



The Interaction between Local Employment Development and Corporate Social Responsibility – Contract Reference N° VC/2007/0559

Executive Summary

Austrian Institute for SME Research

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Author:

Irene Mandl (Austrian Institute for SME Research)

Review:

Kim Møller (Oxford Research)

Piia Nurmi (TSE)

Thomas Oberholzner (Austrian Institute for SME Research)

Jean-Pierre Pellegrin (AEIDL)

Layout:

Susanne Fröhlich (Austrian Institute for SME Research)

Martina Gugerell (Austrian Institute for SME Research)

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Executive Summary

Recent years have been characterised by an enhanced involvement of local actors in designing and implementing employment policies in the European Union. Thereby, a partnership or multi-stakeholder approach is promoted, i.e. the co-operation among governments, employers' and employees' organisations, the civil society (e.g. Non-Governmental Organisations (NGOs), Non-Profit Organisations (NPOs), the church, social enterprises) and private businesses. Companies may be triggered to participate in policy-oriented local activities on the basis of their Corporate Social Responsibility (CSR) activities which can be observed to increasingly spread across the European business community.

Nevertheless, little is known so far about the characteristics and working processes of initiatives existing in the individual Member States of the European Union and fostering local employment development through integrating the enterprises' sense of social responsibility, i.e. how these two concepts are efficiently and effectively combined in practice. However, such knowledge, in terms of exchange of experience, would be helpful for assessing and unlocking the potential of this 'new' type of local development strategies.

As to this regard, this report **aims** at:

- Describing and illustrating how CSR activities of enterprises can contribute to local employment development initiatives in the European Union, Australia and Canada;
- Analysing which types of practices/initiatives do exist at local level;
- Assessing the relevance and effectiveness of current practices/initiatives;
- Assessing what can be done to foster diffusion and effectiveness of CSR activities in local employment development.

A decentralised **research approach** was followed, i.e. research conducted at national level in all Member States of the European Union as well as Australia and Canada ¹. After setting working definitions for 'Local Employment Development' and 'Corporate Social Responsibility' to safeguard a common understanding among the involved researchers in the 29 countries, an analysis of the national policy frameworks and the recent trends and developments in the areas of LED and CSR (both, at national and European level) has been carried out.

In a next step, LED initiatives being based on CSR activities of individual enterprises have been identified in the EU, Australia and Canada. On the basis of these a categorisation of LED/CSR measures had been elaborated. Furthermore, out of this pool of LED/CSR examples, 25 measures have been selected to be investigated in more detail.

By synthesising both, the findings of the comprehensive national analyses as well as the more specific issues covered by the in-depth investigation of the 25 case studies conclusions and (policy) recommendations have been derived.

¹ A list of involved partners can be found in Annex IV.



Local Employment Development and Corporate Social Responsibility - Definitions

In the framework of this study, **Local Employment Development (LED)** is understood as (a set of) actions aiming at improving the local economy and the local labour market. This may, for example, refer to activities

- to decrease unemployment by increasing the attractiveness of the local area as a business location,
- to improve the quality of jobs/ working conditions,
- to reduce inequality, e.g. due to gender, age, ethnicity/culture,
- to foster labour market integration etc.

It entails a process that is designed and implemented with the involvement of manifold local actors and takes into account the needs and potential of a particular locality.

Corporate Social Responsibility (CSR) is referred to as the integration of social and environmental concerns into the business operations of companies and in their interaction with their stakeholders on a voluntary basis, i.e. going beyond compliance with legal obligations. For the purpose of the study on hand, a focus was set on companies' activities aiming at achieving a benefit for the enterprises' employees, the society/community, the market (i.e. clients, suppliers, business partners etc.) or the physical environment.

The focus of investigation is on **LED initiatives that are strongly based on organizations' CSR activities**:

- The initiatives entail a policy nature but do not necessarily have to be publicly funded, designed or initiated.
- Also initiatives that are launched by a single company and extended to supra-firm level with the aim of benefiting the local economy, community and/or the local labour market are considered here.
- In contrast to that, isolated CSR activities of individual enterprises without any integration into supra-firm-level strategies or without any public policy involvement are outside the scope of the study, as are purely public labour market instruments.



LED and CSR: The Policy Agenda at European Level

Local Employment Development (LED) as an ‘instrument’ to combat unemployment has been recognised by the European Commission and other European institutions in the early 1980s and since then has been continuously gaining importance (European Commission, 2007b). Since about 2000, particular attention is paid to the strategy of **subsidiarity**². The European Union, the Member States, the regional and local levels as well as social partners and the civil society should, therefore, be involved in economic, employment and social policies by taking advantage of multi-stakeholder partnerships (European Commission, 2000).

Local employment development has been addressed through various European **programmes**³, such as the European Structural Funds (in the framework of which particularly the former Community Initiative EQUAL is to be highlighted), the URBAN and LEADER Community Initiatives or the INTERREG programme.

In parallel, the European Union started to deal with the issue of **Corporate Social Responsibility (CSR)** in the early 1990s and, since then, continuously and increasingly engages in respective policy debate and the drafting of general strategies as well as concrete activities to foster and support the application of CSR by the private sector (European Commission, 2001a; European Commission, 2007d; European Communities, 2002). The three key policy documents as to this regard are the Corporate Social Responsibility Green Paper of 2001 (‘Promoting a European Framework for Corporate Social Responsibility’), and two Commission’s Communications of 2002 and 2006 (‘A business contribution to sustainable development’ and ‘Implementing the Partnership for Growth and Jobs: Making Europe a pole of excellence on CSR’).⁴

More specifically, within the **European Commission** CSR is co-ordinated by the *Employment, Social Affairs and Equal Opportunities DG* and *DG Enterprise and Industry* while other Directorates General are also involved in relation to their specific fields of activity.

Furthermore, supra-national **employers’ organisations** (such as EUROCHAMBRES or UEAPME) engage in fostering the spread of CSR across Europe, and there have been established several cross-national **networks** (e.g. European Alliance on CSR, the European Environment and Sustainable Development Advisory Councils (EEAC), the European Business Ethics Network (EBEN) etc.).

Having in mind the characteristics and (historic) evolvement of both, local employment development and Corporate Social Responsibility at European level it is obvious that a convergence or combination of these two concepts was to take place. This seems even more obvious, if taking into account that the majority of firms’ CSR activities are targeted at their employees and their own local community (Mandl/Dorr, 2007a; European Communities, 2002; European Commission, 2007a).

² In accordance with the EU definition subsidiarity has to be understood as the principle that ensures that decisions are taken as closely as possible to the citizen. Subsidiarity implies that constant checks are made to see whether an action taken at a higher level is justified in the light of the possibilities available at lower level.

³ Source: http://ec.europa.eu/employment_social/local_employment/structural_en.htm

⁴ Source: <http://ec.europa.eu/enterprise/csr/policy.htm>



Since about 2000, the potential of integrating companies' CSR activities in policy-oriented LED initiatives has been communicated by the European Commission, particularly by DG Employment, Social Affairs and Equal Opportunities (European Commission, 2000).

At the same time, however, there exists the awareness that respective intentions are encountering specific challenges that have to be identified and addressed in order to result in a 'win-win-win' situation for all stakeholders (public authorities, local inhabitants, private sector) (European Commission, 2007a).

The Context: Top-Down versus Bottom-Up in LED

In line with the European Union's objectives and initiatives, also the individual Member States (as well as Australia and Canada) have been attributing **increasing attention to the local level and LED policies** during the last years or even decade, resulting in a decentralisation process in terms of a transfer of competences and more autonomy to local authorities.

Local initiatives are nonetheless strongly embedded in national policies which, in turn, are oriented on the EU guidelines (mainly the Lisbon Strategy for Growth and Jobs and European Employment Strategy) and often funded by European financial means. Only in few countries (e.g. Hungary, Luxembourg) LED does not yet constitute an established policy field.

The major motivation for this approach is the recognition of the fact that there exist considerable differences among regions/provinces resulting in specific and varying problems. These should be tackled by those that are most familiar with them - hence, local actors. Consequently, an increasing tendency of **combining top-down** (i.e. strategies set at central level but operative employment promotion locally through Public Employment Services) **and bottom-up initiatives** (e.g. activities driven by local NGOs approaching local authorities and/or companies to attract funding, co-operation or support) can be observed across Europe, Australia and Canada. A **multi-stakeholder approach** is followed in LED in all Member States, Australia and Canada.

There is also a shift in **governance** mechanisms, envisaging a 'sharing of power' and 'division of labour' in the policy-making process. This is to be achieved by stronger interaction among regional/local governments and the civil society as well as the participation of other relevant stakeholders (including companies).

LED/CSR Initiatives: The Current Practice

Both, public authorities and the private sector in the Member States, Australia and Canada **increasingly attribute attention to the issue of Corporate Social Responsibility (CSR)**, the ways and means it can be implemented in practice and the benefits it offers to all involved stakeholders.

In general, **European companies** are well **aware about their social responsibility** and they are also willing to fulfil it. Differences can be observed between

- large enterprises, which often strategically plan and implement CSR and use these activities as a marketing tool by reporting about them, and
- smaller businesses rather following an ad-hoc approach and seldom labelling their activities as CSR.



The **main fields of CSR activities** concern measures for the benefits of the enterprises' own employees as well as those targeted at the (local) society. Hence, especially Small and Medium-Sized Enterprises' (SMEs) CSR measures are indeed characterised by a strong relationship to LED.

The continuously increasing engagement of European enterprises in CSR as well as the above-mentioned movement toward the multi-stakeholder approach in LED resulted in **more LED initiatives integrating companies' CSR activities**.

The **objectives** followed and **instruments** applied in LED/CSR initiatives are manifold, thereby addressing a wide spectrum of **target groups** (such as unemployed, elderly, youth, low-qualified, women, migrants/ethnic minorities, previous drug addicts or prisoners, homeless or disabled persons, but also companies):

- Labour market integration of disadvantaged or detached local population groups (also with a focus on diversity management and equal opportunities), such as the provision of (sheltered) workplaces for hard-to-place persons (e.g. in the form of social enterprises), the establishment of education/training programmes for women, youngsters, elderly, migrants etc. with a strong practical orientation that is safeguarded through the co-operation of the local firms; respective examples are the Belgian initiative 'Pendelfietsen' in which a company outsources specific maintenance services to a social enterprise in order to offer detached population groups the possibility to enter the labour market or the programme of 'Danish Crown', providing long-term unemployed persons with training and employment opportunities.
- Development of the local economic activity, attracting businesses and counter-acting delocalisation of entrepreneurial activity, e.g. joint efforts (financial or non-financial) of local authorities and local companies to foster business start-ups by regional inhabitants; such is, for example, achieved within the programme 'Bizness Babes' of The Body Shop Australia by qualifying young mothers for self-employment or by the Polish Michelin Development Foundation offering financial and technical assistance to local SMEs.
- Revitalisation of the local area, e.g. by establishing local quality labels or by providing local services/infrastructure to improve the local quality of life, e.g. schools, childcare facilities, sporting or cultural centres jointly raised or developed by public and private actors; the retail company Tesco has, for example, actively contributed to promote the quality label 'Czech Quality', and Orange Romania has been involved in improving the rural population's access to communication infrastructure.
- Promotion of CSR among the local business community, e.g. through efforts to familiarise firms with CSR and provide practical information about implementation possibilities; in Portugal, the initiative 'Oeiras PRO: Organisations' Social Responsibility Project', for example, resulted in a growing acceptance of local businesses to engage in CSR by providing them with information and assistance to do so, e.g. by implementing a Centre for CSR and Innovation, an Observatory for Local CSR Activities, a CSR Lab or a CSR Knowledge and Communication Platform.



- Empowerment of local actors for (strategic) local employment development (e.g. by know-how transfer), realised, for example, in Germany with the implementation of the 'WABE' project - an initiative to integrate job-seekers successfully into the regular labour market while at the same time familiarising local stakeholders (enterprises, government, civil society) with the possibilities of co-operating for the benefits of the local area.
- Environmental protection, such as the introduction of environmentally friendly production processes within the local area to safeguard the economic sustainability of the businesses against rising expectations of clients or the awareness raising of local inhabitants and companies for environmentally friendly behaviour which is conducted by both, local governments and enterprises; the Canadian company 'Cascades', for example, not only engages in recovery through the recycling of industrial and domestic waste but also orients its donations and sponsorships toward the environmental sector, resulting in an image of respect, trust, accountability and quality safeguarding the sustainability of the enterprise employing about 14,000 persons in more than 100 plants .

In practice, it also turned out that in most cases a bundle of related aims were to be achieved (also by applying different instruments) - which may also be attributed to the efforts of balancing and integrating different interests of the various involved stakeholders.

Regarding the **geographic scope** of LED/CSR initiatives, there are enormous differences between individual measures. Some initiatives stick to administrative units, others rather to coherent labour market regions (e.g. in terms of commuting distance), and some also involve a cross-border element.

Involved Stakeholders: Who They Are, What They Do and How They Co-operate

The most important **parties initiating and/or involved** in LED/CSR initiatives refer to the following:

- Large, but also small companies are certainly key partners in LED/CSR initiatives as they set voluntary activities (CSR) that are advantageous not only for the individual company and its employees but also for the wider community. Some sectors, e.g. the financial sector, seem to be more engaged than others are. Enterprise networks (such as clusters) are, however, hardly initially engaged in LED/CSR, but sometimes constitute an outcome of enhanced local co-operation.
- NGOs/NPOs often become the driving force in LED/CSR activities trying to convince both, potential public and private partners to participate. Furthermore, due to their familiarity with the local level and the closeness to the envisaged target group they often are responsible for the design, implementation and co-ordination of the individual measure.
- Regional and/or local governments adapt the national political strategies to the regional/local environment, initiate specific measures, act as (funding) partner and/or are engaged in marketing activities to increase the community's awareness on the social, labour market or environmental problem and to enhance the visibility of the individual initiative.



- National governments in most of the cases set the general framework strategy under which the individual initiatives are designed and elaborated and provide the financial means for their practical implementation.
- Social partners/employers' and employees' organisations in many cases play the role of a mediator between the public and the private organisations.
- Public Employment Services, education providers (e.g. universities) and research institutes constitute facilitators in the practical implementation and execution of LED/CSR initiatives, supporting both public and private partners.
- Specialised CSR organisations or the media may contribute to the initiatives by increasing their transparency and thereby making them more attractive for companies to participate.

The **co-operation and working processes** among the different parties vary from initiative to initiative, not only as regards the involvement of the various types of actors and their roles but also concerning the formality of their collaboration (from purely informal to the establishment of joint entities responsible for the implementation).

However, all analysed LED/CSR initiatives dispose of a **co-ordination unit** balancing the different interests of the involved stakeholders, safeguarding the sustainability of the joint mission and striving to avoid a lock-in of the initiative.

Nevertheless, in general such multi-stakeholder partnerships are based on **network-like modes of operation**, resulting in a high importance of social capital and mutual trust and the limited possibility to exercise power.

Motivations of Stakeholders

The decision to participate in multi-stakeholder partnerships for the benefit of local employment development is strongly related to the advantages the potential partners expect for themselves. Respective **motivations** will, hence, in most of the cases be different for the public and the private partners.

An important driver for all involved parties constitutes the requirement for multi-stakeholder partnerships of European (e.g. LEADER) or national programmes providing funds.

Public authorities want to involve the private sector in local employment development for social (i.e. immediate improvement of the local labour market) or economic reasons (i.e. drawing on their financial or human resources when designing or implementing the initiative).

The motivation of the enterprises to become engaged in local community issues range on a **spectrum** from

- 'obligation' (the company's discretion to participate in CSR is for any reason limited) to
- 'philanthropy/altruism' (an intrinsic desire of the entrepreneur/manager to become engaged in respective activities for social/personal reasons).

In practice, however, not a single motivation but a bundle of motives will be the basis for an enterprise's engagement in CSR.



Potential Results/Outcome of LED/CSR Initiatives

In general, it can be concluded that the analysed initiatives lead to a **win-win situation**, i.e. an advantageous result for the involved companies, local authorities and the local community/inhabitants.

However, while there exists good consensus that enterprises' CSR activities constitute a value-added to the instruments of public or third sector actors it has to be acknowledged that the resulting effects may be limited, indirect, intangible and manifest on the long run, only. Hence, CSR activities of private enterprises should not be seen as a means to substitute public intervention in the local economic development domain.

Potential **advantages for all involved stakeholders** are:

- The possibility to **utilise the partners' specific resources and expertise** (know-how, financial means, networks and social capital etc.); A local division of labour takes place, making available a wide variety of material and immaterial resources to the benefit of all.
- An **enhanced local cohesion/co-operation**; This may result in both, lower out-migration (and brain drain) tendencies as well as better business opportunities at local level and a **better economic climate**.
- LED/CSR initiatives targeted on the labour market integration of the local inhabitants may result in a better **matching between supply and demand on the labour market** as companies may influence the competence development of local inhabitants, add 'a sense of reality' to the offered training instruments and/or get (easier) access to the labour force they need.

Local communities benefit from companies' engagement in LED initiatives

- as the operative involvement of the business sector results in an **immediate improvement of the labour market situation** in the local area in terms of a higher rate of employment or better working conditions, for example.
- as they realise a wider **access to financial means** for community initiatives. This is to be attributed to the investment of private companies for public purposes, increased tax revenues and decreased social/welfare payments due to the improved labour market situation.

As for CSR activities in general, **enterprises'** potential benefits are:

- a **better visibility and image** among clients and other stakeholders, fostered e.g. by media articles or prize awards
- in the longer run **higher sales** through more loyal customers or the development of **new customer groups**
- Furthermore, a better reputation among the business community may result in **enhanced co-operation with other enterprises** and **additional business opportunities** with the other involved stakeholders (i.e. public and third sector). The thereby created business networks contribute to the realisation of better business opportunities and competitive advantages.
- An improved corporate image may also be helpful on the labour market in terms of **attracting and/or retaining staff**. Furthermore, companies often realise an **increased employee loyalty** or a better staff team building.



- This, in turn, results in a higher motivation of the workforce and, consequently, **more efficient and productive work processes** (hence, cost savings), often related to a higher degree of **creativity** and **innovativeness**.

Challenges and How To Address Them

However, the realisation of these positive effects depends on various factors:

- First of all, there needs to be a **favourable public framework** supportive of multi-stakeholder partnerships.
- With regard to **CSR** the **lacking awareness** of the concept as well as modes and ways to implement CSR in the business activities is an important hindering factor. Consequently, enterprises need to be familiarised with the possibilities of applying CSR for the benefit of the local community and informed about the activities of local NGOs/NPOs that are looking for (financial) enterprise support. Furthermore, rewarding private companies for their community engagement (e.g. tax incentives, prize awards) has proven to be effective.
- With regard to creating a framework which is favourable for **multi-stakeholder partnerships**, in a first step **awareness** raising measures and the provision of know-how and information about this kind of **local co-operation** is necessary.
- In a second step, local actors need to be **empowered for such co-operation** in terms of adequate administrative authority for independent decision-making as well as financial independence.
- Thirdly, **public incentives for multi-stakeholder collaboration** are essential to overcome the stakeholders' reluctance to participate in LED/CSR initiatives.
- One of the most important pre-conditions for success is to develop a **local strategic approach** for a LED/CSR initiative that is **shared by the public, private and third sector**. Such may be identified by an objective 'market analysis' of the local area pinpointing the main characteristics of the local area, the specific needs and requirements of the local labour market and potential 'remedies'.
- Furthermore, such an investigation may contribute to uncover **local social networks** that should be drawn on by establishing the organisational framework for the administration and implementation of the initiative.
- Within this organisational framework it is essential to come to a clear, transparent and agreed understanding of each partner's role and tasks, i.e. the **division of labour** which is taken care of by a **central co-ordinator**.
- Another important challenge for the success of LED/CSR initiatives is to **motivate local companies to participate in the programme**. This may be achieved by linking the initiative to a public support programme covering parts of the upcoming costs while at the same time avoiding bureaucratic/ administrative obligations as far as possible. At the same time it is important for the enterprises to have the **flexibility of deciding whether or not to participate**.



- Another barrier for becoming involved in a LED/CSR initiative is the **intransparency of the initiative** as well as of its **potential outcomes**. As to this regard the **relevance of intermediary organisations** and the **media** must not be neglected as they may be used to approach companies and inform them about their possibilities and potential advantages or serve the purpose of disseminating information about companies' engagement (thereby, acting as a PR tool for the firms).
- In some cases it is imperative to **ensure a critical mass of participants/beneficiaries**. As to this regard, it is important to spread the information about the availability and the characteristics of the initiative, and for this purpose use the means most adequate for the respective target group.
- An important factor influencing the survival of the initiative is the **sustainable availability of financial means**. It is of importance to ensure the availability of **public means** on an ongoing-basis while at the same time providing for sustainable **contributions of the private enterprises**. Relying on private means only can lead to reinforcing economic imbalances, e.g. in geographic terms. It can also be observed that companies' CSR investment tends to be lower in economically difficult times (e.g. in economic crisis). This is particularly true, if CSR activities are not anchored in the core activities of the enterprises but rather serve as a marketing tool. In order to avoid this, the local business structure needs to be taken into account when designing LED/CSR activities, and mechanisms to leverage firms' volatile contributions (e.g. societal investment clubs, public funding) should be established.
- Another challenge in the execution of LED/CSR initiatives is the continuous **establishment and further development of local/regional social capital** as this can be seen as one of the major pre-conditions for on-going successful co-operation, particularly if a diversified group of partners is concerned.
- Thereby, existing relationships should be taken advantage of and a permanent **communication flow** should be established among the partners.
- Another relevant factor refers to the initiative's **adaptability to changed framework conditions**. In order to achieve the intended results it is necessary to conduct a continuous **monitoring** of the adequacy of the implemented instruments as well as a 'market analysis' to investigate whether or not the initially identified local problems are still the most relevant that should be addressed.

Strategic Policy Recommendations for the European Commission and National Governments

The analysis of the local employment development policies throughout Europe has shown that although there is a tendency for decentralisation it is rather a **top-down** than a **bottom-up** process that is applied. However, as local areas are very heterogeneous the European Commission as well as national governments should pay more attention to the local level by putting more emphasis on the concept of **New Governance** and the respective empowerment of local actors to become operationally involved.

Next to that it is important that the European Commission as well as national governments provide **incentives for multi-stakeholder partnerships** in order to overcome the actors' reluctance to co-operate with other types of organisations.



In this context, also **support of NGOs/NPOs** in financial terms, but in particular with regard to competence development (management/organisational skills) for fulfilling their intermediary role in LED/CSR initiatives is essential. Such has, for example, been realised in the Portuguese initiative 'Oeiras - PRO: Organisations' Social Responsibility Project' by organising a platform for exchange among local stakeholders, familiarising all of them with CSR.

Furthermore, due to the complexity of LED/CSR initiatives caused by the multitude of involved stakeholders, their potentially diverging interests, the sensitivity of the issues covered and the target group it is suggested that the European Commission further develops existing **guidelines** for the preparation, implementation and execution of LED/CSR activities.

To **enhance companies' CSR activities**, governments at all administrative levels could engage in various activities. Examples include the governmental commitment to local CSR, incentives to firms for becoming engaged in CSR, facilitation of multi-stakeholder processes (leading to standard setting and/or definition of Good Practice) or the provision of a tool to measure and monitor the effects of investment into CSR on the enterprises' competitiveness.

Fostering partnerships with **social enterprises** is a potential lever to make firms contribute to social aims (e.g. in the Belgian initiative 'Pendelfietsen' a local social enterprise is 'supported' by a private company which contracts it for specific maintenance services or the Slovakian 'Town Hall Open Markets' initiative promotes social enterprises by providing them an opportunity for marketing their products and services and hence, familiarise the general public and potential business partners with their offers). Such partnerships can be promoted through co-ordinated campaigns, targeted at companies, of government and umbrella associations of social enterprises.

Furthermore, to increase the effectiveness of smaller firms' contribution instruments to **pool SMEs' socially responsible activities** need to be established by national governments (e.g. 'investment clubs' for social purposes as has been realised with the initiatives Oeiras Solidarity in Portugal or 'You Choose: You Decide' in Spain; in both initiatives donations from individuals or companies intended for social community purposes are centrally collected and distributed to specific beneficiaries, resulting in a higher effectiveness than could have been realised by a fragmented approach; another possibility refers to a stronger involvement of interest groups or cluster organisations).

Recommendations for the Execution of LED/CSR Initiatives (Targeted at Enterprises, the Civil Society and Local Governments)

Next to the above-listed strategic recommendations influencing the environment and pre-conditions for LED/CSR initiatives the analysis also pinpointed some more operative recommendations, targeted at the involved stakeholders or the co-ordinating/administering body of such initiatives. In practice, it has turned out that these are mainly local governments, NGOs and private enterprises with CSR programmes.

An important issue that needs to be thoroughly considered is the **'size' of the initiative** in terms of the geographical scope as well as the number of involved actors which must neither be too large nor too small. The optimal size depends on each individual initiative's objectives and characteristics and may be determined by the initiator of the LED/CSR initiative by an analysis of the local area.



The analysed initiatives across Europe, Australia and Canada have also shown that the establishment of a **co-ordinating unit** to manage the multi-stakeholder partnership, to balance the interests of the different involved actors and to ensure a continuous commitment towards the common goals and strategy is essential for the sustainable success of LED/CSR initiatives. This, too, lies in the responsibility of the initiator of respective instruments.

Furthermore, the initiator and/or co-ordinator have to safeguard that the involved stakeholders agree upon the **methods of decision making** (formal vs. informal, unanimity vs. majority votes, involvement of all partners vs. drawing on topic-specific working groups etc.) in the framework of designing the initiative and on strategic issues (e.g. adaptation of the instrument during its life course).

With regard to attracting companies' engagement public authorities and NGOs/NPOs have to **take into account the business and sectoral structure of the local enterprise community**. Firms are more inclined to engage in CSR for the benefit of the local area - also in economically difficult times - and the engagement brings most value added and effect, if the socially responsible activities are related to the enterprise's core activities and their specific competences. **This requires a good mapping of companies' competences deployable for social purposes.**

Employers' organisations, family business organisations, chambers of commerce, business incubators or cluster organisations as well as other forms of existing formal or informal business networks could be actively involved by local/regional governments and/or NGOs/NPOs as **facilitators/brokers**. They dispose of direct linkages to a comparatively high number of enterprises. Hence, their 'mediation services' could be drawn on to make local firms participate in LED. In a similar way, specialised CSR organisations could be approached to familiarise enterprises with the concept of CSR and the potential ways and means to engage in CSR for the benefit of the local community.

It is recommended to **establish mechanisms to safeguard the initiative's transparency and communicate the (potential) outcome for the enterprises**. This can be done by designing the instrument in a way which provides for **quick results** that are also widely communicated while at the same time following a long-term approach in order to benefit from the development of social capital which needs time to turn up (as realised, for example, in the Swedish/Finnish initiative 'On the border' which took advantage of involving a large and well-known company from the very start, raising the trust of smaller local companies that quickly could observe the benefits the large company realised by participating in the initiative).

To safeguard to **sustainability** of LED/CSR initiatives the co-ordinator and/or the initiator need to establish **continuous monitoring** instruments to ensure the adequacy of the instrument at any point of time. If necessary, the initiative needs to be flexible enough to adapt to changed framework conditions as well as allow for enterprises to freely join and exit according to their individual needs and wants. At the same time, a sufficient financial endowment of the initiative needs to be guaranteed.



Potential Directions of Future LED/CSR Debates

Finally, a few potential directions for future debates on local employment development initiatives integrating companies' CSR activities are to be raised.

- The establishment of co-ordination mechanisms to bring together public initiatives and private enterprises' CSR activities seems to be necessary in order to **align strategic and long-term oriented LED measures with often ad-hoc and unsystematically conducted private CSR**. This alignment could be achieved by **taking advantage of intermediary organisations** (e.g. cluster organisations, family business organisations, NGOs) or by **introducing pooling mechanisms** (such as 'social investment clubs').
- Regarding the **contents and instruments** applied in LED/CSR activities it has been observed that **entrepreneurship of the elderly generation** does not seem to be a priority issue. Having in mind the demographic change towards an ageing society as well as the problems many older persons face on the labour market, respective initiatives should be considered. This may particularly be a field of activity within the New Member States.
- Comparatively innovative approaches that have proven to be effective, particularly with regard to **involving SMEs and pooling their (CSR) resources** for achieving a 'critical mass' at local level, could be more intensively analysed in terms of their working methods and transferability with the aim of providing the local actors with a practical tool for implementation.
- Similarly, **new ways of financing** respective initiatives could be discussed in order to avoid a situation of high dependency on companies' contributions in cases in which public means are limited. Insurance organisations could be more involved and used as lever to encourage CSR among businesses.

