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ABSTRACT

Corporate Social Responsibility is a quite recent concept in Belgium which has gained significant momentum since 1995. In May 1997, Belgium set up a legal framework for sustainable development. In April 2006, the government adopted a Reference Framework for CSR followed in 2007 by the CSR action plan. Next to governmental initiatives, the number of actors and platforms involved in CSR has significantly increased leading to the multiplication of CSR initiatives. However, it would be overoptimistic to state that CSR is a well and equally established concept and a set of practices among all Belgian companies. Indeed, CSR in Belgium offers great disparities and diversities.

Based on multiple sources of information, the paper provides a descriptive and narrative view on CSR in Belgium, gradually leading towards reflection by the end of the paper. After a brief overview of the context for corporate social responsibility in Belgium, the paper investigates the different components that have been shaping CSR since the 1970s. Subsequently it zooms in to the CSR practices in Belgian companies. Finally, conclusions are drawn on the progress made in Belgium in the area of corporate social responsibility and the future prospects.

1 INTRODUCTION

Corporate Social Responsibility (CSR) is entering a phase of maturity today. The concept has moved beyond its U.S. birthplace (Pasquero, 2005) to spread all over the world, with an impressive upsurge during the last ten years (Vogel, 2005). One just has to look at the exponential multiplication of the number of initiatives, platforms & networks, newspaper articles & journals, and events dealing with CSR¹.

Although CSR is an internationally accepted concept, its conception and implementation have been through mechanisms of national translation which have led to the burgeoning of a variety of practices (Chapple & Moon, 2005; Egri et al., 2004; Maignan & Ferrell, 2001, 2003; Maignan, Ferrell, & Hult, 1999; Maignan & Ralston, 2002). Some authors argue that the understanding of CSR and the possibilities for CSR actions depend heavily upon prevailing national business systems including social, cultural, political and economic factors within a country (Campbell, 2007; Doh & Guay, 2006; Matten & Moon, 2008, Forthcoming; Tempel & Walgenbach, 2007).

This paper explores the dynamics of corporate social responsibility in Belgium. Through an interplay between three interrelated yet separate components — actions (practices), meanings (concepts) and actors (agents) (Zilber, 2002) - CSR in Belgium has not only managed to remain but also to gain importance since 1995, leading to new or transformed business practices. This trend has been officialised in March 2006 with the adoption of a governmental Reference Framework for CSR (ICSD, 2006) followed in February 2007 by the CSR action plan. Complementing this development was the rise of actors involved in and platforms devoted to CSR. However, it would be overoptimistic to state that CSR is a well and equally established concept and a set of practices among all Belgian companies. Indeed, CSR in Belgium offers great disparities and diversities.

This contribution provides a descriptive and narrative view on CSR in Belgium, gradually leading towards reflection by the end of the paper.

¹ More than 45 million pages on the World Wide Web address dimensions of corporate social responsibility. Amazon lists 3,066 books on the subject. More than 1,000 corporations have developed or signed codes of conduct governing dimensions of their social, environmental and human rights practices, and more than 2,000 firms report on CSR practices ..

After a brief overview of the context for corporate social responsibility in Belgium, the paper investigates the different components that have been shaping CSR since the 1970s. Subsequently it zooms in to the CSR practices in Belgian companies. Finally, conclusions are drawn on the progress made in Belgium in the area of corporate social responsibility and the future prospects.

The paper relies both on multiple sources of information, primary and secondary, including databases on CSR reporting and CSR performances, existing surveys and studies, as well as on observation-participation through the personal involvement of some of the authors.

2 THE BELGIAN CONTEXT

Corporate Social Responsibility, the way it is defined today², is a quite recent concept in Belgium which has gained significant momentum the last decade. Although some early forms may have been present much earlier, we can date its emergence to the end of the 1980's-beginning 1990's. This development corresponds to the European CSR movement which started to diffuse around this period (Habisch, 2005) just after the value shift in Western societies in the 60s and 70s (Putnam, 2000). The development of CSR in Europe has been accompanied and stimulated by a general increase in concerns about ethics, heightened awareness of risk and risk management, the growth in media exposure concerning CSR and the rise of NGOs that has increased pressure on firms to take certain soft issues into account.

Belgium is a small country with a high population density and with a very specific and unique institutional structure. It is a federal state comprised of three communities (Flemish, French and German speaking) and three regions (Flanders, Wallonia and Brussels-Capital). Where the Federal Government is responsible for all matters that, for technical and economic reasons, require a uniform national treatment, e.g. control of air pollution from mobile sources, the regions retain most responsibilities with regard to environmental and social policies.

² As defined by the European Commission: "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". (Commission Green Paper 2001 "Promoting a European Framework for Corporate Social Responsibility", COM(2001)366 Final)

For example with regard to the environment, the regions determine objectives and appropriate policy instruments and carry out enforcement (O'Brien, Carey, & Høj, 2001).

The Belgian business world consists of a series of large companies and a very high number of SMEs. Some Belgian companies employ thousands of people worldwide, such as Inbev, the world's largest brewery group. However, the majority of large companies belong to foreign groups. SMEs are crucial to the Belgian economy: Belgian SMEs are the most profitable in the EU and Belgium is the only European country where the profitability of SMEs is considerably higher than that of large companies. Approximately 83% of Belgian companies have less than 10 employees and 97% of the companies employ less than 50 people. SMEs account for over 70% of GDP.

CSR in Belgium is framed within a European and more specifically continental model of welfare state, where social considerations between social partners are anchored in the law, contrary to the Anglo-Saxon model. In these welfare states, governments tend to be heavy handed. This means that the government is inclined to build a (legal) frame for CSR and sustainability

This is reflected in the legal basis for a sustainable development strategy process that has been developed by the Federal Government. Belgium is one of the few countries (with Canada, Luxemburg, and Switzerland) with such a legal framework (Mazijn & Gouzee, 2007).

3 CSR DEVELOPMENT IN BELGIUM: THE INSTITUTIONAL FRAMEWORK

This part presents the Belgian legal framework and the government's perspective with regard to CSR as well as initiatives that have been taken by governmental and non governmental organisations. CSR is the business contribution to sustainable development. Its development is intimately linked to the concept of sustainability. The institutional setting provides an influential framework for Belgian companies and therefore has a direct impact on the practices of the private sector.

1970: First embryonic form. 1970 saw the launch of Febecoop (Fédération belge de l'économie sociale et cooperative), a cooperative gathering of Belgian enterprises aiming at developing and promoting the Social Economy in Belgium.

In its own way, Febecoop has been pioneering CSR in Belgium. One should note that Belgium has a long history of social economy activity. This has been recently re-emphasised by the government which is actively supporting this sector³.

1990's: Institutional embedding of sustainable development. Although the term 'sustainable development' was already present in the Belgian vocabulary in 1990 ('Duurzame Ontwikkeling' in Dutch or 'Développement Durable' in French), its understanding was essentially focusing on the environmental dimension, comparable to many other European countries at that time. A number of environmental legislations and initiatives started to emerge at the end of the 80s and the beginning of the 90's, i.e. Vlarem I (1991), Vlarem II (1995) and Vlarem III (1995) in Flanders, and Bruxelles Environment-IBGE⁴ (1989).

In 1997 Belgium set up its legal framework for sustainable development through the adoption of the Act of 5 May 1997 on the Co-ordination for Federal Sustainable Development Policy (Martens, 2003). This framework provides an institutional consultation and co-operation process within the different ministries in order to prepare, monitor and assess the federal sustainable development plan that has to be adopted by the federal government every four years. The act introduced a Federal plan for sustainable development and a Federal report on sustainable development. Within this framework, the Federal Council for Sustainable Development (FCSD)⁵ was established as an advisory body to the federal government on sustainable development policies and as a forum to stimulate the debate amongst the representatives of civil society. This council was set up in succession to the National Council for Sustainable Development which functioned as from 1993.

³ For more information: www.socialeconomy.be

⁴ Bruxelles Environnement-IBGE (Brussels Institute for Management of the Environment) is the environment and energy administration of the Brussels-Capital Region.

⁵ Website: www.frdo-cfdd.be

The act also established the Interdepartmental Commission for Sustainable Development (ICSD)⁶. This platform consisting of representatives of all Ministers and ministries (called administrations) of the Federal Belgian Government, including representatives (no voting rights) of the three regions and communities is chaired by a government member (responsible for Sustainable Development) and responsible for the drafting and implementation of the quadrennial federal plan for sustainable development which is discussed and adopted by the federal government. The first plan was adopted in 2000.

The act also commissioned the Federal Planning Bureau (FPB)⁷ – a public institution that studies economic, social and environmental policy issues — to coordinate, together with the ICSD secretariat, the writing of this Federal Plan on sustainable development⁸. The evaluation of the results of this plan is executed by the Task Force Sustainable Development within the BFP, which was created in January 1998.

Next to the governmental developments, a number of research organisations and CSR related platforms were created including academic research centers and NGOs and business networks (see appendix). Those platform are highly influential both at the private and public level. They are participating in the creation and diffusion of knowledge as well as in the opinion forming.

2000: Institutionalisation of the CSR concept. The term Corporate Social Responsibility ('Maatschappelijk Verantwoord Ondernemen' in Dutch or 'Responsabilité Sociétale des Entreprises' in French) started to gain grounds in Belgium, both in Flanders and in Wallonia in the late 1990's-beginning 2000. An important factor that has helped with the diffusion of the concept has been the two-year project called 'The Circle – Enterprise and Sustainable Development' organised by the King Baudouin Foundation (2000-2002). The project consisted of monthly meetings between 13 Belgian companies to discuss the implementation of the sustainability concept into business practices.

⁶ Website: www.icdo.be

⁷ Website: www.plan2004.be

⁸ From 2006 on the preparations for the Federal Plan are carried out by the federal administration for Sustainable Development (PODDO) together with the ICSD.

Next to these meetings the foundation also organised a series of conferences, ‘The Millennium Conferences’, with national and international speakers on very specific themes related to sustainability. The theme of the first conference held in November 1999 was ‘Enterprises as model-maker in society’⁹.

End 1990’s-beginning 2000 is also marked by an increasing and denser CSR network including business, governmental, trade unions and not-for-profit organisations such as Business and Society Belgium, the Belgian branch of CSR Europe whose members are companies, and the multiplication of CSR initiatives such as Trivisi in 2001, a programme developed under the initiative of the Flemish Minister of Employment and Tourism (see appendix).

In 2001, the Belgian Social Label¹⁰, a voluntary scheme for companies, was approved of by the Belgian government. The label offers companies the possibility to acquire a label, which is granted to products whose whole chain of production respects the eight fundamental ILO conventions. The label is granted for a maximum of three years by the Ministry of Economic Affairs after approval of a Committee for Socially Responsible Production (composed of government officials, social partners, consumers and NGO-representatives). The Committee for Socially Responsible Production establishes a program of control for the company and monitors its progress on compliance.

2000 is also the wake up call from employer’s organisations such as UNIZO¹¹ in Flanders, the Flemish organisation for the self-employed and SMEs, and the UWE¹² in Wallonia. Between 2003 and 2005 the UNIZO conducted series of debates on CSR for and within SMEs. More than 300 Flemish SMEs participated in the project. This led to the publication in 2005 of a report with best practices and a guideline for SMEs¹³.

⁹ Translated from the Dutch title: Ondernemingen als vormgevers in de samenleving

¹⁰ Website: www.social-label.be

¹¹ Unie van Zelfstandige Ondernemers, Website: www.unizo.be

¹² Union Wallonne des Entreprises, Website: www.uwe.be

¹³ The CSR guideline for SMEs - A socially responsible entrepreneur is a stronger entrepreneur (translated from the Dutch title De MVOGid voor KMOs- Een maatschappelijk verantwoord ondernemer is een sterkere ondernemer”), 2005. This guideline is the outcome of the project ‘Tools for SMEs’, and initiative of UNIZO-VORMING and Business & Society Belgium led by Commonsense.

Although the project is over, CSR has remained high on the agenda of UNIZO which tries to stimulate and facilitate its implementation within SMEs. At the same period UWE formed a Sustainable Development Working Group and developed in 2005 a set of 15 indicators to help companies to improve their sustainability performance. The indicators are organised around the three pillars of the sustainable development concept that is economic, social and environmental¹⁴.

2005: a more integrated approach to CSR.

The period around 2005 is marked by a significant new turn and move towards CSR mainstreaming¹⁵.

Before 2000 CSR was mainly approached through specific themes: diversity, social audit, the Belgian Social Label, social economy, and corporate governance. This is reflected in the CSR organisations which often have a very particular focus. It is only in 2006, with the Belgian CSR reference framework, that CSR was redefined in broader terms:

“Corporate Social Responsibility is a process in which companies voluntarily strive for improvement on a business as well as societal level by systematically including economic, environmental and social considerations in an integrated and coherent manner in the entire business operations, in which consultation with stakeholders, or interested parties of the company forms part of this process.” (ICSD, 2006)

By 2004, the government started to reinforce its support to CSR by launching two Digital Knowledge Centres, one in Flanders (2004)¹⁶ and one in Wallonia (2006)¹⁷, but also by engaging in a major stakeholder dialogue. On April 28, 2006, the Council of Ministers adopted the Belgian CSR Reference Framework¹⁸ which was established by a working group of de ICSD (ICDO/CIDD) through a written consultation process with a variety of Belgian stakeholders from various sectors, business, NGOs, trade unions, academics, etc.

¹⁴ The 15 indicators are: 1) research & development, investments, profitability, corporate governance, growth; 2) training, work safety, health & working conditions, evaluation of the competences, quality of the social relationships; 3) energy, waste, and water eco-efficiency, environmental management system, mobility.

¹⁵ A reflection of this change is the number of World Wide Web pages from Belgium mentioning corporate social responsibility. As of August 2007, there were more than 138,000.

¹⁶ Website: www.mvovlaanderen.be

¹⁷ Website: <http://rse.wallonie.be>

¹⁸ Available at: www.cidd.be/FR/publications/plans_d_actions_spa_cifiques

They were asked to reflect on the framework text and to give the government their thoughts about possible actions to be taken by government to further promote and implement CSR in Belgium. In parallel with the finalization of the CSR Reference Framework, the Interdepartmental Commission for Sustainable Development (ICDO/CIDD) further enhanced the dialogue with stakeholders in this process and organized a two-day forum on CSR in April 2006. Based on the input given by the stakeholders, the working group then drafted the first federal action plan on CSR which was published on October 25, 2006. Those two documents have been important stimulus in the start of a broad social and national debate on the social responsibility of companies, governments and social actors in Belgium, and go even further in setting commitments from the governments in promoting and inspiring CSR in Belgium through thirteen concrete actions. Actions range from the public supply chain, investments, to research and dialogue with stakeholders and transparency. Although broadly defined, those actions should lead in the very near future to the creation of new learning networks, information campaigns towards the consumers and the companies, research opportunities, behavioural changes within governmental institutions, as well as new regulations especially with regard to transparency.

Recently, another step has been addressed to develop CSR even further, namely education. A number of governmental initiatives have been taken to better understand the needs with regard to CSR education but also to stimulate, support, and improve CSR education.

Government actions

- 1997: legal framework for sustainable development through the adoption of the Act of 5 May 1997
- From 1997 to end 2006, the FCSD published some 130 advises on climate change, product standards, biodiversity, corporate social responsibilities, natural resources, energy, development cooperation, etc.
- The FPB has published and communicated three federal reports, the first in 1999, the second in 2003 and the third in 2005.
- The government has adopted two sustainable development plans, the 2000-2004 Plan and the 2004-2008 Plan. Nowadays, the preparations for the Plan 2009-2012 have started for an adoption by the federal government in autumn 2008.
- An evaluation of the first federal plan showed that of the 622 measures identified in the plan, 71% had been followed up (mainly concerning energy, transport, ozone and climate), 14% had had no follow up (e.g. measures concerning competences that had been transferred in the meantime to other government levels than the federal ones) and no information was available for the remaining 15%.
- On 28 April 2006 adoption by the Council of Ministers of the Belgian CSR Reference Framework followed by the Federal CSR Action plan on 25 October 2006.

Box 1 - Extracted and adapted from Mazijn et al. (2007)

4 WHAT ARE THE CURRENT CSR PRACTICES IN BELGIUM?

What are Belgian companies saying and doing about CSR? In this part, the paper focuses on companies' CSR business practices. It looks at different aspects of CSR practices and builds on a variety of sources of information. A first section investigates what companies are saying and doing with regard to CSR. The analysis is based on existing surveys. The second section examines the CSR reporting practices of Belgian listed companies. And the third section explores the CSR performance of the BEL 20 constituents based on the data provided by the social rating organisation Vigeo.

4.1 What do they say and do?

There is limited data available with regard to CSR practices in Belgium especially from SMEs. Three major studies have recently been carried out. The PASO survey from 2004 investigated the integration of CSR within 600 Flemish organisations from both the profit and non-profit sectors based on a questionnaire (De Vos, Buyens, & Strobbeleir, 2004). The CSR Barometer from 2005 was based on telephone interviews with 128 companies from the three regions, Flanders, Wallonia and Brussels (Business & Society Belgium, 2005). This survey aimed at measuring companies' awareness with regard to social and environmental issues. And the last survey, FEB 2007, explored the perception and practices of 250 Belgian companies, small, medium and large enterprises (FEB, 2007). The analysis of these three surveys shows some interesting characteristics of CSR practices in Belgium.

'Yes' to CSR but mixed feelings about its voluntary characteristic. According to the FEB survey (2007), more than 90% of the 250 companies interviewed consider that the purpose of companies goes beyond profit-making and should also include social and environmental aspects (FEB, 2007). This view is shared by companies from all sizes, small, medium and large. But Belgian companies are still far from integrating CSR at the strategic level. Bruggeman et al (2003) argued that CSR needs to be inscribed in the core strategy of the company in order to achieve consistency and coherence in all the processes of the organisation and go beyond ad hoc projects (Bruggeman, Ameels, & Scheipers., 2003).

The Paso survey investigates whether or not CSR has become a strategic element by examining the mission and ethical code of companies. Although some may doubt that these elements mean strategic integration, it was at this point the most spread indicators they could find. The results show that only 20% of the Flemish companies have the three CSR pillars — social, economic and environmental - as part of their mission and 29% have adopted an ethical code at the corporate level (De Vos et al., 2004).

The FEB survey (2007) also points out that more than 40% of the respondents believe that companies should not do more than what is prescribed by the law. Only 15% strongly agree that CSR requires going beyond the law. Especially SMEs seems to disagree with the voluntary aspect of CSR (more than 50%). This highlights a paradox: companies seem to recognise the importance of CSR but do not want to go beyond the law. As argued earlier, the CSR concept is based on the principle of voluntarism and ‘beyond the law’ (in reference to the European Commission’s definition of CSR). This aspect has also been emphasised by the Belgian government in the CSR Reference Framework (ICSD, 2006).

“CSR is a voluntary engagement of companies. It therefore does not simply refer to meeting legal requirements, but precisely to initiatives and actions of companies, groups of companies or sectors, which surpass the applicable regulations.” (ICSD, 2006)

However, it is important to note that many SMEs do extraordinary things everyday. Fighting for their place or niche on the market, entrepreneurs are extremely creative and responsive, inventive and risk-taking. The young ones are pushed by highly motivated personnel, increasingly sensitive to sustainable development and aware of the capacity of change they possess. Here or there, outstand “pearls”: spin-offs changing their business model, integrating sourcing, energy, mobility, ethical, organic, fair trade, recycling considerations in their daily practices. Especially when they are organised in clusters, they can make scale economies, increasing competitive advantage. The role of intermediaries and of public impulse at regional scale is crucial to promote innovation and increase the attractiveness of this matter.

A few examples: a transport company reviewing its fleet of trucks and modernising the logistics management to reduce traffic and improve the level of occupation both ways, a small company manufacturing and importing from China reusable bags made in environmental and social-friendly conditions, a chocolate maker who opted for the healing approach of aliments and reviewed all the components of its chocolate to integrate bio and fair trade products, etc.

CSR most favoured domains. Although a more integrated definition of CSR has been adopted by the government (ICSD, 2006), companies do not give equal attention to all aspects of CSR. The PASO study (2004) highlights that companies tend to focus on the ‘social’ pillar of CSR. In terms of concrete implementation both the PASO and FEB surveys show that companies implement CSR actions on a regular basis but with a strong emphasis on a few themes, namely employees’ health & safety, waste recycling, staff training, and work/life balance. In the near future, one may expect increasing attention for the energy issue. Issues related to human rights, North-South balance or more specifically to developing countries remain marginally addressed. This may be due to the limited exposure of Belgian firms to developing countries, as a large majority of the companies are very small size companies. CSR issues addressed by companies are to a great extent sector related, e.g. chemical sector are more inclined to favour ISO 14000 and environmental measures, the retail sector tend to focus on food safety and employee topics.

Stakeholder dialogue. Communication and stakeholder engagement does not come out as a priority for Belgian companies, neither for the large or the small enterprises. Communication is essentially oral rather than written (FEB, 2007) and CSR reporting remains limited. Reporting is an element of transparency and accountability, two key characteristics of CSR. Due to its importance, this aspect is further developed in the next section.

A majority of the companies do not engage on a regular basis with stakeholders. In case of engagement, the target groups are usually employees and customers (CSR Barometer 2005 and FEB 2007). Engagement with not for profit organisations such as environmental and social organisations is almost inexistent. This lack of or only limited stakeholder dialogue stands in strong contrast to the definition of CSR, stating that companies have responsibilities towards all stakeholders that are directly or indirectly involved with the functioning of the company.

Therefore CSR requires to “take place in consultation and dialogue with the stakeholders” (ICSD, 2006).

CSR international standards. There are more than 500,000 companies in Belgium, among which 149 are listed companies on Euronext Brussels, the only stock market in Belgium (as of December 2006). As of August 2007, 14 Belgian companies have signed the UN Global Compact, 8 are fully following the Global Reporting Initiative (GRI) guideline, 530 have the ISO 14001, 4 the SA8000, 8 are listed on the FTSE4Good, and 1 on the Dow Jones World Sustainability Index (see Table 1). The PASO survey (2004) shows that although there has been an increasing number of CSR-related organisations companies’ participation rate in CSR projects initiated by those organisations remains below the 10% (De Vos et al., 2004). Until now, the Belgian Social Label has also had a very limited implementation. As of 2007, only 5 products have received the label among which two have an expired date and did not re-conduct the certification. However, the Belgian Social Label has been highly criticised for being far from economic reality making it difficult to implement and with limited business relevance.

Those figures support results of the FEB survey (2007). Companies are aware of the existing international standards and guidelines but a majority are not ready or willing to use/implement them mainly because they lack information, the firms do not perceive a direct relevance for their business and they do not always have the resources (time and financial) to implement them.

Although those results present a rather negative image of Belgian companies with regards to international and widely recognised standards and guidelines, it is important to put them into perspective. First of all, Belgium consists essentially of small companies and compared to many Anglo-Saxon countries it does not count many multinationals. Tools and guidelines such as UN Global Compact, GRI, SA8000 and many others are primarily addressed to large companies. It is therefore not surprising that a large majority of the Belgian companies do not use and implement them. If one looks at the total number of companies involved in those international standards, Belgium is performing not that bad, especially if one considers the size of the country and the number of large companies compared to other countries. For example, Belgian companies represent 0,5% of the worldwide signatories of the UN Global Compact.

The same holds for SRI indexes. The Avanzi SRI Euro index is composed at 3,4% of Belgian companies, which is pretty high when one considers that those indexes only select the best in class stock quoted companies from the major regions of the world.

Insert Table 1 About Here

4.2 CSR reporting

Companies have realized that they need to respond to the stakeholders not only by changing their practices, but also by *reporting* on what kind of actions they took in terms of their corporate social responsibility. In the last years, we notice an increasing number of companies that spend efforts on CSR reporting. Also, in Belgium, the emphasis on CSR reporting has increased in the last five years, especially in the larger firms. In this paragraph we will first address the ways of CSR reporting of Belgian companies. Then we will have a look at the content of the CSR reports of Belgian firms. In the last section we will make a few remarks on the extent of CSR reporting in Belgium.

Ways of communication on CSR. The FEB survey (2007) shows that 60% of the companies investigated, communicate CSR matters mainly orally rather than in a written form. Next to oral communication, CSR reports, websites, newsletters and press announcements are mostly used by large and medium-size companies although not extensively, while SMEs tend to favour personal communication through mailing.

Companies are required by the law to provide an *annual report* every year. Annual reports should provide a “true and fair” view on the activities and financial results of the company. Annual reports are a powerful tool for shaping what is important in the company, and it is also considered as a significant source of accountability, that is publicly available. It is the place where management can include issues that are important for the stakeholders of the firm.

The Belgian law with regard to the content of annual reports does not require any specific information related to CSR issues¹⁹. The additional CSR reporting in the annual report is voluntary and purely a matter of corporate policy. However, it is interesting that the annual report usually includes more information than this strict minimum. Everaert et al. (2005) studied all annual reports of the listed firms at Euronext, Brussels (Belgium) and found that 60 percent of the companies disclosed on CSR topics in the annual report.

Since 2005 some large Belgian companies have started publishing a *separate CSR report*, addressing only the areas of CSR, and provide it as an appendix to the annual report. Companies prefer to publish it on the same day as the annual report and this CSR report follows the same distribution channels as the annual report (free download or free version by post mail). For instance, Fortis, one of the largest financial institutions in Belgium, produced a CSR report in 2006, containing 58 pages. This report aims to provide the stakeholders with “a complete and balanced picture of Fortis’s performance in different areas of Corporate Social Responsibility”, as mentioned in the Fortis Annual Report.

Content of CSR reporting in Belgium. As mentioned above, there are no legal requirements on CSR reporting in Belgium. Companies report voluntarily and decide without any regulation on the content of the CSR reporting. The common standard that is surfacing at this moment is the Global Reporting Initiative (GRI). Everaert et al. (2007) used this GRI framework as a coding structure to investigate the content of the 2005 annual report of all 149 Belgian listed firms (Everaert, Bouten, Van Liedekerke, De Moor, & Christiaens, 2007). The results showed that most companies (89 %) mentioned policies or actions for employees in the pages that dealt with CSR. Examples of issues disclosed are employment diversity, training and education incentives, occupational health and safety investments. Two thirds of the listed companies reported on the environment issues (e.g. waste reduction of materials, energy, water, air pollution).

¹⁹ The minimum content of annual reports consists of financial statements, the audit report and the management discussion & analysis section. “The management discussion & analysis should address the results of the company, both containing the financial and non-financial performance indicators (that might be specific to the company), *including information on environmental and labour practices.*” (art. 96 and 116 W.Venn conform the Fourth European Directive, emphasis added.)

About half of all listed companies reported on product responsibility, dealing with issues such as labelling, customer privacy, customer health and safety. Also half of all listed companies reported on the society dimension of CSR, which dealt with community initiatives, anti-corruption, anti-competitive behaviour. Human rights aspects were rarely addressed (in only 5 % of the annual reports).

Extent of CSR reporting in Belgium The extent of CSR reporting has increased in the last five years, although there are large differences between industries. Utilities (e.g. Electrabel and Fluxis, producers of electricity and gaz) and banks (e.g. KBC, Fortis, Nationale bank) are more involved in CSR reporting (either part of the annual report either as a separate CSR report). For instance, these companies use on average 2,500 words on CSR reporting in the 2005 annual report (Everaert et al., 2007). Also listed firms of the food and chemicals industries report more extensively than other industries such as pharmaceuticals or electronics.

Even within the listed firms, which are all large firms (more than 250 employees), the extent of CSR reporting (measured by the number of words) is correlated with the size of the company. The larger listed firms tend to report more elaborate on CSR than the smaller listed firms (Everaert et al., 2007).

4.3 Corporate social performances of the BEL20²⁰ constituents

Corporate social performance (CSP) is an extension of theoretical thinking on CSR and measures firms' concrete CSR actions including policies, programs and outcomes. Carroll (1999) has defined CSP as "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm societal relationships (Wood, 1991).

Data produced by Vigeo, the French social rating agency founded in 2002 and which took over Stock at Stake the Belgian social rating agency in 2005, offer insights into the CSP of the major Belgian companies.

Sample description. The Vigeo database contains the ratings of 16 Belgian companies between 1999 and 2006. However, there is not each year a rating available for every one of the 16 firms.

For the purpose of the analysis, two groups have been constituted: 1999+ and 2006-. The first group consists of the company ratings from 1999. In case no rating available was available for this year, the 2000 rating was used. The second group consists of the company ratings from 2006. In case there is no rating available for this specific year, we took the 2005 rating. The 1999+ and 2006- groups are composed with respectively 9 and 16 companies (see Table 2). Companies from the sample cover 84% of the BEL20 constituents.

Insert Table 2 About Here

Vigeo's rating model is based on six major themes, namely: Human Resources, Human Rights, Environment, Customers & Suppliers, Community Involvement and Corporate Governance. Note that the theme Human Rights has been added in 2004. For this reason, this criterion does not appear in the 1999+ data. In total, companies are assessed on 200 criteria.

For each of the themes three levels are looked at:

- Leadership: the role of management in institutionalising each stakeholder criterion into company policy and strategy
- Implementation: the programmes and actions undertaken by the company to put policy and strategy into real practice for each stakeholder criterion
- Results: the degree, level and consistency of the realisation of policy and strategy and stakeholder satisfaction for each stakeholder criterion supported by quantified performance data.
-

Each criterion is rated on a scale of 100 points. Each criterion is applied in relation to its sector relevance and is given weight (from 0 till 3) representing the relative importance of social responsibility objectives relating to it (Vigeo, August 2007). Per theme, companies are also compared to their international sector peers based on a 5-point scale: unconcerned, below average, average, advanced and pioneer.

²⁰ The BEL20 is the benchmark index of Euronext Brussels. Since March 1, 2007 it contains 19

Results. The analysis of the Vigeo data was structured according to three main questions:

1. How do Belgian companies perform on the 6 themes: Human Resources, Human Rights, Environment, Customers & Suppliers, Community Involvement and Corporate Governance? (see results in Table 3)
2. How do Belgian companies perform on the three levels: leadership, implementation and results?
3. How do Belgian companies perform compared to their sector peers on each of the themes? (see results in Table 4)

For question 1 and 2, a four-scale classification has been used from Inactive to Pro-active based on the Vigeo score. Comparative analyses were possible for question 1 and 3, but not for question 2 as no data were available for 1999+.

Most of the companies from the sample are classified as re-active or inactive -- meaning they received less than 50 points out of 100 -- on the six investigated themes as well as on the three levels. Performance of the companies on the six themes tends to be rather similar. Nonetheless Corporate Governance and Environment record the lowest performance while Community Involvement and Human Rights get the highest. Performance on Human Resources is quite dispersed with a large number of companies being reactive and inactive but it is also one the themes with the highest number of companies being active. When looking at the three levels, Customers & Suppliers and Human Rights themes have both very high results in terms of performance --63% of the companies are classified as active on the results of customers & suppliers and 63% of the companies are classified as pro-active with regards to human rights results — but at the same time show very low performance on leadership and implementation. Overall the weakest level of the companies investigated is implementation.

The evolution from 1999+ to 2006- tends to be negative as more companies fall under the categories reactive and inactive. Performance on human resources, environment and community involvement have significantly decreased over time.

companies.

Insert Table 3 About Here

Compared to their sector peers, Belgian companies score average for most of the six themes. In 2006 - as well as in 1999+ - three themes recorded the highest percentage of companies in the category 'below average', namely human resources (2006- and 1999+), community involvement (2006-) and environment (1999+). Only one theme, Customers & Suppliers got the highest number of companies in the 'advanced' group in 1999+ but this percentage dropped in 2006-. Although some companies have excellent results in human rights, when compared to their peers they are not above average. For both themes, Human Resources and Human Rights, companies are well distributed between 'below average', 'average' and 'advanced'.

Insert Table 4 About Here

Conclusion. Out of this analysis, we can conclude that the 16 Belgian companies of the sample, all part of the BEL 20, score for a large part below average compared to their international sector peers. They do not show any outstanding performance, either negative or positive on any of the six themes investigated. Although there are a couple of pro-active companies, especially in the Banking sector, in general they are characterised as reactive with even a few inactive ones. Moreover, we note a slight deterioration of the corporate social performance of the companies between 1999+ and 2006-.

However the increasing reactive and inactive categories reflect the relative comparison that is the performance of Belgian companies with regards to their sector peers. Overall, sectors represented by the Belgian sample have improved their CSR performance. The negative evolution of Belgian companies does not necessarily mean that Belgian companies are regressing but that they are progressing slower than their sector peers from other countries.

Surprisingly, the data show a high score with regard to Human Rights for most of the companies. This might be explained by the fact that Belgian companies have had limited activities in developing countries although this is changing.

It is also interesting to note that the performance of companies on Corporate Governance have been downgraded between 1999+ and 2006 and this at a time when Belgium published its Corporate Governance Code in 2004. And finally the performance on Human Resources is the most dispersed one out of the six themes with companies ranging equally between advanced and unconcerned. This is not surprising as this a theme well covered and implemented by all the companies in Belgium. Most of the other themes have very limited data available, making the evaluation and comparison difficult.

5 CSR IN BELGIUM: A MULTI-FACED LANDSCAPE

CSR is certainly a living concept in Belgium but its landscape is uneven and moving. One may argue that CSR is not a choice anymore, as responsible business practice is becoming an important driver of national and regional competitiveness (Zadek, Raynard, Oliveira, Nascimento, & Tello, 2005). However the shape it takes and the way it is implemented is open to variation. CSR in Belgium has taken its own and specific route, how it will evolve is still uncertain, but it is there and it is there to stay.

When one looks back at the origin of CSR, as a (mostly) Anglo-Saxon response from the private sector to a need for commitment not to make abuse of lacks of regulations, or to go further than the search for profit in zones and areas where an extra effort was very much conceivable, one easily understands why Belgian firms do not fit in the original CSR picture.

CSR in Belgium can be characterised as rather ‘implicit’ –as defined by Matten and Moon (2008), that is embedded in the business-society-government relations within a political system rather than explicit that is corporations’ self interest driven (Matten et al., 2008). Already in 1997, the legal framework for sustainable development enabled an institutional structure for further development of CSR in Belgium. But it is not until recently that CSR is moving towards a Federal approach rather than a regional one.

The 2006 CSR Reference Framework followed by the CSR Action Plan has brought a whole new dynamic into the CSR landscape in Belgium. Indeed, the three Belgian regions, Flanders, Wallonia and Brussels, have been following different paths with regard to CSR. Flanders has been the most active region launching initiatives and incentives to stimulate CSR, while Wallonia and especially Brussels have been somewhat slower in taking actions. But overall, the government has increasingly adopted CSR policies that either try to stimulate or even regulate CSR activities or corporate actors. Although of an implicit form, the government has emphasised the voluntary aspect of CSR. Companies must not only be good citizens through the transparency of their activities and compliance, but they should go beyond this. Companies are expected to contribute to social change as they are social agents themselves.

Such governmental position and a strong institutional framework may be applauded, nonetheless it may present some risks especially that CSR becomes a political battle field rather than an action field. For example the Belgian Social Label has never been successful and has very little chance to be materialised.

Another Belgian characteristic is the very high density of small and extra-small companies and the limited number of multinationals that can be major drivers for CSR. They can play a vital role of change agent by supporting and inspiring CSR in SMEs. But large companies in Belgium are the exception rather than the rule. SMEs are facing some hurdles with regard to CSR. Not only they are faced with CSR tools and guidelines that are mainly targeted to large companies which makes it more difficult to go beyond compliance but they also have to deal with an heavy regulated environment making it difficult for them to go beyond as they may lack the resources and capacities to do so

This raises another point, namely the lack of data on CSR practices within SMEs and thereby highlights one of the limitations of this paper. Using data from annual and CSR reports of databases like Vigeo lead us to concentrate on the largest companies. In order to complete and fully understand the CSR landscape in Belgium, there is an urgent need to know more about the implementation and translation of CSR within SMEs. The data available shows that there are SMEs that have taken exceptional CSR steps. There are also many initiatives that have seen light in Belgium over the recent years to put SMEs into practice.

Over the last decade, various public and civil society organisations have tried to address the topic from the SME point of view: explain CSR at a small scale, presenting cases and best practices, exchanging experiences, providing free tools for (pre-)assessment, mini-audits, translating the international standards and norms into “light-versions” adapted to their situation and context. More and more press articles, conferences, and research by academics addressing the implication of CSR in SMEs.. But overall SMEs involvement in the CSR field remains limited to a small group. Much more is necessary to get a critical mass of SMEs implementing CSR and make a substantial change towards sustainability.

Overall, one may expect that CSR practices in Belgium among small and large firms will further spread and diffuse. Governments and other stakeholders are increasingly exerting pressures and influence on the firms. CSR education is in full development in Belgium especially within universities and business schools. And the business community itself shows not only interest but also oncrete actions and initiatives.

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APPENDIX

Awards & Prizes	Events	Tools	Initiatives	Research Centers	Platforms/ Networks	Governmental initiatives
1970					·FEBECOOP	
1987				·Centrum Centre for Economy and Ethics (University of Leuven)		
1989						·Brussels Environment-IBGE
1990					·Flemish Discussion Platform for Sustainable Development (Vlaams overlgplatform Duurzame Ontwikkeling-VODO)	
1991					·Ethibel	·Law on information and protection for consumers and trade practices forbidding misleading advertising concerning the effects on the environment
1992				·Center for environmental management, Vlerick Leuven Gent Management School (changed into Impulse Center Business in Society in 1999)		

1993									·National Council for Sustainable Development
1995									·Centrum for Sustainable Development (University of Gent)
1996									·Belgian Institute for Governance
1997									·Centre d'Etude du Développement Durable, Free University of Brussels ·Kauri· Flemish Network for Business Ethics (Vlaams Netwerk voor Zakenethiek)· VOSEC ·Federal Sustainable Development Policy Federal council for sustainable development Federal Council for Sustainable Development (FCSD)
1998	Best CSR report								·Business & Society Belgium ·Task Force Sustainable Development
2000					Circle, King Baudouin Foundation (2000-2002)				·Network Conscientious Consumption (Netwerk bewust verbruiken) ·First Federal Plan
2001	·Prinses Mathilde Prize	·European Conference on CSR	·Belgium Social label		·Trivisi				
2002					·Trividend				·Programmed Federal Public Service for Sustainable Development (PODDO)

2003	·Plus Prize ·Enterprize (category: social economy)		·CSR & SME debate (Unizo)		·Belsif	·Interdepartmental Commission for Sustainable Development (ICSD) ·Occupational pension law (SRI investment policy) ·Second Federal Plan
2004			·Code of Corporate governance: Code Lippens CSR evaluation indicators, Union Wallone des Entreprises (Employers organisation)		·Digital knowledge center, Flanders	
2005	·Gender friendly entreprises ·De Wit vos	·UNIZO conference on CSR & SME	·Code of Corporate governance: Code Buysse ·CSR guidelines for SMEs (UNIZO) ·Guidelines for sustainable working relations (Trade Unions)	· VKW Studies	·Pôle ReSponsE (Liege), HEC Liège	
2006	·Vlerick Angels Award The egg of CSR: Best CSR thesis		·Guide for NGO-Business partnership (Business & Society Belgium with support of FEB) Work and Environment (collaboration between three Flemish trade unions: ABVV, ACLVB, ACV) · Sustainable Werken	·DOEN project (CSR & education) Center for support for Sustainable development (collaboration between three universities KUL, Ugent, VUB) · Fedis Commission for Sustainable Development	·Daniel Janssen Chair in Corporate Social Responsibility, Solvay Business School	·Centre of Excellence CSR & SME (Unizo) Digital knowledge center, Wallonia ·Forum Days on CSR ·CSR Reference Framework- CSR Action Plan
2007	·Solidaritest				Social Venture Network	
2008						·Second Federal Plan

TABLE 1**Belgian companies and international CSR commitments**

	Initiatives	Number of Belgian companies/sites involved	Total number of companies involved
Principles & Initiatives	UN Global compact	14	2900
	ETI	0	39
Reporting	GRI (between 2005-2007)	8	2377
	AA1000 Assurance Standard	0	241
Certification/ Label	SA8000	4	1315
	ISO 14001	530	887 770 (in 2006)
	EMAS	39 organisations 334 sites	3725 organisations 5587 sites
SRI indexes	DJSI World	1	310
	FTS4Good	8	NA
	ASPI	2	118
	Ethibel Excellence Europe	4	175
	Avanzi SRI Euro	4	119

TABLE 2**Sample description**

Sectors	Number of companies	
	2006-	1999+
Materials	2	1
Food Retail	2	1
Banks	3	3
Financial Services - General	1	1
Utilities	1	1
Telecommunication Services	2	
Pharmaceuticals	1	1
Consumer Durables & Apparel	2	1
Mechanical Components & Equipment	1	
Food, Beverage & Tobacco	1	
Total	16	9

TABLE 3

How do Belgian companies perform on the 6 themes?

	Data group: 2006-				Data group: 1999+			
	<i>Inactive</i>	<i>Reactive</i>	<i>Active</i>	<i>Pro-active</i>	<i>Inactive</i>	<i>Reactive</i>	<i>Active</i>	<i>Pro-active</i>
Human Resources	38%	38%	25%	0%	11%	67%	22%	0%
Environment	38%	56%	6%	0%	0%	78%	22%	0%
Customers & Suppliers	25%	56%	19%	0%	0%	56%	44%	0%
Corporate Governance	13%	81%	6%	0%	22%	44%	33%	0%
Community Involvement	25%	44%	31%	0%	0%	67%	33%	0%
Human Rights	19%	56%	19%	6%	NA	NA	NA	NA
Total	25%	56%	19%	0%	0%	78%	22%	0%

TABLE 4

How do Belgian companies perform compared to their sector peers on each of the themes?

	Unconcerned	Below average	Average	Advanced	Pioneer
Data group: 2006-					
Human Resources	6%	38%	25%	31%	0%
Environment	0%	38%	56%	6%	0%
Customers & Suppliers	6%	31%	50%	13%	0%
Corporate Governance	13%	38%	50%	0%	0%
Community Involvement	0%	44%	31%	25%	0%
Human Rights	13%	25%	38%	25%	0%
Data group: 1999+					
Human Resources	11%	33%	33%	22%	0%
Environment	11%	33%	33%	22%	0%
Customers & Suppliers	0%	22%	33%	44%	0%
Corporate Governance	0%	22%	67%	11%	0%
Community Involvement	0%	44%	56%	0%	0%
Human Rights	NA	NA	NA	NA	NA