

European Business: Corporate and Social Values



P.I.E. Peter Lang

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Table of Contents

ACKNOWLEDGEMENTS	9
GENERAL INTRODUCTION. Regional and National Corporate Cultures Confronted with the Challenges of the Europeanisation of Business	11
<i>Hubert Bonin</i>	
From Harmonisation to Regulatory Competition in European Corporate Law. Towards a Europeanisation of Corporate Governance?	23
<i>Christine Pochet</i>	
Corporate Governance in Italy. Groups, Families and Financial Institutions in a European Mirror (1896-2000)	53
<i>Giandomenico Piluso</i>	
European Business Integration and Labour Relations. The Case of Fordwerke AG Germany	85
<i>Thomas Fetzer</i>	
Corporate Responses to European Integration in Denmark after 1982	101
<i>Martin Jes Iversen</i>	
Rhine and Danube Models of Capitalism. The Business Culture of Schenker Forwarding Corporation	115
<i>Dieter Stiefel</i>	
Embedded European Business in East-Central France. Corporate Identity, Companies' Culture and Heritage of Governance Confronted with European Integration	123
<i>Pierre Lamard</i>	
European Integration and its Effect on the Ethical Dimension of Polish Business	139
<i>Wojciech W. Gasparski</i>	

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The Spanish Cooperative Group Mondragon. Social and Cultural Values Alongside European Developments	159
<i>Alexandre Fernandez</i>	
French Utilities and European Integration. The Challenge of Questioning Managerial and Social Habits and Corporate Culture (from the 1900s).....	175
<i>Hubert Bonin</i>	
GENERAL CONCLUSION. The European Mindset at Stake	197
<i>Luciano Segreto</i>	
Index of persons and companies.....	203
The editors.....	209

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GENERAL CONCLUSION

The European Mindset at Stake

Luciano SEGRETO

In the early years of capitalism it was called philanthropy, and it has become one of the most important issues of modern corporate culture: corporate social responsibility – the way firms interact with the social environment around them and show their commitment to social communities. Time has developed this idea, but it did not play a role in homogenising the modern idea – and approach – of philanthropy. Like many other very general issues concerning economic, social, ethical and democratic values, it is not easy to find a consensus about a definition of corporate social responsibility. To focus on just a few cases, we can say, without being accused of being partisan that

corporate social responsibility involves a commitment by a company to manage its role in society – as producer, employer, marketer, customer and citizen – in a responsible and sustainable manner. That commitment can include a set of voluntary principles – over and above applicable legal requirements – that seek to ensure that the company has a positive impact on societies in which it operates¹. Corporate social responsibility is actions which are above and beyond that required by law.²

It is not about “doing good”, it is not even about being seen to be doing good, it is about recognizing a company’s responsibility to all its stakeholder groups and acting in their best interests³, and corporate social responsibility is the overall relationship of the corporation with all of its stakeholders. These include customers, employees, communities, owners/investors, government, suppliers and competitors. Through effective CSR practices, organizations will achieve a balance between economic,

¹ *Advancing Corporate Responsibility. A statement by the USCIB Corporate Responsibility Committee, United States Council on International Business, November 2002.*

² Abigail McWilliams and Donald Siegel, *Corporate Social Responsibility: A Theory of the Firm Perspective, Academy of Management Review*, vol.26, n°1, January 2001, p. 117-127.

³ Response Consulting. www.response-website/What-is-corporate-social-responsibility.

environmental and social imperatives; address stakeholder's expectations, demands, and influences; sustain shareholder value.⁴

While CSR does not have a universal definition, many see it as the private sector's way of integrating the economic, social, and environmental imperatives of their activities. As such, CSR closely resembles the business pursuit of sustainable development and the triple bottom line. In addition to integration into corporate structures and processes, CSR also frequently involves creating innovative and proactive solutions to societal and environmental challenges, as well as collaborating with both internal and external stakeholders to improve CSR performance.

Interest in these topics has increased at unprecedented speed in the last few years. At the *World Summit on Sustainable Development* in Johannesburg in September 2002, everybody agreed that partnership between business, government and the civil society was the key to progress, if we really wanted a sustainable global economy. These kinds of events tended to be successful. Much more complicated was the implementation of such recommendations. In the literature, which has impressively increased in the last five to ten years, many say – probably with too much optimism – that “the ethical consumer will drive the change”⁵. Is this maybe the old story of the driving, blind forces of the market, coming back in through the window after being expelled through the front door? In fact, one cannot forget that most surveys show that consumers are more concerned about things like price, taste, or sell-by-dates than ethics. The results for the first semester of 2008 of price/cost driven companies such as Wal-Mart show that the economic and financial crisis push people, more in recent years, to find cheaper products, especially basic products for every day life⁶.

These trends are relatively new, but they are not completely original. They are part of a larger story, which has just started to be told. Economic, social, and business historians are facing a new challenge. The possibility to understand today the limit of CSR, and to offer a concrete contribution to the discussion about the implementation of (more or less strict) rules about the way firms behave in a social environment, is strictly related to the analysis of the past.

⁴ The Conference Board of Canada, quoted in Daniela Zampini, *Economics of Deviant Behaviours: Breve storia della multinazionale che salvò l'Africa nel 2015 (cominciando da un piccolo villaggio svizzero)*, Ph. D. thesis, discussed at the Bocconi University, Milan, October 2007, p. 19

⁵ D. Doane, “The Myth of CSR”, *Stanford Social Innovation Review*, Fall 2005, p. 26.

⁶ “Consumer staple drag down Wall St”, *The Financial Time*, 8 January 2009.

The chapters of this book represent a good example of new ways to pose questions about the past with an interest in the present. The role of historians has always been more that of positioning the right set of questions than of discovering new sources. Company archives, when they exist and are available for historical research, are rich of information, more than one usually thinks. The same document, used in the past to demonstrate the trends in wage policy, for example, can also offer, if correctly questioned, relevant information about the social policy of the firm up to thirty or more years ago, about the interaction between the firm and its social environment, and the attitudes towards stockholders such as trade unions or representatives of local communities.

All the chapters show quite clearly that there was a specific approach to such problems. But together they also offer important elements to reaffirm the need for a careful scrutiny of all the factors that allow us to enucleate a sort of a European attitude towards these topics. European firms are different from one to the other, but still they are very similar in their approach to social or ethical issues. The social and environmental networks, despite strong cultural national differences, have the same imprinting⁷.

Some years ago Sidney Pollard, showing the audacity of his heterodoxy, introduced the concept “the differential of contemporaneity”, which was already used by the French historian Marc Bloch, but originally developed by 19th century philosophers. The concept deals mainly with “the differentiation of reactions [to technological change, *l.s.*] according to the stage of development reached” by any single country⁸. This same concept can also be useful to understand the development of social policies and/or the introduction of social values in the strategy of European firms in the 19th and 20th centuries.

Philanthropy was developed in the 19th century as a first reaction to the social consequences of the industrialisation process. In this approach to social, environmental or local problems, created or increased by the new heroes of the new economic model, anti-capitalist or reactionary feelings joined authentic worries for the less fortunate, the workers and their families, who were joint protagonists in the most impressive change in human history. National voices were different but unanimous in trying to correct the bad functioning of exuberant industrial

⁷ GREEN PAPER *Promoting a European Framework for Corporate Social Responsibility*, COM 366/2001 (Presented by the Commission).

⁸ Sidney Pollard, *The industrialisation of Europe, 1760-1970*, Oxford, Oxford University Press, 1981, p. 189.

capitalism, playing the trumpet of the free market. Even then, when a kind of “*pensée unique*” (one-way thinking) was dominant, there was room enough to forge a response to the worst social aspects of the new society. From this point of view, there were probably more similarities than differences when we compare, at that stage, Europe and America.

The “differential of contemporaneousness” adapted to this field allows us to understand different velocities and specific shapes taken by the evolutionary process from philanthropy to social corporate responsibility – and even to the more recent ethical issue that is dominating discussion concerning programmes based on a policy of corporate social responsibility.

All the chapters deal with similar questions. To what extent can the response given in such different countries as France, Austria, Germany, Poland, Italy and Spain be defined as “European”? The answer seems quite clear. Over time, the process of European economic and political integration saw some countries (first of all France) attempt to introduce a strong emphasis on the development of institutional procedures and the establishment of the “*acquis communautaire*” (uncontested basic reforms), by proposing a sort of Europe “à la française”. But on the other hand, on other questions, that approach has been less able to establish a rigid agenda or to specify any single direction. The development of social values in the firms, and the establishment of a list of priorities that take into account the main purpose of making a profit, have all been directions taken in the past. We can now start to detect these thanks to specific and well documented research.

That sensibility has progressively moved from a generic compassionate approach to a more rational analysis of the problems emerging in increasingly complex societies. The articulation of the response has been a mixture of specific characteristics, deeply rooted in historical experiences and common evaluations. Space is not enough to trace a divide, but it appears quite clear that national traditions can count very much. This is especially so if one considers – just to take examples from the 20th century – the Fascist or Nazi social policy adopted by firms in Italy or in Germany in that period and those developed in France, the United Kingdom or Scandinavia, just to mention, again, three different approaches. Nevertheless, research on this point has only just begun, and there are examples that show that the supranational coherence of social and economic values was more important than the adaptation to the institutional and political regimes.

To what extent, therefore, is the need to find the origin of today’s corporate social responsibility linked to national shapes taken by the development of business? If we wish to avoid the risk of involuntarily

exaggerating the impact of both the national roots and the supranational factors, which exist in an inextricable contradiction. We have to mention the less or more amount of “Americanisation” of mindsets and social practices that are to be taken into account into this context to explain a firm’s behaviour and its values.

President Mao Ze Dong used to say that the confusion is great under the sky, and thereafter the situation is excellent. This paradox explains quite well the present situation. The media, citizens/consumers and social and humanistic scientists are paying more attention to everything that has to do with social values exploited, proposed and developed by firms. There is an increasing need to focus on different issues of that argument, analysing their historical origins, and today’s capability to have dialogue with the many different actors involved – both in an active and a passive way – in corporate social responsibility. Business and economic historians have an advantage: time is working for them, offering an increasing number of sources to start and develop analysis.

Quite different from other research areas covered by business historians, here there are enormous possibilities to have dialogue not only with other academic specialists, but also with the top management of the firms and particularly with those directly involved in CSR plans and implementation. Despite big differences between the past and the present, between the economic, social and political frameworks, there are aspects of CSR that are resistant to time: the different forms of firm’s behaviour towards local communities or shareholders. The possibility – if not the necessity – to compare different periods and policies, even in decades far apart, is a strong stimulus for cooperation. Formulating questions, answering questions is a mutual interchange, which can help all of the interlocutors.

Our Vienna workshop was the basis for a larger project that the ICCA developed over the past decade. It was very successful with a couple of books, and one in particular could be called the first encyclopaedia of CSR⁹. These publications quickly reached the level of reference books thanks to the fact that they were written, discussed and used both by specialists, academics, managers and CEOs.

But there is room for more specific contributions from business historians, who have different methods, who need different time frames, and can offer elements for a more fruitful dialogue. The book containing the papers selected from the Vienna workshop should be considered in

⁹ Wayne Visser, Dirk Matten, Manfred Pohl and Nick Tolhurst (eds.), *ICCA Handbook on Corporate Social Responsibility*, London, 2006; *The A to Z of CSR, A Complete Reference Guide to Concepts, Codes and Organisations*, London, 2007.

this framework. When different voices interact, despite their different approaches, methods, and aims, the final effect should be anything but cacophonous. There is too much expectation about CSR not to consider all the potentialities that such a dialogue can include. CSR is too serious a subject to be left just to CEOs, consultancies or social scientists. Only from a truly global dialogue between firms, entrepreneurs, cultural and economic institutions and academics can a common culture and an effective practice of CSR grow and spread all of its potentially positive effects.

And our purpose is also, deep into the present (and durable) crisis of the end of the first decade of the 21st century, to convince junior readers that the European mindset has still to be forged throughout the growing integration between business students, young managers, academics, to settle bridges across cultures and values. Europeanising corporations have to face economic patriotism, regionalism, reluctance to cross-border capitalistic stakes and moreover consolidation. Our book altogether tells about historical facts and the immaterial contents of business Europeanisation, and all the steps related and analysed there contribute to the march towards a more federative interrelationship within business Europe indeed, whilst struggling to find out how to build up strong business and corporate values far beyond mere financial values.