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CSR in two countries: Brazil and Norway

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Preface

A visit by the Norwegian Minister of Development to Brazil in 2006, along with the resulting dialogue between the two countries, forms the background for this report. The Norwegian Ministry of Foreign Affairs engaged Fafo to produce a report on Corporate Social Responsibility (CSR). With the academic cooperation of the Center for Public Policy Research – NUPPs, of the University of São Paulo, Fafo has conducted a project that focus upon CSR in Brazil and Norway. We would first of all thank the Ministry for a very interesting project!

Sissel Trygstad has been the project manager, while Professor José Álvaro Moisés has coordinated the work the Brazilian research team, which was formed also by Teresa Sacchet and Marta Assumpção, both from the University of São Paulo – they have all contributed to this report.

As part of the project we have studied Brazil's "S System" that could be characterised as a form of CSR. Although it is extensive in terms of economic resources and activities, the S system has not been studied properly. In this report we present the system, and discuss its activities. The system is relevant given that it provides services to a large number of Brazilian people, filling a void not covered by the State, and seems to provide good non-state public services, especially in the areas of education and professional training. Its results and management methods are not well known, however, making its accountability to the public and to democratic institutions difficult.

CSR is also discussed from European, Nordic and Norwegian points of view. We focus especially on how the trade unions have reacted to the concept. In the European Union, trade unions are rather skeptical, but this attitude seems to be connected to the relation between labour and capital in each country. In Norway, the Confederation of Trade Unions (LO) sees labour and capital as the driving forces in relation to CSR, although the Norwegian LO also questions the voluntary aspect of CSR. We do however find a sort of consensus between representatives from the management and unions when it comes to how CSR is defined and the degree of CSR-related activities to be found in Norway. If, and in what way, Norwegian companies act in a socially responsible way when located in Brazil is still an unanswered question, and should be investigated further.

We want to thank all the people who gave of their time to furnish us with crucial information, without which this report would have been less relevant.

Thanks also to Åsmund Arup Seip, who has written about CSR in Norway from a historical perspective. Espen Løken has been responsible for a related project, Industrial Bacalao, and our collaboration with Løken has been both fruitful and pleasant. At Fafo I also want to thank Inger Marie Hagen, who has read and commented on the parts about CSR in Europe, the Nordic countries and Norway. And at last, but not least, we would like to thank Fafo's Information office who has proofread the text and done the layout work.

São Paulo and Oslo, March 2008,
José Álvaro Moisés and Sissel Trygstad

1 Introduction

In 2006 the Norwegian Minister of Development visited Brazil. The visit led to an agreement to strengthen the dialogue between the two countries and increase the exchange of experiences on several issues. One of these issues concerns experiences with Corporate Social Responsibility (CSR). The aim of this report is to present attitudes towards, and interpretations of, CSR in Brazil and Norway.

1.1 Primary differences

Brazil and Norway represent two countries at opposite ends of several continuums. One obvious difference concerns size. Norway is a small country with around five million inhabitants, while Brazil on the other hand has a population near 190 million. If we isolate the total number of unemployed in the country, this single group of the population would be around twice the population of Norway. Another striking difference is the huge informal sector in Brazil, a sector that is almost non-existent in Norway (Løken and Barbosa 2008).

Another important difference is related to democracy and the welfare state. Brazil has passed thorough 20 years of military dictatorship, and the real power has remained within a consortium of elites, even during the industrialization period, and more recently, after the re-democratization process. While some of the benefits of the public system are reserved, through the use of means testing (like Bolsa Família), for the more needy members of society, other benefits are universally provided (such as health and basic education). Further, Brazil has an extensive private market that offers educational and health services.

Norway has been a peaceful democracy for many decades, and has, like the other Nordic countries, a strong and universal welfare state model. Even if the 1980s were characterised by a debate about liberalisation and privatisation in Norway, the public sector still delivers most of the welfare services. Although some private hospitals and health services were established, it still represents a minor part of the health service sector. Concerning educational services, deregulations make it easier to establish private schools. Nonetheless, 98 per cent of the pupils in the elementary school attend a public school (SSB 2007). According to UNDPs Human Development Index

Norway was ranked as number one, while Brazil was ranked as number 63 (UNDP, 2005:219–220).

The final difference we highlight examines the industrial relations systems in the two countries. In the case of Brazil, industrialization gave birth to a national working class protected by labour rights, but such legislation did not benefit all segments of the labour force. The labour movement did not succeed in uniting the manufacturing workers with the country's landless rural workers, the small landholders and the big cities' mass of underemployed living under precarious conditions. Moreover, the trade unions were heavily controlled by the State, and autonomous collective bargaining was rare.

The 1988 Brazilian Constitution eliminated the previously existing ideological restrictions against workers seeking to be elected to trade union boards, and suppressed a provision that allowed the Ministry of Labour to directly intervene in the unions and even remove officials who had been legitimately elected by the workers. At the same time, collective agreements and conventions spread to various sectors (Løken and Barbosa 2008).

The Norwegian industrial relation system was shaped in the 1930s. The system is based on both workplace co-determination at the company level, national collective agreements and central concertation through which the trade unions and employers' organizations are incorporated in public decision-making processes and in the implementation of public policy. Norway has also a strong environmental labour law that covers all employers and employees. The law regulates a range of issues, including e.g. working hours, health and security, temporary employment and influence. In table 1.1 we sum up some of the main differences between the two countries.

This rough overview over some of the differences between the two countries indicates that CSR in Brazil and Norway may have diverse meanings, and may work in different ways. We also assume that different dimensions of the concept will be

Table 1.1 Main differences between Brazil and Norway

	Brazil	Norway
Population	186,770,562	4,681,400
PEA – Economic Active Population (2006)	56.4 %	71.9 %*
Illiteracy rate (2007)	11.4 %	0
Life expectancy (years) (2006)	72.3	80.12 (2005)
Unemployment (% of PEA) (2007)	9.2 %	2.7 %
Gini Coefficient (2005)**	0.569	0.25

* Of the labour force

** Gini Coefficient measures the income-inequality and has values from 0 to 1. 0 means that there is no inequality; while 1 means that one person receive all the income.

emphasised in the two countries. Nevertheless, there is one interesting similarity. CSR is a relatively new term in both countries, although we can trace CSR-related activities back in history, but under a different label. It is therefore interesting to outline how different social groups in the two countries define CSR, and in what way this difference is expressed in the countries.

This report consists of four parts. In part 1, we provide a short overview of CSR and locate the concept in Brazilian and Norwegian contexts. We discuss similarities and differences between the two countries, related to CSR. In part 2 we present the S System, which could be interpreted as a business driven form of CSR-activity. Since the S System has never been studied before, our main topic in this part is to provide an overview of the system as well as presenting its historical background. In part 3 we turn to Europe, the Nordic countries and Norway. CSR has received a lot of attention in the European Union (EU). Norway is not part of the union, but is certainly influenced by guidelines formulated in the EU. We discuss how CSR is connected to the Nordic Model, and we present how CSR is defined and interpreted in Norway today. In part 4 we present new research questions that have emerged from this study.

1.2 Corporate Social Responsibility

In broad terms CSR covers the responsibilities corporations have to the societies within which they are based and operate. It is possible to find evidence of the business communities' concern for society down through the centuries:

“The history of CSR is almost as long as that of companies. Concerns about the excesses of the East India Company were commonly expressed in the seventeenth century. There has been a tradition of benevolent capitalism in the UK for over 150 years. Quakers, such as Barclays and Cadbury, as well as socialists, such as Engels and Morris, experimented with socially responsible and values-based forms of business. And Victorian philanthropy could be said to be responsible for considerable portions of the urban landscape of older town centers today.” (Henriques, 2003)

Despite the historical roots of CSR, it has also been a disputed issue. In one celebrated case the Ford Motor Company was taken to court by its shareholders who contested the company's plan to forego the payment of special dividends. Henry Ford, in the middle of implementing one of his social engineering plans, declared to the court that he chose to forego the dividend payment because the company wanted “to employ still more men; to spread the benefits of this individual system to the greatest possible number; to help them build up their lives and their homes” (Henry Ford, 1919, cited in Banerjee, 2008:59). The court disagreed and stated that a business organization is

organised and carried on primarily for the profit of the stockholders: “Directors cannot shape and conduct the affairs of a corporation for the mere incidental benefit of shareholders and for the primary purpose of benefiting others” (Dodge v. Ford Motor Company, 1919, cited in Banerjee, 1998:59). Ford’s attempts to act in what we could characterise a social responsible way was declared illegal.

Today, the situation is somewhat changed. Companies are almost competing in reporting their CSR-activity. While CSR means different things to different actors, certain ideas are becoming commonly accepted. One is that CSR is not about purely philanthropy or charitable work. It refers to something much more fundamental: the question of the manner in which companies take responsibility for their actions in the world at large. CSR deals with questions regarding if, why, how and in what way business will contribute to a better society. The answers to these questions will differ among countries and actors. Historical traditions, cultural context, institutional framework and theoretical perspective will influence the interpretations and definitions of the concept. CSR is therefore an ambiguous term, and it is difficult to give it a precise definition. This is perhaps one among several possible explanations for the vagueness of the term. For instance; a search on “Corporate Social Responsibility” yields 9490s hits in United Nations web pages. More and more companies are signing up to such initiatives as the United Nations Global Compact, a purely voluntary initiative. The United Nations Global Compact is a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption:

“As the world’s largest, global corporate citizenship initiative, the Global Compact is first and foremost concerned with exhibiting and building the social legitimacy of business and markets. Business, trade and investment are essential pillars for prosperity and peace. But in many areas, business is too often linked with serious dilemmas – for example, exploitative practices, corruption, income equality, and barriers that discourage innovation and entrepreneurship. Responsible business practices can in many ways build trust and social capital, contributing to broad-based development and sustainable markets.”¹

The diffusion of CSR is a reflection of the global economy. Private corporations have gained economic and political power. In 2006, 51 of the world’s 100 largest economies were corporations. Many of these companies use a lot of resources to communicate their commitment to social responsibility. Banerjee (2008) refers to how American companies:

¹ <http://www.unglobalcompact.org/AboutTheGC/index.html>

“(...) produce slick, glossy corporate social responsibility reports annually. And the argument that this is somehow good for the global economy begs the question: whose globe and whose economy?” (ibid. p. 61).

The great impact that big companies have along with the lack of international regulations, underline the importance attached to the factual assumption of responsibility by companies for their employees, the local society and the environment. The “the triple bottom line” has become an established term to differentiate forms or dimensions of CSR. The major question is, however, do they actually follow their own guidelines and slogans? Do their annual reports influence their corporate behaviour? This report will of course not offer any conclusions to this question. The answers will, as well, probably differ from company to company. Nevertheless, this is an important question to raise, because at the same time that companies communicate their CSR-policy, they also stress the voluntary aspect of CSR. Lack of regulations represents challenges when it comes to monitoring.

Table 1.2: Different levels and dimensions of CSR

Levels of responsibility		CSR dimensions		
		Social	Economic	Environmental
Internal (company)	Plant level	Training, protect exposed employees, offer support to elderly employees and chronically sick employees	Redistribution/sharing of company profits	Health & security, good and inspiring work environment and conditions (physical and psychological), attractive human resource policies
External (society)	Local	Recruit disabled persons/ other vulnerable groups, support the local community, education and training courses, take care for the surrounding area, etc.	Offer jobs in the local community, pay taxes, and be a constructive partner in the industrial development.	Take care of the local environment where the enterprise is located
	National	Support & maintain collective agreements, include excluded workers into the labour force, a larger degree of cohesion and integration in the society, social reporting	Co-operation between the parties, including the excluded persons will reduce the social security benefits. Tax, transparency and financial reporting.	Reduce the damages that companies bring upon the environment, secure sustainable growth, environmental reporting.
	International	Reduce inequality between societies & countries. Offer decent wages & decent life (international labour standards), be a proactive part in developing social arrangement where the company is located	Contribute to a more fair distribution of wealth. Be a proactive part in developing sustainable industries and enterprises;	Secure sustainable development in countries in where the company is operating, take responsibility for global environmental problems,

It is also important to point out that an enterprise could act socially responsible at the plant level, but at the same time ignores obligations to the local, national and/or international society. In table 1.2 (page 11), we have divided the concept into different levels and dimensions and exemplified what CSR *can* mean.

Needless to say, if a company label itself as a CSR-enterprise, we assume that it act in a social responsible way in accordance to the different levels and dimension. It would be wrong to characterize a company as social responsible if it acts in an environmental responsible way, but at the same violate established international labour standards. As already mentioned, this project will not conclude upon these questions. In this report we mainly discuss the social dimension of the concept CSR.

1.3 A business-driven concept

The modern era of CSR can be traced back to the United States at the beginning of the 1950s (Carroll, 1999).² In the Anglo-American traditions the employers and management play major roles in forming corporations' strategy and policy. Early on it was argued by some that the corporation's sole responsibility was to provide a maximum financial return to shareholders. According to Carroll this notion was disputed throughout the 1960s, when social activist groups and others advocated a broader notion of CSR. The notion that the pursuit of financial gain had to take place within the laws of the land acquired a common acceptance. This opinion is reflected in the 60s definition of CSR. It was stated that a corporation didn't just have economic and legal obligations but also certain responsibilities to society that extend beyond these obligations (McGuire 1963). This responsibility encompasses an interest in politics, in the welfare of the community, in education, in the welfare of its employees, and in the surrounding social world (Ibid. p. 144). Nevertheless, at the same time, it was emphasised that this responsibility should not lead to regulation, and Walton (1967) stated that the *essential* ingredient of the corporation's social responsibility included a degree of voluntarism. Carroll has emphasised that CSR is the set of obligations that enterprises extend further than what is required by the law:

“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).

² References to a concern for CSR can also be found in the 1930s and 1940s, and include C. Barnard's “The Functions of the Executive” (1938) and J.M. Clark's “Social Control of Business” (1939).

Epstein (1987) emphasised context, like time, as a decisive factor for how CSR is perceived. 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 fulfill all expectations. Many enterprises will see profit maximization as a prerequisite for being able to live up to other expectations. 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? The notion of what a company is will influence the answer.

Shareholders vs. stakeholders

An examination of different Corporate Governance theories make a good place to begin to understand what CSR is, and how and why it influences a company's actions and strategies.

“Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance.” OECD, 1999.

According to OECD's definition Corporate Governance (CG) is about actors, processes and institutions that influence how a company is managed. In the Anglo-American tradition CG is primarily considered to be an issue between the owners of the company and the management, with the prime question being how to secure that the management govern the company in line with the owners interests (principal-agent theory). According to mainstream CG-theory, the owners' legal interests (claims, ownership) are considered superior to all other stakeholders. The shareholder perspective argues that proprietary rights provide the owners an exclusive right to submit a claim towards those who manage the company.

In contrast to the shareholder perspective, we have the stakeholder perspective. The stakeholder perspective does not reject proprietary rights, but emphasise that other stakeholders should be able to influence the management of the company. Advocates of this perspective stress that the proprietary right is one among several principles that generates legitimate responsibilities to which the company must adhere.

Advocates of a shareholder perspective define a company first and foremost as an economic profit maximization unit, while defenders of a stakeholder perspective define a company as a social institution. A company viewed as a social institution implies that the society has both rights and obligations to regulate the company's relations in

relation to the surrounding world. The purpose of business should therefore extend beyond the maximization of efficiency and profit. The two perspectives can be regarded as a simplified distinction between a European and an Anglo-American perception of company models (Trygstad and Hagen 2007). Those who consider the company as a profit maximizing unit regard the market as superior to all other actors, while those who see the company as a social institution point out that a company is intertwined in different coordinating mechanisms which regulate the company's relation to the surrounding world (Hall and Soskice, 2001). The society along with different stakeholders has a legitimate right to influence these regulatory mechanisms, as exemplified by the manner in which the different parties behind a collective agreement regulate the company's relation towards the employees. These two interpretations of a company are activated when the issue is CSR. Arguments offered in favor of CSR can broadly be split into two camps: economic and normative perspectives. Before we discuss these two different approaches towards CSR, let us state what CSR is not.

What CSR is not

First of all, we assume that the debate about social responsibility is grounded in companies' compliance with their legal obligations (taxation, financial, labour, environmental, etc.). The question is whether these companies and/or business people/executives take on any extra responsibility above those required by law. It does not make sense, therefore, to describe compliance with legal obligations as social responsibility. In this way, we cannot call actions, programmes, benefits, etc, which were adopted by a company as a result of labour negotiation (agreements, conventions, etc.) as social responsibility. In these cases, we are dealing with issues of power, political bargaining and not with social responsibility.

What is CSR

CSR involves actions which go beyond the "letter of the law" and that are not the consequence of political bargaining with unions or workers' organisations. It is, in fact, simply and necessarily a set of actions which go beyond that which is required by law, obligation or necessity (Cheibub and Locke, 2002).

Advocates of CSR believe that, in general, the goal of any economic system should be to further the general social welfare. However, these CSR actions may be driven by two kinds of argument: the moral and the economic.

The moral argument

According to the moral argument for CSR, businesses, without exception, have an obligation to contribute as well as draw from the community, on which they rely so heavily. Therefore, while the moral argument for CSR recognises that profits are necessary for any business entity to exist, it also states that all groups in society should strive to add value and make life better. Businesses rely on the society within which they operate as they could not exist in isolation. Handy (2002), for instance, argues that the purpose of a business lays beyond the goals of maximizing profit and satisfying shareholders above all other stakeholders in an organization:

“The purpose of a business (...) is not to make a profit, full stop. It is to make a profit so that the business can do something more or better. That ‘something’ becomes the real justification for the business (...) It is a moral issue. To mistake the means for the end is to be turned in on oneself, which Saint August called one of the greatest sins (...) It is salutary to ask about any organization, ‘If it did not exist, would we invent it?’ ‘Only if it could do something better or more useful than anyone else’ would have to be the answer, and profit would be the means to than larger end.” (Handy 2002).

The economic argument

The economic argument for CSR, on the other hand, is an argument based on economic self-interest. This argument, which claims that businesses pursuing a CSR strategy realise very real economic benefits, is designed to persuade those business managers who are not won over by the moral case. Friedman, for instance, insisted that enterprises should concentrate on making profit, leaving social experts to take care of social problems:

“Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible.” (Friedman, 1962)

Although Friedman was dismissive about CSR outside the shareholder value framework, the fact remains that almost all the major corporations of the world publicly espouse allegiance to the notion of CSR.

The debate between advocates of the moral and economic arguments is connected to the stakeholder and shareholder debate; those who see businesses as institutions which primarily assume a social responsibility and create profit as a side benefit, and those who consider businesses as exclusively profit maximizing institutions.

Companies can and/or should assume social responsibilities only if it is in the interest of their business and if these actions result in economic benefits for example an improvement in their market position. In other words, businesses are economic

activity units, and as such they already fulfil their main social function if they succeed in their basic task, which is maximizing profit and promoting job creation.

Although this is still polemic, there is some evidence in the literature that companies that adopt a socially responsible posture enjoy greater benefits than those that do not. Margolis and Walsh (2003) have evaluated 127 empirical studies during 1972–2002 measuring the relationship between corporate social performance and corporate financial performance. They found a positive correlation in approximately half the studies. Although the research findings have been questioned, and critics have pointed out serious shortcomings including sampling problems, measurement issues, and omission of controls, Margolis and Walsh (*ibid.*) find little evidence of a negative relationship, which would have strengthened the Friedman case of CSR having negative financial effects (Banerjee, 2008:61).

Even if the question of what determines CSR – interests or values? – remains, it is worth implementing policies that express a CSR conception that extends beyond legal compliance.

1.4 The origin of the concept – Brazil and Norway

As stated above, it is possible to trace evidence of CSR for centuries. Nevertheless, the term CSR is relatively new both in Brazil and Norway, and is largely a product of the 21st century.

In both countries, academics, business leaders and public administrators are heavily engaged in discussions connected to CSR. In this report, we consider the S System in Brazil as a hybrid model of social responsibility, which emerged in Brazil in 1942, within the context of the formation of the “Estado Novo” (1937–1945). In Norway, CSR can be regarded as a concept embedded in the context of the Nordic model of labour relations.

In comparative terms, an important difference between the Brazilian case and the Norwegian model is that the Norwegian model has implemented solid, long-lasting and far-reaching social programmes to deal with people’s risks in relation to illness, old age, unemployment etc., which play a fundamental role in issues of poverty, unemployment and income inequality.

Brazil

While Norway has a strong and highly universalistic welfare state, Brazil seems to approximate, on the one hand, the liberal North American model, where, generally speaking, the population is encouraged to purchase their own social security within

the market, whilst the benefits of the public system are reserved for the more needy members of society through means-testing (APENAS ALGUNS SERVIÇOS COMO BOLSA FAMILIA, SALÁRIO DESEMPREGO. SAUDE, EDUCACÃO POR EX. NAO É MEANS-TESTED). On the other hand the Brazilian model also seems to approximate the conservative-corporatist model (characteristic of France and Germany). Historically, what predominated was the preservation of status differentials; rights, therefore, were attached to class and status. This corporatism was subsumed under a state edifice perfectly ready to displace the market as a provider of welfare; hence, private insurance and occupational fringe benefits play a truly marginal role. On the other hand, the state's emphasis on upholding status differences means that its redistributive impact is negligible (Esping-Andersen 1990:27).

In short, the Brazilian model is different from the highly universalistic Scandinavian social democratic model, while at the same time it is close to both the liberal American and the German conservative-corporatist models.

Whereas in the Brazilian model, one of the roles businesses have taken on is preparing workers for the market and assisting them with some of their social needs, thus promoting services which the State was unable to provide efficiently to the extent demanded by the development of capitalism. In Brazil the "S System" has helped to build the welfare state. The "S System" consists of a combination of services which include professional training, social assistance and socio-cultural activities mainly aimed at the country's industrial, commercial, agricultural, and transport sector workers.

The S System is maintained and managed by the Brazilian private sector, and is used by private sector employees and by a proportion of the Brazilian population. The S System offers services that the Government or local community in other countries, like Norway, would be in charge of.

Norway

Norway is characterized of what is called the Nordic Model. The Nordic model in the five Nordic countries is built on distinctive traditions of social responsibility and co-operations. The traditions of social responsibility and democracy are tied to the development of Denmark, Sweden, Norway, Iceland and Finland, in that order, during the first half of the twentieth century (Schiller et al. 1993). During the latter part of the twentieth century, their development has, to a greater extent, been associated with the emergence of a welfare state with strong social democratic influences.

This model is characterised by a relative stable *balance of power* between capital and labour, anchored in broad class compromises that were struck during the early formative events of national industrial relations. These were subsequently codified in formalised basic agreements (Dølvik 2007). In Norway the first basic agreement "Hovedavtalen" was signed in 1935. The Nordic model of labour relations exhibits such features as:

- A high degree of worker union affiliation,
- Centralised agreements and coordinated bargaining at several levels,
- Extensive worker representation at the company and the community level,
- Well-developed, smooth regulation of working life in legislation and agreements

In order to understand the way the Nordic Model works it is essential to keep in mind the interaction between the organization of working life and other key policy areas:

- The welfare state based on universal income security, tax financing, and the work approach in welfare policies, contributing to adjustment security, mobility and moderate indirect labour costs,
- Extensive public services, education, and infrastructure, providing citizen and companies favorable conditions, skills and high participation rates for both sexes,
- Active labour market policies,
- The role of the state in enhancing tripartite cooperation, in which the macro-economic stabilization policies in particular are important for the development in employment, social distribution and living and working conditions.

At the local level, cooperation between the employers and employees is essential for the model to function.

1.5 Related Experiences and Additional Research

This part of the report refers to the related experiences and additional research that were carried out in Brazil and in Norway about Corporate Social Responsibility. It attempts to clarify how CSR has been comprehended in both countries by diverse sectors.

CSR in Brazil – Why social responsibility today?

During the last few years, the issue of corporate social responsibility (CSR) has generated a growing interest not only among Brazilian academics but also among business leaders and public administrators (Cheibub and Locke, 2002). For that reason, the theme of corporate social responsibility has been widely discussed, and accorded a prominent place in the Brazilian media during the last few years. Among the various factors that can explain the sudden increase in interest in this subject is the recognition

that the assumption by businesses of a wider responsibility for society in general provides for previously neglected community needs. In this way, we can see that corporate social responsibility actions in Brazil represent one of the ways the private sector works towards a public objective. (Queiroz, 2000)

A sensible choice of definitions – Brazil: FIESP³ ETHOS⁴ and FIRJAN⁵

According to FIESP/CIESP (Federation and Centre of Industries of the State of São Paulo) – which through its Núcleo de Ação Social (Social Action Unit) promotes ethical concepts which should be part of daily practice in associated companies, suppliers and service providers – to be socially responsible means to “incorporate ethical values to the business decision-making process, to comply with legislation and to respect people, the community and the environment” (<http://www.fiesp.org.br/foco/social/social.htm>).

According to the Instituto Ethos de Empresas e Responsabilidade Social⁶, a company is socially responsible when:

“(...) it acts beyond its obligation to respect the law, pay taxes and respect adequate health and safety conditions necessary for workers, because in doing this it believes that it will be a better business and that it will be contributing to the development of a fairer society”. (<http://www.ethos.org.br>)

According to FIRJAN, in the area of Corporate Social Responsibility private social investment becomes part of the struggle to reduce the effects of (social) exclusion. There are initiatives that have a direct effect upon this cause, for example investments in professional training, the establishment of partnerships, and a preference for acquiring products and services developed by low income or at risk communities which are often in close proximity to companies. Within the scope of Social Responsibility, however, it is fundamental that businesses comply with legal requirements, pay their taxes and other tributes, as well as respecting the benefits and rights that their workers have managed to gain through their struggles.

³ FIESP Federation of Industries of the State of São Paulo

⁴ ETHOS - Ethos Business and Social Responsibility Institute

⁵ FIRJAN - Federation of Industries of the State of Rio de Janeiro

⁶ The Instituto Ethos de Empresas e Responsabilidade Social is a business association founded in 1998 which aims to discuss the means to propagate entrepreneurial citizenship in the country and currently has over 240 associated businesses, whose total revenue is equivalent to over 14% of the Brazilian GDP.

Research on Social Responsibility Activities: IPEA⁷, CEATS⁸ and FIRJAN

Research conducted by IPEA in 1999 showed that two thirds of businesses in Brazil's Southeast region carried out social activities geared towards the community; only 16 per cent did not carry out any social actions in 1998 (Peliano e Beghin, 2000).⁹

Businesses performing actions only for the benefit of the community (22 per cent) are more numerous than those who performed actions only on behalf of their employees (18 per cent), and the large majority of companies combined both forms of action (45 per cent). One of the conclusions of this research is that there is a marked, regular presence of the private sector in responding to the demands of communities (300,000 businesses in the Southeast carry out social actions, from small occasional donations to well-structured large projects) and a considerable volume of private resources are annually destined to social activities with public objectives (R\$3,5bn in 1998).

Another study conducted in 1998 by the *Centro de Empreendedorismo Social e Administração do Terceiro Setor* (CEATS-USP), using a sample of 1,200 companies in nine Brazilian states and the Federal District, revealed that 56 per cent of businesses invest in social or community activities or programmes, while 43 per cent of businesses said that they did not perform social actions. Although this data indicates that businesses are already significantly involved in performing social activities, it seems that there remains any number of possibilities for expanding these activities within the Brazilian business environment. The main way in which businesses invest in social programmes or actions is through the donation of money, material or equipment. This is practised by 36 per cent of businesses. Twenty-one per cent of companies studied are directly involved in social programmes. Within public organisations, the management of programmes supplants the donation of resources for social ends. Other forms of involvement, such as the establishment of partnerships and strategic alliances, and the structuring of volunteering programmes, are also more common in the public sector and in commerce.

It is worth highlighting another study, carried out in 2006 by FIRJAN, about Corporate Social Responsibility employing similar constraints as those used by a 2002 study by the *Núcleo de Responsabilidade Social Empresarial* (Corporate Social Responsibility Unit). The results of this research showed that there had been advances with regard to initiatives implemented by companies. In particular, a change in posture can be seen, with an increase in formalised regulations as opposed to discriminatory practices, and the establishment of internal guidelines aiming at, for example, hiring

⁷IPEA - Institute of Applied Economic Research

⁸CEATS - USP (Centre for Social Entrepreneurship and Third Sector Management)

⁹Both compulsory actions (contributions to SEBRAE, SESI, SESC, SENAI, SENAC, SENAR, the compliance of labour regulations, the payment of transport vouchers and "salário-família"-family allowance), and non-compulsory actions were taken into account.

unemployed people or people over 45 years of age. There are also a growing percentage of companies that are investing in non-compulsory benefits for their employees.

However, some of these initiatives continue to be of an informal nature and are not very systematic.

Similar to the last research (2002), research conducted in 2006 confirms a not only a greater involvement on the part of large companies, but importantly, a growing involvement among medium-sized businesses. However, there has been little change during the past three years with regard to small businesses. The research identifies a small percentage of businesses who use fiscal incentives and deductions to establish sponsorships or even donations. The results demonstrate a need for further work to clarify procedures for using resources of this nature.

Global results – Firjan research on Social Responsibility¹⁰

The issue of social responsibility has not been absorbed into the entire Rio de Janeiro businesses culture. An important percentage of businesses regularly carry out at least one action relating to CSR, without, however, being aware that such actions fall within the CSR category. Furthermore, 20 per cent of their representatives do not know the meaning of the term. These results reveal the need to make more efforts to publicise this theme. Although lack of knowledge in itself is a stumbling block, it can be observed, nonetheless, that there is a significant willingness to adhere to practices related to social responsibility. Sixty-seven per cent of businesses are interested and consider it viable to implement these types of projects.

Of businesses that are already involved, 90 per cent intend to expand or to maintain their investments in this area (55 per cent intend to increase, and 35 per cent to maintain).

In comparison with the earlier study (2002), this reveals a positive scenario, with a percentage increase in businesses that perform social actions or implement measures in some areas:

- An increase from 44 per cent to 50 per cent in companies that perform non-compulsory actions benefiting their employees,
- Regulations against discriminatory practices previously found in 19 per cent of businesses are now common in 33 per cent,
- Presently 36 per cent – up from 26 per cent – define as a priority the contracting of unemployed persons,

¹⁰This section comes from Firjan research, 2006.

- Guidelines for hiring people over 45 years of age which were found in 5 per cent of businesses can now be found in 17 per cent,
- In relation to social actions, in 2002 35 per cent showed an intention to increase the amount of investment, whereas currently 55 per cent intend to invest in social responsibility actions.

However, some negative variations were also recorded between 2002 and 2006. Rio de Janeiro's businesses have decreased their operations in relation to low income or at risk communities from 38 per cent to 34 per cent. Workers involved in voluntary actions have also decreased from 29 per cent to 23 per cent.

In general large companies are more involved in social responsibility issues. A higher percentage have projects, actions and measures geared towards different areas, either in relation to their own employees, clients, communities or the environment.

70 per cent of all large companies that are currently involved in social responsible actions aim to increase their investments. In medium and small businesses 61 per cent and 52 per cent respectively have this aim.

More specifically, in relation to the environment, over half, 51 per cent, of large companies are currently running non-compulsory projects. This falls to 28 per cent among medium-sized and 14 per cent among small businesses.

In relation to benefits relating specifically to employees, large businesses are also well ahead. In relation to earlier research, however, there was greater improvement displayed among medium-sized businesses.

- Among large businesses this percentage increased from 79 per cent to 83 per cent,
- Among medium-sized businesses from 63 per cent to 71 per cent.

However, there does not seem to be any variation for small businesses, which has been around 42 per cent.

In relation to the use of communication channels for solving problems with clients, the difference exhibited between businesses of different sizes decreases to 30 per cent of small, 48 per cent of medium-sized and 58 per cent of large businesses.

It is worth noting that of those who adopt socially responsible practices only 9 per cent use fiscal incentives and deductions. Areas which seem to be of higher interest in terms of social responsible actions are, in order: education, professional training and health. In terms of their target-public, a company's own employees seem to be the priority, followed by the families of employees as well as projects aimed at children. The final target-public in this list is represented by projects implemented for young people and adolescents.

Detailing of Results

There seems to be a lack of knowledge about CSR. Twenty per cent of company representatives say they have never even heard of Social Responsibility. Lack of knowledge increases according to decreasing size of companies, from 23 per cent among small businesses to 10 per cent among medium-sized businesses and 2 per cent among large businesses. In terms of market segment , the greatest lack of knowledge was in the civil construction sector, 25 per cent, and this reaches 18 per cent in the information industry.

Practical measures of social responsibility

Sixty per cent of all businesses believe that they do not practice anything that could be called social responsibility. However, cross-referencing special data results reveals that in fact, the majority, 64 per cent of businesses, perform at least one action which could be classified in this way.

It can be observed that there is a lack of knowledge regarding the inclusion of certain non-compulsory actions, in the Social Responsibility concept. These actions are typified by projects or initiatives, undertaken either in relation to their own employees, the environment, or communities at risk, which are not required by law.

Figure 1.1 Involvement in CSR actions.

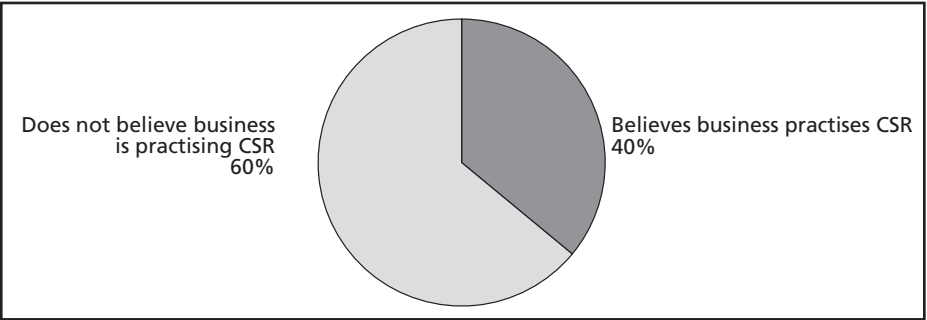
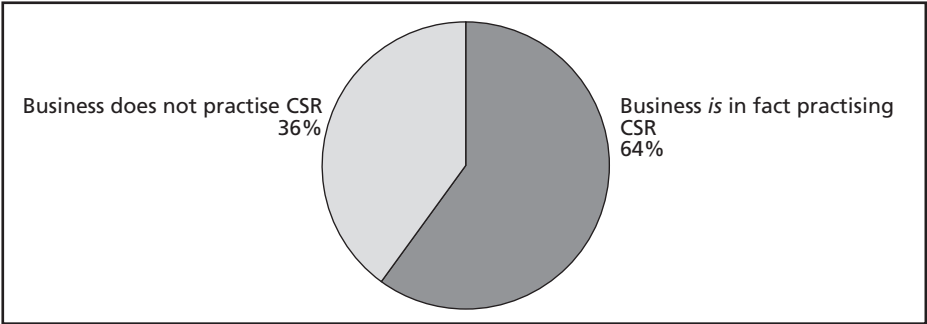


Figure 1.2 Practicing in fact. Per cent.



Particularly in relation to employees or their families at least half the companies offer benefits not required by law. What often happens is that there are doubts with regard to the non-compulsory nature of benefits, specially, for example, in relation to meal vouchers and private healthcare.

Current areas of social responsible actions

While 36 per cent of businesses are not involved in socially responsible practices, 8 per cent nevertheless do conduct projects or initiatives aimed at employees or their families, low income populations or towards the environment, as well as maintaining efficient communication channels with their clients with the aim of listening to them and providing solutions. Another 35 per cent act in 2 or 3 of these areas, whereas 21 per cent focus on only one area.

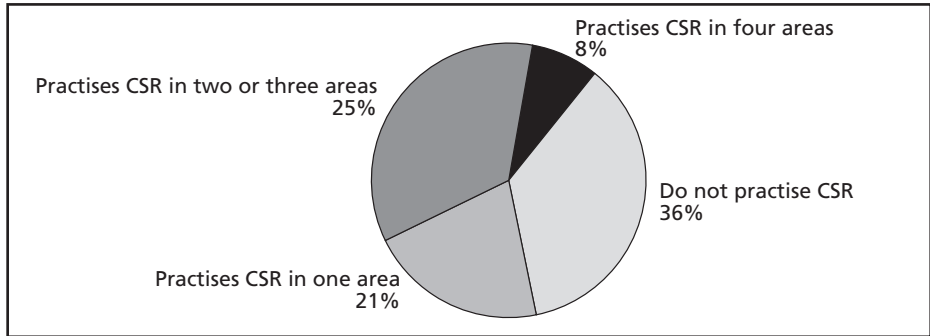
In relation to Social Responsibility, 50 per cent of businesses adopt at least one measure in relation to initiatives directed towards employees and their families.

Thirty-five per cent of businesses invest financial resources problem solving measures in relation to clients, and 34 per cent in some sort of social action.

Companies that implement non-compulsory projects geared towards the environment make up 19 per cent. However, as can be seen further on, a greater percentage of companies, at a minimum, undertake actions in relation to the monitoring and controlling of the effects of their productive processes on the environment.

In large businesses the issue of the environment receives greater attention: 51 per cent undertake actions in this area. Although this number is still small in comparison with those in other areas, this percentage is close to those related to social projects and open-channels with clients. The number of businesses involved in positive environmental acts decreases to 28 per cent among medium-sized and 14 per cent among small businesses.

Figure 1.3 Areas of CSR actions. Per cent.



In reality, whether in relation to environmentally beneficial actions or, to actions beneficial for their employees, the percentage of businesses that have socially responsible practices is higher among large companies. Small businesses exhibit lower levels of action in all these areas.

Extra benefits to employees and dependents are implemented by 63 per cent of large businesses and 71 per cent of medium-sized, with the per cent and 42 per cent of small businesses.

Once again these percentages are lower for the civil construction sector, where 68 per cent of companies do not offer non-compulsory benefits to their employees and dependents, whereas this measure falls to 45 per cent in other sectors.

The differential between segments falls in relation to projects and practices aimed at the environment, especially due to low level of actions in other sectors – 79 per cent that have not adopted any practices, against 87 per cent in the civil construction industry. In terms of projects aimed at risk populations or philanthropic organisations, the absence of initiatives is 78 per cent in the civil construction industry, against 63 per cent in other sectors.

Also in relation to client satisfaction measures, the civil construction industry, with 75 per cent not offering official communication channels between business and client, falls behind other sectors, with 62 per cent not offering official communication channels between business and client.

As it has already been seen 19 per cent of businesses have non-compulsory projects geared towards the environment. Around half of these, 9 per cent, publish information about social or environmental actions, either separately or together with its social accounts.

A businessman's perception about CSR

In order to make the point that, in Brazil, social responsibility actions represent one of the ways the private sector works towards a public objective, we present an excerpt of the interview with Michael Haradom – president of Fersol¹¹ Indústria e Comércio Ltda., and member of the NGOs: Shalom Salam Paz” (Shalom Salam Peace) and “Agora em Defesa do Eleitor e da Cidadania” (Agora in the Defence of the Voter and Citizenship), Instituto Polis (Polis Institute), Instituto Ethos (Ethos Institute) and Transparência Brasil (Transparency Brazil). This interview was conducted on May 20, May 2007 by students of the EACH/USP Problem Resolution Course.

“Businesses that have social responsibility are those that work towards strengthening the State which, in its turn, must universally provide everyone with health, education, housing, communication, leisure etc. Social Responsibility is one of

¹¹ Fersol Indústria e Comércio Ltda specialises in the production of chemical products, agricultural insecticides, household chemicals, veterinary and cleaning products.

the ways businessmen can pave the way for the State to carry out its function, by paying taxes, monitoring government actions etc. There are three ways in which the state can be prevented from carrying out these tasks. The first is lack of sufficient funds; the second occurs if the State is not adequately managed to perform its function [providing health, education services, etc]; the third occurs when funds are diverted and there is corruption, which is enormous. A way out of this situation is the organisation of civil society in order to monitor government actions, so as to demand our rights that include the fulfilment of electoral promises, and a public organisation that is guided by efficiency. Another way is to establish partnerships that help the State fulfil its function. CSR also helps us to respect the boundaries that exist between the public and the private, and to respect the law”.

CSR in Norway

The transfer of CSR into an European and Nordic context is an interesting transfer, because a range of activities that may fall under CSR, such as corporate provision of health care or education, have in Europe largely been undertaken on a mandatory basis (Matten and Moon, 2004). Additionally, the corporate discretion of CSR is at odds with the more regulated frameworks in to be found in many European nations, which grant employees and trade unions a well-defined scope in which to influence corporate decision-making. Thus, one very interesting question emerges around the manner in which organised labour, most notably trade unions and their institutional infrastructure, cope with this new challenge.

As in Brazil, the term CSR came in to vogue at the turn of the century. However, during the 20th century we encounter several examples of enterprises assuming a social responsibility for their workers and for the local community, especially companies located in areas with scarce or no facilities. They had to offer houses, training and other kind of services to attract workers, especially skilled workers. One example is Norsk Hydro, which became a cornerstone factory in several Norwegian communities, and which offered the employees benefits not regulated in laws or agreements. At this time, the social responsibility undertaken by the company was more or less considered as gifts, which the employer could removed at pleasure.

As mentioned in section 1.2 context, like time, as a decisive factor for how CSR is peceived. Time includes factors like history and tradition. In this sense, we could say that the modern form of CSR was institutionalised in the basic agreement – Hovedavtalen – in 1935 and further extended in the Work Environmental act in 1977. In short, laws and agreements provide employees in Norway with relatively strong protection in areas concerning health and security, and provide employees a right to participate in decisions that affect them both as a group and as individuals.

Not only must Norwegian enterprises live up to statutory financial and legal expectations, but also to the collective agreements decided by the parties of the labour market. Add to this the areas which in a Norwegian context are still within the responsibility of the welfare institutions, such as the National Health Service, unemployment benefits, education, care for elderly, day-care centers, 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 Norwegian 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 Norwegian enterprise than of an American or a Brazilian if it is to deserve the label of “socially responsible”.

When CSR is debated today, it is mostly in connection with Norwegian companies’ activities abroad. Among other things, it has been connected to companies ceasing to use child labor, illegitimate regimes, poor labor conditions, corruption and pollution. The Confederation of Norwegian Business and Industry – NHO writes this:

“NHO asserts the authorities’ role should be to encourage enterprises to be active. NHO has fundamental confidence in market-driven, voluntary initiatives stemming from the challenges facing each individual enterprise. Customers pose demands in terms of products and manufactures. Thus the market helps bring about change.” (p.11)

NHO offers its members knowledge-based support in how to behave when located abroad, and they focus specially upon corruption as a major challenge. While NHO underlines the voluntary aspect of CSR, the Norwegian Confederation of Trade Unions (LO) argues for regulations:

“The Labour Movement believes that the arrangements that are outlined and implemented must be binding and a result of negotiations between employees and employers. These arrangements must supplement the laws and agreements already settled, and not replace them.” (LO, 2004:1)

The voluntarily aspect of CSR seems to split labour and capital into two different camps. While business embrace the voluntarily aspect, labour unions argue for regulations, and indicate that the voluntarily aspect of CSR could challenge laws and agreements. As already mentioned in part 1.1, this skepticism is also articulated among the European trade unions. Nevertheless, in chapter 3 we present some empirical findings that indicates a sort of consensus between union representatives and management when it comes to how CSR is defined and when it comes to practical CSR-activities.

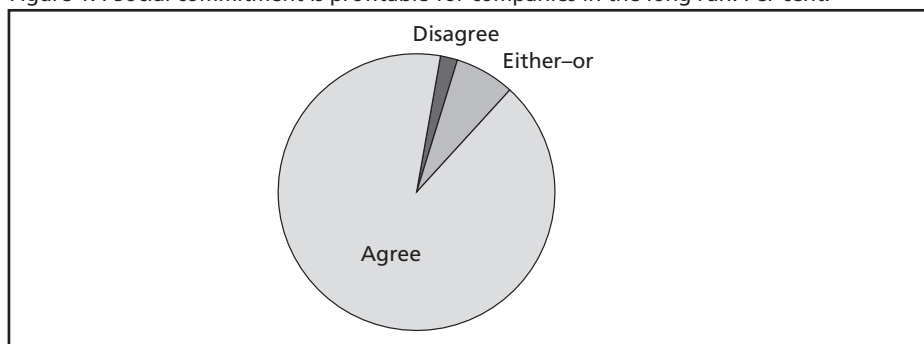
Do Norwegian companies act in a social responsible way?

The answers to the question above will probably differ, in accordance with the area of CSR under discussion according to the choice of focus between the behavior of Norwegian enterprises inside or outside Norway. In 2000 NHO conducted a survey among its members where one of the questions was related to how companies weigh the impact of social responsibility on profit.¹²

The highly moral nature of the question could affect the answers. However, the figure above indicates that Norwegian companies consider that social commitment is profitable in the long run. Only 2 per cent disagree. A survey performed for the EU Commission support the NHO-survey. The EU-survey indicates that Norwegian companies take a social responsibility for the local community. In the survey SMEs rank at the top of the European corporate social responsibility scale. Among medium-sized enterprises (50 to 249 employees), 95 per cent of the Norwegian ones support the communities around them. In this group, Norwegian businesses are the best in Europe when it comes to this form of corporate social responsibility.

What then about the standards concerning the working conditions? What kind of

Figure 1.4 Social commitment is profitable for companies in the long run. Per cent.



standards should Norwegian enterprises apply when operating abroad? Should they apply Norwegian, international or local standards? The NHO addresses this question in the following way:

“It is not considered responsible behavior for enterprises to take advantage of inadequate regulations and government control in their host country to apply unscrupulous standards for health, safety and the working environment in the workplace. Under such conditions, Norwegian enterprises must offer their employees safe jobs and work continuously to improve safety and the working environment (...). NHO recommends that all enterprises operating outside the OECD area adopt the principles in the UN’s “Global Compact” – nine principles for ethical/social behaviour.

¹² Source: NHO (2003): Corporate Social Responsibility.

Enterprises can also draft their own regulations to cover their activities. Enterprises can also choose to base their labour standards on agreements with international trade unions, the way Norske Skog and Statoil have done.” (NHO, 2003:17)

As will be shown in chapter 3, managers’ attitude towards bringing Norwegian standards abroad seems to differ among sectors, with the most reluctant to follow Norwegian standards abroad being the owners of private enterprises. Another interesting finding is that the more contact the leaders have with counterparts abroad, the less willing they are to follow Norwegian standards for environment and working conditions. This goes for leaders from all sectors.

CSR at the plant level

Despite the fact that laws and collective agreements regulate the labour market, the issue of CSR, whether enterprises actually assume social responsibility in Norway, is debated. Some disturbing features concerning the labour market may form one explanation.

Compared with other countries, a high percentage of the adult population in Norway, 71,9 of the labour force, is employed. This is mainly due to the fact that the majority of Norwegian women are employed. Almost 7 out of 10 women and 8 out of 10 men are currently employed. Thirty years ago, less than half of all the Norwegian women were employed or actively seeking work. There is roughly the same number of employed men today as there were in the mid 1970s. In the first quarter of 2007, the unemployment rate was 2,7 percent. Despite the low unemployment rate, 700 000 people of employable age are marginalised and excluded from the ordinary labour market. Some of these will not be able to join the workforce, but other are excluded because of a physical disability or because they are elderly people who haven’t managed to get a new job. At the same time, many Norwegian companies suffer from an acute shortage of labour.

The people outside the labour force receive different forms of social benefits from the welfare state. Given the number of 700 000, this has a tremendous impact on public expenses. In addition, absence due to sickness, which in Quarter 1 of 2007 was 7,3 percent, has been judged to be too high.. The huge amounts of people outside the labour market, the percentage of sickness absence, and a worry connected to early retirement age have combined to raise calls for caution. In 2001 a tripartite agreement was signed between the government, LO and NHO. The agreement, termed Inclusive Workplace (IW), is a partnership between the authorities and the social partners aimed at combating the exclusion of the sick, the disabled and elderly workers from workforce participation. The main objective is to reduce sickness absence by 20 percent by 2009. Enterprises are encouraged, although voluntarily, to enter into IW-agreements at the company-level. Those who sign are obliged to work towards the goals laid out in the agreement. This can be accomplished through the organization of responsibilities and tasks such that elderly, pregnant and sick employees may continue in their jobs. In

accordance with the agreement it's also expected that the enterprises recruit disabled jobseekers and job seekers who have a different ethnic background than Norwegian. Numbers shows that these groups have greater problems entering the labour force than ethnic Norwegians.

In return for joining the IW-agreement, the companies are offered special competence, among other things to organise their workplace and follow up sickness absence, and in some cases also economic support from the government. Given the voluntary aspect of the IW-agreement, the agreement can be considered to be an example of CSR. There has been much debate in Norway about the IW-agreement. Do the enterprises that sign an agreement live up to the intentions? Do they really act in a more social responsible way? These questions will be discussed in chapter 3, but empirical findings indicate that IW-enterprises are more actively engaged in the effort to reduce sickness absence than other enterprises. Further, enterprises that have signed an IW-agreement are more likely to make adjustments to meet special needs among the employees.

1.6 Differences and Similarity Related to CSR

This study departs from the notion that there are, at least, three different modes of social responsibility: charity, corporate welfare, and the one that emerges from accepted codes of conduct of labour relations.

Charity

In the context of Norwegian history, charity is an old and traditional form of social responsibility. It has been institutionalised in NGOs as part of civil society, and it makes up a considerable part of private sector welfare. Since the 19th century, Norwegian private organizations have played a significant role in social politics, but they have become more and more dependent on state funding and cooperation with public welfare services. Since corporations are not involved in this traditional form of social responsibility, this mode of social responsibility will not be extensively discussed in this report.

In the Brazilian case, there are some indications that this kind of social responsibility (charity) has also played an important role in 19th century Brazil, though this theme has not been extensively studied. Viscardi (2004), for instance, is one of the few authors who have studied charity, from the perspective of mutualism and philanthropy, as a form of social responsibility in 19th century Brazil. According to her studies, in the Brazilian case, charity is perceived as a social strategy that aimed at dealing with the problem of a lack of public policies in a context of deep socioeconomic inequalities.

Corporate welfare

A second mode of social responsibility is corporate welfare, social welfare measures provided to employees. By providing social welfare for both employees and workers, corporations can fulfil a social function in society. If the provision of welfare means required obligations are surpassed, and if the provision of welfare is given as a supplement to cash wage payments, the corporation can be said to be assuming social responsibility.

Corporate welfare emerged in the United States and Europe around the turn of the 19th century (Brandes, 1976). More systematic management replaced the old patriarchal individual bonds between factory owner and workers. The ideas of corporate welfare spread in the 1920s, but a breakthrough did not come, in Norway, before the Second World War, when corporate welfare became more extensive (Ibsen, 1996:31).

In the case of Brazil, corporate social responsibility is a concept that has drawn the attention of businessmen and academics since the 1980s. Therefore, the theme of corporate social responsibility has been discussed in the Brazilian media only during the last few years (Queiroz, 2000). Nonetheless, one hypothesis of this study is that the S System is a hybrid model of social responsibility that emerged in Brazil in 1942, within the context of the formation of the *Estado Novo* (1937–1945).

Labour relations

A third mode of social responsibility, significant for Norway, emerges from the acceptance of codes of conduct for labour relations by the participants in the labour market. According to this mode, a social compromise between capital and labour has resulted in a relatively centralised bargaining system, with the participation of the state, concerning economic and welfare issues. This mode of social responsibility brings forth a system where the actors in the labour market, in cooperation with the state, exercise power and influence to provide social stability and welfare.

The Brazilian social security system was established only for salaried workers who were formally registered (with a “*carteira assinada*”) (Santos, 1979), and for this reason it is considered meritocratic and particularistic (Draibe and Aureliano, 1989). Moreover, in Brazil, the Social Welfare State emerged from an industrialisation project that was implemented relatively late compared to other industrializing countries.

In Brazil, from 1930 onwards, the cost of the reproduction of the workforce, which emanated from a society of slave labour, was financed, outside the internal production structure of companies. The establishment of both the national minimum salary (created in 1940) and the taxation structure, established by the State to fund education, health, social security and social assistance, are significant developments of which there are two main consequences..

The first consequence is related to the fact that the externalisation of the labour cost results from a regressive taxation structure, which depends on taxes on the cost of labour as well as contributions, to fund the emergent Social Welfare State. Furthermore, as the system's contributions are based on indirect taxation and financial subsidies, the funding of the social security system in Brazil [focalised, not universal] overburdens precisely those workers with the lowest incomes (Pochman, 2004).

The second consequence is that, considering that only urban workers were able to take advantage of a number of regulated rights inscribed in the labour social legislation (which included the *Consolidação das Leis do Trabalho* (CLT) [*The Consolidation of Labour Laws*] and the minimum salary, the more significant part of the working class (of an agrarian nature) were abandoned and left to their own devices in satisfying demands for housing, education, health, etc¹³.

Within these circumstances, where the overall funding of the social security system represented 1/3 of the total cost of the urban employee, access to formalised labour relations became restrained, making it more difficult to expand "regulated" citizenship (Santos, 1979).

From this mode of social responsibility a very specific kind welfare emerged in Brazil that resulted, from the perspective of citizenship, in what Santos (1979) named as "regulated" citizenship. In other words, since, in Brazil, economic informality prevails, organised interests in the labour market influence the development of welfare policies which are enjoyed only by workers who are part of the formal economy, leaving behind the almost 50 per cent of the labour force who are under the umbrella of the so called "informal economy".

In sum, considering the Norwegian case, one could state that social responsibility, from a historical perspective, is an important aspect of the very political culture of a country that has practiced charity as a form of social responsibility in a traditional way. Moreover, in that case, social responsibility was strengthened by a corporate welfare of universalistic features, especially after WWII, when it became an important aspect of labour/capital relations.

In contrast, in Brazil, though further research is needed, it is difficult to assume that social responsibility is part of the Brazilian political culture –especially considering the legacy of almost four centuries of slavery. That is not to say, however, that the Brazilians are not charitable, but that, in the Brazilian context, corporations are neither inclined to be socially responsible (as evidenced by the civil construction industry) nor are they aware that, in fact, they practice social responsibility. An illustration of the latter point is offered by FIRJAN research (2006), which demonstrates that, although 60 per cent of all businesses believe that they do not practice anything that could be

¹³ It is worth noting that housing policy, for example, was not part of the political agenda before the 1960s.

called social responsibility, results of cross-referencing special data reveal that, in fact, the majority of businesses (64 per cent) perform, at least, one action that could be classified as being socially responsible.

In this sense, our hypotheses are that, in contrast to the Norwegian case, where the state (through soft regulations) is more likely to help business to operate according to CRS, in Brazil, CSR has helped *the state* to be more socially responsible. This report will address this theme by analysing the S System framework in item 2 in the section on CSR in Brazil.

The institutional context

As we have seen in this chapter, there are several different definitions of CSR, both as a theoretical concept and as a practical phenomenon. This represents a challenge when studying CSR. As illustrated in the comparison between Brazil and Norway there exist differences between the countries and their political and economic regimes. Traditionally, there has been little focus on these differences in the literature (Maignan and Ralston 2002, Campbell 2007). However, in the later years, more and more researchers have focused on the impact of institutional structures and framework when studying CSR (Campbell 2007, Walsh 2003).

Formal institutions like the labour market and the welfare system, politics, legal laws and informal frameworks like national and cultural traditions have come in to focus. Campbell addresses the issue in the following way:

[...] the relationship between basic economic conditions and corporate behavior is mediated by several institutional conditions: public and private regulation, the presence of nongovernmental and other independent organizations that monitor corporate behavior, institutionalised norms regarding appropriate corporate behavior, associative behavior among corporations themselves, and organised dialogues among corporations and their stakeholders. (Campbell 2007)

Once again it is common to place Europe and USA on two opposite sides (Matten and Moon 2004). In the Nordic countries it has been more common to refer to a Nordic model of CSR (Midttun et.al. 2006). If we should classify the Brazilian approach towards CSR, there is no doubt that it is nearer an Anglo-American model than a European.

If we take the American system as a point of departure, it is characterised by a labour market and a welfare system with a low degree of governmental involvement. The market plays a major role, and the government's main object is to guaranty the citizens a minimum of security. Business has an important role in offering different types of welfare benefits. The labour movement is relatively weak. In the European labour market and in the welfare state model, companies play a weaker role than they

do in the American system. The government has had a central role when it comes to securing income levels, also for persons outside the labour market. Social benefits are mainly a result of income, and redistribution is emphasised. Economic actors such as the labour movements and the employers federations are relatively strong and have institutionalised communications channels towards political authorities. In the Nordic labour- and welfare model the government has an even more important role when it comes to securing equality as the system of social benefits and the tax system are oriented towards redistribution. Social benefits are generous and financed by taxes. Economic actors are strong and powerful and exert influence upon policy-strategies and can influence the relations inside the company as well. Institutional differences could therefore explain variations among countries and how different actors in different economic regimes interpret, define and implement CSR:

“On a more general note then we may conclude that the absence of CSR policies in European companies in many employment related issues (and beyond) is due to the fact, that the institutional framework of the economy, in particular formal, mandatory and codified rules or laws define the responsibility of corporations and other societal actors for particular social issues.” (Matten and Moon 2004:5)

Matton and Moon emphasise that the same mechanism is affecting attitudes towards environmental and educational issues. One could argue that the lack of both an institutionalised social security system and of a system of labour rights has paved the way for CSR in USA. Matten and Moon operate with two forms of CSR: explicit and implicit CSR. The relation between the two forms is explained according to the institutionalised framework. If the framework is weak, CSR will be more explicit in the companies strategies and management. They define the two forms as follows:

“By Explicit CSR we refer to corporate policies to assume responsibility for the interests of the society. Explicit CSR would normally consist of voluntary, self-interest driven policies, programmes and strategies by corporations addressing issues perceived as being part of their social responsibility by the company and/or its stakeholders.

By Implicit CSR we understand the entirety of a country’s formal and informal institutions assigning corporations an agreed share of responsibility for society’s interests and concerns. Implicit CSR normally consists of values, norms and rules which result in (mostly mandatory but also customary) requirements for corporations to address issues stakeholders consider a proper obligation upon corporate actors. Representative business associations or individual corporations would often be directly involved in the definition and legitimisation of these social responsibility requirements and if not they would consider the outcomes as a legitimate trade-off

for their own legitimacy. This implicit CSR would normally not be included in traditional American textbook treatment of CSR.” (Matten and Moon 2004:9)

In a highly institutionalised economic system we will find an implicit social responsibility, and vice versa. Societies with a «longstanding and dense institutional heritage are more likely to address CSR issues in the form of implicit CSR» (Matten and Moon 2004:10). The relation between explicit and implicit CSR can be studied by focusing upon formal regulations that characterise the labour market. One reason why CSR has been more widespread and studied in America is that in Europe we have called it another thing – politics.

1.7 Are there similarities between the Norwegian and the Brazilian Models?

CSR may be seen as a concept embedded in the context of Anglo-American capitalism with emphasis on voluntary action rather than regulation. According to the Anglo-American model, CSR actions are regarded as driven by business and management. It is presumed that corporations, through self-regulation, will act in an economically, socially and environmentally responsible way. In this context, CSR has been perceived as a means to avoid governmental regulations and collective agreements, which may become an impediment to the principle of free trade.

According to the Nordic Model of CSR, the state takes the role of organiser. In this context, soft regulations through elements in collective agreements or governmental motivational programs are emphasised. Also, in the Anglo-American context, as well as in many European countries (including Norway), CSR has been embraced by industry, becoming an integral element of much of the education of business professionals. However, in the European setting not only do more regulated frameworks grant employees and trade unions a well-defined scope in which to influence corporate decision-making, but also, and most importantly, a considerable range of activities that falls under CSR, such as corporate provision of health care or education, have largely been undertaken on a mandatory basis (Matten and Moon, 2004). Regarding these matters, it is worth emphasizing that participation of Norwegian workers in the CSR decision-making process and the influence of workers in the process of negotiation and in the definition of CSR programs encompassed the increasing corporate provisions that were undertaken on a mandatory basis.

In Brazil, in turn, CSR has also been embraced by industry and has become an integral element of much of the education of business professionals. Also, in this case, the state took the role of organiser. Perhaps for that reason, not only the CSR model

in Brazil was undertaken, since its origin, on mandatory basis, but also (through the S System) it constituted itself into a model planned, controlled and managed exclusively by businesses.

In this sense, unions may perceive CSR as a threat, since it transfers power and discretion to managers. By contrast, trade unions with a strong corporatist tradition claim to be themselves drivers of CSR. Trade unions, in Norway, are an example of the latter; whether Brazilian trade unions are an example of the former is an issue that remains to be investigated. (On this matter, our hypothesis is that the influence of the Brazilian workers in the decision-making processes of the S System programs is increasing along with the consolidation of democracy in the country.)

According to presidential decrees (5.725, for SESI; 5.726 for SENAI; 5.727 for SESC; 5.728 for SENAC), three workers will participate in the managerial boards of a number of institutions (SESI, SENAI, SENAC and SESC) in order to integrate their decision-making positions. Though the inclusion of the workers on these boards is far from the parity participation that had historically been demanded by workers' organizations, it may foster an important means to voice the workers concerns and influence the policies of these organizations. Despite being guaranteed by presidential decrees, the workers participation in the SESI, SENAI, SESC, and SENAC boards is not yet in effect.

While participation of the Brazilian workers in the processes of negotiation and in the definition of the S System CSR programs is still a novelty in the Brazilian context, the mandatory nature of the corporate provision of education and health care (which has also become an important characteristic of CSR in Europe, including Norway) is not new. And this may characterise an important common denominator between the Brazilian and the Norwegian cases.

2 CSR in Brazil – The S System

The “S System” is a hybrid model of social responsibility that emerged in Brazil in 1942, within the context of the formation of the Estado Novo (1937–1945). It consists of nine institutions organised all over Brazil, which provide professional training, social and health services, and leisure and cultural activities mainly to workers and their dependents from the industrial, commercial, agricultural, and transport sectors, but also to a segment of the general public. It also provides consultancy and technical support to corporations.

2.1 The composition of the S System

There are 9 organizations that compose the S System:

Serviço Social do Comércio (SESC) *Commerce Social Services,*
Serviço Nacional de Aprendizagem do Comércio (SENAC) *National System for Commercial Training,*
Serviço Social da Indústria (SESI) *Industry Social Services,*
Serviço Nacional de Aprendizagem Industrial (SENAI) *National System for Industrial Training,*
Serviço Social do Transporte (SEST) *Transport Social Services,*
Serviço Nacional de Apoio ao Transporte (SENAT) *National Transport Support Service,*
Serviço de Aprendizagem Rural (SENAR) *Rural Training Service,*
Serviço Brasileiro de Apoio às Pequenas e Médias Empresas (SEBRAE) *Brazilian Small and Medium Size Businesses Support Service,*
Serviço Nacional de Aprendizagem do Cooperativismo (SESCOOP) *National Cooperativism Training Service*

Further ahead in the text the role of each of these organizations will be explained. These organizations are not typical public organizations, but they operate as such, since they survive on compulsory taxation collected from companies' payrolls by the INSS (Instituto Nacional de Segurança Social – *National Social Security Institute*) that automatically passes on the money to the different institutions. This contribution consists of 2.5 per cent of the total salaries paid by companies to their workers. Training organizations such as SENAI, SENAT, SENAC and SENAR receive 1.5 per cent of this contribution and social institutions such as SESC and SESI receive 1 per cent. The management boards of these organizations control the finances of the System which are supposed to be monitored by the Tribunal de Contas da União (*National Audit Office*). (http://www.terra.com.br/istoedinheiro/especiais/sistema_s/maquina_progresso.htm).

The S System has an annual budget of R\$ 13 billion. Of the R\$13 billion spent in 2006, 2.9 billion were used by SESI, 1.9 billion by SENAI, 2 billion by SESC and 1.5 billion by SENAC. S System services are available throughout the 27 states of the Federation and together they make up 4,774 service provision units, distributed around 3,000 municipalities, where 2,301 professional training courses are offered annually. Of these, 15.4 million enrolments are related solely to education – one of the cornerstones activities of these organizations. During its lifespan, they claim to have trained 50 million workers.¹⁴

Its social assistance sector makes 86.2 million medical and deontological referrals annually. 158 million referrals relate to social assistance. Social actions are carried out by 29,000 volunteers and the system works in partnership with 2,500 businesses. 9.2 million people participate in sport, leisure and cultural activities, while 74 million people visit its 220 libraries and 244 cultural centres, theatres and cinemas annually. 14,000 beds are made available in hotels and holiday camps for workers. Besides these services, the S System provides 463,000 consultancies and technical assessments to industry, 60,000 courses, seminars, and talks about entrepreneurship, as well as setting up 1,700 fairs for the promotion of businesses.¹⁵ Between 1970 and 2000, while the growth of the population in Brazil was 82.1 per cent, the S system seems to have expanded its activities at much higher percentages. As far as SESC is concerned, for instance membership grew 918.1 per cent, those of their dependants at 1,798.1 per cent, the total number of membership-holders (members and dependants) grew at 1,273.4 per cent and the number of service provisions grew at 3,943.7 per cent (Rego, 2002). These data give a good idea of the scope, size, and impact of the SS organizations.

One of the central concerns of the organizations that compose the SS is to provide professional training to the population. This is intended as a means to produce a more

¹⁴ www.sesi.org.br/conselhonacional/presidencia/sist_numeros.pdf

¹⁵ www.sesi.org.br/conselhonacional/presidencia/sist_numeros.pdf

qualified workforce that will help businesses in Brazil to compete on equal footing with their external counterparts in an ever more competitive global economy. This report will introduce this discussion and present information that will be further analysed in future studies.

Some research questions

This part of the report is going to present an overall introduction to the S System in Brazil, describe the activities it provides, and produce some preliminary analysis concerning its role as a welfare service provider to the population. These data will provide the basis for the development of further studies by the NUPPs research group. The sections that follow aim to provide information that will explain how this system was created, how it is structured and works, as well as presenting an introductory analysis concerning its function as a service provider in Brazil. The aim of the report is to provide answers to the following questions: What is the S System? How is it organised and managed? How does it operate? What is its magnitude and significance? What role does it play as a welfare service provider? Can it be understood as a model of CSR? What is the nature of the professional training it provides? Does it contribute to the whole development of its students or does it concern itself solely with technical instructions? What is the role of the S System in the modernization processes in Brazil? These are some of the questions this report will address.

Methodology

The work presented here, is the result of studies carried out for 5 months by the NUPPs research group. Data presented here come from secondary source materials from books, newspapers, Internet sources, interviews (3 interviews), informal contacts and participatory observation. These sources have provided useful material to assist in understanding the constitution and nature of this system.

At a later stage, the research plans to produce in-depth analysis and to assess services from the point of view of its beneficiaries. Most information provided here, however, concerning the structure and the service provided by these organizations, comes from material produced by these organisations themselves. We understand that this in itself is not a limiting factor for the project, but on the contrary, it allows for the examination of material which will be used for the analysis of targets, planning and assessment reports of these organisations.

2.2 Historical Background

The “S System” emerged within the context of Getúlio Vargas’s Estado Novo (1937–1945). During the 1930s, professional training was a serious concern for Brazilian industries. The training of workers was the subject of discussion, planning, policies and technical guidelines, both by organizations such as FIESP (*Federação da Indústria do Estado de São Paulo – Federation of Industries of the State of São Paulo*) and of the Getúlio Vargas’s Government (see Weinstein 2000, ch.3). The shortage of skilled labour was a structural problem for Brazil. The 1937 Constitution foresaw the funding of professional training, both through the upgrading of the skills of those already in work, and through the training of young people for work, where employers were expected to guarantee a small portion of training places for the children of their workers. The Constitution attributed to the State, businesses and unions a central role in the professional training of the working classes.

In 1938, the Ministry of Education produced a project that regulated this principle, requiring businesses to be responsible for creating career development courses and providing food for their employees. In 1939, faced with the opposition of the industrial sectors, the government decreed this measure compulsory for businesses with more than 500 workers (Cunha 2000). With the “Lei Orgânica do Ensino Industrial de 1942” (*The 1942 Industrial Training Organic Law*) professional training was established, and became part of the national secondary education system. A series of developments based on actual experiences and different conceptions of how to offer training to the workforce led to the presidential decree n. 4,048 of 1942, establishing SENAI (*National System for Industrial Training*), which under the coordination of the Confederação Nacional da Indústria (CNI) *The National Industry Confederation* and FIESP, would be responsible for the provision of practical training to young people already working in workshops and factories. It established itself as a provider of professional training, leading to the founding of similar entities that make up the S System today.

In 1946, a similar decree established SENAC, whose aim was to offer professional training to the commercial sector. In São Paulo, a month after the Regional Administration of SENAC was implemented, Serviço Social do Comércio (SESC) was established, with responsibility for social services. In the same year another federal decree created SESI (Industry Social Services) using a different tax source under the auspices of the Dutra Government. It was designated to promote “Social Peace”, its objective being to offer social assistance to industry workers, initially by providing food, health and housing (see Weinstein 2000, chp. 4). SEBRAE, SEST, SENAT, SENAR, and SESCOOP, were only created after the 1988 National Constitution.

Despite running counter to the interests of the Vargas regime, which through its strong corporatist elements tried to control initiatives linked to the work sphere, the agreement between CNI and FIESP for the constitution of SENAI resulted in the

establishment of an organization which followed a federative model, acquiring the characteristics that make up today's entire S System.¹⁶ Paradoxically, therefore, the model initially established as a means of State control over businesses and workers, ensures the independence of businesses in as much as it gives them freedom to manage public services.

Since undergoing two waves of democratization (1945 and 1985), corporatist links in Brazil have been loosened. The 1988 Constitution kept the "S System" as a mechanism aimed at overcoming the enormous deficiencies of the Brazilian State in fulfilling its social role. Businesses saw this as a legitimate and legal means to develop their social responsibility, whilst at the same time maintaining a significant cultural and educational influence over a workforce that suffers from many professional and civic deficiencies.

During the past decades, the Corporate Social Responsibility model (CSR) has been developed in various parts of the world as an alternative to the exhaustion of the Welfare State, so as to deal with problems of social inequality and poverty which exist alongside a market economy and which continue to be aggravated due to globalization and related phenomena. Generally speaking, the Brazilian business community seems to be convinced that the "S System", taking into account the limitations of its resources and attributes, adequately corresponds to the corporate social responsibility model.

One of the characteristics of the model of corporate social responsibility is that it brings to the fore new aspects of the role businesses play within the market economy, in as much as they can and should be charged with assisting their employees and consumers, both socially and culturally, in the fulfillment of their role as citizens. It is worth asking, from a comparative analytical perspective, if the "S System" is doing this and, if so, how?

The uniqueness of the "S System" in the context of the Brazilian social security system, demonstrates the need to improve the knowledge about Brazil's Welfare State¹⁷ that the "S System" has helped to build. It is important to find out what is unique about the Brazilian welfare system, what are its positive aspects and its shortcomings, and how it compares to other models?

¹⁶ Initially, the SENAI course would last two years, so that in each of these years, students would spend 5 months in the classroom and 7 months doing work placement as an apprentice or someone in charge of doing basic tasks. At the end of this period the student left college with an officially recognised qualification, equivalent at that time to the second year of secondary education. It was only during the 1970s that the SENAI courses were increased to 4 years, so that at the end of this period students would end up with a full secondary education and became preferential candidates for joining SENAI's own professional training courses.

¹⁷ See Sônia Draibe's work on the Brazilian Welfare State. In particular: DRAIBE, Sônia Miriam, "Há Tendências e Tendências: com que Estado de Bem Estar Social haveremos de conviver neste fim de século?", *Cadernos de Pesquisa* n. 10 (Campinas: NEPP/UNICAMP, 1989).

The S System and the Welfare State in Brazil

A series of policies that emerged at the beginning of the 1920s already delineated the shape of the conservative Welfare State in Brazil, whose main function was to act as an instrument to control the workers' movement. In general, social policies at the time were fragmented and of an emergency nature¹⁸: concerns of public health were treated as legal issues (Santos, 1993; 1998), the school network, which had an elitist and academic nature, was extremely limited (Nagle, 1974) and the housing issue, which was not an object of public policy, comes to the fore only during the period of the populist democracy (1945–1964). According to Malloy (1979), social security policies implemented during this decade had a reformist character and tried to weaken the more radical labour organizations. Favouring the professional groups with greater political influence, the purpose of these policies was to restrict the legitimacy of the workers' leaders in their social demands, and most importantly they aimed to reduce the mobilization capacity of workers in general.

From 1930 onwards, the establishment of a Welfare State of a conservative and authoritarian nature became clear. These characteristics took shape from the decree of the 1935¹⁹ *Lei de Segurança Nacional*, (*National Security Law*) which, whilst repressing the rise of both left and right wing movements, increased the power of the State bureaucracy in formulating and implementing social policies

The Estado Novo Strategy in the Adoption of a Hybrid Welfare State System²⁰

During the first years of the 1930s, industry was concerned with the new social legislation that had been implemented during the first year of the Vargas Government.

¹⁸ An exception during this period was Law Eloy Chaves, 1923.

¹⁹ The increase in the power of State bureaucracy resulted in the creation of a corporation inside the bureaucratic machine which is moved by its private interests (Malloy, 1979), favouring the emergence of corporativism “grammar” – corporatist institutional relations - and bureaucratic insulation (Nunes, 2001)

²⁰ This section is based on Weinstein (1999) and Santos (1979)

Working hours²¹, holidays²², women²³ and children's²⁴ labour, and unionisation²⁵ were among the prominent measures which businessmen helped to formulate²⁶. Collective contracts, arbitration councils and the restriction on the contracting of foreign workers were also defined. The decrees that faced the greatest resistance from industry chiefs referred to 8-hour working days and the regulation of paid holidays. An important result of these measures was the regulation of a system of workers' unions, which were subjected to rigorous State control, and a network of employers' associations and federations that had considerable autonomy²⁷.

In response to the government decree determining the creation of a hierarchical system of workers' unions and employers' associations and federations (Decree 19,770, 19 March 1931), the Centro das Indústrias do Estado de São Paulo (CIESP) [*Centre of Industries of the State of São Paulo*] made a request to the Ministry of Work, Industry and Trade to be known as Federação das Indústrias do Estado de São Paulo (FIESP) [*Federation of Industries the State of São Paulo*], representing all employers' associations in the state. CIESP became officially CIESP/FIESP in May 1931.

²¹ Law 21.314 fixed industrial work to 8 working hours. Decrees 21.186, 22 March and 21.364, 4 May 1932 establish working hours for commercial and industrial workers to eight hours per day, respectively. This legislation was complemented by Decree 22,033, 29 October 1932, which extended commercial daily working hours from 10 to 12 hrs, as long as it was remunerated with extra salary.

²² Decree 17.496, 30 October 1926 – establishes the right to holidays. Decree 19.808, 28 March 1931, suspends the earlier legislation and creates a commission to present a pre-proposal for the reform of the holiday law. The right to holiday is regulated on 1 September 1933 (commerce and banks) and Decree 23.768, 18 January 1934 (industry workers). Decree 23,768 18 January 1934 – determined that only those workers who were union members could take holidays.

²³ Decree 21.417/A, May 1932 establishes rules for pregnant workers and determines that equal work = equal pay.

²⁴ Decree 17.943, 12 October 1927 – consolidation of assistance and protection laws for children. Disregarded ever since with impunity: promulgation of the new Code for Children, by Decree 22.042, 3 November 1932: fixed the age for child work to 14 years, 8 hours a day and prohibited night work.

²⁵ Decree 19.770, 19 March 1931, alters earlier union legislation and distinguishes employers associations from workers' unions. Decree 29.694 about unionisation, 12 July 1934 – regulates legal relations between State, employers and social movements.

²⁶ From the time of its creation (Decree 19.667, 4 February, 1931), the Ministry of Work, Industry and Commerce sent labour law proposals to be previously approved by the employers' association. Note that workers' unions did not receive the same attention.

²⁷ About a dispute between Oliveira Vianna (Getúlio Vargas' right arm) and the São Paulo businessman Roberto Simonsen with regard to the expansion of the State's corporative powers, see Howes "Progressive Conservatism", ch. 8

During the Constitutionalist Revolution of 1932²⁸, the president of FIESP, Roberto Simonsen, went in voluntary exile to Buenos Aires, and the employers' federation had to confront a military governor in the State of São Paulo, Waldomiro Castilho de Lima, Getúlio Vargas' uncle. FIESP joined the revolt, mobilising the resources of the industrial sectors in support of the "Paulista" (*from the State of São Paulo*) troops during the three months of uprising. This experience influenced the FIESP leadership in two important ways.

On the one hand, the FIESP management had an unprecedented opportunity to closely observe the work in the factories of São Paulo and to experiment with various technical and managerial innovations. On the other hand, the experience of collecting funds to finance medical, dental and pharmaceutical assistance to "Paulista" workers had an effect that carried on after the campaign. At the end of the revolt, FIESP's management requested in its bulletin that contributions to these clinics be maintained, a month later, FIESP informed its members that only a small sector of industry was prepared to carry on permanently supporting medical clinics, forcing the federation to drop this initiative.

According to Weinstein (2000), traces of this brief experience of "welfare capitalism" can be found in the later policies developed by the industrial leadership. The political usefulness of offering concrete services to workers was very clear, and made evident by the popularity of the medical clinics. It also demonstrated the precariousness of a social services network solely based on medical assistance at the factory floor level. However, the most important thing that industrialists learned from the attempt to fund health care was that it showed the ineffectiveness of any plan based on voluntary contributions. In other words, if FIESP wanted industry bosses to finance these services, it had to find other means apart from moral persuasion to force them to do so.

A month after the surrender of the rebels, FIESP representatives met with the Governor Waldomiro Castilho de Lima to discuss a social services plan – which would include the building of a workers housing complex, crèches, pre-schools and schools, the creation of food and health co-operatives, as well as a retirement fund – to substitute the legislation regarding remunerated holidays. Despite the fact that nothing came out of this proposal, it is worth mentioning it because it was an option for a tri-partite funding style, of a Germanic type.

A few months after the constitutionalists' surrender, Vargas conceded to the rebels one of their most important demands: elections for the Constitutional Assembly. Roberto Simonsen (who had returned from exile), Horácio Lafer and Alexandre Siciliano

²⁸The Constitutionalist Revolution of 1932 was an armed movement (which occurred between July and October 1932) aiming to bring down the provisional Government of Getúlio Vargas and the institution of a constitutional regime, after the suppression of the 1891 Constitution after the 1930 Revolution.

Júnior became candidates. They all played an important part in the drafting of the project for the 1934 Constitution.

During the first period of the Vargas Government (1930–1934), São Paulo industrialists both supported and opposed the Government. In 1930, CIESP had supported the candidacy of Júlio Prestes, Governor of São Paulo for the Presidency, but during the Vargas Government, the representatives of the São Paulo industrial sector moved more towards the “Getulista” camp. This strange pattern of political participation and opposition on the part of industrialists is a reflection of a complex historical situation at the beginning of the 1930s.

The Creation of SENAI

In November 1937, when Vargas suspended the elections that had been planned, Roberto Simonsen had already broken with the traditional “Paulista” leadership and emerged as a heavyweight participant in the formulation of the Vargas Government economic policy. It was during this year (1937) that the re-organisation process of the Brazilian system of industrial professional training began to gain momentum, but in a contradictory fashion.

An example of this is Article 129 of the 1937 Constitution that, at the same time that it stipulated that industries were forced to create “training schools” for the sons of their employees, it paradoxically asserted that professional education was “essentially the duty of the State”. However, the Law-Decree 1.238, 2 May 1939, formally established the outlines of the professional training that was to serve Brazilian Industry. This decree was formulated by Ministry of Education and Ministry of Work technicians, without the participation of either workers or businessmen.

At the Ministry of Education, Rodolpho Fuchs, advisor to Gustavo Capanema (Minister of Education), was the person in government directing the discussions about professional training. In a 1938 report (entitled “Os Defeitos do Ensino Profissional Brasileiro” – *The Problems with Brazilian Professional Training*), Fuchs recommended that Brazil follow the example of Germany, and make professional training compulsory for all young people working in industry.

In May 1939, after the publication of the Law-decree 1.238, an inter-ministerial commission (Ministries of Education and Work) met to discuss four potentially polemic and interlinked issues²⁹: Who should supervise and manage professional education? Should courses be restricted to factories with more than 500 workers? What part of the workforce would demand extensive and formal training? Who should fund these courses?

²⁹ According to Weinstein (1999: 115), this commission decided to create regional councils to supervise work placements and professional courses in the country, in partnership with representatives of the Government, Industry and Unions.

According to Carone (1978: 273–284), Roberto Simonsen suggested to start modestly with schools concentrating on the qualifications of teachers and the development of the skills of experienced workers. In relation to funding, Simonsen's proposal was that the State, industries and workers should jointly pay for the costs of professional training in Brazil. However, the consensus being built did not have the support of Gustavo Capanema, at the time Minister of Education.

In July 1940, Capanema wrote to President Getúlio Vargas complaining of the new directives that were being drafted for professional training. He argued that it was difficult to accept a programme of professional education in which the Ministry of Education would have a marginal role, and that he wished to treat the issue of workers' education in response to industrial demand. In a later communication to Vargas, Capanema requested direct Federal control over the new training system (Schwartzman, Bomeny and Costa, 1984: 238). But Vargas seemed receptive to the argument (propounded by the Minister for Work, Waldemar Falcão) that the proposals suggested by Capanema would be too expensive for the Federal Government.

Within this context, a second commission was formed, this time with the participation of Roberto Simonsen (President of FIESP), Euvaldo Lodi (President of CNI – National Industry Confederation), Valentim Bouças (Secretary of the Technical Council of Economics and Finances), as well as some advisors. Aiming to increase the industry sector's administrative control, reduce the influence of federal employees and eliminate the participation of workers' representatives, Simonsen proposed to Capanema, in July 1940, that industrialists should assume total responsibility for financing the new training programme. Capanema rejected these suggestions, but the Minister for Work, Waldemar Falcão, and Vargas himself, were receptive to Simonsen's proposals. Industry bosses preferred to take on responsibility for the training of part of the skilled workforce and to try to increase their control over the process.

In September 1941, the commission delivered the report to Capanema, in which Simonsen placed the mission of the commission in the context of the objectives of the *Estado Novo*, advocating the accelerated industrial development of Brazil. The industrialization process required not only the development of the existing workforce, but also the training of new technicians, skilled professionals and factory workers. Still using the language of the *Estado Novo*, Simonsen asserted that the employers' associations and regional federations recognised by the Vargas regime were the ideal organisations for funding and managing the new training programme for industry professionals. Nearly all of the conclusions in the report would be incorporated in to the Law-decree proposal presented to the commission in December 1941. Once more Capanema raised numerous objections to the commission's proposals. Capanema's criticisms only served to change the name of the programme: *Serviço Nacional de Formação de Industriários* (National Service for the Training of Industry Workers) – later transformed into *Serviço Nacional de Aprendizagem Industrial* (SENAI). Vargas

did not share Capanema's objections to the new programme and on 22 January 1942, the Law-Decree 4.048, which established SENAI, was promulgated.

For industry chiefs the creation of SENAI represented a clear victory. It created a training programme perfectly adjusted to the needs and the interests of industry, practically free of interference from the State. Furthermore, SENAI's structure excluded the workers' unions from participating in the process of professional training, at the same time that it allowed industrialists to receive all the praise for an initiative that served the interests of the nation and of the working classes.

According to the Law-Decree which established SENAI, all industrial companies should give a monthly contribution of "dois mil réis por empregado por mês" 2,000 *reís per employee per month*). The criteria used for the distribution of resources guaranteed that the most industrialised areas would be the greatest beneficiaries of the new programme.

The Constitutionalist Revolution experience showed that most industrialists were not prepared to contribute voluntarily to an ambitious project that had little chance of bringing immediate returns. However, in the format in which it was established, SENAI no longer relied on the generosity of the average industrial chief. As it was created through a federal decree, contributions were compulsory, as were the actual number of apprentices contracted by each industry, which automatically guaranteed a certain amount of time left for their studies. In this way, it could be said that SENAI was organised by combining the State's capacity to coerce, with the tendency of the private sector to value its autonomy.

The Creation of SESI

In the year in which FIESP created the Fundação de Assistência ao Trabalhador (1946) [*Workers' Assistance Foundation*], President Eurico Dutra promulgated the Law-decree 9.403 on 25 July 1946, which created the Industry Social Services (SESI). This decree also established a National Council to supervise its activities under the direction of the President of CNI, the representatives of the state industry federations and the Ministry for Work³⁰. To finance SESI, the Law-Decree 9.403 obliged the industrial companies to contribute 2 per cent of their pay roll each month (double the amount of compulsory contribution collected by SENAI). Like SENAI, SESI was established as an autarchy – an officially recognised body, with the legal prerogatives of a private company. The same decree which made contributions compulsory left SESI's activities fully under the control of the industrialists, allowing it plenty of margin for extensive regional autonomy.

³⁰ Regional Boards have a similar composition: in S. Paulo, for example, the Board includes the president of FIESP and a representative of the State Work Department.

Seeing that the major concern in the urban areas was the problem of poverty, a good part of SESI's funding and activities were geared towards programmes of material assistance, especially the supply points. However, for the leaders of industry, the most serious problem was related to the re-emergence of working class militancy and the revitalisation of the Brazilian Communist Party (PCB), whose candidate received 10 per cent of the votes in the post-war presidential elections. Thus, SESI tried to foster co-operation between classes and "social peace" as a way to combat communism (Weinstein, 1999).

Confronted with the extraordinary challenges of the post-war period, industrial leaders invested considerable financial and ideological resources in both organisations so as to deal with "labour problems" in its wider sense. In this way, SESI and SENAI served as moral and technical shields for industrialists, allowing them to face a new era of union mobilisation, democratisation and the populist politics that characterised the 1945–1964 period.

The Welfare State in Recent Brazilian History

Between the years of 1945 and 1964 (the phase of populist democracy), there were very few changes to the institutional design of the Brazilian Welfare State (Malloy, 1979:83). The most important advances were concentrated in the social area and in the representative system.

In health, for example, there was an expansion in the supply of medical care services; in the area of work, there was intense mobilisation of public bodies about salary policy; at this time housing started to be seen as a social issue (*Reformas de Base – Base Reforms*); and in the area of education, the democratisation of education and professional qualification seem to have become more relevant (Barcellos, 1983). However, in social security, the corporative structures established during the earlier period remained intact.

Profound changes

The period that followed, that of the 1964 coup, was marked by profound changes to the institutional and financial structures of social policies. But, at the same time that the security system was becoming consolidated, repression of the social movements that were demanding their rights became more intense.

From an institutional point of view, the Instituto Nacional da Previdência Social (INPS) [*National Institute for Social Security*] was created (Decree 72/66, 21 November 1966), which controlled, managed and allocated not only the resources resulting from insurance related to accidents at work (Santos, 1979) (Law 5.316, 14 September 1967), but also the resources collected to fund the S System. The financial and administrative basis of a centralised state apparatus allowed for more complex social action than

those seen during the “Getulista” era. This implied a large volume of social expenditure, encouraging the participation of the private sector in this process (Martine, 1989).

With regard to social public policies, this period was characterised by the implementation of assistencialist policies – to compensate for the intense concentration of income and the impact of growing inequalities provoked by the acceleration of capitalist development – as well as policies of a productivist nature – which aimed to revitalise the process of economic growth in Brazil. In the area of education, policies implemented during this period aimed to increase the productivity of the unskilled labour force and to meet the demands of more skilled workers (Medeiros, 2001).

Innovations registered during this period re-enforced the particularist aspects of the Brazilian Social Security System, in detriment of more extensive re-distributional objectives. If, on the one hand, the participation of the private sector helped to expand the system of social security in the country, on the other hand, it transferred resources to the sectors of society with greater income and capacity for political mobilisation. A result of this is that these sectors managed to guide social policies so as to serve their own political and private interests. This means that if there were improvements to the process of expansion of the social protection schemes and the institutional centralisation of the system, with regard to beneficiaries, benefits and institutions, a pattern was established which according to Draibe (1989) was selective, heterogeneous and fragmented.

In this way, the major backward step which characterised the actions of the Brazilian Welfare State during the military period is related to the limitation of the groups who received provision – re-enforcing a system of horizontal (between individuals of the same group), and not vertical (between different groups), re-distribution. These characteristics led Draibe (1989) to call the Social Welfare State, particularly during the 1970s and 1980s, “meritocratic-particularist-clientelist”.

The re-democratisations process

During the recent period of re-democratisation of the regime (1985) a profound economic crisis reduced the resources directed towards the social areas. The legislative and executive structures set up during the military period favoured the electoral use of social policies, at the same time in which the lack of political support and adequate planning prevented the development of programmes with large social impact.

Between 1985 and 1988, in an attempt to recover the “social debt”, the Executive implemented emergency programmes, such as the food supplementation programme and unemployment benefit (Draibe, 1989). When the legislature elaborated the Nova Carta (1988) [New Brazilian Constitution], it promoted the extension of formal rights (especially social security labour rights), as well as other innovations: it promoted the de-centralisation of public policies, the linking of programmes and a stronger partnership between the Government and social movements (Arretche, 1999).

The 1987–1992 period saw the expansion of assistentialism, physiologism and clientelism, as well as budgetary and bureaucratic breakdown in the social field. According to Fagnani, this period is characterised by the “bureaucratic dismantling and fragmentation” of the Brazilian Social Welfare State (Fagnani, 1997).

From the 1990s onwards, public policies have been directed to issues of economic policy: the balancing and maintenance of the economy, the reduction of inflation, denationalisation, prioritisation of external markets, the increase in industrial competition, the reduction of commercial barriers and the modernisation of the apparatus of the State and the financial system. From 1993, social policies have become more focused on low-income beneficiaries and the promotion of greater social participation through the creation of Municipal Councils (Draibe 1998). This remains one of the main characteristics that have marked social policies implemented by the Fernando Henrique Cardoso and Luiz Inácio Lula da Silva administrations.

The new phase of development that the country is going through requires the incorporation of new technologies, and therefore, of a more qualified and flexible workforce. In this way, workers face more rotation in employment and the State is more austere. Thus the role that the S System plays in building a new social policy paradigm and in the development of the Brazilian Social Welfare State is of fundamental importance.

The Process of Modernization in Brazil

Studies developed in Brazil about the country’s process of modernization start from the premise that the industrial bourgeoisie at the beginning of the 20th century was politically weak, insufficiently modern and incapable of developing its own economic and social projects for society (Weffort, 1978, Cardoso, 1964, Lopes, 1964, and Rodrigues, 1966). According to these studies, the inability of industries to effectively promote a project that would be the hegemonic expression of its class resulted in a power vacuum that was filled by the so-called ‘Estado de Compromisso’ (*Coalition State*). According to this concept, in the absence of an economically strong national bourgeoisie, the State elite, insulated and autonomous, came to occupy the place of this class, creating the conditions for Brazil to overcome its dependency on the global economy.

The formation of this ‘coalition’ under the authoritarian regime of 1937 – 1945, with particularist characteristics (corporativism, clientelism and patrimonialism) did not have the same characteristics as coalitions observed in the capitalist economies by Esping-Andersen (1990), Przeworski and Wallerstein (1988) and Lipietz (1992)³¹. If

³¹ According to Esping-Andersen (1990), the Welfare State manages “class commitment” in relation to the legitimization of the private means of production in exchange for political institutions which allow work-

in Europe the emergence of the Welfare State seals a compromise that resulted from the bargaining process with politically strong workers' organisations, in Brazil, the absence of this force ensured that the purpose of the welfare state was the regulation of the workforce in an industry with limited dimensions. For this reason, it is argued that the Welfare State in Brazil served as a mechanism for the establishment of the industrial workforce.

From another perspective, studies have highlighted the capacity of the industrial leadership in the Brazilian modernization process to adopt innovative strategies both in the political and the economic areas. According to this point of view, it is important to note that, throughout this process, Brazilian industrialists were successful in not only using the State's capacity for coercion in making autonomous and insulated political decisions about the direction of industrialization, but most importantly, were also successful in doing so with the support of workers' organisations – which were even co-opted into disciplining the workers themselves. Within this context, 'industrialists and industry technocrats are not the intellectually weak and politically inept elites that appear in the "Estado de Compromisso" version of modern Brazilian history. ... Far from transferring their social and intellectual role to a corporative State, Brazilian industrialists and their technocrat allies aggressively aimed to take the lead in the re-organisation of industrial relations and the construction of a new urban-industrial society' (Weinstein, 1999:24). According to this perspective, the role of the S System in the process of the emergence and consolidation of the Social Welfare State in Brazil is of extreme importance.

Professional Training: Origin and current stage of development

Since it was implemented in Brazil in 1909, professional training went through high and low periods, from the foundation of the first professional training schools for crafts workers and apprentices, and later on more systematically, when the S System was constituted with the foundation of SENAI in 1942. At present it seems that the country is again in a period favouring the development of this type of education, through activities driven by the government to increase the access of the population to training for the employment market. It is important, however, to analyse the nature of professional training, so as to understand if its purpose, both today and when it

ers' representatives to manage part of the economy. Whereas for Przeworsky and Wallerstein (1988) the Welfare State encourages a Keynesian commitment with regard to the mediation of private relations by democratic political institutions with macro-economic objectives, Lipeitz (1992) treats the emergence of the Welfare State from the point of view of a "fordist commitment", in which the workers have the control over the organisation of the labour process and technology innovation in exchange for the redistribution of productivity gains and full employment.

was created, is merely to train the workforce for an emerging market or if it is also to provide a full education to workers.

An instrumental approach

The 1930s, when the industrialization process in the country began, represent the starting point of professional training in the country. The constitution of 1937 defined the establishment of vocational schools as a duty of the State, to be set up with the contribution of the emerging companies. But the purpose of this education was merely instrumental, that is, its exclusive aim was to train the workforce to better serve the demands of the market. There is a dichotomy between what is considered to be the education of the elites and the professional training of the workforce. In this way, the 'Leis Orgânicas da Educação Nacional – Ensino Secundário (1942), Ensino Comercial (1943), Ensino Primário, Normal e Agrícola' (1946)³² – made this explicit when it declared that the objective of secondary and teacher's training colleges were "formar as elites condutoras do país" (*to educate the guiding elites of the country*), while that of professional training is to "propiciar a formação adequada aos filhos dos operários, aos desvalidos da sorte e aos menos afortunados, que necessitam integrar precocemente a força de trabalho" (*to provide adequate training to the sons of factory workers and those who are bereft of luck and less fortunate and needed to join the workforce earlier than normal*) (Conselho Nacional da Educação [*National Education Council*], (Gonçalves e Botini et. al., 2002).

Bonamino argues that despite the fact that the dichotomy between professional training and universal education decreased with the end of the Estado Novo, a more significant link between them was first formed at the beginning of the 1960s, with the equivalence between professional training and secondary education (1999). For the author, a stricter relationship between education and work came about post-64, with the establishment of the military regime in the country. From 1971, secondary education and technical training were integrated. As technical education came to be considered essential to boost the economic development of the country, it was made compulsory so that all teaching institutions had to have a professional sing character, regardless of their limitations.

The idea of transforming Brazil into an industrial power, through the establishment of a growing number of industries in the country, led the military government (1964–1985) to regard professional training as indispensable for technological innovation. It was necessary to develop a duly qualified workforce, suited to the demands of global capitalism, so that the development aims, as defined by the government, would be met. Furthermore, growing demand for quality education and professional train-

³² [National Education Organic Laws – Secondary Teaching (1942), Commercial Training (1943), Primary, Teacher Training and Agricultural Teaching (1946)],

ing led the regime to opt for the latter as a strategy to keep these demands in check. Professional training was added to the secondary education curriculum as a means to attain this objective.

But the limitations of this strategy were soon apparent. In practice, this experience meant that secondary education consisted of many disparate subjects. On the other hand, there was pressure from different agents to the end this type of curricular system: students preferred a more wide-ranging education, more adequate in preparing them for university entrance examinations; private school owners saw this method as a way of charging more; businessmen were unwilling to indiscriminately offer work-placements; and finally, teachers at technical schools saw it as a way to degrade and devalue the serious and committed work they had been doing in specialised schools (Cunha, 1998). Thus, in 1982, law n. 7.004 is decreed and professional training is no longer a compulsory part of secondary education in Brazil.

A demand for higher educational level

Currently, low educational levels are a barrier to people's entry into the employment market. There are a growing number of companies in Brazil that demand a higher educational level from the workers they contract. The current phase of world economic development also points towards the need to have an increasingly able workforce. From November 2006 the Ministry of Education revoked law n. 9649 decreed in 1998, which imposed restrictions on the expansion of professional training, therefore allowing the Union to increase the number of federal technical colleges and decentralised units. Thus, the state initiated a new period focusing on professional education, and in this way, the supply of professional training in Brazil has increased (www.pr.senai.br/portaleducacional/News).

Between 2008 and 2010, the Government plans to invest R\$ 700 million per year to build technical colleges, and R\$ 500 million per year to run them. The target to be reached, according to official planning, is 50 schools in 2008, and a further 50 in 2009, and the remainder in 2010. This plan is the second phase of an on-going process that has already established 64 (technical) schools. The idea is that the two phases together will add 274,000 extra places to the existing 160,000. This initiative is part of the Plano de Desenvolvimento da Educação (PDE) [*Education Development Plan*], as proposed by the Federal Government (www.pr.senai.br/portaleducacional/News). The Confederação Nacional da Indústria (CNI) [*National Industry Confederation*], the entity which co-ordinates the activities of SESI and SENAI, aims to contribute to the process of the expansion of professional training in Brazil with its programme "Educação para a Nova Indústria" (*Education for a New Industry*). This project aims to invest R\$10.45bn and to offer technical training to 16.2 million Brazilians by 2010 (<http://www.senai.br/br/destaque/destaque.aspx?id=990>). As well as offering the

skills that are needed by the employment market, the plan is that these schools will also offer students general knowledge and develop other skills.

As it will become clear in following sections the idea is that the educational training provided to the workers will not only qualify them on technical skills but also to provide the means for them to develop their general knowledge and critical abilities. It is important to enquire into whether this is in fact the case. Does this new phase really represent a breakthrough in terms of professional qualification in Brazil? This question will be addressed at a later stage in this research.

2.3 Partnerships and Management of the System

The S System has rapidly expanded and improved its activities during the last few years. New and growing demands for a better educated and professionally skilled labour force, inserted within an expanding global market, has driven the creation of new professional courses and the re-modelling of old ones. On the other hand, the expansion in public policies aimed at social inclusion and the limitations of the State in implementing them has encouraged the establishment of partnerships between different S System organisations, and likewise of the S System with the government and the private sector.

The partnerships between SESI (*Industry Social Services*) and SENAI (*National System for Industrial Training*) are good illustrations of this trend. These organisations have similar characteristics in that they both focus on service provision, in particular in relation to educational services, for industry workers and their dependants. However, in terms of education, SESI has particularly focused on basic education: that is, pre-school, primary and secondary education, whereas SENAI has concentrated on professional training. During the last few years SESI and SENAI, in partnerships with the private sector, have established the Educação Básica e Educação Profissional programme, EBEP (*Basic Education & Professional Education Programme*), which are secondary education level courses, which according to these organisations aim to improve students' general knowledge and at the same time offer a more skilled education from a professional point of view. (<http://www.dn.senai.br/sb/sb91/editorial.pdf>). These objectives were to be realised through the development of new skills by managers, technicians and teachers working in these institutions, the exchange of methodological experiences, and the development of new curricular models. In secondary education, as well as a complete programme of learning in the classroom, the student starts a work placement in one of the partner companies of this programme during their second year of study.

One of the most incisive criticisms of professional training is that students receive a partial education, focused on production techniques and based on the logic of capital-

ist development. However, institutions charged with professional training claim that their courses are not partial and do not have an ideological nature, arguing that their curriculum contributes to the education of students similarly to any other school, with the advantage that it gives them extra skills to carry out specific professional activities. SESI and SENAI argue that through their integrated courses they are contributing even more to providing a full education, in that students develop their analytical skills through studying subjects such as sociology, philosophy, history, etc., and at the same time acquire technical knowledge that assists them in entering the employment market. In order to ascertain to what point this and other professional training initiatives are in fact contributing to the complete development of students, it is necessary to research more thoroughly the curricula and the teaching methods used on these courses. This is one of the aims of this research.

Extended partnership

Partnerships established between the Federal Government and S System organisations are growing. On the one hand, the government has been exerting increasing pressure on these organisations to make them share the responsibility of providing services to the population that have traditionally been understood to be the responsibility of the State. On the other hand, there is a constant demand on the part of these organisations that resources be made available for these services be expanded. SESI alone has partnerships with the Federal Government that involve seven Ministries: Health, Education, Culture, Tourism, Sport, Social Development and the Combat of Hunger and the Ministry of Justice. The “Por um Brasil Alfabetizado” programme (*Literate Brazil Programme*), which is responsible for the teaching of reading and writing to young people and adults, is the main programme in partnership with the Ministry of Education (SESI Nacional, 2005). With regard to SENAC (*National System for Commercial Training*) there are four partnerships established with the Federal Government: the “Soldado Cidadão” programme (*Citizen Soldier*), which is a programme providing professional training to young people doing their military service, in partnership with the Ministries of Work and Employment and with the Ministry of National Defence; the “Menor Aprendiz” programme (*Young Apprentice*), in partnership with the Ministry of Work, which aims to assist young people – its target public is between 14 and 24 years of age – to enter the employment market; and the “Alimentos Seguros” programme (*Safe Food*) which aims to provide food safety training and the implementation of good dietary practices in hotels and restaurants, also in partnership with the Ministry for Tourism.

These partnerships have meant the investment of new public resources by the government in these organisations, and are seen as a way of facilitating the implementation of social programmes in the areas of combating poverty, improving literacy rates and health promotion, by using the specialised technical services already available in

these organisations. It is therefore necessary to understand how these partnerships are established, what contribution they offer to the government in developing social projects, and what their cost-benefit ratio is. It is also necessary to assess up to what point services contracted by the Government are adequate in servicing the needs of their target public. For example, in the State of Rio de Janeiro, the Federal Government, through SEPIR – Secretaria Promoção da Igualdade Racial [*Secretariat for the Promotion of Racial Equality*], used SESI last year to promote literacy courses to Quilombola communities³³. However, it would be worth asking up to what point the standard SESI courses would have the necessary teaching resources to deal with specialist issues such as those linked to the experiences of these communities?

At the same time as the S System has been strengthening itself through the expansion of its activities and partnerships, it has suffered from unprecedented pressures over the last few years. If on the one hand the Government elected in 2002 has contributed to the expansion of this system through establishing new partnerships and through its emphasis on professional training³⁴, on the other hand, in order to satisfy the growing demands for the reduction of business taxes and approve the continuation of contributions considered fundamental by the Government, the reform of the S System has been opened up to discussion. During the negotiations to approve the continuation of the CPMF³⁵ up to 2011, there have been proposals to change the contribution basis of the S System. On 31st October of this year, the Minister for Planning, Paulo Bernardo, proposed to exonerate business costs through a reduction of contributions to the S System which could amount to R\$8bn annually.³⁶ This proposal has been strongly resisted by those who manage the S system.³⁷

The anxiety created by the possibility of changes to the S System income base have led to an expansion in the number of charged services provided to the population. The charging of fees for service provision has even been introduced to services that were traditionally offered for free to the beneficiaries of the S System (workers and their

³³ Quilombola Communities are mainly made up of ethnic black populations who define themselves according to their relationship with their environment, ancestry and cultural traditions.

³⁴ In June 2005 the Government promulgated the complementary Education law 154 and the provisional measure 251 to promote and extend professional training in the country.

³⁵ CPMF is a tax of 0.38% paid on all financial transactions. The proposal to continue with the CPMF is linked to the intention of the Government to increase resources in Health in 2008 by R\$4bn.

³⁶ <http://www2.opopular.com.br/ultimas/noticia.php?cod=328339>

³⁷ In the Assembléia Nacional Constituinte de 1988 (The 1988 National Constituent Assembly), the same pressure from business was seen. But the groups that coordinated the S System, managed to collect more than 1.6 million signatures in support of this system. Thus the S System was not only kept in place but in fact expanded (Cunha 2000: 104).

dependants). A charge of R\$50 per month has been recently introduced by SESI for its primary education courses. This is a good example of these changes. This seems to indicate that the S System is trying to assert itself in the market as an autonomous service provider.

S System Management and Workers' Participation

The different organisations that constitute the S System are managed through their National and Regional Boards. They have decision-making functions and are responsible for planning activities, implementing projects and controlling costs. Funds received in the states are managed by state boards, which must pass on 25 per cent of their total revenue to their respective national bodies. Account auditing of each organisation is done in the first place by internal accountants and then sent each year to the *Corregedoria Geral da União – CGU (Federal Audit Office)*, which can either approve the accounts, or if there are irregularities, send them on to the *Tribunal de Contas da União - TCU (Accounts Tribunal)*. The TCU can also audit the S System's accounts.

Inclusion of workers

One of the most recent innovations found in the System's management plan is the inclusion of workers in the S System structure. The election of President Luis Inácio Lula da Silva saw the start of an effective process of opening up participation in the S System management structure to workers. First of all, in February 2003, nominated by the President, Jair Meneguelli – a SENAI pupil, an ex-union leader with a long career as president of the main Trade Union Central in the country, Central Única dos Trabalhadores (CUT) and an ex-parliamentarian – took over the presidency of SESI's National Board. SESI, in keeping with a typically corporatist model, is the only organisation within the S System structure – since its creation in 1946 – where the President of the Republic nominates the president of its National Board. The boards of the other bodies that constitute the S System have their presidents nominated by their respective National Confederations (employers' organisations). These posts are normally taken up by the very same people. The nomination of Jair Meneguelli to the presidency of SESI, is seen as an important bench mark in the structure of the S System since it is the first time that a workers' representative takes up a central position of leadership in a structure that has been traditionally managed by business people.

Secondly, as a result of a long-standing demand of workers and unions and, more recently as a result of negotiation and the agreements reached at the S System Forum (FSS), workers – from 2006 onwards – have won the right to become members of the management committees of the main organisations that make up the S System. The demand for the inclusion of workers in the structures of the S System has always met with resistance on the part of business leaders who have had the control of these

organisations. The employers' argument has been that since the income of these organisations has come from employers' contributions (2.5 per cent of the total pay-roll), S System resources should be exclusively managed by the private sector. In March 2006, after a long process of negotiation and discussion between workers, the government and business leaders, conducted through the S System Forum, the President of the Republic signed a decree which ensured the participation of workers on the Advisory Boards of the four main organizations which make up the S System: SESI, SENAI, SESC and SENAC.

At the time the agreement was signed there were assertions that over the following months workers would also be included on the Advisory Boards of the other bodies which make up the S System. But there has been resistance to the inclusion of workers in the other organisations. SEBRAE (*Brazilian Micro and Small Business Support Service*), for example, argues that it does not make sense to include workers in a structure that concerns itself exclusively with the provision of consultancies and services to business people. It is true that a presidential decree would guarantee the participation of workers without the need for the consent of these bodies. However, whilst on the one hand this gives bargaining power to workers' organisations that have the support of the president for this initiative, the practice recently adopted by both workers and the government, which favours negotiation over confrontation, seems to indicate that negotiations for the inclusion of workers will carry on. Understanding how the introduction and the participation of workers in to the S System is taking place is another important aim of this research. Another issue in this process is related to the proportion of workers' to business people in the managing committees. The inclusion of workers in the structures of the S System has occurred in a different way from that originally envisaged by their representative categories. Demands traditionally presented by trade union centrals and strongly resisted by members of the S System were for a tri-partite inclusion of workers, which does not reflect the present structure.

Once workers are included, which has been planned to happen from January 2008 onwards, the Advisory Boards of SESI, SENAI, SENAC and SESC will be composed thus: The National Boards of SESI and SENAI will have 27 employers' organisation representatives (one per state) and six incumbent workers representatives (and a further six substitutes), nominated by the trade union centrals and the confederation of industry workers, as well as Government representatives. The Statute which establishes workers' representation states that only organisations that have a minimum of 20 per cent of workers as members in relation to the total number of workers for that industry in the country can nominate representatives. The nomination of the number of workers per union central is proportional to its representativeness within the category. With regard to the SESI and SENAI regional boards, they will have an incumbent worker representative and a substitute nominated by the workers' organisation with the great-

est representativeness within that state. The trade union centrals can come together to nominate representatives.³⁸

In the case of SENAC and SESC the number of workers' representatives on the Federal Boards is the same, but only trade union centrals can nominate them. On the state boards, workers' participation consists of two incumbent representatives (and two substitutes) nominated by labour organisations with up to 100,000 commerce workers who are registered in the Instituto Nacional de Seguridade Social – INSS (*National Institute for Social Security*) and by three representatives, nominated by entities who have more than 100,000 commerce workers registered in the INSS (System S Forum, 2006: 9).

What kind of impact?

Taking into account what has been reached in terms of workers' representation and what was originally demanded, it is necessary to ask up to what point the inclusion of workers is in fact a significant gain for this category.

According to Jair Meneguelli, ex-union representative and current president of SESI's National Board, the lack of parity is not a restraining factor for the effective participation of workers on the Boards. On the contrary, parity can create immobilisation. In his opinion, the most important thing is that workers follow discussions and can put forward their opinion. He comments:

“(...) I believe that things are not sorted out simply because there is parity. I think that what is important is to have participation. Because in reality in the meetings I've had during the past five years since I have been on the SESI Board, there has never been any voting. It is all done unanimously. Every time there is a problem, we remove it from the agenda, re-think and it will be back on the agenda for the next meeting. We have acted in this way, always looking for a consensus, bringing and developing ideas, looking at the best practices in each state and bringing forward these ideas to see how others take them on. Sometime they are taken on, sometimes not. This is more or less how we have been conducting matters on the Board, with regard to SESI, which I preside. The important thing is that after 65 years, for the first time, for now, we have six representatives: six incumbent and six substitutes, on the National Boards of SESI, SENAI, SESC and SENAC... So I am absolutely certain that six workers who are representing the Union centrals on the Board, I am absolutely certain, that they will be heard, with absolute certainty. They will be definitely bringing the real demands to the president of the federations, of industries... which don't get to them, to the workers' representatives on the Board,

³⁸ In fact, this is what union centrals have proposed. All union centrals in the country have organised themselves in a consortium, so as to nominate members to take up positions on the boards.

these real demands from the factories, the unions, the categories, they will get to the Boards.” (Interview, 05/10/2007).

This view does not seem to be consensual. A seminar was organised by the S System Forum for businessmen, the current managers of the S System, technicians and workers, so that the latter could better understand the working structures of the S System and discuss their role, in which members of different union centrals raised questions in relation to the fact that workers did not have parity³⁹. But even if parity representation had been the ideal result, it seems that there is a certain consensus among members of the union centrals that what has been achieved up to now, as result of the negotiations between workers and business leaders, is an important step in that it offers opportunities for new conquests and enables workers to follow what is happening inside these structures⁴⁰. According to a source, who prefers to remain nameless because of the role they have in the S System structure:

“The inclusion of workers in such closed structures such as the S System is a historic landmark. Of course parity would have been ideal, but things do not happen all at once. All that was possible was done. Now workers are going to be there, knowing what is going on inside and this is very positive. The tradition inside these structures is that decisions are taken through consensus; that conflicts are avoided. Workers have contact with society, and therefore if decisions that are taken diverge considerably from those (opinions) that workers have, they can exert pressure through civil society. The important thing is that now they will follow all that is going on and will be able to give their opinion about the process” (Conversation with a worker of an S System organisation – 31/10/2007).

For Jair Meneguelli, participation on the Boards is important since these organisations have central functions within the S System. He comments:

“The Board can do everything. The Board establishes regulations for the System. It therefore has total power. The Board monitors, the Board can intervene in a

³⁹ This seminar was considered innovative by those that took part, since it put together for the first time in the history of the S System, workers and the traditional management members (observation made by a member of the team that took part in the seminar). National and regional seminars and training courses are taking place so that workers’ representatives are properly trained to act as board members. Their purpose is to provide guidance to workers about the role of these structures so that they are better able to intervene.

⁴⁰ Observation made from the statements of various workers present during the Seminar “Seminário de Integração dos Representantes dos Trabalhadores nos Conselhos do SESC, SENAC, SESI e SENAI” [Integration Seminar of Workers’ Board Representatives for SESC, SENAC, SESI and SENAI] – 31/10/2007, to which one of the authors of this report participated as a guest.

department, I myself have intervened in a state in the North East, which was... the mobile units were being used for a campaign for a candidate to government, for the position of governor of the state. It was like this, a SESI and SENAI placard, with the posters of the governor, so I intervened. The Board has the power to intervene, the Board monitors, it approves accounts (or not); the Board establishes the regulations for Brazil. Although regional boards have a certain amount of autonomy, the Board can establish regulations... So what are my expectations? What is going on today... let's take SENAI as an example. Who decides what SENAI has to offer? The demands of industry. Industry to industry. That is how SENAI works. It provides training according to what industries ask for... the worker will now have the opportunity to come and discuss the type of courses we need. Should there be only courses that companies are asking for, or other courses that companies are not asking for, which we can ask for. Workers will also be able to bring their strategic vision of where we are going and what we want, which up to now has always been determined by businesses." (Interview 05/10/2005)

Leaving aside the symbolic role of the two initiatives debated above (the inclusion of a worker as the president of SESI, and the inclusion of workers on the national and state boards of SESI, SENAI, SENAC and SESC), and the fact that workers within the S System institutions will monitor and possibly participate in the decision-making process of these organisations, it is necessary to ask up to what point this inclusion will in fact mean a greater and more effective control over these structures, or whether it will mean a movement towards the co-opting of workers? The research will attempt to address these issues through further studies and the monitoring of the decision-making process within these institutions since the inclusion of workers.

2.4 Description of the S System

This part of the report focuses on the S System by means of a descriptive analysis of the services provided by its institutions. The principal objective is to highlight the main services provided by each S System organization, so that later they can be analysed in terms of their dimension, proposals, investments and results.

The National Industry Confederation (CNI)

CNI is the employers' organization which co-ordinates SESI and SENAI's activities. It represents the 27 industry federations in Brazil, that is, more than 1,000 member employers' associations and 196,000 industrial establishments. CNI acts on behalf of

the interests of the productive industry and contributes to the formulation of public policies for this sector. The following descriptions aim to give an idea as to how this entity operates, through the organizations of the S System, within the area of professional training.

Industrial Social Services⁴¹ (SESI)

SESI has a large infrastructure throughout Brazil, which is made up of 324 activity centres, 748 operational units, and 748 mobile units, totalling 1,963 units, through which it develops its activities at a national level. The majority of these units are used for educational, leisure and health provision services, as can be shown in table 2.1.

Table 2.1: SESI's infrastructure throughout Brazil

Establishments	
Classrooms	11,701
Audio-visual rooms	3,457
Libraries	234
Medical Consultation Rooms	668
Dental Consultation Rooms	1,229
X-ray Centres	131
Nursing Rooms	160
Laboratories	150
Workers Clubs	127
Sports Hall	248
Stadiums	64
Auditoriums/Cinemas/Theatres	184
Holiday Camps	8
Swimming Pools	527
Sports Courts	623
Football Pitches	312
Athletics Tracks	61
Gyms	198
Chemists	92
Industrial Kitchens	19

⁴¹ Most data provided in this section comes from SESI's website - www.sesi.org.br

Education

Education is one of SESI's main social contributions. Traditionally, the institution is known for its role within primary education – the first 9 years of education — but recently, it has also been gaining recognition for other educational activities, some of them in partnership with the Federal Government, municipalities, NGOs, private institutions or even other S System institutions, for example, with SENAI for the development of secondary school courses. The numbers below give an indication of the magnitude of these projects (annual averages):

- 35,293 enrolments in pre-school education;
- 167,801 enrolments in primary education
- 179,062 enrolments in secondary school education (education of young people and adults, joint SESI and SENAI programme);
- 265,339 enrolments in education for workers (education of young people and adults – primary and secondary education);
- 892,745 enrolments in life-long education (on-site and distance learning).

There are also other SESI Educational Projects: Education for Workers; *Por um Brasil Alfabetizado* (*Literate Brazil Programme*); *Indústria do Conhecimento* (*Knowledge Industry*); *Sesinho* (*Pre-school project*). In the sections below we give a short presentation of each of them.

Education for Workers

The Education for Workers Project aims to educate the workforce through activities in the classroom, in the community and within companies, by providing basic and medium level courses for the over-14 population. Both companies and public organizations can request SESI services to develop these activities. Courses are normally developed in-company or within spaces provided by SESI.

Por um Brasil Alfabetizado Project

This project is developed in partnership with the Ministry of Education and with local governments and NGOs. It aims to promote the literacy of young people and adults over 15 years of age. In 2006 SESI, in partnership with UNESCO, implemented an assessment programme for this project using models developed and accepted worldwide. The result of this process, despite revealing the impact of deficiencies inherent to the socio-economic position of its users, reveals a reasonably satisfactory picture.⁴²

⁴² See http://www.sesi.org.br/pesquisa/src/sum_alfabetizacao.pdf.

Ministry of Education data identified 1,100 municipalities where rates of illiteracy were over 35 per cent, of which 93 per cent were found in the North-Eastern region of the country. The aim is to give priority to these municipalities in the implementation of literacy programmes for young people and adults.

Knowledge Industries

The so-called Knowledge Industries are multi-media centres that are used to promote digital inclusion. According to data from the Fundação Getúlio Vargas (*Getúlio Vargas Foundation*), in 2003 alone 12.46 per cent of people in Brazil had computers at home.⁴³

The main objective of Knowledge Industries is to enable workers and their families to be digitally included, and have wider access to information and reading materials. Units are equipped with ten computers connected to the internet, reading rooms and libraries with books, CDs, DVDs, comic books, newspapers and magazines. The libraries have approximately 4,000 printed titles and 18,000 electronic titles. Opening times are flexible and serve the needs of the communities. These centres have trained instructors to help the population to use computers and to access other material (www.sesi.org.br).

This project was started in 2006 in partnership with the Ministry of Education, as a result of the fact that there are low levels of reading in Brazil, a reflection of the inadequate collections in schools and public libraries, and the difficulty in accessing the Internet. According to research from the Câmara Brasileira do Livro (*Brazilian Book Council*), 61 per cent of the literate population has little or no contact with books (www.sesi.org.br). This project also has the support of the Ministry of Communication and public and private organizations in all the states of the Brazilian Federation. According to SESI, its aim is to implement 'one hundred modules all over the country, located in communities or within business premises' (www.sesi.org.br). Some units are still in the planning and structuring phase, but five have already been inaugurated: three in Amazonas state, one in Goiás and one in Santa Catarina.

SESINHO

This is an educational programme aimed at children from 4 to 6 years old. Sesinho is a children's comic book and cartoon character (appearing in CDs). It was created in 1947 to become SESI's mouthpiece for its young audience. Every month, 1m copies of the comic are distributed throughout SESI's teaching units and another 12,000 addresses (businesses, NGOs and Brazilian universities). According to SESI, its main purpose is to pass on ethical values to children, such as valuing teamwork, respecting others and respecting the environment. Students can take the comics home to share

⁴³ See http://www4.fgv.br/cps/simulador/impacto_2004/gc258b.pdf

with their families. There is also a cartoon: “Sesinho, É Tempo de Aprender” (*Sesinho: it is time to learn*), available in DVD to all SESI’s educational units and transmitted via cable TV – “Canal Futura”. According to SESI’s documents, Sesinho’s experiences help to present the geographical and cultural diversity of Brazil and to encourage civic behaviour. According to SESI it is the most read comic in the country. Each month SESI receives almost 500 letters from children and adults who describe how they have changed their view of certain life issues after reading the comic.

Lifelong Education

These are post-graduate and extension long-distance courses offered by SESI (and also SENAI) in the areas of education, leisure, social and health management. These courses are normally developed in partnership with universities, as for example, the Federal Universities of Bahia, Rio de Janeiro, Minas Gerais and the University of Brazilia.

Integrated Action

Among recent initiatives is an educational project, in partnership with SENAI, which aims to link primary education to professional training. This is a CNI initiative in partnership with the Federal Government, whose objective is to link SESI’s experience in primary education with SENAI’s experience in technical training, through the co-operation of these two organisations at a national and regional level so as to better understand the demands of industry and society. These courses are developed according to criteria set up in each regional department of the organisation.⁴⁴

Health and Welfare

According to SESI “quem vive melhor, dentro e fora da empresa, produz mais” (*those who live better, both in and outside the company, produce more*). For this reason, investing in the welfare of the worker is considered more than a good action – ‘é um bom negócio’ [it is good business] (sesi.org.br). In 2006 SESI provided almost 500,000 medical and occupational consultations and over 1 million nursing appointments. SESI has programmes for Health and Safety Promotion, Health in the Workplace and Drug and Disease Prevention.

Doctors and Dentists in Companies

This programme has 442 mobile units throughout the country. It also has agreements with clinics for providing these services, as well as a network of laboratories, both their own, and contracted. In various Brazilian states SESI’s clinics provide medical consultations in up to 25 specializations. Many of these, such as ophthalmology, gynaecology and speech therapy are offered within the business environment, in mobile units.

⁴⁴ www.pr.senai.br/portaleducacional/Faq3125all.shtml

Health Promotion

According to SESI the majority of health investments in Brazil is applied to curative care, and there is little spent on disease prevention, thus the average lifespan of Brazilians is 68 years for men and 75 years for women. Therefore, SESI has an in-company health promotion programme using educative games, round talks, films and plays where it tries to educate workers about disease prevention and drug use. SESI states that to develop preventive health programmes represents a saving to businesses, as they cost less than curative treatments. According to the World Health Organization (WHO), Brazil could save US\$4bn per year if it adopted effective measures for reducing just 2 per cent of chronic non-transmittable diseases (www.sesi.org.br); SESI is attempting to work in this direction. Also according to this organisation, health and safety practices at work significantly increase the revenue of businesses. “Studies have shown that for every dollar invested in actions to improve the work environment and health promotion, four dollars return to the company. These gains are reflected in the strengthening of the company’s image in the eyes of the consumer public, in the increase of productivity and in the reduction in costs due to accidents, work related illnesses, absenteeism, and health care”⁴⁵ (www.sesi.org.br).

To assist industry to promote safety within the work environment, SESI offers consultancy and services in relation to health and safety practice at work by means of its own methodology that complies with legislation, monitoring the factory floor and the health of workers. It also provides courses such as the Comissão Interna de Prevenção de Acidentes (*Internal Commission for the Prevention of Accidents*), CIPA’s First Aid and Fire Officer Training and preventive actions designed for different types of business. The SESI model for health and safety practice at work is based on Brazilian norms, but at the same time it tries to respect the international parameters relating to the health and safety of workers.

Disease Prevention (STD/AIDS)

The SESI in-company ‘Sexually Transmitted Diseases and AIDS Prevention Programme’ was developed to give information and guidance to workers so as to prevent these illnesses, encouraging the adoption of safe practices, avoiding prejudice and promoting solidarity in the workplace. This initiative allows industrial companies to outline and diagnose problems relating to employees, directing the educational-preventive intervention according to each situation.

⁴⁵ “Os ganhos estão refletidos no fortalecimento de imagem perante o público consumidor, no aumento da produtividade e na redução de gastos com acidentes, doenças do trabalho, absenteísmo, assistência à saúde” from site (www.sesi.org.br).

Non-transmittable diseases

Aiming to contribute to changes in the current health of workers, SESI, in partnership with the Pan-American Health Organization, the Ministry of Health, and the Blood Pressure Department of the Brazilian Cardiology Society, has developed the Programa de Prevenção de Doenças Não-Transmissíveis (*Non-transmittable Disease Prevention Programmes*) The programme foresees an assessment of risk factors followed by intervention in the health of workers to promote the development of healthy attitudes and behaviour, by means of individual and collective educational intervention, aiming to reduce the morbid-mortality of industry workers.

Health in Numbers

- 493,771 occupational and medical consultations;
- 2,949,534 dental consultations;
- 1,024,540 nursing actions;
- 3,573,395 complementary examinations.

Leisure

SESI also provides leisure activities to workers and their families through clubs, holiday camps, sporting facilities, gymnasiums, auditoriums, theatres and cinemas. In numbers it provides:

- 23,638 enrolments in artistic-cultural courses;
- 2,189,442 participants in leisure activities;
- 2,121,532 leisure activity spectators;

Sporting and Physical activities:

- 1,451,022 enrolments;
- 4,462,739 participants;
- 1,542,701 spectators.

Social Projects

The 'Cozinha Brasil' (Brazilian Kitchen) Programme, developed in partnership with the Ministry of Health, aims to educate the population about the nutritive value of certain foods, and about how to use and prepare them. This project is implemented in all regions of the country and, for example, it aims to make best use of foods in healthy,

practical and economical recipes that add nutritional value and contribute to people's quality of life. This project is developed in kitchen schools that have been adapted in mobile units (lorries). This programme teaches people how to prepare food in an intelligent way without wastage. The positive feedback that this project has received, prompted SESI, through the Ministry of External Relations, to assist other Latin American countries to adopt it.

Ação Global (Global Action)

Ação Global Nacional is a solidarity movement that happens simultaneously in all Brazilian states and the Federal District, in partnership with Rede Globo of TV. On the same day and in the same place this service issues personal documents and provides medical, dental and personal care etc., to its users. The events facilitate people's access to their essential rights such as obtaining identity cards, birth and marriage certificates, voting papers, etc. It also makes weddings and separation through divorces possible. Ação Global is a day of festivity for a municipality. At the same time, leisure activities such as live music, games and sporting activities, etc. also take place.

Since 1995, when this initiative was created, Ação Global has benefited over 12.4 million people and provided 26 million services. According to the president of the SESI Council and the System S Forum, Jair Meneguelli, the wide range and the popularity of this initiative is useful to measure the level of deprivation of particular communities (Interview 05/10/2007).

Serviço Nacional de Aprendizagem Industrial (SENAI) (National system for Industrial Training)

SENAI is currently the largest professional training complex in Latin America. It is responsible for educating over 2 million workers per year. SENAI offers industrial and professional training courses for young people and adults at any educational level. As well as its courses, SENAI supports businesses by giving them human resources skills, and by providing support and other services to the productive sector such as laboratorial services, applied research and IT.

Since its foundation, SENAI has made 37 million enrolments. Today, it has a network of 765 teaching units, involving schools, technical centres and training centres where courses are held. SENAI offers 1,800 courses starting at basic level going through to post-graduation, fulfilling a demand of approximately 2 million enrolments per year. It provides over 460,000 technical-technological and laboratorial consultancy services to businesses per year. Professional courses are offered both to workers, so as to meet companies' demands, and to the general population. Some of the courses offered to workers have a flexible timetable so as to allow them to combine work and learning.

SENAI's most recent target is to integrate its educational system to technological requirements and to market demands.

Industrial Training

Industrial training courses are offered to people who have concluded their primary education. To be enrolled on one of these courses students must be working as apprentices for a company and be over 14 years of age. Students must complete their course before they are 24 years old. For students coming from the general population the minimum entry age is 14 and the maximum is 18. Courses vary in duration. These courses offer students the opportunity to enter the employment market as apprentices while studying.

Basic Professional Training

This course was created for the more economically disadvantaged students, between 14 and 18 years of age, who have been in formal education up to the fifth year of primary school. Students are sent on the courses by SENAI's partner businesses and institutions. Courses are offered in the areas of Administrative Assistants and Industrial Production Assistants.

In-company Professional Training

The programme trains young people to enter the employment market as apprentices. Those benefiting are nominated by businesses that have a link with SENAI. All activities for this type of course are carried out in the associated or partnership companies. SENAI is responsible for monitoring and giving guidance to students; it provides teaching resources and is responsible for the academic administrative process, and for giving certificates and qualifying teachers for the courses.

Long Distance Education

As well as the regular courses offered, SENAI also specialises in long distance education in the following subjects:

Professional Training

Its purpose is to prepare individuals for a profession, according to the needs of the employment market. These include re-training processes, which try to re-educate those workers who need new skills due to technological changes.

Professional Development

The target public is workers who want to update, expand or complement their professional skills through professional training or at work.

Its purpose is mainly to fulfil the needs brought about by technological innovation and new management and production processes.

Professional skills

It aims to qualify technicians in particular professional areas and to provide services to students enrolled or completing secondary education or its equivalent.

Lato Sensu courses

They aim to further develop the education acquired on the graduation courses with specific technical-professional objectives. The main aim of this course is the professionalisation of the student through scientific and technological knowledge of a specific area or profession.

Apart from the professionalisation courses, SENAI also specialises in technical and technological consultancy to businesses and institutions, by elaborating diagnoses and suggesting recommendations.

National Commerce Confederation (CNC), SENAC and SESC

CNC, founded in 1945, is the organisation responsible for running the programmes and activities of SENAC (*National System for Commercial Training*) and SESC (*Commerce Social Services*). It is an employers' association which represents nearly 5 million business entrepreneurs in the areas of goods, services and tourism. CNC is made up of 34 federations: 27 state and seven national federations, which make a total of 865 affiliated associations (www.portaldocomercio.org.br/cgi/cgilua.exe/sys/start.htm?sid=22).

Serviço Nacional de Aprendizagem Comercial – (SENAC)⁴⁶

SENAC was created in 1946 and is a professional education institution, open to all members of society. Its main objective is to educate people to carry out activities in the areas of commercialisation of goods, services and tourism. SENAC is present throughout the country. It is financed by entrepreneurs from sectors that commercialise goods, services and tourism, who contribute 1 per cent from their payroll to this organisation. The organizational structure of SENAC is made up of the National Administration and the Regional Administrations with jurisdiction in each Brazilian state. The National Administration is made up of:

- The National Council – the highest decision-making organisation in the tri-partite structure (Government, Businessmen, Workers), directed by the President of the National Commerce Confederation;

⁴⁶Based on information provided on the site - www.senac.org.br

- The Budgetary Council – is involved in budget, accounting and financial monitoring. It is made up of two commerce representatives and three representatives chosen by the Government;
- The National Department – the national management executive body, which oversees SENAC's national policies and directives and provides technical assistance to regional departments.

SENAC is also responsible for professional training, established throughout Brazil, in around 500 fixed teaching units and 68 mobile road and river units. Every year activities occur in over 2,000 municipalities. SENAC's courses and activities encompass 15 areas, delivered in three different ways:

- On-site: Face-to-face contact between teacher and student. The courses take place in laboratories or classrooms.
- Distance-learning: The courses take place "at distance", through the use of IT and communication tools. The students have access to different learning materials – printed material, VHS, CDs and DVDs, and rely on the support of co-ordinators and teachers trained in this type of education. SENAC also uses a TV network for its training programmes – the Rede Sesc-Senac de Teleconferência [*Sesc-Senac Teleconferencing Network*] (STV), which has a codified signal and images transmitted via satellite by STV, using real time interaction via e-mail, fax and telephone – and also, the radio programme, "Sintonia Sesc-Senac" [*Sesc-Senac Wavelength*].
- Semi-distance learning – The learning process takes place in two distinct yet complementary phases. In the first phase, there is face-to-face contact between the teacher and the student, and, in the second, the student studies alone and is advised "at distance" by a teacher.

SENAC's premises, where its courses are taught, are made up of Professional Training Centres; 489 fixed training units throughout Brazil, and Educational companies; Training units which operate as a company. In these, students have the opportunity of putting into practice the theoretical knowledge they have learnt:

- Mobile Units (SENAC-Móvel): SENAC provides rural and isolated communities with the same type of training which is given in the Professional Training Centre, using mobile units, equipped with specialised resources and qualified professionals. These units remain in each municipality from 6 months to one year. These projects are carried out in partnership with local municipalities, state governments or civil society organisations.

- There are two types of “Senac-Móvel”: *Escolas Sobre Rodas (Schools on Wheels)*: There are 59 road units which operate on vehicles 14 metres long, 4 metres high and 2.6 metres wide, equipped with air-conditioning, computers, videocassette player, television and satellite aerials. These units provide professional training in the areas of hotel and tourism, IT, management, personal presentation skills and health. The units can represent beauty salons, hospital wards, hotel lobbies or a data processing centre (www.senac.br). R\$20 million was spent setting up these units. Another type of mobile unit is the *Senac sobre as águas, (Senac on Water)*, a floating unit used to provide services to riverside communities in the north of the country. It is set up in a ferry with three floors and 180 sq. metres, and provides the same level of quality as the Professional Training Centres or the mobile road units. R\$873,000 was invested in this project. Another floating unit is being planned to service the communities who live on the River São Francisco.

In-Company Training means that the human resources training takes place in the work-place, where SENAC analyses problems and tries to find solutions in the structure or management of the company.

According to SENAC, its training methodology takes into consideration the changes in the world of work, and complies with the *Lei de Diretrizes e Bases da Educação – LDB (Law regulating the Directives and Foundations of Education)*, and the regulations relating to Professional Training. Using this as a basis, its educational vision tries to take into account the “polyvalent” and “flexibility of professional profiles” in order to develop “professionals with a vision which goes beyond the limits of their particular occupation, capable of interacting with the market and accompanying its technical and technological innovations” (www.senac.org.br). SENAC provides courses in the areas of: art, commerce, media studies, conservation and building maintenance, design, management, personal presentation skills, IT, leisure and social development, environment, health, tourism and hospitality.

Serviço Social do Comércio (SESC)⁴⁷

SESC was founded in 1946 to create services with the purpose of contributing to the welfare and quality of life of the commerce worker. Today SESC is present in all the country’s capitals and in small and medium size cities, offering services in the areas of education, culture, health, leisure, and social assistance. SESC is managed by a National Council whose function is planning, defining directives, and co-ordinating and monitoring the activities of this organisation throughout the country. The Council has a tri-partite structure, headed by the President of the CNC, and comprising of 1 to 3 representatives of the regional structures, the Director-General of the National Depart-

⁴⁷ Based on information from the site: www.sesc.com.br/main.asp

ment of SESC, representatives of the National Federations for the Commercialisation of Goods and Services, the Ministry of Work and Employment, the Ministry of Social Security, and 6 union representatives. The structure of SESC in the states is similar to the national one. Below follows a description of some of its main programmes.

Education

SESC promotes a set of educational actions for children, teenagers and adults. The programmes developed by SESC are the following:

- Pre-school education: Children from 3 to 6 are cared for as part of a programme where they learn the social skills of reading and writing.
- SESC ler (*SESC Reading*): A literacy programme for young people and adults, operating in 67 municipalities in 18 states. The schools operate in buildings adapted to the characteristics of each region. Each centre has three classrooms, a sports field and a reading room with a wide range of literary and technical books important for the lifelong learning of teachers and equipped with television, satellite reception and video player.

Primary Education

SESC runs primary education programmes in 19 Brazilian states: Alagoas, Amapá, Ceará, Espírito Santo, Mato Grosso do Sul, Paraíba, Pará, Pernambuco, Piauí, Rondônia, Rio Grande do Norte, Sergipe, Santa Catarina and Tocantins. Teaching occurs from the 1st to the 5th year in the Federal District and in the states of Amazonas, Goiás, Mato Grosso and Roraima it continues to the 9th year.

Study Skills

Provides for students from the first years of primary education (1st to 5th year) who participate in educational activities integrated with a variety of programmes offered by SESC in sport, leisure, culture and health. This project takes place in 17 Brazilian states. Apart from these projects, SESC contributes to educational development at secondary level in 3 states, and offers university entrance examination courses in 13 states.

Leisure

SESC has a large leisure structure such as holiday camps, theatres and cinemas, open to its members and the public in general, where they can take advantage of cultural and other activities at prices considered to be accessible.

Social Programmes

Mesa Brazil (*Table Brazil*) is a food security programme that distributes food to the poor population. This programme is run in partnership with the Federal Govern-

ment's Fome Zero (*Zero Hunger*) programme. Mesa Brazil does not directly service individuals. SESC is responsible for collecting and distributing food to registered social institutions, from which people receive assistance. Apart from the food collection and distribution service, the programme aims to educate citizens in adopting new eating habits through courses, training and cooking classes, so as to promote food quality, its efficient use, balanced meals and the consumption of non-conventional foods. Results achieved by Mesa Brazil in 2006:

- 21,993,302 kg of food distributed – 131 per cent of the initial target of 16,800,000 kg – 978,695 people serviced on a daily basis, with 4,054 partners (regular donors); 5,372 entities assisted on a continuous basis; 2,051 educational initiatives carried out; 77,035 “multipliers”⁴⁸ trained in educational initiatives; 64 units in operation (10 new in 2006); a total of 225 cities included.

National Confederation of Agriculture and Cattle Raising (CNA) and SENAR (Rural Training Service)

CNA is the organization that coordinates SENAR's activities. CNA is made up of 27 state federations, with 2,300 member farmer associations (www.cna.org.br). SENAR (*Rural Training Service*) was created on 23 December 1991, and was projected to work in the same way as SENAI and SENAC. Similarly, it is a private organisation, maintained by the landowning rural class, and connected to the CNA (*Confederation of Agriculture and Cattle-Raising*). SENAR is run by a tri-partite advisory board in which the Government, workers and representatives of the rural class participate. As in the case of the other System S bodies, it is this board which sets directives, co-ordinates, controls, defines the activities and carries out evaluation processes of the services provided by SENAR. SENAR also has a fiscal board which is responsible for monitoring the financial and budgetary side of the organisation. Its headquarters are in Brasilia and it has branches in all 27 states. Regional management is de-centralised and is connected to the Agricultural Federations of each state.

SENAR's main objective is to organise administrate and manage the Formação Profissional Rural (FPR) [*Rural Professional Training*] activities and the promotion of the social welfare of the people who work in rural areas. SENAR also supports employers' organisations in the development of in-house training programmes and provides consultation to the government in subject matters related to rural professional training and social welfare actions.

⁴⁸Trained people who pass on their expertise in their immediate community.

Professional Training

SENAR offers training courses in nine rural subject areas: agriculture, cattle-raising, forestry, aquiculture, extractivism, agrobusiness, agro-silvo-pastoral activities as well as activities related to service provision. Social welfare activities are developed within the following areas: diet and nutrition, assistance to rural communities, craftwork, culture, sports and leisure, education, community organisation and health.

CONEMPEC and SEBRAE

CONEMPEC (*The National Confederation of Micro and Small Commerce and Service Businesses*) is the organisation that co-ordinates activities in the other branch of the S System, SEBRAE – Brazilian Support to Small and Medium Sized Businesses.

SEBRAE was created on 9 October 1990 with the purpose of promoting competition and the sustainable development of micro, small and medium sized businesses to encourage entrepreneurship. The organisation promotes training courses, facilitates the access to financial services, encourages co-operation between businesses, organises fairs and “rodada de negócios” (*events where businesses can offer and supply products and services*) and encourages the development of activities that contribute to the generation of employment and income. SEBRAE’s revenue mainly comes from businesses, 0.6 per cent of their pay-roll. Its total revenue is around R\$840 million per year, of which 65 per cent is invested in the budgetary programmes of the state units.⁴⁹

CNT, SENAT and SEST

CNT – The National Transport Confederation is the national body that co-ordinates and controls the activities of SENAT and SEST. It was founded in 1954 and today it is comprised of 29 federations and 2 affiliated national syndicates and 16 linked national associations. CNT represents 60,000 transport businesses and 700,000 autonomous drivers, a universe of 2.5 million workers. They are responsible for a tax revenue corresponding to 6.5 per cent of the Brazilian GDP.

SENAT (National Transport Training Service) and SEST (Transport Social Services)⁵⁰

SENAT and SEST were created in 1991 to promote the training and education of professionals working in the transport sector and improve their quality of life. These organisations have units in the large urban centres and in petrol stations on the main roads of Brazil. Activities are developed in an integrated way and within the same physical space. That is, a transport worker and his family have access to the provision of social

⁴⁹ See <http://www.portal.sebrae.com.br>

⁵⁰ Most reference in this section comes from the site <http://www.sestsenat.org.br/>

welfare services and training that are carried out by these organisations in the same place. Professional development is carried out in classrooms, multifunctional rooms, IT labs, teaching workshops and auditoriums. In the area of health these organisations provide medical and dental services. There are also leisure and sports services in the large urban centres.

These organisations are maintained by a compulsory contribution of 1.5 per cent for SEST and 1 per cent for SENAT, that is, the total contribution companies make to these institutions is 2.5 per cent over the gross amount of their payrolls. Contributions come from railway companies, rental car companies, armoured car firms, companies that distribute petrol and from autonomous transport drivers. Collection is monitored by the Federal Tax Collection Office

SESCOOP – (National Cooperativism Training Service)⁵¹

SESCOOP is the organisation related to Brazilian co-operatives, established in 1969 with the main objective of organising, managing and implementing professional teacher training and the social welfare of co-operative workers and associates. Its main objectives are to research and to propose solutions, promote the cooperativist doctrine, foment the creation of co-operatives, encourage the strengthening of the cooperativism representation system, provide technical services at a management, workers and associate level and promote meetings, congresses, seminars and study cycles.

SESCOOP receives a contribution through the compulsory payment of a tax of 2.5 per cent of the payroll of associated co-operatives. 80 per cent of the resources received by this organisation are invested in its activities, and 20 per cent are spent on running costs and investments.

2.5 Conclusion

This part of the report had as its main aim to introduce the S System: its history, background, perspective, aims and projects, as well as to present some reflections, and raise further questions, concerning the nature of the services provided and their relation both to the welfare state and to the CSR. Each institution that composes this system was explained according to the composition of their structure and management, and the main services they provided were explained.

⁵¹ Dados apresentados nesta sessão vem da página eletrônica do SESCOOP : http://www.portaldocooperativismo.org.br/sescoop/projetos/info_projetos.asp

From what has been presented here, it is clear that the S System constitutes itself into an important complex of service provision to the Brazilian population, in so far as it manages a considerable amount of public resources, controls a huge apparatus of service provision in education, health, leisure, sport and other social activities, and caters for an ever increasing proportion of the population.

However, little is known about how the organizations that compose the S System operate, how they are managed, what do they mean in terms of overall service provision for the population, and how they are perceived both by their beneficiaries and the general public. This research has shed some light into these questions, however in order to fully understand this system and place it within a larger model of welfare service provision, more systematic research will be needed. Information gathered for and data provided in this research only reassured us of the need to carry out further research. They were useful to provide some preliminary information on this system and to raise new questions that we intend to tackle in future research.

3 CSR in a Nordic and Norwegian context

In this part of the report we are going to discuss the concept of Corporate Social Responsibility in a Nordic and Norwegian context. Nevertheless, since the European Union (EU) influence the interpretation of CSR, we also have to take the discussions inside the union into consideration.

CSR became an important concept in Europe and Norway after the turn of the century. In July 2001 The European Commission issued a Green Paper entitled “Promoting a European Framework for Corporate Social Responsibility”. The European Union’s concern with the topic is based in the expressed conviction that CSR can be a positive contribution to the strategic goal set in Lisbon “to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion” (EU, 2001:4). Norway is not a member of the EU. At the same time, as a result of the European Economic Area – Agreement (EEA), Norwegian companies have to comply with an increasing stream of directives and recommendations from the EU on co-determination and corporate governance.

Recently, business in particular has embraced CSR. Still, the concept is characterised by vagueness, ambiguity and multidimensionality. Maybe this is an important reason for why the concept came into vogue at the European level in numerous European companies as well as in Norway. Despite the fact that CSR is a relatively new term in Norway, CSR-oriented activity can be traced back in history. A central question is if, and in what way, the modern notion of CSR represent something new in a European and Norwegian context. In chapter 1 we referred to different models of CSR. In the European and Norwegian setting not only do regulated frameworks grant employees and trade unions a well-defined scope in which to influence corporate decision-making, but also, and most importantly, a considerable range of activities that falls under CSR, such as provision of health care or education, has largely been undertaken by the welfare state on a mandatory basis.

On the one side, CSR is generally associated with desirable and positive virtues (Morsing et al., 2005; Maigan and Ralston, 2002). A variety of stakeholders from different ideological or theoretical dispositions like to be associated with CSR (Morsing & Langer 2006, Babisch et.a., 2005). On the other hand there are some features in CSR which, in a Nordic and Norwegian context are more questionable. In the Nordic welfare states there is no tradition for conspicuous corporate CSR initiatives, as in the

Anglo-American area, where CSR is an expected aspect of corporate actions more in terms of philanthropy (Matten and Moon, 2004). CSR can therefore be considered a challenge to the various constituencies in a traditionally state-defined context. As companies engage in social activities such as health and education, which traditionally have been defined as state obligations, it raises critical questions of democracy and power.

The exportation of an Anglo-American business-driven CSR-concept is therefore an interesting subject for research. It raises questions such as power-distribution and de-regulations, issues that have been highly discussed in the labour movement. Does CSR challenge the labour movement's position in the European Union and in Norway?

3.1 The content in this chapter

While politicians and business in Europe have embraced CSR, various unions have exhibited a more skeptical attitude towards the phenomenon. In section 3.2 and 3.3 we discuss this skepticism, and present different strategies adopted by trade unions to meet the different challenges that CSR could represent. In section 3.4 and 3.5 we turn to the Nordic countries and especially to Norway. We start with a historic background. In the 19th century charity was a well-established form of what can be called social responsibility. In the beginning of the 20th century, companies built houses and other facilities for the employees, and offered training for the workers. At this time the social security net was scarce. Any contributions and offers from the employer were to be considered as gifts (Mauss, 1995), and the social responsibility at that time could be interpreted in the same way. Nevertheless, the companies' contribution to the local society was of great importance. During the 20th century, the growing importance of trade unions, especially The Norwegian Confederation of Trade Unions (LO), changed the relation between labour and capital. The charity-dimension was challenged by demands for collective rights, regulated in collective agreements. In this section we therefore present the Nordic Model of labour relations. The Nordic model is built on distinctive traditions of social responsibility and co-operations. The parties' ambitions to sustain the model can be seen as one important form of social responsibility. We also discuss the Norwegian experience towards the modern version of CSR. In the last section, section 3.5, we sum up and conclude.

Methodology

In this part of the report we present empirical results from CSR-related research in Europe and Norway. We also present some quantitative and qualitative data collected

by Fafo during the last years. We use data from two surveys: i) a questionnaire about board behavior in Norwegian companies where questions related to CSR were included, conducted in 2006, ii) a survey conducted in 2006, where the purpose was to study if and how Norwegian enterprises take social responsibility for their employees in various situations. The management in 400 companies and union representatives in 150 of the same companies answered the questionnaire.

The qualitative data consists first and foremost of interviews. We have interviewed union representatives and managers in 5 Norwegian companies, which are also located in Brazil. In the interviews we have focused upon how the informants define CSR, if and in what way CSR is a meaningful concept, and in what way the companies take social responsibility, primarily in Norway. Concerning the CSR-activity, we have not examined the *validity* of the statements from managers and union representatives. This means that the managers and/or the union representatives can overestimate or underestimate their activity. Nevertheless, we can compare the management and the union representatives' statements. We have also interviewed representatives from The Norwegian Confederation of Trade Unions (LO), and from the Confederation of Norwegian Enterprise (NHO), who are involved with CSR. During the fall of 2007 we interviewed managers in 4 Norwegian companies situated in Brazil. CSR-activity was one dimension that was discussed and data from these interviews are presented as well. In addition, we have used data collected from the enterprises' annual reports.

3.2 The trade union movement and CSR

In this section we examine more closely the response of the trade union movement to social responsibility. There has been little research into this topic, with the exception of that undertaken in recent years in connection with the increased focus on CSR within the EU. This latter research thus forms the primary basis of our discussion. Our starting point is that the institutional framework and the power and position of the trade union movement will be of great significance in determining how the concept is encountered, defined and practised in different countries.

When the American concept of CSR arrived in Europe, it encountered in many cases a labour market subject to a far higher degree of regulation than was the case in the US, with an institutionalised industrial relations system. Thus one of the most interesting questions is how the trade unions, and an institutional framework consisting of strong relations between labour and management, have responded to CSR. The answer to this question will – in turn – depend on the levels and aspects of CSR that are considered most important. In the Nordic countries there is, for example, a long tradition of trade union involvement in the promotion of cross-border solidarity. In its

2006 brochure *Young and Promising*, the Norwegian Confederation of Trade Unions (“the LO”) remarked as follows on social responsibility:

”The LO is one of the cornerstones of our society and bears a great social responsibility. (...) The LO has been transforming Norwegian society for over 100 years. (...) But much still remains to be done. People must have jobs. (...). Another of the great tasks of our time is the struggle for human dignity and the struggle for tolerance. Likewise the struggle to ensure sustainable development is more important than ever. Demands for international solidarity, peace and global wealth sharing must be kept alive. (...) The Norwegian labour movement still has work to do.”

At the EU level, interest in social responsibility can be seen as a strategic political move. There has been an aspiration to establish guidelines at a supranational level, across EU Member States, with the intention of increasing integration within the EU and securing flexibility for employers, while at the same time establishing minimum social and economic standards for the citizens of the EU. We can say that there has been a desire to contribute to convergent development, among other things in relation to the regulatory frameworks in the various Member States, in order to facilitate the free movement of goods and services within the EU. As indicated above, the attention afforded to CSR at the EU level has been in relation to central questions, such as economic and social renewal, the new challenges posed by the information society and measures to counter unemployment and social exclusion, and particular attention has been paid to internal social responsibility – i.e., social responsibility at the enterprise level. Frostenson and Borglund (2006) emphasise the European Commission identification of social responsibility as a question of management and governance:

“Once issues relating to social responsibility become an integral part of the company’s strategic planning and routine operations, managers and employees will have to make business decisions on the basis of criteria other than those their original training taught them to take into consideration. Traditional models concerning the functioning of an organisation, strategic management and even business ethics are not always adequate when it comes to managing a business in the new environment” (Frostenson and Borglund, 2006:21).

Frostenson and Borglund further point out that the pre- and post-publication process in respect to the green paper on CSR (2001) has contributed to consolidating a view of CSR as a voluntary activity that should originate with enterprises themselves. There is also therefore talk in several contexts of a decentralisation of responsibility from national to enterprise level (ibid.). This decentralising aspect of the EU’s understanding of CSR, together with the desire for convergence and harmonisation, has been met with scepticism, and to some extent fear, within parts of the European labour

movement, especially in the UK, where workers' rights had already been weakened by liberalisation and decentralisation during the 1980s.

How do the trade unions respond to CSR?

The decisive role of the trade unions in promoting and securing workers' interests is well documented. The workers are one of the central interest groups to which a company (corporate person) must respond in a socially responsible manner. Historically, the trade union movement has put pressure on employers to act in a socially responsible manner and this has often resulted in a tendency to regulate – through either collective agreements or legislation. This has been particularly apparent in Scandinavia. The Nordic socioeconomic model can be said to revolve around a connection between a strong labour movement, working in collaboration with centralised employers' organisations, and a tradition of political consensus among the main political parties. The cornerstone of this political consensus is the synthesis concerning social responsibility, which has deep roots in all Nordic traditions (Schiller et al. 1993). An important feature of the model is the social partners' mutual recognition of rights and duties. The concept of duty does not only arise from obligations imposed under the regulatory framework, but is also the result of communality in respect to objectives that are perceived as being in the best interests of the company, and of a recognition that the social partners can have both common and conflicting interests. The Nordic model has both been held up as an example of good practice and has been the subject of harsh criticism in the course of recent decades. Since the turn of the millennium, the model has been celebrated internationally as the one that is most competitive and the Nordic style of management, with its co-determinative approach, has been described as a "brand asset" (Nordic Council of Ministers 2005:65). It is therefore interesting that, at an EU level, CSR is so little associated with bipartite co-operation and that the trade union movement, as a central supplier of terms, is not allocated anything approaching a central role. It may therefore seem that, within the EU, little consideration is being given to the fact that employers and workers may have conflicting interests that, in some cases, must be reconciled. The lack of consideration given to the role of the trade union movement in the development of the CSR is probably a central explanation for the ambivalence and scepticism with which the movement has responded to CSR and the large extent to which CSR has been viewed as a new concept put forward by management.

An ambivalent trade union movement

Dorssemont (2004) claims that CSR appears to take the form of a monologue emanating from large multinational companies that are pondering their own social responsibility. This process is not bipartite – it is employer-driven. Dorssemont further points out that the 2001 Green Paper also fails to provide any solutions or recommendations

on how different interests, which may also be conflicting, should be dealt with. Our starting point here is that the response of the trade union movement to CSR will be influenced by the balance of power between employers and workers. The more equal the balance, the more likely are workers to participate in determining the meaning and practice of the concept, and *vice versa*. The more the balance of power is weighted in favour of employers, the less likely it is that workers will be interested in participating in determining the significance and practice of social responsibility.

Research demonstrates that CSR initiatives are primarily promoted by management, quite simply because management has control over decision-making. Although CSR presupposes a dialogue with the various interested parties, responsibility for the company's strategy and underlying decisions will, in the final analysis, remain delegated to management. The management of the enterprise will therefore play a central role in developing the company's CSR strategy. However, that is not to say that the company's social responsibility strategy should be determined by management *alone*. But, if social responsibility is something that extends beyond the scope of the regulatory framework, which governs relations between management and labour in the formal sense, management's choices, in terms of the involvement of union and other worker representatives, will be influenced by both local and central industrial relations traditions.

In a study that examined the practice of CSR in European enterprises (EU 2003), it became apparent that management's actions are based either on conviction or on strategy. In the former situation, where the management will often be highly dedicated, a commitment to social issues can often be traced back to the founding of the company or to a particular point in its history. In the latter situation, where CSR is rooted in strategic choices, management will often be acting either proactively or reactively. Such actions on the part of management may, among other things, involve the sharing of a greater amount of information at an earlier stage with workers or their representatives in order to improve the workers' ability to encounter future changes and/or to engender understanding of the need to develop relevant systems or structures. As far as the participation of union representatives is concerned, EU studies show that union and other workers' representatives may readily support CSR initiatives by management, but they will seldom put forward their own proposals. The studies further show that commitment by union, and other workers', representatives is strong when such initiatives relate to traditional trade union concerns such as, for example, wages or rules on health and safety and the working environment, but weaker when they involve social responsibility in relation to the local community and the environment.

Four reasons are put forward to explain the cautious stance adopted by workers' representatives:

1. insufficient general information, expertise and resources, preventing them from promoting their own CSR initiatives

2. an external role whereby they observe proceedings with a degree of scepticism and/or suspicion – sometimes they have never even heard of the initiative concerned
3. an inability to block decisions, only to influence them
4. the existence of a binding mandate from the workers they represent, which has, as its main purpose, the protection of the workers' interests.

Nevertheless, empirical data suggest that the involvement of union and other workers' representatives can greatly influence the form of social responsibility strategy. Where there is greater involvement of workers and union representatives, the strategies are less likely to be management driven. Where strategies are more driven by management, they are more likely to be influenced by management's personal interests, norms and values. A management-driven social responsibility strategy may thus be of a rather ad hoc nature and consequently extremely vulnerable to changes in management.

A genuine dialogue on the nature of social responsibility must be founded on trust, transparency and accountability/dependability. This implies that the various stakeholders must have a possibility of controlling. The opportunities to control both whether and how the enterprise's various obligations actually are implemented both within and outside the enterprise. This gives rise, however, to an obvious challenge: in creating the conditions to enable a robust dialogue with the various involved interests, there is a risk that the workers or the union representatives will be reduced to just one stakeholder among many, while the workers as a whole will prefer to see themselves as directly involved. Another problem could appear if the dialogue is directed to the individual employees in such a way that the union representatives are excluded.

The development of a wider dialogue that does not erode the traditional social dialogue is thus one of the main challenges when developing a CSR strategy. Nordstgaard and Kirton-Darling (2004) have examined how the social partners in EU Member States have tackled and promoted CSR within the framework of the social dialogue. Three different but significant factors would appear to underpin a successful social dialogue and to have been significant at the national level: i) the existence of common interests such as, for example, the desire to enhance the reputation of, and professionalism in, the particular sector; ii) a common view of reality and a common identity; iii) a tradition of mutual trust. These factors seem to be decisive in relation to the social partners' ability to agree on a common position on topics such as pay, profit margins and the recognition and implementation of trade union rights, both inside and outside the EU.

Five different ways of responding to social responsibility

In comparison to other interested parties, how should workers and their unions be managed and engaged with? And how does the trade union movement respond to the phenomenon of social responsibility? Preuss et al. (2006) have examined these

questions and identified – across the EU – five positions adopted by trade unions, namely: i) CSR is a threat to established regulatory mechanisms, ii) CSR is an empty regulatory mechanism, iii) the trade union movement was, and is, a driving force behind CSR; iv) CSR is irrelevant, as the trade union movement lacks influence; and v) passivity, because the trade union movement lacks knowledge about CSR. The following paragraphs examine the above positions more closely.

Scepticism: fear of deregulation

In many cases, CSR is viewed with great scepticism and is seen as a threat to trade unions. Many fear that CSR will contribute to the transfer of more power from labour to management. Data from companies in the UK show that enterprises involve unions significantly less than other stakeholders when prioritising and determining their CSR activities (Burchell and Cook 2006). While directors (100 per cent), employees (91 per cent) and local communities (86 per cent) were consulted most regularly, unions (50 per cent) were contacted and consulted significantly less often. Unions were also contacted and consulted less frequently than customers, charitable organisations/asociations and environmental bodies (NGOs). In response to the EU's green paper, the British GMB union (2001) has stated, among other things, that the Commission must ensure that CSR is not used as a lever to weaken legislative authority and increase corporate self-regulation. In other words, CSR must not lead to a "privatisation" of the European social model by allowing import of the Anglo-American model through the back door.

Scepticism: does CSR deliver what it promises?

Is CSR employed as a means of redirecting focus from less popular actions towards those that are considered socially responsible? Is CSR only to be viewed as a form of marketing strategy, without any meaningful content for workers and other involved interests? The British financial services union (UNIFI 2001) has given expression to this form of scepticism. Similar sentiments have been expressed by the French trade union FO (2004). In this case, CSR is alleged to represent a form of paternalism: "In this respect, the FO is extremely wary." (Referred to by Preuss et al., 2006:258).

A proactive role: CSR as a tool for extending the influence of trade unions

In countries where there are strong traditions of corporatism, trade unions view themselves as a driving force in relation to CSR. Such views are evident in Germany, and not least among the Danish Confederation of Trade Unions. Here the trade union movement views itself as a movement that has played a decisive role with regard to achievements in the field of social responsibility, both domestically and abroad. Since Norway is not member of the EU, Norwegian trade unions are not part of Preuss' et al. analysis, but as was remarked in the introduction to this section and which we will

turn back to in section 3.4, there are also clear indications that the Norwegian confederation views itself as a central actor in enterprises' adoption of socially responsible behaviour.

CSR as absurd

In Eastern Europe, CSR is viewed as a concept that is both foreign and absurd. In these countries, trade unions have lost much of their legitimacy following the fall of Communism. The Polish union Solidarity is the only major union that can be said to enjoy legitimacy as an independent organisation (Preuss et al. 2006:258). Most other unions are relatively weak and lack the influence necessary to participate in forming the social responsibility agenda. According to a Polish trade union, the only thing that matters for Polish businesses is making money: "CSR simply doesn't matter" (ibid.).

CSR – what is it?

A small proportion of European trade unions assess their own position as one characterised by a lack of knowledge about social responsibility. There is, quite simply, a lack of familiarity with the concept.

A wide spectrum

The study demonstrates that there is a great deal of variation within the range of responses by trade unions to CSR. At one end of the scale are countries such as Denmark and Germany, where the emphasis is on the trade unions as the actual driving force in relation to social responsibility. At the other end we find sceptics who view CSR with a high degree of mistrust. Another group consists of those completely lacking in any influence to determine what form the concept will take, while finally there are those who have no view about CSR and what it might mean. The position taken by trade unions seems to be linked to the power balance between employers and workers. In countries where the balance is fairly even, workers will also have greater resources to allow them to formulate and define the considerations that should be central to a CSR strategy. They will, in other words, have greater opportunities to interpret and endow CSR with a content compatible with the national context. The same phenomenon has been observed in other connections. Olberg and Trygstad (2007) suggest, for example, that when new concepts become relevant in a Norwegian context, they encounter unions and a workplace that are already highly structured through legislation, collective agreements, wage agreements and interest organisations. Wage agreements are a form of legally binding regulation in the traditional sense, but they are also associated with other types of institutions with norms, roles and identities, as well as with judicial institutions within employment law and dispute resolution. These structures and regimes have contributed to stability in periods of change. Through the system

of labour relations, the elements of the CSR concept are fashioned and adapted to a Norwegian reality, or to the Norwegian socioeconomic model.

What aspects of CSR do trade unions consider most important?

As discussed in Chapter 1, the concept of social responsibility can be put into practice in various ways. To simplify slightly, we can consider the concept as divided into two aspects: internal and external. The external aspect relates to society at large and may encompass matters such as the enterprise's tackling of environmental problems, its participation in cultural life, support for the abolition of child labour etc. (Holt 2004). However, it may *also*, for example, involve the recruitment of workers with disabilities or from different ethnic backgrounds (among other things, the approach within the EU to putting CSR into practice). The internal aspect relates to the company's *own* – or at any particular time current – employees. As illustrated in table 2.1, social responsibility may extend in the direction of inclusion and retention.

The review carried out by Preuss et al. (2006) shows that trade unions primarily emphasise the internal aspects of social responsibility – or what we might also categorise as aspects internal to the company. As noted above, these are the same aspects that are highlighted centrally within the EU. In a memorandum from the European Commission, social responsibility is, for example, discussed in relation to lifelong learning and employability. Nevertheless, the EU also emphasises a clearly external dimension of CSR that will affect workers employed by an enterprise. The EU stresses the important role enterprises have to play in recruitment from disadvantaged groups (EU, March 2006). Other considerations that are given emphasis are, among other things, work-life balance, improvements in the provision of childcare and flexible working arrangements for the parents of young children, together with the importance of anticipating the effects of company restructuring and, consequently, attempting to minimise any negative consequences thereof (GPMU 2001). This can be interpreted as evidence of concern for those aspects of social responsibility that relate to traditional trade union causes such as the welfare and training of workers. Among the internal aspects of social responsibility given particular emphasis, four can be distinguished, namely:

- Working conditions
- Training and skills development
- Employee representation
- Social issues

In Denmark these issues relate, among other things, to the “inclusive labour market” (*det ”rumlige arbejdsmarked”*) – an expression that is used to encourage companies to

take on greater social responsibility both for their own employees and for employees outside working life. The Danish Confederation of Trade Unions is, however, also one of the few trade union confederations in the EU to show a clear commitment to the external aspects of CSR. Otherwise there is no doubt that trade unions are not concerned with possible linkages between external considerations and CSR. External aspects, such as initiatives directed towards the local community or the environment, are only mentioned sporadically, and to the extent that they are mentioned, the emphasis is on specific industries or specific countries, such as Denmark. This is particularly true where environmental issues are involved. Although several trade union confederations mention the environment, the Danish confederation has been alone in vigorously calling for environmental initiatives to be incorporated into the concept of CSR, both politically and practically (Preuss et al. 2006:259). An emphasis on traditional concerns can be viewed as a strategic bid on the part of the trade unions to extend their traditional aims and areas of influence.

3.3 Views relating to voluntarism

As discussed in the introduction, various definitions of the concept of social responsibility emphasise its voluntary nature. We have also highlighted the emphasis given to this aspect of CSR in the EU's green paper on social responsibility, and again most recently in 2006. The attitude of the trade union movement to CSR is closely related to precisely this dichotomy between the obligatory/compulsory and the voluntary aspects of CSR.

Employers' organisations place much emphasis on the voluntary aspect of CSR. This is nothing new from the point of view of employers, who have historically argued against regulation, both through legislation and through collective agreements, of company operations. They argue that, to achieve the greatest possible flexibility and profitability, companies must have the greatest possible jurisdiction over their own decision-making, also in relation to matters affecting workers. Their main argument is that CSR is primarily an enterprise-driven process that exists over and beyond the existing regulatory framework, and this situation should be allowed to continue, as "one size cannot fit all". To succeed, an enterprise's CSR policy must be developed internally and adapted to suit the enterprise's particular character and circumstances. The position of the European Federation of Trade Unions (ETUC) has been that CSR should be treated with scepticism because of the emphasis placed on both voluntarism and the decentralisation of responsibility. The voluntary approach represents a potential threat, both in relation to the defence of collective agreements already entered into and, in particular, to the negotiation of future collective agreements to regulate working

conditions and practices. On the other hand, the trade union movement fears that the role of the authorities in relation to social regulation will be reduced through a transfer of power and responsibility to employers.

Denmark was one of the first European countries explicitly to make CSR a government strategy. The political vision was that CSR would create an integrated welfare state with an expanded and inclusive labour market. As far as Danish enterprises were concerned, CSR was viewed as a strategy for adapting to the expectations of legitimate interested parties and thereby creating profits. Breedgaard (2004) points out, however, that CSR in Denmark has been afflicted by a persistent dilemma: how to resolve public sector problems while, at the same time, promoting the interests of companies? In this connection, employers and unions have stressed that the state bears an important responsibility to create a supportive framework for the practice of CSR. The state must both encourage and facilitate enterprises' engagement in social responsibility.

"(...) in a Danish context the idea of voluntarism conforms to the demand of the social partners that participate in CSR, that government initiatives '*build on a fundamental respect for the Danish industrial relations system and on voluntarism – in contrast to coercion and quota schemes*'" (Breedgaard 2004 s. 378.)

Respect for the regulatory framework is thus fundamental. Further, it is emphasised that areas that are the responsibility of the government must not be left to private companies. Private companies must be encouraged to use their comparative advantages to assist the public authorities and society in resolving problems relating to unemployment and exclusion from the labour market, but the state must retain *overall* responsibility. The attitude of employers and unions in Denmark to CSR can also be interpreted as evidencing a degree of balance and trust. Balance and trust between management and labour can thus be viewed as two conditions that enable CSR to function in its voluntary form because, at the enterprise level, there will be agreement on those policies that are in the company's best interests.

The German Confederation of Trade Unions (DGB) (2001) has, for example, stated that social responsibility is primarily a matter of adhering to systems put in place through legislation and social contracts. The DGB has stressed that the emphasis on companies' voluntary social responsibility must not lead to a reduction in the regulation of the labour market or of relations between employers and unions, particularly at a central level. The view of Swedish Confederation of Trade Unions can be interpreted as leading in the same direction. The confederation states that it is problematic that CSR, as a concept, lacks:

"(...) a clear connection with the role of the business as employer, which is so central for the trade union movement" (LO 2006:14)

The confederation further indicates that the concept of CSR has not been developed in accordance with the trade union movement's views and working methods and that the concept therefore needs more precise definition if it is to fulfil any function in a Swedish context. This, the confederation continues, will only be possible if companies completely fulfil those provisions and expectations that can be found in national regulatory frameworks (Frostenson and Borglund, 2006:42). The Swedish confederation is also concerned that CSR must not lead to a reduction in public sector responsibility for the provision of welfare. The Swedish confederation is opposed to enterprises having any responsibility for the provision of welfare in local communities. They are also sceptical about enterprises taking on a role in connection with social development in developing countries (Frostenson and Borglund 2006).

"This is not a role that the trade union movement believes can appropriately be allocated to businesses. Welfare services and wealth distribution policy are public functions and must be decided in a democratic manner and financed through public means." (Swedish Confederation of Trade Unions 2006, p. 16)

It is obvious, however, that companies that are established in less developed countries than Sweden have a clear responsibility to pay taxes imposed by the host country (*ibid.*) The main view within the Swedish Confederation of Trade Unions is, according to Frostenson and Borglund, that welfare should be the responsibility of the public sector, since welfare services should not be dependent on charity and goodwill on the part of enterprises, but rather should be universal and open to democratic influence and access (*ibid.* p. 47).

All in all, trade union confederations in Europe are extremely critical of any strong emphasis being placed on the voluntary aspect of CSR, as is being done within the EU. They are therefore very eager to establish schemes to monitor and verify the various activities categorised as "socially responsible".

Since 2000, a succession of charters, codes of conduct or best practice guidelines has been produced. Many of these have an impact on CSR, both in terms of the underlying concept and the way in which it is practised.

Various strategies and aspirations in relation to monitoring

To what extent have trade unions within the EU developed strategies to take into account CSR? Preuss et al. (2006) identify everything from strategies that aim to co-ordinate national activities at the European level, through the promotion of CSR by way of the involvement of union representatives at the board in different pension funds, to new forms of co-operation with other interested parties such as various NGOs. Unions in the EU have, however, delegated the work of communicating the importance of CSR and the trade unions' respective views on CSR to the relevant stakeholders.

Union representatives in some countries are also being educated on the current and possible future nature of CSR and work has been undertaken to establish contact with unions outside Europe. The ETUC and Eurocadres (an umbrella organisation for European professional and managerial staff) have attempted to co-ordinate national trade union activities at the European level. As a response to the growing interest in CSR, Eurocadre in 2004 developed a concept known as Responsible European Management, a management-based approach based on stakeholder consultation (Preuss et al 2006:261). Trade unions have attempted to increase their influence on the CSR debate by associating their own position with influential external points of reference, for example, in 2001 the financial sector union UNIFI wrote:

”By adopting the values endorsed by the international communities in the Universal Declaration of Human Rights, the Convention on the Rights of Children and World Trade Organization and International Labour Organization core labour standards, business would really be committed to corporate social responsibility and not merely paying lip service.”

Similar views were expressed in Germany in 2001 by the DGB, which supported the adoption by companies of The Global Compact and the OECD’s guidelines for multinational corporations. Another strategy employed by the trade union movement has been to emphasise social responsibility when union or other workers’ representatives are involved in the investment decisions of various pension funds. The British Trades Union Congress (TUC) is active in this respect, but Danish unions have also followed a similar strategy.

Many European trade unions have, however, expressed a desire for CSR initiatives to be followed up with various forms of verification. In Denmark, the Confederation of Trade Unions has, for example, stated that CSR must lead to:

”(...) development of a ‘unitary’ label in order to strengthen the promotion by market forces of a sustainable development’ (Quoted from Preuss et al. 2006:260).

There is, moreover, a clear desire for companies’ CSR initiatives to be followed up by *obligatory* verification systems. This has been pointed out by the Italian labour movement, among others:

“Independent verification would help us to ensure that the statement were true and based on fact, rather than simply being a public relations exercise by the company’s communications department.” (ibid)

There have been fears that so-called Company Codes concerning CSR will develop into substitutes for an international regulatory framework and binding collective agreements. Empirical data shows that many such codes of conduct do not include or prioritise workers’ rights to join a union or conduct collective bargaining, among other

things (Pearson and Seyfang 2001). For the trade union movement, the issues at stake concern, to a large extent, transparency and trustworthiness in relation to arrangements and activities to which companies claim to be committed and to practise.

Employers' organisations have argued that, rather than creating new legal instruments or work-intensive procedures, companies should be left to find ways to meet these challenges themselves. Employers' organisations have further claimed that issues relating to transparency and trustworthiness are best and most effectively resolved through market-driven responses (UNICE 2002:1).

For their part, the trade unions have been very concerned that voluntary, unregulated, company-based Codes of Conduct are impossible for the companies themselves to monitor and evaluate in an impartial and realistic manner. A lack of resources means that even those companies that have granted official recognition to international codes (through the ILO, OECD, SA8000 and the UN Global Compact) do not undertake regular or impartial evaluation. The confusion resulting from the large number of different systems and instruments and the lack of follow-up of companies' self-proclaimed social responsibility has given rise to a widespread sentiment that CSR has more to do with covering up or hiding activities or actions than with developing better practices.

In order to control and follow-up the companies codes of conducts Nordestgaard and Kirton-Darling (2004) underline the importance of developing effective channels for information and communication between union representatives locally, centrally and internationally. They hold up European work councils (EWCs) as a type of international forum where company codes of conduct should be discussed and investigated, but this depends on a well-functioning connection between different levels of union representatives. In addition Nordestgaard and Kirton-Darling emphasise the importance of the successful establishment by unions of global work councils. This will make it easier to collect information about companies located outside as well as inside Europe:

[...] contacts have been made with the local trade unions that can verify the application of the company's code of conduct. This information can be used to press the company to 'clean up' its practices. (ibid. s. 448)

As we will see in section 3.4 Norske Skog is one company that has established a global work council.

Another consideration occupying trade unions is that, NGOs and other private-sector players are frequently involved in the development of CSR codes. This type of involvement can reduce the influence of the unions when internal social responsibility policies are developed at the company level. There have been allegations concerning the deliberate provocation of conflicts and competition between trade unions and NGOs in order to fragment the unions' potential influence in the debate. Frostenson and Borglund (2006) emphasise that regulation and codification are two different things.

Codification can lead to regulation, but not necessarily. The two authors claim that the type of codification that has developed within the EU has more to do with *emphasising* the voluntary aspect of CSR and the company's individual role in the question of social responsibility rather than promoting regulations.

In the next two sections we turn to the Nordic countries and particular to Norway. In chapter 1 (1.6.1) we presented Matten and Moon's (2004) two models of CSR; explicit and implicit CSR. In the Nordic countries, CSR could be characterised as highly implicit; CSR is institutionalised in the formal regulations in labour market as well as in the welfare state.

3.4 CSR in a Nordic and Norwegian context

Seen from a historical perspective, it can be argued that the modern form of social responsibility at the plant level as well as in the society in Norway has developed through co-operation between labour and management, with the trade union movement playing a central role in encouraging employers to take on greater social and economic responsibility. The establishing, starting early in the last century, of a regulatory framework with respect to the labour market, has brought about an increasing institutionalisation of workers' rights in the areas of safety, health and welfare. The concept of CSR, or corporate social responsibility is, however, relatively new, even in Norway. The term is often used in relation to the form of responsibility that Norwegian enterprises acknowledge and exercise when doing business outside Scandinavia and in countries where social, environmental and economic conditions are less regulated than is the case in Scandinavia and in Norway. This raises two questions: does CSR represent anything new; and is CSR a meaningful concept in the Norwegian context? These questions are wide-ranging and the answers will vary according to the respondent and the weight given to the various aspects of CSR. There is, however, an increasing tendency to seek to apply the concept to Norwegian enterprises' domestic responsibility. Thus the definition of CSR becomes a topic of interest. Should it be defined as part of the Norwegian labour market model, or does CSR represent a new strategy that, with its emphasis on decentralisation of responsibility and voluntarism, contradicts assumptions central to the Norwegian model? Let's start with tracing CSR back in history.

CSR in Norway – historic background

In contrast to a liberalist view of action, with its focus on the notion of self-interest, social responsibility can be seen as social action based on values. This action is an integrated part of civil society. Social responsibility involves a commitment to values

beyond self-interest and contractual obligations. It involves welfare, and reproduction or maintenance of the values concerned.

Since the values that generate social responsibility are reproduced in a specific society, the social and historical conditions of this society will influence the different ways social responsibility are expressed. Within the context of Norwegian history, we can delineate at least three different modes of social responsibility, in two of which corporations are involved.

Charity is an old and traditional form of social responsibility. It has been institutionalised in NGOs as part of civil society, and account for a considerable part of private sector welfare. In Norway private organizations have played a significant role in social politics since the 19th century, but has become more and more dependent on state funding and cooperation with public welfare services. Charity will, however, not be part of this study.

A second mode of social responsibility is corporate welfare. By providing social welfare for both employees and workers, corporations can fulfill a social function in society. If the provision of welfare extends beyond required obligations, and is given as supplement to cash wage payments, the corporation can be said to take a social responsibility. Corporate welfare emerged in the United States and Europe around the turn of the 19th century.⁵² More systematic management replaced the old patriarchal individual bonds between factory owner and workers. The ideas of corporate welfare spread in the 1920s, but a breakthrough did not come in Norway before the Second World War, when corporate welfare became more extensive.⁵³

A third mode of social responsibility, significant for Norway, is the responsibility that emerges from the acceptance by participants in the labour market of codes of conduct for labour relations. A social compromise between organised capital and labour has resulted in a relatively centralised bargain system and interplay with the state concerning economic and welfare issues. This gave a system where organised interest of the labour marked, in cooperation with the state, exercised power and influence to provide social stability and welfare.

Corporate Welfare in Norway

“Corporate welfare” is a broad term, and will be used here to include welfare measures for employees and workers. The measures should wholly, or in part, be paid by the employer, and should be a supplement to the regular wage system.

The model of corporate welfare in Norway came from the United States and Great Britain. The National Cash Register Company (NCR) in Ohio, USA, began, as a pioneer, in the 1890s to address the problems of the working environment, and found

⁵² Brandes 1976.

⁵³ Ibsen 1996:31.

that production increased by improving work conditions. A program for improving health and hygiene was introduced, and the company built bathrooms, canteen and restrooms for the workers. A library, a kindergarten, music groups and other social activities for the local society, was provided under authority of a social worker appointed by the company. NCR became the first factory in the United States with a modern Labour Department.⁵⁴

In Great Britain the roots of corporate welfare can be traced back to the cotton mills in Lancashire and railway companies in the 19th century.⁵⁵ It was, however, during the First World War that corporate welfare was accorded broader attention, when the government saw the need for increased production and an expanded work force. In retrospect, two chocolate companies, Cadbury in Birmingham and Rowntree's Cocoa Works in York, have been held up as pioneers in British corporate welfare in this period.⁵⁶ The aim of the welfare was, according to George Cadbury, to increase productivity through a positive corporate culture and good working conditions:

“The supreme principle has been the belief that business efficiency and the welfare of the employees are but different sides of the same problem. [...] The test of any scheme of factory organization is the extent to which it creates and fosters the atmosphere and spirit of cooperation and good-will, without in any sense lessening the loyalty of the worker to his own class and its organisations.”⁵⁷

To reach this goal, Cadbury wanted to integrate welfare policy into the organisation and management of the corporation. The industrial experiment of corporate welfare at Cadbury in England became model for the Freia chocolate company in Norway.

Before the Second World War, there was no organised movement in Norway, to spread the idea of corporate welfare. However, a couple of factories, located in sparsely populated areas, had taken up corporate welfare to attract labour.⁵⁸ As main employers in the area, these corporations had to take responsibility, not only for the working conditions inside the factory, but also for housing and social life outside the factory walls. A/S Dale fabrikk supported the building of houses for the workers, a library and a public bath and, later on, a cinema. In Rjukan, where the company Norsk Hydro was established in 1905 to exploit the hydropower, no infrastructure existed. The company by necessity had, to build houses for workers and employees, a hospital,

⁵⁴ Nelson 1975:107 ff.

⁵⁵ Melling 1992.

⁵⁶ Smith, Child and Rowlinson 1990.

⁵⁷ Cadbury 1912:xvii

⁵⁸ Examples are A/S Dale fabrikk, Arne fabrikk in Arna outside Bergen, and Norsk Hydro at Rjukan. Ibsen 1996:43.

and provide water, sewer and garbage removal. Other provisions was sports grounds, holiday homes, interest free loans, and old age pensions.⁵⁹

Norsk Hydro established an old age pension fund for its employees in 1917.⁶⁰ Workers were excluded, but could apply for support from a retirement fund for workers. However, this fund gave no formal right to pension before co-payment was introduced for both employees and workers around 1930. In 1938 the parliament and the social democratic government changed tax legislation to favor corporate pension funds that covered all personnel, both employees and workers. The pension fund at Norsk Hydro was consequently changed in 1941, and covered henceforth all who were employed by the company.⁶¹

The change in tax legislation shows the close connection between private corporate welfare and public social policy. The social democratic government, in office since 1935, started to slowly expand public welfare. In 1936 an old age pension act was passed. This pension scheme granted a universal, although modest, pension to all members of society. A public scheme made it less expensive for corporations to provide private pension schemes as a supplement. This can explain why Norsk Hydro expanded their pension scheme to cover workers as well and why other companies did the same. After the Second World War the number of companies with private pension schemes grew, and by the end of the 1950s, The Norwegian Confederation of Trade Unions (LO) was ready to initiate bargaining to establish pension schemes on behalf for its members.⁶²

The development of corporate welfare passed through different phases. The welfare measures in companies at the end of the 19th century were occasional and paternal. They were given *ex gratia*, and did not offer employees or workers any right to contribute. From around 1900, corporate welfare became more diversified and organised, and in theory, was linked to the performance and productivity of the company. From the 1930s we can see that corporate welfare become more integrated in management, and after the Second World War, become part of the managerial theories on human capital.

CSR through concertation with the state

Corporate social responsibility requires the corporation to conduct itself according to established and accepted rules. But is it enough to act within the law? It has been argued that corporations that act according to the core labour standards of the International

⁵⁹ Ibsen 1996:45.

⁶⁰ It should be mentioned that “Posten” did establish an old pension fund several centuries before.

⁶¹ Grinde 2007:13.

⁶² Seip 1994:219.

Labour Organisation (ILO), have to employ a broader definition of their values and rules in order to be accepted as social responsible.⁶³ Simple compliance with the law and the market is not sufficient to fulfill the standards required to be considered social responsible.⁶⁴

The ILO labour conventions, which make up the labour standards, were created starting in 1919 with the process continuing onwards. The background was formed by the experience with the development of labour relations during industrialisation, especially in USA and Europe. The conventions were intended to force states to regulate labour relations and to acknowledge the labour marked participants.

Before the 1930s, Norwegian labour relations were relatively combative. The parliament passed several laws in order to control strikes and suppress industrial action. The Labour Dispute Act of 1915, replaced by a new act in 1927, regulated collective agreements, industrial action and mediation. However, the state frequently intervened in conflicts through the use of compulsory arbitration.

In Norway, as in the other Nordic countries, labour relations were shaped in a social compromise between capital and labour. In the Basic agreement of 1935, the unions acknowledged the employer's prerogative, while the employers accepted the rights of organization, collective bargaining, union representatives and conflict procedures.

State legislation and the acknowledgement of the bargaining system by the labour marked parties, represented by the Basic agreement, are the two pillars of the system of labour relations in Norway. The system rests upon the willingness, by the parties, to solve problems through negotiations, and the ability to control their member's actions. In Norway, state intervention with ad hoc legislation, has frequently been used to back up the central parties or to hamper positive effects of opting out from the centralised bargain system. Hence, state interventions has been a guarantee for the function of the bargaining system in Norway, in contrast to the neighbor country Sweden, where one of the main reasons The Swedish Trade Union Confederation, and the employer's organization, SAF, signed the Basic Agreement, was to keep the state from intervening and regulating the bargaining system.

In Norway, concertation between the state and the collective bargaining partners at the central level included a voluntary incomes policy. During the post-war period, the government frequently supported, central-level agreements between the industrial employer's peak association (NAF) and LO, through the use of price regulations and subsidies. In return for moderate incomes growth, the government took measures to

⁶³ Murray 2002.

⁶⁴ Conf. Cadbury 1912: "The [general standards of industrial conditions] show the wide field of experiment open to scientific and enlightened manufacturers, so that the improvement of the factory organization may not be just an end in itself, but a means of educating the community, and of proving the practicability, and economic necessity, of further advance beyond the existing law."

control inflation. This created close and long lasting cooperation between the state and the labour market actors in keeping wages and inflation under control, sometimes backed by wage laws.⁶⁵ In the 1990s, this cooperation resulted in a social pact, the 'Solidarity Alternative', which exerted a substantial impact on collective bargaining in the 1990s.

By contributing to a well functioning collective bargaining system in Norway, corporations and their associations, as well as labour, have demonstrated social responsibility as relates to the national economy. The system has created social integration by allotting to the participants influence and by demanding accountability.

The bargaining system has enabled the enlargement of social welfare as well. Although legislation has been crucial in the effort to secure labour welfare, the arena created by the bargaining system, has allowed for the creation of social welfare measures, negotiated between the most powerful organisations, as a supplement to state welfare. In 1946, NAF and LO decided to support the introduction of corporate medical doctors.⁶⁶ In the 1950s, sick pay was incorporated into wage agreement negotiations, and in 1960, LO and NAF agreed to establish a supplementary pension scheme (FTP).⁶⁷ This negotiated arrangement was never a success, and was terminated when the public pension scheme was introduced in 1967. However, negotiated pensions were reintroduced in the late 1980s. In 1988, LO and NAF agreed to introduce a contractual early retirement scheme with income-related benefits (AFP). This pension scheme was established in agreement with the state, which funded 40 per cent of the costs.⁶⁸

The social responsibility taken by the parties in Norway can be related to what is usually labeled the Norwegian model. The Nordic model exists in the Nordic countries in the form of ideology, and as a common denominator of characteristics in different areas, such as law, social relations, and labour relations. The question is however, if this concept is based in reality? The two most common stereotypes of the Nordic model, the Scandinavian welfare state and the strong traditions of social democracy cannot be regarded as constituting the Nordic model. To broaden the definition, in terms of time and scope, these identifications must be replaced by two explanatory links. The first is a strong trade union movement in co-operation with a centralised employer organization; and second, a tradition of political consensus in the synthesis of the norm of social responsibility, with deep roots in all Nordic traditions, with conceptions of equality that are more modern and radical than those found in many other

⁶⁵ Stokke 2000:506.

⁶⁶ Ibsen 1996:128 ff.

⁶⁷ Hippe 1997:132, 136; Pedersen 1990:65.

⁶⁸ Hippe 1997:13.

countries (Shiller et al, 1993). In the next section we clarify the Nordic model, and, more precisely, the Nordic model of labour relations.

The Nordic model

“Some find it puzzling that our way of doing things has resulted in such good results. It doesn’t fit in with mainstream economic theory.”⁶⁹ (Aftenposten, 21.02.07)

The Nordic model in the five Nordic countries is built on distinctive traditions of social responsibility and co-operations. The circumstances of social responsibility and democracy are tied to the development in the Nordic countries during the first half of the twentieth century. During the latter part of this century, their development has, to a greater extent, been associated with the emergence of a welfare state with strong social democratic influences. This served to make the model more Scandinavian than Nordic. But the dissolution of the relationship between these two factors, the welfare state and social democracy, during the 70s and 80s has made the model more Nordic than Scandinavian, and also demonstrated that the model is rooted in broad principles of equality and social responsibility, rather than being based upon the structures of decisions and implementation of these principles (Schiller 1993).

During the last years (as stated in the quote above) the Nordic model has become embraced inside and outside the Nordic countries, from the left as well as from the right wing of politics. Along with the other Nordic countries, Norway is once again regarded as successful in trying to combine economic growth, macro-economic stability, and generous welfare schemes for their citizens, equity and relatively high employment (Magnusson 2007). Nevertheless, the model was challenged during the 1980s and 1990s.

The Nordic model was in for a period of time seen as a “third way”. Up to the fall of the Berlin wall, it was an inspiration for those who needed alternatives to the American and the Soviet way (Byrkjeflot 2001:19). The increasing influence of neo-liberalism during the 1980s gave at the same time rise to a criticism of the model. It was widely believed that the welfare state had become too extensive and expensive, and its days were considered numbered. In Great Britain, Thatcher reorganised the public sector, and weakened the workers’ and the unions’ rights. The same development was predicted in the Nordic countries. The removal of the Berlin wall in 1989 further threatened the whole idea of the third way. Yet another incident should be mentioned. Sweden and Finland joined the European Union in 1994, and many researchers questioned the survival of the Nordic Model. In the referendum in 1994, the Norwegian people decided that Norway should stay outside the European Union. At this time, the Nordic

⁶⁹ Our translation.

identity and the Nordic Model were considered to be part of the past, and not part of the future. (see e.g. Schiller. 1993, Waever 1992). Still, the Nordic model has survived, and is today considered to be both efficient and flexible.

The broader concept of the Nordic model can be considered to be a compound of different institutions and components. One of these components is the Nordic model of labour relations.

The Nordic Model of Labour Relations

The institutional framework of the Nordic model of labour relation developed during the 20 century.⁷⁰ Laws and agreements can be considered as tools to provide and sustain the egalitarian Norwegian society. The model could be seen as a link between a strong union and a strong employment association.⁷¹

Dølvik (2007) emphasise that the model give a relatively stable power balance between capital and labour, a balance which are deeply rooted in the class compromise related to the historical and political development in the Nordic countries. The Nordic model of labour relations has influenced the distribution of wealth as well as the style of management. The development of the welfare state with its social security net and tripartite cooperation made it difficult for the management to have a despotic or paternalistic approach towards the employees. Furthermore, the employees' dependency of the company was reduced through rights as unemployment benefit and paid sick leave (Byrkjeflot 2001:28). Collective bargaining and increased rights for the employees reduced arbitrary dismissals from the management. The employees in the Nordic countries experienced a greater independency and autonomy. This shaped a framework that the management had to take in to consideration, and it shaped the managements actions towards the employees. The Nordic model of labour relations can be described as a multidimensional model:

"A particular combination of centralization and decentralization in a single channel system; the strong central ties have their counterpart in shop-floor trade unions with significant functions in implementation of central accords, collective bargaining at the firm level under a peace clause, participation, and mobilization of memberships in the workplaces. (Dølvik 2007:17)

⁷⁰ In 1907 the first collective agreement was settled. The breakthrough came in 1935, when Hovedavtalen was established. In 1972 the employees were given rights to elect 1/3 of the boards of directors, and in 1977 The Work Environment Law came in to function.

⁷¹ The critics of the system often forget the role of employers. If the employers so desired, they could easily dissolve the system by withdrawing from central wage negotiations (Barth, Moene and Wallerstein 2003).

This particular combination of centralised and decentralised structures has made room for considerably flexibility regarding the way and levels at which different issues are dealt with, also offering a framework for centrally controlled decentralization in recent years. Framed by labour law and institutions for mediation and settlement of disputes, which ensure labour peace, these features have facilitated a legacy of partnership, responsibility and self-regulation at the company level as well (Bruun 1990, Stokke 1998, Elvander 2002).

The Norwegian model of labour relations was, just like the Nordic Model, under pressure during the 80s and 90s. Public and private sector became interested in Anglo-American management concepts. Despite the fact that these concepts differ, they rely on to important assumptions. First, management is the most important factor in organizational changes. Second, individual participation is the most important criteria for organizational success (Trygstad og Hagen 2007). The concepts ignore the union representatives' role as an important factor, by giving management support and legitimacy to accomplish organizational changes. Further, the concepts ignores the fact that in the Nordic countries, collective participation function as an important voice for suggestions and critics, as well as an important precautionary measure for employees who may be affected by the changes. The concepts challenged the industrial relation-system during the 80s and 90s.

Today, empirical evidence tells us that the industrial relations-system has sustained. The imported concept met an institutional framework that in many ways transformed the different elements in the concepts in such a way that it fits in with central elements of the model (Olberg and Trygstad 2007). A centrally placed Norwegian union representative has the following to say about the model today:

"At its best it allows us to deliver. The Norwegian model allows us good opportunities to take a step back and pull ourselves together. It makes co-operation possible under pressure. It enables both social partners – management and employees – to take on a leading role." (Quoted from Trygstad and Hagen, 2007)

In its Job Study for 2006 the OECD cites the Nordic model of labour relation as a successful attempt to mix security with flexibility, successful activation on the labour marked resulting in high employment. The model is often considered a more "socially responsible" alternative to a more liberal model (Magnusson, 2007).

To conclude; the Nordic model of labour relations represent a framework that influence both employees' and employers' way of actions in what may be called a social responsible way. The framework represents a set of norms, values and expectations. These could be in line with, or differ from, what is thought to be central elements in CSR. But seen from an institutional approach, CSR can be considered a concept which has to be filled with meaning if it is to influence the way enterprises run their business.

Thus, it is of interest to study how different parts interpret CSR and in what way we can identify similarities and differences.

Does social responsibility represent anything new?

As mentioned in the previous in this chapter, research demonstrates that the nature of the trade union movement's response to social responsibility seems, within the EU Member States, to depend upon the strength of unions vis-à-vis employers. The more balanced the relationship between social partners, the more active appears to be the involvement of the trade union movement in defining CSR and developing methods of putting it into practice. Compared with other EU Member States, Denmark can serve as an example of a country where the trade union movement has succeeded in using CSR to expand its areas of influence. The Danish Confederation of Trade Unions is also one of the few such organisations to relate CSR to environmental considerations.

As Norway is not a member of the EU, it has been less affected by the EU's CSR debate. Norwegian enterprises do, however, comply with a number of CSR codes and are, of course, not completely disengaged from the EU.

The Norwegian labour movement has traditionally participated in promoting international solidarity and has been actively involved in, among other areas, South Africa and South America. The Norwegian Confederation of Trade Unions has been concerned about the right of workers to constitute and join trade unions and the achievement of decent wages and working conditions for workers in countries outside Europe. Like its equivalent in Sweden, the Norwegian confederation has also been involved in the issue of conditions applicable to foreign workers in Norway. The engagement of the labour movement in environmental issues has also become less ambiguous and more pronounced, as can be seen here:

“As a significant social actor, both nationally and internationally, the trade union movement will take up the challenge of contributing actively to directing attention towards the challenge posed by climate change. The trade union movement's belief in solidarity will underpin the commitment that is now required of it. The conditions are right for the movement to take on an active role: the trade union movement is one of the few organisations to work actively in the three areas that are affected, or will be affected, by climate change: the environment, social welfare and the economy.” The Norwegian Confederation of Trade Union's climate strategy, p. 3).

Norwegian employers have also been paying increasing attention to CSR. Like the Norwegian trade union movement, the Confederation of Norwegian Business and Industry (NHO) relates CSR to the responsibility taken on by Norwegian enterprises

in the past, and which the NHO views as setting it apart from many employers' organisations in the international context:

"In contrast to many similar organisations abroad, NHO endeavours to take a constructive approach to corporate social responsibility. This was true during the environmental debate of the 1970s and -80s, the debate on business ethics in the early 1990s, the issue of corporate responsibility for human rights at the international level that began in the mid-1990s, and the debate on corporate social responsibility that evolved in the run-up to the millennium. Internally, NHO has accepted responsibility by helping equip enterprises with relevant knowledge. Externally, NHO has established a constructive dialogue with the authorities, trade unions and NGOs (non-governmental organisations) about the type of responsibility it is reasonable for enterprises to assume." (NHO, 2003:3)

For the NHO, CSR is particularly relevant in relation to enterprises that are doing business abroad, in "developing countries and emerging markets, where general conditions and legislation are not of such a high standard as in Norway" (NHO, 2007). Like the trade union confederation, the NHO is concerned with issues relating to human rights, corruption and sustainable development.

The extent to which CSR represents anything new is thus uncertain. However, it is possible to state with some certainty that CSR represents a new umbrella concept, covering issues that, at any particular time, are viewed as cover the responsibility of the enterprise. Generally speaking, it may therefore seem that both the trade union confederation and the NHO see themselves as playing an important role in persuading Norwegian enterprises to exhibit social responsibility when doing business outside Norway. Social responsibility therefore seems to be particularly related to external, international considerations. As we will return to later in this chapter, employers in Norway also emphasise the voluntary nature of CSR, while trade unions emphasise the importance of regulation.

CSR and the Nordic model

In Chapter 1, we presented various models for CSR (see 1.6). One of these was the Nordic model, in which CSR is interwoven with the Nordic labour market model with its institutionalised labour relations. We have also characterised this as example of strong implicit CSR. Apart from social responsibility as developed by labour and management, government has played a central role in creating the conditions for CSR and initiating policy. The Nordic CSR model is characterised by soft regulation in the form of collective agreements and government motivational programmes. An example of such a programme can be found in Denmark in the "inclusive labour market" (*det "rumlige arbejdsmarked"*) initiative, while in Norway, the Inclusive Working Life

(IA) Agreement can serve as an example. This tripartite agreement, between the state, employers and unions, which aims, among other things, to reduce the amount of sick leave, is a centrally negotiated agreement to be entered into locally on a voluntary basis. The question, however, concerns the extent to which the European model for CSR is compatible with the Nordic model for labour relations.

In Sweden, both employers and workers have expressed scepticism about CSR and there has been limited enthusiasm for developing the concept (Frostenson and Borglund 2006). It has been somewhat problematic to place the EU's CSR debate in relation to the Swedish model. For example, the leadership of the Confederation of Swedish Enterprise (*Svensk Näringsliv*) has stated that the core issues in the UN's Global Compact are already covered by Swedish legislation. According to the confederation's leadership, CSR is thus primarily relevant in relation to underdeveloped or newly industrialised nations.⁷² As discussed previously in the chapter, unions within the EU have criticised the lack of union involvement in the European debate and the primary view of CSR as a voluntary, management-driven process. Within the Swedish trade union movement, discussions concerning CSR have been directed in particular towards collective agreements, relations within the labour market and, as already mentioned, conditions applicable to foreign workers in Sweden:

“This implies an understanding of that aspect of social responsibility inseparable from the workers' interests typically represented by unions. It is not certain that this expanded, though voluntary-based, dimension of social responsibility involves trade unions, other than as partners in a dialogue within a process in which companies have the leading role. If business is seen as the actual catalyst of this type of social responsibility, then this obviously runs counter to strong views within the Swedish labour movement as to the role of the company in society.” (Frostenson and Borglund, 2006:53)

In a Nordic context, the concepts of “the enterprise at the centre”, voluntarism, dialogue and coalition building represent clear challenges to the position of the trade union movement. These ideas may contribute to reducing the role and influence of the unions to just one stakeholder among several, if the enterprise is placed at centre stage at local level. Such a model can be distinguished from the Nordic model for labour relations, with its crucial feature consisting of tripartite co-operation between employers' organisations, trade unions and the state. As discussed above, the model is characterised by the parties' reciprocal recognition of rights and obligations and their clearly defined roles.

At the same time, it is important to emphasise that the Nordic model also has its local form, or what might be described as the Norwegian micro-model (Hernes 2006).

⁷² See <http://www.svensktnaringsliv.se>.

Hernes sets up two central components of the Norwegian micro-model: i) distribution of income, and ii) collaboration on developmental processes. This direct relationship between increased productivity and increased income forms the main foundation for co-operation between labour and management at enterprise level. This is also a model whereby realisation of workers' co-determination and influence is made possible through a strong system of employee representation. This system of representation is able to function as a safety net while, at the same time, providing an important channel for communication with top management. From management's point of view, the model can allow the creation of unanimity on decision-making and allow creative input as to possible improvements, critical comments as to errors, important corrections on questions of strategy and, not least, legitimacy (Trygstad and Hagen 2007).

The emphasis on both central and local levels and, not least, the relationship between the two levels, may give the Norwegian labour movement an advantage in relation to CSR. Systems for co-operation between labour and management are well developed in the organised labour market, and unions at the local level will thus often be in a position to handle management-driven CSR initiatives and possibly also to put forward counter-proposals. A lack of receptiveness on the part of management will also give local union representatives the opportunity to involve the union at a higher level. The situation in relation to CSR and workers' opportunities to influence decision-making may, however, be more challenging in enterprises that are not party to wage agreements or where the level of organisation density is low.

What is the definition of CSR?

At the turn of the millennium CSR became an important concept in Norway. The interpretations of CSR, as is the case with other new concepts, vary between different social actors. When carrying out our interviews, however, we found that several respondents – including both managers and union representatives – related CSR to the Norwegian labour market model. We present two examples below:

“Values should be created over the long term. Employees, the local community, health and safety at work and the protection of the environment are all central factors in the long-term creation of values. Our value to society lies in the securing of long-term operating conditions for the company. We must take responsibility for employees and for the community where the company is located. Much of CSR has to do with being a good employer. It must, of course, have a legal basis. And then the company must be allowed some freedom of action in relation to social responsibility at a local level. The Norwegian model makes it easier to work with union representatives in Norway than in other countries. This gives us predictability, and so union representatives are also important from the point of view of social responsibility. Interaction between union representatives and management is important.” (Manager)

“This company’s employees have historically played an important role. The company and its owners have a responsibility to carry this further. It is important to emphasise the social consequences of ownership in the future. The company has, throughout its history, attached importance to regional policy and employment. This also has to do with the development of skills within the business. We are dependent on our owners’ understanding and prioritisation of the Norwegian model. Social responsibility is deeply rooted in the Norwegian model, and the model is pretty robust. But definitions give rise to trends. The outcome will depend on who takes responsibility for the Norwegian model. This ought to be a joint project for labour and management.” (Union representative)

Both the manager and the union representative quoted above relate CSR to the Norwegian model with its co-operation between social partners. We do not know how representative these views are of Norwegian managers and union representatives in general but, in the large Norwegian enterprises where we carried out our research, our interviewees considered this relationship to be relevant.

The union representative quoted above also makes another important point: who has control over defining the concept? Although social responsibility can be seen as already being incorporated into the Norwegian model, the concept as it is referred to today has been repackaged. The European definition of CSR is management-driven. This is significant both in terms of deciding who will participate in defining social responsibility in relation to the enterprise and in determining how to take care of this responsibility. This raises an interesting question: whether and to what extent are union representatives at various levels involved in the development of Norwegian enterprises’ CSR strategies? We do not have a clear answer to this question, as there is insufficient data available, but the empirical evidence we have gathered suggests that the situation varies to some extent and will depend on the aspect of CSR under consideration. The following is an example:

”We haven’t had any working groups looking at social responsibility. But union representatives are involved in matters concerning health and safety and HR. We are working to establish a link between values and conduct. We have a delegated structure where responsibility exists along the lines of management. As far as company values are concerned, most of the work has been carried out as part of a management development project. After that, it is up to each manager to follow the matter up.” (Manager)

Here the internal aspect of social responsibility which relates to the social and environmental dimension of social responsibility has been developed in collaboration with union representatives. This is not surprising, since co-operation in these areas is regulated by both the Basic Agreement between the Norwegian Confederation of Trade

Unions and the NHO and the Working Environment Act. In those enterprises where we have conducted interviews, issues relating to health and safety and HR have been delegated to departments or activities other than those dealing with issues categorised under “social responsibility”. Issues defined by the enterprises themselves as relating to social responsibility were, in several cases, pigeonholed under “communication”. As regards the enterprise’s *values*, in the company referred to above, these are being developed during discussions at management level. As we will return to in the next paragraph, this is probably not unusual.

Social responsibility as a concept becomes more widespread

Within new institutional theory, there has been a preoccupation with demonstrating how perceptions of reality and cultural systems are imposed on, or are adopted by, individual actors and organisations within institutional fields (see, *inter alia*, Meyer and Rowan 1977, DiMaggio and Powell 1983). The term “institutional fields” refers to organisations that perform tasks of the same type regardless of local affiliation. According to DiMaggio and Powell, organisations’ behaviour in relation to these tasks will imitate other successful organisations within the field, a strategy that both limits uncertainty and gives the organisation legitimacy within its surrounding environment. Highlighting an enterprise’s social responsibility and, as an extension of this, its various operating codes and values, can be seen as manifest “proof” that an enterprise is taking seriously demands for it to show responsibility in relation to social, environmental and economic considerations.

The outside world’s opinion of the enterprise will depend not only on the organisation’s actual ability to meet its goals, but, equally, on whether the solutions and procedures that the enterprise employs are considered appropriate. An organisation consequently enjoys legitimacy when its institutionalised structures and procedures comply with mainstream views in society as to what is rational, reasonable and/or modern. The desire for legitimacy – both internal and external – is thus at least as important, if not more so, than achieving the greatest possible efficiency (Pfeffer 1997:64). The incorporation of new elements, strategies and structures, which are viewed as appropriate and/or modern will, in other words, increase both legitimacy and access to resources, and will therefore also improve the enterprise’s ability to survive (Meyer and Rowan 1977:352). Enterprises must, however, act as though these elements, strategies and structures have actual significance, even though they may counteract requirements in respect to efficiency. In practice, however, this can be resolved through disengagement: separation of the formal structure from actual practice – saying one thing, but doing another (Johansson 2002:4). If this is the case, does enterprises’ social responsibility have any real significance?

If we had undertaken a textual analysis, we would probably have found various content ascribed to the concept dependent on the person employing it. In this connection it is worth mentioning that Morsing and Langer (2007) carried out an analysis of the use and dissemination of CSR by the Danish business press in the period 1995–2004. Use of the concept increased sharply during the period, but what is interesting is that its meaning appears to have been as fragmented and diverse in 2004 as in 1995. Morsing and Langer (2007) explain this through the need for “strategic ambiguity”. Establishing a clear definition of a concept about which there is much disagreement is, for example, associated by managers with risk:

“CSR is inherently a ‘moving target’ as stakeholders’ perception of social responsibility changes concurrently, and the lack of a precise definition of CSR is superior in promoting unified diversity, i.e. to ensure that the CSR concept survives as a positive and appreciated goal that is able to gather a variety of stakeholders in a shared debate on the role of business in society.” (Morsing and Langer, 2007:16).

Ambiguity allows social actors the opportunity to enhance the concept with their particular definition and interpretation. This may also contribute to a form of consensus, with labour and management meeting each other halfway and, at least partly, coming to agreement on what the concept stands for. But the concept may also fail to have any real significance, because it becomes primarily a strategic means of influencing external opinion. By saying that the concept fails to have real significance, we mean that it fails to introduce anything new, since, as we have already explained, social responsibility is embedded in the Norwegian model.

A central manager in one of Norway’s largest companies had the following to say on the popularity of the concept:

“Social responsibility has, in many ways, been hyped. It has become a tool for the PR department. It’s something that gets a lot of attention. There’s reason to reflect a little about this. (...). Social responsibility can’t just be delegated to a particular department and then that’s the end of it. At our company, social responsibility forms part of everything we do.”

This quote is not unique. Several of our interviewees thought that some Norwegian enterprises had jumped on the CSR bandwagon without necessarily following up with any actual and meaningful social responsibility policy. It is also generally possible for companies to jump on the bandwagon, as long as CSR remains a relatively diffuse and ambiguous concept. Perhaps it is specifically the lack of any precise definition of the concept that is one of several explanations for the impact CSR has had at a European level and in Norway. When we have asked managers and union representatives about the period of time during which they began to employ the concept of social responsibility, we generally get an answer along these lines:

“It arrived rather gradually. In fact we’ve always thought along those lines – it’s been at the back of our minds for a long time. In particular, we’ve been aware of it in Norway for many years. But it’s really been over the last five years that the company has become more aware of it. It has become a more clear-cut part of our policy.” (Manager)

When we ask our interviewees to pinpoint when they started to employ the concept, they generally found it hard to remember exactly, but majority thought it was around the beginning of the year 2000.

A simple way of assessing the prevalence of the concept of social responsibility in Norway was to search in the archives of various media by using the *A-tekst* database. We elected to search for the terms *samfunnsansvar* (social responsibility) or *CSR* in the archives of Aftenposten, Bergens Tidende, Dagens Næringsliv, Dagbladet, Kommunal Rapport, Nordlys, NTB (the leading Norwegian news agency) and VG. These media were chosen because of their inclusion in the *A-tekst* archives from 1998 onwards. This made it possible to trace the use of the terms over time. Table 3.1 shows how the frequency with which the terms are used has changed over almost the last decade.

Table 3.1 Hits on articles that contain “social responsibility” or “CSR” in six media in the A-tekst database

Period	Articles containing “social responsibility” or “CSR”
01.01.1998 – 31.12.1999	232
01.01.2000 – 31.12.2001	289
01.01.2002 – 31.12.2003	342
01.01.2004 – 31.12.2005	591
01.01.2006 – 30.11.07*	800
Total hits 01.01.1998 – 30.11.07	2254

*The cut-off point here preceded year-end because of the publication deadline for this article.

It could, of course, be objected that articles referring to social responsibility do not necessarily refer to *enterprises’* social responsibility. The large increase in articles employing the terms illustrates, however, our point here: social responsibility or CSR have, to a large extent, become buzzwords and were used more frequently in each two-year period analysed.

What are the concerns of Norwegian enterprises?

We see that the phenomenon of social responsibility is becoming more widespread within Norwegian society and industry. Large Norwegian companies are also increasingly reporting on this aspect of their activities in their annual reports or on their websites. Norske Skog is a good example:

Norske Skog is committed to contributing to sustainable development. Customers, suppliers and the world at large can rely on us. We take work on issues relating to the environment and social responsibility seriously.

Our core values of openness, honesty and cooperation as well as our policies and guidelines build on the UN Universal Declaration of Human Rights and the 10 principles of UN Global Compact. Our business units are often the cornerstones of local communities, and many are the largest employer in their region. As well as providing both direct and indirect employment, these facilities work closely at the local level with communities to assist with other needs.

Social responsibility involves remaining sensitive to the needs of local communities and aware of the impact our operations have upon them. It means maintaining an open dialogue and responding with local measures. It also means showing respect for, and building upon, local cultures and traditions.*

* <http://www.norskeskog.com/fullstory.aspx?m=235&amid=221190>

Among the managers we interviewed, we found importance attached to the application, across national borders, of values developed by enterprises. For example, managers in Norway and Brazil should, as a starting point, adhere to the same values when dealing with employees and other stakeholders. At the same time, it is a challenge to ensure that these values are, in fact, adhered to outside Norway and Europe:

“Social responsibility means looking after people properly. We do this to a large extent. But we can certainly do better, and I don’t know what social responsibility we take in reality for workers and local communities in countries outside Europe. But we do have our “codes of conduct”. If these are followed that’s good. And if they are, in a number of places that will mean improvement. The codes state what is and isn’t permitted and that it is forbidden to discriminate on the basis of race, religion, sexual orientation, skin colour and trade union activity.” (Union representative)

As far as we are aware, there has been no Norwegian research that establishes what aspects of social responsibility union representatives and their unions consider most important. Falkenberg (2007) has, however, carried out research to establish the aspects given most emphasis by enterprises through an analysis of annual reports. Falkenberg finds that 46 of the 50 largest companies in Norway have defined a set of organisational values that can be related to social responsibility. These relate to everything from economic and moral values to various social norms. Falkenberg finds, however, that many of these values and norms are vague and somewhat unclearly formulated and that they cater for both internal and external stakeholders. This poses a challenge

for the people who have to live up to these values and norms. There is therefore a danger that these values and norms will fail to fulfil two important requirements: that they are shared by trade union members; and that sanctions can be imposed for non-compliance (ibid. p. 26).

Although Falkenberg (2007) finds references to both internal and external norms and values, there is only one enterprise that refers explicitly to a value relating to “the influence of the employees”. Furthermore, none of the enterprises refer among their values to “fairness” or “equality” (ibid. p. 18). Since the companies are Norwegian, Falkenberg’s findings may appear astonishing. One explanation may be that the values employed as starting points by the enterprises are of a general nature (2007:28). Another explanation may be that the concepts of influence by employees, fairness and equality are seen as so obvious that formulating them in an annual report is seen as unnecessary – they are so institutionalised that they are taken for granted. A third reason may concern *the identity* of the parties who have participated in defining the norms and values that are to be presented in the enterprises’ annual reports and on their websites. As mentioned above, no representative data exist as to the identity of those participating in developing Norwegian companies’ norms and values but, as we demonstrated in the previous paragraph, the material we have gathered suggests that their identity varies. In some of the enterprises where we carried out interviews this work was delegated to various management fora. In some cases, union representatives were directly involved, as here:

“This has been an important factor in our development as an organisation. By working with values, we also highlight common themes transcending cultures and national borders. Discussions about values are very important. But they take time. We need to involve union representatives and to think about foreign countries. We have held various discussions where employees have participated and there has been broad participation. If the employees had not been involved, this work would have had no impact. Should it be management that formulates what we are to become, or should we use references to the past? For us, history is important. It tells us something about who we are.” (Manager)

We should add that the union representatives interviewed at this company considered both employees and union representatives to have participated in the process of value definition. This had contributed to “creating more awareness of these values”.

What is the view among workers?

Are values primarily employed by enterprises to keep up external appearances, and do they have less significance in terms of enterprises’ actual behaviour? Is their significance for enterprises merely cosmetic and superficial? If this is the case, they will have little real value for either workers or employers. The examples of values presented by enter-

prises in their annual reports may, on the one hand, function as illustrations of how managers aspire to behave in accordance with contemporary norms of good corporate governance while, at the same time, the issues are being dealt with internally by means of disengagement: saying one thing, but doing another. The values, with their failure to incorporate concepts such as fairness, equality and influence by employees, may, however, be interpreted as justifying the scepticism with which parts of the European labour movement view the concept of social responsibility – highlighting the lack of trade union involvement and criticising enterprises for treating their employees no differently than all the other stakeholders that enterprises have to take into consideration. The Norwegian Confederation of Trade Unions has commented as follows on the development of guidelines relating to social responsibility:

“Several Norwegian companies have prepared their own “Codes of Conduct” governing their exercise of social responsibility. Unfortunately these are often prepared without trade union involvement at local level. The international labour movement has reacted to the lack of union involvement when businesses evolve their ethical guidelines and is critical of the private sector’s continual emphasis on the fact that the guidelines are to be relatively voluntary in nature. (...) For the trade union movement, meaningful social responsibility is conditional on democracy and participation. The trade union movement views it as of central importance for employers, their representative organisations in the area of health and safety, trade unions and union representatives on companies’ governing bodies all to participate in the development of policies and strategies in relation to social responsibility in individual enterprises.”(LO, 2004:2)

The comments reproduced above show that the Norwegian Confederation of Trade Unions, like its Swedish counterpart, is critical of social responsibility that is management-/enterprise-driven. At the same time, the Norwegian confederation adopts a proactive stance, stressing the importance of participation in work on issues concerning social responsibility. Union representatives are, however, of the opinion that trade unions have been too slow to highlight the high level of social responsibility exhibited by the labour movement:

“Business has asked for, and been given, freer rein. Consequently businesses must become more accountable. I don’t know whether this is a deliberate strategy to weaken the trade union movement, but I think that perhaps we in the trade union movement are not always good enough at doing this deliberately – forcing enterprises to become accountable. This is something I think is lacking. We ought to become better at showing that the trade union movement stands for the values that are highlighted in CSR and we ought to be an important force in giving these values real significance. The Norwegian model is an example of this.”

The union representative quoted above is interested in emphasizing the importance of the Norwegian social partners' tradition of social responsibility and, further, that union representatives should sharpen their efforts at drawing attention to this. In other words, it is a matter of clarifying the position of union representatives. Or, to put it in yet another way, working towards becoming an important actor in the definition process, with its clear association between social responsibility and the Norwegian model, along with the responsibility undertaken by the social partners therein, may contribute to raising awareness of the trade union movement's central position in the process in the future. Another interviewee puts it as follows:

"I don't think we've been good enough at doing this, but things are changing here. People have become more and more aware of this – particularly at a central level in the Norwegian Confederation of Trade Unions. But, as union representatives, we really could have done more to sit ourselves down and think: what is this really about? Is this what we really want? The confederation has tried to do this. Among other things, discussions have been held about codes of conduct. But that job isn't finished." (Union representative)

We did not find, however, any clearly expressed fears among our interviewees that CSR will put pressure on the existing regulatory framework presently governing labour relations. It may thus seem that the trade union movement in Norway, like that in Denmark, has a more proactive attitude to social responsibility, compared to trade union movements in other European countries. We also did not find any fears being expressed that the emphasis on CSR would contribute to the decentralisation of public sector welfare, as we have seen within the EU. With regard to the first question, one union representative commented as follows:

"I'm not afraid of that. But it's clear that we could end up with a EU system designed to meet the lowest common denominator. Although this would mean some people being much better off, for us it will be important to underline that it is the national system that takes priority." (Union representative)

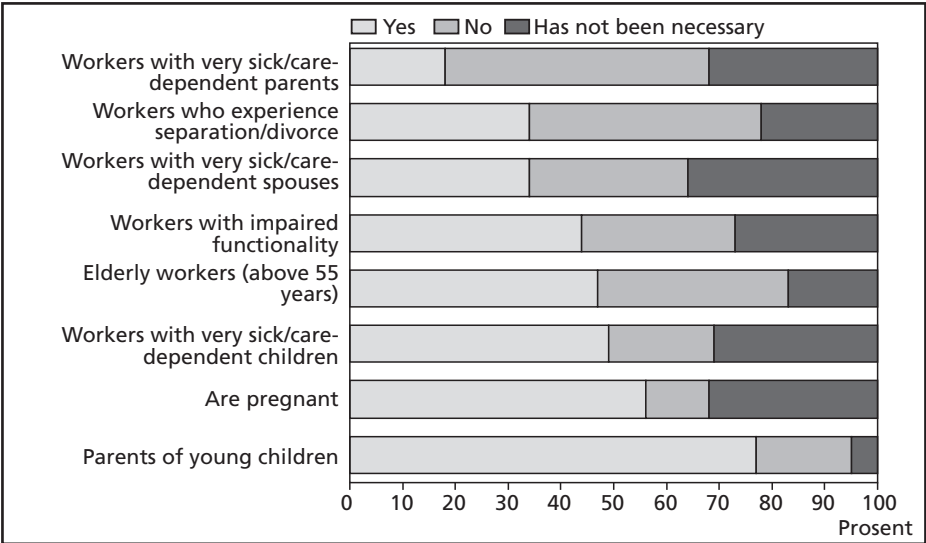
There are, of course, certain differences between the responses of employers and employees to important aspects of CSR. Although the Norwegian employers' organisation (NHO) for example highlights the importance of relating CSR to "companies' voluntary efforts" (NHO 2007), there is little to suggest that the NHO is arguing for a CSR strategy that would represent a clear breach with the Norwegian model of labour relations. When the NHO discusses voluntarism, this seems primarily to relate to companies' activities abroad (NHO 2007). With the exception of the question of voluntarism, the social partners would appear to be more in agreement than otherwise on issues relating to social responsibility. This is supported to some extent by two different pieces of research concerning social responsibility in practice.

Are enterprises taking on internal social responsibility?

Research carried out in 2006 attempted to chart Norwegian enterprises’ social responsibility. This was defined as responsibility taken by enterprises for their employees extending beyond that required by law. The research focused on the responsibility undertaken by enterprises to make provisions for workers in different life situations. The research was based on telephone interviews with 450 randomly chosen enterprises having 15 or more employees. In all, 600 people were interviewed: 450 managers and 150 union representatives/health-and-safety officers (Trygstad 2006).

Figure 3.1 shows the extent of the provision, as assessed by the enterprises, made for workers in different phases of life/life situations. We reproduce the responses given by managers.

Figure 3.1 Provisions by the enterprises made for workers in different phases of life/life situations (lowest n=440)



Most provisions were made for present and expectant parents of young children – workers with children under 12 years old and workers who were pregnant. The fewest number of provisions seems to have been made for workers with very sick or care-dependent parents. Nor does there seem to have been any particular provision for workers who had gone through separation/divorce or who had spouses/live-in partners that were very sick or care dependent. In relation to these two latter categories, a relatively large proportion of responses were of the type “has not been necessary”. This could be explained on the basis of the actual situation or, by the possibility that neither the workers themselves nor their employers considered the enterprise to be responsible for making provisions for workers facing challenges of this type. One explanation might

be that this was seen as a situation of a more personal nature, which therefore fell outside the scope of the workplace. Another might be that this type of situation was not considered a risk factor in relation to exclusion from the labour market.

If we look at the proportion of respondents who answered “no”, we see that as many as 29 per cent responded that they did not make provisions for workers with disabilities, 36 per cent did not make provisions for workers or seniors aged over 55 and half the respondents did not make provisions for workers with parents that were either very sick or in need of care.

The category “has not been necessary” is interesting in this context. We see that for five of the questions regarding the making of special provision, this category is relatively large. For example, 32 per cent of enterprises replied that it had not been necessary to make special provisions for workers who were pregnant. More in-depth analysis shows a relationship between the extent to which provisions were made and gender distribution. Enterprises that employed a high proportion of women made fewer provisions than enterprises that employed a high proportion of men. Gender therefore appears to exert a negative influence on enterprises’ internal social responsibility.

Evaluation of social responsibility by employers and workers’ representatives

An interesting question is whether union representatives and managers were in agreement on the extent to which the enterprise made special provisions – what we have defined as internal social responsibility. In relation to most questions about special provisions this seems to be the case, but in some areas there was an interesting divergence in the responses. Employee representatives responded, to a greater extent than managers, that there was a larger amount of special provisions made for:

- Workers with very sick / care-dependent children (significant at a level of 1 per cent)
- Workers with very sick / care-dependent spouses (significant at a level of 1 per cent)
- Workers with very sick / care-dependent parents (significant at a level of 5 per cent)

There may be various explanations for this – we choose to highlight two in particular. Firstly, employees’ representatives may in fact have *assumed* that special provisions were being made for workers who found themselves in these types of situations, even though enterprises were not in fact making such provisions. Secondly, it may be that *unofficial arrangements* were in place with managers, at a lower level than those interviewed here, making *de facto* special arrangements, without this forming part of official personnel policy. Earlier studies have shown that special arrangements, as well as forms of “particularistic” provision, are made that do not form part of official personnel policy

(Nergaard et al. 2003). It is not unreasonable to assume that offers of special provisions for the benefit, among others, of workers with very sick or care-dependent parents and/or spouses might constitute examples of such forms of particularistic provision. Workers providing care for parents have received particularly little attention, something that came to light in the winter of 2006, when this was the subject of several reports in the media. Our data do not, however, make it possible to confirm or refute either of these explanations but, even so, the differences are interesting. One conclusion that can be drawn from the study is that there is a high degree of correspondence between the responses of managers and employee representatives, both in relation to the making of special provisions for different groups of workers and in relation to provisions made for employees in different life situations.

How do company board members view social responsibility?

The BI Norwegian School of Management has analysed the importance various board representatives and general managers in Norwegian businesses attach to various considerations during strategic discussions at board level. The most recent survey was carried out in 2006. Are there great differences between the views of general managers, board chairmen, other board members and employee representatives? Table 3.2 gives an indication of the answer.

Table 3.2 What are the company's most important strategic orientations and objectives?

	Profits for owners	Safe long-term investments	Secure, stable jobs	To be an important contributor to society
Chairman of the board	4.34	5.93	5.48	4.92
Members of the board	4.39	5.83	5.39	5.05
Employee representatives	4.56	5.78	5.34	4.91
General manager	4.3	5.87	5.49	4.72

We see somewhat different levels of importance being attached to various orientations and objectives. The stability of long-term investments is the orientation and objective considered most important by all actors. On the other hand, we see that least importance is attached to profit. This is interesting at a time when so much attention is focused on shareholder value.

Over the last 20 years, a central feature in the development of Norwegian businesses has been the strengthening of the position of owners, not only because their role has become more central, but because the traditional "stakeholder" view has been challenged in important areas by forces aspiring to a purer "shareholder perspective" (Engelstad, Hagen, Svalund and Storvik 2003), which involves reducing the main interests of companies to those of their shareholders. At the same time, as a result of

the EEA-Agreement, Norwegian companies have to comply with an increasing stream of directives and recommendations from the EU on co-determination and corporate governance. In the wake of this development, we might ask whether the new norms concerning ownership control will change the balance of power between management and labour at enterprise level. An emphasis on short-term profitability may lead to more frequent changes that, among other things, may lead to re-structuring, outsourcing and business closures. Continual changes and replacements of top management will affect two very central aspects of the Norwegian style of management and Norwegian industrial relations: predictability and trust (Trygstad and Hagen 2007). This analysis shows, however, that the securing of long-term investments and stable jobs is considered more important than profit. Making an important contribution to society is also seen as more important than profit. Seen from the perspective of social responsibility, it could therefore be claimed that board actors and general managers adopt a stakeholder perspective in relation to strategies and goals defined by the company's board.

Another interesting finding is that there are only small differences between the views of the various actors: the chairman of the board, the board members elected by the shareholders, the employee representatives and the general manager. In relation to the question concerning profit for the company's owners, however, there is a difference between shareholder-elected and employee-elected board members, in that the board members elected by employees view this consideration as somewhat more important than board members elected by shareholders, but the differences are only significant at a level of 5 per cent. An employee representative in our study puts it thus:

“As a starting point, there are not such great differences between board representatives, even though there are obviously different views as to what constitutes a high return. But this is nothing new. But as soon as an enterprise starts to do badly, then we employee representatives will probably start to think a bit differently. But overall we have relatively similar views on what is important and what form social responsibility should take. But perhaps the words we use are slightly different.”

These two studies form a relatively thin basis for the purposes of drawing any important general conclusions. However, they suggest that union representatives and managers, and employee representatives and other board members respectively, are relatively united over what can be described as internal and external social responsibility. The studies do not give us any answers about developments over time, as to whether, for example, more emphasis was placed previously on long-term investments, secure jobs and making an important contribution to society. We can, however, confirm that these three objectives are considered more important than the generation of profits for the benefit of business owners.

Is the Norwegian model being exported?

The answer to the question posed in the title to this section will not be found in this article, but is the subject of another ongoing project within Fafo's Council Programme. The question is, however, of interest, especially when we consider that much of the Norwegian debate on CSR is directed towards how companies do business and behave in countries where the system of legislation and collective agreements is weaker than that in Norway.

In their report "Managers in the Norwegian model", Trygstad and Hagen (2007) asked whether it is possible to identify any particular characteristics of Norwegian managers. Their report refers to the importance often attached by researchers to our democratic culture for understanding the Norwegian style of management. Byrkjeflot (2001) is of the opinion that Scandinavian managers behave in a more democratic manner because of the strong emphasis on equality and informal relations within Nordic culture. But what is democratic management? Democratic management does not only mean the introduction of democratic or quasi-democratic procedures within the company. To achieve democratic legitimacy, the management must also satisfy a "demand for openness, transparency, proximity and it must be possible to justify decisions" (Sejersted 1997:45). But values revolving around equality are scarcely a Scandinavian genetic characteristic. The history of the labour movement is that of the struggle to establish values relating to equality by organizing along lines of common interest, and not by organizing primarily according to existing norms. Institutions within working life are closely connected with the trade union movement's push towards a more democratic working life. This may of course change. But the point in the Fafo report referred to above and here is, however, that the principles which inform the organization of Norwegian institutions can be seen as tools for implementing and maintaining "Norwegian equality". So what happens when Norwegian managers venture outside Norway?

Norwegian values outside Norway

"In terms of social responsibility, we try to act in the same way in both Norway and Brazil. The question is, of course, whether the Nordic model works abroad. I don't think the basic attitude to CSR is so different, but the set-up is different. I don't think the Norwegian model is any better than other models. Lots of strange things happen in Scandinavia too. We might also ask: what is so special about the Norwegian model? After all, there are so few of us in this country. That makes us closer to each other. I think the fact that there are so few of us is an important reason why we live as we do." (Manager)

The manager quoted above considers the Norwegian model to be context dependent and to some extent overrated. And, according to a study of attitudes of Norwegian

managerial staff to compliance with Norwegian standards governing the working environment and environmental protection when doing business overseas, it would appear that he is not alone. In a study from the Norwegian research project "Power and Democracy" 1,711 Norwegian top managers answered a questionnaire. Beldo Klausen (2001) analysed the attitudes of these managers in relation to the adherence to Norwegian standards outside Norway. His conclusion is that somewhat more managers agree, than disagree, that Norwegian standards ought to be adhered to, but Beldo Klausen finds significant variations in attitudes between managers in different sectors of society. While eight out of 10 church leaders believe that Norwegian standards should be adhered to, only three out of 10 managers in the private sector would agree with this. Managers in privately owned enterprises are the most negative. Beldo Klausen also finds that attitudes regarding adherence to Norwegian values vary according to political allegiance. In addition, of particular interest in this context is the fact that the more contact managers have with foreign countries as part of their work, the less likely they are to agree that Norwegian standards should be adhered to. There may be several explanations for this. Beldo Klausen suggests that contacts abroad give managers better knowledge about actual conditions and what can actually be achieved. Another explanation he puts forward is that internationally oriented managers may be humbler when encountering other cultures and traditions. Yet another explanation that we wish to put forward by way of conclusion is that Norwegian standards which, for example, apply to the working environment, have been developed through social dialogue, where the trade union movement has been able to use its influence to push managers and business owners in a more socially responsible direction. This also suggests that when Norwegian businesses are active in countries where there is a less strongly developed system of legislation and collective agreements, and where the trade union movement is non-existent or weak, import of the Norwegian model cannot be taken for granted because, quite simply, a very important component is lacking – an organised labour movement to counterbalance the employers.

Norwegian companies in Brazil

In November 2007 we visited four Norwegian companies established in Brazil; Kongsberg Automotive in Jundiai, Norsk Hydro (Hydro Acro) in Itu, Mustad in Porto Alegre, and the headquarter of Yara, also in Porto Alegre. During the visits we interviewed the local management and were guided around at the production facilities in three of them. The companies' CSR-policy was one of several themes discussed during our visit. We didn't have any chance to speak to the employees during our stay, and the data collected in the interviews must be seen and treated as preliminary. In the report Industrial Bacalao (2008), Løken and Barbosa discuss issues related to industrial relations in Norwegian companies established in Brazil. We will focus here on issues that the local management themselves related to CSR-activity at the plant level.

Internal CSR – focus on health and safety

As an overall impression the local management seeks to emphasise health and safety at the plants. The factories were also rather tidy and various sorts of protective equipment were in use. In addition, posters, focusing on safety at work were placed at central spots in the production area. In one factory the management demonstrated how the workers handled pollutant. The same manager told us that in another factory – just some blocks away – the same pollutant was just thrown outside the factory door.

Internal CSR – focus on education and communication

One of the companies, Yara, had a very comprehensive and extensive program of investments in workforce capability and education. Since Yara acquired Adubos Trevo, the share of the workforce that has not completed elementary school has dropped from 46 per cent in December 2001 to 12 per cent in July 2007. Likewise, the share of the workforce that has completed high school had risen from 12 per cent to 36 per cent in the same period.. The skill profile of the workers is changed. Yara has also focused upon gender. When we visited the headquarters, they had just finished a program to promote female managers and they now have a program focusing on disabled employees. It should be mentioned that Yara could also document communications procedures with both the union and their employees around issues concerning them. Among other things, they had established a compliance officer to take care of reports of wrongdoings, set forwards by whistle blowers.

It is worth noting that the systematic approach towards education was missing in the other three plants we visited.

External CSR – focus on the local community

Yara has a school in the factory in Rio Grande for 16 persons over a period of eight months. 50 per cent of the pupils are recruited among prostitutes and drug-addicts. It is possible to for the employees to use two hours weekly on voluntary work. Some of the employees are helping farmers to increase competence and with education. Activities undertaken by other factories in relation to the local community seemed to be more ad-hoc. However, all of them did something in relation to the local community. One of them offered the neighbourhood some old computers, and others had a tradition for giving clothes and toys to the needy people in the favellas nearby.

Some concluding remarks from our visit

We have to underline that our data is very limited, the small numbers of factories we have visited and the fact that we just have interviewed the local management, makes it difficult to draw any conclusions about CSR-activity. Except for Yara, we didn't find any clear and well-developed CSR-policy in the other three factories. Although discussions about CSR are highly focused when talking to the companies' central level in Norway,

it seems that the CSR-activity in Brazil is, to a much lesser degree institutionalised, with the exception of Yara. The manner in which the companies actually act in a social responsible way seems to depend upon the local management. The lack of union representatives at the plant level makes it also more difficult to press management to act in a more social responsible way when extra pressure is needed. Nevertheless, Løken and Barbosa (2008) conclude that generally speaking, Norwegian companies have relatively good wages and benefits compared to Brazilian or American companies, but not more than are necessary to be competitive in their district and/or industry. Some of them, like Yara, also have very generous social benefits.

During our interviews with Norwegian union representatives and employees' representatives on the boards, we sought information on their knowledge of the functioning of the company codes of conducts in the subsidiaries in Brazil. Few have any contact with Brazilian union representatives, so the answer is often: "Frankly, I can't know for sure that the codes are functioning, but I hope they do." Employees' representatives on the companies' board tell us that the companies' CSR-strategy outside Europe is a topic discussed at board meetings from time to time. Norwegian union representatives are accustomed to cooperation across borders through European Work Councils (EWC). Today it is just Norske Skog that has expanded this form of forum by establishing a Global Employee Forum, while some other Norwegian companies are discussing this. Norske Skog's The Global Employee Forum was established in 2005 and had its second meeting in 2007. From 2008 the intention is to have yearly meetings. During the meetings the union representatives also meet with management representatives from the same factories. Norske Skog has also established regional work councils, one among others in South-America, with yearly meetings.. The Norwegian chief shop steward participates in all regional meetings as well as in the global meetings. He states that this gives him important knowledge about the conditions within the Brazilian subsidiary. He states that: "It is important for me to communicate that cooperation represents a competitive advantage." However, further research is needed regarding the manner in which Norwegian companies act in a social responsible way when located in Brazil.

3.5 Conclusion

At the turn of the century, the Anglo-American approach towards CSR has received a lot of attention in Europe. When the concept arrived in Europe, it encountered in many cases a labour market subject to a far higher degree of regulation than is the case in the US, and with an institutional framework consisting of strong relations between labour and management. The unions in many European countries met the Anglo-American concept of CSR with skepticism.

The grip of management on CSR and the emphasis on voluntarism, rather than the regulation of social responsibility through collective agreement, are two considerations about which the European trade union movement is ambivalent. Studies within the EU demonstrate that primarily management and employers promote CSR initiatives. Enterprises' social responsibility is thus to a much lesser extent the result of discussions between employers and unions. This also means that social responsibility becomes more dependent on individuals, in the sense that it is the management of individual companies who, to a large extent, influence the form of a company's social responsibility policy and the way in which it is put into practice. This means that CSR is also vulnerable to personnel changes within the management of individual companies. Research shows that where union and other workers' representatives have participated in discussing and defining the meaning of social responsibility, the result is often better.

Preuss et al. (2006) conclude that CSR has had a clear influence on trade unions in the EU. Scepticism towards CSR seems to increase where the balance of power between managers and labour is more uneven. In countries such as Denmark and Norway, for example, the trade union movement considers itself an important advocate of company engagement in social responsibility, while the trade union movement in the UK views CSR with great scepticism. Trade union movements also follow various strategies for responding to CSR. The trade union movements in both Denmark and Germany are attempting to employ CSR strategically to expand their areas of influence, while in other countries, for example in Eastern Europe, trade union confederations have adopted a passive attitude, partly because of a lack of information about the nature of CSR and partly because they feel their influence to be minimal. The trade union movement's strategy in relation to CSR also seems to be evolving over time. During the early phase, focus was primarily directed towards traditional trade union causes. Subsequently, unions became preoccupied with co-ordinating national initiatives, as well as offering training on the nature of CSR. Trade union movements have gradually developed new forms of stakeholder co-operation and are now in the process of exploiting their financial power and, consequently, the influence they enjoy, through their direct or indirect influence on the administration of various pension funds. Of the external aspects of CSR, those that seem to have greatest significance involve aid to developing countries, human rights and environmental questions.

Along with the other Nordic countries, Norway is characterised by a strong implicit form of CSR, with formal and informal institutions assigning corporations an agreed upon share of responsibility for society's interests and concerns. The biggest union in Norway – The Norwegian Confederation of Trade Unions (LO) – consider themselves a driving force in relation to CSR. CSR is institutionalised in laws and collective agreements accompanied by a far-reaching and universal social security net. In Norway all this has been called politics not CSR. Our empirical findings do however indicate that Norwegian enterprises in Norway act in what we could call a social responsible way.

The strong implicit form of CSR is probably a major reason why the discussion connected to CSR is linked to the actions of Norwegian companies abroad. This goes for both the Norwegian LO and the Confederation of Norwegian Business and Industry (NHO). It is worth asking – does CSR actually represent anything new in a Norwegian context? There are no easy answers to this question. On the one side, we could argue that the attention paid to global questions such as social conditions and the environment can contribute to expand the union representatives' scope of influence. On the other side it could be argued that different codes of conducts and different companies' codes are so loosely connected to the traditional cooperation between actors that CSR is mainly a symbolic activity. Equally the attention paid to these questions could be an indication of some sort of change, where the role played by union representatives role not that obvious any more. We do however find that union representatives emphasize the need to communicate that CSR is deeply embedded in the Nordic model of labour relations. They emphasize that unions at different levels must stress this point even harder today, as well as the point that the union movement has been a driving force in the development of CSR in Norway.

Do Norwegian companies behave in a social responsible way when located in areas with weaker laws and collective agreements than Norway? The question remains unanswered. Would an answer of 'no,' indicate that CSR does not necessarily result a voluntary responsibility that the management assumes, but more likely results from a pressure emanating from one or more stakeholders – one of them in all likelihood being trade unions.

4 Conclusions and new research questions

In this report we have discussed CSR from the context of two quite opposite countries – Brazil and Norway. In Brazil CSR could be regarded as a tool to make the government act in a more responsible way. In Norway CSR is deeply rooted in the Nordic model. In this last section we present some new research questions deduced from our research.

4.1 Brazil

The exploratory research conducted by NUPPs between July and November 2007 confirmed some of the work's initial hypotheses as can be seen from the notes below.

S System is effectively a set of non-State public services

First of all, the general information and secondary data that have been collected, as well as interviews conducted, showed that the S System is effectively a set of non-State public services, mainly in the area of professional training, but also in social assistance, and socio-cultural activities, mainly provided to commerce, agriculture and industry sector workers of the country, and secondly, to employees in the port and airport sectors which are maintained by the State. Services are provided by a set of organisations that are conventionally known as the S System and are directly funded by private businesses and managed through their respective corporative organisations such as National Confederations and Regional Federations. Private sector contribution for the maintenance of the system is compulsory, set by law, collected by State organisations and directly passed on to these institutions.

S System as a hybrid model

In comparison to both well-known Welfare State models, and to corporative social responsibility experiences, the S System must be classified as a hybrid model, which came into being in 1942 from private sector initiatives, but put into effect – in its original format and normative legislation – through a decision of the Brazilian State. In this way, the system can be seen to be a part of the establishment of the Estado

Novo (1937–1945), an authoritarian corporatist experiment that had enormous implications for Brazilian contemporary politics and social history, in particular, with regard to the process of expansion of the rights of citizenship. Despite this, its creation was an original solution adopted by the Getúlio Vargas government to implement a partial system of social security, of a corporatist nature, within the framework of an economic and political development model that concentrated wealth and power and was socially excluding.

A wide-reaching system

The system is wide-reaching and services millions of private sector employees working in the Brazilian economy and their families (its directors say that they have provided services to over 50 million people since it was founded); it mobilises resources on the order of US\$ 6 to 7 billion per year, which is more than the resources allocated to some of the public services maintained by the State. With regard to efficacy indicators, the assessment of the system is still not very transparent, and is mainly conducted by its own workers and technical staff, and is maintained in-house. However, due to the semi-public nature of resources used for its maintenance, these organisations are accountable to the Controladoria Geral da União (*Federal Audit Office*). Nonetheless, according to information available, this is not done systematically, and sometimes it takes years for the results to be made public.

A centralised system

The management of the System is highly centralised, since their executive directors are also the directors of private corporations themselves, who also make up the majority of members of the Advisory Boards, both at national and at regional levels; despite this, based on an initiative of the current government, some measures to fulfil demands regarding the participation of union members have been adopted; such as the inclusion of employee representatives on the higher boards of some institutions.

Concluding remarks about the S System

In summary, the system is relevant, it provides services to a large number of Brazilian people filling a void not covered by the State, and seems to provide good non-state public services, especially in the areas of education and professional training, but its results and management methods are not well known, making its accountability to the public and to democratic institutions difficult.

Continuing the study: Objectives

Taking into account the findings of the preliminary phase of the study, such as information about its substantial scope and coverage – with its diverse service network spread throughout the whole of the country, assisting millions of Brazilian people and involving a considerable amount of resources for the development of its activities – it is clear that the S System needs to be the object of a more detailed study based on quantitative and qualitative data, capable of showing all the system's social, economic, and political implications, thus giving Brazilian society and the political system the opportunity to evaluate it (at the same time as carrying out a comparative analysis with systems that have similar objectives, in countries such as Norway).

To reach these objectives, the proposed study must focus on two main areas: on the one hand, to better measure the efficiency and the effectiveness of the System in terms of its results, as perceived by its users and, on the other hand, to improve existing knowledge about the management methods used by different organisations which make up the peculiar network of social security which exists in Brazil. These objectives are to be achieved according to the guidelines below:

1. Although there is anecdotal evidence of satisfaction among the people who receive these services, there aren't any systematic public and wide-reaching user assessment studies about the quality and results of the services offered; at the same time, here are no technical reports produced by organisations with regard to their efficiency and effectiveness known to be published. This in itself justifies the need for data collection through a national *survey*, representative for all users, with a questionnaire including closed and open questions about the nature and effects of services provided. This research should necessarily contain questions which check service take-up rates and satisfaction; it should correlate service perception with human development targets and values inherent to civil, political and social rights in the country, including civic participation in relation to citizenship and democracy;
2. On the other hand, given that the Brazilian business sector seems convinced that the S System, within the limits of its resources and attributions, adequately corresponds to the current model of *corporate social responsibility*, this will also be assessed through procedures to be adopted. From a comparative analytical perspective, the study will examine how the S system does this, that is, what are the results expected and obtained over time. This will be studied mainly from a management angle, that is, what is the management model adopted by the system? Is it efficient and effective in fulfilling the objectives set out by Brazilian law and do they meet the public and the business sector's expectations? How are decisions made and what are their criteria and priorities? How are assessment decisions moved forward? And, for a period corresponding to the last 5 years, what are the merits and the limitations of the accounts presented to the Tribunal de Contas da União (Accounts Tribunal)?

Information gathering will be done based on a sample of qualitative interviews (with a pre-determined schedule) with directors of two of the System's main services, SESI/SENAI and SESC/SENAC; the examination of official documents will also be used in this phase of the research.

Also part of the study is a summary description of the activities of all organisations that make up the System, its public, the resources allocated to it in the last ten years, the size of its administrative apparatus and the results achieved (as according to their directors). But user assessment will be the main focus. For this, as already indicated, quantitative and qualitative social analysis methods will be used to assess the impact of the system on the model of citizenship adopted by the Brazilian experience of the Welfare State. Finally, it is hoped that the results of this study will be debated in the form of a public seminar with the participation of the directors of the System's organisations, unions, users and specialists; it will also serve as the source of articles and a book to be published by NUPPs.

Project organization and working group

The project is expected to take two years (2008–2009) and the provisional timetable is as follows:

- (a) First six months – preparation and pre-trial of survey questionnaire and pre-determined scheduling of qualitative interviews, based on pertinent literature,
- (b) Second six months – survey, preparation of database, codification of main study variables; and beginning of qualitative interviews,
- (c) Third six months – analysis of data and trials based on bivariate and multivariate statistical analysis models (correlations, logistic regression, etc.),
- (d) Final six months – preparation of texts and editing of the preliminary version of the book.

The work described will involve the participation of a team of specialists with specialties in the social sciences and/or economics. We envisage the participation of at least the following professionals:

- A general co-ordinator (part-time) with advanced degree in the social sciences and /or economics, at a senior level,
- Two social scientists (full-time), sociologists and/or political scientists with PhDs,
- Two research assistants (full-time) with focus on the social sciences, either studying for their masters or PhDs,

- Two people on work placement with degrees in the social sciences.

The Center for Public Policy Research – NUPPs, of the University of São Paulo, will provide institutional and operational assistance for the research.

4.2 Norway

In Norway, companies seem to operate in a social responsible way. We have explained this by referring to the Nordic model of labour relations. It can be argued that the institutional framework that characterises the model contributes to social responsibility. The power balance between labour and capital, various laws and collective agreements, the various channels for cooperation at the local and central level provide the employees good opportunity to influence management's strategy in a way that lead the employers to act in a social responsible way. The question of the manner in which Norwegian companies behave when operating abroad, and especially outside Europe is still unanswered. We therefore suggest studying Norwegian companies located in Brazil.

Do company codes of conduct matter?

In this report we have discussed the different values and codes of conduct that have been developed by companies. It is still unclear if these values and codes of conduct have any influence upon the different companies' behavior. In Norway, union representatives at the plant level and employees' representatives on the boards of companies can evaluate the company's action towards Norwegian employees. It is far more complicated and difficult to evaluate a company's behavior in respect to a social responsible way when located in Brazil. The lack of local union representatives at the plant represents a challenge when it comes to information and knowledge about the degree of social responsibility. For Norwegian union representatives it is therefore difficult to evaluate the company's action. The distance makes it also more difficult to visit the different subsidiaries. We suggest some research questions:

- Do companies' codes of conducts have any influence upon the internal social responsibility?
- Do companies' codes of conduct have any influence upon the companies' engagement in social activities towards the surrounding area?

Export of the Nordic Model of labour relations

Is it possible to find any indications of an export of the Nordic Model of labour relations? Do managers in Norwegian owned subsidiaries act in an egalitarian and

democratic way towards the employees? Could we find examples of cooperation between the management and employees that indicate that the Norwegian traditions of cooperation between the two parties are transmitted to the factories?

- How do the employees view their ability to influence daily activities as well as more far-reaching strategic decisions at the plant?
- Do Norwegian owned companies act in a more responsible way than do Brazilian owned companies?

A survey of employees and managers in subsidiaries owned by Norwegian companies could be a fruitful way of collecting data. It would also be interesting to carry out a survey among employees in Brazilian owned plants. By using ownership as an independent variable we would be able to ascertain the impact of ownership on both the internal and external social responsibility.

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Interviews

- Interview – Jair Meneguelli 05/10/2007, at the headquarters of SESI's National Committee, São Bernardo do Campo
- Interview carried out: October 2 2007, SESC Vila Mariana, in São Paulo, with the President of the Instituto Nacional de Seguridade Social (INSS) [*National Institute for Social Security*], Dr. Marco Antonio de Oliveira

CSR in Brazil and Norway

In this report we discuss Corporate Social Responsibility in Brazil and Norway. We mainly focus on the social dimension of the concept. As we will show, CSR in Brazil and Norway have different meanings, and work in different ways. In this report, we outline how various social groups in the two countries define CSR, and in what ways this difference is expressed. In Brazil, one of the roles businesses have taken on is preparing workers for the market and assisting them with some of their social needs, thus promoting services which the State was unable to provide efficiently to the extent demanded by the development of capitalism. In Norway, CSR is embedded in the Nordic Model.



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