

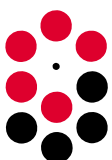
W O R K I N G P A P E R

*Corporate  
Social Responsibility  
in a Danish Context*

*Helle Holt*

*The Open Labour Market  
Working Paper 15:2000*

The Working Paper Series of The Danish National Institute of Social Research contain interim results of research and preparatory studies. The Working Paper Series provide a basis for professional discussion as part of the research process. Readers should note that results and interpretations in the final report or article may differ from the present Working Paper. All rights reserved. Short sections of text, not to exceed two paragraphs, may be quoted without explicit permission provided that full credit, including ©-notice, is given to the source.



*The Danish National Institute of Social Research*

## The Study

The Danish National Institute of Social Research carries out a research programme on the Open Labour Market, to be concluded in 2002. The research programme is initiated by the Ministry of Social Affairs.

This working paper will describe and discuss how and why in a country with a welfare state the debate of corporate social responsibility (CSR) has begun. Whereas in other countries, e.g. the USA, CSR is discussed on the basis of the imperfections of the market, in Denmark CSR is discussed on the basis of what could be called the imperfections of the welfare system. One of the main problems in Denmark is that, in spite of favourable economic trends and low unemployment rates, there is still a considerable group of people on some form of public welfare. These are the people who have been rejected by or marginalised from the ordinary labour market but who are considered to be in possession of some sort of working capacity. Private enterprises are thus encouraged by the government to retain employees who no longer live up to the performance requirements and take an active part in the integration of people who have been rejected from the ordinary labour market. So far, the means to this end have been financial incentives and attitude adaptation.

The study presented in this paper is co-financed by the Danish Research Councils (welfare research) under the research programme: "Human Resources in Working Life".

The working paper is written by senior researcher, Ph.D. Helle Holt in the unit of the Open Labour Market.

# Contents

1. Introduction	7
2. Corporate Social Responsibility in a Danish Context	9
2.1. The American and the Danish debate	10
3. Corporate Social Responsibility B a Definition	13
3.1. Limiting and operationalising CSR in a Danish context	14
3.2. The means B how to influence corporate behaviour	15
4. To what Extent has the Campaign Worked?	19
5. Summary up and Perspectives	23
References	25

# 1. Introduction

This paper will present the debate on corporate social responsibility. The Danish context and the debate on CSR will be compared with the American debate. Then the definition of CSR will be discussed since, obviously, an American and a Danish enterprise must live up to different demands in order to call themselves socially responsible. Thirdly, the means used from political quarters in the Danish context will be presented. This section will also contain a presentation of the concept of Partnership for Social Cohesion. Finally, with a basis in Danish research, the paper will discuss whether the means applied have had any effect on the behaviour of Danish enterprises.

## 2. Corporate Social Responsibility in a Danish Context

The Danish population is 5.2 million. About 2.8 million people are in employment, 183,000 are unemployed, and about 650,000 at an employable age are on a transfer in-come.

Discussions of and research in CSR are fairly new in Denmark. CSR did not become a political theme - *and thus a subject for researchers and consultants* - until the early 1990's. There are several reasons for this.

First of all a relatively clear division of responsibilities has existed between enterprises and the welfare state, in particular as far as social and labour market policies are concerned. It has been the welfare state's responsibility to solve social problems whereas the social partners have taken care of regulation of the labour market. Regulation of the Danish labour market reflects some main characteristics:

The Danish labour market is regulated by collective agreements. Collective agreements are important, since up to 90 per cent of the labour market is covered by or acts according to the collective agreements laid down by the parties of the labour market. In order to regulate the labour market, powerful labour market organisations are necessary. Thus, there is a very high rate of organised labour in Denmark. More than 80 per cent of Danish employees are members of a trade union, and likewise many employers are members of an employer organisation. The tripartite cooperation thus is a very important feature in the Danish labour market model. The labour market parties negotiate the regulation of labour terms and conditions. The State interferes as little as possible as long as the parties reach an agreement. It is basically believed that the agreements which the labour market parties reach themselves are complied with to a higher extent than agreements settled by legislation.

The Danish labour market can be characterized by a predomination of small and medium-sized enterprises and relatively few large enterprises. In Denmark, there are less than 600 private enterprises with more than 200 employees, but there are more than 60,000 enterprises with 2-9 employees. These small enterprises are often privately owned. This in itself limits the scope of what can be asked by the enterprises in terms of taking a social interest outside the enterprises' self-interest. It also limits the power and influence of the individual enterprise.

Thus, a clear division of responsibility has existed in Denmark where the welfare state, in this case the Ministry of Social Affairs, has been responsible for solving society's social problems whereas the enterprises and the social partners have been responsible for the regulation of the labour market.

The local authorities are important social-policy actors since they implement the social-political objectives set down by the Ministry of Social Affairs, just as the regional Public Employment Service is an important labour-market policy actor when it comes to implementing labour market policies.

### 2.1. The American and the Danish debate

For several reasons the CSR debate has primarily been in the USA. The USA has not had any welfare state to take care of its social problems, nor have the social partners had the influence which is so characteristic for the Scandinavian countries. This means that the enterprises must regulate themselves to a large extent. Furthermore, American enterprises are large in size and therefore constitute a considerable economic and political force. Finally, the majority of US enterprises have a professional management, which means that ownership is separate from

management. This creates an interesting discussion on the role that enterprises play and should play in the development of society. (Epstein, 1998; Hopkins & Straughan, 1995; Parasotti, 1995).

However, a common characteristic of the Danish and American debate is that we are talking about a normative basis for CSR. One underlying premise is that it is good for society if private enterprises take a social responsibility (Caroll, 1999a; Epstein, 1998). Consequently, much literature about CSR concerns itself with arguments for why and how enterprises should take a social responsibility (e.g. Epstein, 1998; Caroll, 1991; Caroll, 1999a; Wood, 1991). In many articles discussions compare CSR with the enterprises' economic role in society (e.g. Friedman, 1962; Freeman, 1984, Freeman & Liedtha, 1991; Dalton & Daily, 1991; Bowie, 1991). Just like analyses of the positive correlation between the enterprises' social performance and financial performance have a high priority, because this is a way to prove to them that it pays off to be socially responsible (e.g. Waddock & Graves, 1997; Griffin & Mahon, 1997; Ullman, 1985; Pava & Krausz, 1995; Makower, 1994).

Among others, Epstein (1989) points out that it is important to include the context when defining and operationalising social responsibility, something which is made quite obvious when plunging into the Danish debate on the subject.

The Danish debate does not take its basis in the problems around large multinational enterprises but in the problems surrounding how to finance the welfare state.

During the 90's, financing and prioritising welfare benefits have been at the centre of the debate. The Danish welfare model is based on direct taxation of the citizens, and there has been political concern that the ceiling of taxation may have been reached. In spite of favourable economic trends public spending at best has stagnated at a high level, at worst it has increased.

This has led to a discussion about whether parts of the jobs in a welfare state could be taken over by other actors than the public sector. In the social field, the role of the voluntary social organisations has been discussed. In the overlap between labour market policy and social policy, the role of private enterprises has been debated (Ploug & Søndergaard, 1999).

This paper will solely focus on new role intended for the enterprises.

The Ministry of Social Affairs and the then Minister for Social Affairs launched a campaign in 1994 with the intention of making enterprises take a larger social responsibility; a campaign which brought the debate about corporate social responsibility onto the agenda in Denmark (The Ministry of Social Affairs, 1994; The Ministry of Social Affairs, 1999).

The main idea behind the campaign was a renewal of the Danish social policy in which enterprises are supposed to play a larger role. According to one of the architects behind the Danish campaign, a point has been reached where social policy can hardly be kept up without active participation from the enterprises. He further points out that in the long run the campaign should be seen as an input into the debate about the structure of our society in the future as well as the prevention of a polarization of the population into those who are employed and those who are not, with a resulting social poverty and unrest (Duus, 1994).

The political debate on CSR in Denmark primarily focuses on two main problems: There is a large group of long-term unemployed, and there is very little mobility in this respect, and the number of persons on cash benefits is high and has been on the increase. Three groups are especially in focus: young people who have not entered the labour market, the elderly, who left

the labour market before the age of retirement, and persons with some sort of reduced capacity to work (Kongshøj Madsen, 1995; Westergaard Nielsen, 1999).

As a result of these problems, the political agenda includes encouraging private enterprises to participate more actively in retaining those employees who do not live up to the performance requirements 100 per cent and are in danger of becoming marginalised. It is also intended that the private enterprises should participate more in the integration of persons who for one reason or another are outside the ordinary labour market and thus constitute a great burden on public spending. In this connection it is assumed that private enterprises in particular would be better at integrating marginalised persons into the ordinary labour market than the public sector, something which can be documented to a certain extent (Langager, 1997).

Whereas the American debate concentrates on who is responsible for the imperfections of the marketplace and who should resolve them, there has been no doubt in Denmark that the welfare state is responsible for “repairing” unintentional effects of market forces. The reason why the CSR debate has arisen is, after all, the welfare states inability to secure a job on the ordinary labour market for the so-called weak groups.

### 3. Corporate Social Responsibility - a Definition

Carroll defines CSR as: “The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time” (Carroll, 1979). To this may be added Epstein’s words that context, like time, is a decisive factor for how CSR is perceived (Epstein, 1989).

The individual business could well perceive society’s expectations of enterprises as conflicting since it is unlikely that the individual business will be able to fulfil all expectations. Many enterprises will see profit maximization as a prerequisite for being able to live up to some of the other expectations, and presumably this is the very essence of the CSR debates. Why, indeed, should enterprises voluntarily take on a responsibility which may or may not pay off in the long run, but which is likely to be a cost in the short run?

This conflict can be seen in the CSR debates where Friedmann (1962) has become the spokesman for why enterprises should concentrate on making a profit and letting those persons and institutions who are the experts take care of social problems. A majority of CSR researchers are against this statement, and the stakeholder model represents a different approach which to some extent bridges the gap between the two extremes (Freeman, 1984). The extremes in the debate can be described as those who consider businesses as exclusively profit maximizing and those who see businesses as institutions which primarily take a social responsibility and create a profit as a side benefit (Klonoski, 1991).

The stakeholder model, in contrast, predicts that social development makes it necessary for enterprises to take their stakeholders claims and needs seriously, among these obviously also shareholder interests. Besides shareholders, there are also primary stakeholders, comprising management, employees, suppliers and customers, whereas the secondary stakeholders are e.g. the local community and society as such (Freeman, 1984; Rosdahl, 1997; Rosdahl, 2000). The interesting thing in this connection is that it is expected and things indicate that stakeholders demand a larger degree of corporate social responsibility from the enterprise. Thus the enterprise is obliged to meet these demands and expectations in order to create a profit<sup>1)</sup> in the long run. Therefore, the stakeholder-model does not go against Friedmann’s statements that enterprises should make a profit, but it does predict that the way in which profit is made will change *pari passu* with social development (Dalton & Daily, 1991; Bowie, 1991; Preston, 1991).

Society’s expectations for Danish enterprises are changing in many ways. Politically, enterprises are expected to retain employees who generally do not live up to performance requirements, i.e. prevent them from becoming marginalised and excluded, and they are also expected to participate in integrating persons who have already been excluded from the ordinary labour market. Employees are making increasing demands for influence, education, wages and salaries as well as attractive human-resource policies. Customers are making demands for improved quality and increasing reliability of delivery at the same price, and the local community is making demands for e.g. respect for the physical environment. These demands are made while still expecting enterprises to manage their business on market terms. Finally, enterprises are expected to abide by the laws of the country and the collective agreements laid down by the parties of the labour market.

Not only must Danish enterprises live up to statutory financial and legal expectations, but also to the collective agreements laid down by the parties of the labour market. Add to this the areas which in a Danish context are still within the responsibility of the welfare institutions, such as the National Health Service, unemployment benefits, education, care for the elderly, day-care centres,



and public support for persons who have fallen completely out of the ordinary labour market. Needless to say, something extraordinary indeed will be required of Danish enterprises if the label “a social responsible enterprise” is to mean something besides an enterprise which abides by existing agreements and legislation. In other words, different requirements are made of a Danish enterprise than of an American if it is to deserve the label of “socially responsible”.

### **3.1. Limiting and operationalising CSR in a Danish context**

In the previous sections, focus has been on the political motives and interests in making Danish enterprises take a larger social responsibility. In the following, focus will be on the enterprises, how they perceive their contribution and what they do in order to solve social problems.

It may serve a purpose to distinguish between *internal* and *external* social responsibility, corresponding to primary and secondary stakeholders. The internal responsibility concerns an enterprise’s own employees, whereas the external one concerns the surrounding society. Thus, the external social responsibility may concern the local, the national, as well as the international society. Then comes the definition of what social tasks are involved in the internal and external responsibilities, respectively.

A distinction can be made between a social responsibility for the *prevention* of social problems and a social responsibility to *remedy* the problems. If those two dimensions of social responsibility are combined, four different types of social responsibility will appear:

1. A *preventive internal* social responsibility, which includes e.g. the physical and psychological environment, the major part of the enterprises’ human-resource policies, such as senior policy and family-friendly measures.
2. A *remedial internal* social responsibility, including e.g. retaining employees who for one reason or another have a reduced capacity to work.
3. A *preventive external* social responsibility, including e.g. an offer of practical training placement for school pupils or young people before they choose a vocation, as well as the local sponsorship of social activities.
4. A *remedial external* social responsibility, including e.g. enterprises participating in creating jobs for persons outside the ordinary labour market (Holt, 1997; Holt, 1998).

In the paper at hand, focus will be on the remedial elements. The background for this focus is that if the definition of CSR is to be taken seriously, the preventive measures will just be within the area which may be called complying with current laws and collective agreements in the area. The remedial elements, on the other hand, are beyond this. These are voluntary measures provided that the enterprise makes an active effort in this area. Consequently, a CSR enterprise in a Danish context is:

*“An enterprise which complies with laws and agreements and furthermore takes an internal and external remedial responsibility, which in a Danish context means that the enterprise participates in retaining its own employees who, for one reason or another, are outside the ordinary labour market and the enterprises participating in creating jobs for persons outside the ordinary labour market”*

### **3.2. The means B how to influence corporate behaviour**

Politically, indications are that this is not a question of surrendering the responsibility to businesses, something that could be done by legislation, but rather a question of influencing corporate managers’ attitudes, so that they voluntarily take a larger social responsibility.

There have been several ways and means to stimulate to action rather than intervening directly:

- Financial inducements in the form of various subsidy schemes designed to make it financially attractive for enterprises to hire or retain persons with reduced capacity to work.
- Publicising good examples, brochures, magazines, and exchange of experience among enterprises
- Introduction and financing development work of social indices and social accounts as well as giving a prize to the most social enterprise
- Focus on cooperation between local authorities and enterprises
- Allocation of means for research, evaluation and elucidation<sup>2)</sup>

The flagship in the attitude adaptation has probably been introducing the concept of Partnership for Social Cohesion (Mandag Morgen, 1995). The Danish Minister for Social Affairs introduced the Partnership for Social Cohesion for the first time in connection with an international conference held in Copenhagen (Ministry of Social Affairs, 1997). In order to explain the partnership concept, elements from the stakeholder concept were, and are still, being used. However, the paradox remains that it is the Ministry of Social Affairs which applies these elements in order to convince the enterprises of the sensibility of entering into a co-operation with local authorities in particular, which in Denmark are responsible for, among other things, the re-integration of persons outside the ordinary labour market.

In the argumentation for social partnerships, arguments such as the following are used: through co-operation, both enterprises and local authorities will be able to influence conceptions and prejudices about each other. In this way, they can develop and educate each other to be able to influence the present framework around retaining and integrating persons (Thaulow, 1997).

The few large enterprises that exist in Denmark (e.g. Danfoss, Oticon, Lego and Novo Nordisk) understood the message and entered actively into the discussion, co-operating directly with the Minister and the Ministry of Social Affairs in the so-called “National Network of Corporate Managers”, an advisory board for the Minister in questions of corporate responsibility<sup>3)</sup>.

By entering actively into the debate, these corporate managers ensured that efforts in convincing the enterprises to take a social responsibility were kept on a voluntary level. They have gained influence on the policy taken (Harbo, Fabricius & Agerlund Jørgensen, 1998).

At local authority level, where the concept of partnership was to be put to the test, so-called co-ordination committees were set up with representatives from the local authority, the enterprises, the parties of the labour market and general practitioners. The idea is that the dialogue, the co-operation and the co-ordination of efforts to keep e.g. people with long-term illnesses at work as well as the integration of already marginalised persons are to take place in these municipal committees. Recently, a preliminary evaluation of the work of the co-ordination committees was published. The conclusion is that about 1/4 of the committees are well established, that there is a large middle group which is struggling to make any specific initiatives at all, while 1/6 of the committees have not even started (FormidlingsCenter Aarhus, 1999).

As mentioned, the concept of voluntary action has been of primary importance in the campaign, but underlying in the debate has been a threat that unless enterprises change their behaviour, the political side might resort to other means. Quotas, among other things, have been mentioned as one possibility. Quotas are to be an indication of how many persons an enterprise must integrate in relation to its size. If an enterprise fails to live up to its quota, it is to be liable for some sort of penalty. Another thought which has been vented is that private enterprises which sell to the public sector will be subject to social requirements. This means that in order to hope to win a tender, an enterprise must be socially responsible. For the purpose of deciding whether an

enterprise is socially responsible, the Ministry of Social Affairs has worked with so-called social indicators in order to measure the corporate social responsibility. The index includes indicators to the effect that the enterprise is actively preventing that employees are rejected, that the enterprise is making an active effort in order to retain employees, e.g. in the event of illness, that the enterprise is open in the context of creating jobs for people who are outside the ordinary labour market and that the enterprise is engaged in the local community (the Danish Ministry of Social Affairs, 2000).

In summary it can be said that from the political side, the concept of voluntary efforts is still being stressed, and consequently information and attitude adaptation have been prioritised. However, more forceful inducements are possibly in the offing.

## 4. To what Extent has the Campaign Worked?

In many ways, the Danish CSR debate is unique, precisely because it is taking place in a society where the welfare state has always been clearly anchored in the division of responsibility between the state, the market and civil society. If nothing else, this division of responsibility has been put to the debate. Furthermore, focus in the debate has been placed on the two areas of retention and integration the consequence of which is ultimately to directly question the right of an employer to hire and fire employees. Finally, as already mentioned, it has been pointed out in the Danish debate that there must be a voluntary aspect. Enterprises must not be forced. These conditions make it interesting to investigate if enterprises are, in fact, changing their attitudes in the direction of retaining their own employees, who do not fully meet performance requirements, and if enterprises are participating in the integration of persons outside the ordinary labour market. In the following, results from the scarce Danish research on the extent of corporate social responsibility will be presented, and it must be emphasised at this point that it is difficult to tell anything about developments in corporate behaviour.

Holt (1998) charted corporate social responsibility by sending out a questionnaire to private and public-sector managers. The survey took place in the autumn of 1996<sup>4</sup>.

Retention of own employees who do not live up to the performance requirements, can be made in at least 3 different ways. Either the employee can be retained on the ordinary terms of a collective agreement, on special terms without public subsidy, e.g. as a consequence of the social chapters<sup>5</sup> in the various agreements, or on special terms with a public subsidy for instance the so-called flexjobs<sup>6</sup>.

21 per cent of all Danish enterprises have retained an employee in one of the above ways within the last 3 years. Most enterprises retained employees on ordinary terms (16 per cent) whereas only few (4 per cent), retained employees on special terms. Participation in integration according to this survey is defined as receiving long-term unemployed persons in job training as well as employing persons with a reduced capacity to work on special terms. 28 per cent of all enterprises have received long-term unemployed persons in temporary training programmes. However, only 5 per cent of all enterprises have employed persons on special terms.

The fact that more enterprises have received unemployed persons than have employed persons on special terms is not so surprising, however, granted that we are talking about two different groups of people and two different types of jobs. The only problem for long-term unemployed persons basically is that they have been unemployed for a long time. Furthermore, the jobs they can get are of a temporary nature. Persons employed on special terms per definition have reduced capacity to work, and in principle their jobs are permanent.

Enterprises have also been asked their opinion on various statements on enterprises' development in general regarding social responsibility. 88 per cent of public-sector enterprises, and 71 per cent of the private enterprises agree that enterprises in general have to take on greater social co-responsibility for groups outside the labour market by, in future, employing long-term unemployed persons and persons with a reduced working capacity.

Enterprises were further asked if they have more definite intentions to receive long-term unemployed persons and persons with a reduced working capacity. 36 per cent of the enterprises would like to receive long-term unemployed persons whereas 17 per cent would employ persons with reduced working capacity. So there seems to be a potential market.

At the same time, the above results show that the more abstract the concept of CSR is to enterprises, the more positive they seem to be. At the abstract level enterprises agree that they will have to take a larger social responsibility. Once they are asked more specifically, i.e. if they intend to employ long-term unemployed persons and persons with a reduced working capacity, the percentages fall. Finally, when the enterprises are asked when within the last 3 years they have actually employed long-term unemployed persons and persons with a reduced working capacity, the percentages are at their lowest.

In summary it can be said that enterprises are most active in relation to their own employees, and less in relation to integrating persons outside the labour market. There may be many reasons for prioritising social tasks the way they do, but the enterprises themselves give part of the answer in the attitude questions they are asked at the end of the survey.

The enterprises were asked to evaluate various statements about the development of enterprises in relation to social responsibility.

The majority of enterprises think that, in future, they have to take a greater social responsibility for the groups outside the labour market. However, at the same time, they admit that changes over the last few years have made it more difficult to employ persons who are not able to contribute fully to normal work.

This is, in fact a paradox. On the one hand, developments in the labour market are going in the direction of requiring more of employees, something that may speed up the process of marginalisation. On the other hand there is a desire for a more open labour market. General developments in the labour market can be said to be in conflict with the desire to create more jobs for employees with a reduced capacity to work.

In 1998 enterprises were asked again (Larsen & Weise, 1999)<sup>7)</sup>. The results from this survey do not differ substantially from the first one. Larsen & Weise (1999) conclude that 23 per cent of the enterprises retained one or more employees, even if they suffered from a long-term illness or another reduced capacity to work. As for integration of persons outside the labour market, there seems to be little or no change as well. 5 per cent of the private sector and 36 per cent of the public-sector enterprises have had a job training programme for the unemployed, 5 per cent of the private and 18 per cent of the public enterprises have employed persons with a reduced capacity to work and received public subsidies.

As part of this survey, attitude questions have been asked, and it can be ascertained once again that more or less all the respondents agree that they should try to retain employees whose capacity to work is impaired. Likewise, more or less everybody agrees that enterprises should contribute actively to creating jobs for the long-term unemployed, persons with a reduced capacity to work and other persons in difficult circumstances. There is thus a marked difference between enterprises' attitudes to social responsibility and what they do in practice.

The two surveys show that there has been no real change in enterprises' behaviour. Enterprises make the greatest effort in relation to their own employees in compared with integrating persons outside the ordinary labour market. On the other hand, the surveys show that an attitudinal change has taken place. It is difficult to say for certain, but it is quite remarkable that between 70 and 80 per cent of the respondents think that enterprises should take on a social responsibility, also in fields that were traditionally the responsibility of the welfare state. In this sense, the campaign can be claimed to have been a success. Danish enterprises have started relating to, and perhaps contemplating, that they do, in fact, have a social responsibility besides that of complying

with the law and collective agreements. Whether this change in attitude will result in actual action, if such action remains on a voluntary basis, only time will show.

## 5. Summary up and Perspectives

The starting point for the Danish debate about corporate social responsibility has not been the imperfections of the market but rather those of the welfare state. In spite of a healthy economy and low unemployment figures, the Danish state is spending a large part of public finances on transfer payments. At the same time, there is increasing political recognition that, in order to reverse this development, with a large part of the Danish population at an employable age outside the ordinary labour market, private enterprises must take a larger social responsibility. So far, political action has concentrated on attitude adaptation corporate managers to participating on a voluntary basis in retaining employees and integrating persons with some sort of reduced capacity to work.

If we turn to the enterprises, it is clear ascertained that, compared with e.g. American enterprises, there is a clear division of responsibility between the welfare state and enterprises as far as the solution of social problems is concerned, something which was the primary task of the welfare state up to now. Besides, Danish enterprises are subject to laws and collective agreements regulating their responsibility to their own employees. Therefore, it will be interesting when enterprises' besides complying with laws and collective agreements take a social responsibility which is otherwise handled by the welfare state.

In this paper focus has been made on how enterprises, on a voluntary basis, participate in retaining employees and integrating persons with some sort of reduced capacity to work. It is clear that according to the quantitative field research, a small fraction of enterprises do, in fact, take this sort of social responsibility. On the other hand, enterprises' attitudes towards taking increased social responsibility are positive. By far the majority of the respondents think enterprises should retain their own employees and integrate persons who are outside the ordinary labour market. However, these positive indications still remain to be put into practice. Presumably, there are at least three reasons for this lack of action.

First of all, it may be called a social dilemma when everybody sees the rationale of enterprises taking an increased social responsibility, but everybody thinking that it is the others who must do so. Secondly, the debate has meant that it will simply be seen as politically incorrect to answer that enterprises should not take more social responsibility. Finally there is the last paradox that, in fact, politicians are trying to influence enterprises to making the enterprises more open during times when developments, at least in some enterprises, are going in the opposite direction, i.e. towards greater demands on the individual employee and thus a narrower labour market.

## References

- Beaver, W. (1999)  
Is the Stakeholder Model Dead? *Business Horizons*, Mar/Apr. 1999, Vol. 42 Issue 2.
- Bowie, N. (1991)  
New Directions in Corporate Social Responsibility. *Business Horizons*, Vol. 34 Issue 4.
- Carroll, A.B. (1979)  
A three-dimensional conceptual model of corporate social performance. *Academy of Management Review*. No. 4.
- Carroll, A. B. (1991)  
The Pyramid of Corporate social Responsibility: Towards the moral management of organizational stakeholders. *Business Horizons*, Vol. 34 Issue 4.
- Carroll, A. B. (1999a)  
Corporate Social Responsibility. *Business & Society*, Vol. 38 Issue 3.
- Carroll, A.B. (1999b)  
Models of Management Morality for the New Millennium. *Vital Speeches of the Day*. Vol.66 Issue 2.
- Dalton, D.R. & Daily, C.M. (1991)  
The Constituents of Corporate Responsibility: Separate, but not Separable Interests? *Business Horizons*, Vol. 34 Issue 4.
- Duus, P. (1994)  
Virksomhedernes sociale ansvar. *Socialpolitisk Forening* nr. 3.
- Freeman, R.E. (1984)  
*Strategic Management: A Stakeholder Approach*. Boston: Pitman.
- Freeman, R.E. & Liedtka, J. (1991)  
Corporate Social Responsibility: A Critical Approach. *Business Horizons*, Vol. 34 Issue 4.
- Friedman, M. (1962)  
*Capitalism and Freedom*. Chicago: University and Chicago Press.
- Epstein, E.M. (1989)  
Business Ethics, Corporate Good Citizenship and the Corporate Social Policy Process: A View from United States. *Journal of Business Ethics*, 8:653-596.
- Epstein, E.M. (1998)  
Business Ethics and Corporate Social Policy. *Business & Society*, Vol. 37 Issue 1.
- FormidlingsCenter Aarhus (1999)  
Lokale koordinationsudvalg som socialpolitisk nyskabelse. *FormidlingsCenter Aarhus*, november, 1999.



- Griffin, J.J. & Mahon, J.F. (1997)  
The Corporate Social Performance and Corporate Financial Performance Debate. *Business & Society*, Vol. 36 Issue 1.
- Harbo, M., Fabricius, T. & Jørgensen, T.A. (1998)  
Virksomhedernes sociale engagement - et systemteoretisk perspektiv. *Sociologisk Samfundsanalyse*, Aalborg Universitet, efterår, 1998.
- Holt, H. (1998)  
En kortlægning af virksomheders sociale ansvar. København: Socialforskningsinstituttet 98:1.
- Holt, H. (1997)  
Virksomheders sociale ansvar. I. Fridberg (red.): *Hvem løser opgaverne i fremtidens velfærdssamfund?* København: Socialforskningsinstituttet 97:11.
- Hopkins & Straughan (1995)  
Defining Indicators to assess Socially Responsible Enterprises. Working paper: MH Consulting Ltd. Geneva and London.
- Klonoski, R.J. (1991)  
Foundational Considerations in the Corporate Social Responsibility Debate. *Business Horizons*, Vol. 34 Issue 4.
- Kongshøj Madsen, P (1997)  
Employing the Hard-to-Place. Working paper on New Partnership for Social Cohesion no. 3. Copenhagen: The Danish National Institute of Social Research.
- Langager, K. (1997)  
Indsatsen over for de forsikrede ledige. København: Socialforskningsinstituttet 97:20.
- Larsen, M. & Weise, H. (1999)  
Virksomheders sociale engagement. Årbog 1999. København: Socialforskningsinstituttet 99:16.
- Makower, J. (1994)  
Beyond the Bottom Line: Putting Social Responsibility to Work for Your Business and the World. Simon & Schuster, New York.
- Mandag Morgen (1995)  
Partnership for New Social Development. Copenhagen: Mandag Morgen Strategic Forum.
- Ministry of Social Affairs (1997)  
New Partnership for Social Cohesion. Report Prepared for a New Partnership for Social Cohesion - International Conference on the Social Commitment of Enterprises. Copenhagen 16-18 October 1997.
- Parisotto, A (1995)  
Reconciling Economic Performance with Social Responsibility. Briefing note. IILS, November, 1995.
- Pava, M. & Krausz (1995)  
Corporate Responsibility and Financial Performance: The Paradox of Social Cost. Quorum Books. Westport, Connecticut.

Ploug, N. & Søndergaard, J. (1999)

Velfærdssamfundets fremtid. Socialforskningsinstituttet. København: 99:17.

Preston, L. E. (1990)

Stakeholder management and corporate performance. Journal of Behavioural Economics: vol. 19 Issue 4.

Rosdahl, A. (1997)

Business Organizations and Social Responsibility: Some points of view from organization theory. Working paper on New Partnership for Social Cohesion no. 11. Copenhagen: The Danish National Institute of Social Research.

Rosdahl, A. (2000)

The Social Responsibility of Enterprises. Working paper 2:2000. Copenhagen: The Danish National Institute of Social Research.

Socialministeriet (1994)

Det angår os alle. København: Socialministeriet.

Socialministeriet (1999)

Det angår os alle - om virksomhedernes sociale medansvar. København: Socialministeriet.

Socialministeriet (2000)

Det sociale indeks. En måling af virksomhedens sociale ansvar. København: Socialministeriet.

Thaulow, I. (1997)

Why Should Businesses Involve Themselves in Partnerships for Social Cohesion? Working paper on New Partnership for Social Cohesion no. 12. Copenhagen: The Danish National Institute of Social Research.

Waddock, S. & Graves, S.B. (1997)

Quality of Management and Quality of Stakeholder Relations: Are they Synonymous? Business & Society, Vol. 36, Issue 3.

Westergaard Nielsen, N. (1999)

Virksomhedernes sociale ansvar. Tidsskrift for Arbejdsliv, 1, 2.

Wood, D. (1991)

Toward Improving Corporate Social Performance. Business Horizons, Vol. 34 Issue 4.

Ullman, A.A. (1995)

Data in Search of a Theory: A critical examination of the relationship among social performance, Social Disclosure and economic performance in US firms. In Academy of Management Review, 10, 3.

## Notes

- 1) Developments in the USA, however, also show examples of the opposite (Carroll, 1999b; Beaver, 1999).
- 2) Among other things, a 'Development Centre for the employment on special terms' has been set up with the intention of contributing to the creation of a more open labour market, to reduce the number of persons on transfer incomes, and to collect and communicate knowledge and experience in this field. The centre has been established at the initiative of the Ministry of Social Affairs and the Ministry of Labour.
- 3) Among other things they give an annual prize to enterprises who have displayed special social responsibility. In 1999 the prize was given to three enterprises who have in some way integrated persons, who are outside the ordinary labour market.
- 4) The survey is based on a questionnaire for the HR responsible in 2,960 public and private enterprises. The interviews were conducted over the telephone by a corps of interviewers in the Danish National Institute of Social Research during the late summer of 1996. The data collection was finished on 1 November 1996 with a response rate of 80 per cent. The enterprises were drawn from the Central Business Register, Statistics Denmark, and were stratified according to number of employees and ownership.
- 5) The Social Chapters of the collective agreements allow a possibility of employing persons on terms that differ from the ordinary terms as regards wages, salaries and working hours.
- 6) The idea of a flexjob is that disabled people may be employed permanently and in ordinary job, but on special conditions e.g. with less working hours, or with reduced work tasks. The employer pays part of the salary and the rest is paid by the state.
- 7) As in the 1996 survey this was a questionnaire for managers of private-sector and public-sector enterprises in Denmark. 3,001 enterprises were taken out as a sample from the Central Business Register, Statistics Denmark. 2,473 responded, corresponding to a response rate of 82 per cent. The interviews were made in the autumn of 1998.