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Beyond Compliance? How European Employer Organizations Integrate ESG and Social Sustainability into Advocacy

A multi-level comparative analysis, with a Hungarian case study

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Abstract

Environmental, social and governance (ESG) frameworks have moved from voluntary corporate vocabulary to binding EU law over the past five years, principally through the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). Most research on the politics of this shift looks at firms: how individual companies report, disclose, lobby and occasionally contradict themselves. This study instead takes employer and business membership organizations (EBMOs) as the unit of analysis, asking how these intermediary bodies integrate ESG — and specifically the social ("S") pillar — into their own operations and into their interest-representation activity. Drawing on a 2025 International Labour Organization global survey of EBMOs, BusinessEurope and national federation position papers on the EU "Omnibus" simplification package, the cross-industry European social dialogue acquis, and a unique set of internal capacity-building documents produced for the Hungarian employer confederation MGYOSZ/Business Hungary under an EU-funded ILO project, the study finds a consistent pattern across levels: employer organizations absorb "S" content most readily where it overlaps with their pre-existing institutional repertoire — social dialogue, skills, labour relations — and resist or reframe it, through a competitiveness and "simplification" lens, where it introduces new binding obligations such as mandatory due diligence or detailed reporting. Under resource constraints, the social pillar tends to function less as a frontier for expansion than as a retreat position: the terrain an employer organization already knows how to occupy. The Hungarian case illustrates this dynamic with unusual granularity, showing a federation deliberating, in real time, whether to build an ESG service line at all, and discovering that its own members experience ESG largely as a compliance and information problem rather than a strategic opportunity. To give the analysis a positive benchmark against which resource-contingent integration can be read, the study also profiles three employer organizations — Ibec (Ireland), VBO-FEB (Belgium) and EK (Finland) — whose practice illustrates what fuller, more confident ESG integration can look like in organizational terms.

This analysis also serves as a summary report on the Mutual Learning Programme work package of the MGYOSZ/Business Hungary CORE2 capacity-building project, drawing heavily on the experience and findings accumulated over the project's two and a half years of implementation.

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1. Introduction

The mainstreaming of ESG has produced a large literature on corporate disclosure, corporate political activity, and the alignment — or misalignment — between firms' sustainability commitments and their lobbying behaviour (Favotto and Kollman 2025; Liu, Wei and Zhang 2023). Far less attention has gone to the organizations that sit between firms and the state: employer and business membership organizations (EBMOs), the sectoral and cross-sectoral confederations that both represent business interests to governments and, increasingly, sell ESG-related services back to their own members. This is a curious gap, because EBMOs occupy a structurally distinctive position in the ESG story. They are simultaneously expected to "lead by example" by adopting ESG practices internally; they are emerging as commercial or quasi-commercial providers of ESG training, advisory and certification services; and they remain, first and foremost, political actors whose core mandate is to shape the regulatory environment in which their members operate. These three roles can pull in different directions, and how an EBMO resolves the tension between them is itself a window onto how "social sustainability" is being absorbed, or resisted, by organized business in Europe.

This study asks a focused question: how do European employer organizations integrate ESG — particularly the social pillar — into their own activities, and how does this integration surface in their advocacy? It approaches the question at three levels that are rarely examined together: the EU apex level (BusinessEurope and the cross-industry European social dialogue), the level of large national manufacturing federations (Confindustria, the BDI and MEDEF), and the level of a single national federation observed from the inside, the Hungarian employer confederation MGYOSZ, which has recently rebranded as Business Hungary and is, at the time of writing, in the middle of deciding whether and how to build an ESG service offer. The combination is deliberate: it lets the study triangulate between public position papers (which are inevitably written for an external audience and tend to understate internal ambivalence) and internal strategic documents (which show the deliberation that position papers conceal). Finally, to avoid leaving the impression that resource-contingent, defensive integration is the only mode available to European employer organizations, the study adds a fourth, comparative layer: organizational profiles of three federations — Ibec (Ireland), VBO-FEB (Belgium) and EK (Finland) — that have built unusually developed ESG practice across all three pillars, drawn from their own published materials and, in the Finnish case, from direct briefing materials shared with the Hungarian delegation that visited EK in April 2026.

2. Conceptual and Theoretical Framework

2.1 ESG and the social pillar

ESG is best understood not as a single coherent doctrine but as an umbrella term bundling three analytically distinct concerns: environmental performance (emissions, resource use, biodiversity), social performance (labour standards, occupational health and safety, diversity and inclusion, pay transparency, human rights due diligence in supply chains, social dialogue) and governance (board composition, business ethics, anti-corruption, risk management). In the EU's hard-law instantiation of ESG, the social pillar is operationalised chiefly through the European Sustainability Reporting Standards (ESRS) under the CSRD and through the human-rights due-diligence obligations of the CSDDD, both of which require companies to assess and report on impacts on their own workforce, on workers in the value chain, on affected communities and on consumers. For employer organizations, the social pillar is also the one most likely to overlap with a much older institutional remit — collective bargaining, occupational safety, skills policy — that long predates the ESG label.

2.2 EBMOs as a distinct unit of analysis

The International Labour Organization's Bureau for Employers' Activities (ACT/EMP) frames EBMOs as occupying three simultaneous functions in relation to ESG: leading by example through their own internal practices, demonstrating leadership by offerinag ESG-related services to members, and exercising policy voice through advocacy and representation (ILO ACT/EMP 2025). This typology is useful precisely because it separates what an organization does to itself from what it offers its members and from what it asks of government — three activities that can, in principle, move at different speeds and even point in different directions. A federation might publicly call for lighter-touch sustainability regulation while quietly building an internal ESG strategy and a paid advisory desk; the three functions are not guaranteed to be consistent with one another, and the inconsistency is itself informative.

2.3 Corporate political activity, the "lobbying gap", and the CSR–advocacy alignment question

A growing body of research on corporate political activity examines whether companies' sustainability commitments are reflected in their lobbying positions. Favotto and Kollman (2025), studying fourteen years of UK parliamentary testimony, find that companies with stronger CSR records tend to support, rather than oppose, state intervention on climate change, and that this alignment has strengthened over time — evidence against the simplest "greenwashing" hypothesis at the level of individual large firms. Liu, Wei and Zhang (2023) show a related but distinct mechanism in the United States: companies use ESG reports partly as a signalling device to legislators, building a reputational platform that makes their lobbying more credible, independent of the report's substantive content. Alemanno's concept of a "lobbying gap" (Alemanno, forthcoming) captures a different concern: that corporate political engagement is rarely held to the same standard of scrutiny as voluntary ESG disclosure, leaving a blind spot in which a company's sustainability narrative and its day-to-day advocacy can diverge without much accountability. None of this literature, however, looks specifically at business associations rather than individual firms, even though associations are, as one tracking initiative puts it, "a primary vehicle for corporate lobbying" (The Good Lobby 2025) and arguably the actor best placed to exploit any such gap, since an association's positions are typically the aggregated, lowest-common-denominator preference of its membership rather than the considered position of any single firm. This study treats the EBMO, not the firm, as the relevant unit for examining CSR–advocacy alignment in the social domain.

3. Methodology and Case Selection

The analysis is a comparative, document-based case study operating at three nested levels. At the EU apex level, it draws on BusinessEurope's published position paper on the first "Omnibus" simplification package covering the CSDDD, CSRD and EU Taxonomy (BusinessEurope 2025), and on the public record of cross-industry European social dialogue instruments concluded by BusinessEurope, SGI Europe, SMEunited and ETUC. At the level of large national manufacturing federations, it uses the joint declaration issued by Confindustria (Italy), the BDI (Germany) and MEDEF (France) at their seventh Trilateral Business Forum in Rome in November 2025 (Confindustria, BDI and MEDEF 2025), supplemented by trade and legal commentary on the EU's Omnibus I Directive, finalised in February 2026. At the level of a single national federation, the study draws on a set of internal capacity-building documents prepared in 2024–2025 for MGYOSZ (Munkaadók és Gyáriparosok Országos Szövetsége), which now also operates under the name BusinessHungary, by the International Training Centre of the ILO (ITCILO) under the EU-co-funded project "CORE2 — Capacity-building of resilient and sustainable employers in Hungary" (Grant Agreement No. 101145659). These documents — an organizational membership and financing audit, a member survey of 102 Hungarian companies and associations conducted between November 2024 and February 2025, a feasibility study for an "ESG Service Desk", and a service-portfolio and business-model audit — are not public and are used here with the permission of the receiving organization; they are cited as internal project documentation rather than as published sources, and any future publication of this study should clear their use with MGYOSZ/Business Hungary and, if appropriate, with ITCILO. This case is supplemented, for regulatory context, by published material on Hungary's national ESG law (Act CVIII of 2023) and its supervisory authority, the SZTFH. Finally, a 2025 ILO global survey of 90 EBMOs across 65 countries (ILO ACT/EMP 2025), which includes a regional breakdown for Europe and Central Asia, provides a quantitative baseline against which the qualitative cases can be read. The combination of public advocacy documents and one deep, non-public internal case is the study's main methodological contribution: it allows the analysis to compare what employer organizations say for external audiences with what they discuss when no external audience is present. A fourth source layer underpins the comparative best-practice profiles: published material from Ibec's own website and Academy course materials, VBO-FEB's published e-guides and press communications, and EK's own organizational and Brussels-office briefing materials, including a presentation prepared for a visiting Hungarian delegation in April 2026 and EK's recurring "Osaamisavain" (Competence Key) skills survey methodology. These three organizations were not selected through a systematic sampling procedure; they are illustrative positive cases, chosen because each documents, in unusually concrete and verifiable detail, a different organizational route to fuller ESG integration, and they are presented descriptively rather than as a basis for causal claims about why some federations integrate ESG more fully than others.

4. Findings I: Leading by Example — Internal ESG Integration Among EBMOs

The ILO's 2025 global survey offers the first systematic cross-regional data on how EBMOs themselves practise ESG. Worldwide, only one in five EBMOs reported having a dedicated ESG strategy, although a further three in ten were in the process of developing one; in Europe and Central Asia the combined figure (already in place or under development) reached 54 per cent, the second-highest among the five regions surveyed, after Latin America and the Caribbean (ILO ACT/EMP 2025). The substance of internal practice, however, is uneven in a telling way. Employee health and wellness programmes, the most common internal ESG initiative worldwide at 52 per cent of respondents, were reported by only 27 per cent of EBMOs in Europe and Central Asia — the single lowest regional figure on this indicator. Ethical business practices, by contrast, were reported by 64 per cent of European and Central Asian EBMOs, above the 48 per cent global average. In other words, the region whose companies face by far the most demanding hard-law social-reporting obligations in the world hosts employer organizations that, internally, are comparatively strong on governance-adjacent ethics but comparatively weak on the most basic employee-facing social practice in the ESG portfolio. Three in five European and Central Asian EBMOs already offer some ESG-related service to members, concentrated in training and workshops and in information-and-resource sharing (each cited by 71 per cent of respondents in the region); half offer advocacy and policy support specifically branded as ESG-related. The picture that emerges is one of an institutional layer that is moving, visibly, toward ESG integration, but unevenly, and with services running ahead of the underlying internal practice they are meant to model.

5. Findings II: ESG and the "S" in EU-Level Employer Advocacy

5.1 The unilateral track: CSRD, CSDDD and the Omnibus simplification campaign

The dominant theme of BusinessEurope's published engagement with ESG legislation over 2025–2026 has been simplification rather than expansion. Its position paper on the first Omnibus package, covering the CSDDD, CSRD and the EU Taxonomy, frames the Commission's "unprecedented simplification effort" as something the European business community should actively help accelerate, putting forward sixty-eight concrete proposals across eleven policy areas designed to reduce regulatory cost while, in the organization's own framing, preserving the underlying objectives of resilience, sustainability and digitalisation (BusinessEurope 2025). The legislative outcome, finalised as the Omnibus I Directive published in the Official Journal in February 2026, moved substantially in this direction: CSRD reporting obligations now apply only to companies with more than 1,000 employees and either turnover above €450 million or, for non-EU companies, EU-generated turnover above the same threshold, a roughly 80 per cent reduction in the number of companies in scope; CSDDD due-diligence obligations were narrowed to companies with more than 5,000 employees and €1.5 billion turnover, deferred to mid-2029, and de-coupled from harmonised EU civil-liability rules, leaving liability to national regimes (Clifford Chance 2026; Accountancy Europe 2026). Within this body of advocacy, social content is present mainly as a target for burden reduction — limiting the information large companies may request from SME and small-midcap value-chain partners, reducing the frequency of due-diligence assessments, narrowing the scope of mandatory human-rights and environmental impact assessment — rather than as a domain employer organizations sought to expand. The "S" in BusinessEurope's Omnibus advocacy is, in this sense, almost entirely defensive: a set of obligations to be made smaller, not a set of practices to be made richer.

5.2 The bipartite track: cross-industry European social dialogue

A parallel and largely separate channel exists through which EU-level employer organizations engage substantively, rather than defensively, with social-pillar content: the autonomous European social dialogue conducted by BusinessEurope, SGI Europe and SMEunited together with the European Trade Union Confederation (ETUC) under Articles 154–155 TFEU. This channel has produced a series of cross-industry framework agreements — on parental leave, part-time work and fixed-term contracts in the 1990s, later on telework, work-related stress, harassment and violence at work, active ageing, and, in 2020, a framework agreement on digitalisation explicitly designed to ensure that "digital change should not be imposed by management but managed in partnership with workers and their trade unions" (ETUC 2020). The seventh joint multiannual work programme, signed in 2022, committed the same four organizations to a framework of actions on just transition intended to ensure that decarbonisation is accompanied by quality jobs and adequate support for both enterprises and workers adapting to change, alongside a negotiation mandate on telework and the right to disconnect (ETUC 2022). In March 2025 the European Commission and the social partners signed a Pact for European Social Dialogue, committing to sustained political, financial and administrative support for the process and to strengthening the pathway by which social-partner agreements can be turned into EU law (ETUC 2025). What is striking about this track, set against the Omnibus track described above, is its almost complete institutional separation. BusinessEurope's CSRD/CSDDD position papers do not reference the framework agreements, and the framework agreements do not reference ESG terminology; the same organization speaks two distinct institutional languages depending on which channel it is operating in — burden-reduction and competitiveness in the unilateral regulatory track, negotiated mutual obligation in the bipartite social-dialogue track — without the two ever being explicitly reconciled in public-facing text.

6. Findings III: National Manufacturing Federations — Convergence on a Competitiveness-First Frame

The three largest continental European manufacturing economies' employer federations — Confindustria (Italy), the BDI (Germany) and MEDEF (France) — hold an annual Trilateral Business Forum, and their seventh edition, held in Rome in November 2025, offers a useful check on whether the EU-apex pattern described above also holds at the level of major national federations. The joint declaration issued at the close of that forum named six strategic priorities for the EU: completing the single market and simplifying rules; making the green transition a driver of competitiveness rather than a constraint on it; strengthening technological and digital sovereignty; reorienting the EU budget toward growth; consolidating life sciences as a strategic sector; and investing in defence and space (Confindustria, BDI and MEDEF 2025). The three federations explicitly called for full implementation of the Omnibus simplification agenda, particularly with respect to the CSDDD and CSRD, and for a "balanced and realistic" approach to climate neutrality that secures affordable energy and a stable regulatory framework (Il Diario del Lavoro 2025). Two features of this statement are notable for the present study. First, it confirms the same competitiveness-and-simplification framing found in BusinessEurope's own Omnibus advocacy, suggesting convergence rather than national variation among the EU's largest manufacturing federations on how to talk about sustainability regulation. Second, and arguably more telling, the social pillar is essentially absent from the headline priorities: none of the six strategic asks foregrounds labour standards, social dialogue, skills, or due diligence on working conditions, even though all three federations are, through their national memberships, signatories to social-dialogue instruments that do address exactly these issues. The "S" in this document is not contested or rejected; it is simply not present in the part of the advocacy agenda these organizations chose to make most visible — an absence that is itself a data point about where, in the hierarchy of business-association priorities at this scale, social sustainability currently sits.

7. Findings IV: Case Study — MGYOSZ/Business Hungary's ESG Service Desk Strategy Process

7.1 Organizational and financial context

MGYOSZ's own internal diagnostics, prepared by ILO programme staff as part of the CORE2 project, situate the federation's ESG deliberations within a wider conversation about how a national employer organization can best position itself and expand the value it offers members in a developing social-dialogue landscape. With a total 2024 budget of roughly HUF 200 million (about €490,000), the diagnostic found that MGYOSZ's membership fee had remained flat for two decades, and identified building out fee-based services as a significant untapped opportunity. The diagnostic sets out a range of scenarios for the federation's development, from maintaining its current model to a "profound restructuring" built around modernised, tiered membership-fee structures and a broader portfolio of new paid services within two years. This backdrop matters for how the organization can plausibly engage with ESG: a new ESG service line is, among other things, a candidate for exactly this kind of value-added offer, and any decision to build one has to weigh member demand against the federation's staff capacity to develop and deliver something resource-intensive alongside its other priorities

7.2 What members say about ESG and about MGYOSZ

The member survey conducted under the same project between November 2024 and February 2025, with 102 respondents drawn mostly from manufacturing companies, sectoral associations, and trade and construction firms, offers a rare direct read of demand-side attitudes (ITCILO/MGYOSZ 2025b). On ESG specifically, legal compliance was the leading driver of ESG adoption, cited by 24 per cent of respondents, closely followed by meeting partner and stakeholder expectations at around 22 per cent; notably, 22 per cent of respondents reported applying no ESG practices at all. Reputational benefit and cost reduction each motivated roughly 12 per cent of respondents, while limited ESG knowledge and access to finance were the least cited drivers. When asked what ESG-related services they would like from MGYOSZ, members prioritised information on EU ESG regulation (27 mentions) and networking opportunities to exchange good practice (26 mentions), followed by training on operational sustainability topics such as energy efficiency and waste management (22 mentions) and participation in policy-influencing committees (17 mentions); paid consultancy on sustainability reporting attracted fewer than three mentions. The same survey found that members' two leading reasons for belonging to MGYOSZ in general are access to information (42 per cent) and advocacy toward government (39 per cent), while only 10 per cent joined for specialised services such as training or legal assistance — a pattern that, read alongside the ESG-specific results, suggests Hungarian member companies see MGYOSZ's comparative advantage in being an information conduit and political voice, not a fee-charging ESG consultancy, and that they experience ESG itself predominantly as a compliance and information problem rather than as a market opportunity to be pursued through paid advisory services.

7.3 Four strategic scenarios, and what "the S" comes to mean in scenario three

The most analytically interesting document in the set is a feasibility study for an "ESG Service Desk," prepared for MGYOSZ/Business Hungary's leadership as a basis for internal discussion (ITCILO/MGYOSZ 2025c). After walking through the EU regulatory context, the Hungarian regulatory overlay, and the survey findings summarised above, the study lays out four mutually exclusive strategic postures the federation could adopt. The first, "Full ESG Strategic Integration," would position the federation as a national leader in business transformation, with a comprehensive service portfolio spanning diagnostics, training-of-trainers delivered in partnership with ITCILO, consulting on ESG reporting, and dedicated EU- and national-level policy-advocacy working groups. The second, "Focus on the Members' ESG Priorities," would scale this back to the services members actually asked for in the survey — regulatory updates, networking, and targeted executive training on operational topics — without the heavier consulting or diagnostic layer. The third, labelled "ESG Deprioritization," is described in the study's own words as redirecting resources "to Business Hungary expertise on the 'S' from ESG," combined with networking and training, minimal monitoring of ESG regulation more broadly, and a purely reactive, member-request-driven posture on everything else. The fourth scenario, "Disregard ESG," involves no service offer and no resource allocation at all.

The framing of the third scenario is the single most striking finding of this case study, because it inverts a common assumption in the broader ESG-advocacy literature that the social pillar is the most neglected and the hardest to operationalise. For MGYOSZ, the opposite logic applies: when resources are scarce and a comprehensive ESG strategy is judged unaffordable, the social pillar is precisely the part of ESG the federation proposes to retain, because it overlaps with the organization's pre-existing institutional core — labour relations, social dialogue, occupational matters — built up over decades, whereas environmental reporting, taxonomy alignment and governance certification are treated as comparatively novel, resource-intensive, and more easily deferred or outsourced. The social pillar functions here not as an expansion frontier but as a fallback identity anchor: the ground the organization already knows how to occupy, and therefore the ground it retreats to under constraint rather than the ground it most struggles to reach.

7.4 The Hungarian regulatory overlay

The feasibility study also documents a national regulatory layer that Western European federations engaging primarily with the EU-level Omnibus debate do not have to navigate in quite the same form. Hungary transposed and supplemented EU sustainability reporting rules through its own ESG Act (Act CVIII of 2023), creating a dual framework in which, unlike the CSRD's consolidated group-level reporting logic, Hungarian subsidiaries are required to produce individual entity-level ESG reports; the law also created a dedicated supervisory authority, the SZTFH, responsible for accrediting domestic ESG consultants — who must complete more than 500 hours of ESG consulting experience to qualify — and for operating a national ESG data-management platform (ITCILO/MGYOSZ 2025c; SZTFH n.d.). The study identifies a clear asymmetry in member readiness along firm size: large companies are generally judged to be reasonably prepared on environmental targets and decarbonisation planning, while small and medium-sized firms lag considerably; on the social side specifically, the study flags whistleblower-system gaps, unfamiliarity with new pay-transparency obligations, board-diversity requirements, and persistent occupational safety and health weaknesses among SMEs as the principal points of difficulty. For a CEE federation such as MGYOSZ, then, "the S from ESG" is not an abstract policy category but a fairly concrete and already-familiar list of compliance gaps that members are visibly struggling with, which helps explain why it reads, internally, as the federation's most defensible claim to expertise rather than as unfinished business.

8. Findings V: Three Best-Practice Profiles in High ESG Integration

The four findings above describe European employer organizations operating under varying degrees of constraint, and they show ESG integration that is, on the whole, selective and resource-contingent. To avoid implying that this is the only mode available, this section profiles three organizations whose practice illustrates fuller integration across all three ESG pillars — not as comparators benchmarked against the Hungarian case, but as freestanding evidence of what the upper end of the spectrum currently looks like in organizational terms.

8.1 Ibec (Ireland)

Ibec, the Irish Business and Employers Confederation, has built ESG into both its public-facing campaign architecture and its commercial service offer. It runs ESG as a named, standing policy campaign structured into three parallel pillar pages — Environment, Social and Governance — each linked to specific Ibec Academy courses and to relevant sections of its HR Management Guide, so that existing policy and training content is filed under a single navigable ESG framework rather than scattered across unrelated pages. On capacity-building, Ibec Academy offers an accredited CPD Level 6 certificate in Corporate Sustainability/ESG that takes participants from policy context (the EU Green Deal, the UN Sustainable Development Goals, the CSRD) through the business case for sustainability to a practical strategy-development exercise, culminating in a graded strategy presentation; this sits within a wider, commercially managed training architecture that also includes sector-specific Skillnet-funded networks and an apprenticeship offer. Ibec's most developed single product is the KeepWell Mark™, an evidence-based workplace wellbeing accreditation launched in 2017: companies undergo a self-assessment, an on-site evaluation by independent assessors, and receive a improvement report and a renewable two-year certificate, with accredited companies listed publicly and celebrated at an annual awards ceremony. The framework itself has been revised over time — most recently adding "Inclusion & Belonging" and "Talent Support & Development" pillars — and hundreds of companies across sectors now hold the accreditation. Ibec pairs this service architecture with active policy engagement on the same issues, including a dedicated Pay Transparency Hub tracking national transposition of the EU Pay Transparency Directive, and presents its proactive best-practice work, its policy and lobbying positions, and its culture-building programmes (such as an "ESG Competent Boards" programme for board-level capacity) as three strands of one coherent strategy rather than as separate, unconnected departments (Ibec 2023; Ibec n.d.a; Ibec n.d.b).

8.2 VBO-FEB (Belgium)

VBO-FEB, the Federation of Enterprises in Belgium, illustrates a different route: organizational architecture and audience-segmented, co-produced guidance rather than a single flagship accreditation. The federation runs a standing, cross-sectoral Sustainable Development Commission, explicitly anchored in the UN SDGs, which drafts the federation's positions on Belgian and EU regulatory initiatives covering non-financial reporting, ESG, due diligence and sustainable finance; this political body sits alongside a distinct internal Sustainability & Circular Economy Competence Centre, led by its own executive manager, which supplies the technical expertise behind the Commission's positions (VBO-FEB n.d.a). On member-facing guidance, VBO-FEB publishes two separate e-guides on ESG reporting rather than one undifferentiated document: a guide for large companies, produced jointly with the auditing firm PwC and the Institute of Company Auditors (IBR), and a guide for Belgian SMEs, produced jointly with the sectoral federation Agoria and the accounting firm BDO (VBO-FEB 2024). Both guides are maintained as living documents rather than one-off publications: the most recent update, in February 2026, revised both to incorporate the Omnibus I simplification package, the streamlined ESRS standards, and the new voluntary VSME reporting standard for SMEs (VBO-FEB 2026). Alongside these core publications, VBO-FEB runs lighter-touch instruments — an annual "Sustainability Professional and Pioneer" recognition award, and an active convening role at Belgium's annual SDG Forum, where in November 2025 it organized and led its own interactive, quiz-based workshop translating the seventeen SDGs into business-relevant terms for a general audience (VBO-FEB 2025) — and has shown a capacity for fast, narrowly scoped output, such as a practical office-level energy-saving toolkit issued promptly in response to a government call for businesses to reduce consumption.

8.3 EK (Finland)

EK, the Confederation of Finnish Industries, illustrates a third route, shaped heavily by its membership profile: 96 per cent of EK's member companies are SMEs, 80 per cent have fewer than fifty employees, and the median member company has just twelve employees (EK 2026a). EK has created a standing senior leadership role, Director of Green Growth, with permanent responsibility for the organization's climate, circular-economy and green-transition work, rather than treating this as a temporary project (EK 2026a). On the social and skills side, EK has run a recurring nationwide competence survey, "Osaamisavain" (Competence Key), twice a year since 2020, sent to roughly 4,000 member companies with over 500 weighted responses per round; the survey combines a fixed core of questions on recruitment, foreign-worker employment and summer jobs with a rotating set of topical modules that have included skills needed for the green transition, AI skills and apprenticeship uptake, feeding directly into EK's lobbying on education policy, work-based immigration and competitiveness (EK 2026b). On just transition specifically, EK's materials work through named, concrete cases rather than general principle — the regional employment impact of peat phase-down, the affordability implications of exiting coal in district heating, the use of the EU Just Transition Fund, and the handling of Sámi land rights and reindeer-herding livelihoods where green-infrastructure projects overlap with indigenous land use — each structured around a consistent template of challenge, actions taken, justice lens, and tracked indicator (EK 2026a). Much of EK's social-pillar delivery is channelled through co-owned national tripartite programmes rather than EK-branded products in their own right: WORK2030, Finland's government-led workplace-wellbeing and productivity programme, was carried out jointly by several ministries, the Finnish Institute of Occupational Health and all central labour-market organisations, including EK, using a co-creation methodology applied directly at workplace and sector level (Ministry of Social Affairs and Health 2023).

9. Discussion: A Pattern of Selective, Resource-Contingent Integration

Read together, the four sets of findings point toward a single underlying pattern that operates consistently across very different institutional scales. At the level of internal practice, European and Central Asian EBMOs are ahead of the global average on ethics-and-governance-adjacent initiatives but behind on the most basic employee-facing social practice, even as they sit inside the world's most demanding hard-law ESG environment — a gap between the messenger's own practice and the message it is increasingly asked to carry. At EU apex level, the social pillar enters employer advocacy through two institutionally separate channels that rarely speak to each other: a defensive, unilateral track focused on shrinking CSRD and CSDDD obligations through the Omnibus process, in which "S" content appears mainly as a target for simplification, and a constructive, bipartite track of cross-industry social dialogue, in which the same organizations co-author binding-leaning instruments on digitalisation, just transition and working conditions with trade unions, but without ever explicitly linking that substantive work back to the ESG-regulatory conversation. At the level of the largest national manufacturing federations, the pattern sharpens into near-silence: Confindustria, the BDI and MEDEF's joint strategic priorities reference simplification and competitiveness prominently and the social dimension of sustainability barely at all, suggesting that where federations have the political weight to set their own agenda rather than respond line-by-line to a Commission proposal, social-pillar content simply drops out of the headline frame. At the level of a single resource-constrained CEE federation observed in the middle of its own internal deliberation, the social pillar reappears, but in an unexpected register: not as the part of ESG the organization is least equipped to handle, but as the part it proposes to retain precisely because it is the part it already knows.

Taken as a whole, these findings qualify a simple narrative in which employer organizations either "champion" or "resist" ESG. The evidence instead supports a more selective account: employer organizations integrate social-pillar content where it is congruent with an existing institutional repertoire — social dialogue, labour relations, skills development — treating that congruence as a basis for either expansive engagement (the European social dialogue framework agreements) or defensive retrenchment (MGYOSZ's scenario three), depending on the resource environment; and they resist or actively work to narrow social-pillar content where it introduces genuinely new, binding, and costly obligations, such as mandatory supply-chain human-rights due diligence or detailed entity-level reporting, regardless of whether the organization in question is operating at EU apex level, at large-federation level, or at the level of a single national confederation with a tiny budget. The "S" in ESG, from the vantage point of European employer organizations, is less a fixed policy domain than a moving boundary between what each organization is willing to claim as its own and what it would rather hand back to regulators, consultants, or, in the Hungarian case, simply defer.

The three best-practice profiles in section 8 are consistent with this account rather than a counter-example to it: each shows a different way of converting an existing organizational asset into expanded ESG practice — Ibec's pre-existing strength in commercial training and accreditation services into a flagship wellbeing mark; VBO-FEB's pre-existing role as convener of cross-sectoral technical committees into a segmented, co-produced guidance library; EK's pre-existing skills-survey infrastructure and its tripartite standing into a recurring competence instrument and co-owned national programmes. None of the three appears to have built ESG capacity from nothing; each extended a capability the organization already had a comparative advantage in. Read this way, the cases suggest that the distinction is not simply between organizations with abundant resources and organizations without them, but between organizations that have identified and built on a specific pre-existing institutional strength and organizations, such as MGYOSZ at the time of writing, that are still in the process of identifying which of their own existing strengths a future ESG offer should be built on.

10. Conclusion, Limitations and Research Agenda

This study has argued that employer and business membership organizations deserve to be treated as a distinct unit of analysis in research on ESG politics, separate from the individual firms whose lobbying behaviour dominates the existing literature, because EBMOs combine three roles — internal practice, member-facing service provision, and political advocacy — that do not necessarily move together. Across three nested levels of European employer organization, from the EU apex through large national manufacturing federations to a single CEE confederation observed from the inside, the social pillar of ESG is absorbed unevenly and contingently: substantively where it overlaps with a pre-existing institutional mandate, defensively or by omission where it does not, and, under conditions of organizational resource scarcity, as a fallback rather than a frontier. The three best-practice profiles added in section 8 suggest a constructive corollary: where an organization has clearly identified its own pre-existing comparative advantage — commercial training and certification capability, convening and technical-committee capacity, or skills-survey and tripartite infrastructure — that same logic of building on existing institutional repertoire can support expansion rather than retrenchment.

The study has clear limitations. The EU-apex and large-federation evidence is drawn from public position papers and joint declarations, which are written for external audiences and may understate internal disagreement of the kind the Hungarian internal documents make visible; a fuller comparative picture would require similar internal access to BusinessEurope, Confindustria, the BDI or MEDEF, which was not available for this study. The Hungarian case, while unusually rich, is a single case and cannot establish how representative MGYOSZ's strategic deliberation is among other Central and Eastern European federations; a natural extension would be to seek comparable internal material from other CEE confederations supported by similar ILO or EU capacity-building projects. It is also worth being explicit that the constraints visible in the Hungarian case are not primarily financial. Hungary's advocacy and social-dialogue infrastructure is, by several external measures, comparatively underdeveloped: the ETUC's own assessment of social dialogue across the EU places Hungary among a small group of member states — alongside Greece, Romania, Latvia and Poland — where tripartite consultation has not been meaningfully revitalised in recent years, and where ESF+ capacity-building support for social partners is treated by the Commission as a specific, targeted requirement precisely because domestic structures are judged too weak to be assumed (ETUC 2024). Academic assessment of Hungary's engagement with the European Semester more broadly points in the same direction: Hungary's responsiveness to EU country-specific recommendations declined sharply after 2019 and has ranked last among EU member states since then (Bíró-Nagy 2026). Both companies' own ESG awareness and an employer organization's advocacy strength are shaped by this wider institutional environment, not only by any one federation's budget; a federation operating where tripartite consultation is thin and where the national government's own receptiveness to EU-level policy coordination is comparatively low faces a different, and arguably harder, starting position for building ESG-related advocacy capacity than a federation embedded in a denser, more responsive social-dialogue ecosystem. The MGYOSZ case is best read as one illustration of an employer organization working to find its footing and build distinctive added value for its members within that wider environment, rather than as evidence about any single organization's resources in isolation. The three best-practice profiles in section 8 are drawn primarily from each organization's own published or self-presented material, which, like any organization's external communication, foregrounds achievements rather than internal trade-offs or unresolved tensions; they should be read as evidence of what these organizations say they have built, not as independently audited assessments of impact, and a genuinely comparative extension of this study would seek the same kind of internal access to Ibec, VBO-FEB or EK that was available for the MGYOSZ case. Finally, the regulatory landscape analysed here — the Omnibus I Directive, the narrowed CSDDD and CSRD thresholds, MGYOSZ's still-undecided ESG Service Desk scenario — is in active motion at the time of writing in mid-2026, and any of these positions could shift again before this study is read. A useful next step would be a follow-up study, conducted once MGYOSZ/Business Hungary has actually chosen among its four scenarios, examining whether the social-pillar-as-fallback logic identified here persists once the decision moves from feasibility study to implemented strategy, and whether any of the organizational lessons from Ibec, VBO-FEB or EK were drawn upon in reaching that decision.

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