

**PUBLIC INTEREST AND *PRIVATE* POLICY: THE CASE OF IMPLEMENTING  
CORPORATE SOCIAL RESPONSIBILITY IN DUTCH INDUSTRY**

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## **PUBLIC INTEREST AND *PRIVATE* POLICY: THE CASE OF IMPLEMENTING CORPORATE SOCIAL RESPONSIBILITY IN DUTCH INDUSTRY**

### **Abstract**

An increasing number of firms with a foothold in the Netherlands try to implement 'corporate social responsibility'. This article considers these efforts in the light of the changing relation between the state and society. It analyses the processes of learning that were induced by the programme 'From financial to sustainable profit' of the Dutch National Initiative for Sustainable Development (NIDO), a publicly financed foundation that operates at arm's length of government. To assess the design of the NIDO initiative from the perspective of its ability to enable practices of governance in discursive interactions with the private sector, a theoretical perspective is outlined that integrates concepts of learning with an understanding of societal change that is based on the "duality of structure" concept (Giddens, 1984). The article argues that the ability to induce processes of learning and structural change renders NIDO's approach a viable contribution to actively staging processes of governance as a society-centred practice.

### **Keywords**

Governance, learning, corporate social responsibility

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### **Introduction**

The public-private distinction that long dominated the prevalent strains in political and economic thought in Western industrialised societies not only lost terrain due to the continued emergence of hybrid structures that operate on the interface between market and government (Williamson, 1991). It is also becoming obsolete, as business is more and more defining its role as a defender of public interests. The past decade shows a clear shift towards an emphasising of *corporate* social responsibility, both in the rhetoric of governments and NGOs and in the practice of a growing number of firms.

The origins of this shift are threefold (Cramer, 2002, 2003). First of all, it results from the general shift in the power balance between states, firms and households. The reduction of power of the nation state in favour of the rapidly globalising business sector involves an increase in the latter's responsibility as well. This development is being reinforced by the tendency of national governments to transfer more and more of its jobs to the private sector, to be implemented within a frame of reference set by the government. Thirdly, in concord with the relative weakening of state power, citizens tend to become alienated from the political establishment and to organise themselves into groups in which they can take action themselves. This has led, among other things, to a clear call upon individual firms and international institutions to accept their responsibility for the public consequences of their actions. More than before, firms are now expected to account explicitly for all aspects of their performance, i.e. not just their financial results, but also their social and ecological performance. Openness and transparency are the new key words.

Consequently, corporate social responsibility is gradually becoming more and

more widespread. A growing group of companies acknowledges this trend. Among them are the more than 160 companies who are member of the World Business Council for Sustainable Development (WBSCD), a respected organisation promoting the pursuit of sustainable development. The WBSCD defines corporate social responsibility as 'the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life' (Holme and Watts, 2000). Thus both social and environmental concerns are part of a company's corporate social responsibility. The challenge is to find a responsible balance between People ('social well-being'), Planet ('ecological quality') and Profit ('economic prosperity') (Elkington, 1997).

In the Netherlands, the issue of corporate social responsibility appeared on the political agenda in the late 1990s. In a first reaction, the Dutch government turned to its main advisory body on matters of national and international social and economic policy, the Social and Economic Council (SER). The SER's advice (2001), prepared by the council's experts in close consultation with representatives of employers' organisations and trade unions, included a clarification of the concept of corporate social responsibility and suggestions for governmental action on the issue. The Council considered corporate social responsibility a crucial aspect of the core business of any enterprise. Responsibility for its implementation according to the SER rested with companies. In the Council's opinion, the public awareness on the issue provided sufficient incentives to incite companies to take their responsibility serious. Therefore, the government was advised not to take regulatory steps on the issue for the time being.

However, companies struggled with the problem of how to put the corporate social responsibility concept into practice. In general, it was unclear what it really meant for companies to shift their attention from solely their financial performance to include

their ecological and social performance as well. This problem led the Dutch National Initiative for Sustainable Development (NIDO) to launch a major programme on the subject, entitled 'From financial to sustainable profit'.

This article discusses the results of the programme in terms of the learning processes it induced among the parties that were mobilised through the Dutch experiment. Firstly, it explores incidences of learning that were triggered among the company representatives that participated in the programme. Thereupon, it concentrates on the learning experiences that took place at the level of the participating companies themselves and, lastly, on the structural changes at the level of Dutch society at large that can be related to the NIDO programme. These three types of dynamics are considered relevant from the perspective of governance as a society-centred practice.

The article begins with a brief overview of the programme, its objectives, and the method pursued. Next, the literature on the concept of learning that has formed the main source of inspiration in structuring the analysis is discussed. More specifically, the role of facilitating learning as a new practice of public policy making with mutually interdependent parties is addressed. In this context, the learning concept is related to Giddens's postulate of the 'duality of structure', and the potential for societal change it entails (Giddens, 1984). From this theoretical perspective the results of the NIDO programme are reviewed. Finally, the ability of the Dutch experiment to provide a new institutional structure for societal problem solving that cuts across the market-state dichotomy is reflected.

### **"From Financial to Sustainable Profit"**

The National Initiative for Sustainable Development (NIDO), established in 1999 is financed through special funds of the Dutch government. It is a foundation with the purpose of structurally anchoring sustainable initiatives in society. NIDO is formally

organised as an independent foundation at arm's length of government. In order to realise its mission, NIDO co-ordinates dedicated 2-3 year programmes. In these programmes, far-sighted people from industry, government, science, and societal organisations collaboratively attempt to translate the concept of 'sustainable development' into the contexts of their professional work.

NIDO's approach to managing transitions towards a more sustainable society appears relatively unique. An international exploration (Roome, 2002), commissioned by NIDO, indicates that while the NIDO-approach draws on, and converges with, international thinking and practice in bringing about sustainable development, the NIDO initiative is unprecedented and unparalleled in an international context.

The first major activity that NIDO launched was the programme 'From financial to sustainable profit'. The objective of the programme was to initiate and support change processes among companies wishing to create a link between their financial performance and their record in ecological and social matters (Cramer, 2001). In order to meet this objective NIDO initiated various processes of information exchange in which companies could learn from each other as well as could interact with external stakeholders.

The programme adopted a process-oriented approach to dealing with the corporate social responsibility issue in which no clear-cut results could be formulated in advance. The programme focused on the interface between 19 participating companies and their stakeholders. Transformations in behaviour towards corporate social responsibility were sought by inducing processes learning among the parties that took part in the programme. Change-agents affiliated to NIDO helped to enhance these learning processes. The programme ran from May 2000 till December 2002. Within the programme two projects were carried out: (1) implementing corporate social responsibility in business practices and (2) marketing- communication about corporate

social responsibility (Cramer, 2003).

The approach was as follows: NIDO organised monthly meetings (of 4 hours) for both project groups in order to exchange experiences among the participating companies, to discuss common problems and to interact with external stakeholders. Moreover, every company carried out its own project during the period January 2001 – July 2002. In order to document the outcomes of the discussions and lessons learned, extensive minutes were made of every meeting. Moreover, the programme manager visited every firm three to four times to keep track of the progress made.

Apart from coordinating both project groups, NIDO also participated in various initiatives that concerned the corporate social responsibility theme in order to mutually reinforce the NIDO programme and these initiatives alike. Special attention was paid by NIDO to the strengthening of the knowledge infrastructure in the field of corporate social responsibility. The participating companies and NIDO itself took care of dissemination of the results of the NIDO programme to other companies and to society at large through conferences, written documents and the media.

The array of activities that was undertaken intended to induce processes of learning among the participants and their respective companies, as well as in the network of parties that affects the context in which these companies operate.

## **Learning as a precondition for change**

In research on change processes, the concept of learning is used to cover a wide “society of ideas” (Minsky, 1988, p. 120; cf. Bennett and Howlett, 1992). It is therefore useful to examine very closely the meaning of the concept as it is used here. A commonly held view maintains that learning is the ability to detect errors and to respond appropriately. This cognitive perspective on learning is, however, of little use in accounting for changes in views on corporate social responsibility. Its focus is too narrow (“If learning is about correcting errors, then learning is about things that have gone wrong,” Cook and Yanow, 1993, p.387) and it neglects changes in the non-rational elements of a person’s perception, such as beliefs and values.

The interpretive perspective on learning offers a more fruitful basis for analysis and explanation. Learning, according to this view, may involve a change in the cognitive aspects as well as in the values according to which a person perceives the situation that he is faced with, and which inform his decisions for dealing with it. The amalgamation of beliefs, theories and values (a person’s “frame of reference”, Schön and Rein, 1994) may change in response to new information and may itself form the object of reflection.

In order to analyse the learning processes that have taken place during the course of the NIDO programme, it is useful to distinguish carefully between the various kinds of changes in a person’s frame of reference, which may occur.

Grin and Van de Graaf (1996-a) describe five types of learning. A reflection on the technical means and procedures that a person uses to solve a perceived problem may entail either (i) considering the adoption of a new strategy or procedure, or (ii) re-valuing strategies and methods that he is already familiar with. Furthermore, reflection may lead to (iii) a changed perception of the nature and causes of the problem situation itself. These three types of learning all are expressions of so-called ‘first-order learning’

(Grin and Van de Graaf, 1996, Schön, 1983). First-order learning (also referred to as 'single loop learning', Argyris and Schön, 1996) generally results in incremental changes in the person's problem-solving strategies. After all, the fundamental notions on the basis of which he goes about things remain intact. A critical reflection on these fundamental values and background theories may also take place. In that case, a person may (iv) come to reconsider the theories, values and assumptions that he has gained through professional training and experience, or he might even (v) come to change his underlying norms, beliefs and world-view. These two types of learning are expressions of 'second-order learning' ("double loop learning') and may result in major changes in one's strategic choices, objectives and preferences.

Implementation of corporate social responsibility may well involve changes that are inspired by first-order learning. A company's efforts to technically improve its production process in terms of environmental standards provide a case in point. A reconsideration of the standards involved, of their meaning and notably of the reasons why they are applied would entail second-order learning. Arguably, corporate social responsibility specifically requires this kind of learning. Only through a reconsideration of the normative assumptions and professional background theories that underlie operational practices, can one achieve the shift in focus from financial to sustainable profit that is implied by the concept. This kind of "frame reflection", however, is very unlikely to occur spontaneously.

The degree of self-reflection that is implied in second-order learning is hard to achieve of one's own accord. In the absence of any impetus to reflect fundamentally on the basic assumptions underlying the present state of affairs, the embedded rules are – often implicitly – factored out of the discussion. A constant questioning of these assumptions interferes with daily routine and would render a working process highly inefficient. Furthermore, in daily professional practice, such reflection is discouraged by

the “defensive routines” (Argyris, 1990) that a person often subconsciously adopts to avoid confrontations with discussion partners (such as co-workers), the threat of losing face, and the feelings of unease that accompany such confrontations. Such uneasiness may also be experienced when someone is confronted with information that does not match his understanding of a situation, such as information on the unforeseen effects of his actions. A common response in such a situation is to avoid the unwelcome information. It is either ignored or dismissed as unimportant or untrue, unless others explicitly direct the person’s attention to “what he has worked to avoid seeing” (Schön, 1983, p.283).

Second-order learning, in other words, may occur when a person is no longer able to “shut out” dissonant information or when one deliberately wishes to reflect on one’s professional practice. A setting in which defence mechanisms are dismantled and one is stimulated by others to take into consideration new and possibly counter-intuitive information may therefore encourage and accelerate the learning event. Such a setting was deliberately created within the NIDO programme ‘From Financial to Sustainable Profit’ (Loeber, 2003).

Learning however may be a necessary yet not a sufficient precondition for change. Evidently, an individual's ability to redirect his/her course of action in the light of new preferences is critically dependent upon the available resources (cf. Sabatier and Jenkins-Smith, 1993). These include such things as money, expertise, know-how and authority. Secondly, individuals or organisations may need an additional external or internal incentive to ‘translate’ learning into an actual change in action (cf. Grin and Van de Graaf, 1996-b). An internal incentive may be a strong inner motivation on the part of the learning individual. An external incentive may involve any factor available outside of the learning individual that stimulates her or him to act on the newly formulated preferences. Thirdly, a person must be in the position to pursue the line of

action that occurs of relevance to him, or rather, the individual must experience sufficient room for manoeuvring to do so without too high transaction costs. His or her room for manoeuvring is determined by the parameters of the context in which he operates, that is, such as the physical infrastructure, juridical structures but also social conventions about 'proper behaviour', *et cetera*. Characteristic of these structures is that they present themselves to the acting individual as 'givens' that fall outside his sphere of influence. Hence, a programme that seeks to actually instigate changes in line with its objectives in regard of learning should take its potential for stimulating changes with respect to the involved parties' resources, incentives and overall operating conditions seriously as well.

However 'fixed' the context's parameters may seem to the individual, a systems perspective shows that purposeful attempts at provoking change may prove successful. This point of view has been convincingly established by Giddens (1984) who explored the interrelation between the concepts of cognition, action and social systems. He stipulates that the structures, that is, the concepts of rules, resources and other expressions of social institutions that moderate and guide an individual's actions, are themselves being produced and reproduced through the acts of individuals and organisations. Arguably, these structures are being reproduced because "agents" (*i.e.* those who act) acknowledge these structures in their actions. According to Giddens, such structure hence presents a "virtual order" that exists beyond time and place and that comes into being only by an "actualisation" or "instantiation" through the actions of agents or their interactions. Wilful structural change, therefore, is possible by acknowledging, first, that what appears a given, limiting condition for one is the outcome of purposeful actions of others. Moreover, secondly, structural change may occur itself as a result of learning processes, namely when acting individuals come to hold changed perceptions about which structures are to be taken into account when

designing their line of action.

Because of these reasons, the facilitation of learning processes forms a significant part of organising new practices of governance (Loeber, forthcoming). In such new society-centred practices, the normative aspects of governance (the question on 'what to do' as a community) as well as the more practical aspects, such as those concerning the feasibility and implementation of plans and ideas on what should be done ('how to make sure it can be done') are put up for discussion in a forum of informed parties who themselves hold a stake in the issue at hand (cf. Fox and Miller, 1996). Furthermore, because of the levels of change involved, the care for inducing such learning processes should not be restricted to the individuals who actually participate in the forum, but also to their respective organisations (regarding the availability of resources and possible incentives) and to their context at large (regarding the structural conditions under which the organisations operate).

In the sections that follow, the experiences gained with corporate social responsibility at group, company and societal level will be analysed from the theoretical perspective described above.

### **Learning experiences at group level**

The firms that participated in the NIDO programme largely differed in size and type. Both small and medium-sized companies (SME's) and multinationals were involved, representing a variety of sectors. Furthermore, the partaking representatives varied in their respective institutional position and power. What the companies and their representatives held in common was a general sense of urgency with respect to the need of implementing corporate social responsibility, and some reservoir of experiences with such implementation at the time of their joining the NIDO programme.

At the monthly meetings, the participants shared with one another the insights that they had gained from their own experiences hitherto, and from implementing the in-house projects that they had formulated in the context of the NIDO programme. Furthermore, during these meetings also interaction took place with diverse groups of stakeholders. The discussions focused on issues that were raised by the companies themselves and related to specific knowledge gaps or problems that they had encountered while implementing corporate social responsibility.

In retrospect<sup>1</sup>, all participating company representatives indicate that the meetings inspired them and that they increased their knowledge about corporate social responsibility. In the course of time, the participants reached the shared understanding that corporate social responsibility involves more than a mere procedural exercise in which an additional paragraph is added to existing quality systems. They recognised that it requires a new positioning of the company with regard to its environment. This point is expressed by one of the company representatives as follows: "Corporate social responsibility is not a trick. The genie comes out of the bottle. It is not a question of just making accurate records and then getting back to work. That would be a chance lost. Rather, what corporate social responsibility means turns out to be a search process. It is not a cut-and-dried set of starting-points that one can just apply in a vacuum."

What the participants learned at an individual level differed largely, depending on the stage of development of corporate social responsibility within their organisation and on their personal interests and characteristics. An analysis of their utterance reveals that on the whole, the 'inspiration' that they reportedly gained from participating amounted to first-order learning and, in some cases, to second order learning.

Instances of first order learning ranged from individuals considering the adoption of a new solution strategy and/or re-evaluating familiar strategies by applying new criteria in their appraisal, to reviewing their notions of what corporate social

responsibility means. The way such processes of learning occurred may be illustrated with the following examples.

Learning more than once occurred as a result of what might look to outsiders as an exchange of rather trivial information. Sometimes, such information was considered valuable even when the particular suggestions themselves did not prove directly applicable for a specific participant. This was the case when someone's account triggered a reflection on the part of the listeners about their own views and experiences.

The senior manager public affairs of chemical company DSM, one of the participating firms that operates in a business-to-business market, reports for instance that he was inspired by the stories of representatives of consumer-oriented companies on "how to get going". The experience of these colleagues was that it pays to get started with small but concrete sub-projects, thus creating a head start for more fundamental and far-reaching re-orientation developments within the company. He connected this suggestion to the observation that an embedding of corporate social responsibility within his company might very well be realised by "linking the concept to our standing procedure for formulating business strategy." In the case of his own company, this procedure includes project-like activities of self-evaluation, discussion and reflection that every business unit engages in on a three-yearly basis. Thus, the outside-in approach as suggested by the companies that have a rich tradition in external product communications seemed usefully to complement the company's inside-out approach to strategy development. On a similar note, the Stora-Enso experience with anchoring corporate social responsibility in the company's quality- and management systems led others to see how corporate social responsibility can practically be geared to a company's existing control systems.

Providing access to such information on practical methods and specific

procedures for implementing corporate social responsibility to some was a very valuable aspect of the NIDO programme. These participants put an emphasis on getting corporate social responsibility off the ground in their respective companies by introducing measures that sat well with the company's regular routines. Others were also interested into exploring the fundamental principles behind corporate social responsibility. They began to question their company's way of thinking and acting, and viewed the adoption of the corporate social responsibility theme as a paradigm shift. Incidences of "second-order learning" that occurred as a result are detectable from such utterances as "the penny dropped" or "an eye-opener" by which the participants described the experience. More importantly, their accounts indicate that such processes of frame-reflection implied an "opening up" of the ways they viewed the subject of corporate social responsibility, thus increasing the range of practical approaches available for dealing with the issue.

The representative of the multi-utility company NUON reported one such occurrence of finding unexpected opportunities in tackling a company's problems. He said that participation in the NIDO programme, and notably the stories from the representative of the carpet company Interface, caused him to reflect on the current approach in his company to elaborating and embedding corporate social responsibility. By consciously contrasting both practices, he came to see that "the topic should take shape in a holistic way." The inference that he drew from this revised opinion of how to approach the issue at the practical level concerned the role of a company's management: "Implementing corporate social responsibility requires leadership," according to the NUON representative, "that is, it needs to be inspired by *an inclusive vision* of how the various aspects of a company which takes corporate social responsibility seriously will connect to and mutually reinforce one another."

Evidence of a growing personal insight into what constitutes the essence of

corporate social responsibility was also expressed by both of the representatives of the candy company Perfetti/Van Melle. For them, the elaboration of corporate social responsibility in terms of the Triple-P concept in the NIDO context contributed strongly to an increased awareness of the totally new element in running a business from a corporate social responsibility perspective: in addition to a good business performance, they came to see, "it requires passion". Acknowledging the element of passion, according to these participants, in the practice of implementing corporate social responsibility entails a shift away from a merely technical and rational step-by-step approach to dealing with the issue. "Corporate social responsibility is not about publishing more reports and formulating more indicators and all that. It is about developing an entirely different look at the company's core business, which involves a process of transformation".

The above quotations illustrate the incidences of learning that occurred as a result of the NIDO programme. As to the question which methodical and practical aspects of the programme rendered it conducive to learning, the research findings indicate an affirmation of the claims in the literature as to the conditions under which learning may take place (cf. Schön, 1983; Argyris, 1990; Grin and Van de Graaf, 1996; Forester, 1999). The atmosphere of trust that dominated the meetings, as well as the manner in which the meetings were chaired, largely contributed to the company representatives' willingness to share not only the successes but also their stories of failure and frustration. In so doing, the programme not only offered an opportunity to learn from others in a similar situation, but also made participants reflect on their own views and experiences. The impact of the discussions that were held in an open, responsive setting was reinforced by the "lived" experience of the participants who ran a project on the subject of corporate social responsibility in their respective companies. The experience seems to justify the conclusion that a mere exchange of information

does not suffice to deepen the understanding of corporate social responsibility. The combination of practice and reflection was useful in inducing processes of learning among the individuals involved in the programme. Arguably, this combination also stimulated the implementation of corporate social responsibility in the participants' respective organisations as well, by itself setting in motion learning processes at company level.

### **Learning processes at company level**

As noted, embracing the principles of corporate social responsibility is not merely a question of incorporating its practical implications within a company's existing operating practices, policy principles and standards. Rather, the adoption of corporate social responsibility requires what is called second order learning (see section 1; cf. Argyris and Schön, 1996), i.e. a critical reflection on a company's fundamental values, policy principles and operational procedures. Such a learning process will result in a change in the theory-in-use, as well as changing an organisation's strategies and assumptions.

The company representatives involved in the NIDO programme had a difficult task. They acted as the intermediaries amid a group of people who learned from each other in the context of the NIDO programme and within their own companies. The challenge was to transfer the knowledge and experiences they had gained in the NIDO group to their own organisation, and, moreover, to stimulate the second order learning processes that are required for a genuine shift to corporate social responsibility. The NIDO programme's manager assisted them in this by paying six-monthly visits to the participating companies to discuss findings and progress with senior staff.

The company representatives took a number of initiatives to involve their colleagues in organising the transformation process towards corporate social responsibility. Right from the outset possibilities were created to elicit the interest of

their co-workers. In the first stage, for example, the company representatives triggered co-operation with various departments in their companies through the so-called Sustainability Score Card initiative. This exercise was undertaken at the start of the NIDO programme and involved a zero-assessment of the performance of each of the participating companies in terms of corporate social responsibility. Seeing that persons in various departments had to provide specific information for the Score Card, they became aware of the link between their job and corporate social responsibility. Discussions were stimulated within the company as to what the concept actually meant, and why their organisation should focus on it. In the next phase, which saw the NIDO participants focus on company-specific projects, they specifically promoted the involvement of others in their companies. Depending on the particular aspects that were being addressed by the participant, certain persons in their organisation were invited to join.

For example, several participants focused on reformulating their company's current mission statement and its vision on corporate social responsibility. This required active involvement of the Board of Management. Hence, they requested the management to arrange one or more special board meetings to discuss this matter. Where a company representative aimed at implementing a code of conduct, more persons, especially middle management, had to be involved in the process. The development of an action plan for corporate social responsibility also required an exchange of views between the Board of Management and middle management, whereas the actual implementation of specific action was an issue that affected staff at all levels in the organisation.

In general, experience has taught that it was relatively easy for NIDO participants to pass on information relating to technical means and procedures. This type of 'first-order' information corresponded well with the existing practices, policy

statements and standards of the companies in question. However, when it came to transferring the fundamental principles underlying corporate social responsibility, the information transfer proved to be a far more complicated process. In fact, it was found to require a cultural shift, demanding companies to look at their activities in a fundamentally different way. The information relating to the quality and extent of this shift, offered by the NIDO participants in their respective organisations, was often criticised as being 'too soft.' As a result, the company representatives were often reluctant to address the more fundamental issues.

The specific aspects selected by the company representatives to be dealt with in their own NIDO project depended on their own individual assessment of what seemed wise in their particular case. Each company representative was familiar with the level of receptivity in his or her organisation to take up the issue of corporate social responsibility. Therefore, they were in the best position to judge which projects had the best chances of producing successful results. In most companies, at least some of the learning processes took place in the specific department in which the company representative worked. In most cases, it was easier to gain support from colleagues in the same department than from other departments. Where there was a commitment from management, the learning processes were also taken up at the boardroom level. When other departments in the company also supported the concept of corporate social responsibility, more learning processes at group level could be identified.

Obviously, the issues on which the company representatives were primarily focused were related to their own interests and particular backgrounds. For instance, representatives of the public relations and communication departments would link their own interpretation of corporate social responsibility to strengthening their communication with stakeholders (which included the company's own employees). Company representatives who were employed in the area of Human Resource

Management would stress, in the first place, the importance of improving the working conditions of the employees. Staff whose primary task was to prepare Triple P yearly reports would underscore social responsibility mainly in reporting terms. Nevertheless, almost all company representatives involved in the NIDO programme were keen to renew their organisation in their particular area of interest and circle of influence. As such, they performed the role of change agents in their companies. To them, the concept of corporate social responsibility was a useful vehicle for enabling the renewal process. It gave them an opportunity to underpin the importance of specific organisational improvements in their own company, by relating issues to the broader framework of corporate social responsibility.

Most of the company representatives felt that they understood the fundamentals of the concept of corporate social responsibility. Through the NIDO programme they were able to acquire an overall picture of the issues at stake when dealing with corporate social responsibility. However, most of them would not venture trying to persuade their colleagues of the deeper, underlying meaning of the concept. They tended to act pragmatically, conscious of the fact that company culture is usually handed on and oriented towards concrete action. The change agents were, in effect, the brokers between the world outside and the inside organisation. They translated the abstract concept of corporate social responsibility into down to earth activities and in that way were able to motivate their colleagues to join the effort. At first glance, the learning that generally was seen to take place in the companies was first-order learning. However, the renewal processes that the change agents elicited were more fundamental than they seemed to be on the surface.

For example, the change agents that introduced a different way of thinking about communication and interaction with stakeholders were in reality catalysing a new positioning of the company vis-à-vis society. The effects of this would not be

immediately visible in the behaviour of the company, yet over time could fundamentally change the mindset of the key figures in the organisation. The same holds true for those company representatives that aimed to introduce a more human-oriented, individualised human resources policy. When this process is started in the organisation by concrete action, the fundamental difference with a previous approach might not be immediately apparent but could lead to a radical shift in thinking in the long run.

Thus, the abstract concept of corporate social responsibility was deployed mainly to show others in the organisation that the concrete actions proposed were part of a broader framework, adhered to by society. In that sense the change agents often did not consider the abstract concept as being a fundamentally new concept. By virtue of the mobilising character of the concept they aimed to introduce new ways of thinking and acting in their own specific area of interest. Corporate social responsibility was the vehicle of change in the organisation, but was not seen as an innovation in itself. The generally pragmatic culture in companies forced the change agents to define concrete actions, focused on first order learning. However, the process of renewal they envisioned could ultimately lead to second order learning with those involved in the change process.

### **Learning and processes of change at a structural level**

The learning processes that took place at company level contributed to the conditions that enabled the individuals that participated in the NIDO programme to act in line with newly acquired insights and to provoke and inspire further implementation of corporate social responsibility within their firms. In a similar way, arguably, the respective companies themselves were in need (implicitly or explicitly) of encouraging and enabling conditions that supported further implementation efforts.

Not coincidentally, the context in which the companies operated was to a large

extent favourable to such developments. The NIDO programme was carried out in a period when the societal demand for corporate social responsibility had been steadily growing. Various stakeholder groups put pressure on industry to take the issue seriously. The government's main advisory body on matters of national and international social and economic policy, the aforementioned Social and Economic Council, was at the time preparing its advice on the subject in close consultation with representatives of employers' organisations and trade unions. The Council's advice, that was published a few months after the start of the NIDO programme, in turn, turned out a milestone in the growing social interest in corporate social responsibility. It triggered certain stakeholders to formulate more explicitly their own position in the debate. Various stakeholders had already taken up the issue in their policies, but from this point on, they intensified their efforts and were much more outspoken in public about the importance of corporate social responsibility. In April 2001, then prime-minister Kok publicly called upon business firms, government and societal organisations to develop "a more structured approach" to organising and implementing corporate social responsibility in the Dutch society (Kok, 2001). Local governments began to debate their role in supporting industry in their efforts towards corporate social responsibility. The financial sector became even more active than it already had been in extending its products and services in the direction of corporate social responsibility. The trade unions and employers' organisations also paid more attention to corporate social responsibility. Interest in this topic among knowledge institutes was also rapidly growing. A number of NGOs bundled their forces and prepared an agreement on what the organisations considered quintessential in propagating corporate social responsibility.

Against the backdrop of these developments the NIDO programme was conducted. In fact, the programme's topic was selected just because corporate social

responsibility appeared a promising development that, it was found in an initial round of interviewing by NIDO staff, could do with some initiative to organise a structured reflection. Careful strategic considerations as to what NIDO's contribution might be resulted in the choice to organise the programme as a platform for information exchange between firms, as described above. More importantly perhaps, the programme thus created an opportunity to identify firms' specific barriers for change towards taking their social responsibility seriously, and their specific requirements in this respect. In addition to its role in organising an exchange of views between firms, the programme also served to channel this information to other parties in the field that were in a position to 'even out' these barriers or to actively contribute to the creation of favourable conditions. Although the general developments with respect to corporate social responsibility in the Netherlands and elsewhere make it difficult to pinpoint precisely what the programme's concrete contributions are, it is in this regard that its surplus value can be detected.

A clear example is the programme's contribution to structuring the formal knowledge generation process on corporate social responsibility. As mentioned, the public called upon firms to accept social responsibility and to contribute to social and environmental well-being in the long-term. In turn, the private sector found itself in need of an operational understanding of what 'good entrepreneurship' in this respect might entail, and of tools and instruments to translate this understanding into practice. Simultaneously, the topic had caught the eye of various knowledge institutes that initiated research programmes on these and related questions. The NIDO programme's contribution was that it got the majority of issue-related researchers in the Netherlands to sit together and present their respective research to one another, and to the companies that participated in the NIDO programme. This highly unique occasion was well appreciated and eventually resulted in the drafting of a joint research proposal

between seven universities. The proposal, and the willingness of private partners to co-finance research of this kind, was convincing to the Ministry of Economic Affairs to such an extent that it agreed to financially support the programme for an initial period of two years. As a spin-off of the NIDO initiative, several of the NIDO participants were enlisted, so to speak, as a semi-permanent forum to commend on the research programme's plans, activities and findings. Thus, the knowledge infrastructure on the issue of corporate social responsibility was given a major boost and, more in particular, was given an additional opportunity to short-circuit an exchange of information between providers of specific knowledge and its prospective potential users.

The programme played a similar mediating role in an exchange of information between the financial sector and business firms. As early as the 1990s, the financial sector had started with sustainability investment funds. Since the start of the present century, practically every bank had incorporated such funds in their regular package of investment products. At the same time, banks had expanded their own research capacity and/or sought the assistance of specialised rating agencies to benchmark company performance on 'People, Planet and Profit' aspects. To business firms, these developments provided additional chances to present and accentuate their profile (e.g. as a 'green industry'). Yet, they also implied an additional workload and increased uncertainty. Different banks requested different sets of data from firms, which often were very time-consuming to provide while the surplus value of the effort was not at all clear. By the time the NIDO programme was conducted, the banks and investment organisations had joined forces in an attempt to standardise information collecting efforts. The NIDO programme contributed indirectly to these activities by organising an exchange of information between representatives of the financial sector and the companies that participated in the programme.

Another such example of gearing to one another the needs and interests of the

business community with those of its 'contextual' parties was NIDO's input in the work of the Council for Annual Reporting. The Council formulates, on request of the national government, the non-binding yet coercive guidelines by which companies organise their annual financial reporting. The Council recently had started to draft guidelines for reporting information on corporate environmental and social performance as well. To the business community, such guidelines may provide a strong incentive to focus on efforts in these spheres. Yet, as is the case with the guidelines that are drafted by the Global Reporting Initiative (GRI) (an organisation that intends to provide an international standardisation to such reporting), these guidelines also may turn out too generic to capture a company's specific characteristics and environmental and social profile. Through the mediation of NIDO, the experience with corporate social responsibility that was gained by the companies that participated in the programme therefore were a valuable input to the process of drafting guidelines.

A comparable insensitivity of assessment criteria to the specificities of a company's performance on the three P-aspects the programme's participants' experienced with making a zero-assessment (the Sustainability Score Card exercise). There too, it became clear that generic guidelines for reporting on corporate social responsibility fail to grasp the characteristics of a sector or company. Hence, the NIDO programme set out to increase the interest among sectorial organisations for formulating such sector-specific guidelines.

NIDO also stimulated the awareness for corporate social responsibility among the sectorial organisations as well as among local governments. Discussions with representatives of various municipalities and provinces were held to define their role in stimulating corporate social responsibility in industry and within their own governmental organisation.

The inputs that the companies through their participation in the NIDO

programme could provide to the activities of these and other relevant 'third parties' thus potentially contributed to the development of structural conditions that were favourable to their corporate social responsibility-initiatives. In turn, because of the exchange of information between them and various echelons in society, companies had an opportunity to learn about (up-coming) developments that might affect their context in the future. Thus, they were able to assess the relative importance of these developments for their mode of operation. The meetings that NIDO organised with the NGOs in particular appear to have resulted in learning outcomes that illustrate this aspect of the NIDO programme.

There is much diversity of opinion among participants concerning the meetings with NGO representatives. However, the impression is commonly shared that they helped to specify why and how a company might engage in stakeholder discussions. For one participant, the meetings strengthened his idea that in a dialogue with NGOs, a company has to outline its own policy very carefully. The divergent demands of the various organisations cannot all be met. Moreover, the organisations do not take into account a company's specific situation when formulating their wishes and often appear to have an unrealistic view of a firm's ability to change a particular unwanted situation. Therefore, a company has to take the lead in setting the agenda in stakeholder discussions, formulating its own strategy to decide which issues it will address. Other participants commented on how the meetings reinforced previously formulated opinions, by providing an opportunity to view their own company's activities from the perspective of the NGOs. According to one participant, since the image of his company, which resulted from this exercise seemed to require no improvements, the meeting made him feel that he could safely dismiss further thoughts on the issue. Furthermore, in some cases, the meetings led to a re-evaluation of the NGOs that attended. For one participant, it resulted in the realisation that "one may very well come

to agree with those folks” which might even lead to a “win/win situation” for all concerned. Hence, the meetings with the NGOs are a very concrete example of how the NIDO programme provided the participants with additional criteria to assess their ‘room for manoeuvring’ and to formulate strategies for dealing with the problems of corporate social responsibility.

Thus, the NIDO programme focused on establishing links between different parties concerning the corporate social responsibility-theme, and in this way sought alignment and coherence in the thoughts and actions of these organisations. In this respect the efforts of NIDO were, although not unique, a valuable complementation to on-going processes by which the private sector is more and more bestowed a role in defending public interests.

## **Conclusions**

While it is difficult to pinpoint exactly how a programme contributed to learning and to processes of organisational and societal change, it is clear that NIDO played a catalysing role in gearing to one another the insights in what corporate social responsibility might entail and how it should be put in to practice between a wide variety of organisations. The programme assisted the individuals that took part in the programme to developing options for action within their respective companies. Internal dynamics also enhanced responsiveness in the way in which employees viewed the issue. Furthermore, NIDO created an opportunity by which the financial sector, NGOs, researchers, and governmental bodies could become familiar with the actual practice of implementing corporate social responsibility at company level. Vice versa, the participating companies were enabled to take notice of changing conditions in their environment. Thus, the companies were exposed to additional triggers to take the issue of corporate social responsibility seriously. Furthermore, on the basis of the

information from individual parties, the programme created insight in which structural barriers hamper the desired developments and sought to actively focus on these barriers.

In other words, the multi-level interactions enabled the occurrence of learning processes on the part of the various parties that play a role or have a stake in the implementation of corporate social responsibility. These included not only business firms themselves but also the organisations and bodies that through their actions give shape to the context in which firms operate. Thus, NIDO's initiative provided a meaningful contribution to the ability of firms not only to further their ideas on what corporate social responsibility might entail, but also to practically act in line with those notions. Operating on arm's length of the state, NIDO enabled firms to take their social responsibility seriously. By creating a transient institutional setting to discursively explore the meaning of corporate social responsibility, it offered an opportunity for its implementation without imposing an a priori formulated definition of the concept. It thus created the stage for a society-centred practice of governance, contributing to the implementation of corporate social responsibility in a way that suited the wishes of both the Dutch central government and of relevant parties from the private sector.

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<sup>1</sup> The data in the research that is described here were collected through document analysis and via participant observation of most of the monthly meetings during the course of the NIDO programme, and through interviews with its participants after the programme had come to a close.