemented a strategic approach for its Corporate Citizenship activities – at Siemens also referred to as CSR - in order to align them with its strategy (SD4; SD1). Bayer, as well, refers to its CC activities as CSR and drives them primarily through its company foundation (BayerD).

Sustainability reporting

The interviewees at the headquarters of all three case companies emphasized that they uniformly report their sustainability performance on a global basis and try to avoid regional reporting (BASFD; BayerD; SD1).

> “We try and say there´s ONE sustainability report for Siemens.”(SD1)
>
> “We have the policy to not report locally but to do that uniformly on a worldwide basis. We principally report about the whole corporation.” (BayerD)[xlix]

Interviewee BASFD, as well, stressed that the company’s integrated report contains all relevant financial und non-financial information for the whole corporation; it also comprises a description of recent exemplary projects in the regions (BASFD).
BayerD explained that one reason for this uniform approach is to avoid revealing too much sensitive information – such as the capacity, the nature of production processes for certain products - to the company’s competitors by reporting in detail on particular production sites (BayerD).
The sustainability performance reported by the companies is based on the gathering of relevant data on uniformly defined key performance indicators (KPIs) (BayerD; SD1). For a transnational corporation with hundreds of sites worldwide, the collection of data on a wide range of labor and environmental issues is a particular challenge and consequently constitutes one of the priority tasks of the headquarters’ sustainability management (BayerD). Siemens, for instance, uses a global reporting tool, which addresses all sites worldwide, and pools the relevant data for global reporting to bring all information together on a company-level (SD1).

On the other hand, the measurement of sustainability performance through KPIs and the reporting of this performance are strongly linked to SRI ratings and rankings, the Dow Jones Sustainability Index for example. Dealing with these ratings and rankings is primarily done by the headquarters’ sustainability office on the global level, often in cooperation with the investor relations office (BASFD; SD4; SD1; BayerD). Even when it comes to regional specifics, such as the SEC in the United States, this is handled rather on a global basis, or in strong coordination with the global investor relations group and sustainability team (BASFUSA).

17.1.2. National CS management

In the majority of cases, the regional or national sustainability management mirrors the global structure, understanding of corporate sustainability and strategic approach. Also, with a few exceptions, the country levels do not issue an own sustainability report (BASFD; SD1; BayerD). However, the regions also have their specific sustainability challenges, and thus national sustainability management varies with regard to certain focus issues, goals and measures (BASFD). Since it deals with many operational questions, it sees even more dynamics between the EHS managers and the sustainability managers (SD1).

Germany

Organizational structure

At Siemens, the sustainability management in the cluster Germany is located within the quality management unit. The organizational coordination mirrors the international structures: In order to take account of different regional mentalities, a sustainability network has been established: It connects regional company representatives from different parts of Germany – North Southwest, West, and Central – who are responsible for fostering the local implementation of sustainability and cooperating with internal and external local stakeholders (SD2).
Furthermore, the sustainability manager has set up a sustainability working group that comprises representatives from different departments, such as EHS management, Communication, Business Development etc. The working group initiates and coordinates projects and activities, and facilitates the exchange of ideas and best practices between the regional sustainability representatives (SD2).

Strategy, focus issues and programs

Focus issues in Germany largely coincide with the international strategic issues (BASFD; SD; BayerD). However, there tends to be a stronger emphasis on environmental protection issues, especially local pollution management, transportation and product safety (BASFD) as well as environmental business solutions (SD2).
SD2, who is in charge of the sustainability management for Siemens Germany, emphasized country level projects that aim at developing further Siemens’ environmental portfolio, such as new products and business models in the fields of Life Cycle Engineering, virtual power plants, electro mobility, 'smart Senior' housing solutions etc. (SD2).

Another focus of Siemens Germany are facility management measures - that fall into the category of “walking the talk” - like efficient heating and lighting, and environmental-friendly construction and operation of buildings (SD2). A third focus is on raising awareness of sustainability among employees, which is done through internal communication campaigns, surveys, workshops, employee initiatives, and best practice sharing and other (SD2).

Corporate Citizenship activities were mentioned by all case companies in Germany: In contrast to other countries, in Germany, this is rather considered sort of an add-on, the proverbial „cherry on the cake“(BayerD). In the chemical industry, these philanthropic activities have mostly historical roots: As BayerD explained, 150 years ago, the chemical industry had to compensate for hazardous working conditions and thus started offering excellent social protection, pension schemes, cultural and sports opportunities etc. in order to be more attractive for employees – which is why these have a strong tradition in Germany (BayerD). BASF, as well, offers a lot of sports and health provisions for employees, and social and cultural engagement at the community level in the Rhine-Neckar metropolitan region (BASFD).

USA

Organizational structure

In consistency with the global approach, the American sustainability managers of all three case companies emphasized that their approach is to cooperate with a multitude of different functions and business units across the organization (BayerUSA; SUSA; BayerUSA):

> “[…] manufacturing operations, purchasing, outbound logistics, communications, HR gets involved in that, so these things touch every function.” (BASFUSA)

In the same vein, regional sustainability councils or steering committees in the US subsidiaries mirror the coordination through councils at the global levels (SUSA; BayerUSA; BASFUSA):

> “I have a sustainability council for the North American cluster which looks very much like the global sustainability board in composition. Our CEO leads it, I primarily drive it and set the agenda for it, we have representatives from each of our four sectors, and we have the leads of each of our corporate functions.” (SUSA)

At Bayer USA, the council structure has been broken down further by creating several corporate sustainability community councils by sector level or at site level (BayerUSA).

Sustainability strategy, focus issues and programs

With regard to the sustainability strategy in the region, the case companies’ approaches clearly differed: At BASF, the sustainability strategy for the US has been very much aligned with the global strategy (BASFUSA). Although the US sustainability management might emphasize certain sustainability issues that have particular importance in the US, it mainly focuses on implementing the global strategy (BASFUSA).

The US sustainability cluster of Siemens takes a middle position: Being a large cluster, it piloted the implementation of the four-pillar approach defined by the global sustainability strategy (“business initiatives”, “walking the talk”, “visibility” and “alliances”) (SUSA); however, the cluster also has their own processes within the sustainability council to prioritize sustainability topics, and set KPIs and objectives tailored to the needs of the US market (SUSA).
Bayer USA has defined a region-specific sustainability strategy, including sustainability targets for the US and Canada and focuses on embedding sustainability into the main business areas (BayerUSA). While it was previously under the global program, the subsidiary decided to develop a US-specific approach to sustainability in 2008:

> “We decided that we need to have our own approach here in the US, because the global program is NOT addressing what some of our competitors are doing and what some of our stakeholders are expecting of us. So, we realized that the US had to do some things that we were not doing at the global level.” (BayerUSA)

While safety and environmental issues at the sites (GHG emissions reduction, water and hazardous waste) were regarded as a “baseline mandatory starting point for everything” (BASFUSA; BayerUSA), a significant focus of the sustainability management in the US seemed to be on products and solutions that represent business opportunities. The sales argument of eco-efficiency – cutting costs by implementing environmentally-friendly solutions - plays a particular important role in this context (SUSA).
Bayer has a number of products in the materials sector, such as building coatings, to help with energy-efficiency (Bayer USA). In the context of its healthcare business, a big topic for Bayer in the US is access to healthcare or rather products that allow you to avoid healthcare costs – such as device that allow patients to better manage their condition and identify problems early (BayerUSA).
BASF USA focuses on renewable resource-based products, the contribution of chemistry to electro-mobility, and green chemistry – which are all business fields that are more emphasized in the United States (BASFUSA).
Finally, the topic of diversity was considered a very important one in North America, and is for example approached by BASF USA through a specific program that anticipates the demographics and looks at the availability of technical talents for the future (BASFUSA).
Corporate Citizenship - and corporate volunteering in particular - plays a uniquely important role for the subsidiaries in the US (BayerUSA; BayerD; BASFUSA; SUSA).

Reporting

Adhering to the global decision that there should be one global sustainability report for the whole company, the subsidiaries do not create a separate public report for the US (SUSA; BayerUSA; BASFUSA).
However, the country sustainability manager at Siemens and Bayer emphasized that they internally track the relevant KPIs for the North American cluster separately in order to know where they stand with regard to their sustainability goals. Also, both publish a North America

‘sustainability brochure’ or ‘highlights report’ which anecdotally describes case examples of specific initiatives in the US, while the quantitative data is included in the global report (SUSA, BayerUSA). Bayer makes a small exception to this by reporting on their specific ‘North America commitments’ – including for instance the numbers on volunteering (BayerUSA).

India

Organizational structure

The Indian subsidiaries of both Siemens and Bayer have sustainability councils that mirror the global organizational structure (SI; BayerI1). Alike their international colleagues, the Indian sustainability manager at Siemens emphasized the cross-cutting nature of her function: “I interface with representatives from each of the businesses, and from the corporate functions” (SI). At Bayer, the sustainability department had only recently evolved from the CSR unit and is complemented by a strong QHSE function with all the individual sites having their own QHSE managers (BayerI3).

At BASF, on the other hand, the individual sites and the chief executive of manufacturing are in charge of implementing sustainable manufacturing processes, while CSR initiatives are developed in consultation with the top management committee and facilitated by the corporate communications team (BASFI).

Sustainability strategy, focus issues and programs

At Siemens India, the sustainability strategy has various drivers: On the one hand, it is driven top-down at country-level by the CEO of Siemens India and follows a ten-point agenda. On the other hand, a lot of initiatives are driven from the headquarters in Germany, such as the roll-out of the energy-efficiency program which is implemented in the regions (SI). While CSR is an integrated part of the sustainability agenda in India, the interviewee emphasized the holistic approach towards sustainability: “sustainability, unlike what most see and perceive as often CSR, actually goes much beyond CSR, it is the three dimensions of people, planet and profit” (SI). The company also conducts joint sustainability/CSR activities by the means of MoUs (Memorandums of Understanding) with other Indian firms, such as the Tatas.

Since the sustainability department is still developing, its activities are still rather focused on traditional CSR, including for instance initiatives in the fields of education, farmer upliftment, and community engagement. However, as interviewee BayerI1 puts it, “there is a gradual shift from CSR to sustainability […], and this department is actually a proof of that” (BayerI1).

Supply chain management and child labor

With regard to focus issues, supply chain management - and particularly the avoidance of child labor in the supply chain – is a major issue for the case companies in India (BayerD; BayerI1; BayerI2; SI). Bayer Cropscience, which is strongly represented in India, sources from a large number of farmers and is confronted with the problem of child labor in its supply chain (BayerI1). Driven by the headquarters in Germany, Bayer has consequently obliged their suppliers to sign contracts that ban the employment of children by the farmers and implemented a system that sanctions non-compliance and incentivizes farmers to send their children to school. The company has in this context set up a ‘child care program’ (BayerD; BayerI1):

> “If the farmer complies with all the requirements of non-engaging with child labor, he will be rewarded at the end of the season with extra foundation seeds. So he gets a bonus for compliance. And for non-compliance, we also have a system in place: we first give them a warning, then we cancel the bonus and then we cancel the contract. We have around 180 field executives, who ONLY do the monitoring. If you follow our sustainability report over the past couple of years, you will notice a gradual reduction in the child labor.” (BayerI1)

Both Bayer and Siemens conduct a series of supplier audits in India to check whether the suppliers are compliant with the companies’ codes of conduct (BayerI1; SI).

Energy-efficiency and water conservation

Alike their international colleagues in Germany and the US, the sustainability manager at Siemens India mentioned energy-efficiency as one of the current focus areas (SI). Water conservation is another focus area for Siemens in India, including measures like mainstreaming sewage treatment plants and rain water harvesting in the factories, and groundwater recharging (SI).

Employee benefits and safety

A third focus of Siemens India has been on employee development and benefits. Measures include for example the provision of health insurance, an extension of the maternal leave and the introduction of paternity leave, the introduction of a sabbatical, various training programs and employees’ engagement activities (SI). The company is also trying to make employees more responsible towards the environment, for example through contests on energy savings running among all the buildings (SI).

Employee safety and particularly road safety has been one of the prioritized goals for Bayer in India. In order to reduce the number of accidents when Bayer employees travel on road for business, a company-wide program was launched to increase the awareness through trainings and the distribution of protective gears to them, like helmets and protective jackets (BayerI3).

‘Social business’ products

Both BASF and Bayer have introduced products that address the bottom of the pyramid or particular sustainability challenges in India: For instance, on order to address the problem of malnutrition in India, BASF developed a food supplement which is added to enrich food staples with vitamin A. The company works with local food producers to help them integrate this supplement in their products (BASFD).

Bayer Material Sciences develops so-called ‘concept projects’, for example a method that allows the production of plywood by using crop residue instead of wood in order to address resource shortages (BayerI1).

Corporate Citizenship programs

Bayer and BASF put particular emphasis on education programs in India. The programs focus on the hand on chemistry and science, which is not part of the regular curriculum, and on the other hand on good governance and business ethics (BASFI; BayerI1).
BASF has for example set up its ‘Million Minds project’ through the company offers students a customized course on business ethics, corporate governance and CSR to foster good governance among the future business and administrative leaders (BASFI).
Bayer offers a scholarship program that includes boarding, food, running costs and expert advice to students at the school of agriculture in Hyderabad, and also attempts for example to reduce the dropout rates from schools by enabling their own employees to fund students for one year (BayerI1).

Community development projects

Bayer and Siemens both conduct community development projects in India that focus on providing ‘model’ villages with comprehensive technical equipment that improves both the villagers’ life quality as well as the environmental situation on the ground (BayerI1; SI).
Bayer has for instance developed a low-carbon zone concept project in villages where a self-sustaining off-grid greenhouse and a biogas plant are set up, accompanied by a training of the farmers (BayerI1).

17.1.3. Internal and external drivers for CS

Asked about the firm’s general motivations to engage in corporate sustainability, interviewee BayerD summarized:

> “Sustainability is an integral part of our actions, it guarantees our future viability, it ensures our ‘license to operate’, and it can generate a competitive advantage and thus drive the company forward.” (BayerD)[I]

Internal and external drivers for CS are closely interlinked in the field which is why they are presented in a combined way in the following.

Regulation and risk management

Regulation was seldom mentioned as a driver of CS by the sustainability managers; however, it was perceived as playing a major role for country-specific differences in sustainability management.
As SD3 puts it,

> „Although Siemens' sustainability program is set up on a global basis, it always takes into account the political premises. It looks different in India, in the US or in Germany because there are different political priorities […] Political framework conditions influence corporate sustainability, you cannot ignore that as an industrial company." (SD3) [li]

Regulations can also influence the country-specific market potential for Siemens' environmental portfolio: for instance, in some emerging markets where the energy supply is limited or unstable, such as India or China, firms have to comply with quotas for energy use. These regulations can be a strong motivation for domestic companies to seek advice for energy-efficiency solutions (SD3).

BayerD mentioned new political regulations as one of three general drivers that can trigger corporate sustainability activities. A recent example for such an influential policy in the chemical industry is the EU regulation REACH (BayerD). Nevertheless, the interviewee also emphasized that the awareness among the sustainability managers in the global chemical industry is on such a high level that they would not need any regulations in this regard:

> "The management knows that sustainability should be an integral part of the corporate strategy – we do not need regulators to make us aware of that." (BayerD)

Societal expectations and legitimacy

Several interviewees stated that an important reason for their company to engage in CS is to maintain its ‚license to operate', and remain an accepted part of its socio-economic environment (BayerD; BASFD; BayerUSA).
BayerD made it clear that this motivation works on a global basis:

> „[…] the global community simply requires that from us. This is why we set the same standards at our sites worldwide, because we risk losing our ‚license to operate' on a global basis, and especially in the developed world, if we behave irresponsibly anywhere else in the world; we would get a bad reputation here in Europe, in Germany." (BayerD)[lii]

Market factors and competitive advantages

Market-related factors and competitive advantages were by far the most often mentioned motivational drivers for engaging in CS. The interviewees largely distinguished between market pressure and demand pull factors on the one hand and proactive trend setting on the other hand.

Market factors: Customer demand and reputation

The market demand for sustainability is felt by the case companies on two levels. First, there is an increasing demand for products that meet sustainability criteria. While the companies are mostly involved in B-to-B business segments, the market pressure of consumers is nevertheless indirectly passed on to them via their customers who are in the B-to-C business (BayerD):

> "We, as a company, feel the pressure from the markets: there are certain trends, for example the trends towards healthy nutrition, the trends towards renewable energies etc." (BayerD)[liii]
>
> "It is a huge competitive advantage if you can offer sustainable energy-efficient concepts: the customers are highly interested when they are offered solutions that differentiate them from their competitors. There is a huge demand."(SD3)[liv]

As mentioned above, BASF has for example reacted to customer demands by improving the sustainability impact of certain products that are at the beginning of the value chain in food production (BASFD). And Bayer USA has been required by retailers like Wal-Mart to reduce the packaging of its consumer care products (BayerUSA).

Second, market actors are increasingly aware of a company's reputation related to its sustainability performance. This is not only true for consumers who tend to prefer buying from brands that have a good reputation, but also for potential employees and investors (BayerD). As the topic of sustainability increasingly gains importance among students and young professionals, corporate sustainability has consequently become a factor in attracting highly qualified employees (BayerD; SUSA). On the other hand, the firms were eager to be ranked highly in sustainability rankings and indices in order to maintain a high reputation vis-a-vis global investors (BayerD).

Market factors: Setting trends in sustainability

Beyond market pressure, the firms try to progressively position themselves as trendsetters in sustainability. They aim at seizing the business potential that might result from a globally growing awareness of sustainability by integrating sustainability in their products at an early stage and thus gain a competitive advantage (BayerD; BayerUSA; SD2).

Siemens, in particular, has sought market opportunities linked to sustainability, especially by growing their environmental portfolio that can help their customers to reduce CO2 emissions (SD1).

> "Sustainability challenges, such as urbanization, demographic change, and climate change – these are also business opportunities: we have the innovative products and solutions for these problems."(SD2)
>
> "The progressive businesses jump at these opportunities first, that creates a competitive advantage, and then the other companies follow." (BayerUSA)

Market factors: Cost savings through eco-efficiency

Eco-efficiency – cutting operating costs through reducing energy consumption, waste production and waste water – was described as an important driver of CS at the plant level at Bayer (BayerD; BayerUSA).

For Siemens, eco-efficiency is not only important for its own operations, but a major factor for the sales strategy of its environmental portfolio since customers are eager to reduce their energy costs (SD3; SI).

Mimetic pressure in the industry

Many interviewees mentioned an exchange of best practices and ideas on sustainability within the respective industries, for example in the context of industry-specific round tables, councils and associations (BASFUSA; BayerD; SD3; BASFD). In the chemical industry, in particular, the industry associations as well as the Responsible Care initiative play an important role (BASFUSA; BayerD). However, these councils and initiatives are rather perceived as a 'non-competitive environment' where the companies pursue the same interests and collaborate with each other (BayerD).

17.2. Influence of global governance

17.2.1. General perception

In all three case companies, global governance standards are managed centrally by the German headquarters for the whole corporation (BayerI1; BayerUSA; BayerD; BASFI; BASFUSA; BASFD; SI; SD1; SUSA).

> “It needs to be a global commitment, so it makes sense to a global entity that not just one particular cluster makes the commitment […] and that is why those types of agreements are going to be more carefully watched by the global entity. They are the actual signatory, and it is really THEIR job that all the clusters and sectors take the commitments to these particular agreements very seriously.” (SUSA)

Another reason for this centralized management is that the involvement with global standards is seen as related to sustainability reporting, which is managed centrally on the headquarters’ level as well (SD1; BayerD).

With regard to the relevance of global standards, three different perceptions prevailed among German sustainability managers:

BayerD emphasized that these standards basically reflect the corporate sustainability activities that the company does anyway – thus, they rather have a reporting function that allows the company to display its sustainability vis-a-vis stakeholders (BayerD). In this view, the relevance of standards like GRI and the UNGC is comparable to those of SRI ratings and rankings. With regard to the chemical industry, global voluntary industry initiatives were considered more progressive than international or global multi-stakeholder standards (BayerD).

Second, the membership and active involvement with these standards was seen by several of the interviewees as part of the companies’ stakeholder engagement (SD1; SD4; BASFD).

Finally, SD3 pointed out that, for Siemens, these standards function as a 'door opener' to convince customers of the relevance of environmental solutions. Since Siemens’ environmental portfolio helps their customers to comply with these standards, they are used as a persuasive argument in the context of business transactions (SD3).

The US company representatives confirmed the other interviewees' statements about the generally low perception of global standards:

> "UN Global Compact etc., I think if you really pressed our business representatives, they would have absolutely no idea what that is (laughs). So I think that those are all agreements and facets of sustainability that I am aware of and that I take seriously, but I would be about the only one. I do not think that is something that is of importance to the day-to-day conduct of our businesses." (SUSA)

On the other hand, BASFUSA stressed that, precisely because of this low level of uptake in the USA, a company headquartered in Europe can stand out vis-à-vis their competitors and show leadership by implementing those standards, e.g. the GRI reporting guidelines or the WRI greenhouse gas protocol, compared to companies headquartered in the US (BASFUSA).

Indian sustainability managers viewed international standards in two different ways: First, as a basic benchmark for CS:

> "Global guidelines and international standards are the basic minimum that we need to have. […] These are all critical and a 'must do'." (BayerI1)

BayerI1 explained that, since "in India, the local standards are below the global standards when it comes for example to child labor and forced labor, we always follow the global standards which are higher" (BayerI1). BayerI1 also argued that while standards such as the UNGC are helpful as benchmarks, their vagueness makes it challenging to ensure compliance with the requirements (BayerI1). On the other hand, SI pointed out that international commitments such as the UN Millennium Development Goals serve as guiding principles for the companies' Corporate Citizenship activities in India:

> "For our projects, we do take in consideration the Millennium Development Goals. Because India as a country has committed itself to the achievement of these MDGs, so, our corporate citizenship policies are also aligned with these goals […]. For example, the sustainability project that we did in the village serves 8 out of the 10 UN MDGs." (SI)

17.2.2. Intergovernmental instruments

While the sustainability managers were hardly familiar with the OECD guidelines or did not attach much importance to them (BayerUSA; SI), all of the company representatives across the three countries were familiar with the ILO standards and the UN Global Compact (BayerI1; SI; SUSA; BayerUSA; SD1; SD4; BASFD; BayerD). The more recently developed Ruggie framework for business and human rights was known by the interviewees at the headquarters, but seemed not yet to have gained recognition in the subsidiaries (SD4; SI).

As BayerD puts it, „the UNGC principles, on an abstract level, basically depict the main features that are embedded in our sustainability management anyway" (BayerD). At Siemens, the implementation of the principles is ensured by them being integrated in the Siemens ‚Business Conduct Guidelines' that apply to the whole corporation (SD4).

Consequently, “it is part of the mandate of each country CEO to apply to the Global Compact” (SD1). However, SUSA pointed out that, while the compliance requirements of Siemens USA are consistent with the UNGC principles, “the local Siemens businesses are not of very aware of that connection to the Global Compact” (SUSA). In India, the interviewees BayerI1 and SI named the UNGC as one of the most important standards (SI; BayerI1).

17.2.3. Transnational hybrid governance

GRI guidelines

The GRI guidelines were the most recognized transnational standard among the interviewees. All three case companies report according to the GRI (SD4; SD1; BayerD; BASFD), arguing that it is the best possible and internationally accepted standard for sustainability reporting (SD4; BASFD).
Although reporting is organized globally on the headquarters level, the subsidiaries are affected by the GRI requirements indirectly:

> “I think probably the one that we look at the most is the GRI, because that influenced the way in which we report our sustainability efforts globally. But that obviously rolls down to the US in the way that we have to make sure we are contributing to that global report into the global efforts.”(SUSA)

On the other hand, the companies also participate in the standard-setting processes in the context of GRI working groups (BayerD; BASFD).

ISO 26000

With regard to ISO 26000, there was rather low awareness among the interviewees (SI; SD4). Interviewee BASFD emphasized that, while ISO 26000 is a good framework, the standard should remain uncertifiable (BASFD).

International certifications

In contrast, international certifications, in particular ISO 9001 (Quality management) and ISO 14001 (environmental management), but also ISO 5001 (energy), ISO 14040 (life cycle assessment), SA 18001 (Occupational Safety) and OHSAS were highlighted as extremely important by the interviewees in all three countries and all of the case companies (BayerD; BASFD; BayerI2; SI; BayerUSA; BASFUSA).
On the one hand, all the interviewees stated that the case companies use these certifications:

> “We have all these certifications!” (BayerD)
>
> “We have all our factories ISO 14001 and OSAHS certified.”(SI)

> “We follow for example the ISO 14000 standards, ISO 9000 standards on the facility level, and in the area of life cycle assessment, we work very closely with the ISO 14044.” (BASFUSA)

In particular, these standards were considered to guarantee certain minimum standards in the context of global corporate structures and supply chains:

> “Because we are a global company, the ISO standards are quite important.” (BASFUSA)
>
> „ISO 9000 and ISO 14000 both are important and good standards to have for any company, and most of our suppliers have ISO 9000 and ISO 14000 certifications. So that guarantees a certain minimum standards for them. (BayerI2)

As interviewee SD3 emphasized, these certifications also function as a ‘door-opener’ in the context of Siemens’ environmental portfolio: Especially in Germany, the fact that the implementation of ISO 5001 is a requirement for companies to benefit from certain subsidies is used as a sales argument by Siemens (SD3).

Another certifiable standard that was mentioned often by the interviewee – especially in India and the US - is the LEED standard (Leadership in Energy Efficiency Design): on the one hand, new buildings or factories are LEED certified (SI; BayerI), on the other hand, the American sustainability managers stated that they interact with the US Green Building Council that developed the standard (BayerUSA; BASFUSA).

International SRI Indices and ratings

In general, the interviewees, especially those at the companies’ headquarters, emphasized the high relevance of international SRI ratings and rankings (BASFD; BayerD; SD1; BayerUSA; BASFUSA):

> “What we are also essentially interested in is a good ranking in the relevant indices, which are.” (BayerD)[lv]

Among these SRI international indices, the most important ones for the case companies are mainly the Dow Jones Sustainability Index, FTSE4Good, and the Carbon Disclosure Project (CDP) (BayerD; BASFD; SD1; BASFUSA; BayerUSA). While the latter are the best-known ones, BASFD stressed the importance of some smaller rating organizations for investors, such as Sustainalytics or oekom research (BASFD).

Cooperation and networks

Transnational cooperation and networks were considered an important element of the TNCs’ sustainability efforts (BASFD; SD3; BayerD). However, since the number of sustainability initiatives and organizations has increased dramatically during the past years, the experts stressed the “necessity to thoroughly select the right partners or initiatives for the right topics” (SD4; BASFD; BayerD).

Siemens, for example, seeks to only actively engage in those specific CS initiatives where it sees an added value and prefers to partner with organizations on the global level (SD4):

> "We have a systematic yearly process to evaluate and prioritize about 150-200 organizations categorized by the stakeholder groups business organizations, UN, academics, Think Tanks und NGOs." (SD4)[lvi]

The interviewees also stressed that organizations such as the Global Compact and the GRI do not only have an importance as standard-issuing entities but also represent networks that require active engagement from the companies. Further global networks and roundtables that were mentioned are the Roundtable for Sustainable Palm Oil and working groups in the context of the Initiative for Human Rights and UNEP (SD4; SD1, BASFD).

17.2.4. Private governance: Industry standards and networks

Responsible Care

The industry initiative ‚Responsible Care' was mentioned by several of the interviewees in the chemical sector, the American sustainability managers in particular (BayerUSA; BASFUSA; BayerD). The initiative which was launched by the global chemical industry association ICCA, is operated both in Europe and the US, but "is more prominent in the United States because they do not have REACH over there" (BayerD).
Another voluntary initiative of the global chemical industry which was highlighted is the 'Global Product Strategy' (GPS) that was developed in the context of SAICM, a global policy framework to promote chemical safety (BayerD).

WBCSD

Among the global business networks, the WBCSD of was emphasized by the majority of interviewees as a particular important one, especially from Germany and the US (BASFD; BayerD; SD4; SD1; BayerUSA; SUSA; BayerI1):

> "I went to a World Business Council for Sustainability Development meeting in Copenhagen, and they just blew me away! I mean the content from that group was SO impressive, they had all the reports out and stuff, so I have been following them since then. So, whenever I have a new topic, I first go there and see what do they already have that we could use." (BayerUSA)

Siemens is engaged for example with the WBCSD's member-driven 'Urban Infrastructure Initiative' that comprises a coalition of partners from industry (SD4).

MoUs

Siemens has about five international Memorandums of Understanding (MoU) with other companies on sustainability, i.e. partnerships in the context of which the companies work together on joint initiatives and projects –for example with Tata, Posco, and Deutsche Bahn (SD1).

17.3. *Influence of domestic governance*

17.3.1. *Institutional and cultural aspects*

Germany

Alike the majority of governance actors, sustainability managers emphasized the dense regulatory framework and the 'Social market economy' in Germany as an overarching frame of reference for CS (BayerD, SD3):

In particular, this shapes the approach towards corporate giving and volunteering:

> "If you look at company taxation in Germany, and compare it to the US, it is two different worlds: because here, we pay so much taxes that we consider these basic social services the State's responsibility - this is why corporate volunteering has a whole different priority in the USA compared to Germany." (BayerD)[lvii]

Another point with regard to the overarching regulatory framework in Germany was related to the German turnaround in energy policy and the lack of planning security that it has caused for companies: SD3 argued that the uncertainness about upcoming changes in the energy policy framework would hinder plant managers to invest in any sustainability solutions these years, causing companies to invest their money in emerging markets instead (SD3).

On the other hand, cultural undercurrents were described as having an influence on German businesses' approach to CS.

BayerD stressed that among German citizens there is a pronounced environmental awareness which partly influences the corporation's actions. Furthermore, both BayerD and BASFD pointed out that the chemical industry is confronted with a rather bad reputation in Germany, because the image of chemistry – and related issues such as genetic engineering – in the German society is a negative one. For example, the company drew the consequence from the generally hostile attitude towards genetic engineering in Germany by recently moving its biotechnology business to the US (BASFD).

USA

Interviewee SUSA emphasized that in the US, the company faces a lot of skepticism within the more conservative political circles about climate change and renewable energy – and sustainability in general. This is why the communication strategy of Siemens USA with regard to their environmental portfolio differs from the European one:

> "For the US market, the strategy is to link environmental benefits with economic benefits […]. We talk about sustainability in terms of energy efficiency, increase jobs and economic activity and cost savings, and that resonates and works. But just talking about green or doing the right thing: that does not resonate in this market in the same way that it does in Europe." (SUSA)

Another particularity is the "strong emphasis on philanthropy and being a good corporate citizen" (BASFD) due to the weaker public welfare system:

> "One of our sustainability goals here in the States is increasing the potential employees that are volunteering. That is a goal we have JUST in the US and no place else; […] I do not think we have strong enough social programs in the States to meet the social needs. So that is a big one for us." (BayerUSA)

India

With regard to the institutional context, the sustainability managers mostly pointed to specific cultural and development challenges:
For instance, Bayer's sustainability strategy in India has been customized to suit the local requirements of human rights issues (BayerI1; BayerI2):

> "Our priorities for sustainability management in India are a little different than in Europe. If we talk about economic, social and environmental dimensions, then in Europe, the environment becomes more important, but in India, the social element is more critical, because we also have human rights issues in the working environment which we need to resolve for the company in India." (BayerI2)

BayerI1 stressed that in the context of Bayer's 'Child care program' "in countries like India, it is very difficult to change the mindset of a farmer not to use child labor. You could say it is a tradition" (BayerI1). Also, employees are trained how to react when faced with corruption (BayerI1).
All three case companies respond to the enormous development challenges in India by setting up community development programs and CSR projects (BASFI; BayerI; SI). In this context, the interviewees emphasized the need to establish "sustainable self-help programs which will improve the standard of living of people instead of one-time charity" (BASFI). Thus, the main challenge lies in "getting the community, the beneficiaries involved in the program" (BASFI). The case companies also react to challenges in the education system by focusing their CC activities on the provision of trainings and scholarships etc. (BayerI1; BASFI) and Bayer Cropscience, for instance, aims at increasing farmers' standard of living through its CSR activities since "it directly impacts the company`s business, which means we are increasing the revenue; it is a long-term benefit" (BayerI1). Siemens intends to compensate the weak social system in India by providing several employee benefits, such as the provision of health insurance, an extension of the maternal leave and the introduction of paternity leave, the introduction of a sabbatical, and various training programs (SI).
At the same time, the general development within the public debate on corporate responsibilities from philanthropic CSR to corporate sustainability is reflected by the development of the case companies' CS activities from mostly Corporate Citizenship activities to dealing with sustainability in a more holistic understanding (BayerI).

17.3.2. Hierarchical governance

<u>Germany</u>

Command and control policy instruments

A point raised by BayerD was that, Bayer being headquartered in Germany, local regulations indeed have a global impact on the whole corporation: Bayer follows the basic principle of applying the same standards worldwide; as a consequence, several German environmental laws, such as for example the 'TA Luft' or the German waste water legislation, set the standard for Bayer subsidiaries worldwide (BayerD). Nevertheless, BayerD was convinced that awareness for sustainability issues within the chemical industry is at such high levels that "there is no need for further regulations in this realm" (BayerD).

For the chemical industry case companies, EU level regulations, such as REACH, were considered particularly important (BayerD).
With regard to the possible introduction of mandatory CS reporting by the EU, interviewee BASFD argued against a regulatory approach in this realm:

> "We are against compulsory reporting. Corporate sustainability is a development process, which is why we would prefer voluntary frameworks that give orientation. I would support that sustainability reporting should be taken more seriously, it could be linked to incentive mechanisms […]." (BASFD)[lviii]

Although BASF is known for its advanced sustainability reporting, the company prefers reporting to stay voluntary, and particularly resents a regulation that would link sustainability reporting to liability provisions in the German Stock Corporation Act (Aktiengesetz) – a proposal which was discussed at some point in this context (BASFD).

<u>USA</u>

The interviewees from the case companies, alike other interviewees, pointed to the non-existence of a governmental sustainability program and emphasized that policy, at the moment, is not a driver for sustainability in the US (SUSA; BayerUSA; BASFD). BayerUSA stressed that "it is disappointing that the government is not more progressive in engaging industry in ways to help us move to a more sustainable society" (BayerUSA), while SUSA emphasized that "much of sustainability has really grown from voluntary efforts in the corporate sector" (SUSA).
Specific policy instruments that were mentioned as being very important for the chemical industry from a regulatory perspective were the reform of the Toxic Substances Control Act (TSCA) and the Toxics Release Inventory (TRI) program (BASFD).

India

The Indian interviewees stressed that, being part of a multinational corporation, their companies were actually oftentimes ahead of national regulations - be it in the case of environmental regulations, toxic substances regulation or the introduction of mandatory CSR spending (BayerI1; SI). As BayerI1 explains:

> "Normally, the norms and legislations that are introduced are very much in line with the European or US legislations, so it is not very difficult for Bayer to comply with that when it comes to India, because we are already having that policy internally; so we are much ahead of what comes out (BayerI1) (BayerI1)

With regard to the Companies Bill that mandates companies to spend a certain percentage of their profit for CSR, the interviewees made it clear that the case companies are already aligned with this (SI; BASFI):

> "I do not think that it affects our work, because we´re already there, we are already practicing CSR and spending money, we already have enough data, so when it becomes mandatory that we should provide what we´re doing to them (BASFI)

On the other hand, the fact that CS reporting has been made mandatory by SEBI for the top 100 listed companies has had an affect the Indian subsidiaries since the corporations usually issue just one global report. The Indian sustainability managers have thus reacted to the regulation by preparing their own national business responsibility report (SI; BayerI1). While Siemens, being a top 100 listed entity in India, was obliged to fulfil this requirement anyway (SI), Bayer does not fall into the 100 top companies, but is still doing it, because they anticipate an extension of this regulation:

> "When you say the first 100 companies have to report, that means the rest of the companies - well assured - will have to report sooner or later. So that will probably take five years." (BayerI1)

17.3.3. Market-based governance

Germany

Market-based policy instruments

A large part of the regulations that directly or indirectly affect the case companies in Germany are issued at the EU level. Apart from REACH, several market-based policy instruments were mentioned in this context, namely public green procurements, energy-efficiency labelling and the trade in emission certificates - which was considered particularly important for the energy-intensive chemical industry (BayerD).

Incentive schemes for energy-efficiency measures that are primarily based on tax exemptions were emphasized by SD3: The interviewee stressed, however, that these incentive programs are usually country-specific and oftentimes also differ on a regional basis within countries, which makes it hard for the corporation to maintain an overview and coordinate them. As a consequence, many of these schemes are not exploited.

> „It is an important policy instrument and constitutes a big leverage, but it is very regional - which makes it difficult for multinationals to take it into account for their investment decisions, since they usually cannot assume it to apply to more than one of their plants." (SD3)[lix]

Awards

Award schemes related to CS were considered an incentive for companies to enter the competition for leadership in this realm: Bayer, for instance, was awarded the German government's environmental award ('Umweltpreis') for its development of energy-efficiency solutions:

> "This helps us to showcase our sustainability efforts publicly – after all, we want to be perceived as ‚good corporate citizen'." (BayerD)[lx]

Market pull factors

As mentioned above (see. Chapter 17.3), all three case companies mentioned customer demands as one driver for developing sustainability and energy-efficiency solutions or improving the sustainability impact of certain products (BayerD; SD3; SD1; BASFD).
However, SD3 also stresses that in the C-to-C business "most of the customers are only interested in the topic of sustainability when it comes to stock market indices, certifications, or cutting costs" (SD3).

<u>USA</u>

Market-based policy instruments

A large part of governmental incentives – such as tax-free options – for energy-efficiency measures are coordinated on the State level, which is why Siemens makes great efforts collect information on these regional incentive schemes and make it available to their businesses (SD3). The same challenge applies to incentives for renewable energies that are coordinated on the State level (SUSA):

> "That makes things for a large company like ours very confusing, we have to deal with 50 different regulatory regimes here in the US, and even more confusing for our customers, and I think they are just less likely to engage." (SUSA)

With regard to CS award schemes the opinions were mixed among the interviewees: On the one hand, awards were considered quite significant by BASFUSA:

> "We have won in total four of the EPA Presidential Green Chemistry Awards, and that I think is a great incentive for a company to be recognized as a leader in sustainability." (BASFUSA)

On the other hand, SUSA perceived these award schemes as kind of random and mentioned that there might be a reluctance to award a European-headquartered company since "the US government in giving such an award is likely to prefer a US -based company, just for their own PR purposes" (SUSA).

Market pull factors

Market pull mechanisms – in particular, large customers' supply chain requirements – were considered the main sustainability drivers in North America (BASFUSA; BayerUSA). Sustainability focus issues that show the importance of market pull in the United States are, for instance, Bayer Healthcare's efforts to reduce packaging in its consumer care business that sells to large retailers like Wal-Mart (BayerUSA). Also Siemens' focus on supply chain management in the US was described as a reaction to their customers' requirements:

> "We listen very carefully to our customers: one of the big initiatives and priorities is dealing with the supply chain. And these inquiries from our customers about our products are becoming more difficult to answer and they are coming with more frequency. And that really forces to prioritize supply chain efforts near the top of the list, we don´t really have a choice." (SUSA)

<u>India</u>

Market-based policy instruments

As for energy policy, it was mentioned that the 'Perform, Achieve and Trade' scheme aims at incentivizing energy-intensive industries to bring down their emissions. However, interviewee SI questioned its effectiveness:

> "The challenge is: it has not got the kind of momentum that I think it should have, because unless you have a penalty system in place, there is not that much of adherence to the rules." (SI)

More incentive-based policies for energy-efficiency would actually trigger business opportunities for Siemens' environmental portfolio, which is why SI emphasized that "the government needs to bring in some incentives for energy-efficiency" (SI).

Awards and rankings

Sustainability awards were seen in a positive light by the interviewees, since they represent recognition for the companies' efforts. Siemens, for example was awarded by the Goa Pollution Control board for setting up environmental-friendly factories in Goa, and has been ranked number one in the capital goods sectors in CII' s sustainability rating (SI), while BASF had been awarded by the Wockhardt foundation for their good CSR work (BASFI):

> “It definitely makes you feel good when somebody recognizes you for your CSR activity.” (BASFI)

17.3.4. Network governance

<u>Germany</u>

Information-based policies

The sustainability managers were familiar with the German Sustainability Code (DNK) and both BASF and Bayer were involved in the multi-stakeholder development process (BayerD; BASFD).

Interviewee BASFD reports that, in this process, BASF had advocated for a strong compatibility of the DNK criteria with the international GRI standard (BASFD). Following the GRI A+ standard in its sustainability reporting, the company can easily claim that it automatically fulfills the criteria of the DNK reporting framework (BASFD).

However, the interviewees were partly skeptical about the effectiveness of the DNK, and above all, about the added-value of a national reporting framework for transnational corporations that - inherently – seek international alignment (BASFD).

Policy networks and dialogs

Sustainability managers from all three case companies emphasized the close contact that the companies’ top management maintains with German and European policy-makers, and that the firms are engaged in policy dialog at various levels, including dialog with the chancellor, ministries and public authorities, and the European Commission (BASFD; BayerD; SD3).

> “We have many encounters with Angela Merkel on topics such as ‚How is Siemens influencing the political environment with regard to sustainable development?‘ etc. – and energy efficiency is one of the top issues that our CEO promotes actively in Germany. […] Thus, we do have this role, and we cannot and do not wish to abandon it.” (SD3)[lxi]

The firms' engagement in public policy dialog on sustainability policy comprises the involvement in various councils and consultations as well as the informal provision of expertise: BayerD cited as an example the recently introduced EU Biocide Directive in the development process of which Bayer was contacted by the public authorities for factual information (BayerD). Also, Bayer has established a working group that deals with the German environmental ministry and the chancellor on the topic of energy security (BayerD).

Co-regulation: confrontational approaches

BayerD stressed that the company is less confronted by activism campaigns nowadays than it was in the 1970s in Germany, when Bayer was associated with the dumping of dilute acid and – as a consequence – was the target of campaigns by Greenpeace and other NGOs.

> „We are not in their focus anymore, because obviously they realized that we not only are making efforts but we also succeed – and that the Rhine is clean again." (BayerD)[lxii]

However, there is a small NGO called "Coordination gegen BAYER-Gefahren (CBG)" that was founded in Dusseldorf specifically to monitor the corporation's actions and initiate protest campaigns to denounce any ecological and social deficiencies:

> "You have to be able to cope with this, you cannot fight it. When the people from CBG appear at our annual general meeting and claim that we would poison people in Mexico and Chile, you just got to say: this is not true; in case of doubt we would consider to take legal action against them because of such a claim." (BayerD)[lxiii]

BASFD cited another example of confrontational approaches by NGOs: the company has had problems with protests against its genetically modified potato variety ‚Amflora': although the potato is not intended for human consumption, but used for producing starch for the paper industry, the genetically modification has "caused considerable turmoil" (BASFD) and caused Greenpeace to launch a campaign against BASF. As a consequence, the company established an online platform to start a dialog on the issue with its critics, however:

> „It is not possible to persuade the consumers and especially not Greenpeace activists, because these are the hardliners; oftentimes it is just about emotional rather than factual conflicts." (BASFD)[lxiv]

NGO-business partnerships

Bayer had envisaged a partnership with an NGO in order to work on CS which, however, has failed to come about:

> „But that failed through the resistance of the people at this organization's grassroots level who could not imagine collaborating with the 'class enemy' in any way. We were willing to do this and there were very concrete discussions about a cooperation to jointly further several sustainability issues; it was not because of us or the NGO's management that it failed but because of the still prevailing hostile image at their grassroots level." (BayerD)[lxv]

Apart from this, SD2 mentioned regional cooperation of Siemens Germany with NGOs for joint activities on a local level (SD2).

Private governance networks

There is a wide range of initiatives, round tables and working groups that the sustainability managers can use to exchange information on CS issues with their competitors and customers in a confidential setting (BASFD; BayerD). This 'non-competitive environment'

offers possibilities to closely work together on sustainability topics, and the sustainability and EHS managers of, for example, the various German and European chemical companies know each other from meeting in these forums (BayerD).
At Siemens, several flagship projects on electro-mobility and sustainability, such as ‚Pictures of the future‘ and 'Smart Senior', are realized in cooperation with other companies, for example Volvo, Telekom and others (SD2).

USA

PPPs, public policy networks and dialogs

PPPs were mentioned as an important element by interviewee BayerUSA, namely one partnership called the ‘energy-efficient building hub’: a project initiated by the US Department of Energy in which Bayer USA is one of several partners from industry and academia, and contributes in the field of building coats (BayerUSA). Furthermore, a ‘government services group’ at Bayer Material Science focuses on developing more public-private partnerships (BayerUSA).

Several interviewees talked about their activities in public policy networks and dialogs on sustainability issues with Federal agencies, namely the EPA. For instance, the sustainability manager of Siemens USA is involved in an advisory committee that provides advice to the EPA for setting up an own sustainability program (SUSA), and BASF USA interacts with the State and Federal government`s EPA by sharing their knowledge and experience on life cycle assessment tools (BASFUSA).

In all three case companies, legislative affairs offices monitor new legislation and policy developments including any policies in the realm of CS (BayerUSA; SUSA; BASFUSA). As BayerUSA reports, if there are new bills that are expected to impact the company’s sustainability activities, the first step would be to figure out, if the headquarters have already developed a position on that topic:

> “If it is one of these bigger topics like climate change or energy policy, we will coordinate with our counterparts in Germany: If there is a position already created, we will see if that would work from our standpoint.” (BayerUSA)

Also, Bayer USA takes a grassroots approach and encourages their employees to take an active political position on these issues:

> “What we have done in the States is we have public policy forums, probably about two or three a year; the first one that our new CEO, Greg Babe held was on climate change. […] And the intent of the public policy forums was to educate the employees fully on the topic, bringing in experts and encouraging them to get involved in government, in voting, in having an impact.” (BayerUSA)

Co-regulation: confrontational approaches

Confrontational campaigns or naming and shaming mechanisms were not considered particularly relevant for the US subsidiaries by the American interviewees (SUSA; BASFUSA, BayerUSA).

> "We have not had any strong campaigns in the US. My sense is those campaigns tend to be much stronger in Europe than they are in the US." (BASFUSA)

However, Bayer USA has been faced with protests concerning honeybee safety in the US that have had an impact on how the company communicates its activities:

> "It is a cultural challenge for us - we were not talking about what we were doing. So the impression that we were giving to NGOs was that we are not doing anything, we do not care about this issue. If you do not put information out, you are guilty. […] and so, we have now a very strong honeybee safety program, and we have an internet site now, we are putting information out, we´re making brochures." (BayerUSA)

The same is true for product safety concerns where Bayer has committed itself to make product safety information available more publicly in the US (BayerUSA).

NGO-business cooperation

The US subsidiaries of Siemens and Bayer both maintain NGO-business partnerships on CS: While Siemens conducts partnership projects with the World Resources Institute (WRI), Bayer Crop Science partners with the NGO 'Ducks Unlimited in a "Sustainability & Action program' around wheat (BayerUSA).

As interviewee SUSA explains, the value of these partnerships depends on the focus topics and outcomes: for instance, Siemens has cooperated with the WRI in developing the protocols for determining greenhouse gas emissions from products and found it very important "having a voice in the development of a protocol that our customers are probably going to be utilizing" (SUSA), while another partnership with WRI called the 'corporate consultative partnership' – on adaptation and forestry issues – was considered less valuable for the company (SUSA).

Multi-stakeholder and industry networks

Alike interviewees from the German headquarters, the sustainability manager of Siemens USA stressed that the number of networking opportunities has grown significantly as a result of the proliferation of sustainability organizations, which is why the company "has been through an effort in the past couple of years to take a very crucial look at a lot of these networking opportunities […] and streamlined a lot of that activity". (SUSA)

Both BASFUSA and BayerUSA highlighted the role of the recently founded multi-stakeholder network 'Sustainability Consortium' for best-practice sharing and multi-stakeholder dialog (BASFUSA; BayerUSA). The network comprises "everybody along the value chain, from us [BASF] to consumer goods manufacturers, to retailers, NGOs, government entities and academic entities" (BASFUSA):

> "The entities that are present there really reflect for us the most important stakeholders in North America. […] These more collaborative entities are also where we see the future of sustainability; the one-on-one relationships still continue to be very important, but where you can bring multiple stakeholders together, that is where we see that we make much more progress overall." (BASFUSA)

On an industry basis, the interviewees named a number of roundtables and fora, such as the 'Corporate Eco-Forum', a best-practice sharing forum that was considered a very valuable source of information on CS (SUSA), or the 'product sustainability round table' (BASFUSA).
In this context, interviewee SUSA emphasized that the sustainability management in the US can take advantage of the important global memberships of Siemens, such as the WBCSD, as well (SUSA).

Industry standards

In the chemical industry, the global initiative Responsible Care, including the elements such as its standards for process safety management, seems to have great importance for the US companies (BASFUSA).
On the trade associations level, there are different discussions about the development of standards for energy efficiency, which – as SUSA explains – would affect Siemens in a positive way as it would "probably help to drive our markets" (SUSA). As the company has its own code of conduct, SUSA does not see much necessity in the electronic association's efforts to form an industry code of conduct, nevertheless Siemens would certainly participate in the development of such an industry standard (SUSA).

<u>India</u>

Information-based policies

With regard to the NVGs published by the government, these were on the one hand welcomed as being helpful to mainstream a common understanding of corporate sustainability in the business world:

> "Everybody has their own version of what sustainability means - with these guidelines coming in, it gives you a common platform on which you can measure, report and define what sustainability would actually mean when you measure the performance of a company. So, from that perspective, I see these guidelines as quite helpful and beneficial for the corporates."(SI)

Besides of that, interviewee SI emphasized that the guidelines do not pose much of a challenge since they do not require anything different from what the company already does (SI).
On the other hand, BayerI3 did not attach as much relevance to the NVGs when compared with global guidelines:

> “We try to integrate them into our strategy. But also, Bayer sustainability standards are mostly driven by global standards which are the benchmark for us.” (BayerI3)

PPPs

BayerI1 mentioned that Bayer has a couple of public-private partnership projects, a particularly successful example being the Rajasthan Cotton Project, where the government had invited the company to give best practices to the farmers which helped raise the farmers income by a considerable percentage.(BayerI1)

Public policy dialog

The Indian government systematically involves business organizations like the Chamber of Commerce, CII, FICCI and other industry associations in policy dialog, while usually, there is no discussion on a one-to-one basis with companies (BASFI). BayerI2 confirms that the Ministries send a draft legislation to the associations for comments, which are collected the comments from the members and presented jointly (BayerI2). This means that the involvement of the companies in policy dialog on sustainability issues mostly happens in the form of working groups or forums at the industry associations (SI).

Co-regulation: confrontational approaches

The only case company that reported any NGO and media criticism in India was Bayer:

> “There was lot of criticism in the year 2007, with regard to our suppliers employing child labor. But after this program [Bayer’s‘Child care program’] was rolled out, there was a gradual reduction.” (BayerI1)

Besides of that, NGO criticism vis-à-vis the case companies is limited; as BayerI1 puts it, “the practices which Bayer employs are far above the industry standards, be it in terms of energy-efficiency, etc.” (BayerI1).

NGO-business partnerships

All case companies mentioned partnerships with NGOs in India, which are however, exclusively focused on the implementation of community development /CSR initiatives (SI; BayerI1; BASFI): BayerI1 explains that “they are usually executing partners: depending on the CSR project we identify suitable, region-specific NGOs based on their capabilities” (BayerI1). BASFI, on the other hand, emphasized the company’s partnerships with various UN organizations - in India, this would be for example UN Habitat (BASFI).

Networks and best practice sharing

When asked about their participation in networks or platforms on CS, all of the Indian sustainability managers mentioned councils, workgroups and workshops at the large Indian industry associations, namely CII, FICCI and the Chamber of Commerce which seem to provide the main framework for the companies to discuss sustainability issues (SI). Bayer has for instance initiated one sustainability chapter within FICCI to share best practices. (BayerI3).

17.3.5. Governance actors

Government

Germany

While regulators were considered an important group of stakeholders (DBASF; BayerD), the German interviewees stressed that their companies are by no means just reacting to governmental influences: the dialog on sustainability with the government was described as a two-way process by all of the sustainability managers. Thanks to their size and strong presence as big employers in Germany, the case companies represent important partners for consultation for policy-makers on all levels (SD3; BayerD).
While, on the one hand, the demands of policy-makers, e.g. the turnaround in energy-policy, were seen critically, interviewee SD3 was convinced that, on the other hand, "German industry would want the government to proactively implement some of the ideas it is permanently discussing" (SD3)[lxvi].

USA

Unlike their German counterparts, the American sustainability managers made it clear that the government is not a particular important stakeholder for them since there is no real CS policy framework. (SUSA, BayerUSA),

> "In our sustainability programs, we do not take into account government programs or attitudes very strongly, because the government really has not stepped in to tell us how to manage our sustainability efforts. I hope the government does not." (SUSA)

However, the companies keep in touch with and provide expertise on certain sustainability issues to governmental agencies, the EPA in particular (BASFUSA; SUSA; BayerUSA).

India

The government and regulators were perceived as important stakeholder mainly because companies have to comply with – new and changing – regulations (BayerI3). Nevertheless, the interviewees emphasized that, being part of a multinational corporation, their companies are oftentimes ahead of newly introduced policies in CS governance (BayerI1; SI).

NGOs

Germany

All three case companies seek the opportunity for dialog with NGOs: On the one hand, they are involved in proactive stakeholder dialog in order to learn about societal expectations and current trends in CS; on the other hand, the companies seek the dialog in case they are criticized by the NGO community (BayerD; BASFD; SD4).

> "This is not always done publicly, but we have discussions with Greenpeace, with the WWF and other NGOs." (BayerD)[lxvii]

However, in the case of the CBG ("Coordination gegen Bayer-Gefahren"), BayerD made it clear that there is no chance for dialog because of the rigid fronts between the NGO and the corporation (BayerD).Also, the fact that an envisaged cooperation between Bayer and a NGO failed because of the "'enemy stereotype' that this NGO's grassroots level still had of the corporation" (BayerD) shows that there are still resentments against business-NGO partnerships.

USA

The opinions on the role of NGOs in CS governance varied among American interviewees:
For Siemens, NGOs in the US are not a particularly important stakeholder group since their "view on sustainability tends to be aligned" (SUSA) with their own. Siemens is viewed in a very positive light by the NGO community and actually works with NGOs in the context of policy advocacy matters, for instance on climate change (SUSA). In the context of Siemens' partnership with the World Resources Institute (WRI), the company mainly provides expertise (SD1; SUSA).
On the other hand, Bayer and BASF stated that NGOs play an important role since they are able to put pressure on companies by influencing their reputation (BayerUSA).

> "With regard to the US context, I would say that the stakeholders who are really driving the sustainability agenda here are the NGOs, to a VERY large degree." (BayerUSA)

The most important stakeholders for Bayer USA are active around the topic of climate change. For example, the company maintains a regular dialog with the Centre for Climate and Energy Solutions, the Association for Climate Change Officers, the World Resources Institute, the National Resource Defense Council (NRDC), and the Environmental Defense Fund (BayerUSA).
BASF also works with NGOs from a philanthropy perspective and has established an institutionalized dialog on the community level:

> "The NGO perception is quite important to us, and we do interact with community advisory panels who are discussing then with local representatives around the facility, to make sure we are as open and transparent and really demonstrating trust-worthiness to the local community." (BASFUSA)

India

The Indian interviewees talked about NGOs mainly as executing partners in the context of regional corporate citizenship and community development projects. Except for these rather technical collaborations, there is no considerable interaction with NGOs in the context of which the latter would express expectations or criticism towards the companies (SI; BayerI1; BASFI).

Labor unions

Germany

In the chemical industry, in particular, the relationship between labor unions and employers is not confrontational: in the context of the so-called ‚Wittenberg process' in 2008, the social partners signed an agreement on fair payment, social protection, working hours etc.(BayerD).Based on the outcome of this dialog, the social partners negotiated a program of several cornerstones to foster sustainability in the German chemical industry which resulted in a joint initiative between the German Chemical Industry Association (VCI), the Employers' Federation for the Chemical Industry (Bundesarbeitgeberverband der Chemie) and the Industrial Mining, Chemistry, Energy Union IGBCE (BayerD).

USA

Although the American interviewees generally saw labor unions under the sustainability umbrella, they explained that the few labor unions that are in their business are dealt with by Human Resources units (SUSA; BayerUSA).

India

The Indian sustainability managers, as well, emphasized that trade unions do not have a prominent presence in their manufacturing operations in India, which is why the sustainability offices do not have direct interactions with unions (BayerI2; SI).
Nevertheless, the Indian law requires that the workers and the management have to have a common committee for managing safety on the site, which involves regular meetings and the common development of action plans (BayerI3).

Business organizations

Germany

Besides of their membership at the German econsense network (SD4; BASFD; BayerD), the interviewees emphasized the role of traditional trade associations for discussing industry-specific sustainability issues and best practices with their competitors, customers and suppliers. Siemens, for instance, joined the Association of German Machinery and Equipment Constructors' (VDMA) sustainability initiative 'Blue Efficiency' (SD3). In the chemical industry, this dialog on sustainability is institutionalized on several levels, ranging from the German VCI to the European umbrella association CEFIC and the International Council of Chemical Associations (BayerD; BASFD).

Furthermore, trade associations, in particular the BDI and VCI and the national level and CEFIC on the EU level, play an important role for organizing and channeling policy dialog on CS (BayerD).

USA

In the US; the 'Corporate Eco-Forum' which enables the exchange of information on CS and best practices across companies was highlighted as a particular helpful network (SUSA; BayerUSA).

Apart from this CS-specific group, the American interviewees mentioned a range of different trade associations and professional associations that provide opportunities to discuss industry-specific sustainability matters (BASFUSA; BayerUSA). The American Chemistry Council, for instance, has significantly contributed to drive the Responsible Care initiative and puts together an environmental database for their members (BayerUSA; BASFUSA).

Sustainability topics and how they could be addressed collectively are likewise discussed within the professional groups – such as the American Institute of Chemical Engineers, the Society for Plastics engineers, Society for Automotive engineers (BASFUSA). Also, specific groups, for example on packaging, represent a forum where the companies sit together with their competitors and discuss how to tackle issues like littering (BASFUSA).

As for more conservative trade associations, interviewee SUSA reported that Siemens had been once criticized by an NGO for being a member of the American Chamber of Commerce when the Chamber took a rather reactionary position on climate change. However, the company remains a member, but made it clear that it does not support every position they take (SUSA).

India

All three case companies named the big Indian trade associations – CII, FICCI, the Bombay Chamber of Commerce and Industry (BCCI) – as being their main focal points for dialog on CS (BASFI; BayerI1; SI).

The associations, namely CII and FICCI, have established sustainability councils, workshops and meetings; CII has launched a yearly sustainability rating, and the BCCI has an environmental award scheme that the companies participate in (BayerI1; SI).

> "All of these have their sustainability workgroups in place. So it is only through those channels that there is an exchange […]" (SI)

Industry-specific associations, such as the Indian Chemical Council, were mentioned as playing an institutionalized role in political advocacy (BayerI3).

BayerI1 also mentioned the business network Teri-BCSD for information and conferences on CS (BayerI1).

<u>Investors</u>

Germany / global dimension

The interviewees at the case companies' headquarters all put a particular emphasis on the role of investors for CS and the considerably growing interest in SRI (BayerD; BASFD; SD1; SD4). The interviewees also pointed to the global orientation of the capital market which is why investor relations – including socially responsible investors, SRI ratings and rankings – are dealt with at the headquarters.

Consequently, the case companies expressed a keen interest in effectively communicating their sustainability performance to investors and being recognized and ranked highly by international SRI rating agencies and indices such as the Dow Jones Sustainability Index, FTSE4Good and the Carbon Disclosure Project (BayerD; BASFD; SD1)

> "It is definitely an important aspect for us, and we see that although SRI is still a niche market it has high growth rates: the conventional investors are also starting to include sustainability criteria in their analyses […] this also becomes apparent from the requests that we receive from rating agencies." (BASFD)[lxviii]

In addition, SRI investments are important for Siemens insofar as they finance the realization of big energy efficiency projects; in this context, the company has recently experienced an increasing demand (SD4; SD3):

> "There are plenty of banks and fund managers that have enough money and are looking to invest billions in companies that can realize projects for large customer groups […] I have the impression that there are more sustainability funds than solutions we can offer, that seems to be a hype in the capital market, […] there is a huge demand." (SD3)[lxix]

USA

While the American interviewees considered investors an important group of stakeholders and all mentioned the DJSI, they also made it clear that they do not have direct interface with the investors and ranking entities as this is primarily done on the level of the global headquarters (SUSA; BayerUSA; BASFUSA).

India

On the one hand, the interviewees confirmed the other Indian interviewees' perception that SRI has not yet gained momentum in India (SI; BayerI1).

Yet, because of the global corporate structure, international investors can have a stronger influence on the domestic sustainability management:

> “Since Bayer is a global company, of course we have pressure from investors.” (BayerI)

For Bayer, the SRI approach of one of its international investors has indeed had tangible impacts on its sustainability management in India: A few years ago, the ethics commission of the Norwegian national pension fund – that holds an investment in Bayer – has warned the company that it would be excluded from the fund if it did not take measures to prevent their suppliers in India to use child labor. As a consequence, Bayer has obligated their Indian suppliers by contract to ban child labor (BayerD).

17.4. Summary table: influence on TNCs' CS management

The following table shows the similarities of the case companies' CS management on the global and national level: It is striking that the organizational structure and approach to managing sustainability is very much alike in all three companies. For example, they have all established matrix structures, regional clusters and cross-functional sustainability committees, and use the same strategic approach to developing a sustainability program and reporting their sustainability performance. With regard to the dominant drivers for CS, it turns out that market factors are perceived as the most important driver, followed by the societal 'license to operate'.

<table>
<tr><th colspan="4">TNCs’ global CS management</th></tr>
<tr><td>Organizational structure</td><td colspan="3">▪ Coordination of CS along matrix structures
▪ Sustainability clusters by regions managed by sustainability officers locally
▪ Emphasis on cross-functional cooperation with various departments and business units
▪ Headquarters‘ sustainability department has facilitation role for regional CS clusters</td></tr>
<tr><td>Sustainability strategy, program and reporting</td><td colspan="3">▪ Organizational-wide integration of CS in strategy and core values
▪ Global ‘pillars’ for sustainability such as 'Walking the talk', 'Business opportunities', ‘Visibility’ and 'Stakeholder engagement/ alliances’
▪ Determination of overarching sustainability targets by analyzing global mega trends
▪ Sustainability program driven by the headquarters:
  ▪ Life-cycle assessments and sustainability impact of products
  ▪ Ecological optimization of company-wide processes
  ▪ Supply chain management
  ▪ Corporate Citizenship programs
▪ Global sustainability reports with data covering the whole corporation</td></tr>
<tr><th colspan="4">TNCs’ national CS management</th></tr>
<tr><td rowspan="2">Organizational structure</td><th>Germany</th><th>USA</th><th>India</th></tr>
<tr><td colspan="3">▪ Largely reflecting the global coordination structures:
  ▪ Regional sustainability steering committees
  ▪ Emphasis on cross-functional cooperation at the national level</td></tr>
<tr><td>CS focus issues</td><td>▪ Strong alignment with global issues
▪ Environmental protection, energy-efficiency
▪ Environmental business portfolio
▪ Tradition of regional CC: sports, cultural engagement</td><td>▪ Ranging from strong alignment with global (BASF) to region-specific strategy (Bayer)
▪ Sustainable products/ solutions for eco-efficiency
▪ Diversity
▪ CC: Corporate volunteering</td><td>▪ Both global and region-specific
▪ Supply chain management and child labor
▪ Employee benefits and safety
▪ ‘social business products’
▪ CC: Community development</td></tr>
<tr><th colspan="4">Internal and external drivers for CS</th></tr>
<tr><td>Regulation</td><td colspan="3">▪ Seldom mentioned as a driver for CS
▪ Plays a major role for country-specific differences in sustainability management</td></tr>
<tr><td>Societal expectations</td><td colspan="3">▪ Maintaining the societal ‚license to operate’ as an important reason to engage in CS</td></tr>
<tr><td>Market factors</td><td colspan="3">▪ By far the most often mentioned motivational driver
▪ Market demand: a) for products that meet sustainability criteria; b) reputation related to a company’s sustainability performance
▪ TNCs’ ambition to position themselves as trendsetters in sustainability
▪ Eco-efficiency</td></tr>
<tr><td>Mimetic pressures</td><td colspan="3">▪ Frequent exchange of best practices and ideas on sustainability within the respective industries
▪ Not explicitly mentioned as a driver</td></tr>
</table>

The second table below summarizes how global and domestic governance instruments and actors influence the case companies' CS management. It is noticeable that - in the opinion of the sustainability managers - market-related global CS standards, such as the GRI guidelines, certifications and SRI ratings, are the most influential ones.

The perceived influence of domestic institutional aspects and governance instruments strongly varies between the countries: for example, in Germany, a high level of environmental awareness and the energy turnaround shape CS activities, while in the US, certain skepticism towards sustainability makes it necessary for the case companies to highlight eco-efficiency as a sales argument. In India, on the other hand, development and human rights challenges influence the content of companies' sustainability programs.

Influence of global CS governance			
	Germany	**USA**	**India**
General perception	▪ Global governance standards are managed centrally by the German headquarters for the whole corporation ▪ In Germany: (mere) reporting function, part of stakeholder engagement, and door-opener for business (Siemens) ▪ In the US generally low perception of global standards → specific to Europe-headquartered companies ▪ In India global standards are perceived as international benchmarks and overrule domestic regulations		
Intergovern-mental instruments	▪ Wide-ranging familiarity with ILO standards and UN Global Compact ▪ OECD guidelines less important ▪ Awareness of Ruggie framework and ISO 26000 only at headquarters		
Transnational hybrid governance	▪ Most influential transnational governance instruments: ○ GRI reporting framework ○ Certifications, such as ISO14001 ○ SRI ratings and indices ○ Multi-stakeholder cooperation and networks		
Private governance	▪ Most often mentioned private global governance: ○ Responsible Care initiative of the chemical industry ○ World Business Council for Sustainable Development (WBCSD) ○ Memorandums of Understanding between companies (MoUs)		
Influence of domestic CS governance			
	Germany	**USA**	**India**
Institutional and cultural aspects	▪ dense regulatory framework ▪ ‘Social market economy’ ▪ High level of environmental awareness ▪ turnaround in energy policy	▪ more skepticism towards sustainability → strategy to link environmental with economic benefits ▪ strong emphasis on corporate citizenship	▪ human rights issues (e.g. child labor) ▪ development challenges → CC (health, education, energy supply)
Hierarchical governance	▪ international impact of domestic	▪ policy is no strong driver for CS in the	▪ TNCs’ subsidiaries oftentimes ahead

	regulations when applied corporation-wide ▪ high importance of EU regulation ▪ skepticism against compulsory CR reporting	USA ▪ chemical industry regulations: TSCA and TRI	of domestic regulations ▪ mandatory reporting
Market-based governance	▪ Mainly EU level policy instruments ▪ Governmental incentive schemes for energy-efficiency measures ▪ CS award schemes ▪ Customer demands	▪ Governmental incentive schemes for energy-efficiency on the State level ▪ Market pull factors as the main drivers in the US	▪ 'Perform, Achieve and Trade' scheme for energy-efficiency ▪ CS award schemes
Network-based governance	▪ DNK less practical for globally oriented companies ▪ Frequent policy dialog with policy-makers at all levels ▪ occasional confrontational approaches by NGOs ▪ wide range of private sector forums on CS	▪ advisory role of case companies on sustainability in PPPs and public policy dialogs ▪ NGO-business partnerships on CS ▪ Growing number of networks ▪ wide range of private sector forums on CS	▪ NVGs: helpful to mainstream CS ▪ PPPs ▪ Policy dialog on CS only via industry associations ▪ Little NGO criticism ▪ Partnerships with NGOs only for CC projects ▪ Involvement in CS councils at industry associations
Governance actors	▪ Dialog with the government "as equals" ▪ NGOs are important partners for consultation ▪ Non-confrontational relationship with labor unions ▪ Trade associations as a platform for discussing industry-specific sustainability issues ▪ Particularly important role of (international) investors; growing interest in SRI	▪ Government less important ▪ NGOs are both partners and pressure group ▪ Sustainability offices do not have direct interactions with unions ▪ Trade associations as an important platform for discussing industry-specific sustainability issues ▪ No direct interaction with investors	▪ Regulators as important stakeholders ▪ NGOs as executing partners in community development projects ▪ Sustainability offices do not have direct interactions with unions ▪ Big Indian trade associations as main focal points for dialog on CS ▪ No direct interaction with investors

Table 16: Summary of empirical findings on TNCs' CS management and the perceived influence of global and domestic governance

F Discussion of theoretical and empirical findings

18. Transnational homogenization of CS

As outlined in chapter 5, new institutionalism scholars assume that there is a transnational homogenization of CS management practices between firms in a particular organizational field. This homogenization is mainly triggered by mechanisms of institutional isomorphism shaped by the respective transnational institutional environment. In this context, global governance instruments - in particular, their perceived legitimacy and effectiveness - play an important role. In the following, the empirical findings are reviewed against the background of these theoretical assumptions of new institutionalism and the global governance perspective.

18.1. Transnational institutionalization of CS

Transnational organizational fields have been described in chapter 5 as being framed by institutional environments including global markets, transnational organizations, and international flows of information, capital, and people. The empirical findings allow a closer look on the institutional environment for CS, including the inter- and transnational organizations and networks dealing with CS, the standards and norms that have emerged on CS management and reporting, as well as global market mechanisms, such as supply chain requirements and responsible investment (SRI) schemes. On a general level, the interview results confirm the fairly advanced institutionalization of Corporate Sustainability as a transnational organizational field - as also described by Pattberg/ Dingwerth (2009) and Campbell (2007).

This is fostered on the transnational level by increasing overlaps and synergies between the global CS governance instruments: as outlined in chapter 15, the contents of the OECD guidelines, ILO core labor standards, the Ruggie framework, the UN Global Compact, ISO 26000 and the GRI guidelines are highly interlinked. It can be argued that this development contributes to the further institutionalization and standardization of CS on a transnational level.

Second, scholars have argued that there is a global spread of 'explicit' CSR triggered by processes of globalization and economic liberalization of former CME countries. With regard to India and Germany, this assumption is partly supported by the empirical findings of this study: For the case of India, the experts described the opening up of the economy in the 1990s and the following loss of trust in the private sector as reasons for addressing companies' responsibilities more directly through a political CSR agenda. Also, the increasing awareness of CSR standards among industry associations and firms has been explained by economic globalization processes. In the case of Germany, many institutional features correspond with 'implicit CSR'; however, the interviewees pointed to a partially adaption to the 'Anglo-Saxon' model of explicit CSR as a result of economic globalization and international competition.

Finally, an increasing convergence of understandings of CS/CSR between the countries is observable, potentially leading to a transnational homogenization of the concept. Many interviewees across the three case countries emphasized strategic assumption of responsibility in the core business, the triple-bottom-line and the stakeholder approach as the central elements of CS.

18.2. Mechanisms of isomorphism

Normative isomorphism: Governance instruments' legitimacy and dissemination

When linking the concept of normative isomorphism with the global governance perspective, transnational homogenization is supposed to be furthered by an increasing dissemination of global CS governance instruments. More precisely, the higher their degree of perceived legitimacy and dissemination, the more these global governance instruments would be able to trigger normative isomorphism.

With regard to legitimacy, the interviews showed that civil society actors, in particular, attached the highest credibility to instruments that

> (1) are linked to governmental power and thus include at least some kind of sanction mechanism, such as the OECD guidelines and ILO conventions;
>
> (2) are very specific and concrete in outlining the responsibilities of companies - which in the view of the interviewees applies to the OECD guidelines, ILO conventions, the Ruggie principles, ISO 26000 and the GRI guidelines;
>
> (3) that were developed in a broad multi-stakeholder process, such as the OECD guidelines, ISO 26000 and the GRI reporting guidelines.

However, the findings also suggest that the perceived legitimacy of a particular global governance instrument is not necessarily positively linked to its degree of dissemination. While the OECD guidelines, the ILO core labor standards, the Ruggie principles and ISO 26000 enjoy a high degree of legitimacy, the level of awareness among companies seems to be lower in comparison to other major global governance instruments for CS.

In contrast, awareness of the UN Global Compact, the GRI reporting guidelines and ISO certifications like ISO 14001 and ISO 9000 is widespread. In the case of the UN Global Compact this can be partly explained by its rather low threshold for uptake. The reason for the popularity of ISO certifications and the GRI guidelines, on the other hand, was considered to be their market function: both ISO certifications and GRI-aligned sustainability reports are an important signal to (socially responsible) investors and are increasingly required to meet customers’ demands in B-to-B industries.

With regard to the case companies, the interviews with sustainability managers indicate that, indeed, normative expectations and the societal 'license to operate’ play an important role for the uptake of global CS governance standards: The globally accepted standards have a “reporting function”, allowing the companies to display their sustainability vis-a-vis stakeholders, and the active involvement with these standards is part of the companies’ stakeholder engagement. In Indian subsidiaries, the global standards were partly seen as a “must-do” reflecting the requirements of global stakeholders.

Mimetic isomorphism: transnational business networks and international policy learning

According to new institutionalist theory, mimetic isomorphism is responsible for further homogenization. In this context, some scholars have argued that European MNCs tend to adapt their management practices to the more internationalized companies from the Anglo-Saxon world.
While sustainability managers did not explicitly mention competitors' CS activities as a driver of their own sustainability strategies, the interview results show that there is broad exchange of best practices and ideas on sustainability within the respective industries, for example in the context of industry-specific round tables, councils and associations.

Transnational mimetic isomorphism is fostered, in particular, by global business networks, such as the WBCSD. The European network "CSR Europe", which also includes many US-headquartered firms, is another example.
Findings from the interviews with CS managers also show that there are strong similarities with regard to their handling of global governance standards: in all three case companies, the global standards and memberships are managed centrally by the German headquarters for the whole corporation. The sustainability reporting process in the three case companies is centralized, as well– with the companies issuing an integrated report or aiming to do so in the future. Since the companies’ approach to identify sustainability issues follows the logic of the GRI guidelines, companies in the same industry tend to identify similar focus issues and goals. The result is that not only CS reporting practices seem to be aligned, but also the companies' approaches towards stakeholder engagement and the periodization of CS focus issues.

Another development that contributes to a transnational homogenization of CS is the alignment of national policies with global standards. As shown in chapter 15.4, this is for example the case for the development of the Indian National Voluntary Guidelines that were inspired by ISO 26000, the ILO labor standards, the UN Global Compact, the Ruggie framework and the GRI guidelines. Other examples are the German Sustainability Code for sustainability reporting (DNK), which is aligned with the GRI guidelines, and takes into account a number of further global standards, and the European Commission’s definition of CSR that strongly resembles the understanding of corporate responsibility of the ISO 26000 standard.
Processes of transnational homogenization are further promoted by policy learning between countries. This happens on various levels, e.g. through international conferences, bilateral exchanges of ideas or cooperation, the institutionalized dialog on CSR between EU member states, the impact of policy programs such as REACH on international trade and investment partners, the transnational exchange of ideas between private governance actors, and the local activities of intergovernmental institutions. As a result, one can observe a certain impact

on domestic political agenda-setting and policy design, as described for the case of India in chapter 15.4.

18.3. TNCs' contribution to shaping the global institutional environment for CS

New institutionalism acknowledges both the influence of transnational institutional isomorphisms on TNCs as well as how TNCs themselves contribute to shaping the institutional environment in which they operate - for example by creating or participating in transnational policy networks.

The relevance of such an active involvement was confirmed by the interviewed sustainability managers who emphasized that the UN Global Compact or the GRI represent important networks. The companies' active engagement in these networks was even more emphasized than the standard-setting function of these organizations. Several more examples were described by the interviewees, both on the transnational and the national level: for instance, the involvement in the development of the German Sustainability Codex (DNK), and the interaction of American sustainability managers with the US Green Building Council in developing the LEED standard.

Intra-organizational institutionalization: International convergence through group-wide standards

As global companies are considered to operate more effectively across diverse local markets if they mainstream corporate policies and values, CSR scholars have assumed that TNCs tend to apply group-wide standards - even if they are in some cases higher than meeting domestic legal requirements.

This seems to be true for the case companies: first, the interviewed sustainability managers particularly emphasized the application of group-wide environmental management standards, for instance with regard to the environmentally-friendly construction of new plants worldwide. Second, interviewees described that specific CS programs (e.g. on energy-efficiency) - after being piloted – are usually rolled out on a global basis. Third, the companies' headquarters encourage their American and Indian subsidiaries to adopt a specific understanding of corporate sustainability and provide them with a precise framework for gathering data for the global sustainability report. Finally, the interviews made it clear that the coordination of sustainability management in the case companies' subsidiaries mirrors the global structure, for instance in setting up cross-sectional sustainability committees.

18.4. Perceived effectiveness of global governance instruments

As shown in chapter 6, in theory, forms of global governance are oftentimes conceptualized according to the constellation of actors involved (see chapter 6.2). From an empirical point of

view, however, the CS practitioners' perception of the instruments was rather shaped by the underlying mechanisms, i.e. network-based or market-based modes of governance.
Thus, the interviewees did not distinguish between intergovernmental and transnational hybrid forms of governance - which might also be due to the fact that intergovernmental instruments have been increasingly shaped by the interaction of multiple governance actors: for instance, the OECD guidelines has been revised by using multi-stakeholder processes in order to increase legitimacy. In line with this multi-stakeholder network approach, the sustainability managers emphasized that the respective organizations issuing standards like the UN Global Compact or the GRI also represent important networks that require active engagement from the companies.
On the other hand, the case companies attached high relevance to transnational market-based mechanisms, namely ISO certifications such as ISO 14001, international SRI indices like the DJSI, and the sustainability reporting guideline GRI. The latter was viewed as the necessary basis for disclosing information relevant to SRI-oriented investors, and thus as having an indirect market effect.

19. Domestic institutional and governance patterns influencing CS

As opposed to new institutionalism, the National Business Systems approach and the Varieties of Capitalism theory emphasize the persistent influence that national institutional environments keep having on businesses. Combined with the conceptual perspective of governance - including modes of governance, meta-governance and governance actors - this theoretical approach allowed for a more detailed analysis of how domestic patterns shape CS management practices.
The following chapter discusses to which extent the empirical findings support or contradict the above mentioned hypotheses of VOC/NBS theory, summarizes the predominant elements of national governance patterns in the three case countries, and sums up how TNCs and their subsidiaries are affected by them.

19.1. Explicit-implicit CSR and home-country effects

VOC and NBS scholars assume that there are specific patterns of how institutional features of different nation states – namely those constituting liberal market economies (LMEs) and coordinated market economies (CMEs) - influence CS management practices in these countries. The notion of 'explicit CSR' and 'implicit CSR' has been introduced to describe forms of corporate responsibility that typically result from these institutional effects. In this context, a number of studies have suggested that explicit CSR functions as a substitute for state intervention and is thus more predominant in LME countries.

Germany: implicit complemented by explicit CSR

In Germany, a country classified as CME, the institutional environment is likely to trigger implicit CSR. Indeed, the majority of experts – both governance actors and sustainability

managers – emphasized that the high level of regulation, the social market economy and the German model of co-determination provide a reliable framework for responsible business practices, but leave only limited scope for voluntary CSR activities.
As a consequence, existing forms of explicit CSR are less focused on filling the gaps of the social security system, but place for example more emphasis on the international supply chain management. Also, the government's CSR action plan seeks to promote more explicit forms of corporate responsibility in order to improve companies' international competitiveness.

USA: explicit CSR partly mirroring the institutional patterns

Certain mistrust towards state regulation, the weaker position of trade unions and the importance of the shareholder concept in the liberal market economy predispose US firms to exhibit more explicit forms of CSR. In the interviews, this is illustrated for example by the emphasis on corporate giving and volunteering.
However, the findings also suggest that CSR activities in the US tend to mirror the institutional patterns of the country rather than supplementing them: In particular, the experts highlighted that there is a stronger emphasis on environmental issues - reflecting the long-standing environmental regulation history of the country - while social/worker issues are neglected, which mirrors the deregulated labor market and the less favorable position of trade unions in the US. This stands partly in contrast to the findings of Jackson and Apostolakou (2010) who argued that voluntary CSR practices in LMEs can be considered a substitute for institutionalized forms of stakeholder participation (see chapter 5.4.1).

India: in-between implicit and explicit CSR

India can be considered a ‘post-socialist’ country with a tradition of central planning. Interviewees described the late economic liberalization of the country as having some adverse effects: on the one hand, state governments are hesitant of regulating corporations in order to maintain economic growth; on the other hand, corporations have not yet got used to their new role in society. Applying this to the logic of explicit-implicit CSR, Indian firms can be somewhat considered to be in the middle of these two categories, not being regulated that strictly anymore while not fully assuming explicit voluntary responsibility yet.
However, both government and civil society expect businesses to become more active in solving India`s development challenges, which has led companies to engage in philanthropic CSR projects that partly substitute public services and education, and fill gaps in the social security system. This function of CSR has been explicitly promoted by the Indian government, namely through the 'Companies Bill' that requires companies to spend a certain percentage of their profits for CSR.

Home-country effects through group-wide standards

As mentioned above, the intra-organizational institutionalization of CS in TNCs can contribute to a homogenization of CS management practices: the interviewees emphasized that the application of group-wide standards, in particular, has the potential to align CS practices in international subsidiaries with the German headquarters' approach. Since these standards are often shaped by German environmental regulation, the stringent implementation of group-wide environmental standards that meet German legislation requirements represents an important home-country effect. In contrast, the interview partners seldom mentioned home-country effects linked to German cultural features – apart from the adherence to well-structured procedures. This was partly explained by the fact that the staff of the case companies is composed by different nationalities resulting in an international senior management.

19.2. Adoption of global governance instruments in domestic contexts

Other studies, e.g. the survey by Lim and Tsutsui (2012), have already found a fairly strong influence of domestic institutional differences on the adoption of global CSR frameworks like the UNGC and GRI. This is confirmed by the empirical results for Germany, USA and India: With the exception of the GRI guidelines – which seem to enjoy a high level of perception among companies in all three case countries – the findings suggest that the dissemination of the global governance instruments differs considerably:

German experts identified international supply chain issues as being among the most important corporate sustainability challenges and referred to a wide range of global CS governance instruments as being important in order to close global governance gaps. At the same time, German companies are encouraged by the government and stakeholders to adopt international standards.

In the US, the UN Global Compact, OECD guidelines, but also ISO certifications, have a rather low relevance. Interviewees explained this reluctance of US companies by (1) a certain unawareness of UN governance instruments and (2) their concern with being held legally liable for complying with voluntary principles.

Indian interviewees attached particular importance to global governance instruments, especially the UN Global Compact, but also GRI and ISO 26000. These inter- and transnational standards were considered to help Indian companies keep up with the requirements of transnational customers and investors. Also, intergovernmental institutions and transnational NGOs have contributed to spread awareness of these norms in the Indian public and private sectors.

19.3. National patterns of CS governance and perceived effectiveness

In line with the conceptual framework described in chapter 6, the governance perspective applied in this study took into account environmental and labor policy instruments as well as co- and self-regulatory approaches that affect corporate behavior. With regard to public policies on CSR, the concept of meta-governance has been used to analyze 'the regulation of self-regulation'.

In general, the interview results confirm the findings of other governance scholars who have found the number and diversity of 'new environmental policy instruments' in developed countries to have significantly increased in recent years, comprising both more cooperative instruments as well as a higher number of market-based instruments.

Predominant modes of CS governance determined by the institutional context

As expected, the predominance of certain modes of CS governance and the likeliness of a proactive governmental approach to CSR highly correspond with the domestic institutional context. Put in a nutshell, the empirical findings suggest that in the US, market modes of governance predominate, whereas CS governance in Germany and India has been mostly shaped by hierarchy and network governance – although to very different degrees. Nevertheless, there are certain dynamics in the national policy frameworks that point to new developments:

In Germany, a CME country, regulatory policy instruments build the basis of the CS governance landscape, and the government has a proactive and coordinated approach to voluntary CSR focusing on partnering instruments in the 'shadow of hierarchy'. The traditional consensus approach of German political culture becomes apparent in the relevance of multi-stakeholder processes for CSR and sustainability, while market-based instruments are still the exception in the big picture. However, a gradual change can be observed, with market-based policy instruments, information-based instruments and networks increasingly complementing regulation.

In contrast, the governance patterns in the US, a country classified as LME, are much more shaped by self-and co-regulatory approaches, and the government is less involved in regulating CS. Among the NSMD governance mechanisms, American interviewees considered market-driven competition for leadership in CS, the leverage of SRI and activist investors, and supply chain pressure as particularly important. Market-based policy instruments are not largely employed on the Federal level, but have increased on the state and regional levels.

India, on the other hand, is considered a 'post-socialist' country and relies on the tradition of five-year plans that are developed with the involvement of multiple stakeholders. The proactive and partly mandatory governmental approach to CSR reflects this tradition, as does the multi-stakeholder approach in the development of the NVGs, while socially responsible investment and other market-based mechanisms have not yet gained momentum in India. Taking a look at recent policy dynamics, a ratcheting-up of standards has been observed, as well as an evolvement from pure command and control regulation towards new modes of governance. Also, various co- and self- regulatory approaches have emerged to address governance gaps that arise from poor implementation of regulations.

Perceived effectiveness of policy instruments, co- and self-regulation

Hierarchy

Although regulation was seldom mentioned by the sustainability managers as a driver of their CS activities, they nonetheless attached great importance to national political premises for shaping country-specific differences in sustainability management. Having said that, corporate experts from different countries claimed that, given the case companies' high awareness of sustainability, regulation is not a necessary driver for them anymore.
Civil society and labor organizations, on the other hand, emphasized hierarchical regulation as the most reliable mode of governance in order to prevent corporate misbehavior.

Governance actors in all three countries emphasized the positive role of a well-established basic environmental regulation framework. From a multi-level governance perspective, EU environmental regulations were considered to have a direct effect on German corporations adding to the almost highly developed environmental policy framework in Germany. In India, however, the effectiveness of regulation was considered to be largely undermined by poor enforcement, whereas US interviewees criticized that more recent sustainability challenges, above all climate change and energy issues, have not been addressed by the regulatory framework. With regard to labor market regulation, interviewees from civil society and labor organizations, in particular, attached high importance to labor issues being regulated by the government instead of being left to voluntary corporate commitments. The effectiveness and appropriateness of regulatory approaches to CSR – be it mandatory CSR reporting or India's Companies Bill – were discussed very controversially: in the US, this idea was rejected by many experts as corrupting the concept of voluntary CSR; in Germany, the official government position, industry associations and companies shared this opinion, while most of the other experts were convinced that mandatory sustainability reporting could have a very positive impact.

Market

In general, the interview results suggest that private market-based mechanisms are largely perceived as being the most effective drivers for CS. This perception particularly dominated among US experts and sustainability managers at the headquarters, and was slightly less strong among governance experts in Germany and India. However, as mentioned above, international (investment) markets and supply chains have cross-border effects which are also noticeable in India. The sustainability managers highlighted the incentivizing effects of market pressure and demand pull factors on the one hand and proactive trend-setting of their companies on the other hand. They almost unanimously framed sustainability challenges as business opportunities for their companies.

The importance of socially responsible investment and shareholder activism was particularly emphasized in the US, while in Germany, SRI was considered a potentially effective mechanism that, however, still represents a niche market, and in India, its role is limited to the effects of international investment schemes. The market-based policy instrument which was most often highlighted as a potentially effective incentive in Germany, USA and India was the inclusion of sustainability criteria in public procurement. While experts in all three case countries viewed subsidies rather critically, many considered tax reductions a very effective way to incentive CS. Although emissions trading schemes were considered the typical market-based policy instrument, the effectiveness of existing schemes was doubted by several interviewees due to poor policy design. Views differed with regard to certifications and labels: whereas some interviewees thought they were very supportive, others criticized their proliferation leading to a confusingly vast number of labels and certifications that lacks transparency. Awards, on the other hand, were mentioned by many experts, but were rather considered an awareness-raising tool than a real incentive.

Network

Since maintaining their ‚license to operate' is an important reason for the case companies to engage in CS, societal expectations that are conveyed through information- and network-based governance arrangements can be considered to play an important – though rather indirect – role. On the other hand, the company representatives emphasized their own proactive role in CS policy networks, where they provide policy-makers and other companies with expertise.
The advantages of soft, information-based policies were seen in (1) the leeway that they give companies to come up with innovative solutions, and (2) their inclusiveness as they allow companies who have not been involved in CS so far to approach the issue at their own pace. However, the governance actors also pointed to the risk of ineffectiveness when policy instruments for CS exclusively rely on information and dialog without monitoring progress.

The largest part of the governance activities for CS falls into the category of network governance. To varying degrees, both government-initiated and private multi-stakeholder dialogs, guidelines, best-practice sharing, research and information, cooperation and trainings, policy advocacy and voluntary agreements are employed in the case countries.
Public pressure and naming and shaming mechanisms have a significant potential to impact companies in all three case countries. It seems that their importance has somewhat decreased over the years in Germany and the US, but is currently being on the rise in India. Multi-stakeholder dialogs and guidelines, which are used both in Germany and India, were appreciated for bringing all the relevant actors to the table and fostering a common understanding of CS. The majority of US American interviewees, on the other hand, highlighted the beneficial impact of more bilateral partnerships between NGOs and companies. Policy advocacy alliances that unite companies and a broad spectrum of stakeholders were considered a very useful tool to improve the policy framework for CS, and are mostly employed in the US.

19.4. The role of governance actors

Chapter 6 described changes in governance that have led to a shift (1) in the balance of responsibility among actors resulting in a relative reduction of the government's role and increased governance roles for for-profit and non-profit organizations, and (2) in the employment of diverse modes of governance by these actors. The empirical results confirm these assumptions for CS governance, however, to varying degrees in the case countries.

For example, the involvement of the state in CS strongly varies among the three countries: While both the German and the Indian government have a proactive and coordinated approach to CS governance – and correspondingly were considered an important group of stakeholders by sustainability managers in these countries - the US government is less involved in this field. Interestingly, the sustainability managers in all three countries described their interaction with the government as a two-way process in which the companies provide expertise on certain sustainability issues to governmental agencies - instead of just reacting to governmental influences.

The role of NGOs as important drivers for CS governance was highlighted in all three countries. German interviewees also confirmed Doh and Guay's (2006) assumption that NGOs have easier access to the policy-making process in the European Union than in the US, resulting in an increased awareness of CS issues by European policy makers. Both 'watchdog' and partnering approaches were considered powerful mechanisms for influencing companies and should ideally complement each other. While NGO-business partnerships are not common in each country yet, it seems that over time there is a gradual shift from confrontation towards cooperation.

With regard to labor unions, interviewees in all three countries also agreed that they should play a more prominent role in CS governance since they are still underrepresented in this context; at least in Germany and the US, this recently seems to be changing slowly.

Business associations, on the other hand, have a rather ambiguous role for CS governance: while conservative associations were considered to follow the lowest common denominator, business groups and networks that proactively promote CS have a very important role: the sustainability managers emphasized, in particular, the enabling function of associations for discussing industry-specific sustainability issues and best practices with their competitors, customers and suppliers.

Finally, the interview results suggest that investors can have a significant influence on companies' approach to CS. The interview results highlight the considerably growing interest in SRI and, correspondingly, the importance of CS for investor relations.

G Conclusion

This study aimed at answering the question of what role national governance patterns play in comparison to global governance practices in shaping CSR and corporate sustainability management of transnational corporations. The answers to the three sub-questions of the research objective can be summarized as follows:

1. Analyzing the relevant global governance patterns for CS, it became obvious that a broad institutionalization of global CS governance has taken place. This development is fostered by overlaps and synergies between the instruments: Namely the contents of ILO Conventions, the OECD guidelines, the UN Global Compact, the Ruggie framework, the GRI guidelines and ISO 26000 are interwoven and reference each other – which lays the ground for a common understanding of CS. Awareness-raising through local networks and the alignment of domestic policies with these global governance instruments further increase this effect. While the perception of legitimacy, effectiveness and dissemination of most of these instruments vary, the Global Reporting Initiative (GRI) guidelines was particularly highlighted as an instrument that combines legitimacy, specificity and a high level of awareness among companies and stakeholders. While the above mentioned instruments seem to have rather indirect effects on the companies, global market-related mechanisms – i.e. international investors, SRI schemes, international supply chains and certifications such as ISO 14001 – were considered to have an important direct leverage.

2. With regard to national institutional factors and governance patterns for CS in Germany, the US, and India, it was found that the different institutional contexts have a strong influence on the traditional understanding of CS, the prevalent modes of governance and the composition of actors involved in CS governance in these countries. Put in a nutshell, market modes and private governance predominate in the US, whereas CS governance in Germany and India is mostly shaped by hierarchy and network governance including the proactive meta-regulation of CSR by the government. Nevertheless, there are several dynamics of these domestic governance frameworks that point to an increasing diversification of the policy mixes, and to a growing convergence of the national understandings of CS.
While the theoretical assumptions about institutional effects in LME and CME on implicit and explicit CSR, can be largely confirmed; interestingly, however, the findings suggest that CSR activities in the US tend to mirror the institutional patterns of the country rather than supplementing them.

3. When looking at how these national and global governance patterns influence TNCs´ CS management, it is noticeable that (1) the case companies have very similar approaches to coordinating their CS management, to developing CS strategies and programs, and to reporting their CS performance, and (2) the companies tend to emphasize their voluntary self-commitment to CS, framing it rather as their own

strategic initiative driven by business opportunities than as a reaction to external influences and expectations.

However, domestic command-and-control regulations have, of course, a direct influence on the companies. In particular, when the TNCs consistently apply the same standards worldwide – e.g. for their environmental management – the national regulatory framework in Germany influences the home country effects on subsidiaries overseas. Furthermore, since maintaining their 'license to operate' is essential to the companies, normative expectations of both the global community and domestic stakeholders shape their CS activities indirectly. In this context, they are involved in both international and domestic policy networks, and are actually engaged to proactively shape the outcome of these networks through the provision of expertise.

Market mechanisms were considered the most important drivers for the case companies: on the one hand, international investors are an important group of stakeholders and might even directly impact the CS management (for instance in the case of Bayer in India), and on the other hand, the companies strive for being recognized as leaders in CS and seek business opportunities related to sustainability in their core business. Global governance instruments that do not follow market logic are often perceived as minimum standards, and primarily used by the companies to communicate their commitment to CS.

In summary, the influences of global and domestic governance are interwoven, with the global dimension having a stronger influence on CS strategy and reporting, and the domestic sphere being more influential when it comes to the focus issues of the CS programs and local stakeholder management.

These conclusions support the findings of a study by Chahoud et al (2007) stating that TNC subsidiaries almost always adopt their home country's CSR policies and codes of conduct, but enjoy the freedom to adapt them to country-specific needs. An obvious example is the specific Indian CSR agenda where foreign companies commit themselves to the communities in which they operate by engaging in community development. Comparing the results to the findings of a qualitative study by Bondy et al (2012) on UK-headquartered TNCs, a strong influence of coercive and mimetic pressures on the institutionalization of CSR in TNCs can be confirmed. However, while I would share the conclusion that TNCs are in a unique position to strategically shape the governance framework by prioritizing CS issues relevant for business concerns, one should not underestimate the indirect effects of normative stakeholder expectations that are reflected by global governance instruments and have become de facto minimum standards.

Policy recommendations

On the basis of the empirical findings, detailed policy recommendations for each country and each mode of governance are described in chapter 14.

In summary, the following policy recommendations for German CS policy can be extracted from the empirical results: Sustainability and CSR are still two separate fields of policy in Germany and should be strategically linked to unfold synergies. Also, the global operations of German businesses make it necessary to extend the policy framework to address international CS challenges. With regard to policy instruments, sustainable public procurement was considered a potentially powerful instrument to further CS and should be strengthened. The policy mix would also benefit from a broader application of market-based incentives, while mandatory CS reporting is a possibility to increase the transparency and comparability of companies' CS peformance. Finally, the effectiveness of information-based policy instruments and voluntary agreements could be improved through monitoring mechanisms.

For the US, the empirical findings suggest a strengthening of the interlinkage of policy elements that affect CS while increasing the diversification of the policy mix. The experts suggested developing a regulatory framework to fill the governance gaps with regard to climate change and energy, ideally by putting a price on carbon and promoting renewable energies. The policy recommendations for the US also include a stricter regulation of toxic chemicals and the strengthening of multi-stakeholder dialogs on CS.

The findings from the interviews with Indian experts contain the following suggestions for the further development of the CS policy framework: while the combination of voluntary and mandatory approaches in the policy mix is a good basis, the better enforcement of existing laws was seen as crucial to promotimg CS. Furthermore, it is necessary to motivate companies to engage in CSR without curbing innovation – ideally by further exploring (financial and non-financial) incentive-based policies. At the same time, a strengthening of the regulation on industrial pollution and land acquisition was strongly recommended, as well as the further strengthening of awareness-raising tools while being aware of the risks of ineffectiveness and greenwashing.

I Bibliography

Literature

Adger, W. Neil (Hg.) (2009): Governing sustainability. Cambridge: Cambridge Univ. Press.

Adger, W. Neil; Jordan, Andrew (2009): Sustainability: exploring the processes and outcomes of governance. In: W. Neil Adger (Hg.): Governing sustainability. Cambridge: Cambridge Univ. Press.

Aguilera, Ruth V.; Williams, Cynthia A.; Conley, John M.; Rupp, Deborah E. (2006): Corporate Governance and Social Responsibility: a comparative analysis of the UK and the US. In: *Corporate Governance: An International Review*. Volume 14, Issue 3, pages 147–158, May 2006.

Aguilera, Ruth V.; Jackson, Gregory (2003): The Cross-National Diversity of Corporate Governance: Dimensions and Determinants. In: *Academy of Management Review.* Vol. 28, No. 3, 447–465, 2003.

Albareda, Laura; Lozano, Josep M.; Ysa, Tamyko (2007): Public policies on Corporate Social Responsibility: The Role of Governments in Europe. In: *Journal of Business Ethics* 74 (4):391 - 407 (2007).

Albareda, Laura (2010): Mapping the Novel Arrangements Adopted to Build the Corporate Responsibility Institutional setting: A Contested Dynamic Interplay. In: *Journal of Corporate Citizenship*.

Allen, F.; Chakrabarti, R.; De, S. (2007): India's financial system. Wharton School of the University of Pennsylvania. Mimeo.

Amable, Bruno (2008): The heterogeneity of competing capitalisms and business systems. In: *Socio-Economic Review,* Oxford University Press, 2008, 6 (4), pp 771-775.

Andriof, J., & McIntosh, M. (Eds.) (2001): Perspectives on corporate citizenship. Sheffield: Greenleaf.

de Bakker, Frank; Groenewegen, Peter; den Hond, Frank (2005): A Bibliometric Analysis of 30 Years of Research and Theory on Corporate Social Responsibility and Corporate Social Performance. In: *Business Society* 44 (3), S. 283–317.

Bansal, Pratima (2005): Evolving sustainably: a longitudinal study of corporate sustainable development. In: *Strategic Management Journal*, Vol. 26, Issue 3, pages 197–218, March 2005.

Bartlett, Christopher A.; Ghoshal, Sumantra (1990): The Multinational Corporation as an Interorganizational Network. In: *The Academy of Management Review*, Vol. 15, No. 4 (Oct., 1990), pp. 603-625.

Beckmann, Markus; Pies, Ingo (2008): Sustainability by Corporate Citizenship. In: *Journal of Corporate Citizenship* (31), S. 45–57.

Beisheim, Marianne; Fuhr, Harald (eds.) (2008): Governance durch Interaktion nicht-staatlicher und staatlicher Akteure. Entstehungsbedingungen, Effektivität und Legitimität sowie Nachhaltigkeit.

Beisheim, Marianne; Liese, Andrea; Ulbert, Cornelia (2008): Transnationale öffentlich-private Partnerschaften –. Bestimmungsfaktoren für die Effektivität ihrer Governance-Leistungen. In: Gunnar Folke Schuppert und Michael Zürn (Hg.): Governance in einer sich wandelnden Welt. 1. Aufl. Wiesbaden: VS Verlag für Sozialwissenschaften / GWV Fachverlage GmbH Wiesbaden (Springer-11776 /Dig. Serial], 41/2008).

Benz, Arthur; Lütz, Susanne; Schimank, Uwe; Simonis, Georg (Hg.) (2007): Handbuch Governance. Theoretische Grundlagen und empirische Anwendungsfelder. Wiesbaden: VS Verlag für Sozialwissenschaften / GWV Fachverlage GmbH Wiesbaden (Springer-11776 /Dig. Serial]).

Bertelsmann Stiftung; GTZ (2007): The CSR Navigator. Public Policies in Africa, the Americas, Asia and Europe. Gütersloh/Eschborn.

Bertelsmann Stiftung (2009): Policy Performance and Executive Capacity in the OECD. Sustainable Governance Indicators 2009.

Bertelsmann Stiftung; UN Global Compact (2010): The Role of Governments in Promoting Corporate Responsibility and Private Sector Engagement in Development. Bielefeld.

Bevir, Mark (Hg.) (2011): The Sage handbook of governance. Los Angeles: Sage.

Bevir, Mark; Hall, Ian (2011): Global Governance. In: Bevir, Mark (Hg.) (2011): The Sage handbook of governance. Los Angeles: Sage.

Biermann, Brigitte (2007): Umwelt. Umwelt-Governance. In: Arthur Benz, Susanne Lütz, Uwe Schimank und Georg Simonis (Hg.): Handbuch Governance. Theoretische Grundlagen und empirische Anwendungsfelder. Wiesbaden: VS Verlag für Sozialwissenschaften / GWV Fachverlage GmbH Wiesbaden (Springer-11776 /Dig. Serial]).

Biermann, Brigitte (1. Auflage 2008): Umwelt und Nachhaltigkeit im Licht der Governance-Forschung. In: Lauth, Hans-Joachim; Bröchler (ed.): Politikwissenschaftliche Perspektiven. VS Verlag für Sozialwissenschaften | GWV Fachverlage GmbH, Wiesbaden 2008, S. 21–44.

Biermann, Frank (Hg.) (2009): International organizations in global environmental governance. London: Routledge.

Biermann, Frank; Chan, Man-san; Mert, Ay¸sem; Pattberg, Philipp (2007): Multi-stakeholder partnerships for sustainable development. Does the promise hold? In: *Partnerships, governance and sustainable development*, S. 239–260.

Biermann, Frank; Dingwerth, Klaus (2004): Global Environmental Change and the Nation State. In: *Global Environmental Politics* 4 (1), S. 1–22.

Biermann, Frank; Pattberg, Philipp (2008): Global environmental governance. Taking stock, moving forward. In: *Annual review of environment and resources* 33 (2008), S. 277–294.

Blum, Sonja; Schubert, Klaus (2009): Politikfeldanalyse. 1. Aufl. Wiesbaden: VS Verlag für Sozialwissenschaften / GWV Fachverlage GmbH Wiesbaden (Springer-11776 /Dig. Serial]).

Bluhm, Katharina; Trappmann, Vera (2013): Varying Concepts of Corporate Social Responsibility: Beliefs and Practices in Central Europe. In: Katharina Bluhm, Bernd Martens and Vera Trappmann (eds.): Business Leaders and New Varieties of Capitalism in Post-Communist Europe.

Böcher, Michael; Töller, Annette Elisabeth (2007): Instrumentenwahl und Instrumentenwandel in der Umweltpolitik. Ein theoretischer Erklärungsrahmen. In: Politische Vierteljahresschrift (2007), H. 39, 299-322.

Börzel, Tanja (2008): Der »Schatten der Hierarchie« - ein Governance-Paradox? In: Gunnar Folke Schuppert und Michael Zürn: Governance in einer sich wandelnden Welt. Wiesbaden: VS verlag für Sozialwissenschaften.

Börzel, Tanja; Risse, Thomas (2010): Governance without a state: Can it work? In: *Regulation & Governance,* Vol 4 (2), pp 113–134.

Bondy, Krista; Matten, Dirk; Moon, Jeremy (2004): The Adoption of Voluntary Codes of Conduct in MNCs: A Three-Country Comparative Study. In: Business and Society Review, Vol 109, Issue 4, pp 449–477.

Bondy, Krista; Moon, Jeremy; Matten, Dirk (2012): An Institution of Corporate Social Responsibility (CSR) in Multi-National Corporations (MNCs): Form and Implications. In: *Journal of Business Ethics*, Vol 111, Issue 2, pp 281-299.

Braithwaite, John; Drahos, Peter (2000): Global Business Regulation. Cambridge University Press, Cambridge.

Brammer, Stephen; Pavelin, S. (2005): Corporate Community Contributions in the United Kingdom and the United States. In: *Journal of Business Ethics*, 56, pp 15-26.

Brammer, Stephen; Jackson, Gregory; Matten, Dirk (2012): Corporate Social Responsibility and Institutional Theory: New Perspectives on Private Governance. In: *Socio Economic Review*, Vol. 10 (1), pp 3-28.

Brand, Karl-Werner (Hg.) (2002): Politik der Nachhaltigkeit. Voraussetzungen, Probleme, Chancen - eine kritische Diskussion. Berlin: Ed. Sigma.

Bres, Luc ; Raufflet, Emmanuel (2011): Power and institutions in global standardization : the role and the importance of ambiguity in institutionalizing new standards of OSR. In: *Zeitschrift für Wirtschafts- und Unternehmensethik* 12 (1), pp 32-47.

Bröchler, Stephan ·. Lauth Hans-Joachim (Hrsg). (Hg.) (1. Auflage 2008): Politikwissenschaftliche Perspektiven. VS Verlag für Sozialwissenschaften | GWV Fachverlage GmbH, Wiesbaden 2008.

Brühl, Tanja (Hg.) (2004): Unternehmen in der Weltpolitik. Politiknetzwerke, Unternehmensregeln und die Zukunft des Multilateralismus. Bonn: Dietz (Eine Welt, N.F., 19).

Brunnengräber, Achim (2007): Multi-Level-Governance. Klima-, Umwelt- und Sozialpolitik in einer interdependenten Welt. 1. Aufl. Baden-Baden: Nomos Verl.-Ges.

Buchholtz, Ann K.; Brown, Jill A.; Shabana, Kareem M. (2008): Corporate Governance and CSR. In: Crane et al (eds.): The Oxford handbook of corporate social responsibility. Oxford: Oxford Univ. Press.

Bundesregierung Deutschland, Presse-und Informationsamt (2002): Perspektiven für Deutschland: unsere Strategie für eine nachhaltige Entwicklung. Berlin.

Bundesregierung Deutschland (2012): National Sustainable Development Strategy: 2012 Progress Report. Berlin.

Cagnazzo, Luca; Raggi, Emanuele; Carbone, Paolo (2013): Environmental Management Systems: Enabling Tools Towards Sustainability? In: Paolo Taticchi, Paolo Carbone, and Vito Albino (eds.): Corporate Sustainability. Heidelberg (u.a.): Springer

Campbell, John L. (2004): Institutional Change and Globalization. Princeton University Press.

Campbell, John L. (2007): Why would corporations behave in socially responsible ways? An institutional theory of Corporate Social Responsibility. In: *Academy of Management Review* 32 (3), S. 946–967.

Cannon, T. (2012): Corporate Responsibility: Governance, Compliance, and Ethics in a Sustainable Environment. New York: Pearson.

Caprar, Dan V.; Neville, Benjamin A. (2012): "Norming" and "Conforming": Integrating Cultural and Institutional Explanations for Sustainability Adoption in Business. In: *Journal of Business Ethics*, 110 (2) pp 231-245.

Carroll, Archie B. (1999): Corporate social responsibility. In: *Business and Society*, 38 (3), pp 268-295.

Carroll, Archie B. (2008): A History of Corporate Social Responsibility: Concepts and Practices. In: Crane et al (eds.): The Oxford handbook of corporate social responsibility. Oxford: Oxford Univ. Press.

Cashore, Benjamin (2002): Legitimacy and the Privatization of Environmental Governance. How Non-State market-Driven Governance Systems Gain Rule-Making Authority. In: Governance, Vol. 15, No. 4, S. 503–529.

Chasek, Pamela S.; Downie , David Leonard; Brown, Janet Welsh (2010): Global Environmental Politics. Westview Press, 2010.

Clapp, Jennifer (2005): Global Environmental Governance for Corporate Responsibility and Accountability. In: *Global Environmental Politics* (Vol. 5 Issue 3), S. p23-34, 12p.

Clapp, Jennifer; Utting, Peter (2008): Corporate Responsibility, Accountability, and Law: An Introduction. In: Peter Utting and Jennifer Clapp (eds.): Corporate Accountability and Sustainable Development. Oxford University Press, New Delhi, 2008.

Coen, David (2010): The Oxford handbook of business and government. Oxford: Oxford Univ. Press.

Commission of the European Communities (2009): Mainstreaming sustainable development into EU policies: 2009 Review of the European Union Strategy for Sustainable Development.

Conzelmann, Thomas; Wolf, Klaus Dieter (2008): The potential and limits of governance by private codes of conduct. In: Jean-Christophe Graz and Andreas Nölke (Hg.): Transnational private governance and its limits. 1. publ. London: Routledge (Routledge/ECPR studies in European political science, 51), S. 98–114.

Conzelmann, Thomas (2012): A procedural approach to the design of voluntary clubs: negotiating the Responsible Care Global Charter. In: *Socioeconomic Review*, 10 (1), pp 193-214.

Cousin, Rosemary (2005): A Theoretical Framework for Measuring the Sustainability Capacity of Modes of Governance. In: Walter Leal Filho (ed.): Handbook of Sustainability Research. Frankurt a Main (u.a.): Peter Lang Verlag.

Crane, Andrew; Matten, Dirk ; McWilliams, Abagail; Moon, Jeremy; Siegel, Donald S. (eds.) (2008): The Oxford handbook of corporate social responsibility. Oxford: Oxford Univ. Press.

Crouch, Colin (2010): CSR and changing modes of governance: towards Corporate Noblesse oblige? In: Peter Utting und Jose Carlos Marques (Hg.): Corporate social responsibility and regulatory governance. Towards inclusive development? Basingstoke, Hampshire: Palgrave Macmillan (International political economy series).

Center for Sustainability Management (2013): INTERNATIONAL CORPORATE SUSTAINABILITY BAROMETER. A COMPARATIVE ANALYSIS OF 11 COUNTRIES. Lüneburg, Germany.

Curbach, Janina (2009): Die Corporate-Social-Responsibility-Bewegung. Wiesbaden (Springer-11776 /Dig. Serial]).

Cutler, A. Claire (Hg.) (1999): Private authority and international affairs. Albany, NY: State Univ. of New York Press (SUNY series in global politics).

Dahan, Nicolas; Doh, Jonathan; Guay, Terrence (2006): The role of multinational corporations in transnational institution building: A policy network perspective. In: *Human Relations,* vol. 59 no. 11, pp 1571-1600.

Dashwood, Hevina (2004): Corporate Social Responsibility and the Evolution of International Norms. In: John J. Kirten and Michael Trebilcock (ed.): Hard Choices, Soft Law: Voluntary Standards in Global Trade, Environment and Social Governance.

Dauvergne, Peter (Hg.) (2005): Handbook of global environmental politics. Cheltenham: Elgar.

Daynes, Byron W.; Sussman, Glen (2010): White House Politics and the Environment. Franklin D. Roosevelt to George W. Bush. Texas A&M University Press.

Deakin, Simion; Hobbs, Richard (2007): False Dawn for CSR? Shifts in regulatory policy and the response of the corporate and financial sectors in Britain. In: *Corporate Governance* 15 (1), pp 68–76.

DeGeorge, R.T. (2007): An American perspective on corporate social responsibility and the tenuous relevance of Jacques Derrida. In: *Business Ethics: A European Review*, 17(1), pp 74-86.

DeSombre, Elizabeth R. (2010): The United States and Global Environmental Politics: Domestic Sources of U.S. Unilateralism. In: Regina Axelrod and Stacy VanDeveer (eds.): The Global Environment: Institutions, Law, and Policy, 3rd ed. CQ Press.

Delmas, Magali A.; Toffel, Michael W. (2008): Organizational Responses to Environmental Demands: Opening the Black Box. In: *Strategic Management Journal*. Vol 29 (10), pp 1027–1055.

Detomasi, David Antony (2007): The Multinational Corporation and Global Governance: Modelling Global Public Policy Networks. In: *Journal of Business Ethics* (2007), Vol 71 (3), pp 321-334.

Detomasi, David Antony (2008): The Political Roots of Corporate Social Responsibility. In: *Journal of Business Ethics*. Volume 82, Issue 4, pages 807-819.

DiMaggio, P. J.; Powell, W. (1983): The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. In: *American Sociological Review*, 48 (1983), pp 147-60.

Dingwerth, Klaus; Pattberg, Philipp (2006): Global Governance as a Perspective on World Politics. In: *Global Governance* 12 (2), pp 185–203.

Dingwerth, Klaus; Pattberg, Philipp (2009): World Politics and Organizational Fields: The Case of Transnational Sustainability Governance. In: European Journal of International Relations, Vol. 15 (4), pp 707–743.

Djelic, Marie-Laure; Quack, Sigrid (2003): Introduction: Governing Globalization - Bringing Institutions Back In. In: ibid. (eds.): Globalization and Institutions. Redefining the Rules of the Economic Game. Cheltenham: Edward Elgar, pp 1-14.

Djelic, Marie-Laure; Sahlin-Andersson, Kerstin (2008): Transnational Governance: Institutional dnamics of regulation. Cambridge University Press.

Dose, Nicolai (2008): Governance als problemorientierte Steuerung. Steuerung angesichts alter Probleme und neuer Herausforderungen. In: Schuppert, Gunnar Folke; Zürn, Michael (eds.): Governance in einer sich wandelnden Welt. 1. Aufl. Wiesbaden: VS Verlag für Sozialwissenschaften, pp 77–94.

Drauth, Carlo (2010): Closing Governance Gaps Through Corporate Social Responsibility? Conditins for the Effectiveness of the OECD Guidelines, the ILO Declaration, and the UN Global Compact in Ensuring Responsible Business Conduct. Hertie School of Governance.

Dunfee, Thomas W. (2008): Stakeholder Theory: Managing CSR in a Multiple Actor Context. In: Crane et al (eds.): The Oxford handbook of corporate social responsibility. Oxford: Oxford Univ. Press.

Dyllick, Thomas; Hockerts, Kai (2002): Beyond the business case for corporate sustainability. In: *Business Strategy and the Environment*. Special Issue: Sustainability at the Millennium: Globalization, Competitiveness & Public Trust. Vol. 11 (2), pp 130–141.

European Commission (2011): COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: A renewed EU strategy 2011-14 for Corporate Social Responsibility, Brussels.

Esty, Daniel C; Ivanova, Maria (2004): Globalization anf Environmental Protection: a Global Governance Perspective. Yale Center for Environmental Law & Policy Working Paper No. 0402.

Falkner, Robert (2003): Private environmental governance and international relations: exploring the links. In: *Global environmental politics*, 3 (2), pp 72-87.

Ferner, A.; Quintanilla, J. (1998): Multinationals, national business systems and HRM: the enduring influence of national identity or a process of 'Anglo-Saxonization. In: *The International Journal of Human Resource Management*, 9 (4), pp 710-731.

Fifka, Matthias S. (2013): Corporate citizenship in Germany and the United States – differing perceptions and practices in transatlantic comparison. In: *Business Ethics: A European Review*, Vol 22 (4), pp 341–356.

Fiorino, Daniel J. (2006): The New Environmental Regulation. Cambridge, MA: MIT Press.

Fischer, Severin (2009): Die Neugestaltung der EU-Klimapolitik: Systemreform mit Vorbildcharakter?. In: *Internationale Politik und Gesellschaft*.

Fransen, Luc (2012): Multi-stakeholder governance and voluntary programme interactions: legitimation politics in the institutional design of Corporate Social Responsibility. In: *Socioeconomic Review* 10 (1), pp 163-192.

Freeman, E.R.; Liedtka, J. (1991): Corporate social responsibility: A critical approach. In: *Business Horizons*, 34 (4), pp 92-99.

French, Patrick (2011): India: A Portrait. London: Penguin Books.

Fuchs, Doris (2008): Business and and governance. Transnational corporations and the effectiveness of private governance. In: Schirm, Stefan A. (Hg.): Globalization. State of the art and perspectives. Repr. London: Routledge (Routledge frontiers of political economy, 84), pp 122–142.

Fuchs, Doris; Vogelmann, Jörg (2008): The power of TNCs in transnational environmental private governance. In: Jean-Christophe Graz and Andreas Nölke (Hg.): Transnational private governance and its limits. 1. publ. London: Routledge (Routledge/ECPR studies in European political science, 51), pp 71–83.

Fuchs, Doris; Kalfagianni, Agni; Havinga, Tetty (2011): Actors in private food governance: the legitimacy of retail standards and multistakeholder initiatives with civil society participation. In: *Agriculture and Human Values*. September 2011, Vol 28 (3), pp 353-367.

Gazdar, K.; Kirchhoff, K. R. (2004): Unternehmerische Wohltaten: Last oder Lust? : von Stakeholder Value, Corporate Citizenship und Sustainable Development bis Sponsoring, München/Unterschleißheim.

Le Galès, Patrick (2011): Policy Instruments and Governance. In: Bevir, Mark (Hg.): The Sage handbook of governance. 1. publ. Los Angeles: Sage, pp 142–159.

Gardberg, Naomi A.; Fombrun, Charles F. (2006): Corporate Citizenship: Creating Intangible Assets Across Institutional Environments. In: *Academy of Management Review,* Vol. 31 (2), pp 329-346.

Gastinger, Karin; Gaggl, Philipp (2012): CSR als strategischer Managementansatz. In: Andreas Schneider, René Schmidpeter (eds.): Corporate Social Responsibility : verantwortungsvolle Unternehmensführung in Theorie und Praxis. Berlin: Springer Gabler.

Geppert, Mike; Matten, Dirk; Walgenbach, Peter (2006): Transnational institution building and the multinational corporation: An emerging field of research. In: *Human Relations,* Vol. 59 (11), pp 1451–1465.

Ghosh, Piyali; Nandan,Shefali; Gupta Ashish (2009): The Changing Roles of Trade Unions in India: A case Study of National Thermal Power Corporation (NTPC). In: *Asian Academy of Management Journal*, Vol. 14, No. 1, pp 37–57.

Gjolberg, Maria (2009): The origin of corporate social responsibility: global forces or national legacies? In: *Socioeconomic Revue* Vol. 7 (4), pp 605-637.

Glaser, Barney; Strauss, Anselm (1998): Grounded Theory. Strategien qualitativer Forschung. Göttingen: H. Huber.

Gläser, Jochen; Laudel, Grit (2006): Experteninterviews und qualitative Inhaltsanalyse. 2nd edition. VS Verlag für Sozialwissenschaften.

González, Marta de la Cuesta; Martinez, Carmen Valor (2004): Fostering Corporate Social Responsibility through Public Initiative: From the EU to the Spanish Case. In: *Journal of Business Ethics* 55 (3), pp 275 - 293.

Göll, Edgar (2003): Nachhaltigkeitspolitik -– Beispiele aus Europa. In: *UTOPIE kreativ* (H. 153/154), pp 692–695.

Gordon, K. (2001): The OECD Guidelines and other Corporate Responsibility Instruments: A Comparison, Paris: OECD.

Grande, Edgar; May, Stefan (2009): Perspektiven der Governance-Forschung. 1.st edition. Baden-Baden: Nomos.

Graz, Jean-Christophe; Nölke, Andreas (Hg.) (2008): Transnational private governance and its limits. 1. publ. London: Routledge (Routledge/ECPR studies in European political science, 51).

Greenstone, Michael; Hanna, Rema (2011): Environmental Regulations, Air and Water Pollution, and Infant Mortality in India. Arvard Kennedy School, Faculty Research Working Paper Series.

Gross, Matthias; Heinrichs, Harald (2010): Environmental sociology - European perspectives and interdisciplinary challenges. Springer.

Grunwald, Armin; Kopfmüller, Jürgen (2006): Nachhaltigkeit. Frankfurt am Main: Campus-Verl.

Gesellschaft für Technische Zusammenarbeit (GTZ); International Institute for Sustainable Development (IISD) (eds.) (2004): National Strategies for Sustainable Development. Challenges, Approaches and Innovations in Strategic and Coordinated Action. With the cooperation of Darren Swanson, László Pintér, Mary Jane Middelkoop, Barbara Sweazey und Julie Pezzack.

Habisch, André; Schmidpeter, René; Neureiter, Martin (2008): Handbuch Corporate Citizenship. Corporate Social Responsibility für Manager. Springer-Verlag, Berlin/Heidelberg.

Hall, Peter A. und David Soskice (2001) Varieties of Capitalism: The Institutional Foundations of Comparative Advantage. Oxford: Oxford University Press.

Hall, Peter; Taylor, Rosemary (1996): Political Science and the Three New Institutionalisms. MPIFG Discussion Paper 96/6. Max-Planck-Institut für Gesellschaftsforschung.

Halpern, Charlotte; Le Galès, Patrick (2008): Europeanisation of policy instruments. NEWGOV project.

Haslam, Paul Alexander (2004): The Corporate Social Responsibility System in Latin America and the Caribbean. The Canadian Foundation for the Americas (FOCAL) Policy Paper.

Haufler, Virginia (2009): Transnational actors and global environmental governance. In: Delmas, Magali A.; Young, Oran R. (Hg.): Governance for the environment. New perspectives. Cambridge: Cambridge Univ. Press, pp 119–143.

Hecht, Alan D.; Fiksel, Joseph; Moses, Marina (2012): Working toward a sustainable future.

Heinecke, P. (2011): Success factors of regional strategies for multinational corporations-appropriate degree of management autonomy and product adaptation. In: *Contributions to Management Science*.

Heinrichs, Harald (2014): Politik und Nachhaltige Entwicklung. In: Harald Heinrichs and Gerd Michelsen (eds.): Nachhaltigkeitswissenschaften. Berlin/ Heidelberg: Springer-Verlag.

Héritier, Adrienne (2002): New Modes of Governance in Europe: Policy-Making without Legislating? In: A. Héritier (ed.): Common Goods: ReinventingEuropean and International Governance. Lanham: Rowman & Littlefield.

Hill, ELizabeth (2009): The Indian Industrial Relations System: Struggling to address the dynamics of a globalizing economy. In: *Journal of Industrial Relations*, 51(3), pp 395-410.

Hurst, Nathan (2004): Corporate ethics, governance and social responsibility: Comparing European Business Practices to those in the United States. A Study Conducted for the Business and Organizational Ethics Partnership Markkula Center for Applied Ethics, Santa Clara University.

ISO – International Organization for Standardization (2009): ISO 26000. Guidance on social responsibility. Draft.

Jackson, Gregory; Deeg, Richard (2008): From comparing capitalisms to the politics of institutional change. In: *Review of International Political Economy* 15 (4), pp 680–709.

Jackson, Gregory; Apostolakou, Androniki (2010): Corporate Social Responsibility in Western Europe: An Institutional Mirror or Substitute? In: *Journal of Business Ethics* (94), pp 371–394.

Jacob, Klaus (Hg.) (2007): Politik und Umwelt. 1st edition. Wiesbaden: VS Verl. für Sozialwiss.

Jänicke et al. (2003): Lern- und Arbeitsbuch Umweltpolitik. Politik, Recht und Management des Umweltschutzes in Staat und Unternehmen. 2., aktualisierte Aufl. Bonn: Dietz.

Jänicke, Martin (2003): Die Rolle des Nationalstaats in der globalen Umweltpolitik - Aus Politik und Zeitgeschichte (B 27/2003). Zehn Thesen. Ed.: Bundeszentrale für politische Bildung.

Jänicke, Martin; Helge Jörgens; Kerstin Tews (2005): Zur Untersuchung der Diffusion umweltpolitischer Innovationen. In: Kerstin Tews und Martin Jänicke (Hg.): Die Diffusion umweltpolitischer Innovationen im internationalen System. Wiesbaden: VS Verlag für Sozialwissenschaften (Forschung Politik).

Jenkins, Rhys (2013): Transnational Corporations and Uneven Development. The Internationalization of Capital and the Third World, Routledge Library Editions.

Jessop, Bob (2011): Metagovernance. In: Bevir, Mark (ed.): The Sage handbook of governance. Los Angeles: Sage.

Johnston, P.; Everard, M.; Santillo, D.; Robèrt, K. H. (2007): Reclaiming the definition of sustainability. In: *Environmental Science and Pollution Research International*, 14(1), pp 60-66.

Joyner, Brenda E.; Payne, Dinah(2002): Evolution and implementation: A study of values, business ethics and corporate social responsibility. In: *Journal of Business Ethics* (2002) 41 (4), pp 297 -311.

Kalfagianni, Agni; Pattberg, Philipp (2011): The Effectiveness of Transnational Rule-Setting Organisations in Global Sustainability Politics: An Analytical Framework. Global Governance Working Paper No 43 – February 2011.

Kang, Nahee; Moon, Jeremy (2011): Institutional complementarity between corporate governance and Corporate Social Responsibility: a comparative institutional analysis of three capitalisms. In: Socio-Economic Review 24 (1), pp 1-24.

Kates, Robert W.; Parris, Thomas M.; Leiserowitz, Anthony A. (2005): What is Sustainable Development? Goals, Indicators, Values, and Practice. In: *Environment: Science and Policy for Sustainable Development*, Vol. 47 (3), pp 8–21.

Kelemen, R. Daniel; Vogel, David (2010): Trading Places: The Role of the United States and the European Union in International Environmental Politics. In: *Comparative Political Studies* 43 (4), pp 427-456.

Kelle, Udo; Kluge, Susann (1999): Vom Einzelfall zum Typus. Fallvergleich und Fallkontrastierung in der qualitativen Sozialforschung. Opladen: Leske + Budrich.

Kinderman, Daniel (2008): The Political Economy of Corporate Responsibility in Germany, 1995-2008. Part Five of the Germany in Global Economic Governance Series. Mario Einaudi Center for International Studies Working Paper Series No. 5-08, Cornell University.

Kjaer, A. M. (2004): Governance. Cambridge: Polity Press.

Kirton, John J.; Trebilcock, Michael J. (Hg.) (2007): Hard choices, soft law. Voluntary standards in global trade, environment, and social governance. Reprinted. Aldershot: Ashgate (Global environmental governance series).

Kleine, Alexandro; Hauff, Michael (2009): Sustainability-Driven Implementation of Corporate Social Responsibility: Application of the Integrative Sustainability Triangle. In: *Journal of Business Ethics* 85, pp 517–533.

Knopf, Jutta; Hoffmann, Esther; Damm, Lucienne; Jacob, Klaus; Kahlenborn, Walter (2009): Meta-Analyse – Nachhaltigkeitsstrategien in Politik und Wirtschaft. Literaturstudie.

Kohler-Koch, Beate; Eising, Rainer (eds.) (1999): The Transformation of Governance in the European Union. London: Routledge.

Kolk, Ans (2004): A decade of sustainability reporting: developments and significance. In: *International Journal of Environment and Sustainable Development,* 3 (1), pp 51-64.

Kolk, Ans; Levy, D.; Pinkse, J. (2008): Corporate responses in an emerging climate regime: The institutionalization and commensuration of carbon disclosure. In: *European Accounting Review*, 17 (4), pp 719-745.

Kolleck, Nina (2010): Global Governance, Corporate Responsibility und die diskursive Macht von Unternehmen. Baden-Baden: Nomos.

Koos, Sebastian (2011): The institutional embeddedness of social responsibility: a multilevel analysis of smaller firms' civic engagement in Western Europe. In: *Socioeconomic Review* 10 (1), pp 135-162.

Kostova, Tatiana; Roth, Kendall (2002): Adoption of an Organizational Practice by Subsidiaries of Multinational Corporations: Institutional and Relational Effects. In: *Academy of Management Journal,* Vol. 45 (1), pp 215-233.

KPMG International (2011): KPMG International Survey of Corporate Responsibility Reporting 2011. With the cooperation of: Wim Bartels, John Hickox, Jose Luis Blasco Vazquez, Vincent Neate, Sung Woo Kim.

KPMG International (2013): The KPMG Survey of Corporate Responsibility Reporting 2013. With the cooperation of: Yvo de Boer, Wim bartels, Mark McKenzie, Ellie Austin, Brice Javaux, and Ayesha Canteenwalla.

KPMG Advisory N.V.; United Nations Environment Programme; Global Reporting Initiative; Unit for Corporate Governance in Africa (2010): Carrots and Sticks for Starters. Current trends and approaches in Voluntary and Mandatory Standards for Sustainability Reporting.

KPMG Advisory N.V., Global Reporting Initiative, Unit for Corporate Governance in Africa (2013): Carrots and Sticks. Sustainability reporting policies worldwide – today's best practice, tomorrow's trends.

Krichewsky, Damien (2009): Negotiating the Terms of a New Social Contract: Private Companies, Civil Society and the State in India. CSH Occasional paper 24/2009. New Delhi: CSH.

Kromrey, Helmut (2009): Empirische Sozialforschung: Modelle und Methoden der standardisierten Datenerhebung und Datenauswertung, 11th, revised edition. Stuttgart: Lucius & Lucius.

Kruse, Jan (2010): Reader "Einführung in die Qualitative Interviewforschung". Freiburg.

Kuhlen, Beatrix (2005): Corporate Social Responsibility (CSR) : die ethische Verantwortung von Unternehmen für Ökologie, Ökonomie und Soziales: Entwicklung, Initiativen, Berichterstattung, Bewertung. Baden-Baden: Dt. Wissenschafts-Verlag.

Kumar, Ritu (2004): State of CSR in India 2004: Acknowledging Progress, Prioritizing Action. The Eneryg and Resources Institute (TERI) (Background Paper), New Delhi.

Kurtz, Lloyd (2008): Socially Responsible Investment and Shareholder Activism. In: Crane et al (eds.): The Oxford handbook of corporate social responsibility. Oxford: Oxford Univ. Press.

Kurucz, E.; Colbert, B.; Wheeler, D. (2008): The business case for corporate social responsibility. In: Crane, A., McWilliams, A., Matten, D., Moon, J. and Siegel, D. (eds.): The Oxford Handbook of Corporate Social Responsibility. Oxford: Oxford University Press, pp. 83–112.

Lattemann, Christoph (2007): Forschungsfed Governance. In: Wagner, Dieter; Lattemann, Christoph; Kupke, Sören; Legel, Alexander (eds.): Governance -Theori–n oder Governance als Theorie? Berlin: Wissenschaftsverlag.

Lauth, Hans-Joachim; Pickel, Gert; Pickel, Susanne (2009): Methoden der vergleichenden Politikwissenschaft. Eine Einführung. Wiesbaden: VS Verlag für Sozialwissenschaften / GWV Fachverlage GmbH Wiesbaden.

Leung, K.; Bhagat, R.S.; Buchan, N.R.; Erez, M.; Gibson, C.B. (2005): Culture and international business: recent advances and their implications for future research'. In: *Journal of International Business Studies*, 36 (4), pp 357–378.

Levy, David L.; Newell, Peter J. (2005): The business of global environmental governance. Cambridge, Mass.: MIT Press (Global environmental accordstrategies for sustainability and institutional responses).

Li, Shaomin; Fetscherin, Marc; Alon, Ilan; Lattemann, Christoph; Yeh, Kuang (2010): Corporate Social Responsibility in Emerging Markets - The Importance of the Governance Environment. In: *Management International Review; Journal of International Business*. Bd. 50 (5), pp 635-654.

Lim, Alwyn; Tsutsui, Kiyoteru (2012): Globalization and Commitment in Corporate Social Responsibility: Cross-National Analyses of Institutional and Political-Economy Effects. In: *American Sociological Review* (2012) vol. 77 (1), pp 69-98.

Lockett, Andy; Moon, Jeremy; Visser, Wayne (2006): Corporate Social Responsibility in Management Research: Focus, Nature, Salience and Sources of Influence. In: *Journal of Management Studies*, Vol. 43, (1), pp 115–136.

Loew, Thomas; Ankele, Kathrin; Braun, Sabine; Clausen, Jens (2004): Bedeutung der internationalen CSR-Diskussion für Nachhaltigkeit und die sich daraus ergebenden Anforderungen an Unternehmen mit Fokus Berichterstattung. Endbericht. Münster; Berlin.

Loew, Thomas; Clausen, Jens; Rohde, Friederike (2011): CSR und Risikomanagement: Gesetzliches und freiwilliges Risikomanagement und die Rolle von Corporate Social Responsibility. Berlin und Hannover, edited by: Institute4Sustainability; Borderstep Institut für Innovation und Nachhaltigkeit; future:verantwortng unternehmen.

Loew, Thomas; Rohde, Friederike (2013): CSR und Nachhaltigkeitsmanagement: Definitionen, Ansätze und organisatorische Umsetzung im Unternehmen. Berlin, Institute for Sustainability.

Logsdon, Jeanne M.; Wood, Donna J. (2002): Business citizenship: From domestic to global level of analysis. In: *Business Ethics Quarterly* 12 (2), pp 155-188.

Lynn, Laurence E. Jr (2011): The Persistence of Hierarchy. In: Bevir, Mark (ed.): The Sage handbook of governance. Los Angeles: Sage.

Maignan, I.; Ralston, D. (2002): Corporate Social Responsibility in Europe and the U.S.: Insights from Businesses' Self-Presentations. In: *Journal of International Business Studies*, 33, pp 497–514.

Marens, Richard (2012): Generous in victory? American managerial autonomy, labour relations and the invention of Corporate Social Responsibility. In: *Socioeconomic Review* 10 (1), pp 59-84.

Marques, José Carlos; Utting, Peter (Hg.) (2010): Business, Politics and Public Policy: Implications for inclusive development. UN Research Institute for Social Development (UNRISD). Basingstoke, Hampshire: Palgrave Macmillan (International political economy series).

van Marrewijk, Marcel (2003): Concepts and Definitions of CSR and Corporate Sustainability: Between Agency and Communion. In: *Journal of Business Ethics*, May 2003, Vol. 44 (2), pp 95-105.

van Marrewijk, Marcel; Were, Marco (2003): Multiple levels of Corporate Sustainability. In: *Journal of Business Ethics* 44 (2-3), pp 107-119.

Martinelli, Alberto; Midttun, Atle (2010): Globalization and governance for sustainability. In: *Corporate Governance: The international journal of business in society*, Vol. 10 (1), pp 6-17.

Matten, Dirk; Crane, Andrew (2004): Business ethics. A European perspective ; managing corporate citizenship and sustainability in the age of globalization. Oxford [u.a.]: Oxford Univ. Press.

Matten, Dirk; Crane, Andrew (2005): Corporate Citizenship: Toward an extended theoretical conceptualization. In: *Academy of Management Review* 2005, Vol. 30 (1), pp 166–179.

Matten, Dirk; Moon, Jeremy (2008): "Implicit" and "Explicit" CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility. In: *Academy of Management Review*, Vol. 33 (2), pp 404–424.

Mayntz, Renate (2007): The architecture of multi-level governance of economic sectors. Köln: Max-Planck-Inst. für Gesellschaftsforschung (MPIfG discussion paper).

Mayntz, Renate (2008): Von der Steuerungstheorie zu Global Governance. In: Gunnar Folke Schuppert and Michael Zürn (eds.): Governance in einer sich wandelnden Welt. 1st edition. Wiesbaden: VS Verlag für Sozialwissenschaften / GWV Fachverlage GmbH Wiesbaden.

Mayntz, Renate (ed.) (2009): Über Governance. Institutionen und Prozesse politischer Regelung. Frankfurt am Main: Campus-Verlag.

Mayring, Philipp (2010): Qualitative Inhaltsanalyse. Grundlagen und Technik. Beltz Verlag, 11th completely revised edition.

McBarnet, Doreen (2007): Corporate Social Responisblity Beyond Law, for Law, Through Law: the New Corporate Accountability. In: D. McBarnet, A. Voiculescu and T. Campbell (eds.): The New Corporate Accountability: Corporate Social Responsibility and the Law. Cambridge University Press.

McWilliams, A. and Siegel, D. (2001). Corporate social responsibility: a theory of the firm perspective. In: *Academy of Management Review,* 26, pp 117–27.

McWilliams, A., Siegel, D. S., &Wright, P. M. (2006). Corporate social responsibility: strategic implications. Journal of Management Studies, 43 (1), pp 1-18.

Meadowcroft, James (2011): Sustainable Development. In: Mark Bevir (ed.): The Sage handbook of governance. Los Angeles: Sage.

Melé, Domènec (2008): Corporate Social Responsibility Theories. In: Crane et al (eds.): The Oxford handbook of corporate social responsibility. Oxford: Oxford Univ. Press.

Mense-Petermann, Ursula; Wagner, Gabriele (eds) (2006): Transnationale Konzerne - ein neuer Organisationstyp?. Wiesbaden: Verlag für Sozialwissenschaften, pp 9-31.

Meyer, John W., Boli, John; Thomas, George; Ramirez, Francisco O. (1997): World society and the nation-state. In: *American Journal of Sociology*, 103(1), pp 273–298.

Meuser, Michael; Nagel, Ulrike (2005): Das Experteninterview - konzeptionelle Grundlagen und methodische Anlage Michael. In: Pickel, Susanne; Pickel, Gerd; Lauth, Detlef (eds.): Methoden der vergleichenden Politik- und Sozialwissenschaft, pp 465-479.

Midttun, Atle (2008): Global governance and the interface with business: new institutions, processes and partnerships. Partnered governance: aligning corporate responsibility and public policy in the global economy. In: Corporate Governance, Vol. 8 (4), pp 406–418.

Millington, Andrew (2008): Responsibility in the Supply Chain. In: Crane et al (eds.): The Oxford handbook of corporate social responsibility. Oxford: Oxford Univ. Press.

Miretski, Pini Pavel; Bachmann, Sascha-Dominik (2012): The UN Norms on the Responsibility of Transnational Corporations and Other Business Enterprises with Regard to Human Rights: A Requiem. In: *Deakin Law Review,* Vol. 17 (1).

Mitchell, Ronald B. (2010): International politics and the environment. Los Angeles, Calif.: Sage.

Montiel, Ivan (2008): Corporate Social Responsibility and Corporate Sustainability: Separate Pasts, Common Futures. In: *Organizational Environment,* September 2008, Vol. 21 (3), pp 245-269.

Moon, Jeremy (2002): The Social Responsibility of Business and New Governance. In: *Government and Opposition*, Vol. 37 (3), pp 385–408.

Moon, Jeremy (2004): Government as a Driver of Corporate Social Responsibility. International Centre for Corporate Social Responsibility, Nottingham University Business School, Nottingham (ICCSR Research Paper Series 20-2004).

Moon, Jeremy (2007): The contribution of corporate social responsibility to sustainable development. In: *Sustainable Development*. Vol. 15 (5), pp 296–306.

Moon, Jeremy; Vogel, David (2008): CSR, Government, and Civil Society. In: Crane et al (eds.): The Oxford handbook of corporate social responsibility. Oxford: Oxford Univ. Press.

Morgan, G, Kristensen. P.H., and Whitley, R. (Eds.) (2001): The Multinational Firm. Organizing Across Institutional and National Divides. Oxford: Oxford University Press.

Morgan, Glenn; Kristensen, Peer Hull (2006): The contested space of multinationals: Varieties of institutionalism, varieties of capitalism. In: *Human Relations,* Vol. 59 (11), pp 1467–1490.

Mühle, Ursula (2010): The Politics of Corporate Social Responsibility: The Rise of a Global Business Norm. Campus Verlag, Frankfurt am Main.

Najam, Adil (2005): Why environmental politics look different from the South. In: Peter Dauvergne (Hg.): Handbook of global environmental politics. Cheltenham: Elgar.

Naßmacher, Hiltrud (1991): Vergleichende Politikforschung. Eine Einführung in Probleme und Methoden. Opladen: Westdeutscher Verlag.

Neumayer, Eric (2001): Do countries fail to raise environmental standards? An evaluation of policy options addressing "regulatory chill". In: *International journal of sustainable development*, 4 (3), pp 231-244.

Newell, Peter (2001): Managing Multinationals: The Governance of Investment for the Environment. In: *Journal of International Development* 13, pp 907-919.

Newell, Peter (2005): Citizenship, accountability and community: the limits of the CSR agenda. In: *International Affairs*. Vol. 81 (3), pp 541–557.

Nölke, Andreas (2008): Private Governance in International Affairs and the Erosion of Coordinated Market Economies in the European Union. Working Paper Series No. 3-08, Mario Einaudi Center for International Studies.

Noorderhaven, Niels G.; Harzing, Anne-Wil (2003): The "country-of-origin effect" in multinational corporations: Sources, mechanisms and moderating conditions. In: *Management International Review*, vol. 43, special issue 2, pp 47-66.

Olivier et al (2015): Trends in Gloal CO2 Emissions. 2015 Report. PBL Netherlands Environmental Assessment Agency, The Hague.

Orlitzky, Marc (2008): Corporate Social Performance and Financial Performance: A Research Synthesis. In: Crane et al (eds.): The Oxford handbook of corporate social responsibility. Oxford: Oxford Univ. Press.

Ostry, Sylvia (1992): The domestic domain: The new international policy arena. In: *Transnational Corporations*, 1, pp 7-26.

Paehlke, Robert (2004): Democracy's Dilemma: Environment, Social Equity and the Global Economy. Cambridge, MA: MIT Press.

Pattberg, Philipp (2004): Private-Private Partnerships als innovative Modelle zur Regel(durch)setzung? Das Beispiel des Forest Stewardship Council. In: Tanja Brühl (Hg.): Unternehmen in der Weltpolitik. Politiknetzwerke, Unternehmensregeln und die Zukunft des Multilateralismus. Bonn: Dietz (Eine Welt, N.F., 19).

Pattberg, Philipp (2005): The Institutionalization of Private Governance. How Business and Nonprofit Organizations Agree on Transnational Rules. In: *Governance* 18 (4), pp 589–610.

Pattberg, Philipp (2007): Partnerships for sustainability. An analysis of transnational environmental regimes. In: *Partnerships, governance and sustainable development*, pp 173–193.

Pattberg, Philipp H. (2007): Private institutions and global governance. The new politics of environmental sustainability. Cheltenham [u.a.]: Elgar.

Pattberg, Philipp (2009): Private governance organizations in global environmental politics. exploring their influences. In: Frank Biermann (Hg.): International organizations in global environmental governance. London: Routledge.

Petschow, Ulrich; Rosenau, James; Weizsacker, Ernst-Ulrich von (Hg.) (2005): Governance and Sustainability: New Challenges for States, Companies and Civil Society: Greenleaf Publishing.

Pies, Ingo; Bekmann, Markus (2004): Sustainability By Corporate Citizenship - The Moral Dimension of Sustainability. Martin-Luther-Universität Halle-Wittenberg Discussion Paper No. 04-11.

Pleon/IFOK (eds.) (2008): Die gesellschaftliche Verantwortung von Unternehmen (CSR) zwischen Markt und Politik.

Porter, M., and C. van der Linde (1995), Toward a New Conception of the Environment-Competitiveness Relationship. In: *Journal of Economic Perspective* 9(4), pp 97–118.

Porter, M.; Kramer, M. (2006): Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility. In: *Harvard Business Review*, December 2006.

Porter M., Kramer, M. (2011): Creating Shared Value. In: *Harvard Business Review* , January–February, 2011.

Rasche, Andreas; Gilbert, Dirk U. (2012): Institutionalizing global governance: the role of the United Nations Global Compact. In: Business Ethics: *A European Review*, Vol 21 (1), pp 100–114.

Rhodes, R.A.W. (1997): Understanding Governance, Buckingham: Open University Press.

Riess, Birgit; Welzel, Carolin (2006): Partner Staat? CSR-Politik in Europa. Bertelsmann Stiftung.

Rieth, Lothar (2009): Global governance und corporate social responsibility. Welchen Einfluss haben der UN Global Compact, die Global Reporting Initiative und die OECD-Leitsätze auf das CSR-Engagement deutscher Unternehmen? Opladen: Budrich UniPress.

Ritzer, George (2010): Globalization: The Essentials. Wiley-Blackwell.

Rat für Nachhaltige Entwicklung (RNE) (2009): Peer Review on Sustainable Development Policies in Germany. With the cooperation of: Björn Stigson (chair), Suresh P Babu, Jeroen Bordewijk, Pamela O'Donnell, Pekka Haavisto, Jennifer Morgan, Derek Osborn. Geneva, Kuala Lumpur, Amsterdam, Helsinki, Washington, Ottawa, London, September 2009.

Rat für Nachhaltige Entwicklung (RNE) (2013): Sustainability – Made in Germany: the Second Review by a Group of International Peers, commissioned by the German Federal Chancellery. Berlin, September 2013.

Rosenau, James N.; Czempiel, Ernst-Otto (1992): Governance without Government: Order and Change in World Politics. Cambridge University Press.

Rosenau, James N. (1995): Governance in the Twenty-first Century. In: *Global Governance* (1) , pp 13-43.

Sahlin-Andersson, Kerstin (2006): Corporate social responsibility: a trend and a movement, but of what and for what? In: *Corporate Governance: The international journal of business in society*, Vol. 6 (5), pp 595 – 608.

Schaefer, Anja (2004): Corporate sustainability – integrating environmental and social concerns? In: *Corporate Social Responsibility and Environmental Management*, Vol. 11 (4), pp 179–187.

Schaltegger, Stefan; Burritt, R. (2005): Corporate Sustainability, in: Folmer, H. & Tietenberg, T. (Eds.): The International Yearbook of Environmental and Resource Economics 2005/2006. A Survey of Current Issues. Cheltenham: Edward Elgar, pp 185-222.

Schaltegger, Stefan; Herzig, Christian; Kleier, Oliver; Klinke, Torsten; Müller, Jan (2007): Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit; econsense; Centre for Sustainability Management (eds.): Nachhaltigkeitsmanagement in Unternehmen. Von der Idee zur Praxis: Managementansätze zur Umsetzung von Corporate Social Responsibility und Corporate Sustainability.

Schaltegger, Stefan (2011): Von CSR zu Corporate Sustainability. In: Berit Sandberg, Klaus Lederer (eds.): Corporate Social Responsibility in kommunalen Unternehmen: Wirtschaftliche Betätigung zwischen öffentlichem Auftrag und gesellschaftlicher Verantwortung. VS Verlag für Sozialwissenschaften | Springer Fachmedien, Wiesbaden.

Schaltegger, Stefan (2012): Die Beziehung zwischen CSR und Corporate Sustainability. In: Andreas Schneider, René Schmidpeter (eds.): Corporate Social Responsibility: Verantwortungsvolle Unternehmensführung in Theorie und Praxis. Berlin/Heidelberg: Springer Gabler.

Center for Sustainability Management (2013): INTERNATIONAL CORPORATE SUSTAINABILITY BAROMETER. A COMPARATIVE ANALYSIS OF 11 COUNTRIES. Lüneburg, Germany.

Scherer, Andreas Georg (Hg.) (2008): Handbook of research on global corporate citizenship. Cheltenham: Elgar.

Scherer, Andreas Georg; Palazzo, Guido (2011): The New Political Role of Business in a Globalized World – A Review of a New Perspective on CSR and Its Implications for the Firm, Governance, and Democracy. In: Journal of Management Studies Vol. 48 (2011), pp 899–931.

Schimank, Uwe (2007): Elementare Mechanismen. In: Arthur Benz, Susanne Lütz, Uwe Schimank und Georg Simonis (Hg.): Handbuch Governance. Theoretische Grundlagen und empirische Anwendungsfelder. Wiesbaden: VS Verlag für Sozialwissenschaften / GWV Fachverlage GmbH Wiesbaden.

Schmid, Joseph (1995), ‚Expertenbefragung und Informationsgespräch in der Parteinforschung: Wie föderalistisch ist die CDU? In: von Alemann, Ulrich (eds.): Politikwissenschaftliche Methoden. Opladen: Westdeutscher Verlag, pp 293-326.

Schneider, Volker, Janning, Frank (2006): Politikfeldanalyse: Akteure, Diskurse und Netzwerke in der öffentlichen Politik. Wiesbaden: VS Verlag für Sozialwissenschaften | Springer Fachmedien Wiesbaden GmbH.

Schreurs, Miranda A.; Selin, Henrik; VanDeveer, Stacy D. (eds.) (2009): Transatlantic Environment and Energy Politics: Comparative and International Perspectives (Ashgate).

Schuppert, Gunnar Folke; Zürn, Michael (eds.) (2008): Governance in einer sich wandelnden Welt. Deutsche Vereinigung für Politische Wissenschaft. 1. Aufl. Wiesbaden: VS Verlag für Sozialwissenschaften / GWV Fachverlage GmbH Wiesbaden.

Schwartz, Mark S.; Carroll, Archie B. (2003): Corporate Social Responsibility: A Three-Domain Approach. In: *Business Ethics Quarterly*, Vol. 13 (4), pp 503-530.

Scott, Richard W. (2001): Institutions and Organizations, 2nd ed. Thousand Oaks: Sage Publications.

Scott, Richard W. (2008): Institutions and Organizations: Ideas and Interests. Sage Publications.

Scott, Richard (2010): Reflections: The Past and Future of Research on Institutions and Institutional Change. In: Journal of Change Management, Vol. 10 (1).

Smith, Craig (2008): Consumers as Drivers of Corporate Social Responsibility. In: Crane et al (eds.): The Oxford handbook of corporate social responsibility. Oxford: Oxford Univ. Press.

Smith, Craig; Lenssen, Gilbert (2009): Mainstreaming Corporate Responsibility: John Wiley and Sons Ltd.

SustainAbility (ed.) (2005): India: Ancient Civilisation, Largest Democracy. India Country Study.

Steurer, Reinhard; Margula, Sharon; Berger, Gerald (2008): Public policies on CSR in EU Member States. Overview of government initiatives and selected cases on Awareness Raising for CSR, Sustainable Public Procurement and Socially Responsible Investment. ESDN Quarterly Report June 2008.

Steurer, Reinhard (2009): Public policies on CSR and Network Governance. In: Wieland, Josef (ed.): CSR als Netzwerkgovernance - theoretische Herausforderungen und praktische Antworten. Über das Netzwerk von Wirtschaft, Politik und Zivilgesellschaft. Marburg: Metropolis-Verl. (Studien zur Governanceethik, 7), pp 97–131.

Steurer, Reinhard (2010): The Role of Governments in Corporate Social Responsibility: Characterising Public Policies on CSR in Europe (November 1, 2010). Available at SSRN: http://ssrn.com/abstract=2342120.

Steurer, Reinhard (2011): Soft Instruments, Few Networks: How 'New Governance' materializes in Public Policies on Corporate Social Responsibility across Europe. In: *Environmental Policy and Governance* Volume 21 (4), pp 270–290.

Steurer, Reinhard; Martinuzzi, Andre; Margula, Sharon (2012): Public Policies on CSR in Europe: Themes, Instruments, and Regional Differences. In: *Corporate Social Responsibility and Environmental Management*, Vol. 19 (4), pp 206–227.

Tamm Hallström, Kristina (2004): Organizing International Standardization – ISO and the IASC in Quest of Authority, Cheltenham, UK: Edward Elgar.

Tamm Hallström, Kristina; Boström, Magnus (2010): Transnational multi-stakeholder standardization. Organizing fragile non-state authority. Northampton MA /// Cheltenham: Edward Elgar Pub. Inc.; Elgar.

Tan, Justin; Wang, Liang (2011): MNC Strategic Responses to Ethical Pressure: An Institutional Logic Perspective. *Journal of Business Ethics.* Vol. 98 (3), pp 373-390.

Tempel, Anne; Walgenbach, Peter (2007): Global Standardization of Organizational Forms and Management Practices? What New Institutionalism and the Business-Systems Approach Can Learn from Each Other. In: *Journal of Management Studies*, Vol. 44 (1), pp 1–24.

Tengblad Stefan; Ohlsson, Claes (2010): The Framing of Corporate Social Responsibility and the Globalization of National Business Systems: A Longitudinal Case Study. In: *Journal of Business Ethics,* June 2010, Vol. 93, (4), pp 653-669.

Tews, Kerstin; Jänicke, Martin (Hg.) (2005): Die Diffusion umweltpolitischer Innovationen im internationalen System. 1. Aufl. Wiesbaden: VS Verlag für Sozialwissenschaften (Forschung Politik).

Tharan, D. (2004): India Case study – analysis of national strategies for Sustainable development. Environmental Policy Research Centre. Freie Universität Berlin.

Tonelli, F., Evans, S., Taticchi, P. (2013): Industrial sustainability: challenges, perspectives, actions. In: *International Journal of Business Innovation and Research* 7 (2), pp 143-163.

Treib, Oliver; Bähr, Holger; Falkner, Gerda (2007): Modes of governance: towards a conceptual clarification. In: *Journal of European Public Policy* Vol 14 (1), pp 1–20.

Tschopp, Daniel J. (2005): Corporate social responsibility: a comparison between the United States and the European Union. In: *Corporate Social Responsibility and Environmental Management*, Vol 12 (1), pp 55–59.

United Nations Conference on Trade and Development (UNCTAD) (2004): Disclosure of the Impact of Corporations on Society. Current Trends and Issues. New York and Geneva: United Nations Publication.

United Nations Conference on Trade and Development (UNCTAD) (2011): World Investment Report 2011: Non-Equity Modes of International Production and Development. New York and Geneva: United Nations Publication.

United Nations Conference on Trade and Development (UNCTAD) (2012): Transnational Corporations. New York and Geneva: United Nations Publication.

United Nations Conference on Trade and Development (UNCTAD) (2013): World Investment Report 2013: Global value Chains: Investment and trade for Development. New York and Geneva: United Nations Publication.

United Nations Global Compact; Bertelsmann Stiftung (eds.) (2012): A Strategy for the Commons: Business-driven Networks for Collective Action and Policy Dialogue. The Example of Global Compact Local Networks. With the support of: Samuil Simeonov (Managing Editor), Christina Gradl, Claudia Knobloch, Anna Peters.

Utting, Peter (2001): Regulating Business via Multistakeholder Initiatives: A Preliminary Assessment. United Nations Research Institute for Social Development (UNRISD).

Utting, Peter (2005): Rethinking Business Regulation. From Self-Regulation to Social Control. United Nations Research Institute for Social Development. United Nations Research Institute for Social Development (UNRISD). Technology, Business and Society Programme Paper Number 15.

Utting, Peter (2007): Regulating business for sustainable development. In: *Organizations and the sustainability mosaic*, pp 233–271.

Utting, Peter; Marques, Jose Carlos (eds.) (2009): Corporate social responsibility and regulatory governance. Towards inclusive development? Research Institute for Social Development. Basingstoke, Hampshire: Palgrave Macmillan (International political economy series).

Visser, Wayne; Tolhurst, Nick (2010): The World Guide to CSR: A Country-by-Country Analysis of Corporate Sustainability and Responsibility. Greenleaf Publishing.

Vogel, David (2010): The Private Regulation of Global Corporate Conduct : Achievements and Limitations. In: *Business Society*, NO. 49, pp 68–87.

Waddock, Sandra A; Graves, Samuel B. (1997): The Corporate Social Performance – Financial Performance Link. In: *Strategic Management Journal*. Vol 18 (4) pp 303-319.

Waddock, Sandra (2008): Building a New Institutional Infrastructure for Corporate Responsibility. In: The *Academy of Management Perspectives* 22 (3), pp 87-108.

Waddock, Sandra (2012): What Will It Take to Create a Tipping Point for Corporate Responsibility? Boston College Carroll School of Management, published online.

Walgenbach, Peter; Meyer, Renate (2007): Neoinstitutionalistische Organisationstheorie. Kohlhammer Verlag.

Ward, Halina (2004): Public Sector Roles in Strenghtening Corporate Social Resonsibility: Taking Stock (for the Corporate Social Responsibility Practice of the World Bank Group).

Ward, Halina (2011): The ISO 26000 International Guidance Standard on Social Responsibility: implications for public policy and transnational democracy. In: *Theoretical Inquiries in Law*, 12(2) pp 665–718.

Williams, S.; Heery, E.; Abbott, B. (2011): The emerging regime of civil regulation in work and employment relations, *Human Relations,* 64 (7), pp 951-970.

World Commission on Environment and Development (WCED) (1987): Our Common Future. Oxford University Press.

Weale, Albert (2009): Governance, government and the pursuit of sustainability. In: W. Neil Adger (Hg.): Governing sustainability. Cambridge: Cambridge Univ. Press.

Weiland, Sabine (2007): Politik der Ideen. Nachhaltige Entwicklung in Deutschland, Großbritannien und den USA. Wiesbaden: VS Verlag für Sozialwissenschaften | GWV Fachverlage GmbH, Wiesbaden; VS Verlag für Sozialwissenschaften | GWV Fachverlage GmbH Wiesbaden.

Whetten, D. A., Rands, G. P., Godfrey, P. (2002): What are the responsibilities of business to society?. In: Pettigrew, A. M., Thomas, H., Whittington, R. (eds.). Handbook of strategy and management. London, Thousand Oaks and New Delhi: Sage, pp 373-408.

Whitley, R. (1998): Internationalization and varieties of capitalism: The limited effects of cross-national coordination of economic activities on the nature of business systems. In: Review of International Political Economy 5(3), pp 445-481.

Whitley, R. (1999): Divergent Capitalisms: The Social Structuring and Change of Business Systems. London: Oxford University Press.

Winston, Morton (2002): NGO Strategies for Promoting Corporate Social Responsibility. In: *Ethics & International Affairs*, Vol. 16 (1), pp 71–87.

Witt, Michael A.; Redding, Gordon (2013): Asian Business Systems: Institutional Comparison, Clusters, and Implications for Varieties of Capitalism and Business Systems Theory. In: Socio-Economic Review, 11, 2.; INSEAD Working Paper No. 2013/05/EPS/EFE.

Wolf, Klaus Dieter (2008): Emerging Patterns of Global Governance: The New Interplay between the State, Business and Civil Society. In: Scherer, Andreas Georg/Palazzo, Guido (eds.): Handbook of Research on Global Corporate Citizenship. Cheltenham, UK, and Northampton, MA: Edward Elgar, pp 225-248.

Young, Oran (2008): The Architecture of Global Environmental Governance. Bringing Science to Bear on Policy. In: *Global Environmental Politics* 8 (1), pp 14–32.

Young, Oran; King, Leslie A.; Schroeder, Heike (2008): Institutions and environmental change. Principal findings, applications, and research frontiers. Cambridge, Mass.: MIT Press.

Young, Oran (2009): Governance for sustainable development in a world of rising interdependencies. In: Magali A. Delmas and Oran R. Young (eds.): Governance for the Environment: New Perspectives. Cambridge University Press, Cambridge.

Zerk, Jennifer A. (2011): Multinationals and Corporate Social Responsibility. Limitations and Opportunities in International Law. Cambridge University Press.

Zucker, Lynne G. (1977): The role of institutionalization in cultural persistence. In: *American Journal of Sociology* 42, pp 726-43.

Zürn, Michael (2008): Governance in einer sich wandelnden Welt - eine Zwischenbilanz. Fazit. In: Gunnar Folke Schuppert und Michael Zürn (Hg.): Governance in einer sich wandelnden Welt. 1. Aufl. Wiesbaden: VS Verlag für Sozialwissenschaften / GWV Fachverlage GmbH Wiesbaden.

Internet sources

BASF, 2013 a: Sustainability at BASF. https://www.basf.com/en/company/sustainability.html

BASF 2013 b: BASF Online Report 2013. http://report.basf.com/2013/en/servicepages/welcome.html

Bayer 2013 a: Our Mission "Bayer: Science for a Better LifE". http://www.bayer.com/en/mission---values.aspx

BluegreenAlliance 2012: About us. http://www.bluegreenalliance.org/about

BMAS 2012 a: CSR in Deutschland. http://www.csr-in-deutschland.de/en/csr-in-germany/

BMAS, 2012 b: Occupational safety and Health. http://www.bmas.de/EN/Our-Topics/Occupational-Safety-and-Health/the-new-quality-of-work-initiative.html

BMAS, 2012 c: Organigramm. http://www.bmas.de/DE/Ministerium/BMAS-Kompakt/bmas-organigramm.pdf?__ blob=publicationFile

BMAS, 2013 a: CSR-Konferenz. http://www.csr-konferenz.bmas.de/BMUB, 2013a: http://www.bmub.bund.de/themen/strategien-bilanzen-gesetze/nachhaltige-entwicklung/akteure-nachhaltiger-entwicklung/#c14159

BMUB, 2013 b: EU strategy for sustainable development. http://www.bmub.bund.de/en/topics/europe-international/europe-and-environment/eu-strategy-for-sustainable-development/

BMUB, 2013 c: Chronologie. http://www.bmub.bund.de/bmub/chronologie/

BMUB 2013 d: General Information - Economy and Environment. http://www.bmub.bund.de/en/topics/economy-products-resources/economy-and-environment/general-information/?cHash=708635c8a9f766bc5d0c165b53867c44

BMUB 2013 e: Environment Action Programmes. http://www.bmub.bund.de/en/topics/europe-international/europe-and-environment/environment-action-programmes/#c15732

BMUB 2013 f: http://www.bmub.bund.de/themen/luft-laerm-verkehr/luftreinhaltung/luft-luftreinhaltung-download/artikel/bundesregierung-beschliesst-zweite-verordnung-zur-umsetzung-der-richtlinie-ueber-industrieemissionen/?tx_ttnews[backPid]=677

BMUB 2013 e: Nationale Klimaschutzinitiative. http://www.klimaschutz.de/de/nationale-klimaschutzinititative

BMUB 2014: Repair of EU Emissions Trading System to begin. http://www.bmub.bund.de/en/bmub/press-and-speeches/press-releases/ detailansicht-en/artikel/eu-emissionshandel-reparatur-beginnt/?tx_ttnews[backPid]=830

BMWi, 2012: Organisationsplan. http://www.bmwi.de/BMWi/Redaktion/PDF/M-O/organisationsplan-bmwi,property=pdf,bereich=bmwi2012,sprache=de,rwb=true.pdf

Bundesregierung, 2013 a: Strukturen der Nachhaltigkeitspolitik. http://www.bundesregierung.de/Content/EN/StatischeSeiten/Schwerpunkte/Nachhaltigkeit/nachhaltigkeit-2010-12-13-strukturen-der-nachhaltigkeitspolitik.html

Business Europe, 2012: European Alliance for CSR. https://www.businesseurope.eu/european-alliance-csr

CII, 2012: About Affirmative Action. http://www.ciiaffirmativeaction.in/about_us.aspx?tid=6

CII-ITC, 2012: Centre of Excelence for Sustainable Development. http://www.sustainabledevelopment.in/

CorA, 2012: Netzwerk für Unternehmensverantwortung. Unternehmensverantwortung – jetzt! http://www.cora-netz.de/home/

Ceres, 2012: About us. http://www.ceres.org/about-us/our-history

Conference Board, 2013: Conference Boad website. http://www.conference-board.org/press/pressdetail.cfm?pressid=4867

CSE 2013: Centre for Science and Environment. http://www.cseindia.org/

CSR Europe 2012: National partner organisations. http://www.csreurope.org/national-partner-organisations

CSR Europe 2012 a: About us. http://www.csreurope.org/about-us

CSR Germany 2012: CSR Germany - deutsche Unternehmen tragen gesellschaftliche Verantwortung. http://www.csrgermany.de/www/csr_cms_relaunch.nsf/id/home-de

Der Runde Tisch Verhaltenskodizes, 2013: Über den Runden Tisch. http://www.coc-runder-tisch.de/index.php/en/ueber-den-runden-tisch-en-3

DGB 2012: DGB - German Trade Union Confederation. http://en.dgb.de/

ECCJ 2012: About ECCJ, European Coalition for Corporate Justice. http://www.corporatejustice.org/-about-eccj,012-.html?lang=en

ECHA 2013: REACH. http://echa.europa.eu/web/guest/regulations/reach/

Econsense, 2012: econsense, Forum for Sustainable Development of German Businesses. http://www.econsense.de/en

Econsense, 2015: Members. http://www.econsense.de/en/members/

Ecosystem Marketplace/Bloomberg, 2013: Maneuvering the Mosaic: State of the Voluntary Carbon Markets 2013. http://www.forest-trends.org/documents/files/doc_3935.pdf

EDF 2012: Environmental Defense Fund. Our mission and values. http://www.edf.org/about/our-mission-and-values

ETUC 2012: Sustainable Development. http://www.etuc.org/issue/sustainable-development-0

European Commission, 2013 a: Environmental Integration. http://ec.europa.eu/environment/integration/integration.htm

European Commission, 2013 b: Sustainable Development. http://ec.europa.eu/environment/eussd/escp_en.htm

European Commission, 2013 c: Climate Action. http://ec.europa.eu/clima/policies/ets/index_en.htm

European Commission, 2013 d: Enterprise and Industry. http://ec.europa.eu/enterprise/policies/sustainable-business/ecodesign/index_en.htm

European Commission, 2013 e: Energy efficient products. http://ec.europa.eu/energy/efficiency/labelling/labelling_en.htm

European Commission, 2013 f: EMAS. http://ec.europa.eu/environment/emas/index_en.htm

European Environment Agency, 2013: European Pollutant Release and Transfer Register. http://prtr.ec.europa.eu/

FNG 2013: Forum Nachhaltige Geldanlagen. http://www.forum-ng.org/en/

Germanwatch 2012: Mission statement. http://germanwatch.org/en/mission-statement

Global Unions website: Framework Agreements. http://www.global-unions.org/framework-agreements,70.html

GRI 2016: Global Reporting Initiative Website. GRI at a Glance. https://www.globalreporting.org/information/news-and-press-center/press-resources/Pages/default.aspx

IICA 2012: http://www.iica.in

IICA, 2013: National Foundation for Corporate Social Responsibility. http://www.iica.in/leftcontrolpages/National_Foundation_CSR_Detailed.aspx

Indian Ministry of Labor and Employment, 2012: About Child labor. http://labour.nic.in/content/division/child-labour.php

Institute for Industrial Productivity, 2013: Voluntary agreements with German industry. http://iepd.iipnetwork.org/policy/voluntary-agreements-german-industry

OECD website: Country statistical profiles. https://stats.oecd.org/index.aspx?queryid=58290

Open Secrets.org, 2013: Lobbying database. http://www.opensecrets.org/lobby/

Pew Research Center, 2012: American Values Survey. http://www.people-press.org/values

PiC, 2012: Partners in Change. Making Corporate Social Responsibility Your Business. http://www.picindia.org/

RAL, 2013: EU Ecolabel. http://www.eu-ecolabel.de/

Regierungskommission Deutscher Corporate Governance Kodex website, 2013: http://www.dcgk.de/en/home.html

UGA Umwelt website: EMAS. http://www.emas.de/

UNCTAD, 2012: Transnational Corporations Statistics. http://unctad.org/en/Pages/DIAE/Transnational-Corporations-Statistics.aspx.

UNdata 2013 a: Country profile United States. http://data.un.org/CountryProfile.aspx?crName=United%20States%20of%20America

UNdata 2013b: Country profile Germany. http://data.un.org/CountryProfile.aspx?crName=GERMANY

UNGC 2016: United Global Compact: Our Participants. https://www.unglobalcompact.org/what-is-gc/participants

US Department of Commerce, 2012 a: Sustainable Manufacturing Initiative. http://www.trade.gov/competitiveness/sustainablemanufacturing/index.asp

US DOL, 2012 b: US Department of Labor website: History. http://www.dol.gov/dol/aboutdol/history/ amworkerconclusion.htm

US DOL, 2012: Conmpliance Guide. http://www.dol.gov/compliance/guide/minwage.htm

US DOL 2013: The U.S. Department of Labor Historical Timeline. http://www.dol.gov/100/timeline/#70

US DOL, 2012 a: US Department of Labor, Occupational Safety and Health Administration website. https://www.osha.gov/

US White House, 2012: NSTC Committee on Environment, Natural Resources, and Sustainability. http://www.whitehouse.gov/administration/eop/ostp/nstc/committees/cenrs

US Department of State, 2012: Secretary of State's Award for Corporate Excellence. http://www.state.gov/e/eb/ace/

US EPA, 2012 a: EPA Center for Corporate Climate Leadership. http://www.epa.gov/climateleadership/basic/index.html

US EPA, 2012 b: Sustainability. http://www.epa.gov/sustainability/

US SIF 2012: The Forum for Sustainable and Responsible Investment. About us. http://www.ussif.org/about

Transparency International 2013: Corruption Perceptions Index 2013. http://www.transparency.org/cpi2013/results

World Bank 2013: Foreign direct investment, net inflows. http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD

24/7 Wall St., 2012: The world's most resource –rich countries. http://247wallst.com/special-report/2012/04/18/the-worlds-most-resource-rich-countries/3/

H Annex

German citations from qualitative interviews in original language

[i] „[…] in der Sozialen Marktwirtschaft ist ja auch schon die gesellschaftliche Tragfähigkeit von Wirtschaft, die anthropozentrische Wirtschaftsweise zugrundegelegt, die sich sehr stark im wirtschaftlichen System niederschlägt. Das ist glaube ich ein Vorteil“ (DPRNE)

[ii] “[…] dass der Anspruch der Nachhaltigkeit dann irgendwie doch noch eindeutiger ist als CSR, weil man da sonst immer in Erklärungsnot kommt”.(DPRNE)

[iii] „Weil wir eine Soziale Marktwirtschaft haben, können wir CSR als freiwilliges Konzept auch behalten“ (DPBMAS2)

[iv] “Im angelsächsischen Raum ist da ganz viel CSR, was ökologische Geschichten angeht, was bspw. die Abwasser- oder Abluftproblematik angeht, was in Deutschland geregelt ist. Das ist in Deutschland was anderes, das würde woanders als CSR-Maßnahme gelten, aber für ein deutsches Unternehmen nicht, weil es eine Regulierung gibt.“ (DPRNE)

[v] Ich finde an dem Begriff CSR schon mal problematisch, dass das „beyond compliance“ ist und wir da auf globaler Ebene das Problem der unterschiedlichen Rechtsräume haben. Von daher wird jedes Land, jedes Unternehmen, je nachdem an welchem Standort es ist, „beyond compliance“ immer anders definieren und das ist natürlich ein wunderbares Einfallstor für die Nichtvergleichbarkeit von Nachhaltigkeitsleistungen von Unternehmen. (DPRNE)

[vi] “Wir sehen uns da als Moderatoren, als Impulsgeber, aber nicht mehr. […] wir wollen die Unternehmen, die was tun, unterstützen, wollen vielleicht Beratungsleistung anbieten, oder forschen, ob wir komplementär etwas machen können […] und die Grundsatzhaltung ist, dass wir glauben, dass der Weg der Freiwilligkeit der richtige ist.“ (DPBMAS2)

[vii] „Insgesamt: die Anzahl der Instrumente und Akteure in dem Bereich nimmt stark zu“ (DPBMWi1)

[viii] „ich glaube es ist einfach wichtig, einen intelligenten Mix aus verschiedenen Instrumenten zu haben“(DPNGO)

[ix] „ein guter Umgang bspw. mit Beschäftigten, mit der Natur, mit der Umwelt, da haben Sie klare gesetzliche Vorgaben, die man auch einklagen kann.“ (DG)

[x] „Das sind politische Vorgaben, die sich dann unmittelbar auf Firmenpolitik und -handeln auswirken“. (DPBMWi2)

[xi] „Und wenn Schaden für Menschen oder für die Natur vermieden werden sollen, dann bietet sich grundsätzlich eine rechtliche Regelung an“ (DPBMWi2).

[xii] “Wenn Sie die einhalten, haben Sie ein gutes Set an Möglichkeiten, auf die Performance des Unternehmens mit einzuwirken und die Interessen der Beschäftigten durchzusetzen.“ (DG)

[xiii] „Im Sinne einer smart regulation muss ein vernünftiger Mix zwischen Freiwilligkeit und teilweise Verpflichtung bestehen“ (DPBMAS2)

[xiv] „wir haben hier ja eine ziemlich hohe Regulierungsdichte, was Umwelt- und Sozialstandards angeht, aber was ist mit der internationalen Ebene? Und da sieht man eben auch immer wieder, dass die Deutschen eine Antihaltung einnehmen […].Inwieweit gereicht es uns zur Ehre, wenn die Bundesregierung nicht auch auf supranationaler Ebene dafür sorgt, dass der hohe deutsche Standard zum internationalen Maßstab wird? Ich glaube, dass sie da mehr tun könnte” (DPRNE)

[xv] “Subventionen machen träge und hindern m.E. diese Innovationsfreudigkeit, die man braucht“ (DI)

[xvi] „[…] es gibt auch in der Europäischen Kommission Überlegungen, - das hat die Kommission auch schon angedeutet - das europäische Vergaberecht zu reformieren und gerade solche Dinge nicht zwingend, aber zwingender zu machen.” (DPBMAS2)

[xvii] „das ist ein wichtiger Hebel, das ist ganz viel Geld, was da bewegt wird, sowohl Europa- als auch Deutschlandweit, über 3 Mrd. wenn ich das richtig im Kopf habe. Und das ist glaube ich schon ein wichtiger Punkt.“ (DILO)

[xviii] “Sie könnten z.B. eine ganz andere Dynamik in das Ganze bringen, wenn Sie z.B. zwingendere Vorgaben in das deutsche Vergaberecht fließen lassen, dann hätten Sie einen anderen Hebel“ (DPBMAS2)

[xix] „Deswegen hat die Bundesregierung ja auch eine EMAS- Privilegierungsverordnung verabschiedet“ (DPBMWi2)

[xx] „Es gibt ja mittlerweile eine richtige Zertifizierungsindustrie, die gewinnorientiert Zertifikate vergibt, das sehen wir eher skeptisch“ (DG)

[xxi] „Dass man diejenigen, die wirklich nachweislich etwas tun, auf eine gewisse Stufe hebt, damit diese auch durch Kauf- und Investitionsentscheidungen belohnt werden“ (DPBMAS1).

[xxii] „Das deutsche SIF hat eine sehr konservative Zählweise, also hat einen sehr engen Begriff der Nachhaltigkeit gefasst. Und zudem ist es noch so, dass NUR Kapitalanalagen erfasst werden, die auch von DEUTSCHEN Gesellschaften verwaltet werden […] aber das verzerrt natürlich dieses Bild der einzelnen Volumina schon sehr“ (DI)
[xxiii] “Wir haben jetzt 27 GRI-Indikatoren im DNK und 19 EFFAS-Indikatoren und eben diese 20 Kriterien zu Prozessen, Umwelt, Gesellschaft und Strategie. Und das ist im Grunde das Minimum aber auch das Wesentliche, was in Betracht gezogen werden soll, wenn Nachhaltigkeit für Investments ein Thema ist“. (DPRNE)
[xxiv] „KMU machen schon viel in dem Bereich, haben aber nicht die finanziellen und personellen Ressourcen, um das Thema wirklich systematisch anzugehen. Da kann die Politik helfen, […] indem sie auch finanziell unterstützt, damit die Unternehmen sich in dem Bereich aufstellen können, da haben wir ja das Förderprogramm aufgesetzt. (DPBMAS1)
[xxv] „[…] schwierig, weil es da immer das Freeriderproblem gibt; wir haben viele Erfahrungen mit Selbstverpflichtungen gemacht und wir haben gesehen, dass Selbstverpflichtungen häufig nicht wirksam sind, wenn sie nicht gemonitort werden“ (DPBMU).
[xxvi] “man braucht im Prinzip alle Akteure, damit CSR wirklich funktioniert. Deshalb macht es auch Sinn, die alle an einen Tisch zu holen und über Lösungen zu diskutieren, deshalb würde ich sagen, dass das die absolut richtige Entscheidung war für das CSR Forum“. (DPBMAS1)
[xxvii] „das war ein Anliegen unseres Ministers, der sagte, er hätte gerne diese Art Information, wie die Unternehmen Klimapolitik sehen, wo sie die Chancen sehen, wo sie sagen, an welchen Schräubchen müsste gedreht werden. […] auch eventuelle Ängste zu nehmen, auch zu zeigen, man interessiert sich für die Anliegen, das ist sehr gut gelaufen, dieser Dialog.“ (DPBMU)
[xxviii] “Das zeigt sich im CSR-Dialog, wer eigentlich mit wem seriös spricht und wie ernst die sie sich gegenseitig nehmen - weil natürlich klar ist, dass auch hinter den Ministerien bestimmte Lobbyverbände stehen, die eher einen Zugang haben zu den jeweiligen Ministern oder den Mitarbeitern, einfach qua Themenzuschnitt“ (DPRNE)
[xxix] „Teilweise gibt es NGOs, die gehen Partnerschaften mit Unternehmen ein und beteiligen sich da und helfen Unternehmen im Grunde auch, Lernprozesse aufzusetzen, teilweise gab’s NGOs, die gesagt haben „wir helfen und unterstützen Euch“, die dann aber wieder zurückgerudert sind“ (DPRNE)
[xxx] „Dann sag ich Ihnen etwas Überraschendes: Bei der Europäischen Kommission glaube ich, dass der Zugang von NGOs zu Bürokraten, zu denen, die Gesetze schrieben […] extrem offen ist.“(DPBMAS2)
[xxxi] „Das war zu Beginn so, dass das Thema CSR dort auch eher stiefmütterlich behandelt wurde, aus dieser Angst heraus, aber mittlerweile sehen sie das auch eher als Chance für die jeweiligen Betriebsräte, unternehmerisch da mitzugestalten.“ (DPBMAS1)
[xxxii] „Wir erleben sie aber immer als starke Bremser oder Verbände die mit den langsamsten Unternehmen gehen und finden es häufig viel hilfreicher mit einzelnen Unternehmen in Gespräch zu stehen, die sich nicht immer wirklich vertreten fühlen von den Verbänden”(DNGO).
[xxxiii] „[…] dass das Unternehmen bereits eine Nachhaltigkeitsagenda hat und über das Nachhaltigkeitsengagement berichtet“ (DW)
[xxxiv] „Sie haben internationale Rahmenwerke, an denen sich MNU aus unserer Sicht orientieren müssen, und wenn diese Vorgaben von der ILO oder den OECD Guidelines eingehalten werden, dann kann man schon diese nachhaltige Dimension der Globalisierung vorantreiben.“ (DG)
[xxxv] „Wenn wir nach den maßgeblichen CSR-Instrumenten fragen, dann sind das die OECD Leitsätze, der UN Global Compact und die ILO Grundsatzerklärung. […] Natürlich sind mit ISO 26000 und den Principles von Ruggie auch nochmal zwei dazugekommen - ich würde sagen, das sind die fünf, die hier im Hause wahrscheinlich die wichtigsten im Themenbereich CSR sind“ (DPBMAS1)
[xxxvi] Im Idealfall wären sie nicht freiwillig, sondern einklagbar, also verbindlicher. Wenn wir mehr Verbindlichkeit bei den internationalen Rahmenwerken hätten, wären wir einen großen Schritt weiter.“ (DG)
[xxxvii] „Sehr wichtig in der Umsetzung sind für uns die OECD Leitsätze, das ist eigentlich das, wo wir sagen: Macht das, dann wisst Ihr, was die Gesellschaft von Euch als Unternehmen auf Auslandsmärkten erwartet.“ (DUNGC)
[xxxviii] „Die OECD Leitsätze können als ein Teil dessen verstanden werden, um die Guiding Principles umzusetzen. Wir sehen die OECD Leitsätze ein Stück weit als ein non-judicial grievance mechanism, also auf der dritten Säule, Von daher sind die OECD Leitsätze da mit zu verankern, gleichzeitig aber auch in der Säule I als eine Pflicht die Staaten sich auferlegt haben.“ (DNGO)
[xxxix] “Ich finde, dass die MNE-Declaration - also das ist mein Eindruck - fast ein bisschen verkannt ist. Ich glaube dass das gerade im ganzen Bereich der Arbeit wirklich richtig substanziell ist, also da geht es auch um Ausbildung, um ländliche Entwicklung, etc.[…] Die Schwachstelle der MNE

Declaration ist halt, dass sie freiwillig ist, dass es eine Empfehlung ist und es keine Sanktionsmöglichkeiten gibt". (DILO)

[xl] „[…] die haben mehr oder weniger indirekt eine Wirkung auf die Unternehmen, weil das was im Arbeitsbereich beim UN Global Compact, aber auch insb. bei den OECD Leitsätzen steht, von der ILO Grundsatzerklärung kopiert wurde."(DPBMAS1)

[xli] „Das hat mich sehr gefreut, dass bei der ILO eine große Offenheit im Hinblick auf eine stärkere und intensivere Kooperation mit Unternehmen besteht. […] Was glaube ich eine Besonderheit ist, dass wir hier in Deutschland das Thema sehr pushen, also was die Frage nach Kooperationen von Unternehmen und der ILO anbelangt". (DILO)

[xlii] „den UN Global Compact lasse ich mal weg, weil der ist aus unserer Sicht nicht das zielführendste Instrument"

[xliii] „Wenn wir mit Unternehmen reden und sagen sollen, was sie denn tun sollen, wenn es um Berichte geht, dann sagen wir: bitte berichtet inhaltlich das, was der Global Compact möchte, - und macht das bitte so, wie die GRI Euch das vorschlägt." (DUNGC)

[xliv] „GRI hat sich bei unseren Unternehmen in den letzten vier bis fünf Jahren als DER Berichterstattungsstandard durchgesetzt". (DW)

[xlv] "ISO ist die internationale Standard Organisation, deren Hauptaufgabe darin besteht, Standards zu entwickeln und international in die Breite zu tragen, die zertifiziert werden können. Wenn eine derartige Institution unter Beteiligung eines Multi-Stakeholder-Ansatzes eine ISO-Norm veröffentlicht und dann sagt: "Aber das dürft Ihr nicht zertifizieren", da fällt mir gar kein richtiges Bild dafür ein, was die Akteure sich dabei gedacht haben."(DUNGC)

[xlvi] „Das ist so besetzt, dass aus allen Bereichen auf das Thema draufgeschaut wird und man dort relativ hochrangige Führungskräfte hat. Und mit diesem Sustainability Council schaffen wir es, dass wir das Thema auch in die Bereiche reinbringen, dass wir die zusammenbringen, dass dort Entscheidungen von strategischer Bedeutung getroffen werden."(BASFD)

[xlvii] „Es gibt dieses übergreifende Komitee, das sich aus den fachkompetenten Leitern der Teilkonzerne zusammensetzt. DIE haben Entscheidungsbefugnis und die Entscheidung wird letztlich nur noch vom board member sanktioniert." (BayerD)

[xlviii] „durch die Komplexität des Themas Nachhaltigkeit und durch die Mannigfaltigkeit der Themen sind im Grunde alle Bereiche irgendwie betroffen: Das ist die Personalabteilung, Mitarbeiterentwicklung, das sind die Facheinheiten zum Thema Wasser, Biodiversität, es ist die Strategieabteilung, es sind im Grunde genommen ALLE." (BASFD)

[xlix] wir verfolgen grundsätzlich die Politik, dass wir keine lokale Berichterstattung betreiben sondern dass wir alles einheitlich weltweit machen. Also zunächst einmal haben wir gesagt, wir berichten grundsätzlich nur über den gesamten Konzern.

[l] „[…] dass Nachhaltigkeit ein wesentlicher Bestandteil unseres Tuns ist, dass es die Zukunftsfähigkeit garantiert, dass es die 'license to operate' sicherstellt, und dass wir damit einen 'competitive advantage' generieren können. wir können das Unternehmen damit vorantreiben." (BayerD)

[li] „Man muss zwar sagen, das Nachhaltigkeitsprogramm von Siemens ist zwar global aufgesetzt, richtet sich aber immer auch nach den politischen Prämissen. Das Nachhaltigkeitsprogramm von uns, bezogen auf die Industriekunden, auf die Regierungsvorgaben, sieht in Indien ganz anders aus als in Deutschland, weil die Politik halt andere Themen hat. […] Da hat jedes Land so seine eigene Prämisse. Also Politik beeinflusst die Nachhaltigkeit, da können Sie sich als Industriebetrieb nicht rausdrehen, keine Chance." (SD3)

[lii] "[…] weil die globale Community das einfach verlangt, und wir hier in Europa, in Deutschland, ein schlechtes Image bekommen, wenn wir das einfach durchgehen lassen. Das ist der Grund, warum wir sagen, bei Neuinvestitionen machen wir überall weltweit gleichen Standard. […] Wir gefährden die "license to operate" global und insbesondere in der entwickelten Welt, wenn wir irgendwo in der Welt "herumwutzen"."(BayerD)

[liii] "Wir spüren als Unternehmen einen Druck aus den Märkten, d.h. es gibt bestimmte Trends, der Trend nach gesunder Ernährung, der Trend nach erneuerbaren Energien, der Ruf nach rückstandsfreien Lebensmitteln." (BayerD)

[liv] "Das ist ein Riesenwettbewerbsvorteil wenn Sie nachhaltig energieeffiziente Konzepte anbieten können, da rennen Ihnen die Kunden die Tür ein, wenn sie irgendwas sehen, was sie vom Wettbewerb differenzieren könnte. Da ist eine Riesennachfrage." (SD3)

[lv] „das was uns im Wesentlichen interessiert, ist auch ein entsprechendes Ranking in diesen einschlägigen Indizes, und das sind so im Großen der Dow Jones Sustainability Index, FTSE4good."(BayerD)

[lvi] „Wir haben einen systematischen Prozess, wo wir einmal im Jahr tatsächlich 150-200 Organisationen bewerten, und dann entsprechend priorisieren in den verschiedenen Kategorien. Kategorien sind für uns die Stakeholdergruppen. Also: business organisations, UN, academics, Think Tanks und NGOs." (SD4)

[lvii] „Wenn Sie sich anschauen, wie die Unternehmensbesteuerung in Europa ist, insbesondere in Deutschland, und im Vergleich dazu in den USA, dann gibt es wirklich Welten an Unterschied. Weil wir hier sagen: Wir zahlen so viel Unternehmenssteuer, diese sozialen Grundversorgungen sind Sache des Staates."(BayerD)

[lviii] Also, wir lehnen eine verpflichtende Berichterstattung ab, es sollte eher Rahmenwerke, Orientierungsrahmen geben, weil Nachhaltigkeit ja auch ein Entwicklungsprozess ist.. Dass man das Thema Berichterstattung deutlich wichtiger nimmt halte ich schon für sinnvoll, man muss es ja auch irgendwie koppeln an irgendwelche Anreizmechanismen"(BASFD)

[lix] "Es ist ein Instrumentarium was einen großen Hebel bedeutet, ganz klar, und ganz wichtig ist, aber wie gesagt: sehr regional. Was für Multinationals wieder schwierig ist in der Anwendung, weil sie für eine Investitionsentscheidung eben nicht davon ausgehen können, dass dieses Incentive für drei Werke gilt sondern das gilt meistens immer nur für eins."(SD3)

[lx] „Das ist ja etwas, was uns hilft, wieder die Bemühungen, die wir betreiben, nach draußen darzustellen. […] wir WOLLEN ja wahrgenommen werden als 'good corporate citizen'." (BayerD)

[lxi] "Wir haben viele Gespräche mit der Angela Merkel zu dem Thema „Wie verhält sich Siemens in Deutschland, wie beeinflusst Siemens das politische Umfeld in Deutschland bzgl. Nachhaltigkeit?", usw. […]Von daher kommen wir aus dieser Rolle und wollen auch gar nicht raus" (SD3)

[lxii] "Wir sind bei denen so ein bisschen aus dem Fokus gekommen, weil dort offensichtlich erkennbar geworden ist, dass wir uns nicht nur bemühen, sondern dass wir auch Erfolge haben. Und dass der Rhein inzwischen sauber ist." (BayerD)

[lxiii] „Das muss man aushalten, da kann man nicht gegen angehen. Also wenn auf der Hauptversammlung diese CBGs auftreten und behaupten, dass wir Menschen in Chile, in Mexiko vergiftet haben, kann man nur sagen: das entspricht nicht der Wahrheit. Im Zweifelsfall behalten wir uns vor, Euch wegen einer solchen Behauptung zu verklagen." (BayerD)

[lxiv] „Da kann man auch den Konsumenten nicht sachlich überzeugen - Greenpeaceler an sich sowieso schon mal nicht, weil die oftmals sehr hart vorgehen, da geht es ja nur um emotionale Konflikte und die Sache an sich ist manchmal gar nicht mehr so im Vordergrund." (BASFD)

[lxv] "Aber das scheiterte an deren Basis. Die konnte sich nicht vorstellen, dass man mit dem "Klassenfeind" in irgendeiner Weise zusammenarbeitet. Wir waren dazu bereit, wir hatten also die Tore schon offen, und es gab sehr konkrete Gespräche, in welchem Zusammenhang wir Kooperationen betreiben können, um gemeinsam Dinge voranzutreiben, es ist nicht an uns gescheitert, auch nicht an deren Management, sondern an der Basis, wegen des Feindbildes, das man offensichtlich immer noch hat.(BayerD)

[lxvi] "die Industrie in Deutschland würde sich WÜNSCHEN, wenn die Politik mal Zeit hätte, irgendwas umzusetzen von dem was sie permanent diskutiert. (SD3)

[lxvii] „Nicht immer in der breiten Öffentlichkeit, aber es gibt Gespräche mit Greenpeace, mit dem WWF - sogar ernsthafte Gespräche - und Gespräche mit anderen Stakeholdern und anderen NGOs." (BayerD)

[lxviii] Also, es ist auf jeden Fall ein wichtiger Punkt für uns, Und dort sehen wir dass SRI noch ein Nischenmarkt ist, der aber relativ hohe Wachstumsraten hat. auch die "normalen", konventionellen Investoren anfangen, Nachhaltigkeitsaspekte in ihre Analyse und Investitionsentscheidungen einzubeziehen. […]; wir sehen es auch an Anfragen, die wir von Ratingagenturen bekommen." (BASFD)

[lxix] „Ich kann mich teilweise vor Banken und Fondsmanagern nicht retten. Da gibt es genügend, die viel Geld haben, die haben Milliarden und suchen jetzt Unternehmen, die Maßnahmen umsetzen können, wo sie diese Milliarden erstmal reininvestieren können, […] ich habe manchmal das Gefühl, dass es mehr Nachhaltigkeitsfonds gibt als Lösungen, die wir dafür einspeisen können. Irgendwie ist das so ein Hype auf dem Finanzmarkt, […] Also da ist ein Riesenbedarf." (SD3)