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Article

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SOCIAL RESPONSIBILITY PRACTICES REGARDING FACILITIES
GRANTED TO EMPLOYEES AND CONSUMER PROTECTION
IN SELECTED EUROPEAN COMPANIES

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Abstract
CSR practices are marked by two essential attributes: their voluntary nature and their extraordinary diversity. In addition, it is difficult to draw the fine line between mere compliance with the law, and those initiatives that exceed the legal requirements, giving social partners a guarantee that companies have actually internalized their social and environmental responsibilities. This article aims to restructure this vast field, following two axes: the facilities granted to employees, on one hand, and consumer protection, on the other hand. In terms of methodology, a sample of the largest 13 listed European companies was selected from as many sectors. The content of annual and sustainability reports issued in 2009, was screened for narrative aspects related to social responsibility, and the material was organized according to the matters voluntarily described by companies. In the area of employment rights, several issues were identified: employee representation on the boards of directors, equal opportunities, professional development, and ethical issues. On the topic of consumer rights, suggestive examples were given on several aspects: healthy products, counseling, after-sales service and customer identity protection. The importance of this research goes beyond these case studies; its originality lies in providing a coherent picture of an area that is perceived as very unstructured. As can be seen from the examples included in this paper, most of the socially responsible initiatives that firms exhibit do not have a negative impact on a firm’s profitability, while actually being integrated into products and services as efficiency improvements. Instead, responsible actions can have a major positive impact whenever employees and consumers perceive the company as a fair and generous player who derives profits from the sale of products and services, not in violation of the social partners’ rights.

Keywords: corporate social responsibility, facilities granted to employee, consumer protection, European companies

JEL Classification: M14, M50, D11

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Introduction

Corporate social responsibility (CSR) is defined in the scientific literature as a concept through which companies integrate, on a voluntary basis, their efforts towards solving a series of social and environmental issues, specific to their industrial activities and in connection to a wide range of social partners (Campbell, 2007). Social responsibility is also linked to change management in a sustainable development context. The strategic need for corporate fluidity and adaptability springs out of the need to strike a balance between the demands of various internal and external stakeholders (Cornelius et al., 2008).

The main function of an enterprise is to create value, in broad terms, through the supply of goods and services that respond to specific societal needs, thus generating wealth for corporate shareholders and social welfare for its employees (Crowson, 2009). However, social and market pressures are gradually leading to a change in the ethical values attached to economic activities (Moon, 2007). A new market paradigm stipulates the fact that long-term value creation (e.g. through positive trends in share prices, or stable employment) cannot be attached to short-sighted value maximization, but to a socially responsible activity (Godfrey and Hatch, 2007). Firms are becoming more aware that they can contribute to sustainable development through a synergic mix of competitiveness, environmental protection and respect for consumer rights (Page, 2005).

The contribution of this article focuses on a qualitative research into the CSR practices regarding facilities granted to employees and consumer protection. There are few original contributions of this nature in the literature, mainly because of the difficulty of classifying an impressive array of actions and initiatives in the area of social responsibility. This article proposes such a classification, with comments and examples, which potentiate the theoretical issues concerning social responsibility. To this end, a sample of 13 of the largest European listed companies (on the basis of market capitalization) was collected from as many sectors. The annual and sustainability reports issued in 2009 were content-analyzed to provide a classification of narrative aspects related to social responsibility. Therefore, this rich material was organized according to the matters voluntarily disclosed by companies. This contribution should have great importance both for researchers and for managers, as it offers a coherent picture of an area that is normally seen as highly unstructured.

1. Conceptual and regulatory elements – a review of the literature

1.1 An international context for corporate social responsibility

Market liberalization, for both classical markets (i.e. goods and services) and financial markets, should be accompanied by a transition to an effective system of global governance, with its own social and ecological dimensions (Rose, 2007). Multinational enterprises play a crucial role in shaping a socially responsible behavior, in the context of a globalized labor market. The effect of international commerce on the fundamental labor standards depends on the national policies implemented by developing countries, as companies must face the challenge to grow in a highly competitive global environment.

Corporate social responsibility initiatives have a long-standing tradition (Argandona and Hoivik, 2009), but what distinguishes the today’s implementation of CSR from the discontinuous initiatives of the past is the corporate effort to integrate these issues into a strategic framework and to develop the most appropriate tools. This effort promotes a
holistic approach to the needs of all economic actors, on the basis of the continuous innovation principle. The meanings attached to CSR are specific to each enterprise and to the legal and economic context in which it operates, either in Europe or in other parts of the world (Jackson and Apostolakou, 2010).

It is widely acknowledged that CSR instruments will gain in efficiency if they become part of a systematic effort, aiming for common targets (Mittal et al., 2008). These instruments are meaningless in the absence of easily quantifiable criteria or relevant and reliable indicators. Public policy is an important driver for developing an action plan, with the aim of enhancing the transparency and credibility of CSR practices. A substantial strategy for the promotion of CSR should be based on several principles:

- The recognition of the voluntary nature of CSR;
- The stringent need for reliability and transparency of CSR practices;
- The support for activities which create added value for the community;
- The balanced and comprehensive approach to CSR, which aims to tackle economic, social and environmental issues, as well as consumer demands.

1.2 Transparency, responsibility and ethical standards

Corporate responsibility refers to a large range of activities undertaken by companies in relation to their stakeholders, but it is the more relevant the more geographically dispersed an entity’s economic interests are. This type of diversity has led firms to adapt to the specific conditions of each country, thus implementing an impressive range of voluntary CSR initiatives. The need for continuous innovation in the land of corporate responsibility has an undesired side-effect of not providing sufficient information to stakeholders, in addition to lacking comparability from country to country (Reynolds and Yuthas, 2008).

Transparency is the key element in the debate on CSR practices, since transparency gives the opportunity to the business community and to stakeholders to assess the expected results. A firm’s constituencies are seeking to benchmark the social indicators reported by each entity, thus establishing a reliable pattern of “best practice”. The last two decades’ growing interest towards a unified model of measuring CSR has led to the emergence of a wide range of CSR instruments, from social reporting guidelines or responsibility principles, to corporate codes of ethics (Bondy et al., 2008). Not all these instruments are comparable in terms of sector applicability, scope or methodology. Moreover, they do not always answer the paramount demand for corporate transparency, whenever these initiatives are no more than just “window-dressing”.

As the societal expectations towards CSR implementation standards are becoming clearer, economic entities are facing the necessity of placing CSR concepts, instruments and practices on a convergent path. CSR initiatives need to be based on fundamental social values, which can only be achieved by recourse to such instruments as the International Labor Standards, the OECD Guidelines for multinational enterprises or the ISO 26000 standard on corporate social responsibility.

The public’s increasing awareness towards the impact and ethical standards of corporations has determined the adoption of specialized codes of conduct, especially by companies in
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the consumer products and services industry. Codes of conduct are innovative CSR instruments, aimed at promoting consumer protection, ensuring the recognition of human rights, enhancing labor conditions and discouraging corrupt practices, especially in countries where the local authorities fail at imposing minimal standards (Stohl et al., 2009). However, it must be clearly stated that these instruments are complementary to European legislation and to negotiated collective agreements, and are not meant to replace the latter regulatory elements. Corporate codes of conduct should be implemented in a context which favors efficient monitoring and verification, through the compliance with the following principles:

- To be in conformity with the Fundamental ILO Conventions, the OECD Guidelines for MNEs and with other international instruments, such as the United Nations Global Compact;
- To include adequate mechanism for assessing and verifying their implementation, as well as a quality assurance system;
- To be based on the involvement of all internal and external stakeholders, which is an especially sensitive issue in developing countries;
- To disseminate the “best practices” of European companies.

2. Sample selection and methodological aspects

Regarding the empirical contribution of this paper, its purpose is to offer a representative image of several categories of responsibilities that companies from different activity sectors may have in relation with their stakeholders. The companies disclose these categories of responsibilities in their corporate annual reports and sustainability reports, which are available on the companies’ websites. Although different companies may have different categories of stakeholders, this contribution is focused on the companies’ responsibilities towards two key stakeholder groups: the employees and the customers (the consumers). Thus, a novel representation of the main classes of responsibilities was shaped for every stakeholder group, reflecting the particularities present in different activity sectors.

The target sample is based upon the blue-chip index STOXX Euro-50 at 31st December 2009, comprising the largest 50 European listed companies, in the descending order of their market capitalization. Firstly, these 50 European companies were classified by their activity sector in thirteen industries (STOXX’s denominations), and secondly, the companies with the highest market capitalization rank were selected. The final target sample comprised 13 major European companies from several activity sectors. To ensure that the selected European companies are indeed major players in their activity sectors, a classification according to the global market capitalization ranks was conducted in the third step. All the target sample companies are found in top 120 global companies sorted by market capitalization at 31 December 2009. The final sample is an original component of this research and a detailed list is shown in table no. 1.

As it can be seen, the 13 companies of the sample are covering a large variety of activity sectors from Banks to Oil & Gas. Therefore, considering the fact that the target companies are originating from four European countries (one company in France, two in Switzerland, five in Germany and also, five in Great Britain), there are strong premises that this
contribution would produce a comprehensive image of the responsibilities of companies grouped by their activity sector in this stakeholder analysis.

The first step of the analysis was to consult the corporate annual reports and the sustainability reports of every sample company, for the fiscal year 2008-2009, in order to identify the companies’ responsibilities towards key stakeholders. The preliminary results after content analyzing the companies’ reports consist of a highly varied range of corporate responsibilities in relation with each stakeholder. These preliminary elements needed to be further analyzed in order to create a synthetic classification per stakeholder that could include all the identified responsibilities.

Table no. 1: Target sample companies by industry and by country

<table>
<thead>
<tr>
<th>No.</th>
<th>Activity Sector</th>
<th>Company</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Automobiles &amp; Parts</td>
<td>Daimler</td>
<td>DE</td>
</tr>
<tr>
<td>2</td>
<td>Banks</td>
<td>HSBC</td>
<td>GB</td>
</tr>
<tr>
<td>3</td>
<td>Basic Resources</td>
<td>BHP Billiton</td>
<td>GB</td>
</tr>
<tr>
<td>4</td>
<td>Chemicals</td>
<td>Bayer</td>
<td>DE</td>
</tr>
<tr>
<td>5</td>
<td>Food &amp; Beverages</td>
<td>Nestlé</td>
<td>CH</td>
</tr>
<tr>
<td>6</td>
<td>Healthcare</td>
<td>Roche Holding</td>
<td>CH</td>
</tr>
<tr>
<td>7</td>
<td>Industrial Goods &amp; Services</td>
<td>Siemens</td>
<td>DE</td>
</tr>
<tr>
<td>8</td>
<td>Insurance</td>
<td>Allianz</td>
<td>DE</td>
</tr>
<tr>
<td>9</td>
<td>Oil &amp; Gas</td>
<td>Royal Dutch Shell</td>
<td>GB</td>
</tr>
<tr>
<td>10</td>
<td>Retail</td>
<td>Tesco</td>
<td>GB</td>
</tr>
<tr>
<td>11</td>
<td>Technology</td>
<td>SAP</td>
<td>DE</td>
</tr>
<tr>
<td>12</td>
<td>Telecommunications</td>
<td>Vodafone Group</td>
<td>GB</td>
</tr>
<tr>
<td>13</td>
<td>Utilities</td>
<td>GDF Suez</td>
<td>FR</td>
</tr>
</tbody>
</table>

One of the main original contributions of this research is the taxonomy of corporate responsibilities, alongside further details and explanations on the respective categories with several examples of responsible initiatives disclosed by the sample companies. Table no. 2 lays out the major types of corporate social responsibilities, in relation with the facilities granted to employees and with consumer protection.

Table no. 2: Types of corporate responsibilities discussed in this paper

<table>
<thead>
<tr>
<th>Elements</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Facilities granted to employees</strong></td>
<td>Representation in supervisory boards and trade unions</td>
</tr>
<tr>
<td></td>
<td>Equal chances in employment</td>
</tr>
<tr>
<td></td>
<td>Employee benefits</td>
</tr>
<tr>
<td></td>
<td>Professional development</td>
</tr>
<tr>
<td></td>
<td>Health and safety</td>
</tr>
<tr>
<td></td>
<td>Ethics and communications</td>
</tr>
<tr>
<td><strong>Consumer rights protection</strong></td>
<td>Customer privacy and protection</td>
</tr>
<tr>
<td></td>
<td>Tailored and healthy products (eco-products)</td>
</tr>
<tr>
<td></td>
<td>Bonuses and promotional services</td>
</tr>
<tr>
<td></td>
<td>After-sales and other services with a responsible dimension</td>
</tr>
</tbody>
</table>
3. Results and discussion regarding the facilities granted to employees

3.1 International legal instruments protecting employee rights

Through the compliance with an internationally recognized set of standards, multinational enterprises (MNEs) can contribute to an efficient and safe functioning of international commerce, in line with the requirements of sustainable development, through the promotion of generally accepted CSR instruments. The Organization for Economic Co-operation and Development (OECD) has issued a guide for MNEs, which, in corroboration with ISO 26000 on Corporate Social Responsibility, represents the most comprehensive set of nonbinding rules, aiming to address the activities of such economic entities. European companies have a duty of promoting CSR in developing countries, by demonstrating the same principles of good practice in any part of the world. Beyond the implementation and diffusion of CSR, national governments should also contribute and ratify such regulatory instruments. The fundamental hypothesis of a widespread adoption of CSR is the universality of labor standards and the necessity of implementing conduct principles, in line with the fundamental conventions of the International Labor Organization (Peloza and Falkenberg, 2009). In 1977, the effort of the International Labor Organization (ILO) has taken shape in the adoption of the ILO Tripartite declaration regarding multinational enterprises and social policy.

The value of the declaration lies in its ample character, which covers all aspects of social policy, from industrial relations to recruitment, training and personal development. Moreover, this legal instrument is targeting a large palette of actors, from several types of institutions and organizations (MNEs, governments, labor unions and industry standard-setters). Today, the key role of multinational enterprises in the process of globalization provides the declaration with a strong sense of necessity and timeliness, which it had also had at the time of its adoption. In many parts of the world, in the effort to attract foreign direct investments and to boost financial results, multinationals and their partners are considering the principles of the Declaration as a recipe to enhance the positive effects on business transactions, in social and labor areas.

As a complementary tool, the OECD Guidelines for MNEs (issued in 2000) has an exceptional importance. The Guidelines are a set of recommendations addressed by governments to multinational companies. Although of a non-binding character, this instrument is supported by member countries of the Organization for Economic Cooperation and Development, where most multinational enterprises are incorporated. According to the Guidelines, MNEs should commit to solve economic, social and environmental issues in line with the principles of sustainable development, respecting the rights of all stakeholders, in accordance with obligations made by the governments of the host countries. More specifically, MNEs should adhere to the ILO Conventions on labor rights, and more specifically they ought to:

- Respect the employees’ rights to have union representation, and engage in constructive negotiations with the designated representatives;
- Contribute to the eradication of child labor;
- Participate in the elimination of all types of forced labor;
Not discriminate against their employees, during the recruitment phase, as well as regarding the duties and responsibilities at the work place;

Provide a “true and fair view” of corporate financial performance, regarding the following aspects: the structure of the firm, forward-looking statements, the employment cycle, present and future restructuring.

The existence of a company cannot be considered outside its employees’ work and activities. Although companies from different activity sectors may considerably vary in the number of employees, the major role played by human resources in the company’s existence engages the firm with clear responsibilities in this area.

One of the major questions that arise when implementing measures of social responsibility is related to the impact they would have on the company’s financial performance. In fact, the neoclassical argument put forward by Friedman (1970) is that a corporation’s social responsibility is to increase profits, while any other social actions are superfluous. It is therefore particularly relevant to identify, from the examples presented hereafter, those social responsibility initiatives which have a negative impact on the financial performance of a firm.

3.2 Representation in supervisory boards and trade unions

This category, which is more of a corporate governance field, comprises the companies’ responsibilities on the fair representation of the employees in the Supervisory Board and the employees’ representation in work alliances and trade unions. Although there are companies which do not clearly state this engagement, most of the sample companies are interested in providing an equal representation of the employees both in the Supervisory Board and in trade unions, considering the following facilities offered to their employees:

- Employees’ representatives in the Supervisory Board are nominated by the employees and reflect a balanced distribution among the Groups’ countries and major business at Allianz (2009) and GDF Suez (2009);

- Daimler (2009) states that it cooperates closely with employees’ representatives in work councils and trade unions, also with national and international work-bodies, such are World Employee Committee (WEC) and European Works Council (EWC). Daimler states that it recognizes the right of workers to organize themselves in trade unions in accordance with the labor laws of each country, and, even in the countries which do not explicitly grant such rights, the Group ensures the freedom of association;

- The employees’ relations at Nestlé (2009) are guided by national and international laws, but also they are guided by self-regulations and corporate principles. The Group organizes trainings regarding the norms of International Labour Organization for managers, and trainings for employees on the corporate principles.

As a matter of fact, all the facilities granted to employees in terms of their representation in boards and unions cannot have a negative impact on a firm’s financial performance because they do not involve any immediate cash flow. Moreover, these facilities (which in some countries may even be granted through legal rights) are meant to create a favorable image
of a company’s board regarding its flexibility towards employee issues and the social climate of the enterprise.

3.3 Equal chances in employment

Equal chances among different categories of employees refer to equal opportunities for both men and women at managerial and non-managerial levels, equal opportunities and non-discrimination among different cultures, races, religions, ages and ethnic group belongingness, and also, equal opportunities for disabled employees. In most of the cases, the companies try to achieve this objective through a fair distribution of gender, ethnicity and disability among the employees in order to reflect the diversity in society, at company level. The companies state this objective as it follows:

- Male and female employees receive equal compensation at Bayer (2009). Individual salaries are based on each employee’s personal and professional abilities and the level of responsibility assigned to them;

- At Bayer, severely disabled employees made up 4.3 percent of the workforce in 2009. To support the employment of severely disabled employees outside the Group as well, in 2009 Bayer placed employment orders with recognized workshops for the disabled;

- At Tesco (2009) there is no retirement age, and people in their 70s and 80s are employed, although the company complies with the mandatory retirement ages in those countries where these exist. Also, the company organizes apprenticeship programmes where almost 27% of the people involved are over 40 and where the oldest apprentice is 67. From a personal perspective, one of the authors has witnessed a retired person serving at a cashier’s desk at Tesco, in the UK.

In regard to equal chances of employment, one can easily see that the implementation of social responsibility initiatives and integration of disadvantaged groups of people may actually create a competitive advantage and can have a positive impact on a firm’s financial performance. These people with various disabilities or in difficult situations may enter the labor market more enthusiastically and may work more efficiently than others.

3.4 Employee benefits

The ability to successfully balance work, family and career has increasingly become a crucial factor for attracting potential employees. This is the reason why companies are interested in offering more benefits than a simple remuneration to their employees, and this may include: company shares for employees’ loyalty, pension and healthcare plans and other benefits. Most noticeable examples include:

- GDF Suez (2009) has launched a bonus shares plan for all salaried employees who received 20 free shares each, regardless of their nationality, level, job title and remuneration;

- HSBC (2009) has set a telephone help line to support and guide employees experiencing financial difficulties. Experienced counselors are available to provide tailored support and solutions;
• **Roche Holding** (2009) offers benefits that include health checks and free access to a wide range of medical services. Also, it encourages a healthy lifestyle through wellness programmes, health education, fitness centers, swimming pools, relaxation initiatives and healthy food options;

• **Siemens** (2009) is concentrated on harmonization of work time and childcare time, providing flexible work time models and the option of part-time work or telecommuting. Also, it expands the availability of childcare options near the company through nurseries, day-care centres, children’s after-school centres, school vacation programmes and pediatric care for children. Employees also maintain access to company intranet and their e-mail accounts during parental leave. Special training programs help employees return to work after parental leave;

• At **Bayer** (2009), there is the possibility to combine work and personal commitment by allowing female employees to take a break up to seven years to bring up children and by offering various childcare facilities and assistance in the search of careers.

The benefits granted to employees, especially to young mothers, have a major importance for a company. They must be assured of an unconditional return to their workplace and should benefit from various facilities to raise their children in the best possible conditions. It is almost a certainty that these women will be more loyal to a company offering such benefits to their families, while the firm counts on their work to bring future economic benefits.

### 3.5 Professional development

Professional development is an important pillar of corporate strategy on human resources. Besides attractive benefits, the employees’ loyalty is obtained through a credible professional development through training and career opportunities. At the same time, companies are aware of the major role a professional employee can have on the outcomes, so it is in their best interest to offer competitive training and career opportunities at the workplace:

• When filling job vacancies, the main focus is on promoting current employees first in key positions at **Allianz** (2009);

• As president Yar’Adua (Nigeria) declared a general amnesty in June 2009 for militants, offering them jobs, training and monthly payments to those who agreed to surrender their weapons, **Royal Dutch Shell** (2009) was asked to work with other international oil and gas companies in Nigeria to set up skills training for former militants to try to help them find long-term employment;

• **Tesco** (2009) manages development programmes for employees who are trained and learn the skills they need to apply for a job at the next work level;

• **SAP** (2009) introduced the Value University program, an approach to attract, retain and develop the sales talents, through role-based educational sessions for sales and related support.
Professional development is the main success factor in an effective human resources strategy. Employees must be given not just a job and a salary, but the prospect of a career and long-term professional and pecuniary advantages. This strategy, which generates the minimum expenses for a company, can retain and educate valuable employees who devote their creative energies to the company.

3.6 Health and safety

Companies’ abilities to identify and assess potential dangers and to manage the related risks are core elements for protecting life and health at the workplace. These aspects are organized in management systems and also include avoiding occupational health hazards and protecting the health of the employees.

- **BHP Billiton** (2009) is focused on eliminating risks through the control of workplace exposures which may result in long-term harm. The main sources of exposure are noise, vibration, various forms of radiation, thermal stress, manganese, silica, diesel exhaust particulates, coal tar pitch, nickel, fluorides and sulphuric acid mist. This can be achieved through a correct identification of risky workplaces in order to reduce the number of people required to undertake additional protective measures, such as the wearing of personal protective equipment. Another major risk associated is fatigue at workplace. This risk can be reduced by an infrared technology that continuously monitors eyelid and eye movement;

- **GDF Suez** (2009) organizes management and employees training sessions with dedicated topics on workplace health, safety maintenance in the face of risks, controlling psychological risks and quality of life in the workplace. Also, the Group regularly issues a magazine that is freely distributed in five additional languages to the employees and it offers advice and information to encourage the adoption of good habits;

- **Royal Dutch Shell** (2009) is faced with severe risks because of militant violence, sabotage and organized theft of natural gas which creates the premises for employee kidnapping. Also, the risks associated with road safety have been transposed to a set of 12 mandatory driving rules. If the rules are broken, the employees face disciplinary actions up to termination of employment. The Group is also involved with governments, businesses and international agencies in an international programme for improving the road safety.

In other words, a company must consider the safety of the employees’ work, and should implement any preventive measures aiming to preserve the human value brought into the company. Businesses are spending significant amounts on labor safety, but the negative impact of occupational accidents and even deaths at the workplace is devastating to a business.

3.7 Ethics and communications

This category deals with the companies’ response to unethical and illegal activities such as bribery, corruption and anti-competitive practices. These activities are grouped in a specialized ethics department that is also responsible for the compliance with corporate codes of conduct and communication with stakeholders. These codes of conduct are often
implemented through training sessions at the workplace. Also, companies conduct regular surveys to see the level of satisfaction among employees.

- **Vodafone** (2009) carries out surveys to measure the employees’ commitment to the Group, their desire to continue working at Vodafone and their willingness to ‘go on the extra mile’ for the company;

- **Roche Holding** (2009) has a standard procedure for resolving ethical dilemmas employees may encounter in their work. Also, the Group provides online ethics training for employees. Nevertheless, the company still reported in 2009 a number of 141 business ethics incidents that were investigated. Thus, corrective actions were taken where necessary, with 73 employment contracts being terminated as a result of unethical behavior;

- **Allianz** (2009) implemented whistle-blowing mechanisms and reports can be made anonymously. No one who reports a concern in good faith can expect reprisal, even if it proves to be unfounded.

A key issue of corporate governance is to inform the employees of their occupational rights. Not once, people are faced with ethical dilemmas arising from their activities within the firm. The management team must be informed of these issues, particularly about conflicts of interest or corruption occurring inside the company, while also protecting the safety of persons making these allegations (i.e. the whistle-blowers). The health of a company’s ethical environment starts at the lowest hierarchical level, and is an essential aspect of corporate social responsibility.

4. Results and discussion regarding consumer protection and specific disclosures

4.1 Formal and informal instruments supporting consumer protection

Businesses, standard-setters and other economic actors recognize that corporate social responsibility is an important element of emerging forms of corporate governance. Globalization has created new business opportunities, but has led to an increase in organizational complexity and a continuous expansion of business activities abroad. This has resulted in an imperative to assume new responsibilities on a global scale, especially for operations in developing countries.

The Treaty of the European Communities enthrones consumers right to information. Information should be accurate in order to be useful and accessible for consumers. Since they express a growing preference for socially and environmentally responsible products and services, their access to relevant information is crucial and helps them make correct choices. Such data exist in different forms and from various sources, including those offered by the producer, consumer organizations and independently checked labels and certificates.

Arguments related to corporate image and reputation play an increasingly important role in the business world. Consumers and NGOs also require more information about social and environmental conditions in which the products and services were made. Based on these informal assessments, customers tend to reward or punish the conduct of businesses and their attitude towards society and the natural environment.
Consumers also receive information through award systems, certification and labeling, or business ethics certificates issued by third parties. These instruments are available, however, only for a limited range of products, so that relevant data in terms of social and environmental protection are not available for most consumer products.

Nevertheless, participation in labeling schemes should be voluntary. Labeling must be applied in an objective, transparent, credible and nondiscriminatory way, in compliance with international obligations and applicable EU competition rules. The fundamental labor standards, issued by the International Labor Organization, must be a minimum reference for such systems and the EU has supported the work of the ILO for many decades.

4.2 Customer privacy and protection

Certain products or services are particularly sensitive for two reasons related to the identity of the consumers: either these services require storage of personal data (address, phone numbers or bank accounts) or they may affect certain groups of people claiming additional protection, especially children. In this respect, European legislation and national regulations have clear objectives, but companies must find effective ways to protect the identity of persons and to restrict children’s access to harmful products.

- Allianz (2009) is committed to keeping customer data secure and only gather personal data for purposes the customer has approved of;
- Tesco (2009) takes a responsible approach to selling alcohol. The cashiers receive training on the sale of alcohol and other age-restricted products four times a year and mystery shoppers are used to test whether the cashiers are correctly asking customers to prove their age. Also, the Group has introduced labels showing the units of alcohol, the recommended maximum daily intake and other health messages;
- Vodafone (2009) maintains a long-term commitment to the protection of customers’ privacy and obtaining consent for targeted advertising. The Group is engaged with other companies in the telecommunications sector to establish principles on balancing the need to protect customer privacy with requests to provide information to law enforcements agencies to assist their fight against serious crime. Also, the Group has sought to comply with the EU framework with regard to mobile use by children and younger teenagers with focus on content classification, access controls, and customer education with the possibility of enabling parental control.

4.3 Tailored and healthy products

The essence of economic activities is to create products and services, which answer a real demand of the target customer group. However, some companies go a little further by stimulating the need of products and services, which are aligned with the principles of sustainable development. These elements are of almost unlimited diversity, but they all keep the balance between the traditional needs of consumers and the innovative character of socially responsible products and services.

- Allianz (2009) designs insurance products that promote sustainable behaviour and help customers manage the environmental and social risks they face. These insurance
products range from reduced premium policies for insuring energy-efficient buildings to micro insurance products for those living in poverty;

- **Bayer (2009)** is focused on nutrition for a growing world population, providing farmers with modern crop protection options, new solutions based on plant breeding and biotechnology to safeguard and increase harvest yields;

- **GDF Suez (2009)** provides a solar energy opportunity not only for businesses, but also for households which can make an ecological investment with three possibilities: (1) to produce and resell electricity with the photo-voltaic panel, (2) to produce one’s own hot water with the solar water heater; and (3) to provide one’s own heating with the combined solar system;

- **Royal Dutch Shell (2009)** helps customers use less energy by developing more advanced fuels and lubricant which emit less carbon dioxide (CO2);

- **Tesco (2009)** provides better information on the nutritional value of products and how customers can improve their health by introducing a front-of-pack label showing guideline daily amounts for a typical adult. As a result, sales of lower-fat ready meals increased when these labels were added and the products with the highest fat levels showed strong sales declines. Also, the Group provides products that contain no hydrogenated fat or artificial sweeteners, reduced calories and have limited saturated fat, sugar and salt. The Group is engaged in product reformulation campaigns by removing the excessive salt, saturated fat, additives and artificial colours from food while still preserving the flavour.

It is obvious that most social responsibility initiatives in the area of consumer protection are actually elements integrated into the design of products and services, so as to potentiate their attractiveness and to create a competitive advantage to companies that implement these responsible initiatives. However, it is important to mention that only few companies, those with an aggressive stance and significant financial resources, have the ability to integrate elements of social responsibility into the design of products and services. Portfolio diversification and the refinement of basic supply by proposing social responsibility components is directly proportional with the business experience in a particular market segment, in response to customer requests or as improvements to product efficiency.

### 4.4 Bonuses and promotional services

Companies acknowledge the fact that some clients would opt for their products and services from the current offer, but certain circumstances of a financial nature may prevent them from doing so. Having this in mind, managers choose to offer bonuses and promotional services, seeking to help potential and current customers remain loyal in spite of financial difficulties. Several examples are serving to support this idea, by highlighting the responsible aspect of certain complex products, which have a promotional character:

- **HSBC (2009)** has published two consumer education booklets on managing wealth and insurance planning and also, the Group has launched a commercial-free customer education programme to meet the public’s need for financial knowledge. As a response to the economic downtown, the Group waive banking fees if a customer changes his/her mind within 30 days of purchasing one of the 10 most popular products. Also, debt
counselling and restructuring services for customers experiencing severe financial difficulties are offered with the possibility to modify loan repayments;

- **Siemens** (2009) assisted customers with tailored financing solutions as a result of crisis-related reduced orders’ potential;

- **Vodafone** (2009) is engaged in providing price transparency for roaming customers, enabling them to take their home tariff abroad for a small connection fee per call outside Europe, to countries such as Australia and New Zealand.

### 4.5 After-sales and other services with a responsible dimension

In the modern business world, there are no products available on the market without a set of after-sales services, be it transport, warranties or technical support. However, the scope of social responsibility comprises after-sales services whenever these refer to health protection and consumer welfare, or when they reduce the impact on the natural environment. In addition, an efficient after-sales support system manages to transfer from the customer to the vendor those risks inherent in the use of purchased goods, as companies can manage these risks in a more efficient and less expensive manner.

- **Daimler** (2009) customers are supported by a comprehensive service network worldwide. The Group offers mobile service repair and moving service centres which are on the road to provide rapid assistance in the event of a breakdown. The after sales unit also provides optimal support for customers that have their own vehicle workshops. An online link to the spare parts system ensures that repairs are performed quickly and efficiently;

- **GDF Suez** (2009) offers incorporated customer services that concern energy efficiency: (1) a single phone number for gas safety and repairs, free from a fixed line, (2) a dedicated phone line where callers can speak free of charge with energy consultants for increasing energy performance, (3) gas leak alert service, remote meter-reading and gas leak assistance;

- **Tesco** (2009) launched an online dieting and healthy eating meal plan service, aimed for customers who want support and advice to lose weight or have a healthier diet. The subscription service offers a personalized and individual approach to weight loss through a range of different diet plans, which are designed by a team of professional nutritionists. In addition to personalized weekly meal plans, customers receive a weekly shopping list and a mentor to help them;

- **Vodafone** (2009) customers can use the corporate website to back up their mobile phone address book, update contact lists online and on the mobile phones, share information and view friends’ social networking updates.

In fact, consumer protection initiatives have also an opportunistic aspect: a cursory reading of the above examples indicates that most companies have identified efficient product and service design as an element of social responsibility. In this way, the positive impact on business activities is twofold: on the one hand, the company strengthens its reputation as a responsible actor in relation with its clients, and on the other hand, it reshapes its products and services by responding to efficiency demands (e.g., through integrated service networks or rapid response systems). In addition, by providing eco-efficient products and services,
companies engage actively with their loyal customers, gaining growth potential and enhancing financial performance.

**Conclusions**

Through the activities they perform, companies may show support for the voluntary nature of social responsibility, its integration in the context of sustainable development and the need to further develop its content on a global scale. Companies argue that there can be no single solution suitable for all. Regarding the business environment, it would be counterproductive to attempt to regulate CSR practices at EU level because it would diminish companies’ creativity and the innovative elements that lead to an affirmation of social responsibility.

However, researchers, trade unions and civil society organizations have often emphasized that voluntary initiatives are not sufficient to protect the rights of employees and citizens. They have advocated for the creation of a regulatory framework that sets minimum standards and provides uniformity. All those involved in shaping the concept of CSR insist that, in order to be credible, CSR practices should not be developed, implemented and evaluated unilaterally by businesses, but through stakeholder involvement and consultation. In the same vein, consumer organizations emphasize the importance of true and fair reporting on the ethical, social, and environment conditions in which goods and services are produced. The purpose of this emphasis is to improved transparency and consumer protection.

Through comprehensive, relevant and very recent case studies, the present contribution is original in the context of CSR research. The qualitative material presented in the previous sections demonstrates the essential attributes of the concept of CSR: its voluntary nature and the almost unlimited variety of initiatives in this area. However, as this article has suggested, it is difficult to draw a clear demarcation line between mere compliance with national laws and the real responsibility of companies that "step forward" for their stakeholders, with the purpose of protecting their rights and improving quality of life.

The qualitative dimension of research in the area of corporate social responsibility is extremely important to advance knowledge. This type of research actually responds better to how the relevant data are structured and presented to the public. Social responsibility reports contain essentially qualitative data and therefore the research in this field must seek the specific attributes of this type of economic information. One cannot talk about the impact of social responsibility on financial performance, as long as researchers and the public are not aware of the actual initiatives in this field. As can be seen from the examples included in this paper, most of the socially responsible initiatives that firms develop do not have a negative impact on a firm’s profitability, while actually being integrated into products and services as efficiency improvements. Instead, responsible actions can have a major positive impact whenever employees and consumers perceive the company as a fair and generous player who derives profits from the sale of products and services, not in violation of the social partners’ rights.
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