

## Framework conditions for effective corporate self-regulation towards sustainability

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- *Empowerment of institutions concerned with the monitoring of corporate activities,*
- *Regulatory threat for non-compliance and for fields without direct public concern.*

*The internal framework conditions include:*

- *Capacity building towards stakeholder dialogue and management,*
- *Learning capability to address societal demands,*
- *Effective instruments of target setting, development of measures, reporting and controlling.*

*The paper to be presented is primarily conceptual. It discusses the framework conditions named above, regarding their potential to improve corporate self-regulation towards sustainability.*

## Abstract

*In the course of liberalisation and globalisation, corporations have gained growing power and scope. This is particularly true for transnational corporations (TNCs). At the same time state autonomy and power are supposed to be declining. As a consequence, governance deficits concerning environmental protection and sustainability can be witnessed. Against this background corporations are increasingly requested to take responsibility for the ecological and social impacts of their activities, in order to maintain their “licence to operate” and their societal legitimisation.*

*Therefore, different instruments of corporate self-regulation have been developed recently (like Corporate Social Responsibility – CSR, or environmental and sustainability management systems). To improve their effectiveness, we propose that certain framework conditions must be met. From the corporate perspective those framework conditions can be divided into external and internal conditions, including the following external conditions:*

- *Reporting duties of corporations,*
- *Effective background control by civil society,*