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# **Between Soft Law and Soft Focus:** Transposition of National Action Plans and Public Policies on Corporate Social Responsibility throughout the EU

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**Abstract**

Since 2002, The European Commission put Corporate Social Responsibility on its agenda. The issue was not included within an EU Directive, but was approached as a soft law issue. This study tries to look for indicators in the theoretical debate concerning Europeanization for associations between Member States' usual 'culture of implementation' and the transposition of CSR policies as suggested by the Commission. In doing so, the world of compliance theory was used as a framework to hold the progress of the Member States in the field of CSR against. The analysis showed that countries partly behave as expected when looking at the world of compliance theory, but the actual transposition of CSR policies cannot be explained with this theory. It was also found that the Commission did not make full use of its monitoring and enforcement means available under soft law.

## List of abbreviations

| | |
|---|---|
| CSR | Corporate Social Responsibility |
| EBNSC | European Business Network for Social Inclusion |
| EU | European Union |
| NAP | National Action Plan |
| DJSI | Dow Jones Sustainability Index |

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# 1 Introduction: CSR in Europe

Corporate social responsibility (CSR) is a hybrid concept. It may even come across as confusing at times since there is little consensus about the definition. Some academics see the role of business in society as primarily focussed on profit maximization, perhaps moderated by corporate philanthropy (Friedman, 1970). Others see it as a more broad conception, where business attempts to balance economic, social and environmental commitments as part of their drive towards sustainable development or sustainability (Fairbrass, 2011: 952). For decades, CSR has been present in America's corporate spheres and was regarded as a typical American phenomenon, reflecting the American tradition of participation (Matter and Moon 2007: 197). From the 1950's on, academic scholars began to research CSR on a large scale, which also meant the birth of the definition debate mentioned above (Carroll, 1999: 291). At first, CSR took root in countries and during periods that were dominated by neo-liberal policies, for example in the United States under Reagan and in the United Kingdom under Thatcher. In these countries, CSR started out as a neo-liberal concept that facilitated downscaling of government (Steurer 2010: 14). From the late 1990's on, the concept appeared on the radar of European countries, with more stringent social and environmental regulations than the neo-liberal UK and US (Steurer 2010: 14). In Europe, CSR developed somewhat different than in the US, with less focus on the community aid which was and is a cornerstone of the American version, but with more focus on those areas of social responsibility that were linked to the businesses' own specific productive activities (Maignan & Ralston, 2002: 507-511).

In the last decade, CSR has made it to the European Union's (EU) agenda. The Commission defined it as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis in a Green Paper on the issue (Promoting a European Framework for Corporate Social Responsibility 2002). Companies in Europe were not necessarily acting socially irresponsible before 2002, but from then on CSR was explicitly used to indicate the responsibilities towards society companies wished to address (Matter and Moon 2007: 180). The European Commission drew the concept to itself in 2001 by issuing a Green Paper on CSR, initiated by Jacques Delors, stating that it charged CSR Europe (former European Business Network for Social Cohesion) with the task of combating social exclusion. This Green Paper did not come from nowhere. Since the establishment of the European Business Network for Social Cohesion (EBNSC, from 2000 on CSR Europe) in 1996, the Commission charged this institution with the task of combating social exclusion (Kinderman 2013: 703). The EU's CSR policy was built around this social exclusion agenda, in other words, businesses were expected to help overcome unemployment and exclusion. The idea was that exclusion is a major challenge which will not disappear automatically with renewed economic growth (Kinderman 2013: 703-705). Five areas for business to take action were identified: labour market integration, improving vocational training, minimizing redundancies, help create new jobs and businesses and targeting deprived areas and marginalized groups (Kinderman 2013: 705).

Within the European CSR model, emphasis has been on the non-formal market regulated process, and a non-authoritative self-regulatory approach with a stronger underlining of positive incentives than is usually the case in traditional welfare state regulation (Midttun, Gautesen and Gjolberg 2006: 375). The European Commission in their 2011-2014 Strategy on CSR stated that;

> "The development of CSR should be led by enterprises themselves. Public authorities should play a supporting role through a smart mix of voluntary policy measures and, where necessary, complementary regulation, for example to promote transparency, create market incentives for responsible business conduct, and ensure corporate accountability" (A renewed EU strategy 2011-14 for Corporate Social Responsibility).

Nevertheless, the Commission also clearly states that one of its CSR strategies is to emphasize the importance of national and sub-national CSR policies.[1] Therefore, the statement has been made that the Commission considers it important and necessary that Member States develop a National Action Plan (NAP) for CSR, to embed their policies in (A renewed EU strategy 2011-14 for Corporate Social Responsibility, 14).

Since CSR is a concept so difficult to grasp, it is interesting to see in what way different EU Member States have addressed the issue after the Commission's recommendations in 2001 and if the Member States indeed put a NAP in place. This research wants to analyse which (theoretical) factors are relevant in explaining the expected differences in national CSR policies throughout Europe. In doing so, the aim is to see if, even for a 'soft' law case as CSR which is not part of EU law, the 'usual' pattern of implementation that Member States follow in transposing hard law (as described in the theoretical literature) is present as well. With that information, it can become more clear how Member States behave when the pressure to implement is, arguably, not as high.

## 1.1 Problem statement and research question

Given that CSR has been an issue on the radar of the European Commission for some years now, it will be interesting to see how different Member States have taken on up the issue. Therefore, it is interesting to research if and how these EU envisioned but government regulated policies are put in force in different Member States. As said before, the aim of this research is to see if there is a relation between the transposition of CSR policies and an EU Member States' usual pattern of compliance. The research question therefore will be: *To what extent have EU Member States implemented CSR policies and which factors can explain the differences in implementing national CSR policies in the EU?* Not only does this research wants to map the Member States' progress in CSR, we also want to know if leading theories on hard law transposition hold in this particular soft case. Therefore, we will also test the potential of the 'worlds of compliance' and transposition theories to explain possible variations between the Member States researched. It will be very interesting to see if the theory holds, since that could mean that for transposing, hard and soft law mechanisms are equally useful.

## 1.2 Structure

In order to find an answer to the question stated above, this paper is structured as followed. The next chapter will provide the theoretical framework of the research. An overview of the role of governments in CSR policy making and the evolution of CSR in Europe is provided, as well as more detailed background information to the definition debate touched upon briefly before. Furthermore, the compliance literature will be discussed in depth, with a special focus on the

[1] European Commission, derived from: `http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm`

world of compliance theory and transposition literature. Chapter three deals with the methodology for the data collection and data analysis. The different variables will be conceptualized and operationalized. After this, the fourth chapter deals with the actual data collection and analysis, where we will see if there is a correspondence between the theoretical framework that will be used and the data. Then, the conclusion will elaborate on the main findings of the study and on limitations and recommendations

# 2 Theoretical Framework

This chapter sets out the theoretical framework of the research. First, an overview of the evolution of the definition of CSR is provided in order to give an idea of the hybridity of the concept. Secondly, since the role of governments in corporate social responsibility might not be obvious, an analysis of the literature on the importance of CSR to governments and their involvement will be given. Then there will be an analysis on the state of affairs in the Europeanization literature on compliance and transposition, with a special focus on the worlds of compliance theory and transposition literature. We will focus on these theories since they are, as will be explained, at the centre of the analysis. Finally, the sub-questions of the research will be presented and explained as well as the formulated expectations, after the discussion of the theories.

## 2.1 Definition Debate

As mentioned before, there is minimal consensus on the definition of CSR. Not only because opinions differ, but, maybe more importantly, because the concept itself has changed overtime, and seems to be open to interpretation. In the 1920's, '30's and '40's, there was already a concern for businesses' social responsibility, as Carroll (1999) pointed out. It wasn't until later however, that it all became really serious with the work of Howard R. Bowen (1953), who stated that the several hundred largest companies in the world were of the utmost important in the decision making process in general and that therefore the actions of these firms touched the lives of many citizens (Carroll 1999: 268-269). Bowen went on to form a concept to grasp the responsibilities to society that businesses had and came up with the term social responsibility of businessman, referring to "the obligations of businessmen to pursue those policies, to makes those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (Bowen as cited in Carroll 1999: 270). Another important work by Davis (1960) gives a definition of CSR as "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (Davis as cited in Carroll 1999: 271). Davis also put forward his 'Iron Law of Responsibility' here, which holds that "social responsibilities of businessmen need to be commensurate with their social power" and when these two are relatively equal, "the avoidance of social responsibility leads to gradual erosion of social power" (Davis as cited in Carroll 1999: 271). Another definition of that time came from Joseph W. McGuire (1963), who stated that "The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations" (McGuire as cited in Carroll 1999: 271).

In the 1970's however, the rise of a much more critical take on the issue, with a movement led by Milton Friedman, who even questioned the concepts existence. In his now famous paper The Social Responsibility of Business is to Increase its Profits (1970) Friedman states that if there even are social responsibilities, they are the responsibilities of individuals, not businesses (Friedman 1970). He comes to these conclusions with the argument that in every CSR case, a corporate executive is spending someone else's money (the stakeholders, customers or owners) for a general social interest, the executive (the individual) decides upon. Therefore for Friedman, preaching CSR is pure and unadulterated socialism, undermining the liberal market system (Friedman 1970). Not all economists agreed with Friedman. Paul Samuelson (1971) for example, argued that "a large corporation these days not only may engage in social responsibility, it had damn

well better try to do so" (Samuelson as cited in Carroll 1999: 277). Nevertheless, the Friedman article clearly pointed out that there are voices who see CSR as unnecessary and even damaging to society (or at least to the economy). From the 1970's on corporate social performance and corporate social responsibility were mentioned increasingly and research on the subject started to develop as well, mainly focussing on what CSR meant and which corporations were taking part in it (Carroll 1999: 280). The first more structured approach to CSR came, again, from Carroll (1979). The argument underlying his work was that for managers or firms to engage in corporate social performance, they needed to have a basic definition of CSR, an understanding of the issues for which a social responsibility existed (now often the stakeholders) and a specification of responsiveness to the issues (Carroll 1999: 282-283). In other words, businesses had to know what CSR was and why it was important for them in order to effectively engage in it.

In the 1980's, focus was not so much on definition but increasingly on research of the phenomenon itself. However, an important contribution during this time came from Thomas M. Jones (1980), who argued that CSR has to be seen as a process, instead of a set of outcomes (Carroll 1999: 285). This led to the literature focussing more on the operationalization of CSR and seeing if there was any relation with a company's overall performance. Then, during the 1990's, the concept CSR was broadly accepted (although still not agreed upon) and was used as a starting point for research. Issues like business ethics and corporate citizenship were taken on as well, and CSR was put in the context of the time, adding topics like environmental concerns to its scope (Carroll 1999: 200).

As was mentioned in the introduction, the European Commission put CSR on the agenda officially in 2002. In the Green Paper that was issued, CSR was defined as "a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment", or "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis" (Promoting a European Framework for Corporate Social Responsibility 2002). These definitions clearly echoed the growing concerns of the time, adding environmental issues so naturally to the concept of CSR. Arguably, due to the EU's institutional and political diversity, standard-setting is difficult, especially for CSR, since there are very different national understandings of the issue (Kinderman 2013: 702, 707). As mentioned in the introduction, the Commissio's interest was sparked by the social inclusion agenda of the 1990's, but we can gradually see a shift in the perception of CSR to a more neo-liberal outtake, influenced by the business sector who felt that the EBNSC took matters too far and was threatening to business self-determination (Kinderman 2013: 707). However, in a European Commission communication of 2007 on national public policies in CSR the definition of the 2002 Green Paper was still being used, even pointing out that "there is a broad agreement in Europe" on that definition (Corporate Social Responsibility National Public Policies 2007:3). Then, in 2011, a 'renewed strategy for CSR' was issued by the Commission. Here, a redefinition of CSR as "the responsibility of enterprises for their impact on society" is given, as well as special attention to the need for complementary regulation (A renewed EU strategy 2011-14 for Corporate Social Responsibility: 6). This marks another shift in the European definition debate on CSR. The 'voluntary' aspect is taken out (at least on paper), regulation is presented as inevitable in some cases and society as a whole is addressed as a field of concern for business. How can this shift be explained? According to Daniel Kinderman (2013) there are some developments that have

been significant. Firstly, the financial crisis has been a powerful stimulant, as it weakened the legitimacy of business and re-legitimatized the important role public authorities can play, which was, arguably, discredited under neoliberalism (Kinderman 2013: 712). Secondly, the rise of many global CSR frameworks, awards and networks were becoming so powerful, the European framework might become abundant. Therefore, the Commission needed to take action and put CSR back on the agenda strongly and relevantly (Kinderman 2013: 712). In sum, according to Kinderman, the financial crisis produced a political climate which was more favourable towards regulation, and the renewed agenda picked up, where the Commission left off before the neo-liberal intermezzo (Kinderman 2013: 713). Others take a different stand than Kinderman and see this paradigm shift not in negative terms of businesses wanting less CSR and regulation whilst governments wanting more, but rather in the light of what CSR can do for business. For example, Wood, Williamson and Jenkins (2009) see the changed definition and approaches a result of a) public pressure through costumer power and interest, which has been especially important in the environmental field, and b) the growing importance of brand visibility and corporate reputation that goes with it, on which CSR can have a positive impact (Wood, Williamson and Jenkins 2009: 58-62).

## 2.2 The role of governments in CSR policy making

As mentioned above, for quite some academic authors and actors in the field, CSR is seen as a concept which is mainly business-driven and of a voluntary character. However, governmental bodies such as the EU and nation states' governments are involved nevertheless. Here we will distinguish the different reasons behind this interest in CSR and the ways governments can be involved.

### 2.2.1 Why are governments interested in CSR?

Given the voluntary aspect there is to CSR, the question arises why governments care at all about CSR. According to Reinhard Steurer (2010) there are several reasons. Firstly, CSR can help governments to meet policy objectives, for example in the field of sustainability and humanitarian aid. As some other authors put it quite bluntly, CSR is "concerned with redistributing corporate resources to public causes" (Steurer 2010: 1). Secondly, CSR, being a 'soft' tool, can be an attractive addition to hard law regulations, with lower political costs and resistance, almost being a form of risk sharing through corporations. Especially in cases where new (hard) regulation is politically undesirable, this can, arguably, be an asset for governments to encourage CSR (Steurer 2010: 1). Thirdly, some authors also see the fostering of CSR by governments as an aspect of a feature of "new societal governance", leading to more network-like and partnering modes of self- and co-regulation in the governing system as a whole. These authors imply that steering societies is not just a matter of governments anymore, but much more a domain of working together with new governance arrangements (Steurer 2010: 1). If that is the case, then fostering a private-public concept as CSR would make sense. Fourth and finally, connected to the previous point, CSR is sometimes portrayed as reshaping management routines, as well as the roles between business, governments and civil society. In that case, it would be only 'natural' that governments take interest in co-defining such a phenomenon, instead of being mere observers to it (Steurer 2010: 1).

The crisis welfare states are arguably facing, could be an important stimulant for governments to involve the corporate sphere in policy making. Other authors

confirm this image of governments being at a point where they need support from different groups in the community. Matter and Moon (2007) suggest that European welfare states are increasingly facing limits when it comes to their capacity of tackling social issues in the way they traditionally did, which is sparking the trend of encouraging business to take on more responsibilities (Matter & Moon 2007, 190). Matter and Moon also explain that CSR took root much later in Europe than in the US precisely because of the inclusive welfare states that developed in this area. Many of the issues that arise under CSR were already covered in these welfare states, but since the power of the welfare state is declining according to the authors, they also see more room for governments to actively encourage CSR (Matter & Moon 2007, 183).

### 2.2.2 What can governments do?

There are different fields of actions where governments can be active or, to speak with the World Bank, "create an enabling environment for CSR" (Fox, Ward & Howard 2002: 1). The roles governments can play according to the literature, are; mandating, facilitating, partnering and endorsing (Ward 2004: 5). The concepts will be explained below;

1. Mandating is an important tool, exclusive to governments. Laws, regulations and penalties fall within its scope. Control on business investment and/or operations can also be part of it (Ward 2004: 5). In other words, by making use of its legislative, executive and juridical powers, states can prescribe desired actions, also in the field of CSR (Steurer 2010: 7).
2. Facilitating in this context means setting clear frameworks and positions, to guide business in CSR and to give incentives. These incentives can be tax benefits, mandating transparency and investment in awareness raising and research (Ward 2004: 5). These instruments are based on the rationale that companies' behavior can be influenced by financial incentives and market forces (Steurer 2010: 7).
3. Partnering involves combining public resources with businesses' resources (financial, resources or know-how and skills) as well as other actors, to tackle issues on the CSR agenda (Ward 2004: 5). This is based on the co-regulatory networking rationale, which assumes that different actors are interested in working together towards shared objectives, so they can exchange complementary resource or avoid conventional regulations (Steurer 2010: 7).
4. Finally, endorsing is focused on the public image of CSR and companies. Governments can play a role here by publically show support, for example with awards. Also, leading by example is an important part of endorsing, through, among other things, public procurement practices (Ward 2004: 5)

These categories give rise to an almost unlimited amount of options for governments to participate in CSR. Before we go further into these different actions in detail, it is important to be aware of the distinction first made by Matter and Moon (2007) between explicit and implicit CSR. Implicit CSR refers to corporate policies, such as voluntary policies, programmes and strategies perceived by the company and/or the stakeholders as part of their responsibilities. Implicit CSR, on the other hand, means to a country's formal and informal institutions, where corporations' responsibilities are agreed upon and assigned to them by governments. Values, norms and rules which often lead to (mandatory) requirements

for corporations to address issues are all part of this (Matter & Moon 2007, 185).

The European Commission's focus, when it comes to CSR, clearly is on corporations to take action, what would be explicit CSR. However, the guidelines the Commission gives to Member States to enable corporations to take that action with policies and requirements, is implicit CSR. The European Commission chose to categorize the policy fields for governments to participate in implicit CSR in three clusters, being: policies that promote the uptake of CSR, policies that seek to ensure the transparency of CSR instruments and practices and initiatives in other public policies that have a positive impact on CSR (Corporate Social Responsibility National Public Policies in the European Union 2007:6).

## 2.3 Compliance literature

When it comes to CSR, practices in Europe run widely apart. The Europeanization literature i.e. the research of the impact of supranational governance on domestic institutions, policies, interests and identities (Kaeding 2006: 229), is on the forefront of researching these regional variations. A part of this research focusses on the implementation process of EU Directives in the different Member States. This compliance literature is a strand of research that focusses more on the political and cultural norms to explain implementation of EU guidelines and laws. For a while, leading in the literature were the 'goodness of fit' hypothesis and veto player argument. The veto player argument starts from the assumption that a political system's capacity to transform decreases when the number of actors whose agreement is needed to pass said reform increases. Countries with higher numbers of veto players should within this logic face more reform impasses then political systems with lower number of veto players (Falkner, Hartlapp and Treib 2007: 397). The goodness of fit hypothesis was introduced by Héritier (1995), her main point being that smooth adaptation to EU policies depends on the degree to which these fit existing national policies and institutions (Mastenbroek and Kaeding 2006: 332). Member States try to upload their approach to a certain issue to the EU level, with the aim of laying it down in EU legislation, in order to try and minimize the costs of adaptation. When Member States do not succeed to upload their approach, they will not simply adjust to the resulting decision-making outcome, because of the high costs of the adaptation to them. Therefore, the assumption is that implementation depends on the 'goodness of fit' between EU policy demands and existing national policy approaches (Mastenbroek and Kaeding 2006: 332-333).

Several authors have claimed that these theories have performed poorly. For example, Mastenbroek and Kaeding (2006) state that 'goodness of fit' is too deterministic, since it presupposes that national governments want to maintain the status quo, but often they actually want to change existing policies and institutions. They may even use EU policy requirements as a leverage to do this, while shifting the 'blame' to the EU level. Therefore, the problem with the 'goodness of fit' theory, they state, is that it is an apolitical concept that is not able to explain the domestic policies of compliance (Mastenbroek and Kaeding 2006: 337).

Other criticism comes from Falkner, Hartlapp and Treib (2007) who presented a comparative case study on the transposition and implementation of six labour directives. They go so far as to say that both the misfit hypothesis as the veto player argument are not able to adequately explain patterns of implementation. Through their comparative research, they found that the misfit hypothesis often does not hold, since there were cases were countries with small adaptation

requirements faced major delay in the transposition process, and in some cases large-scale misfit requirements were followed by a rather smooth transposition (Falkner, Hartlapp and Treib 2007: 398). Also, as Mastenbroek and Kaeding have pointed out, the assumption in the misfit theory seems to be that domestic actors want to guard the status quo. Falkner et al. show that this is often not the case and that party political factors may overrule the misfit logic. They find that there's little empirical evidence that the causal mechanism underlying the misfit theory actually corresponds with reality (Falkner, Hartlapp and Treib 2007: 401). The veto player argument does not make sense to them either in the case of EU Member States transposition performance. Only a weak relationship between the number of veto players and the countries' performance is identified by the authors. Furthermore, looking at individual cases, the argument does not seem to hold either. Falkner, Hartlapp and Treib show that some cases with many veto players (Belgium for example), performed quite well when it comes to transposition. At the same time, a country like the United Kingdom with very few veto players, needed much more time for the transposition (Falkner, Hartlapp and Treib 2007: 401). Also, the authors distinguished the importance of the *preferences* of veto players, instead of just their mere number, as an important factor to explain outcomes. Here, the authors argue that not just a the political preference of a veto player but a more intrinsic societal (de)commitment to comply with EU directives is decisive. In some cases, the administrative process of the transposition even remains completely isolated form the political, here the number of political veto players *or* their preferences would be even completely irrelevant for a long time (Falkner, Hartlapp and Treib 2007: 402-403).

The authors did not just expose the weak evidence of the misfit and veto- player arguments, they also discovered that some EU Member States presented quite a regular pattern of compliance or non-compliance, regardless of how the specific provisions fitted with the relevant national policy, or number of veto players. Three clusters of countries were revealed, each of them showing a typical pattern of reacting to EU-induced reforms requirements, therefore national cultures of appraising and processing adaptation requirements were shown (Falkner, Hartlapp and Treib 2007: 404). Because of this clustering, the authors chose to come up with a typology, the 'three worlds of compliance'. They formed ideal types or 'worlds' from the cases they researched, the world of law observance, the worlds of domestic politics and the worlds of transposition neglect, are summed up in figure 1.
As the figure shows, within the three worlds there are different cultural norms when it comes to obeying EU rules. In the world of law observance category, the compliance goal usually overrules domestic concerns, making sure that transposition is usually in time and correct. The authors assign Denmark, Finland and Sweden to this country type. Within the world of domestic politics category, obeying EU rules is one goal among many. When there is a conflict of interest, domestic policies often prevail. Non-compliance is likely when there is a clash between EU rules and domestic politics. When there are no dominant domestic concerns, transposition is likely to be timely and correct. Austria, Belgium, Germany, the Netherlands, Spain and the UK appear to belong to this type.

The world of transposition neglect category shows a pattern of non-compliance with EU law, which is not a goal in itself. Without EU Commission intervention, transposition is usually neglected, making it a slow process with often incorrect implementation. Countries in this type are France, Greece, Luxembourg and Portugal.

| | World of Law Observance | World of Domestic Politics | World of Transposition Neglect |
|---|---|---|---|
| Typical process | Dutiful adaptation | Conflict/compromise | Inertia |
| Transposition is typically . . . | . . . on time and correct (even where conflicting domestic interests exist) | . . . on time and correct only if there is no conflict with domestic concerns | . . . late and/or 'pro forma' |
| Conditions of non-compliance | Lack of awareness; otherwise non-compliance occurs rarely and briefly | Political failure (lack of compromise among conflicting interests or compromise against the terms of EU law). If non-compliance occurs, it tends to be rather long term | Bureaucratic failure (inefficiency, non-attention). Non-compliance is the rule rather than the exception |
| Factors facilitating compliance | Culture of good compliance as a self-reinforcing social mechanism | Fit with preferences of government and major interest groups | Accelerating issue linkage with domestic reforms, high profile of particular cases |

*Figure 1: Three worlds of compliance; Falkner, Hartlapp and Treib 2007:406.*

With this information, the authors explain that within one country the law-abidingness can differ from the administrative to the political phase in the transposition process time, as is shown in figure 2 (Falkner, Hartlapp and Treib 2007: 406-407).

| EU law-observance dominant in . . . | World of Law Observance | World of Domestic Politics | World of Transposition Neglect |
|---|---|---|---|
| . . . administrative system | + | + | – |
| . . . political system | + | – | – |

*Figure 2: Falkner, Hartlapp and Treib (2007).*

While the first work on the 'three worlds of compliance' theory was focussed on the 'old' Member States, the EU 15, the authors later researched the Eastern and Central European countries that entered the EU form 2004 on. They found some specific characteristics of these new Member States (literal transposition of Directives and a weak civil society being important ones) which may suggest the existence of a fourth world of compliance (Falkner & Treib 2008: 298-299). Two Directives were researched by the authors in the new Member States Slovenia, Slovakia, Hungary and the Czech Republic. In three of these four countries, the main provisions of the two Directives were fulfilled largely on time (Falkner & Treib 2008: 302).However, the legislation was not realized in practice. Falkner and Treib provide multiple reasons for this phenomena. A lack of individual litigation from below, lack of support by civil society actors, lack of visibility of independent public bodies, shortcomings in the organization of the judiciary and a lack of skilled inspectors and determination (Falkner & Treib 2008: 304-305). For all these reasons, EU (social) policies "have largely remained dead letters in the four countries researched" (Falkner & Treib 2008: 306). The authors sum up that insufficient enforcement systems and systematic failures are the source of failure at the application stage. Or, to put it different, there are serious transposition-impeding conditions within the political and/or administrative systems (Falkner & Treib 2008: 307). However, we can see these problems in two 'old' Member States as well; Ireland and Italy. Therefore, a fourth type including these two countries is suggested by the authors. Within

this so-called 'world of dead-letters' category countries may convert EU Directives in a manner that is compliant (dependent on the political constellation among domestic actors), but then there is non-compliance at the later stage of monitoring and enforcement (Falkner & Treib 2008: 308). As figure 3 shows, that gives a different image to the typology.

| | *World of Law Observance* | *World of Domestic Politics* | *World of Dead Letters* | *World of Transposition Neglect* |
|---|---|---|---|---|
| Process pattern at stage of transposition | + | o | o | – |
| Process pattern at stage of practical implementation | + | + | – | +/– |
| Countries | Denmark, Finland, Sweden (3) | Austria, Belgium Germany, Netherlands, Spain, UK (6) | Ireland, Italy, Czech Republic, Hungary, Slovakia, Slovenia (6) | France, Greece, Luxembourg, Portugal (4) |

*Source*: Authors' own data.
*Note*: + = respect of rule of law; o = political pick-and-choose; – = neglect.

*Figure 3: Falkner and Treib (2008).*

The theory has received much acclaim, but there are also critics. Toshkov (2007) finds that the worlds of compliance theory is an interesting way of looking at compliance in Europe but that it does not capture all the complexities of transposition patterns in the EU (Toshkov 2007: 952). Toshkov comes to this conclusion by looking into the 'mechanics' that distinguish the three worlds from each other. Focussing on the explanatory model behind the typology, Toshkov does find that EU countries where social trust, law-abidingness and rule-following are considered important, should be more likely to be a part of the world of law observance. Delayed or non-transposition should occur more often in the world of domestic policies and even more in the world of neglect when we follow these variables (Toshkov 2007: 951). However, there are also some variables that are at the base of the three worlds of compliance typology, for which Toshkov does not find effect. One of these is transposition delay. The author states that the three types indeed differ when it comes to delay, but only marginally. A second important variable of the theory that Toshkov opposes is the importance of domestic policies to the transposition process. After calculations, he sees the effect of this variable as practically indistinguishable (Toshkov 2007: 951). In a later research Toshkov and Steunenberg (2009) go into the matter even deeper. They also find that the veto-player argument does not hold when focus is just on the quantity, but the preference of veto-players does have a significant impact on the transposition process. The authors go on to conclude that discretion, when Member States are offered a number of alternatives when they are transposing (Thomson 2009: 8), is highly important for transposition duration. On the one hand it can be argued that more discretion makes transposing easier since domestic policy actors can adapt the European requirements to national or regional differences. On the other hand, discretion can also be expected to complicate matters according to a political approach- if Member States have leeway, national policy makers may disagree on how to transpose and implement

a policy (Steunenberg and Toshkov 2009: 954). The latter seems to be the case. Discretion has a negative impact on transposition duration, which may indicate that a national discussion on how to transpose and implement an EU directive causes delay (Toshkov and Steunenberg 2009: 965). What is interesting here, is that new Member States do better than many of the more experienced and older member states in the transposition process. However, as the authors stress as well, transposition obviously does not equal actual implementation (Toshkov and Steunenberg 2009: 965). If implementation would be the focus, a comparison between the old and new Member States might produce a different image, also take the 'world of dead letters' into account.

With the focus on discretion Steunenberg and Toshkov do endorse the importance of domestic policies, since they find that conflict of preferences will result in delay in the decision-making process and therefore in the implementation as such (Toshkov and Steunenberg 2009: 965). They also see 'legal-fit' as an important factor. They find legal-administrative factors like the fit with the legal architecture of a country to be of extreme importance for a country to swiftly move through the transposition process (Toshkov and Steunenberg 2009: 965). Other critics find that the argument of the worlds of compliance theory replaces the misfit approach (which is considered to be too simplifying) with an alternative that is even more reductionist. They find that the worlds of compliance theory is irrespective of the specific problems and preferences at stake for every different case (Liefferink, Wiering and Uitenboogaart 2011; 714). For these critics it remains a puzzle as to why serious implementation problems regularly occur in all Member States, when according to the worlds of compliance theory a country's general appreciation of EU obligations is decisive in the process and patterns of implementation can be found (Liefferink, Wiering and Uitenboogaart 2011; 714).

What needs to be noted here is that the critics researched different Directives than the original research included. Falkner, Hartlapp and Treib themselves stress that their typology relates to typical process patterns, not to outcomes per se (Falkner, Hartlapp and Treib 2007: 412). They also state that the scope of their findings is expected to be broader than their own initial research, since they believe that administrations (dis)regard EU duties (which they centre in their research as begin decisive in the transposition process) will not fundamentally change between different issues (Falkner, Hartlapp and Treib 2007: 411). Nevertheless, it is important to realise that the typology describes ideal-types, which ensures that actual cases or 'real-types' will never perfectly fall within one of those types.

The above theories focus on the transposition and implementation of Directives, formal laws which fall under European Union law. Not all EU action however, including CSR, falls within a Directive. Over the last years, the level of detail in Directives describing policies and Member State action has increased, leaving less room for the Member States to choose forms and methods of implementation (Kaeding 2006:235). Research has shown signs that this increased level of detail slows down the transposition process (Kaeding 2006:248). In the 1990's already, this, along with the increasing dilemma between the need for common European solutions and the desire to keep national-specific systems (especially in the field of social policies) led to the introduction of an alternative to the 'Community Method', the Open Method of Coordination (OMC) (Scharpf 2002: 652). The OMC allows for greater flexibility, variation, and voluntarism than the Community Method, because instead of launching detailed binding rules, it proposes non-binding general standards and guidelines (López-Santana 2006: 484). In

other words, soft law was introduced. It was presented as a 'third way' of governance and is used when "harmonisation is unworkable but mutual recognition and the resulting regulatory completion may be too risky" (Szyszcak, 2006: 488).

Under the OMC, states are not obliged to change their domestic settings. Compliance with the regulations does not necessarily include transposition, and/or change in domestic legal frameworks, since those actions are not prerequisites for implementation. Therefore, domestic approaches may take very different forms. Also, the EU's role as an enforcer is weaker because the ECJ cannot legally tackle non-complying states, which it can under the Community Method (hard law). This means that the public, other Member States, and the EU itself cannot hold a Member State accountable for its failure to comply with EU guidelines (López-Santana 2006: 485). Therefore, the means to enforce compliance are limited. The EU can however, monitor and enforce softly through reports about the domestic implementation of the Union's strategy, also known as National Action Plans (NAP) (López-Santana 2006: 485). These repetitious and continuous interaction are especially essential in policy areas ruled by soft law, because these factors help harden its effect and it reminds states that they should act on the issue (López-Santana 2006: 488).

For this research, the worlds of compliance theory will be leading.This is a challenge, since, as stated above, the differences between hard and soft law are significant. However, here the aim is not to simply apply a hard law theory to a soft law case, but to actually test whether there is an association between this 'hard law' theory and the 'soft' CSR case. We want, to put it different, see if countries 'behave' the same way when transposing a soft law issue as they expectedly would for a hard issue.

The choice to use the worlds of compliance theory has been made in order to compare behaviour concerning a soft issue with that under hard issues, using a framework developed for the latter. As we have seen, what underlies the theory is the thought that regardless of how the specific policies fit within national policies, countries present a regular pattern of compliance or non-compliance (Falkner, Hartlapp and Treib 2007: 404). Consequently, if the Member States do behave in a similar way under this soft issue as under hard law, that could have consequences for our understanding of enforcement and political patterns in the EU. If they do not, that may have consequences not only for the theory but also for the expectations we have when it comes to the influence of the Commission and the weight of its statements.

The worlds of compliance theory was not developed with CSR in mind. The research was conducted for six EU labour law Directives. These Directives concerned; contractual employment conditions, parental leave, working time, protection of the pregnant, protection of young workers and protection of part-time workers (Falkner, Hartlapp and Treib 2007: 396). At first glance, these issues do not seem related to CSR. However, the theory focusses on schemes of cooperation within Member States and their own national culture of dealing with administrative changes. For the transposition of these social Directives, employers and corporations were among the most important stakeholders. For CSR, employers and corporations are at the core of the issue as well. Here, there seems to be overlap between the actors involved. Therefore, it seems possible to use the world of compliance theory for this research as well. Also as Heady (2001) stated, "the basic dilemma (in comparative public administration research) is that any attempt to compare national administrative systems must acknowledge

the fact that administration is only one aspect of the operation of the political system. This means inevitably that comparative public administration is linked closely to the study of comparative politics" (Heady 2001: 7). The three worlds of compliance theory recognizes this background of administrations and therefore this theory is suited to analyse a concept so nationally embedded and varied as CSR. However, given the extensive criticism and additions Toshkov and others suggest to the theory we will also see whether the transposition literature, especially transposition time, can shed light on the outcomes of the research. Being aware of the importance of the goodness of fit hypothesis, for this research the choice has been made not to include it in the analysis. Given that the focus of the hypothesis is more on policy costs and CSR policies are concerned with governments transferring (financial) responsibility to business and domestic schemes of collaborations between civil society, business and government, the expectation is that here the goodness of fit hypothesis will not be a dominant factor.

## 2.4 Research questions and expectations

Looking at the theoretical debate presented above, a great deal of factors can be at work when EU guidelines are (or are not) implemented. As stated, the aim of this work is to see if hard law theories presented before, hold in the case of CSR. In other words, we want to provide a theoretical background in order to understand why CSR policies exist in some countries and not in others. The aim of this research is to provide such a framework, to explore whether theories on national compliance practices with EU Directives can shed any light on the presence of CSR policies in EU Member States. As mentioned, the research question for this work will be; "To what extent have EU Member States implemented CSR policies and which factors explain the differences in implementing national CSR policies in the EU?" Making this an explanatory issue.

In order to answer the main question, several sub-questions are formulated that will be answered throughout the work:

1. What is the current state of CSR policies in the European Member States?
2. To what extent does a countries general compliance pattern with EU Directives as described in the worlds of compliance and transposition literature, correspond with the transposition of national CSR policies?
3. Which monitoring mechanisms does the European Commission use to audit the transposition process of the suggested CSR policies? Are these in line with the monitoring abilities available to the Commission under soft law?

The first question is directed at giving an overview of what Member States have done so far when it comes to putting a National Action Plan in place and transposing CSR policies. The focus will be on the transposition outcome as such, since the starting points of the world of compliance theory and this research are different. The amount of policies a country has transposed, the existence of a NAP and corporate performance measured with the Dow Jones Sustainability Index (DJSI) outcomes will be discussed here. The second question is aimed at examining whether there is an association in transposition behaviour as described in the world of compliance and the CSR case. The third and last question is focussed on how the Commission is monitoring this whole process and whether or not that is in line with the soft law process and abilities available.

Based upon the theoretical framework that will be used, some expectations are formulated as well in order to guide the analysis and answer the main research

question and sub-questions:

- **Expectation 1:** *since the original world of compliance research was conducted for 'social' Directives, it is expected that for CSR policies (being a social initiative in the EU) the theory will hold as well. In other words, it is expected that following the worlds of compliance theory a countries 'culture of implementation' (the 'world of compliance' it belongs to according to the authors) is of importance when it comes to CSR policy transpositions as well.*

This expectation is based on the world of compliance theory logic that a countries domestic 'culture of compliance' (the 'world' it belongs to according to the authors) applies to its handling of EU Directives. It will be interesting to see if it goes for the soft case of CSR as well. To be more precise, since we will be focussing on transposition it is expected (looking at figure 3) that the countries from the world of law observance type will all transpose the prescribe policies, while within the world of transposition neglect this will be completely neglected. For the world of dead letters and domestic policies, it depends from country to country if a NAP for CSR and the associated policies will be transposed. This thus means that it is expected that for this soft law case, hard law patterns of compliance are at work. As stated above, there seems to be overlap between the actors involved in the Directives researched in the worlds of compliance theory and in the CSR issue. Therefore, we think this theory can be relevant for the case of CSR.

- **Expectation 2:** *following the transposition and world of compliance literature, it is expected that delay in implementing CSR is highest in the world of transposition neglect, lower in the world of domestic politics and world of dead letters and lowest in the world of law.*

The second expectation is formulated with the transposition theory of Toshkov mind, who states that discretion has a negative impact on duration of transposition. Here, it is understood that discretion for CSR policy transposition is very high, since only recommendations of policy fields governments can be active in are presented by the Commission. Guidelines are put forward to set up a national framework, but there is no pressure to do this in a particular way. When we go back to figure 1 and 3, it shows that transposition is usually neglected or delayed in the world of transposition neglect, dependent on political pick-and-choose in the worlds of domestic politics and dead letters and timely in the world of law observance. With the dates of the adoption of a NAP we will examine if this is the case for CSR as well.

- **Expectation 3:** *because CSR is a soft issue only described in a Green Paper and Commission Communication and not in Directives, it is expected that Commission monitoring will not be stringent.*

The third expectation is based on the assumption that CSR is important to the Commission since Green Papers are issued and the Member States are expected to take it on as a policy. However, the unique nature of the concept (great deal of actors involved, still perceived as voluntary action by business) will make it less likely that monitoring is stringent. Also, there is no legal pressure to implement the policies, therefore the Commission will likely put less emphasis on monitoring. Also, as was shown, the Commission's enforcement abilities are

not as strong under soft law as they are under hard law. Because there are less opportunities for the Commission here to be stringent and steer the transposition process, it is also expected that this will have its effect on actual monitoring.

# 3 Methodology

This chapter describes the methodology for the data collection and data analysis. The design of the work will be illustrated, the dependent and independent variables will be operationalized and the methodology for the data collection will be explained. Also, the choice for using case studies for explanatory research will be illustrated.

## 3.1 Design and case selection

Following Yin's (2004) operationalization of the case study method as an appropriate way to design research, this method will be used for this thesis. To be more precise, here it will concern a case study design where an overall case with embedded sub-cases (units of design) will be researched. The case being the framed research question (how different EU Member States have implemented CSR policies) which will be answered with researching the 'sub-cases' (the specific policies in the Member States). This approach has been chosen in order to analyse the variations between the cases (the Member States). When we look at the frame Yin has developed for different types of case studies (figure 1), we can see that there are several other options as well. For this research the multiple-case design with holistic cases is used. There are multiple cases (the different Member States) with one unit of analysis, the CSR policy in that country. As Yin says as well, the importance here is that a rich theoretical framework is adopted, since this will later in the research becomes the vehicle for generalizing the outcomes of the case studies (Yin 2013: 54). Therefore the case study is relevant for this thesis. As mentioned, we want to see if the 'three worlds of compliance' theory holds for the CSR case, and see if that can say anything about other compliance practices in general.

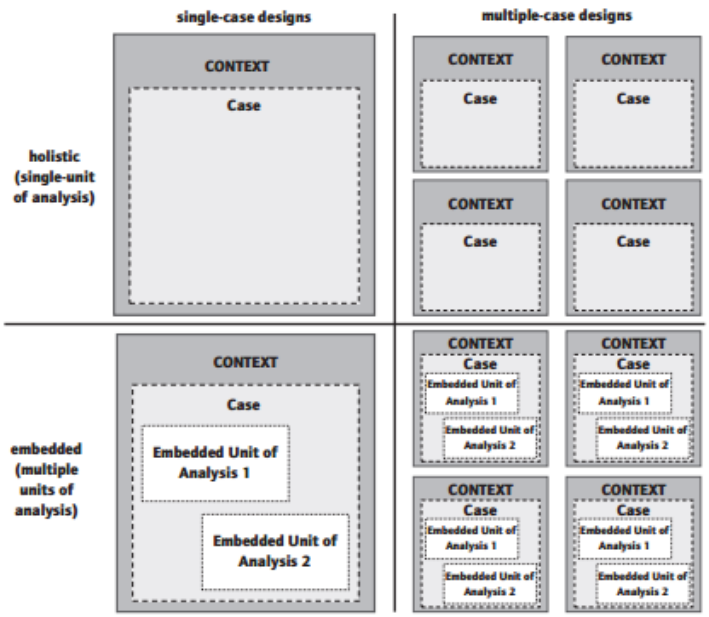


*Figure 4: Basic types of design for case studies, Yin 2013: 46.*

The multiple cases approach has been chosen in order to analyse the variations between the cases (the Member States). The cases selected are all EU Member

States, but the Members Luxembourg and Croatia had to be excluded. The most recent EU numbers on CSR stem from 2011, when Croatia was not part of the EU yet and records on the countries CSR performance were not kept prior to the accession. For Luxembourg, the problem is that this country was not included in the peer reviews conducted by the Member States for the European Commission. Therefore, official and up to date numbers are missing which makes it difficult to research this country in comparison to the rest of the Member States, who's records are in place. The choice of looking at the EU as a whole been a deliberate process. We want to have a complete picture of the EU and CSR performance, so it makes sense to look at all the Member States, since the aim is to see how CSR fits in the general patterns of compliance of the different states. Given that the worlds of compliance theory has been extended to the new Member States recently as well, this gives us the theoretical framework to do so and to use the most up-to-date theoretical perspective in the field.

## 3.2 The case study for explanatory research

As Yin (2004) has argued, the case study method is said to be a pertinent tool for research that asks descriptive (what happened?) or explanatory (why or how has something happened?) questions (Yin 2004: 2). However, explanatory research is often aimed at making generalist statements and it is often claimed that case studies are not the best fit when it comes to generalizing, since specific cases can say something about a certain entity or circumstance, but cannot go beyond that specific case. Of course this is legitimate criticism. For this research however, generalization isn't so much the goal. The aim, first and foremost is to see how CSR 'fits' in the general pattern of compliance of the Member States being well aware of the fact that the outcomes might not be relevant in predicting outcomes for other cases. However, because a multiple sub-cases approach is used, we can respond to the common criticism of (single) case studies being to unique and specific and have limited value beyond the circumstances of the single case (Yin 2004: 9). Also, case studies provide the option of comparing different entities with each other and, as several authors have stated, there can be no findings without comparison (Nissen 1998: 399). Ragin (1987) has argued that even though research might not have a purely comparative goal, researchers will still compare, since they can hardly research without an internal frame of reference or a theory against which to measure the findings (Ragin in Nissen 1998: 399-400). Comparison, therefore, provides a basis for making statements about empirical regularities and for evaluating and interpretation cases relative to substantial theoretical criteria (Nissen 1998: 399). So it seems that, even though it is often argued that case studies cannot make use of generalization, that especially applies to single case studies. As mentioned, it is not expected that this will be an issue for the research at hand, since the over-interpretation of peculiarities of single cases is most likely avoided with the multiple-case approach that will be used (Nissen 1998: 416). Furthermore, if research is aimed at contributing to theory, generalization is essential. Generalization can only be performed if the case study design has been appropriately informed by theory, and can therefore be seen to add to the established theory. For case studies, the method of generalization is an analytical one in which a previously developed theory is used as a template to compare the empirical results of the case study with (Rowley 2002: 20). The relationship between theory and cases as aimed at contributing to theory is one that has provoked quite different conclusions however. The so-called grounded theorists seek to enter the field (the cases) with no preconceptions about what they'll find. They believe case studies can form the basis for the development of more general nomothetic theories (Babbie

2004: 293). On the other hand, Michael Burawoy (1991) among others, suggests the opposite. He states that the extended case method has the purpose of discovering flaws and strong points within case studies and can modify existing theories. He stresses that it is of the utmost importance to try "to lay out as coherently as possible what we expect to find in our site before entry" (Burawoy as cited in Babbie 2004: 293). Burawoy was one of the first to issue the idea of using the case method to rebuild or improve a theory, instead of approving or rejecting it. Therefore, he finds that knowing the literature beforehand is a must, whereas grounded theorists would worry that knowing what others have concluded might bias their findings (Babbie 2004: 293). Clearly, the Burawoy technique is dominant for this research. since, to speak with Yin, a deliberately adopted theoretical framework is used to embed the data in, which can help to analyze that data (Yin 2004: 6).

## 3.3 Answering the research question: dependent and independent variables

For this research, the dependent variables are the number of CSR policies a countries has transposed and its National Action Plan on CSR. As mentioned in the previous chapter, the EU has drawn up policy categories for Member States to take action. The categories are: policies that promote the uptake of CSR, policies that seek to ensure the transparency of CSR instruments, practices and initiatives in other public policies that have a positive impact on CSR (Corporate Social Responsibility National Public Policies in the European Union 2007:6). All of these categories have various sub-categories to them (see Table 1). These categories will be used to frame the Member States performance.

| Promoting CSR | Ensuring Transparency | Developing CSR Supportive Policies |
|---|---|---|
| Awareness raising | Principles and codes of conduct | Sustainable development strategy |
| Research | Reporting framework | Social policies |
| Public-private partnerships | Labels, certification schemes and management systems | Environmental policies |
| Business incentive awards | Socially responsible investment (SRI) | Public procurement |
| Management Tools | Advertising | Fiscal policies |
| | | Trade and export policies |
| | | Development policies |

*Table 1: CSR policy fields for national action drawn up by the European Commission (Corporate Social Responsibility National Public Policies in the European Union 2007: 6).*

For this research the first independent variable researched is the 'country type' from the worlds of compliance theory As explained in the previous chapter, we want to test if the different 'worlds' or patterns of compliance are visible for CSR as well. The second independent variable is the duration of transposition. Because CSR is not part of a Directive, the line between transposition and implementation can seem a bit blurred. For this work, transposition is understood as the adoption of CSR policies to the national level, as opposed to implementation, which implies policies actually being enforced by Member States [2]. Transposition delay will be determined based on the deadline set by the Commission and the date of approving a NAP by the Member States. The third and last independent variable is the Dow Jones Sustainability Index (DJSI) value of the best

[2]European Commission, derived from: `http://ec.europa.eu/internal_market/scoreboard/performance_by_governance_tool/transposition/index_en.html`

performing countries on CSR. This value will be used to determine countries' CSR performance on the corporate level. There are several indices and reporting organisations that keep track of corporations' activity on CSR. The DJSI was selected because it is more results oriented than other indices and uses hard requirements to measure corporations performance, instead of just looking at their own reporting on CSR (Gjolberg 2009: 16).

With these variables, we want to answer the formulated sub-questions. To be more precise, under sub-question one, transposition delay, DJSI value, NAP and CSR policies will be discussed to get an overview of the current state of CSR policies throughout the Member States and the way they have transposed the policies. Under sub-question 2, the world of compliance country types and, again, the NAP and CSR policies will be examined. Here, we will compare the data presented under the first sub-question and compare it with the world of compliance types. Since we want to see whether there is an association between a countries' compliance background and its transposition behaviour concerning national CSR policies.

For the independent variables, secondary data will be derived from the world of compliance and transposition literature, since we will use these frameworks to hold the other data against. A common complication when using existing data is that new research will probably use it for a different research purpose than that it was initially collected for (Boeije ea. 2009: 298). For this research this is not expected to be a major issue. The authors of the compliance theory themselves state that the interviews they conducted in all the 15 countries not only told them something about the compliance of a country in a certain case, but was of a much more generalist character of a countries' compliance with EU law (Falkner, Hartlapp and Treib 2007: 403). Therefore, it seems that this data will be relevant for other research as well. Of course, that research was conducted for EU Directives and CSR is not included in a Directive. As mentioned before, this is the reason we will focus on the transposition process as such, instead of the entire implementation process and effectiveness, like the worlds of compliance literature does.

A few notes have to be made concerning the data collection for the dependent variable and the presentation of that data in the following chapter. For the figures 6 to 9, data from the peer reviews and Commission documents on CSR from 2002, 2007 and 2011 were used to map the Member States' progress. The policies were classified based on the categories set out by the European Commission (see Table 1). However, because an in-depth content analysis of the policies is beyond the scope of this work, the decision was made to focus on the quantity of policies within each country. Therefore, the numbers on the vertical axes, represent the amount of CSR policies in a country. Furthermore, it was usually quite clearly stated which policies was concerned within the documents and most of the documents referred mainly to the categories as drawn up by the Commission. However, for the sub-category 'awareness raising', it was not always mentioned so explicitly as the other points. So, whenever 'promoting CSR' was mentioned, that was interpreted as awareness raising.

Another point to be made concerns the use of peer reviews. It was decided to use them even though, as we will see, they are less reliable than expected. This choice was made because although the reviews were not conducted as prescribed by the Commission, they do give the best available overview of the current transposed policies. Also, for a research that would focus on policy content,

using these reviews might be more problematic than it is here. Since we focus on the transposition as such, we only want to indicate if policies are transposed at all. For this purpose, we believe that the peer reviews are reliable, since clear dishonesty about whether or not a policy is transposed would stand out quite easily.

## 3.4 Data collection for the variables : reliability and validity

For the dependent variable CSR policy and for every country researched there will be an analysis based on official documents mentioned before. Since EU official documents will be used for all the cases to derive data for the dependent variable, it's expected that consistent results will appear to ensure that the research can be repeated and the reliability will be high. In gathering the data, the policy sections for CSR set out by the European Commission will be used as a guideline to the different policies the Member States have implemented, or intend to implement. Because of the modest amount of data collection, the choice was made to manually collect the data instead of using a program like Atlas.ti.

As Rowley (2002) tells us, different forms of validity are crucial to the quality of research. First, construct validity is focused on establishing correct operational measures for the concepts that are being studied. For this research this is ensured with using multiple sources of evidence as well as the aim of establishing a clear chain of evidence with the theoretical framework. Official documents by the EU (the national compendiums from 2007 and 2011) and the peer reviews drawn up by different Member States (a total of 6) will be used. These documents were drawn up by the EU Commission, or by Member States charged with that task by the Commission, based on their own field work with the purpose to be able to track Member States' action. Furthermore, the European Sustainable Development Network ESDN Quarterly report (2011) on CSR will be used as well to derive data from. Secondly, internal validity is of importance for establishing causal relationships, whereby certain conditions are shown to lead to other conditions. This can be accomplished by pattern matching and explanation building in the data analysis phase. As will be shown in the next chapter, we will use the theoretical framework to see if there is a causal relation or association between the theoretical ideal types of EU compliance and the real world case of CSR. Thirdly, external validity is concerned with the domain to which a study's findings can be generalised. Generalization is based on the replication logic, as discussed above, by using a clear theoretical framework. Since for this research the multiple case study method is used, generalization probably will not be on the line (Rowley 2002: 20-21).

# 4 Analysis

This chapter presents the data analysis for the collected data. There are two main aspects to this part. Firstly, the data will be presented in relation to the theoretical framework to answer the first sub-questions. Then, there will be an overview and an analysis of some factors that came up in the data collection that were not necessarily expected beforehand, and shed a different light on the issue.

## 4.1 Findings for sub-question 1

*What is the current state of CSR policies in the European Member States?*

In 2011, the European Commission researched the progress made by Member States in the field of CSR. Actual implementation of policies was not researched, but an indication of intentions and actions was presented. When we look at figure 5, we can see that intentions differ significantly throughout the Union. Germany being the most enthusiastic Member State, stated that it was working on almost all the actions points set up by the Commission, while Estonia was not able to come up with any plan at all.

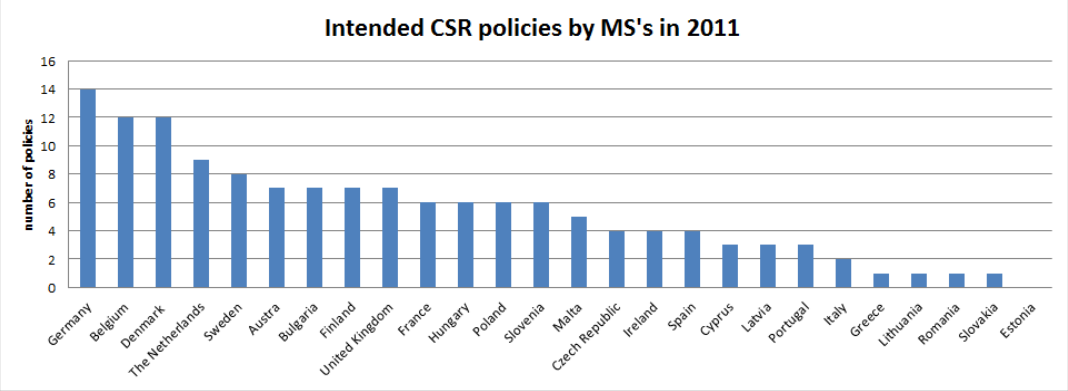


*Figure 5: Intended CSR policies by Member States*

Then, in 2013, peer reviews were conducted by the Member States, as was commissioned by the European Commission. In these peer reviews Member States' progress is presented. As we can see in figure 6, this gives a rather different image from figure 5. With the exception of Slovakia, all Member States have transposed one or more of the action points set out by the Commission. Only Spain, Portugal, Ireland and the United Kingdom have transposed the same amount of action points in 2013 as they intended in 2011. Nine Member States adopted more action points than intended and thirteen adopted less than intended. With 4,65 action points on average and a mode of 5 (see figure 6), transposition of these action points do not seem to be highly successful.
In sum, there seems to be quite some inconsistency between what Member States expect to transpose and what they actually do transpose. In the next sections, these figures will be analysed further.
Table 2 shows the different forms of organizing CSR policies throughout the EU, as mentioned in official peer reviews from 2013, conducted by the Member States as assigned by the European Commission. We can see that twelve out of 26 Member States have formed their CSR policies through a national strategy or action plan, which means 46 per cent have reached the Commission's deadline

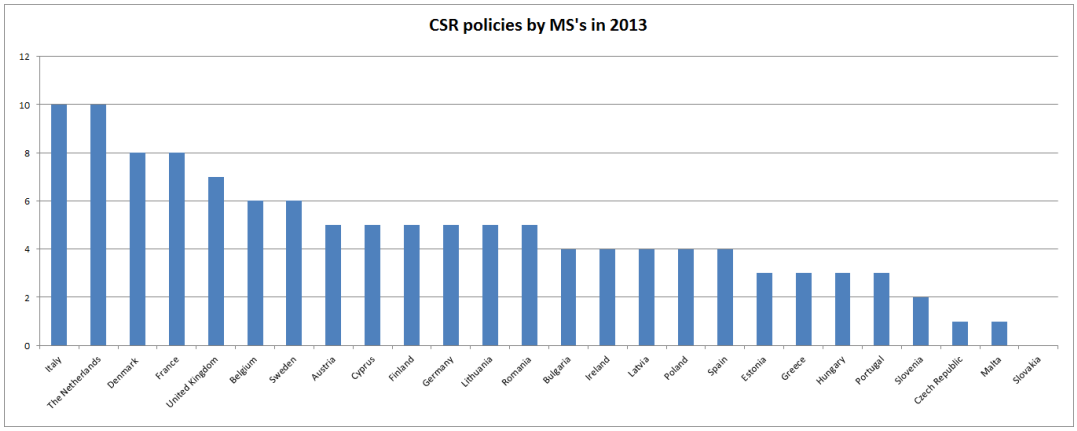


*Figure 6: transposed policies by Member States*

and are not delayed in transposition. Seven others are planning to transform their previous CSR activities into such a NAP and the remaining Member States have found other ways of implementing CSR policies and will remain to do so. These other options include integrating CSR into a national sustainability or other relevant strategy, or putting a CSR supporting framework or network in place. France for example integrated CSR in the national sustainability plan and four different ministries are working together on the issue. This co-operation has led to the set-up of a national CSR working group, which brings together various stakeholders. It also enhances the legal framework concerned with CSR and as we can see, France scores quite high on the policy ladder with this strategy in comparison with the other Member States (Peer Review on Corporate Social Responsibility Paris 2013: 1-2). Nevertheless, within the Renewed EU Strategy for CSR 2011-2014 and again in the peer reviews it is explicitly stated that an official national framework is preferred (Peer Review on Corporate Social Responsibility London 2013: 1). France therefore, along with most other countries, is developing a national action plan (NAP) to accompany the already existing policies or to incorporate them into the plan. Latvia, Poland, Portugal, Slovakia, Slovenia and Spain have no plans of answering to the call from the Commission to set up a NAP and will continue with their own strategy, with the exception of Slovakia, where no intentions are formulated to form a CSR supporting strategy. Because of the Commissions emphasis on the importance of having a NAP in place, it might be expected that having such a framework or plan has a positive impact on CSR performance in general. However, as we can see when we go back to figure 6, having a national framework does not seem to be linked to CSR policy performance or quantity especially. Nevertheless, with the exception of Estonia, none of the NAP countries are amongst the lowest ten performers and all of the countries that are not planning on having a national CSR policy or are still developing one, are in the lower ranks. These numbers however, only say something about activity in the fields the Commission set out. Overall CSR performance might be higher for these countries.

### 4.1.1 Transposition delay

The peer reviews were conducted because the Commission has stated that it hopes that countries implement national plans for CSR by the end of 2012 (A renewed EU strategy 2011-14 for Corporate Social Responsibility, 14). If we look at the actual transposition dates of the NAPs and combine them with the

| Country | National CSR Strategy and Action Plan | Under development | Integrated in sustainability plan | CSR supporting framework or network | Integrated into other national strategy | Other |
|---|---|---|---|---|---|---|
| Austria | | x | | | | |
| Belgium | x | | | | | |
| Bulgaria | x | | | | | |
| Czech Republic | | x | | | x | |
| Cyprus | x | | | | | |
| Denmark | x | | | | | |
| Estonia | x | | | | | |
| Finland | x | | | | | |
| France | | | x | | | |
| Germany | x | | | | | |
| Greece | | x | | | | x |
| Hungary | | x | | | | |
| Ireland | | x | | | | |
| Italy | x | | | | | |
| Latvia | | | | x | | |
| Lithuania | x | | | | | |
| Malta | | x | | | | |
| The Netherlands | x | | | | | |
| Poland | | | | | x | |
| Portugal | | | | | x | |
| Romania | x | | | | | |
| Slovakia | | | | | | |
| Slovenia | | | | x | | |
| Spain | | | | x | | |
| Sweden | x | | | | | |
| United Kingdom | | x | | x | | |

*Table 2: Forms of organizing CSR in EU Member States*

'country types' of the world of compliance theory, we get the picture as shown in table 3. For some countries, practical application or implementation seems to be a big problem. This includes Greece, Malta, Hungary, Ireland and the Czech Republic, who all score on the low side as well, despite working on the development of a NAP. This can be an explanation for the mixed image that seems to arise. While some countries that were researched in the peer review clearly implemented CSR policies within a national framework, some others are still very much in the transposition phase. Nevertheless, virtually all Member States have some sort of CSR policies, which makes it difficult to determine where exactly in the transposition process they are. The scattered image that arises therefore, can be the result of the fact that different Member States are at different stages in the transposition process.

We can say something however, about the delay in transposition in the different 'worlds', since the transposition dates were mentioned explicitly in the peer reviews. To start with the world of transposition neglect, all countries have neglected to transpose a NAP in time. All the countries from this category did not just transpose late, so far they have not transposed at all. For the world of dead letters, transposition is delayed in all countries as well. Here, with the exception of Italy who put its NAP in place in 2013, all countries, so far, are non-compliant too. Then, the world of domestic politics shows a more diverse image. Here, three countries have transposed in time, while three others are delayed. The last category, the world of law observance, brings another surprise. Here we see that Denmark and Finland have adopted a NAP in time. Sweden, however, was

| Transposition | World of law observance | World of domestic policies | World of dead letters | World of transposition neglect |
|---|---|---|---|---|
| **In time** | Denmark, Finland | Netherlands, Germany, Belgium | - | - |
| **Delayed** | Sweden | Austria, Spain, UK | Ireland, Slovenia, Slovakia, Italy, Ireland, Czech Republic | Poland, France, Greece |

*Table 3: Transposition of NAP on CSR, derived from Peer Reviews on Corporate Social Responsibility June 5th until December 12th 2013.*

delayed even though it does have a NAP now.

When we go back to the formulated expectations on transposition delay, they partly hold. Delay is indeed highest in the world of transposition neglect category, but only slightly more than in the world of dead letters category, where only one country has transposed as opposed to zero. However, in both categories no country has met the deadline of 2012 set by the Commission. The world of domestic policies was expected to hold some sort of middle-ground, where some countries would have transposed in time and others not, because, as Falkner and Treib have stated, it depends on political pick-and-choose whether or not a country in this category will comply (Falkner and Treib 2008: 309). For the CSR case, this showed to be true. Half the countries have transposed in time, while the other half of the category has not. Here however, the countries that are delayed, again are, not just delayed but so far are non-compliant too, despite working towards a NAP. Then lastly, the world of law observance meets the expectation since only one country here is delayed. However, usually all countries in this category transpose in time. Nevertheless, the country that was delayed, Sweden, has put a NAP in place. So, the large difference between the world of law observance category and the others seems to be that even though here a country may be delayed, the delay is lower on average.

### 4.1.2 Corporate Performance

The Dow Jones Sustainability Index is published every year with the 'Sustainability Yearbook' . When we look at table 4, for 2014, the best performing countries in Europe are; the UK, France, Germany, Spain, the Netherlands, Italy, Finland, Sweden, Belgium and Denmark, all based on the number of top-performing companies based in those countries (The Sustainability Yearbook 2014, 45-46). When we look at these countries, there are different points that come forward.
First, all the countries that transposed a NAP in time (see table 3) are also the ones that are best performing on the corporate level However, certainly not all countries who have transposed a NAP in time are among the best performers. Second, with the exception of Spain, Portugal and France, these 'best performers' are also among those that have transposed higher numbers of CSR policies, as seen in figure 8. Third and last, again with the exception of Spain and Portugal, the countries where corporations are shown to be most active in CSR, are those that, even before the Commissions call to action, have been actively promoting and facilitating CSR (Peer Reviews on Corporate Social Responsibility June 5th

| Country | Number of Companies listed as best performers |
|---|---|
| United Kingdom | 52 |
| France | 35 |
| Germany | 25 |
| Spain | 20 |
| The Netherlands | 16 |
| Italy | 15 |
| Finland | 10 |
| Sweden | 7 |
| Belgium | 4 |
| Portugal | 4 |
| Denmark | 3 |

*Table 4: Best performing countries based on corporate performance on CSR (The Sustainability Yearbook 2014, 45-46).*

December 12th 2013). It may be too soon to test the effect of the EUs pressure on Member States to transpose CSR policies on corporate performance, or to make other associations. Also, there are limits to the use of the DJSI to make strong claims. What the index does not take into account is the number of participating countries per country as compared to the number of best performing corporations per country. In other words, only absolute numbers are given, and no relative ones. This can give a distorted image, especially since we can see in table 4 that the larger, more industrialized countries score quite high. The smaller countries that might score well relatively speaking, do not come up as such with this approach. Therefore, it is interesting to observe the apparent association between corporate performance and governmental action the index seems to indicate, but we cannot put too much weight on it to illustrate that possible connection.

## 4.2 Findings for sub-question 2

*To what extent does a countries general compliance pattern with EU Directives as described in the worlds of compliance and transposition literature, correspond with the transposition of national CSR policies?*

In the previous sub-chapter, the worlds of compliance theory has already been used as a unit of analysis. When we look at Table 2 and hold the data against the country types and their expected behaviour as described by Falkner and Treib (see figure 3) as well, an interesting picture arises. With the main aim of the Commission being for Member States to come up with a NAP, there does seem to be consistency in the behaviour of the countries in relation to the worlds of compliance theory. Within the world of law observance, all Member States (Denmark, Finland and Sweden), have adopted a NAP, even though some of these countries, especially Finland, already had a long tradition of organizing CSR in a different national context (Peer Review on Corporate Social Responsibility Helsinki 2013: 1).

For the world of domestic policies theory, having a NAP in place varies among the countries. Here we see that a small majority of countries (Belgium, Germany and the Netherlands) do have a NAP while some others (Spain and the UK) have not. To speak with Falkner and Treib, transposition here depends on political

pick-and-choose (Falkner and Treib 2008: 309). The world of dead letters category gives the same image as the world of domestic policies, only mirrored. Here only one country (Italy) had adopted a NAP while the majority (Ireland, Czech Republic, Hungary, Slovenia and Slovakia) have not. Again, this follows the theories logic. Finally, the world of transposition neglect category meets the expectations as well, in that all countries (France, Greece and Portugal) so far have neglected to adopt a NAP.

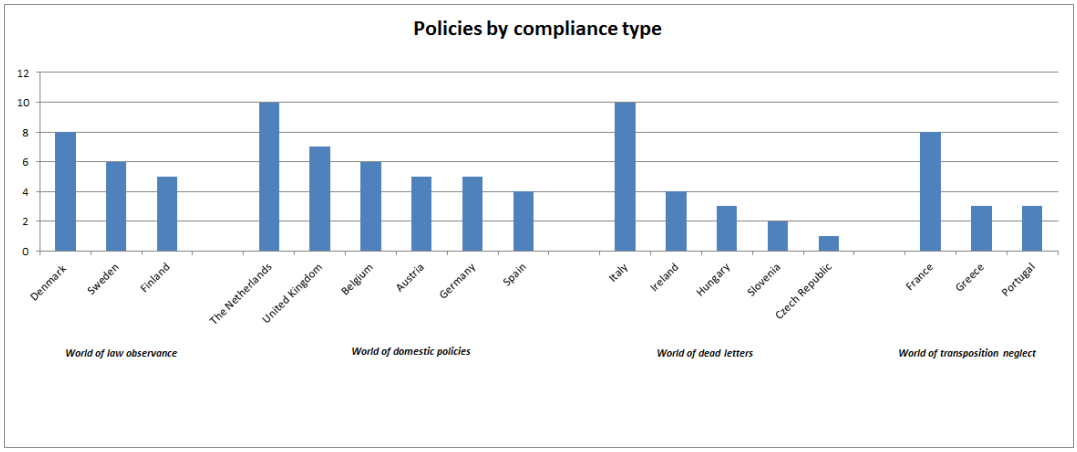


*Figure 7: policies by compliance type*

If we look at figure 7, the Member States have been grouped together based on the type they belong to according to the worlds of compliance theory. Within those types they have been ranked from countries with the most policies to those with the least. As the graph shows, the image is again quite scattered. If we express these findings in numbers, we can see that indeed there seems to be an inconsistency with the transposition of policies and the theory. The countries from the 'world of domestic policies' score relatively high (6.16 action points on average), in some cases higher than the ones within the 'world of law-observance', where the average score is 6.33 action points. This was not expected. The 'world of dead letters' countries do score lower (with an average of 4 action points) than the domestic policies and law-observance world, as was expected, but Italy is the outlier here, who scores very high. Following the typology's logic, the world of dead letters should score quite well on the transposition scale, or at least better than the 'world of transposition neglect'. As Falkner ea. argue, within these countries the implementation process falters already at the transposition phase, whereas the world of dead letters might transpose quite well, but non-compliance will set in during a later stage (Falkner and Treib 2008: 308). However, here we see that the world of transposition neglect scores 4.66 action points on average and the world of dead letters scores lowest, with an average of 4 action points. Falkner and Treib have already shown that one of the main reasons for high levels of non-compliance in the world of dead letters category is the lack of support by civil society actors. For the case of CSR, being an issue so dependent on other actors besides the government, this might be an important factor for explaining the differences per category.

Falkner and Treib however, stress that the theory does not necessarily can predict policy outcomes, but it refers to typical process patterns of national political and administrative bodies (Falkner and Treib 2008: 309). Taking this into account,

it seems that the theory indeed rightfully predicts transposition uptake (the adoption of a NAP)for CSR. However, the actual transposition of the policies within such a framework do not seem to conform to the theory.

## 4.3 Findings for sub-question 3

*Which monitoring mechanisms does the European Commission use to audit the transposition process of the suggested CSR policies? Are these in line with the monitoring abilities available to the Commission under soft law?*

As mentioned a few times before, CSR is a 'soft' issue, meaning that there is no official EU law concerned with it. Nevertheless, the European Commission obviously does not want communications, green papers and other policy recommendations to go to waste. Even though the EU itself cannot hold a Member State accountable for its failure to comply with EU guidelines it can however, monitor and enforce softly through reports about the domestic implementation of the Union's strategy, also known as National Action Plans (NAP) (López-Santana 2006: 485). This can help harden the soft issues' effect and it reminds states that they should act on the issue (López-Santana 2006: 488). This is what we have seen with CSR as well. Member States are encouraged to set up National Action Plans and the EU has made some intentions on the issue for itself as well. In the Commission Strategy for CSR it was stated that peer learning should and would be fostered and that the Commission with the Member States intends to create a peer review mechanism for national CSR policies in 2012 (A renewed EU strategy 2011-14 for Corporate Social Responsibility, 12). These peer reviews were expected to be of importance for information sharing between Member States and for the benchmarking process, but also to inform the European Commission's thinking on a future CSR strategy (Peer Review on Corporate Social Responsibility Copenhagen 2013: 1).

But what are these peer reviews actually and how can they be part of a monitoring process or 'mutual learning process' (Mosher 2000: 6)? In essence, peer reviews can be described as "the systematic examination and assessment of the performance of a state by other states, with the ultimate goal of helping the reviewed state improve its policy making, adopt best practices and comply with established standards and principle" (Pagani 2002: 15). Peer reviews can, arguably, work as monitoring mechanisms, by exposing countries actual performance to comparative benchmarking, on the basis of agreed indicators, to other countries and to public scrutiny. The process can therefore provide favourable conditions for 'learning by monitoring' (Sabel, as cited in Scharpf 2002: 654).

As we have seen, the peer reviews for CSR have indeed been conducted. What is notable however, is that the reviews are not research reports of Member States inspecting other Member States, but rather the nations' own presentations of transposed policies, making it harder to distinguish their actual performance, also because no clear distinction is being made between transposition and implementation in the reviews. So far, there has not been a follow-up of the peer reviews or a reaction by the Commission concerning the outcomes of the peer reviews. Therefore, it seems that indeed for this issue, Commission monitoring is not stringent. The next section will elaborate on this issue.

## 4.4 The limitations of soft law?

As addressed before, CSR is not a hard law case, but one of a soft character. For soft law, the most important features are common guidelines that are to be introduced into national policy, combined with periodic monitoring, evaluation, peer reviews as mutual learning processes and benchmarks as a means of comparing of best practices (Borrs and Jacobssen, 2004: 188). In its ideal form it consists of the steps shown in figure 9.

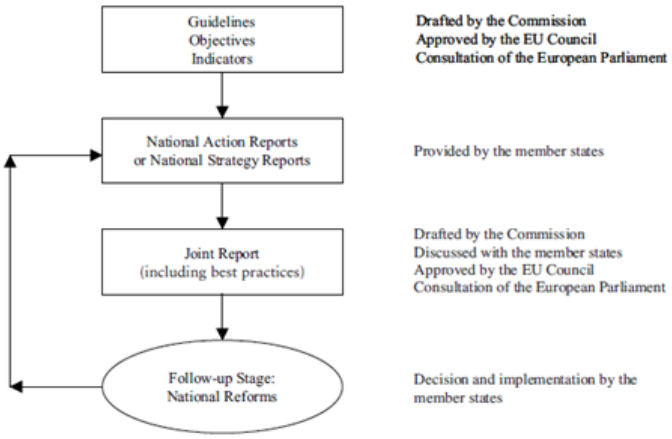


*Figure 8: Soft law design (Eckardt, 2005: 252).*

Concerning a certain policy field, the first step is that the European Council agrees on common goals and (insofar possible) on quantitative targets for which indicators and benchmarks are established. The Commission drafts these goals and targets with the competent committees involved, whereupon the European Parliament is consulted. In the second step, the Member States present reports on the situation in the relevant policy field. These reports cover how far the Member States already are in addressing the objectives, what policies they have implemented and what actions they plan to take in the future. The Commission then compares these national reports and decides on what the best practices are and assesses the efforts taken so far. Then, ideally, the Commission would draw recommendations for every Member State on what to do next. These recommendations are laid down in a joint report that has to be approved by the Council, with consultation of the Parliament. In the last follow-up stage, the Member States should implement the measures recommended in the joint report (Eckardt, 2005: 252). After a certain amount of time this whole process is repeated. New national report shed light on the Member States' failure or success in achieving the overall objectives. Besides this on-going process of periodic monitoring and peer reviews, mutual learning should take place in order to help identify superior policies and to stimulate policy transfer (Eckardt, 2005: 252).

For CSR, it seems that the first two steps described in figure 8 have been dealt with. The Commission has set the objective of adopting NAP's, has given guidelines in the form of action points and policy fields in its Strategy for CSR and has indicated why CSR is important (A renewed EU strategy 2011-14 for Corporate Social Responsibility, 4-6). However, the third step in the process, the draft of a Joint Report by the Commission, has not been conducted. The Commission's strategy for CSR was issued for the period 2011-2014 so one would

expect that in 2015, a Joint Report to base a new Strategy on will be prepared. So far, no Commission statement or intention about such a report has been issued. Therefore the follow-up stage has not been put in motion either. What complicates the matter is that the Commission has stated that it wants to use the peer reviews (the national action reports in figure 8) to come up with a new strategy (Peer Review on Corporate Social Responsibility Copenhagen 2013: 1). Hence, it seems as though the follow-up stage will be neglected, while immediately going back to changing the objectives and guidelines after receiving the outcomes of the peer review. Given the different understanding and content of CSR in the different Member States, it might actually be sensible to go back to the drawing board based on Member States' experiences so far, before enforcing policies that might not align with their means and leisure. However, here we come across possible limitations of soft law as well, or at least soft law in this case. Proponents of soft law explain that soft law brings a range of different options for interpretation (and room for trial and error), without the constraints of uniform rules or the threat of sanctions. This provides all the different Member States with the room to develop solutions they see fit their specific problems. (Trubek, Cottrell and Nance, 2005: 16).

Enforcement for soft law has a different character than the tools available to hard law. Shaming is often said to be the strongest tool of enforcement for soft law, the idea being that Member States will try to comply with the guidelines in order to avoid criticism by the commission and other Member States (Trubek, Cottrell and Nance, 2005: 17-18). For CSR however, the stage of shaming is never reached. Peer reviews are drawn up, but no actual inquiry about implementation has been made, or will be made when the last stage of the process will keep on being neglected, as we have seen in the case of CSR. Here it seems that softlaw critics have a point in that they say soft law can lack clarity and precision needed to form a reliable framework for (collective) action (Trubek, Cottrell and Nance, 2005: 2). When the full 'soft law circle' is not completed, it goes to show that it loses influence.

Also, they see soft law as a good option when the gap between reality and the aspired norm is so big, that it would be almost meaningless to implement hard law regulations. Soft law mechanisms establish minimum levels of endorsement to be reached, so they are, arguably, a more realistic option in sensitive areas or ambitious plans for the future (Trubek, Cottrell and Nance, 2005: 16). This reasoning is true for an issue like CSR, which meets such different definitions and expectations in all the different Member States. Introducing and enforcing a Union wide approach to CSR might be way too ambitious, since all countries would have to get their corporate spheres on board as well, which would be a huge task. Therefore, it seems plausible to use soft law for the issue, to at least try and roughly change or channel the way Member States cope with CSR.

# 5 Conclusion

As the data has shown, the worlds of compliance theory can at least partly explain the adoption of a NAP on CSR by European Member States. When it comes to policy transposition, the picture is more scattered. What was found was a mixed image, because of a few outliers for every country-type. Concerning this matter, there seems to be no consistent indication of actual performance being associated to these country types and the worlds of compliance literature in the case of CSR policy transposition. As we've seen as well, delay for implementing a NAP was around 46 per cent, which was lower than expected. It seems that, regarding the fact that discretion for the issue is high, it does not necessarily mean that delay is high as well. Therefore, the number of transposed policies by the Member States does not seem to be influenced by a countries' general implementation or transposition behaviour for hard law cases. We can only say that the initial uptake of NAP's has been mildly successful (but at least as expected) but that having such a national framework for CSR does not seem to influence the number of policies in place. On the other hand, low transposition time does seem to be linked to high performance. When we look at this variable, the world of compliance theory does seem to hold for the soft CSR case. However, actual policy outcomes cannot, as Falkner ea. have already stated, be predicted adequately for this case. Also, corporate action does not seem to be linked to the amount of CSR policies in place or the existence of a NAP in a Member State.

So, concerning the issue of using a hard law theory for a soft law case, we can say that for this specific issue, on the surface the theory seems useful. We do have to be very careful as to put too much weight on this apparent association since under soft law, countries do seem to make more use of the room available for variation, which makes predictions problematic. Nevertheless, it might be too early to even try and associate the EU's effort in the field with CSR performance. What we have seen is that corporate performance is actually highest in those countries that have a long or intensive tradition in supporting CSR and not necessarily the ones that work alongside the lines of the Commission.

Coming back to the formulated research question, we can thus say that almost half the Member States have transposed a National Action Plan as suggested by the Commission, and that "national cultures of appraising and processing adaptation requirements" (Falkner, Hartlapp and Treib 2007: 404) at least partly seem to be of importance. In general, the outcomes, even for a concept so 'fuzzy' as CSR, seem to suggest that the theory can hold in other cases than the ones of the original research as well. However, for this case the critique that the theory is deterministic seems relevant as well, given that for every country type outliers were observed. Nevertheless, what we have seen is that, as foreseen by Falkner and Treib, transposition can be predicted quite well, but actual policy outcomes not so much. This is a useful insight for further research in the field.

The monitoring process by the Commissions has, as expected, proven to not be very stringent. It even seems as though the entire soft-law mechanism of 'learning by monitoring' does not seem to work for CSR, since the stages of the process where the Commission can actually use its enforcement ability (insofar that goes for soft law) are neglected. Therefore, the picture arises of the European Commission neglecting its opportunities to make a difference in the field of CSR, rather than Member States who fail to comply. A full soft law process is needed instead of keeping on changing the guidelines as the Member States please, to

really put the issue on the map. Then, truly, the Commission would use the ability to make soft law work, instead of just focusing on the issue of CSR softly.

# 6 Limitations of the study and recommendations

As we have seen, the expectations were met regarding which countries would have a NAP on CSR, following the worlds of compliance theory. However, it would be interesting to see to what extent those countries that have a NAP perform on CSR, when looking at actual action taken by corporations after the policies have been implemented. That way, it can be determined how having a NAP can have an impact on actual CSR performance. A combination of different indices to give a reliable picture of CSR action throughout the EU would be useful and necessary to obtain such an image. Especially since there does seem to be an indication that in countries where CSR has been actively promoted, corporate action is high as well. Therefore it will be interesting for further research to focus on that apparent association between governmental action and corporate performance. Then the European Commission, national governments and business will have a sense of direction concerning policy, as well as a clear view on CSR and the forces that drive it.

Concerning the data of the research itself, there were some snags. Because of the inconsistency in reporting, it was not entirely clear from the peer reviews which countries were in the implementation phase and which ones were still transposing. The peer reviews itself proved to be doubtful sources, since it were mere countries' own presentation of its policies. Also, we cannot say the results of the analysis can demonstrate as evidence for the correctness of the worlds of compliance theory per se. Further research is needed to establish that the underlying factors of that theory are the ones responsible for the results we have seen here as well.

What's important as well is that for the rough data derived from the peer reviews and compendiums on CSR, only the number of policies transposed were taken into account and there was no distinction made between policies based on content. Therefore, some countries that already were very active in the field of CSR might have scored lower because their policies are extensive, but centred around certain fields only, making them count as only one policy. That goes the other way around as well. Some countries might have transposed a great deal of different policies throughout different policy fields, but only with depthless content. With this research design, these issues have not come up as such. More content-based research would be necessary to exclude these ambiguities.

Overall, using CSR National Action Plans in order to see if countries transpose the same way in a soft law case as they would for a hard law case, has proven to be risky. CSR can be, as mentioned, a fuzzy concept and maybe it is too hybrid for such a comparative research. To gain more clear data and outcomes, a 'soft' case that is more rooted would be useful for further research. That way, we can make firmer statements about the scope of the world of compliance theory and the behaviour of Member States.

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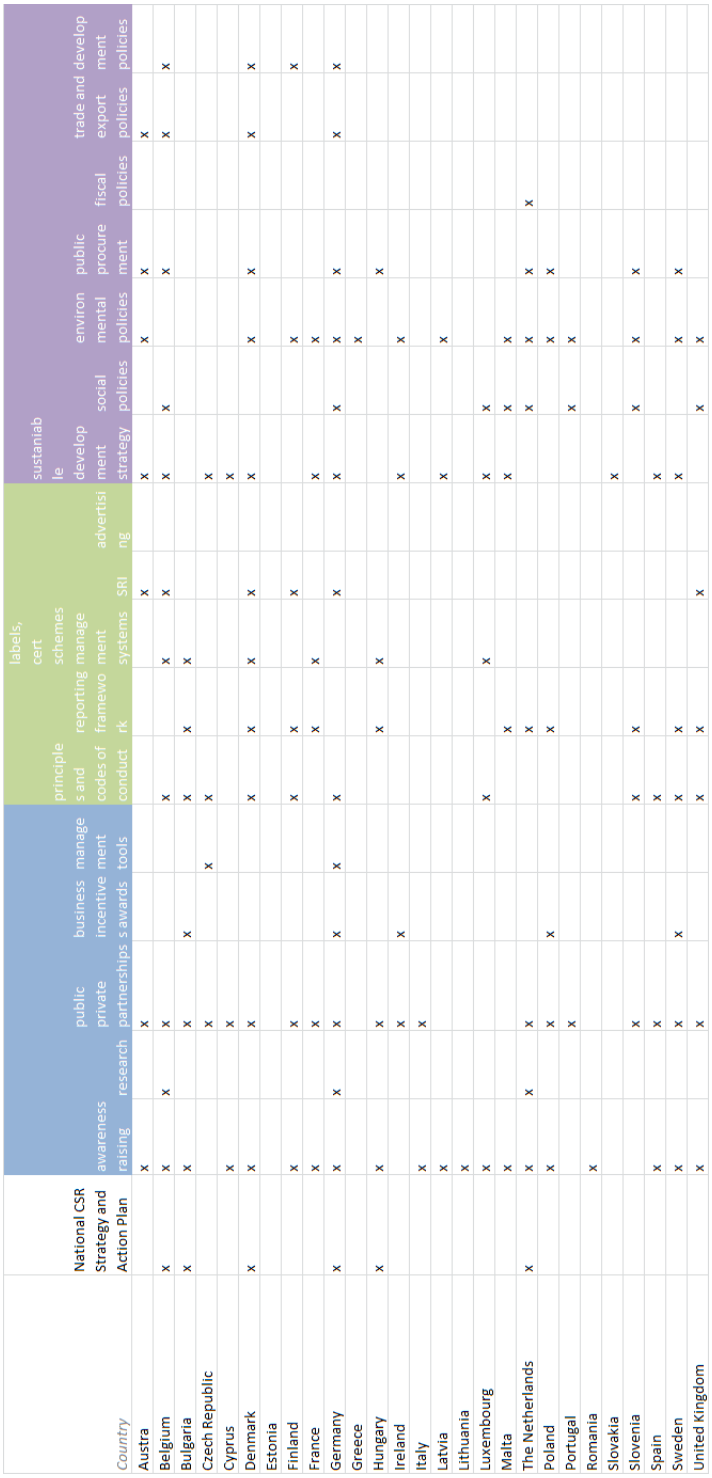
## Apppendix I



| Country | National CSR Strategy and Action Plan | awareness raising | research | public private partnerships | business incentive awards | management tools | principles and codes of conduct | reporting framework | labels, certification schemes management systems | SRI | advertising | sustainable development strategy | social policies | environmental policies | public procurement | fiscal policies | trade and export policies | development policies |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Austra | | x | | x | | | | | | x | | x | | x | x | | x | |
| Belgium | x | x | x | x | | | x | | x | x | | x | x | | x | | x | x |
| Bulgaria | x | x | | x | x | | x | x | x | | | | | | | | | |
| Czech Republic | | | | | | x | x | | | | | x | | | | | | |
| Cyprus | | x | | x | | | | | | | | x | | | | | | |
| Denmark | x | x | | x | | | x | x | x | x | | x | | x | x | | x | x |
| Estonia | | | | | | | | | | | | | | | | | | |
| Finland | | x | | x | | | x | x | | x | | | | x | | | | x |
| France | | x | | x | | | | x | x | | | x | | x | | | | |
| Germany | x | x | x | x | x | x | x | | | x | | x | x | x | x | | x | x |
| Greece | | | | | | | | | | | | | | x | | | | |
| Hungary | x | x | | x | | | | x | x | | | | | | x | | | |
| Ireland | | | | x | x | | | | | | | x | | x | | | | |
| Italy | | x | | x | | | | | | | | | | | | | | |
| Latvia | | x | | | | | | | | | | x | | x | | | | |
| Lithuania | | x | | | | | | | | | | | | | | | | |
| Luxembourg | | x | | | | | x | | x | | | x | x | | | | | |
| Malta | | x | | | | | | x | | | | x | x | x | | | | |
| The Netherlands | x | x | x | x | | | | x | | | | | x | x | x | x | | |
| Poland | | x | | x | x | | | x | | | | | | x | x | | | |
| Portugal | | | | x | | | | | | | | | x | x | | | | |
| Romania | | x | | | | | | | | | | | | | | | | |
| Slovakia | | | | | | | | | | | | x | | | | | | |
| Slovenia | | | | x | | | x | x | | | | | x | x | x | | | |
| Spain | | x | | x | | | x | | | | | x | | | | | | |
| Sweden | | x | | x | x | | x | x | | | | x | | x | x | | | |
| United Kingdom | | x | | x | | | x | x | | x | | | x | x | | | | |

*Data derived from Martinuzzi, A., Krumay, B. and Pisano, U. (2011) Focus CSR: The New Communication of the EU Commission on CSR and National CSR Strategies and Action Plans. ESDN Quarterly Report No. 23.*

## Appendix II

| Country | National CSR Strategy and Action Plan | awareness raising | research | public private partnerships | business incentives awards | management tools | principles and codes of conduct | reporting framework | labels, cert schemes management systems | SRI | advertising | sustainable development strategy | social policies | environmental policies | public procurement | fiscal policies | trade and export policies? OECD guidelines | development policies | total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Austra | | | x | x | x | | | | | | | | x | | x | | | | 5 |
| Belgium | x | | | x | | | | x | | x | | | | | x | | x | | 6 |
| Bulgaria | x | x | x | x | | | | | | | | | | | | | | | 4 |
| Czech Republic | | x | | | | | | | | | | | | | | | | | 1 |
| Cyprus | x | x | | x | x | | | x | | | | | | | | | | | 5 |
| Denmark | x | | x | x | | | x | x | | x | | | | | x | | x | | 8 |
| Estonia | x | | | x | x | | | | | | | | x | | | | | | 3 |
| Finland | x | | | x | | | x | x | | | | | | | x | | | | 5 |
| France | | | | x | | | x | x | x | | | | | x | x | | x | x | 8 |
| Germany | x | x | | x | x | | | | | | | x | | | | | | | 5 |
| Greece | | x | | | | | | | | | | | x | x | x | | | | 3 |
| Hungary | | | | | | | | | | | | | x | x | x | | | | 3 |
| Ireland | | x | | | x | | | x | | | | | | x | | | | | 4 |
| Italy | x | x | | x | x | | x | x | | | | | x | | x | x | x | | 10 |
| Latvia | | | | x | x | | x | | x | | | | | | | | | | 4 |
| Lithuania | x | x | x | x | x | | | | | | | | | | | | | | 5 |
| Malta | | x | | | | | | | | | | | | | | | | | 1 |
| The Netherlands | x | x | x | x | x | | | x | | | | | x | x | | | x | x | 10 |
| Poland | | x | | x | | | x | | | | | | | | x | | | | 4 |
| Portugal | | | | x | x | | | | | | | | | x | | | | | 3 |
| Romania | x | x | | x | | | | | | | | | | x | x | | | | 5 |
| Slovakia | | | | | | | | | | | | | | | | | | | 0 |
| Slovenia | | x | | x | | | | | | | | | | | | | | | 2 |
| Spain | | x | | x | | | | | x | | | | x | | | | | | 4 |
| Sweden | | x | | x | | | | x | | | | | | | x | | x | x | 6 |
| United Kingdom | | x | x | x | | | | x | | | | | x | | x | | x | | 7 |

*Data derived from Post event report Peer Review on Corporate Social Responsibility (June 5th 2013 until December 10th 2013*