

Switzerland, Sustainability and Corporate Social Responsibility

Corporate Social Responsibility, Human Resource Management and your Business
- A Benchmark

Abstract

Recent reports in Switzerland evidence the rise in work related stress, mobbing and burnout. At the same time different groups encouraging foreign investment highlight the attractiveness of Switzerland from the point of view of safety and security, stability, long working hours and flexibility of hiring and firing. There is poor protection for employees when compared to other European Union countries and mediation systems are lacking. The courts cannot, except in exceptional cases, force employers to rehire dismissed workers in employment matters. In addition to this Switzerland, a non EU country, is not subject to the extensive EU laws relating to non discrimination with regards to race, age, sexual orientation and disabilities.

This paper is intended as a tool for businesses in Switzerland, particularly small and medium sized enterprises (SMEs). It is intended to help those companies understand the concept of Corporate Social Responsibility (CSR) and Sustainable Development. This document examines Switzerland's strategy with regards to Sustainable Development and explains the concept of CSR.

CSR is on the agenda of many countries and the EU is promoting CSR very strongly to businesses in Europe at this point in time. With this objective in mind a Compendium of CSR in the EU countries has been compiled, a comparison of CSR in the different member states of the European Union.

Large multinationals have come under increasing pressure in recent times, largely as a result of the numerous scandals affecting them, with regards to their economic, environmental and social performances in a world that is increasingly connected. This has, in some cases, caused enormous damage to company reputations and brands. Today, to counter this risk and because of societal pressure, many large companies produce yearly reports on their activities with regards to their economic performance, their environmental practices and their social compliance. The objective of this reporting is to show their awareness of their responsibility to society in a local and global context, to avoid potential risks and sometimes because they have no other choice.

Small and medium sized enterprises (SMEs) may neither be aware of the potential risks nor understand the positive impacts of CSR for their business. They may not know of the various tools, courses, awards, auditing possibilities and advice that are available to them in Switzerland and in particular in the French speaking region of Switzerland. As already mentioned the main purpose of this paper is to explain the concept of Corporate Social Responsibility and to give these companies the possibility to use certain tools, which appear to be reasonably inexpensive, to improve their company's performance and understanding of the positive impact of sustainable behaviour.

A Benchmark - The Business in the Community initiative was conceived in Ireland, a public/private partnership between the government and businesses. A number of the major business players are working together with government and many SMEs to integrate CSR into their businesses on an everyday basis.

CSR deals not only with environmental and economic sustainability but also with social sustainability, one such social issue deals with the human capital in the workforce. FAS, the Irish Employment Authorities, certify companies in Ireland with the National Human Resource Management certification. Almost 1000 workplaces in Ireland, affecting about 7% of the population, are certified as being sustainable from the perspective of human capital.

With regards to the problems in Switzerland's workplace it is suggested that a National Certification system for Human Resource Management could help to highlight and alleviate many of the problems the workforce complain about today. In order to achieve this certification it would be necessary for businesses to work with the different stakeholders in society, the government authorities, the SMEs and individuals themselves.

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1 Switzerland, Sustainability and Corporate Social Responsibility

Recent reports in the local press show a workforce in Switzerland which is extremely stressed. A recent study carried out by Kelly Services¹ found one third of Swiss people are stressed at work and that Switzerland along with Sweden had the most stressed workforce in the 13 countries surveyed.

According to a study published in 2000 by the Secretariat for the State and Economy (seco) the Swiss economy loses 4.2 billion Swiss Francs as a result of sickness caused by the negative consequences of stress.² The 2005 barometer of preoccupations published by Credit Suisse shows that the main worry people have today is unemployment³, and another fear is that of poverty.⁴

In the Development Economic Western Switzerland (DEWS)⁵ set-up guide for new companies coming into Switzerland, an Arthur D Little Study⁶ is cited, which mentions that Switzerland is a most attractive place for global corporations to set up their headquarters. Among the main assets mentioned in the guide are the stability, safety and security of the country and the highly productive and well-educated, industrious and loyal workforce.⁷ Another reason given is the flexibility of the labour force in terms of hiring and firing and the lack of Unions.

Recent studies from IMD, the world renowned international business school in Lausanne⁸ and The Geneva Economic Development Office⁹ concluded that the long working hours and flexibility of labour regulations made Switzerland a very attractive place for companies to relocate to.

It is interesting to note that foreign companies are being strongly encouraged to come to Switzerland these days. While this is essential for the growth of the economy it may lead to a different culture in terms of management, a very different culture from the one practiced here in Switzerland.

Employment law in Switzerland makes it relatively easy, when compared with other European countries, for employers to fire their employees. Mediation systems which encourage or insist on litigants using mediation before being allowed to proceed to the labour courts do not exist here, with one or two notable exceptions. This strongly contrasts with the situation in other countries such as the United Kingdom, where mediation is an everyday occurrence. The courts in Switzerland cannot insist, except in very particular cases, on employers rehiring employees in cases of unfair dismissal, while this is common practice in a country such as Ireland. The damages given by judges in cases of unfair dismissal or bullying are extremely low and therefore may not deter unacceptable workplace practices, which appear to be on the rise. European laws concerned with non-discrimination in cases of race, equality, sexual orientation,

¹ <http://www.kellyservices.ch/res/content/ch/services/fr/docs/commkellystressfrench.doc>

² Article Actualités FSP « Un site Web contre le stress au Travail » Bernhard Hans et Kalin Wolfgang

³ <http://emagazine.credit-suisse.com/article/index.cfm?fuseaction=OpenArticle&aoid=122776&lang=FR>

⁴ <http://www.revue.ch/fr/content/>

⁵ www.dews.com

⁶ Arthur D Little « Headquarters location in Europe » 2003

⁷ DEWS “Your business at the heart of Europe” Set-up Guide p 1

⁸ DEWS “Your business at the heart of Europe” Set-up Guide p 40

⁹ Geneva Economic Development Office “International Comparisons” 2005/2006

disability and age do not form part of the legislation here in Switzerland although laws do, of course, exist in some of these areas.

Therefore, in view of the influx of foreign businesses into Switzerland, an economy which is not as stable as in times past and an increasingly unhappy workforce; one could ask oneself if it is not the moment to rethink the situation here in terms of the sustainability of the workforce.

In today's world, sustainability and sustainable development are not new concepts. One of the most cited and well known definitions of Sustainable Development is that given by the World Commission on Environment and Development in the Brundtland Report in 1987¹⁰ which stated that "Sustainable Development is development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs".

1.1 Switzerland's strategy for Sustainable Development

Article 2 of the Swiss Federal Constitution declares that sustainable development [is] to be a national objective, while its Article 73 calls upon the Confederation and the cantons to strive for "a balanced relationship between nature and its ability to renew itself, on the one hand and the demands placed on it by the human race, on the other".

Sustainable development is a tenet to which the Swiss Confederation and the cantons are bound.¹¹

In spring 2002, the Swiss Federal Council adopted a revised sustainable development strategy based on the provisions of the new Federal Constitution which aims at integrating the principles of sustainable development into as many policy areas as possible. It also lays down the content and procedural framework for the Federal Council's sustainable development policy over the coming years.

The Federal Council's Sustainable Development Strategy¹² not only talks about sustainability from an economic and environmental perspective but states that equal consideration is to be given to the environment, the economy and society.

As regards the target dimension of social solidarity the strategy states that:

"Human health and safety are to be comprehensively protected and promoted. Education is to be provided, ensuring individual development and identity. Culture is to be promoted, together with the preservation and development of the social values and resources that constitute social capital.

Equal rights and legal security are to be respected and guaranteed for all, with particular attention to equal rights for women and men, equal rights and protection for minorities, and respect for human rights.

Solidarity is to be promoted within and between generations and also at the global level."

¹⁰ WCED "Our Common Future" 1987, Oxford, Oxford University Press

¹¹ <http://www.are.admin.ch/are/en/nachhaltig/definition/index.html>

¹² Swiss Federal Council: Sustainable Development Strategy 2002

The report further sets out action areas and measures to be taken. Action area 4¹³ talks about social cohesion and the need for solidarity and justice in society. It states that "important sustainability issues include the protection of human rights, the provision of opportunities for disadvantaged members of society, opportunities for cultural and personal development, guaranteed health care provisions, public safety and equal rights for women and men [] the ageing population, changes to household make-up[] the migration and integration of foreigners..."

And expresses the wish to "strengthen the employment market by [] prevent [ing] the social exclusion of individual segments of the population....."¹⁴

In terms of awakening awareness and raising the consciousness of the population about all the foregoing it underlines the need to "ensure that sustainable development takes root within compulsory education, at universities and in vocational training"¹⁵ and furthermore it should "harness the entire education system to promote a higher awareness of sustainable development"¹⁶.

In short, the strategy would appear to wish to ensure the sustainability of the Swiss society with regard to its human capital, the people, and the necessity to educate the youth of Switzerland of the importance of achieving this aim.

1.2 Corporate Social Responsibility and Sustainability

Sustainable development deals with sustainability in relation to the environment, the economy and society, more commonly known as the triple bottom line. Many issues which relate to sustainable development are discussed on a regular basis in the media in Switzerland. Ethical purchasing is very common and Swiss consumers are very implicated in this issue. Corporate governance is looked at mostly with regards to large companies with limited liability (SA) and the way they deal with shareholder issues. Environmental concerns are widely discussed and a great amount of legislation is in place in Switzerland which deals with this area.

The third area of the triple bottom line, which relates to social sustainability and the problem of who should be responsible for the sustainability of the workforce, is not often discussed. There are, however, multitudes of stories in the local media, relating to bullying and harassment, inequality, stress and burnout in the workplace.

Corporate Social Responsibility (CSR) has been defined by Morimoto, Ash and Hope as "the Social strand of sustainable development as identified in the Brundtland Commission report already mentioned. The World Business Council of Sustainable Development in Geneva¹⁷ in its publication "Making Good Business Sense" (Holme and Watts) used the following definition "Corporate Social Responsibility is the continuing commitment by business to behave ethically and

¹³ Swiss Federal Council: Sustainable Development Strategy 2002 p 20

¹⁴ ditto p 14

¹⁵ ditto p 18

¹⁶ ditto p 19

¹⁷ The World Business Council for Sustainable Development »- an organisation based in Geneva which groups 180 international businesses with a shared commitment to sustainable development through economic growth, ecological balance and social progress. www.wbcsd.org

contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

Trying to be a responsible company is not a negative aim for a company. On the contrary many authors, such as Elkington (1997), Zadek and al (1997), and SustainAbility (1999), believe that social responsibility can be a means of achieving long term economic goals.

A European wide study of public attitudes to CSR, including a section which looked at Switzerland, was conducted by MORI (Market and Opinion Research International) on behalf of CSR Europe in 2003.¹⁸ The report looked at the attitudes of the Swiss public to CSR.

The definition of CSR was given in the study as follows:

“It has been said that companies have two kinds of responsibility-commercial responsibilities (that is, running their business successfully) and social responsibilities (that is their role in society and the community.) By this I mean activities beyond profit making that some companies are now involved in, protecting the environment, looking after their employees, being ethical in their trading and being involved in the local community around which it operates”.¹⁹

The Swiss public were very active and vocal in their attitudes to CSR. It emerged from the study that three times as many Swiss people feel that industry or commerce do not pay enough attention to their social responsibilities as those that do. While this was also seen to be the case in the other countries surveyed the Swiss, more than any other country surveyed,²⁰ felt that the responsibility lies increasingly with large companies rather than just the government. They also felt that Swiss companies as a matter of priority should address immediate responsibilities in the workplace in order to protect human rights, to prevent discrimination and to protect workers health and safety.

Sustainability of our human capital needs to be discussed. How can we sustain our people and what is the link between sustainable development and good human resources practices? The high cost, both from an economic point of view and in terms of the lack of sustainability of human capital, is becoming very evident.

The problems in society which relate to absenteeism, bullying, health costs, discrimination in many forms including age discrimination and the lack of equality in terms of treatment and salary are all part of the social side of sustainable development.

Who is responsible for sustaining the people in Switzerland? Is this the responsibility of the Government, of businesses, or of individuals themselves?

¹⁸ Hines Charlotte, Lewis Stewart,(MORI) European Attitudes to Corporate Social Responsibility: Switzerland,(November 2000)

¹⁹ Ditto

²⁰ The study was conducted in 12 countries; Belgium, Denmark, France, Germany, Finland, Great Britain, Italy, the Netherlands, Portugal, Spain, Sweden and Switzerland.

2- The European Union and Corporate Social Responsibility.

The European Union defined CSR in their Green paper "Promoting a European Framework for Corporate Social Responsibility"²¹ 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",²²

They state that "Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing "more" into human capital, the environment and the relations with stakeholders".²³

Furthermore, "while so far CSR is mainly promoted by a number of large or multinational companies, it is relevant in all types of companies and in all sectors of activity, from small and medium-sized enterprises (SMEs) [including micro-enterprises] to multinational enterprises"²⁴ It goes on to say that "although many SMEs already take up their social responsibility, particularly through community involvement, further awareness raising and support to disseminate good practices could help promote corporate social responsibility among them".²⁵

The Green paper notes that a major challenge for enterprises today is to attract and retain skilled workers. They state that the relevant social responsible practices in this field include life long learning, information throughout the company, better balance between work, family and leisure, greater work diversity, equal pay and better career prospects for women, profit sharing and share ownership schemes and concern for employability as well as job security.

In July 2002 the European Commission published its communication concerning Corporate Social Responsibility: A business contribution to Sustainable Development.²⁶ This document set out a European Action Framework for CSR and defined CSR 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".²⁷

The report states that there is a growing perception among enterprises that sustainable business success and shareholder value cannot be achieved solely through maximising short-term profits but instead through market oriented yet responsible behaviour.²⁸

CSR is, according to this document, behaviour over and above legal requirements; it is more than simple compliance. It is linked to sustainable development and the need for businesses to integrate the economic, social and

²¹ COM(2001)366 final

²² ditto p 8, para 1

²³ ditto p 8, para 2

²⁴ ditto p 8, para 4

²⁵ ditto p 8 para 4

²⁶ Communication from the Commission concerning Corporate Social Responsibility: A business contribution to Sustainable Development COM (2002) 347 final

²⁷ ditto p 5

²⁸ Communication from the Commission concerning Corporate Social Responsibility: A business contribution to Sustainable Development COM (2002) 347 final p 5

environmental impact in their operations. CSR is about the way “businesses are managed”.²⁹

The challenge with regard to awareness, dissemination and adoption of CSR practices amongst enterprises in the European Union arises, according to the Green Paper, from insufficient knowledge in teaching and training, awareness and resources in SMEs and coherence in public policies with regards to this issue. The clear statement that “CSR creates value for society by its contribution to a more sustainable development”, that “there is a role for public authorities in promoting socially and environmentally responsible practices by enterprises”³⁰, and that “the need for public action to promote CSR results also from inadequate governance at the global and national levels”³¹ are issues that should be taken seriously.

In its communication “Towards a Global Partnership for Sustainable Development”³² (13.2.2002) the European Commission stressed that globalisation may result in negative effects if it goes uncontrolled. CSR public policies may help shape globalisation in a positive way by promoting good company practices that complement public efforts for sustainable development”.³³

It is interesting to note the comments of the Commission on this matter which dealt not only with EU matters but also talked about businesses and globalisation and the effect that these may have on sustainable development of a country.

One could ask oneself about Switzerland today in this context. Should the government and the business community take note of the remarks mentioned here? Should they follow the example of the European Union with regards to their concern in the face of globalisation and its possible negative impacts on any society if uncontrolled?

In view of their concerns the European Commission proposed a strategy with regards to CSR in Europe. They proposed increasing the knowledge of the positive impact of CSR on business and societies in Europe and abroad, (with respect for example to safe and employee-friendly workplaces, gender mainstreaming and so on), developing the exchange of good practices on CSR between enterprises and Member States, promoting the development of CSR management skills, fostering CSR among SMEs, and facilitating convergence and transparency of CSR practices and tools.

2.1 Codes, legislation, public involvement, transparency and reporting in the European Union

One of the results of the actions and the interest of the European Union in Corporate Social Responsibility was the production of a “Compendium on National Public Policies on CSR in the European Union.”³⁴ This compendium

²⁹ Communication from the Commission concerning Corporate Social Responsibility: A business contribution to Sustainable Development COM (2002) 347 final p 5

³⁰ ditto p 7

³¹ ditto p 8

³² http://europa.eu.int/eur-lex/en/com/cnc/2002/com2002_0082en01.pdf

³³ ditto p 8

³⁴ http://europa.eu.int/comm/employment_social/emplweb/csr_matrix_en.cfm

compares the national public policies of the different countries in the EU with regards to the practice of 1) the promotion of CSR, 2) ensuring transparency and 3) developing CSR supportive policies.

1) The promotion of CSR - with regards to awareness raising, private-public partnerships, research, business incentives and business tools.

2) Ensuring transparency – by establishing the codes, reporting, labels, Social Responsible investment (SRI), and advertising

3) Developing CSR - by finding out and stating what supportive policies, sustainable development, social policies, environmental policies, and public procurement, and trade and export policies exist in the European Union member state countries.

Relevant European Union legislation mentioned with regard to CSR issues is in the area of employment and social affairs and labour law, anti-discrimination and fundamental social rights, disability issues and equality between women and men³⁵- the laws which deal specifically with the aspect of human capital.

2.2 CSR and the Small and Medium-Sized Enterprises in Europe

The European Union Association of Craft, Small and Medium-Sized Enterprises (UEAPME), which represents 11 million businesses in the European Union, felt that the issue of CSR is not the same for multinational companies as for the small and medium-sized enterprises. The SMEs, which make up the majority of businesses in Europe, may not feel the necessity or the pressure to either report on the activities of their companies or to change their practices with regards to the management of their human capital.

UEAPME points out that the situation for SMEs is in many ways often worse than that of multinationals companies with regards to doing business. They have limited financial resources and they cannot compete with big companies in the field of wages and extra-legal benefits. UEAPME feel that the position of the EU with regards to the implementation of CSR is not suitable for SMEs and that this sector needs assistance and tools to help them in this area. They need tools such as "awards and prizes recognising CSR in SMEs [which] should be created at local, national or European level".³⁶

3 Switzerland, CSR and Government involvement

Switzerland, like Europe, has many multinational companies but the majority of enterprises are small and medium-sized enterprises. The notion of Corporate Social Responsibility, while not new in itself,³⁷ may not be a notion which finds wide spread recognition among the general public in Switzerland in terms of the responsibility of companies with regards to the triple bottom line. Furthermore, the Swiss government at no point mentioned the idea of Corporate Social

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http://europa.eu.int/comm/employment_social/fundamental_rights/legis/legln_en.htm
http://europa.eu.int/comm/employment_social/index/7003_en.html

³⁶ UEAPME position paper on the Green Paper "Promoting a European Framework for Corporate Social Responsibility" COM (2001) 366 Final

³⁷ p 8 of this article

Responsibility in their 2002 strategy for Sustainable Development and Sustainability for Switzerland.

In contrast to this, the government in the United Kingdom appointed a Minister of Corporate Social Responsibility, Malcolm Wicks³⁸ and the government role in CSR is to raise awareness, provide guidance, promote consensus on UK and International Codes of practice, and to promote a framework for social and environmental reporting and labelling.

In Ireland the Irish President, Mary McAleese, is the patron of the Business in the Community Initiative, a partnership of businesses and government committed to community involvement and corporate responsibility. This involvement and the initiative will be discussed later in this article.

At a recent conference in London³⁹ the Swedish minister for CSR, Elizabeth Dahlin, explained how her government is working to ensure that Swedish companies are good ambassadors for their country with regard to their practices, including Human Rights practices and labour standards. She stressed the importance of the role of the Swedish government in helping their companies and especially companies who import, in this regard. In the last 4 years, the Swedish government have instigated 50 workshops, have encouraged research⁴⁰, organised conferences, forums, platforms and put in place tools to help companies with regard to their CSR practices. This government also recognises responsible behaviour and give credits to companies who act in a responsible way. In her speech Ambassador Dahlin congratulated her neighbours, the Finnish government on their recent election of a CSR ambassador for Finland.

These are a few examples of different governments in Europe who have understood the necessity of their taking an increasing role in the area of CSR and as already discussed in some detail, for the European Union Corporate Social Responsibility is an issue of ever increasing importance.

3.1 Education and CSR in Switzerland

There are many educational institutions, organisations and individuals that are carrying out research, educating students and raising awareness of Corporate Social Responsibility in Switzerland. I have outlined some of these below.

➤ One example is to be found at the University of Zurich where their Centre for Corporate Responsibility and Sustainability undertakes research and provides courses on the subject of Corporate Social Responsibility.⁴¹

➤ The Sustainability Forum Zürich is an association, the *Symposium Sustainability Zürich* whose purpose is the "organising and realising of the International sustainability symposium and other events as well as connected research and promotion of projects, in particular as pertaining to the sustainability topic. In

³⁸ http://europa.eu.int/comm/employment_social/soc-dial/csr/country/unitedkingdom1.htm

³⁹ Ethical Corporation "Ethical Leadership-how to communicate and embed values within your organisation" May 31st-June 1, 2006

⁴⁰ Swedish Partnership for Global Responsibility "Strengthening the responsible competitiveness of countries and companies in a globalised world" (2005)

Swedish Partnership for Global Responsibility "Corporate Responsibility and the Business of Law"(2005)

⁴¹ Centre for Corporate Responsibility and Sustainability at the University of Zurich

addition the association may carry out all activities that serve this principal purpose or are connected to it.”

This association co-operates with leading companies, institutions, public authorities and organisations that want to contribute to the implementation of sustainability principles and who strive to gradually put sustainability into practice⁴²

➤ In Lausanne, the IMD Business School has a Forum for Corporate Sustainability Management, which is their corporate sustainability research initiative. According to their brochure, their member “corporations participate in the Forum to build a sustainable business advantage through social and environmental strategic action.” For an annual fee of 10,000 Swiss Francs companies can send up to 5 managers at a time to biannual forums and an annual sustainability event, have a case study written on a company specific situation or involve the SCM team in an in-company research project and have special access to IMD faculty and research capacity.

➤ In Yverdon-les-Bains, the University of Applied Sciences of Engineering and Management, founded their “Ethical Business and Organisational Behaviour Institute”⁴³ (Institut e2co), in 2001. This Institute coaches companies with regard to their CSR practices and helps them in the process of formalising the company’s values. They analyse the social responsibility of companies with regards to their external and internal environment. They evaluate and advise companies with regards to their Human Resource management practices and also produce publications and reports on a regular basis.⁴⁴

➤ Back in Lausanne, the Tourism and Hospitality Institute for Sustainable Development Association (THISD) is composed of an interdisciplinary group of experts, including this writer, mostly from the Tourism and Hospitality industry. Their mission is to educate and train the tourism and hospitality industry in all aspects of sustainable development and sustainable practices, including CSR. This is essential in this industry as people and social sustainability are of particular importance in the tourism and hospitality sector.

➤ The University of Geneva founded its Centre for Human Ecology and Environmental Sciences (CUEH) in 1976 with the objective of facilitating and coordinating the setting up of education and research in the fields of environment. Their postgraduate course on Sustainable Development allows the participants to achieve a deep understanding of sustainable development. In 2005 and 2006 this course included a module on sustainable tourism to which this author introduced CSR as it applies to the Tourism industry.

➤ The SMIA Association⁴⁵ was founded in October 2002 and its objectives are the promotion of sustainable management via congresses, the creation of networks and the diffusion of knowledge in cooperation with the CUEH. A recent conference which took place in the University of Geneva in 2005 had various workshops dealing with different areas of sustainable development. One these

⁴² <http://www.sustainability-zurich.org/site.asp?nid=1461&lid=0&uid=0&sid=5,675906E-0203.01.20060,4701807&bkey=0&dex=1>

⁴³ Institut d'éthique d'entreprise et du comportement organisationnel (Institut e2co)

⁴⁴ <http://www.hegvd.ch/fr/ra&d/e2co.php>

⁴⁵ Sustainable Management in Action “<http://smia03.webforge.ch/en-page.0.0.html>”

conferences dealt with work related health and safety issues, however the main emphasis was on occupational health. It would be interesting in a future conference to extend the discussion to the wider area of internal management and human resources management in companies.

➤In Fribourg, the University of Applied Sciences in Management (HEG)⁴⁶, offer many different courses to the general public. Their aim is to help companies, particularly SMEs, to better manage their businesses. Not only does this University offer courses which deal with environmental and integrated management systems but they also have courses dealing with social responsibility, the aim being to help companies in this increasingly complex area.

➤An interesting concept developed by a Neuchâtel, group, EcoEntreprise⁴⁷ is taught in the context of these management courses. EcoEntreprise was initially conceived to help companies to better manage the environmental aspects of their company's operation. Presently, the EcoEntreprise programme helps companies to understand, manage and use to their best advantage all their actions with regard to the environment, health and safety issues and the social aspects of managing a company. The internet "Checklist EcoEntreprise" allows companies to check and evaluate how they are working. Other practical tools linked to sustainable management are available and they include objectives, action plans, checklists, a list of relevant legal regulations. EcoEntreprise partners include among others, the town of Neuchâtel, seco, and the promotion for the Canton of Berne amongst others. This is a good example of a public/private partnership.

These are just a few examples of educational institutions and other groups that are attempting to raise the awareness of CSR and its importance, but the list is by no means an exhaustive one. CSR is on the agenda of many institutions both in Switzerland and abroad and it seems inevitable that all educational institutions need to reflect on how they can integrate such courses into their curricula in the future if they have not done so already.⁴⁸

Despite the work and research being carried out on an educational level and by private groups the question remains as to whether this is having any impact on the behaviour in the society as a whole? Or is sustainable development still considered to apply only to the environmental aspects of managing a business?

3.2 Sustainability from the social perspective

The rate of unemployment in Switzerland has risen over the last number of years and a recent article in L`Hebdo⁴⁹ stated that there are about 600,000 poor people here; a Caritas study puts the number at closer to 1 million people.

Alongside this growing poverty and the insecurity that accompanies this change in the society, the problems in the workplace already discussed continue to increase. It would seem that the time has come to try to find solutions to these

⁴⁶ <http://www.heg-fr.ch>

⁴⁷ www.ecoentreprise.ch

⁴⁸ Bogadi Fabienne « Graduellement, la responsabilité sociale s'impose dans les cursus académiques » Le Temps 6 mai 2006

⁴⁹ A weekly Suisse Romande news magazine

workplace problems and to take a hard look at the way our human resources are being managed.

Should we ask ourselves if we need more efficient legislation? Do we need a different method of dealing with conflicts and could this lead to a more satisfied workforce?

3.3 Management Standards

With the idea of improving the quality of their management processes some companies in Switzerland have already implemented or are in the process of implementing management standards in their workplaces. The ISO 9001, a quality management system which looks at what a company does in relation to customer quality requirements and how it applies the applicable regulatory requirements, is one such standard used. The aim of this system is to enhance customer satisfaction and to achieve continual improvement of the company's performance in pursuit of these objectives⁵⁰. Another well-known standard, the ISO 14001, deals with environmental practices⁵¹ of companies and it too is widely used to help companies improve their environmental management processes.

While it is clear that improvement of management processes is extremely important to any company in terms of the increased efficiency of their operations, the question must be asked as to the whether the implementation of these standards is enough to ensure the sustainability of a company? How can the sustainability of a company's workforce be assured at the same time?

3.4 Encouraging Better Practices

Encouraging companies both large and small to perform better, both internally and externally, and to act in a socially responsible way is primordial for the sustainability of both businesses and our society. In today's increasingly global world companies, particularly large multinationals, are coming under increasing pressure to be more transparent with regards to their activities. This may be as a result of legislation or as a result of pressure coming from the different stakeholders of the company in question.

Because of these varying pressures exerted by different stakeholders, an increasing number of large companies feel obliged to become more accountable with regards to the operations of their businesses. Many companies produce reports which deal with the financial, environmental and social workings of their business. Reporting has become essential to these companies, in many cases it allows them to have the licence to operate in the different communities where they are established.

The high cost of ignoring the need to be transparent, accountable and ethical and the need to inform the public became clear as a result of the many corporate scandals in the last few years. Companies such as Enron, Exxon, Nike to name just a few, have learned this at a very great cost. Scandals relating to fiscal issues, human rights abuses and environmental catastrophes can be very costly.

⁵⁰ <http://www.iso.org/iso/en/iso9000-14000/understand/inbrief.html>

⁵¹ <http://www.iso14000.com>

They can lead to heavy losses with regard to a company's reputation causing damage to their company brands and those companies who suffer such damage and loss may never fully recover.

3.5 Best Practices in Switzerland

The small and medium-sized enterprises who make up over 95% of businesses in Europe and Switzerland may not feel the same pressure as the multinationals to be accountable to the public at large. They may not feel it necessary either to produce reports or to try to convince the general public where they operate of their genuine wish to be responsible companies. This being the case it is clear, that these SMEs must be encouraged, rewarded and helped to work in a socially responsible way particularly as they represent such a large section of the business community. It has been suggested by different authors that a good way of encouraging these companies is to give examples of other companies who are acting in a responsible way and to reward and encourage these SMEs to be responsible.⁵²

Examples of Best Practices in companies as regards their moral, ethical, social responsibility and ecological behaviour are not unknown in Switzerland and many excellent advocates are to be found here.

In 2005, Robin Cornelius, CEO of *Switcher*, was awarded the distinction of being the Entrepreneur of the Year by Ernst and Young. The jury were particularly impressed by the fact that this businessman proves on a daily basis that it is possible to be commercially successful whilst acting in an ethical way.

The Schwab Foundation, an international organisation that searches for leading social entrepreneurs around the world, provides a global platform to promote social entrepreneurship as a key element to advance societies and address social problems. They recently awarded the title of Social Entrepreneur of the Year to the Job Factory, a company in Basle⁵³ who provide internship opportunities to unemployed youth.

Philiass,⁵⁴ a non profit foundation based in Switzerland, work with companies to help them in the area of their social responsibility. The Philiass website contains a data base of best practices of companies and they awarded a prize to students for their research in the CSR area at the Students Salon in Geneva in April 2006. The work of Philiass will be discussed in greater detail in the next section of this article.

The State Council and the Republic and Canton of Geneva in accordance with article 8 of the law relating to Agenda 21⁵⁵, award an annual prize of

⁵² See Footnote 25

⁵³ <http://www.schwabfound.org/schweiz.htm>

⁵⁴ http://www.philiass.org/en/portrait/pres_present_en.html

⁵⁵ Agenda 21 is a comprehensive plan of action to be taken globally, nationally by organisations of the United Nations system, governments and major groups in every area in which human impacts on the environment. In Geneva the Agenda 21 unit was created in 2001 to coordinate, centralize and launch sustainability initiatives within and outside the administration. In 2003 an Agenda 21 Commission was initiated within the municipal council.

CHF 10, 000, to promote citizens initiatives with regard to sustainability each year. They also give a scholarship of CHF 30,000 to subsidise an exemplary project in this area. Last year the Cantonal prize was awarded to Covalence,⁵⁶ a Geneva based company who track the ethical reputation of multinational companies by means of an ethical quotation system. Thousands of positive and negative findings are quantified, coded and synthesized into dynamic curves and rankings. This quotation system allows stakeholders to raise companies' awareness by information and it enables the production of Company, Industry and Customized analysis of the reputation of multinationals by area, source or theme.

In line with the (UEAPME) position⁵⁷ regarding the need for awards and distinctions to move the CSR agenda forward particularly with regards to SMEs, a new Swiss prize for Ethics has been organised by the University of Applied Sciences of Engineering and Management in Yverdon-les-Bains (HEIG) and their Institute (Institut e2co) already mentioned.⁵⁸ Each year efforts carried out in Switzerland by Swiss organisations in the general area of ethics, particularly in the area of Corporate Social Responsibility or Sustainable Development will be recognised and compensated.

3.6 Organisations that promote CSR from a national and international perspective

According to their website⁵⁹ "Philiias is an officially recognised, non-profit foundation that encourages and supports companies in developing and raising awareness of their social responsibility. They act⁶⁰ "in accordance with the principles of sustainable development, [and] Philiias's activity is underpinned by economic, social and environmental considerations."

For more than eight years this Foundation has been advising companies that want to adopt, at least partially, the principles of sustainable development. The Foundation proposes development strategies and concrete solutions to enable companies to put these intentions into practice. They offer services to companies in the area of research and market studies, strategic consulting, operational support and developing CSR expertise in companies.

They have, as already mentioned, a database where they collect information of companies performances and best practices in different areas of activities. Activities such as the performance of companies concerning equal opportunities, examples of what companies do in their community and company business cases with regard to CSR in the field of communication are dealt with. Philiias' activity covers the writing of annual reports on CSR as well as various communication procedures fulfilling the requirements of transparency. Their final theme covers and deals with business cases initiated within companies that deal with the

⁵⁶ www.covalence.ch

⁵⁷ see page 11 of this article

⁵⁸ page 13 of this article

⁵⁹ www.philiias.org

⁶⁰ ditto

improvement of working conditions and the training of employees. Many companies⁶¹ consult Philiat and the number seems to be on the increase.

Much publicity was given recently to the fact that Paola Ghillani, ex CEO of the Max Havelaar Foundation, a Fair Trade organisation, established her company, *Paola Ghillani & Friends Ltd* in September 2005. This group, according to their website, "are active in promoting and implementing sustainable development and ethics in business". They are ⁶²"more than a company, it's a philosophy with the vision: For a better world through the economy".

The task or mission of this group is to support enterprises in their quest to adapt their existing business models to the needs of a more responsible and sustainable economy, and to implement it successfully.

⁶³It is interesting to note that despite the work being carried out in this field in Switzerland a recent ethical classification using ethical criteria carried out by "Covalence"⁶⁴ found that Swiss multinationals do not appear anywhere in the top 10 companies examined. Out of the 207 companies in question Credit Suisse was listed in 92nd place, UBS in 100th place and Nestle was listed in 200th place.

International Organisations and Influences

Doing business in an increasingly globalised world has clearly changed the landscape in which companies work. Different forums, initiatives, norms, principles and organisations are helping, guiding and pressurising companies and governments to ensure they assume their responsibilities and duties. This is not surprising when one considers that already in 1984 out of the hundred greatest economic forces in the world, 55 were countries and 45 were transnational companies.⁶⁵

➤The World Business Council of Sustainable Development (WBCSD) located in Geneva unites 180 multinational corporations who are aiming at sustainable corporate development. These goals are to be reached by economic growth, protection of the environment and measures concerning social spheres. At a recent international meeting in Geneva, eight major enterprises came together to sign a charter manifesting their responsibility and the role of business in tomorrow's society. The charter underlines the determination of these companies to devise strategies to deal with many problems in today's world. Problems with regard to ageing populations, the need to create inclusive cultures, to advance more women, to enable people from any nationality, race or background and to set high standards of corporate governance are mentioned in this manifesto.⁶⁶

➤At the Management Symposium in Davos in 1999, the General Secretary of the United Nations, Kofi Annan, emphasized the significance of corporations' increasing stakeholder orientation and their responsibilities. He then launched

⁶¹ Include among others Sarasin, Manoir, Novartis, Orange, , Syngenta, SAM, Swiss RE, Manpower, Union Bancaire privée, Firmenich,, Lombard Odier Darier Hentsch, and Nestle,

⁶² <http://www.paolaghillanifriends.com/index.html>

⁶³ 24 Heures, 4th January, 2006

⁶⁴ See page 16 of this article

⁶⁵ Carreau Dominique, Juillard Patrick "Droit international économique (2003) p26

⁶⁶ "A manifesto for tomorrow's global business" signed by Swiss Re, TNT, Adidas-Salomon, bp, CLP Holdings, Grupo Nueva, P&G and Storebrand,

an appropriate understanding known as the Global Compact (GC). GC works with companies worldwide to help them to advance ten principals relating to issues such as human rights, the environment, anti corruption and international labour standards, all areas relating to the CSR of the corporations in question.

Several hundred multinational corporations and organizations have signed this understanding and it is interesting to note that many multinationals and corporations in the developing world have undertaken to comply with the principals initiated by this initiative, a new development.

➤As already stated many companies, but particularly the large multinationals, have begun to report their economic, environmental and social activities. In order to help these companies in this task the Global Reporting Initiative (GRI)⁶⁷, a multi-stakeholder process and independent institution, was launched in 1997. Their mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines, for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services.

➤Amongst the Guidelines, Norms and Principles to be found in the International context an important one was edicted by the Organisation for Economic Co-operation and Development (OECD)⁶⁸-The OECD Guidelines for Multinational Enterprises. These are "voluntary recommendations for multinational enterprises in all the major areas of business ethics, including employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation."⁶⁹ The Swiss government as an adhering government have committed themselves to promoting the Guidelines among multinational enterprises operating in or from their territories. In case of complaints, because of a company's non-compliance with the Guidelines, National Points of Contact (NCPs) are in place in each of the member countries. In Switzerland the NCP is to be found at the Secretariat of State and Economy (seco).⁷⁰

➤"The UN Norms on the Responsibilities of Transnational Corporations"⁷¹ are a product of the United Nations Sub-Commission on the Promotion and Protection of Human Rights. These Norms set out Human Rights principles for companies in relation to civil, economic, social, cultural and economic rights as well as consumer protection and environmental practices. Much debate and controversy exists with regards to the application of these Norms to businesses and in relation to their legal validity. Despite this a group of dedicated, forward looking companies have come together to form the "Business Leaders Initiative on Human Rights"⁷², they are "committed to testing the value of this new tool as a

⁶⁷ <http://www.globalreporting.org/index.asp>

⁶⁸ The OECD is a forum where governments of 30 market democracies, including Switzerland, work together to address the economic, social and governance challenges of globalisation. Switzerland became a member of and ratified the OECD Convention in 1961

⁶⁹ http://www.oecd.org/about/0,2337,en_2649_34889_1_1_1_1_1,00.html The OECD Guidelines for Multinational Enterprises

⁷⁰ <http://www.seco-admin.ch/>

⁷¹ <http://www.franciscansinternational.org/issues/NormsEnglish.php>

⁷² <http://www.blihr.org/> The Initiative was founded in May 2003 by seven companies: ABB Ltd, Barclays plc, MTV Networks Europe, National Grid plc, Novartis Foundation for Sustainable Development, Novo Nordisk and The Body Shop International plc. During 2004, Hewlett-Packard Company, Statoil and Gap Inc. joined the initiative.

driver for change, and contributing to the work of existing networks and associations committed to promoting human rights in business.”⁷³ Amnesty International⁷⁴ believes that these Norms “do not create new legal obligations, but simply explain how existing obligations under international law are relevant to companies and their global operations”. They support the Norms as they believe that they “offer an authoritative and comprehensive statement of the responsibilities of companies in relation to human rights. The UN Norms provide clarity and credibility amidst many competing voluntary codes that too often lack international legitimacy”⁷⁵

➤ Finally, in another initiative a number of companies, including some well known Swiss companies⁷⁶, have joined forces to try to ensure their compliance with regards to social compliance worldwide. This is as a result of “the Brussels based Foreign Trade Association (FTA) [who] began efforts in 2002 to establish a common platform for the various different European Codes of Conduct and monitoring systems and to lay the groundwork for a common European monitoring system for social compliance- the Business Social Compliance Initiative” (BSCI)⁷⁷

The Swiss companies⁷⁸ who are members of this initiative are attempting to find ways to ensure social compliance in the global economy they work in.

3.7 Sustainable Development - the Tourism industry- an interesting model

On a more local level in Switzerland, an interesting model of sustainable development is evolving in the canton of Valais. According to their website ⁷⁹ *Valais Excellence* is an initiative and an innovative management system which allows small and medium-sized enterprises to introduce sustainable management into their businesses.

The system offers tools to develop new knowledge and competencies and in addition furnishes a vision and a framework to promote the economic and cultural identity of a region. According to *Valais Excellence* these management instruments are adapted to SMEs and are based on the International Standards ISO 9001 & 14001 already discussed.

A training concept and the set up of an integrated management system (IMS) are offered to participating companies and *Valais Excellence* have a network of businesses with a platform for the exchange of good practices.

Having received the ISO certifications a participating company can apply to receive the *Valais Excellence* mark and other labels. The certification organisation then analyses the results of the company using the *Valais Excellence Management System* indicators. Furthermore, a cantonal guarantee, “the Valais Mark”, is offered to companies.

⁷³ http://www.blihr.org/intro_to_BLIHR.htm

⁷⁴ http://www.amnestyusa.org/business/un_norms.html

⁷⁵ Amnesty International “The UN Human Rights Norms for Business: Towards Legal Accountability p 4

⁷⁶ Companies including the Migros, Coop, Calida, CharlesVögele and PKZ

⁷⁷ <http://www.bsci-eu.org/content.php?page=BsciHomePage>

⁷⁸ footnote 76

⁷⁹ <http://www.valais-excellence.ch/manixa/fr/>

The concept put in place by this group to improve the quality of the offer of many companies in the Valais region is extremely interesting. Valais Excellence is a purely governmental initiative and all the initial development was carried out with public funds. Alexandrou (2005)⁸⁰ feels that in this way the Canton of Valais have indirectly subsidised the move in Valais towards the sustainable development of their SMEs. Local companies in this region have had access to integrated management systems at a relatively low cost with no need for external consultants.

Valais Excellence Tools are available in the form of an internet based tool which simplify the creation and implementation of the IMS, already mentioned. Coaching is available for future quality managers, and more in-depth training is subsidised at the local technical university. The tools have the purpose of providing simplified human resource management and financial tools addressing ISO 9001 requirements, facilitating management of processes and providing simplified Environmental Management systems.

Today, 19 organisations have been certified and another 67 are in the process of being certified. From a sustainability point of view the entire destination is being aimed at and this is primordial from the perspective of sustainable tourism.

3.8 Tools

As already mentioned, companies, particularly SMEs, need help in order to achieve social sustainability and they need examples of good practices to encourage their own performance. With this in mind a group of companies in the French speaking region of Switzerland developed 4 tools for SMEs in 2003. The tools are intended to help SMEs to master their social responsibility in 4 days. A 48-page guide and a CD-Rom were also developed.⁸¹ The idea is to help companies to make the link between their activities, the social impacts of their enterprise, the legal context, Agenda 21⁸², Human Rights and the International Labour Organisation conventions. The names of the companies who have used this tool are listed on their website.

Societe Générale de Surveillance (SGS)

For companies who want to improve, certify and audit their management systems and services it is possible to call on external help in order to do so. SGS is a "Systems & Services Certification and Trade Assurance Services" with offices in different cities in Switzerland and in other countries.

Their goal is ⁸³to ensure trust all through the supply chain. We offer an approach of integrated services adapted to the needs of our customers. As your partner, we assist you to build up trust and image in front of your clients and shareholders".

They certify systems according to management requirements but also in relation to environmental aspects, health and safety or industry standards and social aspects. They use standards such as the ISO 9001, 14,001, OHSAS 18,001,

⁸⁰ Alexandrou Christos « Integrated management systems for excellence in Environmental Management » 19-20 September, 2005 Geneva p8

⁸¹ www.pmesocialkit.ch

⁸² See footnote 55

⁸³ http://www.ch.sgs.com/home_ch/in_brief_ch.htm

AA1000 and SA 8000⁸⁴ and companies can receive training, certification and can also request audits from this group.

Many companies use the services of groups such as SGS in order to ensure compliance with legal standards and management standards. They use them for auditing purposes, in order to assess risks; training is also a useful option with regards to matters such as supply chain management. The services offered by such organisations are extremely useful; however, it is important to remember that for certain companies, particularly SMEs, using such services will not always be considered to be a viable financial option. Hence the importance of all the other options open to SMEs mentioned in this paper, with regards to training courses for SMEs in different universities, tools, examples of best practices, awards and so on.

Interestingly, the UK SGS group offer many training courses for the auditing, awareness and reporting of issues relating to Corporate Social Responsibility. Courses on offer include those concerned with social and ethical trading and awareness, supplier codes of conduct, sustainability reporting, social systems foundation courses, AA 1000 certification and many more.⁸⁵ The abundance of courses and auditing possibilities available in the UK is most likely due to the awareness in the society of the importance of CSR and the government/business partnership in place in this area. In Switzerland the possibility of following CSR related courses does not exist, this is most likely due to the lack of awareness and understanding of this issue in the Swiss society today.

To sum up the situation with regards to Corporate Social Responsibility in Switzerland, there are many Institutions that provide education in sustainable development and Corporate Social Responsibility; examples of Best Practices are to be found; different organisations promote CSR, management standards are an option for companies and the *Valais Excellence* idea could be an example to be followed by different cantons. In addition different tools are available to companies to help them to become sustainable. Finally, there are a host of organisations, educational institutions and individuals who audit, test and train businesses in the use of different management standards and systems.

Despite the existence of all the above the question remains as to if and how these elements are or could be used to improve the social sustainability of the workforce in Switzerland. The other question that remains is the identity of the person or persons who will be responsible to ensure this sustainability.

With these questions in mind let us turn our attention to another small country, Ireland, in order to compare the way in which they deal with their human capital.

4 Promotion of Corporate Social Responsibility - Ireland

It is important to understand that Corporate Social Responsibility focuses on four key areas of a company's operations; the marketplace, the community, the environment and the workplace. It relates to a company's performance with regards to their environmental practices and their economic and social behaviour. Contrary to the traditional view of Corporate governance and the

⁸⁴ SA 8000 is a certification standard of the supply chain with regards to human rights, labor standards. OHSAS 18001 is an international health and safety management system specification particularly with regards to occupational health and safety. AA1000 is an Assurance standard for sustainable reporting.

⁸⁵ http://www.training.uk.sgs.com/home_training_uk/social_and_ethical_accounting_an...

idea that the only stakeholders that need to be looked after are the company shareholders, the idea emanating from the idea of CSR is the fact that the concerned parties or stakeholders include all organisations, individuals or entities that interact with businesses. Concerned parties or stakeholders include employees, trade unions, governments, local authorities and the local community to mention but a few. The Corporate Social Responsibility of an organisation is extremely diverse; it can range from equal rights and treatment, to managing diversity, employee selection, employee recruitment, employee training, supply chain management, human rights, philanthropy, community involvement and many other issues.

It is clear that for a business to be sustainable it must vigilantly protect its reputation and brand. It must carefully recruit, select, protect, sustain and keep its human capital and resources. This is important not only for the individual companies but for the economy at large. Stress, absenteeism, high turnover and discrimination with regards to sex, race, disability and age all need to be viewed in a very serious light. Companies, and indeed a country, which is facing these types of problems need to ask themselves the question about the long term costs of a non sustainable workforce.

4.1 Ireland as a benchmark

Ireland is a European Union country, whose progress has surprised all onlookers in the last 20 years. Since 1995 Ireland has a growth rate of about 8% compared with 1.3% in Switzerland in the same period.⁸⁶ Because of this it is an interesting country to look at in terms of some of the actions that have been undertaken by the government and by companies in the area of Corporate Responsibility and Corporate Social Responsibility.

Many different initiatives have taken place in the last number of years with business and government involvement. Already in 1993, The Irish Government established the National Economic and Social Forum (NESF) to help develop a wider national consensus on social and economic policy initiatives, e.g. in relation to unemployment, equality and social exclusion

The aim was to support the quality of life of local disadvantaged areas by the provision of social services and the creation of enterprises and employment opportunities.

In 2001, the National Centre for Partnership and Performance was established by the Government to enable organisations in the private and public sector, through partnership, to respond to change, build capacity, and improve performance.

Another interesting initiative was the new Social Economy Programme (PLATO) which was launched to show how larger companies can assist small and medium-sized enterprises (SMEs) at a local level, a type of mentoring initiative.

In addition to the above, examples of business and corporate involvement in educational initiatives included the IBEC Business Education Links Programme, Business in the Community, Ireland's School's Business Partnership the Young

⁸⁶ Les succès de l'économie Suisse à l'étranger : <http://emagazine.credit-suisse.com/article/index.cfm?fuseaction=OpenArticle&aoid=1>

Entrepreneurs Scheme (YES) and FIT (Fast Track into Information Technology Ltd.).⁸⁷

Over time it seems that the relationship has grown between the business community and the government, a partnership that has benefited the community at large.

4.2 Business in the Community and Corporate Social Responsibility

In January 2000, the Irish Government supported the establishment of the business-led Foundation for investing Business in the Community with the aim of encouraging businesses to make CSR and community involvement part of their mainstream business practices and to encourage philanthropy. A group of eight companies joined forces to form this interesting initiative,⁸⁸ eight companies committed to improving their impact on society. They worked with their founders and new members and developed an innovative community involvement and corporate responsibility service. The Board come from a range of sectors and includes the Chambers of Commerce of Ireland. This is a business-led initiative and includes business leaders committed to community involvement and corporate responsibility. The patron is the Irish president Mary McAleese and Business in the Community Ireland is "the only business-led organisation in Ireland delivering the business case for corporate responsibility by focusing on strategic return on investment".⁸⁹

The number of companies involved in this initiative now stands at thirty, 30 companies engaged in a systematic process of measuring, reporting and integrating corporate responsibility and strategizing their community involvement practices and policies. At the same time hundreds of SMEs have joined the community involvement programmes across the country.

The companies involved in this initiative include some of the very influential companies in Ireland such as Allied Irish Banks, Eircom, the Electricity Supply Board, IBM, Intel, Diageo. Their reason for joining was cited as being the wish:

"to join a *movement of companies* committed to improving the reputation and impact of Irish business on Irish society and to create real change through effective collaboration with the public sector and non-profit organisations;

To improve the relationship with *local communities within which they operate*. This includes companies engaging with community groups for the first time seeking to make a positive difference and companies currently engaged in ad-hoc programmes but looking for a more strategic approach with greater impact;"

And because they believe that:

"Companies that recognise the bottom-line benefits of measuring and improving their impact on all stakeholders (society, environment, workplace and marketplace) join for strategic advice and expertise on how to mainstream corporate responsibility into [their] business processes to create lasting value;"

And finally:

⁸⁷ http://europa.eu.int/comm/employment_social/soc-dial/csr/country/ireland.htm

⁸⁸ <http://www.bitc.ie>

⁸⁹ BITC website: <http://www.bitc.ie/corporateresponsibility.htm#RiskAnalysis>

"To support the programming activities of BITC Ireland aimed at helping the socially excluded to progress in today's society." ⁹⁰

With regards to Corporate Social Responsibility, Business in the Community Ireland defines it "as a concept where companies integrate social, environmental and ethical concerns into the business decision making process and their interactions with stakeholders on a voluntary basis. CSR does not argue that social and environmental concerns be dropped on top of the central business objective of the company, but to achieve long term success, that businesses manage and add value to a wide range of 'stakeholders' in a balanced way."⁹¹

They state on their website that "Corporate Responsibility is an initiative quite separate from but complimentary to the community involvement activities undertaken by Business in the Community Ireland. It was established in response to demand from those member companies that see the clear business value in measuring and improving their impact on all stakeholders and require strategic advice on how to mainstream corporate responsibility into their business processes".⁹²

4.3 Irish Corporate Social Responsibility Initiatives, Best Practices, Awards, Toolkits and Certifications

In order to encourage corporate responsibility in Ireland there are several different awards, initiatives, Best Practices and certifications in place. One example of such an award is the Association of Chartered Certified Accountants in Ireland who have organised the ACCA Ireland Environmental Reporting Awards since 2002. They wish to identify and reward innovative attempts to communicate corporate environmental performance as a response to the request for greater corporate responsibility⁹³.

The Department of Community, Rural and Gaeltacht Affairs sponsored the Chambers of Commerce of Ireland "Presidents (of CCI)" CSR Awards in November 2005, thereby recognising companies which have invested in the CSR area under the following heads: Community, Workplace, Marketplace and Environment. (CRAG) ⁹⁴

4.4 Toolkits and Best Practices

Business in the Community Ireland have a Company Support tool to Measure, Support and Improve the Impact of the Business on its Stakeholders and a Workbook on Employee Community Involvement for Employers, Employees and Community Organisations.⁹⁵ Best Practices are published each year⁹⁶ and there are 20 case studies in the 2004 report.

⁹⁰ <http://www.bitc.ie/memberspartners.htm#WhyJoin>

⁹¹ <http://www.bitc.ie/businesscase.htm>

⁹² <http://www.bitc.ie/corporateresponsibility.htm#RiskAnalysis>

⁹³ www.ireland.accaglobal.com

⁹⁴ http://europa.eu.int/comm/employment_social/soc-dial/csr/country/ireland.htm

⁹⁵ http://www.smekey.org/english_lan/default.aspx

⁹⁶ <http://www.bitc.ie/attachments/Inspiring%20Excellence%202005.pdf>

4.5 Social Labels and Certifications

In addition to awards and toolkits different labels and certification are to be found. Fair Trade products are sold in Ireland; Excellence Ireland⁹⁷ has the Q Mark recognition for quality in management and operations, for large companies and Foundation Mark for SMEs⁹⁸.

Central to the idea of this paper regarding the protection of our most valuable asset, our human capital, FAS, the Irish Training and Employment Authority, have a certification, a Human Resources Management tool, the *Excellence through People Standard*⁹⁹. This certification is funded by the Irish Government, the Irish Training Fund and the European Union.

4.6 Excellence Through People - the National Human Resource Management Standard

In operation in Ireland for the last 9 years, there are 550 organisations nationwide that have received this accreditation, a total of 7% of the Irish workforce. It is expected that 1,000 companies, affecting about one quarter of a million people, will have this certification by the year 2008¹⁰⁰. A similar standard exists in the United Kingdom, "Investors in People"¹⁰¹ which has been in operation for 16 years. This is used by 35,000 organisations and affects 7 million people, or about one third of the workforce in the UK.

The *Excellence Through People* certification is a Human Resource Management standard reflecting best practices. FAS, the Irish Employment Authority, believe that it should be seen as a business improvement tool rather than a training standard.¹⁰² Companies who apply for this certification can be given three different levels of certification: Standard, Gold or Platinum. The Platinum certification is the highest level of the standard and less than 10% of companies who have accreditation achieve this level. The accreditation is given by the FAS authority lasts for a 1 to 2 years period and organisations receive regular assistance from FAS. Different introduction and assessor courses are given on a regular basis and self assessment guides are available.

The idea of this certification and standards is laudable. The idea, according to FAS, is not to catch people out but to guide them and help them put in place practices which make their companies sustainable.

Companies are given self assessment guidelines whose purpose is to provide companies with the opportunity to carry out an internal independent assessment of their organisation against the criteria of the national Human Resource Management standard. There are 8 different sections in the assessment:

- Business planning and quality improvement

⁹⁷ www.excellence-ireland.ie

⁹⁸ ditto

⁹⁹ www.fas.ie/etp/

¹⁰⁰ According to John Butler, FAS training course on the 6th December, 2005

¹⁰¹ Investors in People was developed in the UK in 1990 by the National Training taskforce in partnership with leading national, business, professional and employee organisations such as the Confederation of British Industry and the Trade Union Congress. It is a Non-departmental public body reporting to and receiving funds from the Department for Education and Skills.

¹⁰² See footnote 100

- Effective communication and people involvement
- Leadership and People management
- Planning of learning and development
- Training and life long learning
- Review of learning
- Recruitment and selection
- Employee well-being

Points are awarded to participating businesses with regard to the different subject areas treated and the approach is an extremely thorough one. In order to achieve even the Standard certification extensive proof is required that selected criteria have been achieved.

To illustrate the depth of the process, in the *Business Planning and Quality Improvement* section a company that wishes to obtain the Gold certification, must show they have a relevant quality standard, for example the ISO 9001, in place. However, only 5 points out of a possible 1000 points, the maximum number of points for the Platinum certification, are awarded for this. This is a clear indication to those companies who believe that having achieved the ISO 9001 implies excellence with regards to all aspects of their workforce; this is far from being the case.

According to the *Excellence Through People* certification outstanding companies who achieve the Platinum certification must also implement improvement tools such as Balanced Score card or Six Sigma¹⁰³ and at this stage the organisation in question should be well on the way to becoming really excellent.

The Standard dealing with *Employee Well-Being* deserves special attention bearing in mind the problems being discussed in this paper, as this section deals with how people feel at work or about their workplace. A company seeking the certification must prove in this section that they provide for the health, safety and well-being of all their people in a fair and non-discriminatory manner. In order to do this they must prove that they are in conformity with all relevant and current health and safety policies. They must show that the organisation has an Equal Opportunity Policy in place which addresses diversity, equality and disability, and which has been effectively communicated throughout the different departments in the company. They must also have specific strategies in place to ensure Equality of Opportunity in relation to learning needs.

To receive the Gold certification the organisation must show in addition that it develops individuals and teams in support of problem solving health and safety issues. They must define their strategies which support staff wellbeing, they must show that they develop managers, trainers and employees in support of awareness around and of skills in relation to non-discrimination, accommodating

¹⁰³ Balanced Score card is a management system, not just a measurement system that enables companies to clarify their vision and strategy and translate them into action. www.balancedscorecard.org

Six Sigma is a methodology that uses data and statistical analysis to measure and improve a company's operational performance. www.isixsigma.com/sixsigma/six_sigma.asp

diversity and promoting equality. It must also show that that it has complaints, appeal and review procedures to facilitate equality of opportunity.

In order to achieve the highest certification available, the Platinum certification, a company must have an appointed person with responsibility for Equal Opportunities, including planning and reviewing practices and policies which facilitate the needs of a diverse workforce and people with disabilities.

To sum up a company that successfully achieves certification with *Excellence through People* would appear to be a company well on its way to being a sustainable company in terms of its workforce.

5 Conclusion - A government certification model for Switzerland?

Here in Switzerland, the question must be asked as to how social sustainability in the workplace can be achieved. This writer believes that serious thought must be given as to the manner in which the Government, the business enterprises and individuals work together to achieve this aim.

On a final note, the question remains as to whether legislation should be enacted to ensure more protection for employees and whether mediation should be encouraged to ensure better employer/employee communication. Should firing become more difficult and hiring more equal? There are many questions to be considered but one thing is certain; we have a real problem on our hands in terms of our human capital and a sustainable solution must be found.

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