Linking Corporate Social Responsibility, Good Governance and Corporate Accountability Through Dialogue

Discussion Paper

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Foreword

This paper has been written by Tom Bigg and Halina Ward of the International Institute for Environment and Development at the invitation of the Swedish Ministry for Foreign Affairs. It is intended to generate discussion on the potential for the creation of an international multistakeholder process to address some of the key gaps in the contemporary agenda on 'corporate responsibility' or 'corporate social responsibility'. It has not been possible to discuss any of the options outlined in the paper with individuals or agencies whose activities we refer to and we therefore stress that the views that we put forward in this paper are ours alone.

Introduction

The idea of responsible business behaviour is far from new. But since the 1990s, increasing concern over the impacts of economic globalisation has led to new demands for corporations to play a central role in efforts to eliminate poverty, achieve equitable and accountable systems of governance and ensure environmental security. In essence, the approach is to view business as part of society and to find ways to maximise the positive benefits that business endeavour can bring to human and environmental well-being whilst minimising the harmful impacts of irresponsible business. The agenda that has resulted from these concerns has variously been called 'corporate citizenship', 'corporate social responsibility' (CSR), 'corporate accountability' or simply 'corporate responsibility'.

This paper is about international institutional arrangements for the CSR agenda. Its starting point lies with two insights:

a) First, that there is not yet any forum in which the full range of actors – governments, civil society and businesses, big and small, rich and poor – can come together to explore and build understanding on some of the most difficult areas within the CSR agenda, and second
b) That this holds back progress in some important areas and therefore the potential for CSR to contribute positively to the pursuit both of public policy and business goals.

One of the most significant issues within the CSR agenda concerns the dynamic relationship between CSR and good public governance. The limits both to corporate accountability through law and to 'voluntary' CSR-related actions by businesses lie with the public good governance agenda. Legislation to deal with worst case instances of irresponsible behaviour and to set a minimum floor for business conduct will not work in the absence of effective drivers for business implementation and enforcement, whether they be market-based, or a result of enforcement through the state.

A number of initiatives have address different aspects of the relationship between good governance, CSR and corporate accountability. They include the OECD Guidelines for Multinational Enterprises, the UNDP High Level Commission on the Private Sector and Development, and the UN Global Compact/UNDP 'growing sustainable business in least developed countries' initiative. But there is still no comprehensive institutional setting or process within which to build understanding on the relationship between good governance, market-based corporate social responsibility, and corporate accountability.

The Central Need: linking corporate social responsibility, corporate accountability and good governance

The relationship between CSR, corporate accountability and good governance speaks to three related defining themes in contemporary discussion of global governance.

- First, efforts to redefine the positive role that private enterprise can play in delivering sustainable development and societal aspirations that are expressed at the highest level through instruments such as the Millennium Declaratoin and the Universal Declaration of Human Rights.

- Second, to revisit the relationship between states and their respective citizenries as capital flows between nations. Both economic globalisation and the international security agenda have led to a focus on ways to develop effective governance structures for the impacts of actors who are able to coordinate their activities transnationally. From a CSR perspective the central questions is where do the relative oversight and support responsibilities of home and host country governments and non-governmental organisations lie when a multinational corporation makes an investment away from its home country?

- Third, ongoing efforts to define the relationship between state and market in an era of both economic globalisation and human insecurity.

Understood as a market-based approach, CSR seems to work best where public governance capacity and institutions are strong and civil society well developed. In countries or regions where public governance is weak, stakeholder demands for corporate social responsibility create uneasy dilemmas for businesses. Many large companies have expressed worries about the extent to which CSR has led to demands that they deliver public goods to communities where they work (such as healthcare, education or infrastructure) in areas well beyond their core competences. These issues can be particularly acute for businesses in the extractive sectors which are used to working in remote parts of the world where host country government casts only a weak shadow. Weak institutions of civil society or public governance can in turn mean that the best-intentioned business programmes fail to realise their potential.

Business acting alone cannot take on the job of creating the public governance and watchdog institutions of a well-functioning society. But business experience can point to problem areas and business, working with others, can support the development of well-functioning societies.

There is a direct business case for addressing issues of good governance. For *responsible* businesses, the business case extends well beyond the traditional 'enabling environment' for investment, to recognition of the value of strong civil society, of investment in the public goods necessary for human development, and respect for human rights. The challenge is to link these agendas. The key players span nations, sectors, public and private agencies, and civil society at transnational, national and sub-national levels.

Some Critical Dividing Lines

There is clearly value in taking steps to mature the debate on CSR. The question is how could a more comprehensive understanding of key issues be developed, involving all stakeholders and transcending some of the dividing lines that currently block discussion? We believe that it is worth pursuing the idea of a transnational network-based approach to addressing the themes that we have identified. Failure to make progress in these key areas risks consigning much of the current CSR agenda to history by limiting the areas where it is able to generate positive change. But making progress will need a catalyst; it will need multi-regional (and therefore international) stakeholder participation; it will need multistakeholder participation; and it will need transnational coordination.

Whilst there is a strong case for addressing CSR, corporate responsibility and corporate accountability alongside one another in an integrated way and with a global perspective, any process with this aim would need to be capable of acknowledging and transcending some major dividing lines within the current CSR debate. Failure to do so could mean that any new process simply locks in current positions, holding back progress further.

These dividing lines include the following:

- A 'voluntary versus regulatory' tension - between voluntary commitments by businesses, adopted in response to a variety of market-based drivers on the one hand, and governmental regulation requiring companies to conform with legally binding norms on the other. Often, this dividing line is expressed as a distinction between 'corporate social responsibility' (voluntary) and 'corporate accountability' (mandatory). 'Voluntary' and 'regulatory' activities have too often been treated as either/or options instead of within an appropriate, and balanced, mix of approaches to eradicating bad behaviour whilst encouraging innovation, joint learning and best practice.

- A 'best practice' versus 'bad practice' tension – between those who want the CSR agenda to focus only on how to encourage 'best practice' and innovation, and those who see value in seeking also to learn from 'worst practice' to eradicate the most exploitative forms of business behaviour.

- A major dividing line between endorsement of CSR standards in high income countries (expressed, for example as indicators, supply chain requirements, or codes of conduct), and insights into the standards that can feasibly be achieved or assessed in poorer middle and low income countries. There is a real risk that the dominant CSR agenda's origins in Northern business and policy communities could generate demands that further marginalize smaller enterprises, or generate unfair market access impacts that are simply not addressed and therefore cannot be censured through existing processes such as those of the World Trade Organisation.

- A division between those who argue that a proliferation of standards and guidelines generates unnecessary business costs, the solution to which must be harmonisation, or at least convergence; and those who argue that what is needed is continued experimentation with the goal of building understanding on how to develop standards and tools that are more equitable – particularly in relation to stakeholders based in middle and low income countries.

- Significant differences over the process by which CSR should be put into effect. These include issues over monitoring compliance to agreed standards, and also processes for developing and adopting widely-accepted standards.

- Finally, it would be wrong to assume that the CSR agenda has yet achieved consensus at the level of basic value propositions. Indeed, the strategic choices that are associated with the CSR agenda can bring clashes between different world views into play. For example, there is no consensus on the value of differential protection or support for small enterprise or the informal sector in low income countries.

What could a new transnational process seek to do?

In the following sections, we consider some of the possible models for the creation of a new transnational or international network – perhaps a 'CSR Task Force' or 'Commission' – drawing on existing international processes and networks.

Building on our analysis of current gaps and dividing lines within the agenda overall, we suggest that there are four overall themes which such a process could address.

1) **Integrating public governance and CSR.** Under this theme, the process could consider the dynamic relationship between public sector roles and responsibilities, and market-based corporate social responsibility practices. What is the range of public sector roles in creating the 'enabling environment' for corporate social responsibility, across economic, environmental and social issues? What are the respective roles of home and host country governments and institutions? How could the community of development cooperation agencies play a role in tackling the interface? This strand of the process would need to integrate insights from the Financing for Development process, the World Summit on Sustainable Development, case studies of situations where conscious public sector engagement with the CSR agenda has brought benefits, and instances where weak public sector capacity or institutions have failed to provide the effective baseline above which market-based drivers can work to incentivise improvement. The aim would be to come up with a blueprint of policy recommendations, principally addressed to public sector actors, but of wider relevance to businesses and not-for-profit enterprises.

2) **Learning from mistakes.** The market-based 'voluntary' focus of the current CSR agenda is associated with an emphasis on creating the right conditions to incentivise best practice improvements in business behaviour. There is an unmet need too to learn from instances of 'bad' or 'worst' practice, which test to the limit the potential of market-based incentives for improvement. Worst case scenarios such as the Baia Mare incident in Romania; the legacy of the Thor Chemicals mercury reprocessing site in KwaZulu Natal; or the Union Carbide gas plant disaster in Bhopal, all offer profound learning experiences that could inform efforts to define the relative roles and responsibilities of home and host country governments; the different economic entities within multinational corporations; and the legal means through which business associations of different kinds are constructed. Recommendations here are likely to be addressed to businesses, public sector agencies in home and host countries, and also to bilateral development cooperation agencies.

3) **Building a more inclusive agenda.** The current corporate social responsibility agenda has been driven largely by stakeholders based in the high income countries of the OECD. Yet tools such as labelling, certification schemes, and consumer boycotts, have the potential to impact – sometimes significantly – on the livelihoods of people in other countries who may have had no role in shaping the agenda, yet are asked to integrate it in their practices. CSR needs to become more 'equitable' through the direct involvement of southern

stakeholders, and respect for local perspectives in contexts that may not so far have been considered relevant. There are many practical areas to address: processes for setting and implementing CSR standards; the distribution of costs and benefits associated with CSR standards; information and technical assistance needs that could transform CSR standards from market entry requirements to tools of positive market gain; and the balance between global consensus on minimum standards, and the development of locally relevant guidance. The audiences for recommendations from work under this theme are likely to be not only businesses, but also non-governmental standard-setters and public sector actors.

4) **Multistakeholder review of existing CSR practices.** Here, we suggest that there is value in building a multistakeholder review process into any new initiative's mandate. IIED's experiences with participatory monitoring and evaluation and our ongoing work with Southern partners to consider external dimensions of the EU's sustainable development strategy, point to the value of adopting a 'learning culture' within the CSR agenda – opening CSR policies and approaches at the sectoral, national or regional level to insights and critical review by a variety of actors through multistakeholder processes. The UN Global Compact's Learning Forum and a variety of peer review-based benchmarking projects are examples of spaces existing recognition of the value of this approach. Such a process might take place on a rotating basis in relation to the activities of different stakeholders. One could envisage reports on a series of CSR practices, including the activities of businesses within individual sectors, national public policy approaches, individual business practices, and the approaches of non-governmental organisations campaigning on issues within the CSR agenda. The aim should be to develop recommendations on how the contribution of the sector/government/NGO to CSR could be enhanced. This could help to build a body of insights and experience that may in turn help to shape developments in the broader agenda and achievement of linkages between different themes. To work, the process would need to be highly depoliticised, with individual participants acting in their personal capacities and no requirement for consensus reports.

Any new process will need to integrate a strong 'mutual capacity-building' element across the full range of its activities, so that all participating stakeholders are aware of one another's core interests and approaches and a culture of joint learning and cross-cutting capacity-building is fostered. One incidental benefit is likely to be that participants are able to take a far wider range of insights and perspectives into their own work on the CSR agenda.

A comprehensive and legitimate transnational corporate responsibility regime that addresses the four themes that we have outlined here has the potential to offer considerable benefits. A staged approach will be essential. It will not be possible to address all of these themes immediately. If the process is to have credibility and be effective, the full range of stakeholders have to be involved – including business, governments, international institutions, NGOs, and trade unions – even if for practical purposes a 'coalition of the willing' approach from each of these stakeholder groups is adopted.

Notwithstanding the potential benefits, there are also risks in seeking to fill the obvious gaps in the CSR agenda through this kind of approach:

- An approach that focuses on building a 'coalition of the willing' whilst leaving behind more reluctant actors could offer a means by which to arrive at a more progressive model – but it might also work to undermine institutions based on consensus. A 'coalition of the willing' approach may make assumptions about the existence of common approaches and policy and political contexts for addressing CSR in different countries whereas in reality the picture on the ground is that there is considerable diversity between policy contexts – particularly between the EU and the US.

- Efforts to achieve greater coherence might lead to development of regimes or policy statements that are unwelcome for some stakeholders – for example, by spurring action to bring CSR within the scope of the WTO, by initiating new discussions intended to lead to a global corporate accountability convention, or generating an authoritative statement that CSR is an inherently voluntary approach.

- Efforts to build a new international process could, without a significant process of internal reflection, result in the premature imposition of existing concepts and dividing lines on stakeholders based in middle and low income countries by a range of Northern actors. When transferred to the international level this could risk crystallising inequalities and lending an apparent legitimacy to an agenda that still has much to learn about its relevance to and resonance with stakeholders based in middle and low income countries. The resolution of this challenge lies with the integration of a strong capacity-building element within the process.

- At a time when there is no consensus even on basic starting points, it may prove extremely difficult to achieve agreement on the objectives or starting points of a new process: is the fundamental issue that of sustainable development; the need to tackle excesses of corporate power in a globalised economy; or the need to encourage businesses to behave more responsibly – or are these different starting points no more than reflections of 'stakeholder interests' that can be dealt with through a consensus-building process? Any process will need to allow space for the value of each of these perspectives to be addressed.

- The current lack of coherence between the various institutions and processes that address CSR is unhelpful. But it may, paradoxically, have helped to provide space for small numbers of weaker actors and policy regimes to experiment with progressive agendas. It may be that the existing tangle of overlapping and conflicting CSR efforts actually creates the space for a diversity of approaches. There is a danger that any push for more uniformity around a common set of values and a unified approach to CSR would reduce the potential for 'cutting edge' innovative models to emerge, undermining the capacity for CSR to address goals of particular significance to specific communities.

- At international level an initiative on CSR which involves only more 'progressive' governments and stakeholders in those countries may lessen the legitimacy and effectiveness of the UN in its efforts to achieve broad-based acceptance of common standards and goals. A self-selected process may also serve to marginalise weaker actors by removing their capacity to veto particular ideas or by placing greater importance on the ideas and capacity of a core group of actors; at a minimum this is likely to reinforce current power imbalances between different actors.

Institutional Setting

What kind of institutional setting could the process have? This section addresses some of the options derived from existing processes. The alternatives are broadly to create a new free-standing process which is not answerable to an inter-governmental body, or to empower some existing institution or process to play this role. The latter option is likely to bring official status and credibility, while the former will probably allow greater flexibility and fewer political constraints. Neither option is ideal, but it is difficult to envisage a model that would allow for both elements to coincide effectively.

The High Level UN Agency Commission Approach

The initiative could take the form of a High Level UN Agency Commission such as the current UNDP High Level Commission on the Private Sector and Development.[1] The value of a Commission made up of eminent individuals and answerable to a UN body lies in its capacity to draw attention to the issues on its agenda and to engage key actors in its deliberations. The principal drawback (as mentioned above) is the likelihood that such a Commission would be unable to carry out its work without some degree of external political influence. This could be evident in its terms of reference, in its membership, in the need for formal endorsement of its findings before these can be made public. All of these indicate the disadvantages of exposing a complex set of problems to the realities of UN politics before they have been adequately considered and viable proposals for action identified.

The UN Commission on Sustainable Development Approach

A related option, though of a slightly different status, would be to create a subsidiary body under the UN Commission on Sustainable Development (CSD). The CSD has previously created an Ad Hoc Open-ended Intergovernmental Group of Experts on Energy and Sustainable Development (1999-2001)[2] which was charged with considering 'key issues relating to energy and sustainable development' and coming up with ways in which the CSD could usefully address these. In practice the Group spent much of its time negotiating text and did not come up with a coherent or particularly useful set of findings.

The CSD's methods of work (as elaborated in 1997) state that '*inter-sessional ad hoc working groups should help to focus the Commission's sessions by identifying key elements to be discussed and important problems to be addressed within specific*

[1] Launched in 2003, the High Level Commission aims to engage the private sector in efforts to achieve the Millennium Development Goals. The Commission is focusing on both means for least developed countries to attract foreign investment and also ways in which domestic capital can be mobilised (see www.undp.org/cpsd/).

[2] See http://www.un.org/esa/sustdev/sdissues/energy/intergov/enrexpert.htm for more information

items of the Commission's programme of work'.[3] Its 2003 work programme entails alternate years of policy (government negotiation) and implementation (non-negotiating sessions), which could fit well with a two-year focus by a sub-body on CSR. The CSD is attended by Ministers, which could provide some political weight to a CSD-led initiative on CSR.

There are a number of potential drawbacks to this option: the CSD is widely seen as of relatively low status in the UN system, and its sessions are primarily attended by environment ministries. There are real difficulties in locking the CSR review process into the UN's bureaucratic procedures – for example the likelihood that its findings would have to be presented to the CSD and formally approved before they could be adopted. The USA (with support from some others) has strongly opposed efforts to address issues of corporate responsibility in inter-governmental contexts (for example during the WSSD process) and could be expected to resist the CSD taking on this role. And the global focus of the Commission could distort consideration of key issues that might more effectively be considered at regional or national level.

Despite these drawbacks, the CSD is probably one of the best locations in the multilateral system to place a transnational CSR process. There may be value in having the process report to the UN Economic and Social Council directly, to help raise the status of the exercise. The initiative could allow for innovative ways to engage non-state actors in a UN-led process, which might help to appease critical governments (members should certainly include representatives from business and NGOs). Careful thought would need to be given to the types of output envisaged, and to ways in which to avoid UN consensus decision-making which would almost certainly render the whole exercise of limited value.

A further development of relevance here has come from the WSSD focus on 'type 2' initiatives, defined as 'a series of implementation partnerships and commitments involving many stakeholders. … These would help to translate the multilaterally negotiated and agreed outcomes into concrete actions by interested governments, international organisations and major groups.[4]' Over 220 partnerships (with US$235 million in resources) were identified in advance of WSSD and about 60 partnerships were announced during the Summit by a variety of countries.

The CSD has been charged with overseeing follow-up to these initiatives. This signals an institutional relevance and mandate to consider ways in which non-state actors (and particularly the private sector) contribute to sustainable development. However, as yet there is little structure or rigour in assessing the impacts of these partnerships – indeed, efforts to establish means by which they could be monitored or assessed have not been successful. This could be seen as an example of the problems which arise when a complex set of issues are exposed too soon to UN politics.

The global public policy network approach

A new initiative might take the form of a global public policy network designed to develop broader common understanding around the four themes that we have identified. This would build on examples such as the World Commission on Dams or

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[3] UN General Assembly Resolution S/19-2 'Programme for the Further Implementation of Agenda 21', para. 133f

[4] Opening Statement by the Chairman of the 3rd WSSD PrepCom

the Mining, Minerals and Sustainable Development project, which tackled issues with complex political, social, economic and environmental factors. Such initiatives have tried to build broad-based agreement on the current challenges to be tackled and also the means by which this might be attempted.

The main advantages of this model are:

- it minimises the risks of harmful political influence at the early stages of debating the issue
- it allows for involvement of a wide range of stakeholders and should ensure that their views and priorities are reflected in its final deliberations, which may give the initiative broad credibility
- it may come to be seen as an independent voice which places considerable pressure on powerful actors to change current practice

On the other hand, global interest networks face considerable challenges even before they start their work, and further difficulties once they are underway and have reached their conclusions. At the outset it is a major challenge to identify a 'host organisation' which is widely seen as sufficiently independent and authoritative. Funding is also problematic, not least to demonstrate to all observers that those providing resources are not also buying undue influence over the process.

Once the initiative is underway such networks often experience considerable difficulties in engaging the range of actors necessary (and at sufficiently senior levels) to maintain their credibility. And once their final report or advice has been delivered there are very often no means by which to monitor or enforce compliance with changes that have been recommended, or even to invite key actors to commit to specific changes in their operations.

The MDG Task Force Approach

A recent example that combines elements of the two models above is the MDG Task Force Approach. Ten Millennium Development Goals task forces have been established as part of the Millennium Project, at the request of UN Secretary General Kofi Annan, to address means by which ten of the main targets in the MDGs endorsed by the world's leaders might be realised.[5] However, these are not directly answerable to the UN: they have been convened by Jeffrey Sachs at the Earth Institute, Columbia University. Membership of the task forces was ultimately decided by Prof. Sachs rather than by the UN, and secretariat services are provided by the university. Task force members should represent a broad range of interest groups and countries and bring diverse expertise. They are 'comprised of representatives from academia, the public and private sectors, civil society organizations, and UN agencies with the majority of participants coming from outside the UN system. The 15-20 members of each Task Force are all global leaders in their area, selected on the basis of their technical expertise and practical experience.[6]'

This would appear to be a conscious effort to avoid the shortcomings in the two models outlined above. However, the MDG task force example is not without its own problems. It has been criticised as overly-influenced by (US) academia: seven of the

[5] See http://www.unmillenniumproject.org for more information

[6] See http://www.unmillenniumproject.org/html/about.shtm.

task force co-ordinators are Columbia University professors and the remaining three are co-ordinated by academics from other US institutions, which lends some credence to this point. It is unclear how the task forces are accountable, or how their mandate relates to ongoing UN agency and inter-governmental activities focusing on the MDGs. There are also questions over the status of task force reports, which are intended to provide key elements of the Millennium Project's overall goal: to 'analyze policy options and will develop a plan of implementation for achieving the Millennium Development Goals' (*ibid*.).

In sum, the Millennium Project seems to have a rather shaky footing. It will be interesting to see how its plan of implementation is received by governments if it addresses contentious issues or recommends actions which would be opposed by influential countries. It also has credibility problems with many non-governmental actors, given its rather unclear governance structure and means for accountability.

The UN Global Compact Approach
The UN Global Compact, launched at the personal initiative of UN Secretary General Kofi Annan in 1999, could be repositioned as a close relative of a global interest network or global public policy network, with a wide mandate to address sticking points in the corporate social responsibility, corporate accountability and good governance agendas. The UN Global Compact is perhaps the closest to a global public policy network that the corporate social responsibility agenda has yet generated. It is positioned at the heart of the UN system with the personal endorsement of the Secretary General himself, making it well placed to link with other UN agencies.

The drawbacks of this approach would appear to lie principally with the history of the Compact. Since its inception the Compact has been subject to criticism from some NGOs that it embodies a voluntary approach and does not view itself as a first step towards rule-making to tackle worst case scenarios. Whilst 2003 has seen considerable expansion of Global Compact activities, including the emergence of strong interest in engaging with public sector actors, it is still far from a 'global public policy network' with a remit to make policy recommendations that may involve governments in regulatory action. This said, the Growing Sustainable Business in Least Developed Countries initiative offers potential to generate insights, at the local/national level, into the relationship between CSR and good governance, through a series of country-specific case studies.

The processes for securing the necessary change in the Compact's mandate are not well-defined (as evidenced by recent discussion over the processes to be followed in deciding whether to add a tenth principle on transparency to the existing nine Global Compact principles). It seems clear that any major change in direction would need to secure a high degree of support among existing participants in the process. And, as with any other UN process, the UN Global Compact's close relationship with a large number of UN agencies could render any Compact process subject to the influence and political processes of a range of external agencies with a stake in the outcomes.

The Kimberley Process Certification Scheme Approach
The Kimberley Process Certification Scheme, concluded in November 2002, addresses the problem of so-called 'conflict diamonds' triggered by international concern over the role of diamond sales in the funding of armed conflict in parts of

Southern Africa. It links an intergovernmentally agreed framework of national controls on trade in rough diamonds to industry self-regulation through a system of warranties and 'conflict free' guarantees on invoices for rough diamond sales. Home and host country governments, business and civil society-based organisations were all involved in the negotiation process. Implementation of the Scheme is now covered by a waiver from World Trade Organisation rules. It is an innovative illustration of the potential for public and private regulation to come together, building on shared incentives, to address an issue of transnational concern.

It might be tempting to look to the Kimberley Process for a model of future multistakeholder cooperation on issues at the interface of corporate social responsibility, corporate accountability and good governance. But the market-based drivers of change that came together to allow the development of the Scheme – including the control of a significant proportion of global diamond sales by a single player - are likely to be at least rare if not unique for the foreseeable future.

The Intergovernmental Framework Convention Approach

An alternative approach is to seek to establish new intergovernmental negotiations towards a framework convention on corporate accountability and good governance. The value of such an approach is that it firmly places on the agenda a concern to eradicate 'worst practice' from the international community. The principal problem is that of timing. An intergovernmental framework convention approach could not gather momentum without consensus among a significant group of actors on the value of addressing 'worst practice' within the agenda; and the role of legally binding norms within the CSR agenda. Since there is currently no consensus on either of these issues – indeed the current lack of consensus is among the factors holding back progress in the CSR agenda – there is little to indicate that such an approach would be likely to garner a critical minimum level of support from within the CSR agenda.[7] Controversy over the process for the adoption of the UN Norms offers an illustration of obstacles that lie in the way of efforts to develop and adopt principles at the international level that directly subject businesses to compliance processes.

Possible European-led process

One option to be explored is to develop a coalition of actors interested in making progress in addressing the issues outlined in section x above. For example, European governments, companies, NGOs and others could agree to a shared process and set of objectives, and then engage actors from other regions who buy into this approach.

This could be similar to the EU-initiated 'coalition of the willing', involving countries willing to adopt targets and timetables for the increase of renewable energy sources (see www.reeep.org). Such an initiative would work best if viewed as a means by which to 'incubate' understanding of the issue until it has matured sufficiently to be shared with more diverse (and sceptical) audiences. To date government departments from nine countries outside Europe have joined the partnership (according to the initiative's website).

[7] There is however considerable value at this stage in continuing to pursue 'modelling' approaches with the aim of setting out a range of workable options for the substantive provisions of any future convention.

One major problem with such an approach is in overcoming the doubts and hostility or those not engaged in its development once the incubation period is complete. As noted in section x above it also risks undermining the UN’s capacity to develop more genuinely multilateral approaches.

Summary of Conclusions

This paper has outlined a range of options for the establishment of a new transnational multistakeholder process to address the relationship between corporate social responsibility, good governance, and corporate accountability. The establishment of such a process would fill a significant gap in the current institutional settings for the progressive development of the CSR agenda. Failure to address the gap holds back progress in that agenda.

We have suggested that there are four core themes that such a process could address:

1) Integrating public governance and CSR
2) Learning from mistakes
3) Building a more inclusive agenda, and
4) Multistakeholder review of existing CSR practices.

We have suggested an initiative based on multi-stakeholder participation; incorporating a multidirectional ‘capacity-building’ element; capable of addressing issues of corporate responsibility, corporate accountability and good governance in tandem; and focussing on areas where lack of consensus or shared understanding is holding back progress in the CSR agenda. It will be important to set a clear initial goal for the process; perhaps along the lines of ‘the contribution of business to sustainable and equitable human development.’ However, if it is to make real progress, the process should not incorporate any assumptions on definitional starting points for CSR or on current dividing lines within the CSR agenda more widely. Instead, it should provide a forum for individual participants to explore the value and potential contributions of different approaches free from organisational positions.

If such an initiative is to build on existing processes, the most appropriate homes would appear to be the UN Global Compact (which might necessitate difficult-to-achieve consensus on shifts in the Compact’s mandate) or the Commission for Sustainable Development. Alternatively, a freestanding process could be formed, perhaps as a ‘Task Force’ or a ‘High Level Commission’, with the hands-off endorsement of a range of key actors, and a pre-existing link to an agreed follow-up mechanism.

We hope that this paper will serve as a useful starting point for further discussion on the institutional settings for the CSR agenda. We look forward to continuing engagement in that discussion.