

Focus Group 3: Monitoring and Participation

? Which CSR monitoring approaches are applied?

- **Different CSR management systems.** There are different assurance- and monitoring approaches on CSR management standards ranging from mere data accuracy to quality control of systems, organisational processes, risk management and performance evaluation.
- **Internal monitoring.** It is necessary to distinguish clearly between internal management processes and external stakeholder accountability. Most of the monitoring processes are internal. To be effective, CSR has to become an inherent part of the company philosophy and has to be included in an effective internal management system.
- **External monitoring.** External assessments are as important as internal ones but they have their limits. The quality of an audit generally depends very much on the individual auditor. In any case, external monitoring needs to involve all relevant stakeholders.

? What are the practical challenges in CSR monitoring?

- **Monitoring does not necessarily change the situation of workers.** It is often outward-directed and regarded as an instrument to satisfy stakeholders or as a sign of lack of trust. Such an approach does not change the situation of the employees on the ground.
- **Monitoring as a basis for dialogue.** In the ideal case, monitoring initiates and promotes an internal learning curve. It informs on ongoing processes and projects in a company, increases credibility for stakeholders and builds a valuable basis for internal dialogue. Internal grievance mechanisms are a sign of healthy industrial relations.
- **Balance.** Companies have to analyse inputs, outputs and the impact of the monitoring process and find a fair balance between monitoring expenses and company resources.
- **“Policing the supply” chain is not the solution.** Check lists have not proven to be sustainable monitoring instruments either. Also, it needs specific structures and monitoring teams in the supply chain. In addition, there is an urgent need to improve the information flow from the headquarters to partners and suppliers. Monitoring has to shift away from a mere controlling approach (“big brother is watching you”).
- **Transparency and reporting.** In some cases it is almost impossible to get accurate information, like on corruption. However, the main challenge lies not in identifying the problems, but in finding new solutions to old approaches that did not work.
- **Training NGOs.** NGOs tend to be seen as too interested in campaigning and are therefore often not regarded as reliable external monitors. They should receive

more professional training and would be welcomed to cover a significant part of monitoring activities.

? **Recommendations on increased effectiveness of CSR-monitoring?**

- **Rights based monitoring.** The CSR impact on human rights can only be ensured by adopting a rights based approach to monitoring. Clear purposes have to be assessed against specific targets and followed-up. It equally needs ongoing training of companies and monitoring agencies. Some companies already have very good tools and training services.
- **Complaints mechanisms mark the credibility of a monitoring system.** Grievance mechanisms are mechanisms for internal education in the company, since problems should be solved internally. There have been very good experiences with internal workers' hotlines if they are staffed with local people. In some cases CSR mechanisms might equally be used as a supplement for non existing complaints mechanisms.
Example: In a company without a works council, CSR was initially regarded a human resource issue. After CSR mechanisms had been installed they became soon used as a complaints mechanism and practically took the place of a works council.
- **Country situation and human rights impact assessment.** Companies often fear to open new liability challenges if they conduct human rights impact assessments. In reality, thorough impact assessments broaden the basis for decision making and enable companies to identify and deal with potential risks already before they escalate.
- **Harmonisation and sectoral approaches.** Instead of a further increase in tools it needs harmonisation, sector and brands collaboration. Every sector is dealing with specific issues, that is to say, a textile company can hardly learn from a steel company. It is not only cheaper to take sectoral approaches, but also solves the problem of accepting other brands' audits that may be based on different standards.
- **The keyword for sustainability is credibility.** Sustainability has to be integrated in people's minds.