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RESEARCH ARTICLE

Concepts and standards for the corporate internalization of sustainable development

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Abstract

Based upon a conceptual framework related to the importance of corporate internalization of the sustainability requirements, the paper discusses the role of implementing international management standards and highlights the factors which hinder corporate adoption in Hungary. Corporate social responsibility is treated in relation to hierarchical levels of sustainability. A concise and comparative review is given about the related principles and the use of the ISO 9001 quality standard, the ISO 14001 environment standard, the EMAS, as well as the AA1000 and SA8000 social standards and the GRI Reporting recommendation.

Keywords

competitive advantage · corporate sustainability · CSR · management concepts · management standards · Hungary · Eastern and Central Europe

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1 Introduction

Sustainable development in general stands for a "*development which meets the needs of the present without compromising the ability of future generations to meet their own needs*." ([23], p. 54). The term "sustainable development" defines a complexity of social requirements conceived in order to maintain economic development over generations, to promote responsible and efficient use of natural resources, protection of the environment, and social progress based on the principles of human rights and participation.

The need for a formal sustainability concept and for a global sustainability policy has steadily gained attention by international voluntary and formal associations of experts focusing on global problems of economic and social development since the end of the 1960s e.g. the Club of Rome, Peccei, Meadows, Tinbergen and others. These discussions have highlighted the need to shift from a pure and short-term business logic to a more socially conscious and long-term thinking by economic and political actors.

Over long years from its emergence, the term sustainability remained a concept at global level. Dealing with its implementation has been delegated to world organizations such as the World Commission on Environment and Development. Doing business with social responsibility is progressively being integrated into companies' behaviour and strategy. Pressure on companies from the sphere of global and regional political actors, such as the United Nations, the European Union, and individual nation-states, as well as from public stakeholders such as NGOs is ever increasing. Due to changes in consumer behaviour, as well as in the understanding of related competitive advantage for companies, additional pressure is exerted by competitors.

International management literature reflects that technological development, globalization, and the need for new sources of competitive advantage, continue to result in new strategies as well as in new management and marketing concepts ([22]). Company performance and competitive advantage can be evaluated not only by economic indicators, but by social indicators as well ([14]). As a consequence, socially responsible corporate behaviour is becoming an essential factor of competitive advan-

tage in the world of business. In order to be competitive, companies should progressively internalize the contemporary concepts of competitive advantage.

Requirements of competitive advantage are formalized both by management concepts and standards. In addition to the concepts and systems, like environmental and stakeholder management, international standards related to quality, environmental, and social responsibilities make up formal frameworks for this internalization.

The general definition above, however, is too abstract; the case of corporate sustainability should be addressed with concrete solutions as companies are more inclined to internalize the concept if they have a clear interpretation regarding the importance of sustainability for their business. Hence, further defining the aspects of sustainability, especially corporate sustainability, has become essential to turning both corporations and customers into real and responsible practitioners of sustainability.

The paper depicts the hierarchical levels of sustainability, with emphasis on the corporate level and a full spectrum model of corporate sustainability. Further, we maintain that when quality and environmental standards are progressively implemented at many companies, social standards face a weaker implementation, especially in Hungary and in other countries of Central and Eastern Europe. The paper will follow a systematic approach, both from theoretical and management viewpoints. The conceptual framework is based on current literature while for the argument we turn to the conclusions of recent researches carried out by the UN Development Program and the World Bank.

2 Hierarchical levels of sustainable development

Sustainability can be defined at various levels. In Fig. 1 we illustrate the relations between the hierarchical levels ranging from global to individual. The different levels identify the actors and the scope of the issues these actors are subordinated to and have influence upon respectively.

Global level: Sustainability - as we refer to it today - originates from the global level as a concept conceived by the United Nations. The global level covers the requirements of responsibility and cooperation among nations in order to achieve sustainable development in all parts of the world.

International-regional level: The second level of analysing sustainability is the international-regional level. At this level, the European Unions policy in terms of sustainability defines e.g. how European policies can encourage sustainable development.

Country level: International-regional understanding is broken down to the national policies aimed at focusing on the issues relevant at a country level.

Level of national regions: The national issues are then reflected in the framework of national-regional policies, whose development is supported by a comprehensive tool, the Local Agenda 21 (LA21), which was first described in Chapter 28 of Agenda 21 - the global blueprint for sustainability from the United Nation Rio Conference in 1992. This calls upon all local authorities to consult with their communities and develop and implement a local plan for sustainability. Thus LA21 is a local-government-led, community-wide and participatory effort to establish a comprehensive strategy for environmental protection, economic prosperity and community well-being in the local jurisdiction ([19]; [1]; [17]).

Corporate level: The level of corporations should, theoretically, be subordinate to the national-regional level. According to this principle, the activity of business entities should be influenced by local policies. However, as global and multinational corporations act globally or internationally across several regions and country borders, companies transfer global and multinational business issues both to global, regional, and local levels.

The definition of corporate social responsibility by the European Union sets out to make the concept of sustainability tangible and operational at the corporate level ([3]).

The individual level: The household/individual/consumer level of sustainable development is primarily understood as that of actors of sustainable consumption, with ethical social behaviour, compassion for others, selective refuse disposal etc. However, individuals may also be considered in their roles as voters, employees, actors in local communities or NGOs.

2.1 Sustainability on the corporate level

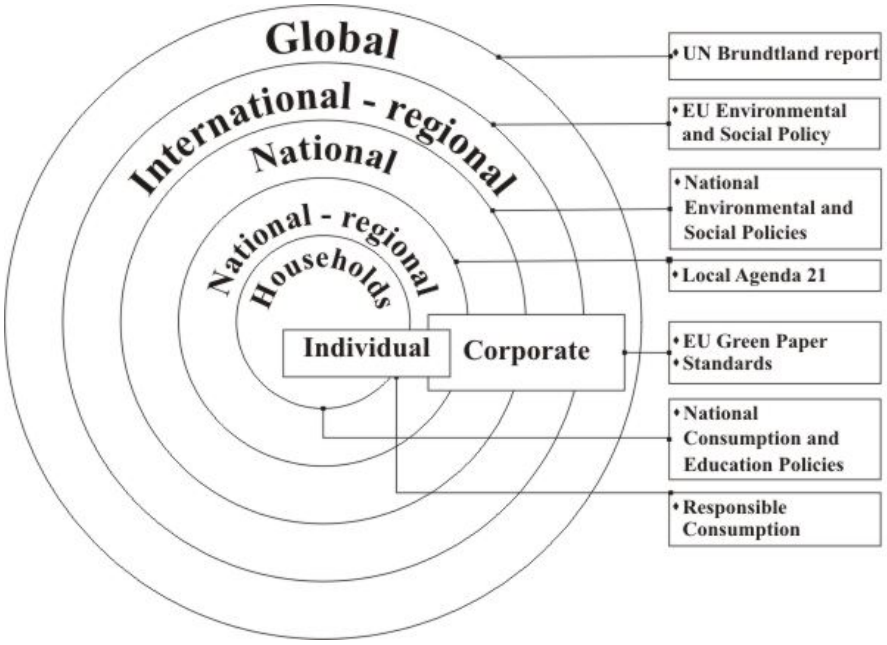
According to the contemporary meaning, sustainability requirements on the corporate level may be summoned around three key issues – economy, ecology, and society – known as "the triple bottom line" ([5]). The "economy" principle means that a company is operating in a financially feasible manner and does so for the long term. The "ecology" principle stands for the integration of environmental objectives and actions into strategy, and the implementation of environmental management practices. The "society" principle covers the integration of stakeholders' social interests and the implementation of stakeholder management. Consequently, *corporate sustainability may be defined as a business approach to create long term competitive advantage and profitability by embracing opportunities and managing risks deriving from economic, environmental and social development.*

Corporate behaviour in line with sustainability is often referred to as corporate social responsibility (CSR), as *"CSR is a concept whereby companies integrate social and environmental concerns into their business operations and in their interaction with their stakeholders on a voluntary basis."* ([3], p. 8).

The following main issues are included in CSR ([3]):

- Responsible, non-discriminatory, ethical human resource management with the aim of reducing unemployment, fighting social exclusion and facilitating lifelong learning.
- Provision of healthy and safe working conditions.
- Facilitating the ability of employees to adapt to changes caused by economically necessitated lay-offs or restructuring.

Fig. 1. The hierarchical model of sustainable development



- Management of environmental impact and natural resources.
- Integrating the company into its local setting, keeping good relations with local stakeholders and, as part of that, meeting the needs of stakeholders in terms of information.
- Managing business partner- supplier- consumer relations, so that they create higher value for all parties involved.
- Respecting and adhering to human rights.
- Considering the environmental impact of the whole supply chain, taking a wider approach to environmental management.

3 An integrative model of corporate sustainability issues

Various valid models already exist for describing corporate sustainability issues. Rather than creating yet another model, we have opted to refer to the comprehensive model of Suggett and Goodsir that summarizes a visual framework of corporate activities in connection with the sustainability principle as depicted in Fig. 2.

The model helps explain the context of different decisions and identifies the management steps needed. The Fig. 2 shows the sequence of corporate business decisions from strategy to reporting, as well as an essential set of applicable tools, indicators and systems for assisting and monitoring business processes. This is a theoretical linear model of planning and implementing sustainable corporate behaviour, supported by information and feedback systems and aimed at answering stakeholders' expectations.

The model underlines that business strategy is conceived in an *environmental, economic, social and political context*. The *strategic direction* a business adopts also depends on the *corporate values*, the medium and long term objectives, and is supplemented by the short term business plan.

A company with a full spectrum of corporate social responsibility ought to set up objectives embracing all three dimensions i.e. core financial and commercial goals, environmental and social objectives. The full spectrum approach includes tools and systematic processes of determining the values and the related expectations of stakeholders.

The implementation of *management systems* at different companies varies by degree of formality and its detail. Irrespective of the content of the management systems, the measurement of sustainability and the reporting process arises from and feeds back into the management system of a company.

The *indicators* help companies to measure and evaluate to what extent they have accomplished their goals. Indicators ought to be evaluated placed within a wider context of key economic, environmental and social issues and objectives. Indicators should communicate complete information about the corporate performance and the outcomes of its decisions in a simple way to an audience who wants to know more about the company.

The *codes of conduct* or the sets of principles identify the key contextual issues, relevant to individual companies, or their industries, respectively. Some codes of conduct could go beyond industries and could involve all relevant social actors, such as individual companies, international associations representing business, non-governmental organizations, trade unions, governments and the United Nations. Such is the case of the Global Compact ([29]). 'Issues' not formally translated into codes but faced by companies are also highly relevant.

Assessment can be performed in-house or by an independent body. When a widely accepted set of issues or a code is available, the company can be audited and measured against these criteria through an independent third-party system. These codes can either be used simply as internal tools for improving performance and management systems, or as tools for external communication to stakeholders through an optional independent ver-

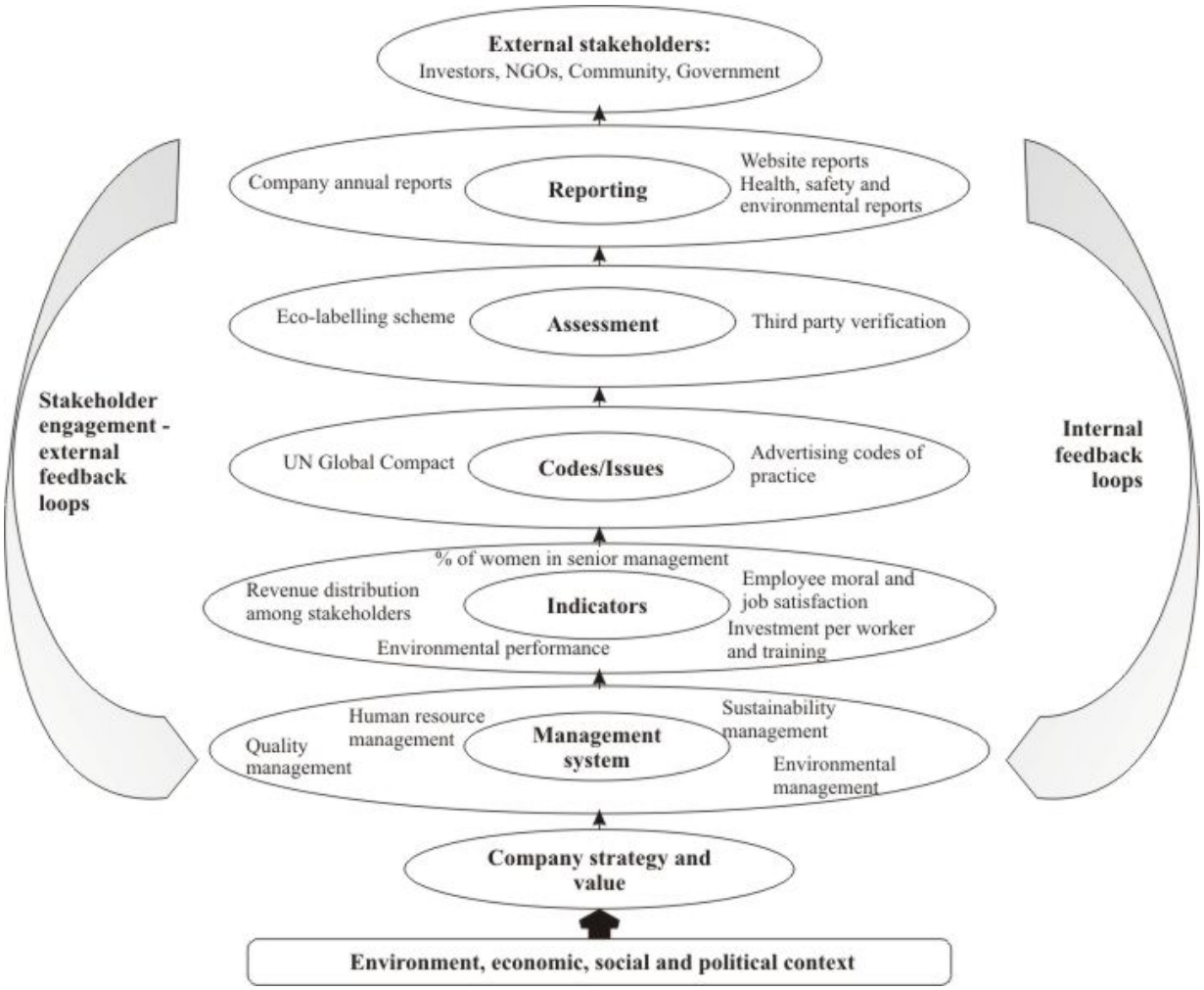


Fig. 2. The visual framework of corporate activities, Source: SUGGETT – GOODSIR, 2002, p. 7. [16] with some adjustment

ification and certification process. The most sophisticated certification systems are submitted to special accreditation in order to oversee the integrity of the certifying body's operations.

In principle, *reporting* is directed both to external and internal stakeholders. It serves as a means for improving the stakeholder management at companies. While reporting will vary depending on the target audience, the main objective is to give a credible and transparent report and to get a closer alignment of values to those of external and internal stakeholders and decision makers.

The *feedback* operations serve as means to integrate achievements into the company's management system with the goal of improving performance against economic, environmental and social benchmarks. Feedback also plays an important role as a lever for cultural change within the company.

4 The contribution of international management standards to corporate internalization of sustainability

In order to understand their role and tasks in terms of sustainability, companies in European countries can either turn to the EU Green Paper on CSR or to different standards respectively.

The Green Paper defines the criteria for sustainability in businesses, in a general way. It names the tools for introducing CSR but without defining their exact content. The Green Paper does not give a concrete method for integrating the environmental and social aspects into corporate behaviour nor does it define tangible criteria for corporate social responsibility.

Standards, on the other hand, may take up the role missed by the Green Paper. They define easy-to-implement and tangible systems and help companies in defining the necessary steps for integration. They highlight the main fulfilment criteria as well. Moreover, standards allow an easier comparison, verification and communication of achievements. The impelling and informative specificities of standards ensure that products and services are provided with desirable attributes such as quality, environmental friendliness, safety, reliability, efficiency, and interchangeability.

As there is not one single standard in existence that covers the full spectrum of corporate activities, we try in the following section to give an overview of how the different international standards can assist in fulfilling socially responsible corporate behaviour.

4.1 The contribution of quality and environmental standards to corporate sustainability

ISO 9001: This standard addresses "quality management" and defines what the organization has to undertake in order to fulfil

the customer's quality and regulatory requirements, while aiming to enhance customer satisfaction, and achieving continual improvement of quality performance ([26]). The series of ISO 9000 standards describes requirements for quality management practices in organizations. They consist of guidelines related to quality management systems and supporting standards. The ISO 9001:2000 standard provides a set of requirements for a quality management system, regardless of industry or company size, against which the organizations can be certified – although certification is not a compulsory requirement. The remaining standards in this set cover specific aspects such as fundamentals and vocabulary, performance improvements, documentation, training, and financial and economic aspects. ISO 9001:2000 thus provides a framework for taking a systematic approach to managing the organization's processes so that it consistently turns out products that satisfy customers' expectations ([25]).

ISO 9001 deals with issues which are also relevant in terms of corporate social responsibility such as workforce, work environment, education and training and infrastructure. However, these issues are considered from the perspective of creating quality and meeting customer needs and not from an ethical point of view, or of meeting the needs of all interested parties for an evolving environmental and social performance. It requires keeping the applicable regulations, also in terms of environment and social issues. Indirectly, ISO 9001 can be a tool for integrating sustainability, as environmental and social performance can be part of customer requirements, and thus ISO 9001 can help the company to integrate these requirements. In terms of sustainability, ISO 9001 is a rather reactive system, as specified sustainability requirements from customers are necessary as a driver for integration.

ISO 14001: The ISO 14000 series of standards follows the same mindset and shares common management principles as the ISO 9000 series. Organizations may choose to use an existing management system consistent with ISO 9001 as a basis for their environmental management system. ISO 14001 addresses various aspects of "environmental management" and defines what the organization has to undertake to minimize harmful effects on the environment caused by its activities, and to achieve continual improvement of its environmental performance.

As the ISO 14000 series follows the same mindset as the ISO 9000 series, the 14000 series consists also of several standards i.e. ISO 14001:2004 provides the requirements for an environmental management system, while ISO 14004:2004 gives general guidelines. Further standards and guidelines address specific environmental aspects, including: labelling, performance evaluation, life cycle analysis, communication and auditing.

As common with ISO standards, ISO 14001 does not state specific, absolute environmental performance criteria, it rather helps identify the key areas of environmental performance as well as listing some (i.e. emissions to air, waste management, release of waste water, contamination of soil, use of raw materials and resources etc.) for careful consideration and evaluation as to what extent the corporation can influence them. In terms of monitoring, it requires the implementing organizations to set their own criteria bearing in mind legal conformity and constant improvement.

ISO 14001:2004 is applicable to any organization that wishes to establish, implement, maintain and improve an environmental management system. All the requirements in ISO 14001:2004 are intended to be incorporated into any environmental management system. The extent of the application will depend on factors such as the environmental policy of the organization, the nature of its activities, products and services and the location where, and the conditions in which, it functions ([25]; [2]).

As ISO 14000 focuses on environmental management, it is not, or just marginally, applicable in terms of the other two aspects of sustainability i.e. economy and society.

EMAS: The EMAS standard is the environmental standard of the European Union. The EU Eco-Management and Audit Scheme (EMAS) is a management tool for companies and other organizations to evaluate, report and improve their environmental performance. The scheme, introduced in 1995, was originally intended only for companies in the industrial sector. However, since 2001, EMAS has been open to all economic sectors including public and private services. In addition, EMAS was strengthened by the integration of EN/ISO 14001 as the environmental management system required by EMAS, and by an increased emphasis on considering indirect effects, such as those related to financial services or administrative and planning decisions.

EMAS' territorial scope is restricted to the European Union and the European Economic Area (EEA), thus its application is geographically limited. It is considered to be a stricter and more detailed standard compared to ISO 14001 especially because its certification is specific to plants, and its requirements go beyond those of ISO 14001 in terms of employee participation, public reporting and performance improvement. Similarly to ISO 14001, it does not set absolute performance criteria. However, it has a longer list of issues to be considered by organizations ([7]; [4]; ([8]; [9]).

Due to the less flexible and more stringent nature of EMAS in comparison to ISO 14001, and because EMAS certification requires the application of some ISO 14001 system components, EMAS seems to be a standard that is aimed at building on top of an existing ISO 14001 certification. This is underlined by the fact that many EMAS certified companies introduce their environmental management systems first in line with ISO 14001 and as a next step in their evolution acquire EMAS certification.

4.2 Social Standards

AA1000: This standard has been developed to improve the accountability and overall performance of organizations by increasing quality in social and ethical accounting, auditing and reporting. As a result of the cooperation of hundreds of individuals and organizations worldwide from business, government

and civil society, it is a standard created to help organizations identify their stakeholders, internalize stakeholder expectations, align corporate values with stakeholder expectations, and build a system for fulfilling one of the basic criteria of corporate social responsibility, namely honest and open reporting about company activities.

The standard focuses on the social pillar of the triple bottom line criteria, however, as it is dealing with stakeholder expectations it is also indirectly in contact with the other two pillars (environment and economy) and it helps companies incorporate stakeholder expectations in terms of these aspects as well.

AA1000 follows a similar mindset as the ISO standards, i.e. continuous improvement, flexibility. Without setting absolute criteria, AA1000 is a process standard, not a substantive performance standard. It specifies processes that an organization should follow to be able to report on its performance and not the levels of performance the organization should achieve. The organization and its stakeholders are brought together to work towards a common understanding of what matters about performance. As such, AA1000 could serve as a basis for introducing the EMAS system for example, as EMAS puts special importance on stakeholder involvement in terms of identifying performance criteria and reporting ([20]).

SA8000: This standard has a normative character as it specifies requirements for social accountability in connection with human rights i.e. the social pillar of the triple bottom line. It includes provisions related to child labour, forced labour, health and safety, freedom of association, collective protection of workers' rights, discrimination, disciplinary practices, work hours, remuneration, and the management system. SA8000 has very little connection with the environmental aspect of sustainable development other than health and safety of workers, where the standard sets the criterion among others that the companies should set up systems to avoid accidents and injuries by minimizing the hazards inherent in the working environment ([15]; [18]).

SA8000 deals with issues which are partly or entirely incorporated into laws and regulations of most developed countries, thus its certification is more important for companies active in developing countries, where legal protection of the above mentioned rights is lagging behind. This consideration is in line with the view of Kerekes and Wetzker ([10], p. 41), i.e. the application of different dimensions or elements of corporate responsibility depends on culture.

4.3 Triple bottom line standard: GRI

The Global Reporting Initiative's reporting framework is intended to serve as a generally accepted framework for reporting on an organization's economic, environmental and social performance. The standard consists of principles for defining report contents and ensuring the quality of reported information. These principles, such as materiality, comparability, accuracy, completeness, reliability etc., are principles that are also expected to guide the general financial reporting of companies. GRI also defines standard disclosures in connection with strategy and profile, and management approach of the company, as well as performance indicators. The standard includes guidance on specific technical topics in reporting as well.

The contents of the reports should be based on both the company's experience and on expectations of stakeholders. The standard requires regular stakeholder reviews in order to see the relevance of performance indicators the company wants to report on. As a result of certain performance indicators being suggested in the standard, the company cannot avoid dealing with issues relevant in terms of sustainability, especially if it wants to get its report audited by an independent third party organization. ([6]).

As a reporting standard, GRI indirectly expects companies to have separate environmental as well as social management systems in place in order to fulfil all aspects of sustainability. It can highlight issues that should be dealt with, but the tools are not incorporated in the standard.

4.4 A comparative review of sustainability standards and a full spectrum model

In Table 1 we give a comparison of the above standards along with some highlighted criteria. The criteria "corporate activity" is understood as summarized by Suggett and Goodsir in their visual framework. "Sustainability pillar" refers to the three basic areas: environment, society, and economy. The criteria "Measurement/indicators" shows whether the indicators along which the company measures its performance are pre-set or can be defined by the company itself. Usually the process oriented standards, as understood in the criteria of orientation leave the definition of indicators up to the organization itself, while result oriented standards are more normative in this respect.

As is inherent from the analysis of the standards, some standards are only dealing with individual aspects of sustainability i.e. environment, society, or economy. There are some standards which try to embrace the full triple bottom line, but these fail to give guidance along the complete corporate activity framework. Thus a company which wants to integrate sustainability to its full extent has to build its own sustainability systems from several standards. All standards analysed above are, however, compatible with each other, thus can institute the introduction of sustainability to the corporate activity to its full extent.

As we illustrate in Fig. 3, the above standards can be built upon each other according to the following model. A standard is written in black where it has the strongest relevance. AA1000 is partially covering the environmental aspect as environmental issues can also be part of ethical reporting; however, AA1000 belongs primarily to the social pillar. The arrows indicate a very strong link between two independent standards. In the case of AA1000 and GRI the strong link can mean that AA1000 helps to set up the management system which results in a sustainability report according to GRI. There is a link between ISO 14001

Tab. 1. Comparison of management standards

	ISO 9001	ISO 14001	EMAS	AA1000	SA8000	GRI
Scope	Quality management	Environmental management	Environmental management	Social and ethical accounting, reporting	Social accountability	Triple Bottom Line reporting
Corporate activity	Management System	Management System	Management System	Management System	Codes/ Issues and Assessment	Reporting and Assessment
Sustainability pillar	It has only an indirect connection with the pillars of sustainability from quality perspective	Environment	Environment	Primarily social, secondarily environment and economy	Social – mainly labour	Triple bottom line
Application	Non-normative	Non-normative	Non-normative	Non-normative	Normative	Some normative aspects; e.g. indicators used in reporting
Third party audit	Yes	Yes	Yes	Yes	Yes	Yes
Measurement/ indicators	Up to the company	Up to the company	Up to the company	Up to the company	set	set
Orientation	Process	Process	Process	Process	Result	Result
Territorial relevance	Global	Global	EU/EEA	Global	Global	Global

and EMAS as EMAS incorporated ISO 14001 as the required environmental management system.

4.5 A full spectrum standard?

Recognizing the need for a comprehensive social responsibility standard, the International Organization for Standardization started developing ISO 26000 with an intended release date of 2010. ISO 26000 will give organizations harmonized, internationally agreed guidance for social responsibility, drawing on best practice and consistent with relevant declarations and conventions by the United Nations and its constituents, notably the International Labour Office (ILO). At this point of time the standard is not aiming at being certifiable.

The set-up of the standard will follow the golden middle way between the legislative approach and complete freedom in terms of social responsibility; the developers hope to promote respect and responsibility based on known reference documents without stifling creativity and development. The standard should encourage voluntary commitment to social responsibility by giving common guidance on concepts, definitions and methods of evaluation.

According to the new work item proposal the standard should:

- assist organizations in addressing their social responsibilities while respecting cultural, societal, environmental and legal differences and economic development conditions;
- provide practical guidance related to making social responsibility operational, identifying and engaging with stakeholders, and enhancing credibility of reports and claims made about social responsibility;
- emphasize performance results and improvement;
- increase confidence and satisfaction in organizations among their customers and other stakeholders;
- be consistent with, and not in conflict with, existing documents, international treaties and conventions and existing ISO standards;
- not be intended to reduce government's authority to address the social responsibility of organizations;
- promote common terminology in the social responsibility field; and
- broaden awareness of social responsibility ([30]).

5 Corporate behaviour related to the use of standards for internalizing sustainability requirements in Hungary

In Hungary, international standards in connection with sustainability are relatively less widespread: EMAS is lagging far behind ISO 9001 or ISO 14001 [11] . In the beginning of 2007, some 1,140 companies were certified according to ISO 14001, with only 8 registered in the system of EMAS ([27]), and only 6 having GRI certification ([11], p. 32). However, some big multinational and national corporations are in the forefront in terms

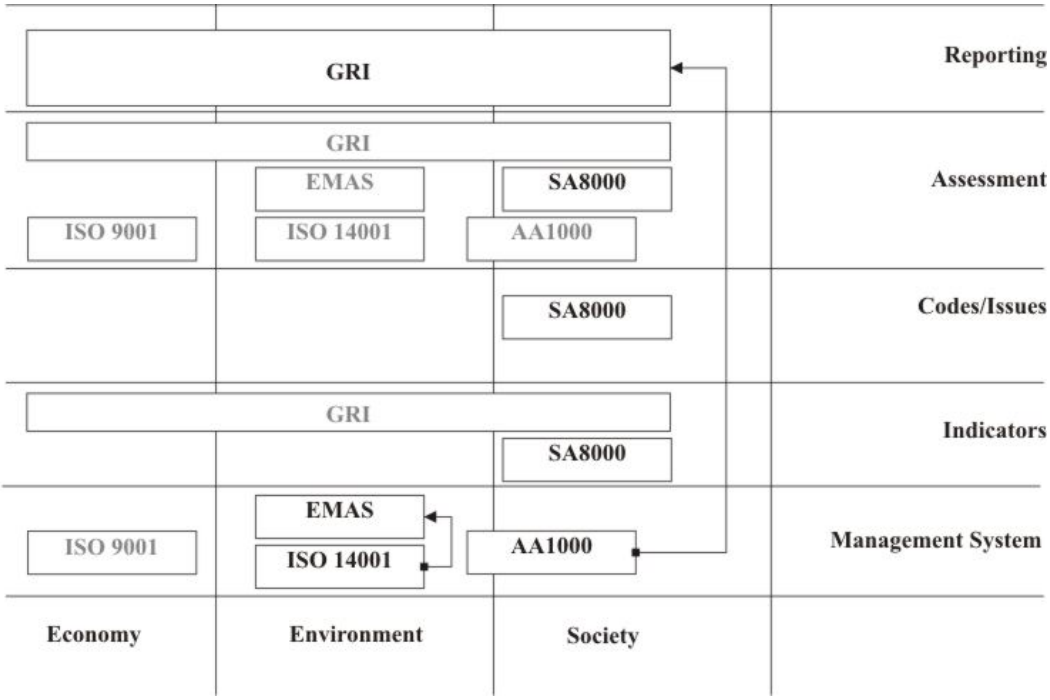


Fig. 3. A model for full integration of sustainability based upon standards

of internalizing the concept of CSR and in the rest of the organizations a moderate or lack of interest can be so far detected. The development seems to follow a similar pattern of diffusion that has been described by Topár (2001) [21] in connection with the quality management standards.

The main reasons behind the relatively low implementation of standards in connection with sustainability, as extrapolated by Kiss (2007) ([11]) from the research of the UN Development Program, coincide with the World Bank study on the application of the CSR concept as explained by Mazurkiewicz (2005), [13]. Related literature and information gained by investigating company websites further support the argumentation below concerning difficulties of diffusion.

High certification and implementation costs: According to the research performed by the UN Development Program, medium and small businesses as well as state owned companies consider the costs of acquiring certification and of the application of the standards too expensive. The interviewees of the World Bank research considered the high costs of implementation as the greatest obstacle to introducing CSR.

Missing direct state regulation. In the World Bank survey respondents mentioned the lack of direct regulations as another major obstacle even if this expectation is contradictory to the principle of the voluntary nature of the CSR concept. This constraint implies missing legal and financial incentives, and non-comprehensive sustainability standards or other instruments ([18]) which could lower the perceived risks and help corporations in getting a better understanding of sustainable behaviour and expectations.

Low pressure from the market: The respondents of both pieces of research shared the view that the Hungarian market is putting too little pressure on companies. Customers do not show enough interest in preferring certified companies.

Low level of trust in certification. According to the respondents of the UN Development Program survey, neither the consumers nor the companies really trust third party audits. The majority of the interviewees did not know the certifying companies, but shared the opinion that internationally acknowledged standards are implemented just by companies being forced to do so by their foreign partners.

Low awareness of the sustainability issues. The respondents of the World Bank survey have interpreted CSR as a compliance with regulations. This opinion falls short of the European Union's understanding according to which companies ought to go beyond this compliance and invest more extensively into human capital, environmental protection, and stakeholder relations. According to the respondents' opinion, CSR should involve both ethical behaviour and environmental responsibility, but fighting social inequalities or engagement in extended dialogue with the public are not seen as inherent parts of responsible corporate behaviour.

Considering the common economic history of the region, especially the years of former socialism, the question is justified whether the views of companies in Hungary are in line with those of their Eastern and Central European counterparts. As the World Bank survey highlights, the attitudes in Central and Eastern Europe are alike, but the required grade of state intervention is viewed in a different way. While Hungarian companies prefer incentives and relations with local jurisdictions and pressure from consumers to central regulation and government participation, Polish companies, for instance, emphasize the need of macro-level initiatives. Market pressure is weak in other CEE

countries as well, and most of the conditions concerning CSR are similar in the region.

6 Conclusions

As literature underlines, due to elements of regulation, stakeholder pressure and competition, there is a willingness of companies to integrate sustainability into their business activities, but deeper internalization in Hungary and other CEE countries is still trailing behind compared to Western European levels. This is due to many reasons, among others, that standards in connection with corporate social responsibility either deal exclusively with one of the three principles of sustainability or relate to a limited scope of corporate activity. There has not yet existed one single standard that could serve as a guideline for companies to introduce sustainability to its full extent.

The need for a CSR standard can be strengthened by the following: the need ...

- to make it easier for companies to understand and implement systems resulting in sustainable corporate activity,
- to make the costs of the introduction process predictable,
- to give the stakeholders unambiguous information concerning corporate performance and thus result in a stricter stakeholder control of companies,
- to create trust towards third party audits and standards,
- to make the communication of CSR easier for companies and thus provide motivation for further integration of sustainable behaviour.

We can only hope that the forthcoming ISO 26000 standard which will be published by 2010, can meet the above expectations and fill in the existing gaps.

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