



Impact Measurement and Performance Analysis of CSR (IMPACT)

Quality of Jobs – CSR performance

Chapter 3.2 of the

Report on cross-WP compilation and assessment of CSR performance & impacts on EU objectives



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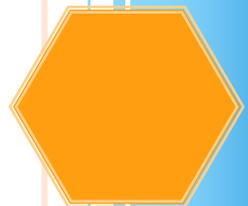
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30.08.2013



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1 INTRODUCTION

This paper presents findings of the *Impact Measurement and Performance Analysis of CSR - IMPACT* project. With a consortium comprised of 16 leading institutions in CSR research, education and networking, from 12 countries across Europe, the IMPACT project is the largest integrated research effort on CSR to date having been conducted in European research. It received funding from the European Community's seventh framework programme FP7/2007-2013 and was finalised in 2013, after a duration of three years. The project's overall objective was to determine whether CSR measures contribute to meeting the EU goals of the Gothenburg and Lisbon strategies – growth, innovation, competitiveness, high job quality and environmental sustainability.

This following paper is part of the synthesis report *D 6.2 Brunn, Christoph - Bernard, Barbara - Kudlak, Robert - 2013. Report on cross WP compilation and assessment of CSR performance and impacts on EU objectives. IMPACT Working Paper No 15*. It focuses on the findings on Quality of Jobs (one of the three overall EU objectives, next to Environment and Economics).

The D 6.2 report synthesizes empirical results of the three objectives (environment, quality of jobs, economics) from all the work packages. As the extract on quality of jobs has initially been designed as one of its chapters, the entire report will provide more detailed information as well as a better understanding of the project's context. It explains the definition of CSR used in the course of this project, the common framework (i.e., how companies process CSR issues) as well as how the different sectors, issues and potential voluntary company activities were selected and indicators developed. It furthermore provides information on the sample size of different surveys also referred to in this chapter. For a comprehensive understanding and background knowledge, the reader should thus take the D 6.2 report into consideration.

2 QUALITY OF JOBS - CSR PERFORMANCE

This chapter deals with the social subarea of Corporate Social Responsibility, focussing on the qualitative aspects of employment (Quality of Jobs, QoJ) which were investigated in the IMPACT project. Before looking at each of the Quality of Jobs-issues in more depth, it is necessary to consider the basic conditions that influence companies' manners in addressing them. Companies ideally react to sustainability challenges (related trends, issues and events) they are confronted with. This is mediated by their CSR-response (i.e., CSR perception, motivation and commitment), constituting the starting point of CSR in the company, which then - ideally - translates into a CSR strategy (goals and the selection of means to achieve these). This is followed by the CSR performance, which includes CSR output (resources and instruments dedicated to the CSR commitment), CSR implementation (how the strategy is applied and outputs are deployed) and CSR outcome (changes in corporate practices at the respective QoJ-level). It is important to keep in mind that these steps constitute a whole cycle with all individual steps influencing each other,

most notably as a causal chain: Commitment affects output, implementation and outcome; output affects implementation and outcome; and lastly, implementation affects outcome. Thus, the manner in which the entire process is managed is crucial for the final outcome. Yet, this causal approach in reacting to sustainability challenges is not applicable to all companies or all QoJ-issues without reservation, as different internal and external factors influence the way these challenges are addressed: The company's internal environment is comprised of organisational culture, structure, governance and internal stakeholders, while the external environment includes economic, sectoral, environmental, social, legal and regional conditions as well as external stakeholders. An example for this external influence is policy frameworks, such as the European Union's overarching aims for the development of the economy.

While environmental aspects (e.g. climate change) are considered to prevail in the CSR debate, the social dimension is perceived to be comparatively underexposed (de Lange/Koppens, 2009, cited in: Moratis/Cochius 2011: 21). Nevertheless, a growing number (sector-specific and overarching) initiatives, CSR management tools, external standards and reporting guidelines exist which focus on or include working conditions (for example the UN Global Compact, ILO's core labour standards, UN declaration on human rights, OECD guidelines for multinational companies, Occupational Health and Safety Assessment Series OHSAS 18001, AccountAbility Standards AA1000, reporting guidelines of the Global Reporting Initiative GRI or the recently launched ISO 26000).

In the following, the Quality of Jobs issues shall be examined in the light of EU objectives wherefore this first sub-chapter begins with an outline of current EU strategies focussing on the labour market and employees in the EU Member States. It thus serves as the prerequisite for the subsequent embedding of the Quality of Job-issues. Apart from presenting the different project deliverables' findings on the quality of employment, this chapter also tries to find out whether CSR affects companies' outcome and may thus be capable of contributing to the attainment of EU objectives.

2.1 EU policies and strategies concerning Quality of Job-issues

The significant increase in the unemployment rate in the EU during the mid-1990s initiated the coordination of employment policies on the European level. In 1997, with the European Employment Strategy (EES), a process of establishing goals in a centralised manner was started by the EU. Such objectives were then to be implemented on a national level by each Member State. The EES takes its orientation from overarching strategies, such as the Lisbon Strategy (2000 – 2010) and the subsequent strategy Europe 2020 (2010 – 2020). In general, both of them aim at creating more and better jobs, increasing social cohesion and thus promoting Europe to become the “most dynamic and competitive knowledge-based economy in the world” in order to meet the challenges of increasing global competition, new technologies and an ageing European society. The ten QoJ-issues dealt with in the IMPACT project are derived from the scope of these strategies, namely *Flexibility and job security*, *Work organisation and work-life balance*, *Gender equality and Wages and poverty reduction*, *Intrinsic job quality*, *Skills and life-long learning*, *Health and working conditions*, *Diversity and non-discrimination*, *Social dialogue and worker involvement* and

Human rights. These are included in the two strategies - yet, the degree of emphasis varies depending on the issue. More detailed information on the individual components of the strategies is provided in the following sub-chapters.

Box 1: The EU strategies of Lisbon and Europe 2020

Lisbon Strategy: With this strategy, the EU intended to create more and better jobs (targeting at a total employment rate of 70%), attract more people to join the workforce (raising the employment rate of women to 60%, the employment rate of elderly employees aged 55 - 64 to 50%) and raise the share of young people entering the labour market. Furthermore, the strategy emphasised the need for more flexibility and job security (as well as mobility) in the European labour market (combined in the term “flexicurity”) in order to become more adaptable to varying economic situations. Principles of flexicurity are (among others) flexible and reliable contractual arrangements and comprehensive life-long learning strategies. The Lisbon strategy therefore also included the need for skilled workers and explicitly highlighted the importance of education, raising skill levels and offering life-long learning measures.

It is argued that the initial relevance of the aspect of quality of jobs shifted more towards the quantity after the strategy’s reconfiguration in 2005 (Peña-Casas 2009). However, despite this redesign which aimed at decreasing the strategy’s complexity, most of the goals had not been reached after the strategy’s ending in 2010 (BPB 2011).

Europe 2020: Similar to the Lisbon Strategy, its successor dedicates one priority to “Inclusive growth: Fostering a high employment economy delivering social and territorial cohesion”. Quantitative targets which are to be reached by 2020 include an employment rate of 75% of the population aged 20 to 64 (through greater involvement of women, older workers and integration of migrants), more investment in Research and Development (3% of GDP), a reduction in the number of people facing poverty (by 20 million) as well as the emphasis on education by raising the share of people holding a university degree to above 40% and lowering early school leavings to under 10%. The issues of skills and life-long learning as well as flexibility and job security (“flexicurity”) thus maintain their importance.

Chapter outline

Each QoJ-issue will be looked at beginning with a short introduction of how the issue is taken up among EU strategies. This is then followed by a summary of the IMPACT project’s findings on Quality of Jobs, referring to information which are mainly derived from Work Package 3 (D3.3: Cross-Case Analysis of Company Case Studies - dimension Quality of Jobs; D3.2 Report on the empirical in-depth case analysis: The linkages between CSR drivers, implementation, performance and impact), Work Package 2 (D2.2: Empirical analysis – Econometric analysis. Report on the empirical results of WP2; Analysis of Sector Supplements; CSR, innovation and financial performance) and Work Package 5 (D5.2: Report on 1st set of expert opinions on CSR impact – findings from the Delphi panel, 1st round). For each issue, it will be looked into whether compa-

nies consider the respective issue as relevant for them/ their sector and how this then translates into CSR output and CSR implementation in terms of activities. Furthermore we examine, whether related CSR activities occur on a larger scale or if they rather remain restricted to a few pioneer companies. Ultimately, it will be evaluated if CSR contributes to outcome changes, or whether no effects are noticeable. The chapter ends with a conclusion.

2.2 Measuring QoJ-performance

Information for the WP3 case companies was gathered with the help of a sector-specific indicator set (similar to existing, widely used indicator sets such as those published by the GRI, however adjusted to correspond to the project's research aim and data were oftentimes transferable; for further information please refer to WP3.3). It is important to note that unlike in the environmental domain, absolute effects (impacts) of QoJ which go beyond the single company are difficult to constitute. This is due to the specific characteristics in this field, for instance inter-European and globalisation dynamics as well as possible adverse effects in some QoJ-aspects (e.g., hiring more employees in one company might be linked with dismissals in another company in a different region or country). Due to the complexity of the social environment, more than just one aspect needs to be taken into consideration and improvements in one aspect do not necessarily cause positive effects in other areas as well. For example, abolishing child labour in one company does not automatically lead to general improvements of the situation when children are sent to work elsewhere, or when possibilities of education decrease at the same time. Although a reduction of excessive overtime is certainly positive, it may at the same time go hand in hand with a reduced take home pay (Blowfield/Murray 2008: 317). These examples provide a short insight into the multidimensionality of impacts in the Quality of Jobs domain, going beyond the company level. Due to these particularities of measuring impact, acquiring knowledge on the true impact would ask for a case-to-case approach, taking into account regional specifics. Therefore, at the moment impacts as such could not be measured in the QoJ-domain, and only assumptions of impacts/ the potential of improvements in certain issues to cause impacts on a greater scale than the company level could be made. This particular difficulty of the dimension of Quality of Jobs was also perceived by the panel experts who were interviewed for the Delphi study: In comparison with the generally acknowledged meaningfulness of assessing environmental impacts, the experts were more frequently unsure whether impacts in the QoJ-domain should be measured. This uncertainty was then mostly related to the complexity and difficulty of measuring, the question of the actual amount of impact, the lack of data, the differences among the companies which hampers a unified measuring system, as well as criticism, such as a waste of resources when measuring impact in the QoJ-domain or that voluntary actions will turn into obligatory actions, once a measuring process is initiated. Nevertheless, roughly 50% of the experts strongly supported the idea of measuring impacts – yet, they did not know how this could be done and which indicators should be used.

3 QUALITY OF JOB ISSUES

3.1 Flexibility and job security

Flexibility and job security has been taken up among the most important issues in the Lisbon Strategy as well as its successor, Europe 2020. It is reflected in the afore-mentioned flexicurity-concept which combines the intention of increasing flexibility on the employers' side and facilitating job mobility with raising job security among the workforce. Simultaneously, the concept entails that skills and life-long learning should be enhanced in order to meet the demand of a skilled workforce - for ultimately achieving the overarching aim of a 75% employment rate as one of the major targets of the Europe 2020 strategy. It is thus a central issue in the QoJ-domain and the increasing flexibility on the labour market (and also the concept of flexicurity) is a topic of controversial debates: High labour market flexibility is seen as consistent with major shares of employees in insecure employment relationships, facing the risk of job loss or working in low paid, low productivity jobs without access to career development opportunities. Non-standard forms of employment increasingly challenge the traditional model of full-time permanent work. It is stated that the concept of flexicurity, which has initially been understood as "one of the composing dimensions of QWE [Quality of Work and Employment], is now put in an overarching place in European discourse on employment, but with weak reference to its contribution to the improvement of QWE as well as to the security of European workers and citizens" (Peña-Casas 2009: 9). It is also worth pointing out that despite the employment growth (along with an increase in flexible working arrangements) towards the end of the 1990s, the Employment in Europe report 2003 (European Commission 2003) states that the quality of work and employment did not significantly change. Particularly with regard to temporary contract workers, this plays an important role: According to the EIE report 2001 (European Commission 2001), the highest share of low quality jobs is found among the temporary workers in part-time jobs. The EIE 2003 emphasises that the occurrence of the best employment performance in Member States correlates with improvements in the workers' situations in low quality jobs – and quality of jobs is therefore considered as an "obligatory complement to flexicurity" (Peña-Casas 2009: 22ff).

Did the companies consider flexibility and job security to be relevant for them? Due to this issue's overarching relevance in the business context, it was investigated in all industry branches which were observed in the IMPACT project. The results generally showed that companies think of flexibility and job security as important: Insights gained from the WP3-case studies as well as from the Delphi Study indicate that it ranks among those issues that are frequently seen as relevant. Nevertheless, despite this general consensus, the findings reveal that this does not translate into the inclusion in companies' CSR-strategies accordingly: Less than half of the WP3-case companies which appreciated this issue as being important also mention it in their strategies and only three set specific targets. Although sectoral differences did exist (e.g., in WP3 data for indicators were more frequently present in the construction and textile case companies compared to ICT- or retail-companies), the overall data coverage was rather low, hampering statements on trends. When looking at the data available among the case-study companies, information was

most often present for the share of short-time contracts¹ (in contrast to indicators such as regarding the suppliers' or contractors' compliance with ILO standards, or the inclusion of formerly un-employed into the workforce).

However, even though quantitative data may not exist on a large scale, companies might still be doing something. Hereby, another step of the IMPACT model has to be considered, namely **how an issue is implemented**, e.g. which activities are offered to address certain issues. To give an impression of how this can look like in practice, starting out with a presentation of different activities offered by the case companies may be helpful. For instance, one automotive producer consistently converts short-term contracts into permanent ones (96% of its staff is employed on permanent contracts), while during the same time span increasing the number of employees on a global level. Another example is that of a retail company which follows internal guidelines, implying that employees mustn't be kept on short-term contracts and the duration of such contracts may not exceed one year – after which the employee will receive an unlimited contract. Interestingly, one automotive company included flexibility and job security in their managerial bonus scheme. This is worth highlighting as this form of implementation is considered to be very important for strategically embedding the sustainability mission statement (oekom research 2013: 20). However, the econometrical analysis showed that this inclusion of sustainability issues remains the exception and was very rarely found (5.4% of large companies, 8% of SMEs).

Although flexibility and job security was generally considered important and some of the case studies give an impression on a variety of related activities, one has to consider **how many companies implement activities**. In the WP3 case studies, less than half of the activities asked for in each sector were found among the companies – yet sectoral differences existed. For a more detailed impression, one needs to split this issue into its different components: From the small and medium-sized enterprises that participated in the SME survey (WP2 Sector Supplements), only 24.7% of the ICT companies (292 ICT companies in total) introduced supplier standards and monitored supplier compliance with ILO standards and 28.8% did not, even though it was generally perceived as important (for the remaining 46.6% this issue was not relevant). Offering fair, transparent and human outplacement management was seen as relevant and addressed with activities by 43.5% of the SME automotive companies, while it was not relevant for 39.1%. 17.4% did not offer related activities (keeping in mind the very small sample-size [N= 23] results are therefore not representative for the entire sector).

Does CSR contribute to outcome changes? The SME survey did not show any significant outcome changes between 2007 and 2010 – the vast majority of respondents perceived the share of permanent employment contracts (percentage of total number of employment contracts) to have remained on the same level². However, 46% of those SME which did experience (slight) im-

¹ This relatively frequent data collection for the indicator of short-time contracts may be attributed to the fact that companies reporting according to the GRI guidelines are likely to present this data (at least partly) following the LA1 core indicator (total workforce by employment type, employment contract and region) as well as respective GRI sector supplement indicators. Although not of importance for the results obtained in the course of this study, the ISO 26000 guidelines (published by the end of 2010) include this issue in their labour practices as well.

² By far the largest share of the sample (N=5424) noticed no changes in the outcome at all, but of those who did, slightly more respondents perceived developments to have been positive rather than negative.

improvements attributed these to own voluntary activities (9% made the connection to legal requirements). Naturally, when looking at the effect of CSR one needs to distinguish between the different components of this particular QoJ-issue as well as on the sector: Whereas in some cases, CSR may lead to an improvement, this is not necessarily the case for other aspects – at least in SMEs. In the ICT sector for example, the majority of the companies (57.69%) which introduced supplier standards and monitored supplier compliance with ILO standards noticed an increase in the percentage of suppliers complying with ILO standards. At the same time, 36.54% experienced no changes and the by far smallest share spoke of negative effects. Almost all companies (94.74%) without activities also did not register any changes in the percentage of suppliers complying with ILO (the remainder noticing positive effects). In this case, CSR can have positive effects – and the probability of a positive influence on the outcome is certainly higher when activities are implemented compared to when nothing is done. In contrast, CSR activities of small and medium-sized automotive companies regarding outplacement management do not seem to improve the results: Of those companies having introduced fair, transparent and human outplacement management, only 12.5% made the connection between their activities and an increase in the number of employees managed by outplacement-management. For the largest share (62.5%) the development was neither positive nor negative, for 25% negative. Companies offering no activities experienced no changes. ***What are the factors that determine whether CSR leads to improvement?*** For SMEs, certifications may play a small role, however it is rather the effort³ of a company (the implementation of activities to foster permanent contracts) that has small, but significant effects when comparing the level of outcome between companies in one year (2010). This is not the case for the internal organisation of a company or measuring, targeting and reporting⁴. Looking at the change of outcomes in one company, it is again mostly the effort to offer activities which leads to a higher share of permanent contracts – more than internal organisation. But also other factors, mainly employees' age and the region (Mediterranean and Continental Europe) influence the share of permanent contracts.

Drawing a conclusion, companies seem aware of the relevance of flexibility and job security but when compared with other QoJ-issues, it is not addressed as comprehensively by including it in companies' strategies, defining targets as well as implementing activities (depending on the focus) as one might expect considering its great emphasis in European strategies. This is reflected by the low progress in change between 2007 and 2010. The effects of CSR on flexibility and job security are relatively small – at least for SMEs. Although the implementation of activities contributes to the rise in permanent contracts more than internal aspects, greater influence comes from regional factors, company size or age of the employees. Nevertheless, it has to be kept in mind that flexibility and job security is composed of relatively diverse aspects, with CSR being able to influence some more than others. This is in line with the perception of the Delphi Study panel

³ These efforts of SMEs to improve a certain QoJ-issue can be either incidental (e.g., occasional activities) or continuous (e.g., certifications), while informal mechanisms and measures were more often used than formal programmes. These efforts are not further classified and companies may have different understandings of incidental or continuous effort.

⁴ The effect of companies' effort was small, but significant and positive (.05***), while the internal organization and measuring, targeting, reporting had equally significant, negative effects (-.05*** and -.03** respectively). Please note that effects of large companies' CSR on flexibility and job security (share of permanent contracts) were not investigated in WP2 specifically, therefore these findings relate only to SMEs.

experts who consider CSR activities as being of medium relevance for flexibility and job security. Yet, they also expect that the effects of voluntary activities will further increase in the future. At least in the case of SMEs, it may therefore be assumed that CSR measures (so far) do not contribute to a great extent to the **attainment of related EU policy goals**.

3.2 Skills, life-long learning and career development

Both, the Lisbon Strategy as well as Europe 2020 explicitly stress the importance of skills and life-long learning: The Lisbon Strategy emphasised this issue's essential role in becoming a knowledge-based economy by providing highly qualified labour and Europe 2020 underlines this by pointing out that until the year 2020, 16 million more jobs will require high qualifications while the demand for low skills is expected to drop. Apart from objectives focussing on secondary and tertiary education (lowering the school dropout rate to <10% and raising the share of people aged 30 to 34 holding a university degree to 40%), Europe 2020 also accentuates the importance of occupational life-long learning principles as well as the need for greater emphasis on CSR in the business context. Whereas the Lisbon Strategy aimed at a share of 12.5% adults aged 25 to 64 participating in life-long learning measures, Europe 2020 raised this share to at least 15% of the 25 to 65-year old adults (European Commission 2011: 10). One example for how this is intended to be put into action is the flagship initiative "New Skills for New Jobs", which aims at modernising labour markets and empowering people through the development of their skills throughout the life-cycle, while also focussing on labour participation (European Commission 2013).

Skills and life-long learning is one of the prerequisites for creating more and better jobs and is a cornerstone of the earlier described "flexicurity" concept (one of the principles being "comprehensive life-long learning strategies"). The 2001 Employment in Europe report showed that not only low-skilled individuals but also people working in low-quality jobs are prone to social exclusion, which should be avoided through higher levels of education and job-related training. The report stresses that improvement in quality of jobs "strongly depends on concerted efforts to promote qualifications and (life-long) training, to ease young workers' access to the labour market, to open up possibilities for career advancement, and to strengthen measures that help reconcile work and private and family lives" (European Commission 2001 cited in Peña-Casas 2009: 21f).

Did the companies consider skills and life-long learning to be relevant for them? In WP3, this issue had a sector-specific focus (automotive and retail sector). The vast majority of case companies of these sectors considered skills and life-long learning as important, which frequently translated into the inclusion in strategies and targets. Particularly the automotive companies often set targets and applied (own) indicators, but also companies from other sectors believed that training employees and enhancing their skills is important. This notion is supported by the findings from the Delphi Study: Together with flexibility and job security and health and working conditions, skills and life-long learning had the highest relevance of all, without sectoral restrictions⁵.

⁵ In WP5, skills and life-long learning was investigated in all sectors except the textile sector.

Nevertheless, quantitative data for the WP3 companies hardly existed, general figures could only be found in some cases (e.g. the number of hours spent on related measures), other information (e.g. regarding the recipients of these measures, such as older employees, female engineers, skilled and unskilled employees) were not available⁶. Skills and life-long learning also plays a very important role in the small and medium-sized companies. The SME-survey found that alongside health and safety issues, it represents the most important field of action in the QoJ-domain for SMEs. Interestingly, among those particularly the small and very small companies put much effort into training, possibly because keeping their employees up to date immediately affects their competitiveness. One in four companies measures its performance – a large share compared to other QoJ-issues (except Health and working conditions).

The companies' ***subsequent way of implementing the promotion of skills and life-long learning with activities*** turned out to be quite diverse and it is interesting to take a closer look at companies' approaches. Activities of the WP3-case companies oftentimes related to the promotion of career development of unskilled employees by offering training and qualification (in the retail sector) and gaining new competences. The spectrum ranged from in-house training programmes in customer service as well as increasing sustainability at home and at work, to specific education institutions and the recruitment of workers without education from local communities who would otherwise not have found jobs. Other examples were intercultural training for employees going abroad, training to enhance personal growth and staff development interviews.

Yet one has to keep in mind that these case company examples cannot necessarily be generalised, thus a ***broader perspective on the implementation*** is useful. Although always depending on this issue's different aspects, activities regarding skills and life-long learning seem to be often in place. The comparatively frequent presence of activities in the WP3-companies is also reflected in the sector supplement SME survey regarding the automotive sector: A large share of 73.9% of the SMEs in this group offered training for skills and career advancement for employees. Only 4.3% did not, whereas 21.7% did not think that this issue is relevant to them (once again, keeping in mind the small number of companies in this group). Similarly, many of the SME-retailers (59.2%) implemented activities on training and qualification for unskilled employees, twice as many as those not considering it to be relevant (27.2%). 13.6% did not offer qualification measures. On the other hand, activities related to the better adaption to work and jobs for long-term unemployed people were offered only by 27.2% of the retailers, whereas the larger share either did not offer such activities (37.9%) or did not think of them as relevant (35%).

Does CSR contribute to outcome changes? Regarding the diverse and (depending on the issue) frequent activities, it is interesting to see whether these lead to outcome changes. Out of the above mentioned SMEs offering training for skills and career advancements for employees, 50% of the automotive companies experienced positive changes, whereas 43.75% did not see

⁶ Naturally, this has to be seen in context with indicators that are for example provided in the GRI framework related to *skills and life-long learning* (namely LA10 – average hours of training per year per employee by employee category, LA11 – programmes for skills management and life-long learning that support the continued employability of employees and assist them in managing career endings, LA12 – percentage of employees receiving regular performance and career development reviews), which many of the companies refer to when composing their sustainability reports.

any changes and 6.25% noticed negative developments. 37.5% of the small and medium-sized retailers offering training and qualification to unskilled employees noticed positive changes, while the larger share (43.75%) did not believe that their activities had any effects and 18.75% reported negative results. However, when no activities were implemented, none of the companies saw any positive effects, with the majority not experiencing any developments (85.7%). Looking at the inclusion of long-term unemployed, 50% of those retailers offering programmes helping them to adapt to work experienced positive results (stable: 38.89%, negative: 11.11%), whereas positive experiences without the implementation of such activities were less frequent (25%, stable: 68.75%, negative: 6.25%). **What are the factors that determine whether CSR leads to improvements?** Comparing the outcome level among companies (SME) within one year, the econometrical analysis found that indeed specific CSR-activities have the greatest effect the number of hours spent on training. Yet, also the company's internal organisation (output) as well as – to a lesser degree – the commitment in terms of internal codes affects the outcome, whereas measurement, targeting and reporting has no significant effect⁷. However the size of the company influences the number of training hours the most (which decrease when the company's size increases) and naturally, the general skill level of the workforce is a decisive factor.

Drawing a conclusion, it should first be noted, that skills, life-long learning is a very important issue in the EU strategies as well as for the companies throughout the sectors and even regarded as one of the most important QoJ-issues. It is a particularly important issue in SMEs, probably out of necessity of keeping their employees up to date. Irrespective of the company size voluntary activities are offered – yet, without really measuring the performance. The Delphi study showed that the panel experts consider the effects of these activities to be above average compared to the other QoJ-issues. And at least for SMEs they also seem to lead to results: They frequently considered the results to be positive or stable (depending on the specific aspect) – generally always better compared to when no activities were offered. Hence it is indeed mainly the effort a company puts into improving the skill-level of their employees (in terms of hours spent on such measures), than targeting, measuring and reporting or internal organisation or internal codes (at least in SMEs). In general, CSR seems to have an effect on the skill level of the workforce and macro-impacts (effects reaching beyond the company) were related to this issue. **Coming back to the EU objectives** and looking more closely at the targets they include, one focus is on the inclusion of elderly employees, women and migrant workers into the workforce in order to achieve a 75% employment rate. Case studies show that certain target groups are addressed with activities (e.g. training for low-skilled workers in the retail sector), but due to the lack of measurement, quantifiable results of these activities remain unknown. Some company case studies describe activities focussing on enhancing employees' skills which show a connection to the EU objectives: One large company (ICT) introduced capability development opportunities, training on the job-plans and learning channels to increase their employees' chances for employment inside the company - as well as outside the company during economically difficult times. By increasing the skill-level they also increase the employment potential of their staff. Given the effect on the mac-

⁷ The positive effect of effort (.10***) is larger than the positive effect of internal organization (.08***) or internal codes (.04**)

ro-level, skills and life-long learning can account for a QoJ-issue capable of contributing to the attainment of EU policies.

3.3 Wages and poverty reduction

The aspect of low wages and poverty in the society had already been included in the Lisbon Strategy: Attracting more people to the labour market also focused on poor social classes and mentioned the need for creating innovative solutions for the low-paid. Likewise, being the fifth of its targets, Europe 2020 emphasises the importance of poverty reduction: “Poverty and social exclusion are major obstacles to the achievement of the Europe 2020 objective of inclusive growth”, therefore “integrated strategies are needed to effectively support those at risk of poverty” (European Commission n. y.: 1). Member States should hence improve their social protection systems, also through inclusive labour market measures, in order to achieve the overarching goal of reducing the number of people in or at risk of poverty and social exclusion by at least 20 million. As part of the Europe 2020 strategy, the “European platform against poverty and social exclusion” was launched in 2010 and sees one of its key actions in improved access to work. Correspondingly, the European Commission highlights that access to employment is the optimal way out of poverty (European Commission n. y.: 2f).

Did the companies consider the issue wages and poverty reduction to be relevant for them? This issue was investigated throughout the sectors in WP3. For more than half of the case companies it was important and frequently addressed in their corporate strategies. This is supported by the Delphi study panel experts, assessing fair wages and minimum wages generally to be relevant throughout the sectors. Despite this favourable attitude, it appears that this issue was not carried forward to form part of the companies’ targets accordingly (case companies). The econometrical analysis found that large companies showed low commitment: On average 15% of the companies had formal policies on working hours and/ or minimum wages in place. The availability of quantitative data adds to the impression of this gap: WP3 quantitatively examined wages and poverty reduction with one common indicator (the percentage of low-wage employment) in all companies, as well as with additional indicators for the retail, textile and construction sectors. No figures were available in the retail sector, few in the textile and construction sectors and generally companies only rarely used indicators to assess their performance. Thus very little quantitative information could be retrieved (nevertheless, it is a starting point that some companies present data). This may be seen in context with the indicator outline of the GRI: The issue of wages and poverty reduction does not constitute an own category instead its components are subsumed under different aspects⁸. However, these indicators do not refer explicitly to the share of low-wage employment/ employees being paid minimum wages, which was a focus in this study.

⁸ The economic indicator set includes EC5, the range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation; LA14 includes the ratio of basic salary of men to women by employee category; information may be retrieved from LA1, total workforce by employment type, contract and region as well as from the additional indicator LA3, benefits provided to full-time employees that are not provided to temporary or part-time employees.

Before looking into **how companies approach this issue with activities**, it should first be mentioned that there is criticism from non-governmental organisations that many companies solely meet the requirement of paying legal minimum wages in their countries of production, whereas they should instead be paying a so-called living wage. NGOs emphasise that companies do have the possibility to exert their influence and make systematic improvements when legal minimum wages are too low. Nevertheless, a few highlighting examples for how companies address the issue of wages and poverty reduction were found among the WP3-case studies. One ICT-manufacturer both pays wages that are above the local minimum wage-level in its countries of production and defines a wage level which employees can make their living with. This living wage is based on local market data and levels of compensation of other companies in a specific region and has led to this company becoming a local industry leader in terms of compensation levels. Furthermore, stakeholder workshops with subcontractors and NGOs are conducted to discuss acceptable levels of wages and related issues and suppliers are requested to pay at least minimum wages. Additionally to providing employment in local markets, this company aims at eradicating poverty (e.g. a programme which ensures basic education for children to combat child labour). Further examples emerged from the retail sector, which mostly do not focus on the companies' direct employees but for instance on the supply chain or the local community: To name a few, these include fair milk prices paid to dairy farmers or fair wages levels through the inclusion of Fair Trade products in the product range, donations given to local charity by every branch each month. When looking at the Delphi Study panel experts' assessment of the current effects of voluntary activities though, their impacts were considered to be rather below the average compared to other QoJ-issues – although expected to slightly increase in the future.

A broader perspective needs to be applied in order to **see whether activities are offered on a larger scale** or whether they are mainly restricted to highlighting examples. Interestingly, the WP2-sector supplement survey showed that among SMEs activities related to guaranteeing fair wages are very often present: In the ICT sector, 81.2% of the companies offered activities (while for 12.7% this issue was not relevant), a similar results emerged in the automotive sector, where 82.6% implemented activities (13.1% did not see it as relevant for them) and 80.1% of the small and medium-sized construction companies had activities in place to guarantee fair wages (while not relevant for 12.8%). Among the textile companies, 85.7% implemented activities and 78.6% of the retailers (with 14.6% of them considering this issue not to be relevant). With this, the issue of wages and poverty reduction (i.e., guaranteeing fair wages) turns out to be the issue with the highest prevalence of activities for the SMEs of the sample compared to other QoJ-issues. While these results only relate to SMEs, no statements can be made regarding the presence of activities in large companies.

Does CSR thus contribute to outcome changes? When looking at the activities offered by SMEs to guarantee fair wages, it becomes apparent that the companies do not automatically believe that their efforts also have major effects: The majority of companies of the ICT, automotive, construction, textile and retail sectors did not think that their activities led to any changes, neither positive nor negative (stable results were perceived by 54.55%, 75%, 58.57%, 54% and 51.2% respectively, whereas positive outcomes were experienced by 31%, 16.7%, 29.3%, 27%

and 34.69% respectively). Even though voluntary activities therefore do not always seem to lead to fair wages (above minimum wage) for all employees including low-skilled, they still foster the situation more compared to when no activities are offered: Companies that did not offer any activities mostly reported stable results (70%, 100%, 72.7%, 50%, and 80% respectively) with the exception of the ICT sector with 20% and the textile sector with even 50% of the companies mentioning positive developments despite the fact that no activities had been introduced. Regarding the question which **factors determine whether CSR leads to an improvement of the wage level**, no statistically substantiated answer can be provided. However, based on the perception of the companies above, voluntary activities do not seem to have a significant influence.

Considering the qualitative information from WP3 (and shifting the focus away from the Member States of the EU towards countries of production with very low minimum wages), the impression of an impact in the QoJ-domain emerges (extending beyond the company' frontiers): One textile company (in unison with other companies) used its lobbying influence by requesting the Bangladeshi government to urgently review the level of legal minimum wages and implementing a mechanism for yearly revisions. According to this company, this has led to the formation of a governmental minimum wage board with the subsequent definition of a new minimum wage - resulting in wage increases between 67 to 81%. Also other highlighting examples of activities aiming to improve wages and living conditions of local communities may potentially lead to impacts in the respective communities, however to verify this statement, further research in the specific cases would be needed in order to preclude possible counter-effects.

Drawing a conclusion, despite the general acknowledgement of the importance of this QoJ-issue, companies rarely assess their performance and indicators are seldom used – but at least SMEs very frequently offer activities for guaranteeing fair wages. However, these activities do not result in big outcome changes. It thus remains questionable whether CSR activities related to fair wages are capable of **contributing to the attainment of EU policy goals** to a large extent. (These statements only relate to SMEs and may not be transferable to large companies without reservation). The issue of wages and poverty reduction is one of the fundamental aspects of the EU strategies. If CSR activities of companies do not prove to result in positive developments of the wage level (achieving fair wages), the role of legislation should be emphasised: The EU underlines that minimum wages play an important role in limiting the incidence of low pay. 20 of the EU Member States have national statutory minimum wages while in six Member States collective agreements regulate the minimum pay rates. It is self-explanatory that countries with high minimum wages (such as the UK or France) have low rates of in-work poverty (which is increased by factors like low skills, age as well as migrant background), whereas the opposite is true for countries with low minimum wages, such as Spain or Greece (European Commission n.y.: 6). Issues in the Quality of Jobs domain are strongly interwoven and may affect and reinforce each other, such that also high labour market segmentation with different contract types for the same work (temporary work) and part-time work furthermore contribute to the risk of poverty. Furthermore, it has to be kept in mind that with regard to the nature of the indicator defining wages and poverty reduction, low-wage employment is ambiguous and often hidden in loan work and subcontracted work. After all, the QoJ-issue of wages and poverty reduction is an issue with the potential of an

impact, reaching out beyond company frontiers (this however needs to be assessed on a case-to-case basis).

3.4 Gender Equality

Including more women in the labour market is part of the overarching EU objective of reaching a higher employment rate throughout Europe. It had already been one of the Lisbon Strategy's important cornerstones for creating more and better jobs and raising the share of women participating in the labour market to 60% was therefore one of its targets. Even though not quantified, also Europe 2020 states that the high employment economy should be reached by greater involvement of women – and Member States are urged to promote new forms of work-life balance and increase gender equality. One important aspect of this issue is the presence of women in upper management. In its publication “More women in senior positions – key to economic stability and growth” (European Commission 2010), the EC stresses the fact that women remain underrepresented in senior positions. Even though women account for almost 50% of the workforce, “today only one out of ten board members of the largest companies listed in the national stock exchange of EU Member States is a woman” (European Commission 2010: 3). Furthermore, “only 3% of such companies have a woman directing the highest decision-making body” (ibid.: 3) and with an average annual increase in women on company boards of 0.6% in recent years, progress has been slow (European Commission 2012). The EC highlights the need to make better use of women's talents and skills and connects this to the goal of becoming a dynamic and competitive knowledge-based economy. Therefore the promotion of gender balance in decision-making will remain at the core of the priorities for the “Roadmap for Equality between Women and Men” (European Commission 2010). In strategies such as the Strategy for Equality between Women and Men 2010 – 2015, the Women's Charter, several published reports, and recently the “Directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed in stock exchanges and related measures” (COM 2012 614 final, which aims for a share of at least 40% of the underrepresented sex of non-executive directors by 2020), “the European Commission reaffirmed its support for an increased participation of women in positions of responsibility” (European Commission 2012: 4). The debate on gender equality in management positions and whether EU-wide quota should be introduced (as it has been the case in some Member States like Finland, Norway or Spain) is on-going.

Did the companies consider gender equality to be a relevant issue for them? In general, this issue is seen as relevant – by large companies: The majority of the WP3-case companies attached importance to gender equality in decision making positions, albeit to a varying degree depending on the sector. This perception is shared by the panel experts who participated in the Delphi Study: Depending on the sector, diversity was considered to be of average/ slightly above average relevance (this survey did not differentiate between diversity and gender, in contrast to WP3). The SME-survey however found, that this issue is not a priority: Along with measures taken to raise the share of employees hired from disadvantaged groups, SMEs put least effort into

fostering the presence of women on the board: 41% of the companies do not address this aspect, and of those who do, only about every 10th measures the performance, uses targets or reports.

Based on the WP3-findings, gender equality (in decision making positions) is an interesting example as it is one of the few issues, where the initial recognition of importance frequently led to the implementation of measures along the whole cycle (i.e. inclusion in strategies, target setting, activities, performance assessment). And it is one of three issues, for which quantitative information most often existed⁹: For both cross-sector indicators quantifying gender equality in upper management and supervisory board, data were very frequently available¹⁰.

Gender equality is thus characterised by an encompassing approach in large companies. This also includes the **implementation of activities** to attain respective targets. Some WP3-case companies' activity profile gives a qualitative impression of what kind of activities are offered. For example, an automotive company considers *gender equality* to be so relevant, that this issue (as in raising the share of female managers to 15%) constitutes one of the company's overall three hard goals which is to be reached by 2012 (doubling the share in relation to 2007). Various measures are taken to achieve this target (including a quota system when hiring new employees, special mentoring programmes, initiatives to raise women's (and girls') interest in technical professions, memberships in external networks as well as the creation of internal networks to promote gender diversity). These activities were reported by the company to have been followed by an increase in the share of women in upper management. Another automotive company, which has a high share of women in management positions, sets specific targets for the share of women in its strategy, participates in external networks and has internal networks installed. Measures such as networks and mentoring have been reported to be effective drivers for fostering QoJ-issues (European Commission, 2010). The Delphi panel experts expect that throughout the sectors the effects of voluntary activities regarding diversity will increase in the future.

The **frequency of activities** seems to clearly depend on the aspect of gender equality, yet taking into account that information on the frequency of implementation is only available for sector-specific activities of SMEs (sector supplement). It was found that about as many small and medium-sized ICT companies offered initiatives to raise the share of women in engineering and technical professions, as those who did not think this issue was relevant to them (38.4% vs. 38%). 23.6% did not implement related activities. 77.7% of the SME-retail companies considered equal pay for equal work of women and men to be important and offered related activities, while 18.4% did not see this aspect as relevant for them. Related information was not available for large com-

⁹Initially, gender equality was designed as a sector-specific issue (in the retail and textile sectors) and therefore indicators did not apply to all companies. In these two sectors, the gender pay gap (according to the GRI's LA14 core indicator "ratio of basic salary of men to women by employee category") as well as sexual harassment was observed with indicators. However, it soon turned out that the data base for the aspect of representation of women in upper management and supervisory board is extremely good (this aspect is for example also included in the LA13 indicator of the GRI) which is the reason why the indicators "percentage of women in upper management in relation to the percentage of women of the workforce" and "percentage or absolute number of women on the supervisory board in relation to the percentage or absolute number of women of the whole workforce" were applied to all sectors in retrospect (ISOE conducted a second data search in 2012).

¹⁰Yet, data for the additional indicators ("number of identified cases of discrimination and sexual harassment" and "ratio of basic salary of women to men"), only asked for in the retail and textile sectors, were less frequently provided.

panies however data from the Sustainalytics rating system reveal, that with a mean of 40.6%, women are relatively well represented on company boards.

Does CSR thus contribute to outcome changes? In general, the performance data of the WP3-case companies show that only slight increases in the share of women in the management or supervisory board were noticeable. The situation appears to be similar for the SMEs participating in the WP2-survey: Although the vast majority estimated that the share of women on board or executive positions did not change very much, some did notice positive changes – resulting in an (estimated) overall slightly positive trend. Most of the companies (37%) which had experienced positive changes attributed these to their own voluntary initiatives - meanwhile only 4% made a connection to legal requirements. 61% of the small and medium-sized ICT companies offering activities to raise the share of women in engineering and technical professions noticed positive results, whereas only one third believed that their activities had not resulted in any outcome changes. However, despite the very frequent implementation of activities promoting equal pay for equal work of women and men, this effort hardly ever resulted in positive changes: Only 6.56% experienced positive changes, for the vast majority of 83.61% the outcome remained stable and almost 10% noticed negative developments. **Which are the factors that determine whether CSR contributes to outcome changes?** In large companies, commitment (as expressed by policies) significantly contributes to the implementation of programmes on diversity. Furthermore the company board plays an important role: Programmes on board diversity enforce diversity and if the board takes responsibility for CSR, diversity benefits. Nevertheless, the biggest influence on the outcome is exerted by the region (Scandinavia and continental Western Europe). Even though gender equality is not one of the issues that is of high priority for SMEs, the findings of WP2 also provide valuable information on the influence of CSR on outcome: The effort, in the sense of activities, that small and medium-sized companies put into fostering the number of women on board has a much bigger influence on outcome changes (related to changes between 2007 and 2010) than the actual measuring, targeting and reporting or external cooperation¹¹. Also when comparing the level of women on board among companies within one year (2010), the issue-specific implementation (activities) turns out to be by far the greatest influence in the number of women on company boards, thus commitment and output are mediated by effort.

Based on the findings for SMEs, **one can conclude**, this issue (depending on the sector and the size of the company) is seen as important and well-addressed in strategies and target-setting in large companies. Various activities exist and the availability of quantitative data is very high. WP2 showed that women are generally well-represented on the boards of large companies. In large companies, commitment contributes to the implementation of programmes, and programmes on board diversity enforce diversity. In SMEs (even though this QoJ-issue is not of high priority for them), CSR-activities can lead to improvements in gender equality and they represent an important factor determining the outcome. The issue of gender equality can serve as a good example for **how policies can affect the way companies react**. A reason for the high data availability might be the companies' expectance of EU-wide regulations regarding statutory women quota (in

¹¹ All of these variables are significantly positively related to the change in number of women on board (.17***, .05*** and .05*** respectively)

the form of a “preparatory reaction”) as well as strong gender politics in some EU Member States. It is likely that companies introduced CSR-measures in advance in order to be prepared for policies expected to come. Regarding the overall low share of small and medium-sized companies considering gender equality in management positions to be important, particularly among the SMEs this is an area which needs further development.

3.5 Diversity and non-discrimination

The issue of diversity and non-discrimination is reflected in the Lisbon Strategy’s overarching aim of creating more and better jobs and the resulting need to attract more people to the labour market. An ageing European population is described as one of the challenges that have to be faced in order to avoid an inclusive as well as exclusive socio-economic duality. By intending to promote the aspect of social cohesion of the Lisbon Strategy, the European Social Agenda covered diversity and non-discrimination in one of their major headings: With the aim of strengthening equal opportunities and inclusion, the agenda focussed on changes resulting from demographic change (the Lisbon Strategy included a target value of 50% employment among the 55 to 64 year old population) and the need for intergenerational approaches. Furthermore, the necessary inclusion of young people and the topic of migration were emphasised. Initiatives revolving around this agenda also include equal opportunities for the disabled. Europe 2020 still stresses the importance of social cohesion and emphasises the need to include young people into the labour market (for example with the programme “Youth on the move” that aims to reduce the high unemployment rates among young people). As part of Europe 2020, the “European platform against poverty and social exclusion” sees one of the key actions to be taken in the better use of EU funds to support social inclusion and combat discrimination.

Did the companies consider diversity and non-discrimination to be relevant for them? In the IMPACT project, diversity and non-discrimination included the equal treatment of employees with different ethnic backgrounds (which is particularly significant in highly globalised companies), handicapped employees and the ageing workforce. This issue was considered important by the vast majority of the case companies, despite its sector-specific focus (ICT)¹². This is in line with findings from other WPs: The experts consulted in the Delphi Study perceive this issue to be of average/ slightly above average importance across the sectors. Diversity and non-discrimination and gender equality are frequently seen in context and are thus in practice often not clearly separated (hence both issues were considered important by almost the same number of companies of WP3). Yet, differences arise: Whereas gender equality is quite thoroughly integrated through the inclusion in companies’ strategies, setting targets, measuring, and use of indicators, this does not apply for diversity and non-discrimination in the same way. Targets were less frequently set by the case companies and only few quantitative performance data could be retrieved (the only indicator which was relatively well documented was the percentage of older employees¹³). The econometrical analysis showed that around half of the large companies (46%) have policies on

¹² Additional information from other sectors was retrieved from the case studies, indicating that this issue is relevant for the retail and automotive industries as well.

¹³ This indicator is related to the GRI indicators LA2 and LA13, whereas (financial) efforts put into activities (components of indicators asked for in respective sectors) do not form part of GRI reporting guidelines and might therefore not have been registered by the companies to a great extent.

discrimination. Regarding the SMEs, it turned out that alongside the issue of gender equality, diversity and non-discrimination (in the survey defined as the share of employees recruited from disadvantaged groups) is one of the least addressed issues. Similar to the few quantitative data for the large WP3-companies, performance measurement, targeting and reporting were conducted by a little more than one out of ten SMEs, and thus far less frequently compared to most of the other issues. Yet, when allowing for best estimates, more than 70% of respondents were able to quantify the inflow from disadvantaged groups (7%) (social outcomes seem to be easily guessed even if not formally measured).

Looking into how this issue ***translates into companies' activities***, the impression emerges that the ICT companies of WP3 implemented relatively more activities to address diversity and non-discrimination than might have been initially assumed judging by the availability of quantitative data. These activities were mostly related to the inclusion of handicapped people, employees with migrant backgrounds and non-discrimination of homosexual employees. Considerably fewer activities focussed on older employees and intergenerational exchange. Apart from these predefined categories, the activity profile included the promotion of diversity through the introduction of quota schemes for locally recruited staff or staff with ethnic background when hiring employees. Furthermore, online-courses on non-discrimination for managers existed and some companies offered multicultural learning opportunities, mentoring and networking. To name one example of regional significance, one ICT service provider participated in the "Romaster-programme" for the inclusion and mentoring of young, talented Roma youths. They are assigned mentors in the company, giving them a chance to learn and establish networks while at the same time providing a platform for intercultural exchange. Interestingly, one WP3 case company even includes diversity and non-discrimination in its managerial remuneration scheme - as mentioned earlier, this is a rare, yet very promising move as it links the manager's salary to non-financial, social targets.

Regarding the transferability of such activities to a larger scale, it shall be looked into ***how frequent their implementation is***: The econometrical analysis found that only around 16% of large companies take CSR-initiatives to raise their workforce's diversity. This impression is supported by the results from the MIP 2009: The survey (though restricted to mostly large, German companies) shows that although 42.02% companies offered activities regarding the integration of disabled people, only 17.39% of them also moved beyond legal requirements. Regarding the integration of foreign employees, the same number of companies reported activity (42.34%), with 22.32% exceeding legal requirements. Half of the responding companies implemented activities on avoiding discrimination (50.65%) and out of these, 21.86% implemented measures not required by law. Thus, the majority of these companies (in general more than 65%) do not show such high engagement in avoiding discrimination, which would result in going beyond legal requirements¹⁴. Nevertheless, the panel experts of the Delphi Study expect that the effects of voluntary activities will increase in the future.

Does CSR contribute to outcome changes? In general, SMEs estimated that the share of employees recruited from disadvantaged groups more or less remained stable between 2007 and 2010 (with a slightly increasing tendency, yet below 1%). 30% of the companies which had experienced improvements in the share of employees recruited from disadvantaged groups attributed

¹⁴ Regional specifics have to be taken into account: This finding might be related to the high standards in Germany, which do not leave much room for going beyond legal requirements. WP2 found that companies in Continental Western Europe tend to most often hire people from disadvantaged groups.

these to own voluntary initiatives, while 13% made the connection to legal requirements. Very much in line with this, the SME survey showed that of those ICT companies having implemented activities to raise the share of older employees, a majority of 54.55% noticed positive results, while 36.36% did not experience any changes. Interestingly, only 17.11% companies which did not offer any activities noticed positive changes, whereas the vast majority of 76.31% considered the situation to have remained in a stable state. **Which factors determine whether CSR leads to improvement?** As described in the previous sub-chapter (gender and diversity being seen in unison) the econometrical analysis found that in large companies, the implementation of activities targeting diversity is positively influenced by policies on discrimination (commitment). The reporting quality on programmes also influences implementation and output. Although in SMEs, diversity and non-discrimination seems to be more or less neglected (compared to other issues), once specific activities related to the recruitment from disadvantaged groups are implemented, the outcome is positively affected. Also measurement, targeting and reporting have positive effects on the level of change, although to a slightly lesser degree¹⁵. Comparing the level of outcome (comparison between companies in one year), it appears that internal as well as external codes have small, yet significant effects. Nevertheless, implementation, particularly with regard to a company's effort to increase the share of employees recruited from disadvantaged groups, is crucial and by far exceeds all other influences of commitment, output as well as factors such as the region or the skill-level. Thus, CSR (particularly regarding activities) can clearly contribute to enhancing employment from disadvantaged groups.

Drawing a conclusion, diversity and non-discrimination is generally considered to be important, yet it is not integrated into companies' courses of business accordingly – especially when compared with the closely related issue of gender equality - and quantitative data were rarely available. Relatively few large companies implemented activities going beyond legal requirements – keeping in mind that depending on the country, legal regulation may be extensive, causing companies to see no need for further initiative. As was shown in the econometrical analysis, particularly SMEs put little effort in promoting diversity. Yet, if they do, their CSR activities improve the outcome. **Contrasting the overarching EU policies and the companies' activities** regarding *diversity and non-discrimination*, it becomes apparent that (depending on the sector) companies seem to rather selectively address the EU-objectives: Whereas the inclusion and promotion of older workers and intergenerational teamwork plays an important part in the EU objectives, this did not prevail in the activity range of the WP3-case companies and neither in the SME survey (sector supplement). In this regard it is interesting to mention that towards the end of the Lisbon Strategy, the target value of 50% employment among the 55 to 64 year old population had not been reached (44.7% in 2008) (BPB 2011). Particularly considering the potential, CSR activities proved to have in raising the share of elderly employees, this clearly is an area where related activities should be implemented on a larger scale than they currently are.

3.6 Social dialogue and worker involvement

The Lisbon Strategy's perceives the European Social Dialogue as a force for innovation and change inhibiting the possibility to “support companies, states and the European Union in their efforts to combine economic competitiveness with social progress” (which is considered to be an

¹⁵ Beta coefficients: effort = .18***; measurement, targeting, reporting = .11***

instrumentalist point of view by ETUI and ETUC) (ETUI/ETUC 2011: 82). In the Europe 2020 strategy, Member States are urged to promote and monitor the effective implementation of social dialogue outcomes. Yet it is argued, that Europe 2020 neglects the issue of social dialogue at large (ibid.: 82). As noted above, this QoJ-aspect has unique characteristics and is a rather sensitive one, given the (in parts) considerable divergences between the Member States. Consequently, no common indicators exist on EU-level (Peña-Casas 2009: 18).

Did companies consider social dialogue and worker involvement to be relevant for them?

The WP3-case companies from all sectors, as well as the panel experts who participated in the Delphi Study generally considered this issue to be relevant. However, despite this consensus, only little information emerged on how this issue is taken up among the case companies, where it was investigated in the automotive sector¹⁶. The case study findings show all companies integrate this issue thoroughly (regarding the number of companies to have defined targets or assess their performance). This impression is supported by the econometrical analysis: Data available from the Sustainalytics rating system for large companies accounted for a rather weak quality of policies on freedom of association and collective bargaining, which was accompanied by a low score of employees covered by collective bargaining (29.6%). However, regional differences exist, and particularly in the Mediterranean Europe, continental Western Europe and, to a lesser degree in Scandinavia, collective bargaining is more frequent than in other European regions. In contrast, SMEs have a higher share: On average, 71% employees are covered by collective bargaining – with pronounced regional differences. Whereas in the UK and in Eastern Europe the share is low (26% and 34% respectively), it is much higher in the Mediterranean region and in Scandinavia and continental Europe (with 88% in the first and each 65% in the latter two regions).

Nevertheless, also for large companies differences exist and one WP3-case company gave insights into this issue's integration into company structure. In this particular case, a balance of power is created where the works council forms an equal partner to the management, which emphasises the embedding of social dialogue and tradition of employee participation. This company is considered as path-breaking in the automotive sector regarding social dialogue and worker involvement. Participation is seen as the driving force of CSR and every business activity is examined according to its effects on employment. It is stated that this model of cooperative conflict resolution was one precondition for keeping its employees during economically difficult times instead of having to announce redundancies. Hence, the thorough implementation of social dialogue and worker involvement is seen in immediate connection with its implications on employment. Even though this is certainly a rather rare highlighting example, generally many ***activities were implemented*** by the automotive case companies. These were related to promoting worker involvement by including labour representatives and internal working groups in participatory production, promoting worker involvement by controlling compliance with the freedom of association and collective bargaining of first-tier suppliers as well as promoting social dialogue by providing information on and uptake of stakeholder demands through stakeholder dialogues.

However, this frequent implementation among the case companies appears to be the exception rather than the rule. Concerning ***how often activities fostering social dialogue and worker involvement are offered***, the WP2 sector supplement allows for insights. 39.1% of the automo-

¹⁶ Social dialogue and worker involvement was investigated in this project without the use of indicators. Indicators are included in reporting schemes and indicator sets, such as for example the GRI (LA4, LA5), the labour practices (on social dialogue) of ISO 26000 or the Global Compact.

tive companies reported activities to promote the use of participatory production including labour representative and internal working groups (whereas 39.1% considered this not to be relevant for them, and 21.7% offered no activities). The same number of companies stated to have introduced supplier standards on the freedom of association and collective bargaining and monitoring of supplier compliance (while 13% did not implement any activities and 47.8% did not consider it important for them)¹⁷. Thus, based on this small sample of SMEs from the automotive industry, the majority of companies do not implement any CSR activities fostering social dialogue and worker involvement. Equivalent information for large companies was not available.

Does CSR lead to improvements in social dialogue and worker involvement? In general, in SMEs the share of employees covered by collective agreements hardly changed between 2007 and 2010. Where improvements were perceived, 29% of the companies attributed these to own voluntary initiatives taken by the company – which is almost twice the share of companies making a connection to legal requirements (15%)¹⁸. The sector supplement revealed that two thirds of the automotive companies experienced positive changes (results in relation to the financial resources spent per year for participatory production and internal working groups), with one third not experiencing any changes. When no activities were offered, there were still positive changes noticed, however by only 50% of the companies (the remainder not experiencing any changes). Regarding the introduction of supplier standards on the freedom of association and collective bargaining (along with monitoring their compliance), 62.5% mentioned a subsequent increase in suppliers complying with the standard on freedom of association and collective bargaining, while 25% did not see any changes (12.5% noticed a decrease). In a situation where no such activities were offered, the outcome remained stable for all of the respondents. ***Which factors determine whether CSR leads to improvement?*** The econometric analysis found for SMEs that the effort to improve social aspects of CSR (gender equality, diversity, work-life balance, health and safety) is related to a higher share of employees covered by collective bargaining. The influence of activities is greater than commitment (no positive influences) or output (external cooperation). However, factors such as company size, skill-level or age of workforce influence the outcome as well. As for large companies, a relationship between the companies' CSR commitment (policies on collective bargaining) and the outcome was detected, indicating that a higher share of employees is covered by collective bargaining when policies on freedom of association exist. The Panel experts participating in the Delphi Study estimated that their voluntary activities tend to have relatively high impacts on social dialogue and worker involvement (depending on the sector), which they expect to slightly increase in the future.

Drawing a conclusion, not being as explicitly mentioned in current EU objectives as other QoJ-issues, social dialogue and workers' involvement also does not appear to be one of the issues that is in the immediate focus of companies' CSR: Companies do not address it in their strategies, targets or performance measurements according to the importance that is generally attached to it. Generally, whereas in large companies on average a rather low share of employees is covered by collective bargaining, their share is higher in (bigger) SMEs. The relatively high occurrence of activities found among the automotive case companies (WP3) may not be transferable to a larger scale. Yet in small and medium-sized automotive companies, these activities, if

¹⁷ As mentioned before, when looking at the results from the automotive sector (WP2 sector supplement), one has to bear in mind the very small sample size which does not allow for general statements without reservation.

¹⁸ Another 2% attributed the improvement to collective initiatives in the respective industry, whereas for the remainder it was not applicable (54%).

implemented, potentially cause positive effects, unlike when no activities are offered. Meanwhile large companies' commitment positively influences the outcome. Ultimately, it is important to note that national differences in the tradition of social dialogue exist.

3.7 Health and Working conditions

The European Commission refers to the issue of Health and Safety as “now one of the most important and most highly developed aspects of EU policy on employment and social affairs” (EU Commission 2007: 1). Health and Safety is considered to be a very important component of the Lisbon Strategy and thus a precondition for the overarching objective of Growth and Jobs. This is attributed to industries' actions not only having immediate effects on the human being itself, but absenteeism resulting from work accidents furthermore leading to high costs and having major negative implications for the economy on the whole: “Under the Lisbon Strategy, the Member States have acknowledged the major contribution that guaranteeing quality and productivity at work can play in promoting economic growth and employment” (European Commission 2007: 2)¹⁹. In addition to the 1989 directive on the protection of health and safety at work (89/391/EEC), the EU outlined the Community Strategy 2007 – 2012 on health and safety at work, aiming to improve occupational quality and productivity. Its quantitative objective is to reduce the number of work accidents by 25% until 2012 and by this continuing the positive trend which has been observed since the beginning of the millennium. Yet, improvements are unequally distributed and new challenges need to be faced, such as the increase in psychological problems and certain new workplace illnesses that are on the rise. At risk-employee groups include low-skilled and young employees as well as those who are on fixed-term contracts.

Did the companies consider health and working conditions to be relevant for them? The project's different deliverables show in unison that there is a general consensus that health and working conditions is highly relevant. Although laid out as sector-specific for the construction sector (due to its crucial significance for this industry), the WP3 case companies throughout the sectors considered it to be one of the most important issues. This view is shared by the panel experts of the Delphi Round: Despite minor differences between the sectors, they overall agree on this issue's relevance for their respective industries and assume that the importance of health and working conditions is going to remain stable or even increase in the future.

The way health and working conditions are addressed by the WP3-companies proved to be very thorough: It is one of the issues which is most frequently integrated in strategies, target setting performance assessment and indicator use (as well as it is implemented through activities, see below). Data for the rate of injury existed throughout the case companies of the construction sector (less frequently for the other indicators which were asked for to describe health and working conditions)²⁰. Thus, this issue shows a general conformity between the importance attached to it

¹⁹ For further insights from the IMPACT project into these interactions please refer to part 3.2.13 at the end of this chapter.

²⁰ Clearly it has to be considered that Health and Safety is in general influenced by two factors: laws and markets. Labour protection acts (acts on Occupational Health and Safety, OHS), guarantee that compliance with the law leads to compara-

and its incorporation in subsequent measures. In line with this, the econometrical analysis found that in large companies programmes and targets to reduce health and safety incidents are comparatively common (44.5%)²¹, although external health and safety certification were found to be rare (14.8%). Similarly, this issue has priority for SMEs: The implementation of related activities receives highest attention among the QoJ-issues investigated (alongside skills and life-long learning). Whereas their emphasis in addressing Health and Safety clearly lies on specific activities, small and medium-sized companies more frequently conduct performance measurements (28%), set targets (29%) and report on health and safety issues (29%) than for other QoJ-issues (except for skills and life-long learning). Thus, every third to fourth SME employs these procedural measures. One has to consider that this can imply great financial effort and knowledge from SMEs – their engagement may be explained by the immediate effect that good performance in Health and Safety can have on the company's operation cost and competitiveness.

When considering this encompassing approach in addressing health and working conditions, it is interesting to look more closely into the **companies' implementation of related activities**. The WP3-case studies showed that the construction companies generally offered many activities to improve health and working conditions. These focussed on education of health and safety, avoiding injury, occupational diseases and work accidents, and setting up a complaints management regarding physical demands of work and environmental exposure. In several interviews the high importance of stress management was mentioned explicitly. It was also stated that activities to lower accidents are increasingly requested by international investors. Furthermore, the great importance which is attached to health and safety is also reflected in its integration into one automotive company's managerial bonus scheme – as previously described, this kind of inclusion is typically very rare.

tively high labour standards in Europe. Yet, differences exist among Member States, wherefore in 1989 the EU introduced the council directive 89/391EEC on measures to improve safety and health at work. This directive lays out the general responsibilities of employers for the safety and health of their employees - should these exceed existing national legislation. For example, employers are required to assess potential risks for health and safety in their companies and introduce corresponding protective measures. Furthermore, work accidents have to be documented which led to an employee's death, severe injury or sickness absence for more than three days. Thus, a certain degree of performance measuring is an indispensable condition – even if the legal framework is complex and not the same for the whole of Europe. Apart from differences in legislation, the extent of OHS varies depending on market situations: In markets/ segments that are characterised by high cost pressure, health and safety might simply mean adhering to the law (as there is less space to exceed legal requirements), whereas in markets with lower cost pressure and high quality standards, a more engaged approach is common. National differences in social insurance systems equally play a role, as in systems where social insurance does not bear all costs when accidents occur, generally more preventive activities take place

Furthermore the importance attached to this issue and the availability of data is also influenced by *health and working conditions* commonly being addressed in initiatives such as the Global Compact. Naturally, it is covered with indicators if companies report according to the GRI (for example, LA6, LA7, LA8) and is a component of the new ISO 26000 guidelines (labour practices/ section 6.4).

²¹ The analysis of output and implementation in large companies and the frequency of specific programmes only included two social issues (Diversity and Health and Safety) but relatively more environmental issues (GHG emissions, renewable energies, water consumption, waste). Out of all of these issues, most programmes focussed on Health and Safety.

Apart from these qualitative insights, other findings of the IMPACT project give an impression on **how frequently such activities are introduced in companies**. As mentioned above, data from the Sustainability rating system show that on average 44.5% of the large companies have an employee health and safety programme and related targets, which is much more common than external health and safety certifications such as OHSAS 18001, BS8800 or OSHA (14.8%). This relatively frequent presence of programmes is confirmed by the MIP 2009: A total of 85.06% mostly large German companies offered activities to increase safety at work. As described above, this QoJ-issue is in large parts regulated by legislation. Interestingly however, despite this pre-condition almost half of these companies (47.14%) reported to be going beyond legal requirements with their activities. Compared to activities targeting at diversity and non-discrimination as well as gender equality (i.e., areas where it was shown that activities are frequently offered) this is by far the highest share of companies exceeding actions required by law. Health and Safety therefore shows high CSR engagement, yet sectoral differences need to be taken into account: Whereas in wholesale and retail trade most companies did not move beyond legal requirements with their activities, more than 60% of companies from manufacturing industries did so. Regarding the activities of European small and medium-sized companies (WP2 sector supplement), 61% of the companies of the construction sector installed a complaints management regarding physical demands of work and environmental exposure (while 11.7% did not, and the remaining 27.3% did not consider this to be relevant). This high number again illustrates that also among the SMEs, health and safety (as well as skills and life-long learning) receives most attention. While only 8% of the companies in the survey stated that they did not offer activities, 70% put continuous effort in the reduction in work place accidents and the sickness absence rate and 22% address this issue with incidental activities.

Taking into consideration this high number of voluntary activities that companies offer to increase health and working conditions, it is very important to **examine whether these efforts also result in outcome changes**. When looking into the small and medium-sized companies' own perception of the effect of their activities (complaints management regarding physical demands of work and environmental exposure), 49.62% believe that the outcome (as in the number of complaints) has remained at a stable state, meanwhile 45.11% believed that the changes have been positive (i.e. the number of complaints decreased). The remaining 5.26% noticed negative changes. This finding is very interesting when seen in context with a situation where no activities were implemented: The vast majority of 80% experienced no changes in the number of complaints, whereas 10% noticed improvements and another 10% reported negative trends – underlining the positive effect of the implementation of activities. In general, the SMEs estimated that the sickness absence rate did not change very much between 2007 and 2010, with a slight tendency to have improved (yet, changes below 1%). Nevertheless, 51% of the companies having experienced improvements in the number of work place accidents and sickness absence rate attributed these to own voluntary initiatives, while 12% made the connection to legal requirements (3% named collective initiatives of the industry as the reason, whereas for the rest this was not applicable). **Which factors determine whether CSR leads to outcome changes?** The econometrical analysis may provide insights into whether the small and medium-sized companies' estimations hold true on a statistical basis. It was shown that among the variables influencing the outcome (sick-

ness absence), mainly measurement, targeting and reporting, the effort to improve work life balance and the internal organisation had contributed to positive developments between 2007 and 2010. Furthermore also certifications played roles²². When looking at what distinguishes companies regarding absence rates in one year (2010), it is mainly the intensity of company's effort (once again to improve work-life balance) that resulted in low sickness absences. It should be noted that a direct comparison between SMEs and large companies cannot be made: In large companies, no significant relationship between commitment and output and implementation emerged, and in fact commitment is negatively connected with the outcome (lost time incident). However this shows a reverse causation and it is very probable that this does not imply that CSR activities make companies worse, but that especially / mainly those companies experiencing a high rate of lost time incidences also pay more attention to it through Health and Safety policies and Health and Safety programmes (output). For the statistical analysis, CSR therefore seems to lead to worse results – but this would very likely be a misinterpretation caused by the fact that worse companies are more likely to act and are therefore overrepresented.

One can conclude, that health and working conditions is of great importance throughout the sectors, which translates into their subsequent engagement. Data were thus frequently available, yet one of the WP3 construction companies expressed that merely the measurement of accidents that have happened is not enough but that it is instead even more important to measure near-accidents and finding answers for not being able to avoid future accidents. Despite this issue is highly regulated by legislation (national differences exist) it was shown that (at least in Germany) many companies move beyond legal requirements with their activities. Also SMEs frequently offer activities and thus engage very much in trying to reduce the sickness absence rate (health and working conditions being one of the issues with immediate effects on the company level). This leads to positive outcomes: SMEs' efforts to improve the work-life balance of their employees decreased the sickness absence rate. **Making a connection to EU objectives**, this finding is noteworthy, because Health and Safety issues are of particular concern for SMEs: As the European Commission stresses in its Community Strategy 2007 – 2012 on health and safety at work, SMEs are primarily affected by Health and Safety issues and experience 82% of all occupational injuries and 90% of all fatal accidents (European Commission n. y. c). Furthermore, the Commission puts emphasis on new work-related diseases such as the rise in psychological diseases and considers them to be a serious challenge, expected to gain ever more importance in the future. Hereby, "the workplace can be an appropriate place in which to prevent psychological problems and promote better mental health" (European Commission 2007: 13). It was shown that several WP3-companies throughout the sectors addressed stress-related diseases with various measures (e.g., specific workshops and campaigns to raise the awareness of psychological problems – both for employees and for managers to the collaboration with a stress clinic).

3.8 Work organisation, Work-life balance

Although this issue is not explicitly mentioned in Europe 2020 or the Lisbon Strategy, the EU describes improving work-life balance (reconciliation strategies) as being at the core of these

²² Internal organization: .05***; certifications: .03**; effort: .05***; measurement, targeting, reporting: .07***

strategies for jobs and growth: While in related communications the perspective initially lay on gender equality, emphasis has increasingly been placed on the need to raise employment rates (for women to be able to work full-time) and achieve a better reconciliation of work and family life. This has to be seen in context with countries with a high share of women in employment also having high birth-rates - therefore, improving work-life balance is seen as contributing to economic growth and tackling demographic ageing. No quantitative goals that specifically address work-life balance are defined, yet its components (e.g. greater involvement of women in the labour market) are subsumed under other QoJ-issues (such as the issues of gender or diversity, non-discrimination; for more detailed descriptions, please refer to previous sub-chapters). Furthermore, the agenda for new skills and jobs urges its Member States to facilitate the reconciliation of work and private life, while the initiative against poverty considers lone parents as a group of risk. Need for action is seen regarding aspects such as the availability of affordable childcare facilities and the extension of the duration of paid maternity leave (European Commission 2012b: 5ff).

Did companies consider work organisation, work-life balance to be relevant for them? Selected as a cross sector-issue, work organisation, work-life balance was investigated in all WP3-case-companies and covered a range of issues such as working-time (cross-sector), work-life and stress-management, re-entry programmes after long absences, flexible working arrangements, company-funded kindergarten places and dignified housing on construction sites (the latter ones being sector-specific). For the majority of the case companies this issue is generally important, an understanding which is largely (60%) shared by the SMEs participating in the WP2-survey. Also the panel experts of the Delphi Study considered it to be more or less relevant for their industries (sectoral differences clearly exist, as it is more important among the ICT companies than for the construction or textile industries). When looking at how this recognition of importance translates into the further integration in companies' strategies or target settings, a discrepancy becomes apparent: Data from the Sustainalytics rating scheme showed that only few large companies (15%) have policies on working hours in place. This notion is confirmed by the WP3-case companies: Although still mentioned in strategies by more than half of the companies initially stating that work organisation, work-life balance is relevant for them, only very few defined specific targets. Likewise, the case companies rarely measured their performance, thus only few data could be obtained²³ (seldom data were available for the number of hours worked overtime and no information existed whether employees worked more than five days). Similarly, findings from WP2 suggest that also SMEs rarely measure (one out of ten does), however when allowing for best estimates, 57% of the respondents of the survey were able to provide data for overtime hours. 18% of the SMEs define specific targets and 15% report on work-life balance in their companies. Compared to Health and Safety or Skills and life-long learning (being of highest priority for SMEs), this is roughly half of the number of companies.

Despite the gap between the importance attached to work organisation, work-life balance and the assessment of performance, various ***related activities*** were offered, which seems to suggest

²³ This may be seen in context with this issue not being prevalent in the GRI guidelines. In the new ISO 26000 norm, it is included in section 6.4 (labour practices) in the area of conditions of work and social protection, which among other aspects (such as working hours) also includes possibilities for the reconciliation of work and professional life.

that this issue is rather qualitatively instead of quantitatively addressed. For example, although only few data were available for the number of hours worked overtime, around half of the WP3-companies offer activities to promote work-life balance by reducing overtime work. The example of one retail company illustrates this: The introduction of a control system prevents overtime hours, such that if an employee has worked more than 6 hours overtime, it is required that working time is balanced without waiting until the end of the reference quarter. Furthermore, the vast majority of case companies offer various flexible working arrangements. The scope of activities mainly ranges from a focus on children (for example holiday programmes for children, intranet-based childcare exchange, or company-run programmes which offer quick childcare in case of unforeseen circumstances as well as the possibility of “buying” additional holiday), to programmes facilitating the return after longer absences (such as long-term illnesses but also after parental leave), stress awareness- and work-life management-trainings, and other kinds of employee assistance programmes. However, at least among the retail case-companies, no kindergarten places were offered by the companies, although this is an important issue in this sector and described as a need for action in EU communications.

Looking at **how frequently such activities are offered** and whether these examples are transferable to a larger scale, insights are provided by WP2: Regarding small and medium-sized companies, 20% did not offer activities to promote work-life balance, implying that the majority of 80% did. Out of those which engaged, 42% implemented incidental activities, while 39% did so continuously or through certifications. Looking into work organisation activities of construction companies, 58.6% of the small and medium-sized companies ensured humane living conditions for workers in site huts and/ or temporary housing facilities on construction sites. 9.5% of the companies that participated in the survey did not (for the remaining 31.9%, this issue was not relevant).

Does CSR contribute to outcome changes? Regarding the small and medium-sized companies which participated in the SME-survey, overtime accounted for 6% of full time equivalent working hours²⁴. Although the vast majority of the SMEs stated that these had remained on the same level, a very slight decreasing tendency was noticed between 2007 and 2010 (changes of <1%). The majority of those SMEs experiencing improvements, attributed them to own voluntary activities (44%), while 8% made the connection to legal requirements (2% mentioned industry-specific collective initiatives as the reason for improvement, whereas for the remaining 46% this was not applicable). Considering the construction companies offering dignified housing facilities on construction sites, the majority of 56.6% did not observe any improvements, whereas 37.74% noticed positive results and 5.66% believed their efforts have worsened the situation. On the other hand, when no financial resources were spent on dignified housing, the share of construction companies noticing no changes increased to 66.67%, while 16.67% spoke both of negative and positive results. Thus, even though voluntary activities may not contribute to great improvements, chances are much higher that the situation can be bettered when activities are offered, as compared to when nothing is done. **Which factors determine whether CSR leads to changes in**

²⁴ Overtime was most frequently found in companies with a young workforce, tended to occur in transport services and was least present in Mediterranean countries.

outcome? When looking at whether this company-perception is confirmed by the statistical analysis, it turns out that again the effort indeed contributes to an improved situation regarding overtime hours (judged by improvements between 2007 and 2010) – yet, the effect is small. The company’s commitment (whether the director is answerable to this CSR issue) has the same effect²⁵. Differences between companies (reference year 2010) and the level of overtime underline the positive effect of a company’s effort: Activities implemented to address overtime have the highest influence, while companies’ commitment and output hardly affect overtime work. This notion that voluntary activities have an effect seems to be shared by the panel experts’ point of view: The impacts of voluntary activities for work-life balance were considered to be rather elevated, both today and in the future.

Drawing a conclusion, work organisation, work-life balance is seen as an important issue in general, but is not among the most important ones. It is not integrated into company strategies and targets as thoroughly as others (both in large and small companies) instead it rather seems to be addressed with activities. These – at least in SMEs – are frequent and lead to positive outcome results (with respect to working hours, and to a certain extent also to dignified housing, although the latter statement is only based on the perception of companies and not statistically founded). Voluntary company activities are therefore important means of improving the situation of overtime work and bring effects – however it seems that some but no great improvements are achieved through CSR. One has to keep in mind that the above presented results only refer to SMEs. Also, considering the much broader scope of this QoJ-issue, it is important to remember that overtime hours are just one aspect and the results are not transferable to other aspects of this issue. It is interesting to note, **with regard to EU objectives**, that the Employment in Europe report 2002 highlights some positive effects on work organisation, work-life balance which can emerge as a result of a generally enhanced quality of jobs. Particularly women and people with caring responsibilities are expected to see improvements in this QoJ-field as an incentive for labour market participation (Peña-Casas 2009: 23). As statistically significant results mainly relate to overtime hours, conclusions on other aspects of this issue are difficult to make.

3.9 Human rights and the supply chain

Human rights and the supply chain is not part of the objectives that is emphasised by the Lisbon Strategy or by Europe 2020. Yet it is taken up in the recently published EU Strategic Framework and Action Plan on Human Rights and Democracy with the anticipated outcome “Implementation of the UN Guiding Principles on Business and human rights”²⁶. Human rights and the supply chain is also included in the objectives of the Community Strategy 2007 – 2012 on health and safety at work, in which the EU states its interest to globally raise labour standards. In this document, the EU declares its intention to strengthen the cooperation with organisations such as ILO

²⁵ Company’s effort: .03*; company’s commitment (director answerable): .03**

²⁶ Actions to be taken to reach this target include (a) Ensure implementation to the Commission Communication on Corporate Social Responsibility, in particular by developing and disseminating human rights guidance for three business sectors (ICT; oil and gas; employment and recruiting agencies), and for small and medium-sized enterprises”; (c) Develop national plans for EU Member States on implementation of the UN Guiding Principles (

and WHO as well as “working together with other nations to promote implementation of the Global Strategy on Occupational Safety and Health, adopted by ILO in 2003”, and “stimulating the ratification of ILO Conventions by the Member States” (European Commission 2007: 14f).

Did companies consider the issue of Human rights to be relevant for them? Human rights was laid out as a sector-specific issue in the textile sector (although naturally it is important for other sectors as well, it is clearly at the core of quality of jobs-related CSR-activities in the textile industry). Nevertheless, the vast majority of WP3 case companies throughout the sectors considered human rights issues to be important to them or the sector. This unanimity is however not reflected in all project’s findings: The Delphi Study panel experts did not consider human rights to be among those issues that were of major relevance for the different sectors (retail, construction, ICT) – however the results confirmed that this issue is particularly important in the textile industry. As human rights is in general an issue of concern (and potentially attracts much debate and publicity), preventive action needs to be taken. Accordingly, the WP3-case studies showed that it is in general thoroughly integrated in company strategies or policies. Furthermore, despite the sector-specific approach, it became apparent that most case companies also assess their performance and use indicators²⁷. The data retrieved from the Sustainability rating scheme indicate, that only a relatively small share of the large companies (18.9%) is signatory to the UN Global Compact. Nevertheless, the SME-survey indicates that the importance which is generally attached to human rights is not restricted to large companies, but is instead also an issue that small and medium-sized companies address: 27% of the SMEs participating in the survey reported not to offer activities, implying that the majority does. 14% of these measure their performance, 17% set targets and 15% report on the labour conditions of suppliers and respect of human rights.

Regarding the relatively high share of SMEs conducting activities, as well as this issue’s generally thorough integration into the WP3 case companies CSR-strategies and performance assessments, a closer look shall be taken at how companies **implement this issue in terms of activities**. Generally, audits are a common way of assessing the company’s performance. However, not all companies that report to assess their suppliers concerning human rights also conduct audits: Some favour mutual learning activities (workshops etc.) instead of strong control measures, but they have also implemented institutional chains for identifying “bad cases” or conduct gap analysis of risk of human rights. Information for small and medium-sized companies provides insights into the **frequency of such activities**: As mentioned before, human rights turned out to be an important item also for SMEs and those implementing activities to improve labour conditions of suppliers with respect to human rights did so in almost 50% of the cases continuously/through certifications. For 26% the implementation was incidental (specific activities). 38% of SMEs cooperate with other companies in the supply chain to achieve CSR objectives. Out of the small and medium-sized textile companies (sector supplement), 82.1% implement activities to ensure compliance with human rights standards in the supply chain, while only 1.8% stated that they didn’t (the remainder considered this issue not to be relevant to them). Regarding the introduction of supplier standards and monitoring of supplier compliance with ILO standards (ethics

²⁷ Human rights are a fundamental part of CSR and are addressed by various institutions, guidelines, conventions and declarations (such as ILO: Tripartite Declaration, OECD, UN Global Compact, etc.). Companies which are signatory to such initiatives or member of respective organisations have to follow guidelines and consequently certain requirements for implementation (i.e. measuring). For example, the GRI includes several indicators on Human rights (HR1 – HR9) (GRI 3.0, not taking into account sector supplements), just as ISO 26000 subsumes eight overarching areas of action under the core aspect of human rights. Logically, these preconditions account for a certain level of implementation among the companies observed in this study.

code), a comparatively smaller share of 46.4% reported activity, while 28.6% did not (not relevant for 25%). In general, the panel experts of the Delphi Study expected that the impact of voluntary human rights activities will increase in the future.

Does CSR contribute to outcome changes? General statements regarding the effect of CSR activities on the outcome that are substantiated by quantitative data are difficult to make, especially owing to the fact that data from companies within the supply chain would have been needed. Information from the textile company case studies (WP3) suggest that CSR activities (such as audits, workshops, capacity building) can have the potential to influence working conditions in the supply chain when suppliers have to comply with specific conditions (e.g. adhere to companies' codes of conducts). This possible effect was perceived by small and medium-sized textile companies participating in the WP2-survey: Of those companies which introduced supplier standards and monitored supplier compliance with ILO-standards, the majority (56%) reported a higher share of suppliers' compliance as a result, whereas 39% did not perceive any changes (6% experienced negative developments). Such activities have thus led to a far greater improvement in the number of suppliers complying with ILO standards as compared to a situation where no activities were offered: In this case, only 25% reported positive developments, while for 50% no changes became obvious and 25% replied that the situation deteriorated. Those small and medium-sized textile companies offering activities to ensure compliance with human right standards in the supply chain mentioned in 47% of the cases positive results, while the remaining 53% considered the outcome to not have changed. Activities in this regard seem to have a high influence, taking into account that when no activities were offered, the number of suppliers who do not comply with human rights remained stable. No statistical well-founded information is available which would provide insight into which factors determine whether CSR contributes to outcome changes.

Drawing a conclusion, companies generally acknowledge human rights to be important, irrespective of their size. This is also related to the presence of global organisations and institutions with indicators and guidelines which many companies adhere to. While this issue is clearly relevant for other industries as well (such as ICT), it turned out that particularly textile companies consider it as important. Depending on the degree of outsourcing of production, human rights are in the focus of CSR activities of textile manufacturers and it is seen as the QoJ-issue where companies can have their most important impacts as well as their greatest risk of reputation. But even if these sectoral differences are present, the case companies of WP3 address human rights in general very comprehensively compared to other issues. The SME survey showed that voluntary activities are seen as frequently leading to improvements, even if results oftentimes also remain unchanged – nonetheless, the situation always improves compared to when no activities are implemented. Whether CSR contributes to improvements can however not be answered on a statistically well-founded basis. As has been laid out at the beginning of this sub-chapter, the issue of human rights has not been taken up explicitly in the **EU strategies** referred to earlier (although it is for example emphasised in the objectives of the Community Strategy 2007 – 2010). It is likely that impact can be caused by the companies regarding the human rights in their supplier relations. As has already been described in connection with the issue of wages and poverty reduction, the case companies of the retail sector frequently mentioned the increase in Fair Trade products and the subsequent implications on working conditions in the supply chain (Fair Trade farmers) as impacts on society. However more in-depth research needs to be conducted to prove these assumptions. In general, NGOs think that the textile sector needs to take more action to address human rights.

3.10 Intrinsic Job Quality

The European Commission states that jobs “ought to be satisfying, compatible with a person’s skills and abilities, and provide appropriate levels of income”, with one of the chosen indicators for this dimension being self-reported job satisfaction (European Commission n. y. b). However as mentioned before, it is frequently stated that the significance of the quality of work had been more ambitious in the early stages of the Lisbon strategy and has weakened in favour for the emphasis on quantitative aspects since the strategy’s review in 2005 (e.g., Davoine 2006; Peña-Casas 2009). The focus of EU policy is described to have shifted towards an employer’s perspective and the QoJ-issue in general is rather perceived as a productive factor (Peña-Casas 2009: 7).

This issue was investigated specifically in the textile industry, considering that intrinsic job quality is reported to be relatively low for most employees in production (one of the least satisfying categories in this sector) and that these jobs are characterised by monotonous and repetitive work with a high segregation of tasks. The indicators related to the perceived satisfaction rates with safety and hygiene of the working conditions, time hours and time schemes as well as production quotas. Looking at the employees’ satisfaction with these aspects, it therefore represents the subjective view on working conditions (as opposed to the objective presentation of working conditions in for example the issue of work organisation, work-life balance). ***Did the companies consider the issue of intrinsic job quality to be relevant for them?*** As it turned out, the intrinsic job quality is generally considered important by the WP3-case companies, however not necessarily in the textile sector (e.g., as compared to the retail sector). Similarly, also the Delphi Study found sectoral differences regarding the importance attached to intrinsic job quality, showing that it was of greatest relevance in the ICT sector. Based on the case study findings, the issue was included in companies’ strategies (with sectoral differences, mostly observed in the retail sector) and targets were defined. Interestingly, two companies included this issue in their managerial bonus scheme. Considering the previously described rare integration of CSR-issues in remuneration systems, this is worth noticing and shall be discussed in the following sub-chapter (Interactions of QoJ with environment and economics) in more depth. In general, it appeared that the case companies (again, mainly those of other sectors than textile) assessed their performance rather frequently – this happens commonly through satisfaction surveys.

Companies use such employee satisfaction surveys to estimate the intrinsic job quality of their workforce and ideally react to the results (e.g. through the ***implementation of specific activities***). In the textile companies of WP3, it was asked whether companies investigate the perceived satisfaction with safety and hygiene issues of the working conditions, with time hours and time schemes as well as with the current production quotas. It was then asked, whether respective actions exist to raise the satisfaction rate of the employees by improving the situations if necessary. Therefore, activities do not target at the intrinsic job quality directly, instead companies address this issue through activities described for other QoJ-issues (such as health and working conditions, flexibility and job security or work organisation, work-life balance), reacting to the outcome of the surveys. To show how the implementation of satisfaction surveys can look like in practice (although this is not an example for the textile sector as these were rarer), the example of one retail company shall be presented. The retailer introduced a voluntary employee satisfac-

tion survey to gather spontaneously formulated opinions every two years. Whereas at first there was scepticism regarding the anonymity of the survey and the participation was very low (20%), the employees' trust grew, resulting in participation rates of 100% after four years time. An example for how a company subsequently reacts to the results obtained from such surveys could be found in the automotive sector: The company received negative feedback from its employees on the situation of work-life balance in the company. It then responded with the introduction of pilot programmes, such as a web-based portal dedicated to the preparation of administrative documentation (thus saving time compared to visiting public administration offices). Another example for what companies do to raise the well-being at work (and therefore the intrinsic job quality) was found in one textile company, which subsidises dining, company transport and flexible hours for non-store staff, intending to contribute to a positive work culture. Other examples are frequently offered flexible working arrangements or remote work in the case of an ICT company.

How frequently are satisfaction surveys conducted? As mentioned in the beginning of this sub-chapter, satisfaction surveys appear to be conducted relatively frequently among the case companies (WP3)²⁸, however more often in other sectors than in the textile industry. The results from the WPs do not entirely coincide and findings from WP2 are insightful to gain a broader perspective on small and medium sized textile companies. The SME-survey showed that 57.1% of the participating small and medium-sized textile companies investigated the perceived employee satisfaction regarding the piece work and working hours in factories/ the supply chain. 19.6% of the companies did not investigate the employee satisfaction with this regard, whereas 23.2% did not consider it to be relevant to them. When looking at the satisfaction with safety and hygiene issues of the working conditions, it becomes apparent that this issue is of greater importance to the companies: A large majority of 78.6% investigated the satisfaction of their employees, whereas only a very small share of 3.6% did not and for almost 18% this aspect was not relevant.

Does CSR affect performance? As previously described, this issue is of a special nature, as activities offered to enhance the intrinsic job quality are generally found among other QoJ-issues (e.g. health and working conditions and work organisation, work-life balance). Nevertheless, when looking at the activities offered by the SMEs mentioned above, it turns out that those companies implementing activities to raise their workforce's satisfaction regarding the number of pieces which ought to be produced and the working hours, received mainly stable results (52%). A share of 43% experienced positive effects, while 4% reported that the situation got worse. When in turn no activities were introduced to raise the satisfaction rate, one third still experienced positive results, while two thirds did not notice any changes. Regarding the satisfaction rate with safety and hygiene issues of the working conditions, those textile manufacturers which implemented activities, again mainly received stable results in the satisfaction surveys (50%), while almost as many (47%) noticed positive changes (the remaining 3% reported negative results). Therefore, CSR-activities undertaken by textile companies seem to have improved employees'

²⁸ Performance measurement was reported for roughly half of the companies – however keeping in mind that this was not a cross-sector issue (and therefore not investigated in all sectors in depth), it is may be the case that even more companies conduct satisfaction surveys in order to estimate their performance regarding the intrinsic quality of the jobs in their companies.

satisfaction in a little less than half of the cases, while for a slight majority the satisfaction rate stayed the same. Statements regarding factors which determine whether it is CSR that leads to improvements in the intrinsic job quality cannot be made on a statistical well-founded basis.

Considering these results, **one can conclude** that the intrinsic job quality is generally perceived as important and although this is an issue which is highly relevant for the textile sector, it turned out to be more often addressed in companies of other sectors investigated in WP3 (such as the retail or ICT sector, where it however refers to a more general level of employee satisfaction and is not related to the production process which was in the focus of the textile sector). The fact, that intrinsic job quality is generally considered to be important, also has to do with competitive reasons. Depending on the industry, companies try to attract the best employees and therefore attach great importance to employee satisfaction. WP3-case companies conducted employee satisfaction surveys relatively frequently, just as the majority of small and medium-sized textile companies (WP2). The results of these surveys ideally translate into activities to improve the specific outcome and are therefore diverse and subsumed under other QoJ-issues. Specific activities from small and medium-sized textile companies (raise satisfaction with certain aspects of production) led to mostly stable results, but also in many cases to improvements. The intrinsic job quality is an important issue as it portrays the subjective view of the employees, which also means that it also strongly depends on individual/ internal and external influences. **With regard to EU objectives**, this issue is insofar relevant, as it can generally serve as an indicator for the state of the entire QoJ-domain as it subsumes different aspects. This is helpful also because the Employment in Europe 2002 report states that general improvements in quality of jobs influence the subjective job satisfaction positively and lead to higher productivity (Peña-Casas 2009: 23).

4 CONCLUSIONS AND OUTLOOK

The scope of this chapter was to explore, based on the findings of the IMPACT project, how quality of job-issues are addressed on the company level and if CSR influences the outcome. It was looked into how these issues are addressed with EU objectives (mainly the Lisbon Strategy and Europe 2020) and whether interactions between the different CSR dimensions (i.e., in the QoJ, the environmental and the economic domain) become apparent.

First and foremost, it became apparent that all of the QoJ-issues are generally considered important by the companies – however to varying degrees, depending on the sector and the company size. Yet, clearly sectoral differences arise:

- In the *automotive industry*, a broad range of issues were emphasised: mainly skills and life-long learning, health and safety, flexibility and job security, work organisation & work-life balance as well as social dialogue – which resemble the areas where activities were perceived to have effects (except for flexibility and job security).

- In the *construction sector*, the focus clearly lay on health and safety, with activities having most effects regarding health and safety and skills, life-long learning.
- In *ICT*, the prevalent issues were skills, and life-long learning, work organisation, work-life balance, intrinsic job quality, gender equality and diversity. Effects of activities were particularly perceived regarding skills and life-long learning as well as work organisation, work-life balance.
- *Retail companies* seem to attach importance relatively evenly on the QoJ-issues, with their activities having the highest influence in health and safety, skills and life-long learning and diversity, much more than for the issue of wages and poverty reduction.
- Emphasis in the *textile sector* was put on human rights, health and safety, as well as flexibility and job security. Activities were perceived as most effective in terms of human rights and health and safety.

In general, health and working conditions (health and safety) and skills and life-long learning were considered to be the most important issues in the Quality of Job domain.

When looking at the different issues and how they are addressed by the companies, it became apparent that the initial acknowledgement of importance does not translate into subsequent engagement for all issues alike. This means that companies approached some issues in a more encompassing way than others: For example, the issues health and working conditions and gender equality (in large companies) were generally more comprehensively addressed (i.e. regarding their inclusion in strategies, targets, performance measurements and implementation of activities), than for example the issue of wages and poverty reduction, work organisation, work-life balance or diversity and non-discrimination. This was also reflected in the availability of quantitative data. However, the whole IMPACT cycle needs to be taken into consideration: The findings demonstrate that companies' commitment and output is one aspect, but issue-specific implementation is at least just as relevant – if not more: Even if a company's commitment or output does not specifically address a certain issue, activities may still exist and contribute to outcome changes. On the other hand, if a company is committed and includes an issue in their strategies and sets targets but does not offer activities to improve the situation, then changes are much less likely to occur and the effect remains more or less rhetoric.

This could in some cases be seen in large companies where it was shown that CSR commitment fosters CSR output and the implementation of CSR for board diversity and the implementation of activities fosters changes in outcome (this effect was not observed for health and safety). In SMEs however, this chain of effects was more apparent: CSR commitment was observed to encourage CSR-output and the issue-specific implementation. Particularly this issue-specific implementation exerts influence on outcome changes (at least for some issues), underlining the role of implementation as a crucial mediator between commitment/ output and outcome. It turned out that the effort a company invests in implementing a specific issue improves changes in outcome for almost all QoJ-aspects (gender, diversity, work organisation and work-life balance, health and working conditions and collective bargaining) – even though changes were small (generally below 1%). Nonetheless, even though the outcomes were perceived to have remained relatively stable,

the trend indicated a slight improvement²⁹. Furthermore, the share of companies that considered the outcome to have improved was always higher when related activities had been introduced compared to a situation when this was not the case (then the vast majority of companies reported that the results remained stable). Therefore, in general, CSR influences the outcome of certain issues to some extent, but may not be capable of contributing to big performance changes.

Generally, the vast majority of small and medium-sized companies seems to engage in CSR either consciously or unconsciously, and only 7% denied that they were active in CSR. The SMEs that participated in the survey attributed improvements in specific QoJ-issues to their own voluntary initiatives and less so to legal requirements or collective initiatives. Yet, this positive effect of issue-specific implementation to contribute to outcome changes does not apply to all QoJ-issues alike and the effect of CSR activities was higher for some issues than for others.

The influence of CSR on outcome changes was generally *higher* for the issues

- Skills and life-long learning (*but for example in SME retail companies, better adaption to work measures and jobs for unemployed are considered to be relevant but are not frequently offered – yet when they are, they lead to positive results*)
- Diversity and non-discrimination (*but findings from the case studies as well as the SMEs indicate that activities rarely focus on elderly employees*)
- Gender equality in upper management
- Health and working conditions (*shown in SMEs, reverse causation in large companies*)
- Social dialogue and worker involvement

The influence of CSR on outcome changes tended to be *lower* for the issues

- Wages and poverty reduction (*despite the high share of SMEs implementing activities to guarantee fair wages, this does not lead to changes on the outcome level and also in large companies the effect is considered to be low*)
- Flexibility and job security

Naturally, the uptake and implementation of certain QoJ-issues also has to be seen in context with existing market mechanisms, such as national legislation (e.g. regarding health and working conditions). Therefore, companies' focus on certain issues and their performance is not always explicable by CSR but may have multi-faced reasons. The issue of gender equality serves as an interesting example which is worth looking at more closely: While not stipulated by law in all Member States, company data for the WP3-case companies were generally available to a very large extent. Furthermore, this issue was well integrated in these companies' courses of business (depending on the sector), which naturally also has to be seen in conjunction with companies' intention to attract as much skilled personnel as possible. In the wake of the long-lasting European discussion about statutory female quota in companies, one possible explanation for this high data availability is that companies started to collect data in preparation for an expected introduction of such regulation. Considering the influence of EU policy measures on company behaviour, this is a very interesting example and may be seen in connection with the perspective that corpo-

²⁹ Among the small and medium-sized ICT companies improvements were comparatively more often observed.

rate responsibility is more likely to include contentious issues once companies experience pressure from government and civil society (Blowfield/Murray 2008: 553). This perspective implies that effective CSR does not necessarily stem from voluntary actions alone, but instead is also influenced by mandatory regulation. Political or public debate thus may raise companies' awareness and motivates or creates its own dynamic for an issue. Therefore, particularly considering issues which do not profit from CSR as much as others, the role of legislation needs to be emphasised.

As a concluding remark, the results show that all QoJ-aspects are important for the companies and CSR may contribute directly or indirectly to the attainment of EU objectives – however, rather to a small degree. This is in line with the Delphi Study's finding that CSR has a lower influence than other policy instruments. Thus, particularly those issues which are at the core of EU strategies would need more support of legislation in order to generate significant outcome changes. It turned out that data is generally collected in a decentralised manner and no data processing management for QoJ exists. In order to be able to collect comparable data, interview partners mentioned that an easy approach to Quality of Jobs with less complex indicators would be needed. The IMPACT framework offers a good possibility to approach QoJ-issues as it reflects the whole cycle. It does not only focus on the commitment, the output and the measurement – all of which are important: A better inclusion of QoJ-aspects into company strategies and formulating targets are effective – and measuring performance with indicators (according to the management principle “what gets measured gets done”) is relevant for companies as it allows them to be susceptible for development and engage in an internal process of continuous improvement. Moreover, the emphasis is clearly on the implementation of issue-specific activities as these were shown to have the greatest influence in the CSR-cycle.

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