The Contribution of Corporate Social Responsibility to Sustainable Development

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Background… me

- Background in Politics / public policy.
- Analysed CSR since 1981
- UK 1980s re unempl., urban decay
- Australia 1990s re unempl., education
- 2000s comparatively & conceptually (USA / Europe; Asia; corporations and citizenship).
Background... ICCSR

- In Nottingham University Business School
- *Leading CSR teaching and research:*
- UK 1st; Eur 2nd; World 12th in integrating sustainability into business education
- One of only 3 in top 30 to achieve full marks for research
- (Beyond Grey Pinstripes 2005)
Background… ICCSR

- *International*
- Students, scholarships, Chevening programe;
- CSR in Asia conferences, Indian CSR curriculum;
- Research agendas - comparative and global - collaborators.
Background... ICCSR

- Inter-disciplinary
- Core staff: economics, ethics, social / env accountability, organisational theory, politics.
- Collaborators: business anthropologists, corporate governance, marketing
- Publications
Background... ICCSR

- Multi-stakeholder
- Research agendas
- Teaching
- Internships (MBA and MA in CSR students)
Introduction

- Paper introduces the concept of corporate social responsibility (CSR)
- Potential contribution to sustainable development.
- Considers the conventional argument against CSR: responsibilities to shareholders; democratic government responsibility for social well-being
Introduction

- Considers CSR’s recent salience.
- Offers four main types of driver:
  - market; social; governmental; globalisation.
- Suggests CSR as component of new societal governance.
- Considers possible weaknesses, limitations and challenges to CSR which should inform policy-makers and researchers.
Introduction

- CSR & SD = ‘essentially contested concepts’: meaning is part of debate about application.
  1. ‘appraisive’: or considered as valued.
  2. ‘internally complex’: for CSR in balancing economic, legal, ethical, social responsibilities.
  3. ‘open rules of application’. Not easily codified or defined. Govt, bus., NGOs, consultants, shareholders, employees, consumers define it to endorse, encourage or criticize.
Introduction

- CSR & SD are contextual: ‘SD has no blueprint as it is contextual’ (Brundtland)
- Temporally: issue attention cycles: event- or findings-driven; response, adaptation, new issues re-energise the cycle.
- Socially: according to the national social, economic, governance and environmental systems. Compare the UK, the USA, continental Europe, India and Japan.
Introduction

- Some overlap between CSR & SD.
- CSR agendas can include reference to:
  - Sustainable production and consumption
  - Climate change and energy
  - Natural resource protection / envir. Enhancement
  - Sustainable communities
Introduction

- My purpose is not to catalogue these
- Nor to engage in some conceptual interrogation of SD, CSR, their distinctiveness, reinforcement & difference
- Rather in introducing CSR to consider its possibilities as one of several routes to meeting SD agendas.
CSR

- Variety of definitions of CSR reflecting:
  - *underlying strategic purpose* e.g. legitimacy, responsibility for externality, competitive advantage
  - *substantive content* e.g. economic, legal, ethical, philanthropic
  - *approach* e.g. stakeholder, ethical, governance, accountability
CSR defined?

- Range of CSR definitions are:
- *overlapping* e.g. with business ethics, stakeholder strategy, corporate citizenship, corporate governance, sustainability.
- *dynamic* often reflecting contemporary issues in business-society relations.
- *Contextual* e.g. nature of firm, owners, markets, suppliers, products, workforce, customers (‘stakeholders’).
CSR defined?

- Reflecting these factors, companies give varying emphasis to different CSR waves:
- community involvement;
- socially responsible products and processes;
- socially responsible employee relations.
CSR defined?

- Basic or pure definition? Conventionally defined by what it is not:
  - Not part of the profit-making activity;
  - Not required by the law;
  - Not the result of governmental requirement/coercion.
- This is becoming problematic:
CSR defined?

- First, companies increasingly articulate / justify CSR in terms of it being *good for business*.
- Some analysts suggest that CSR investments feed into the bottom line.
- Certainly companies may benefit in terms of reputation, investor attractiveness, employee attractiveness / satisfaction, innovation.
Secondly, behaviour which in some systems is voluntary in others is legal conformance. Given the extent to which laws can be flouted by companies and given that in some countries businesses perceive corrupt behaviour as a concomitant of business success, issues of the law and CSR become increasingly pertinent.
CSR defined?

- **governments have shown an increasing interest in CSR**
- devised policies to encourage it (see below)
- assumption of a neat line between that which is policy / societal governance-related becomes harder to sustain.
CSR defined?

- If you really want to apply Occam’s razor…
  CSR (including environmental) consists of corporate activities which reflect and address:
  1. Social imperatives for business success
  2. Social consequences of business activity
CSR in the news

- An increasingly prominent theme in business.
- Even sceptics acknowledge it.
- Martin Wolf (FT): ‘an idea whose time has come’ (2002).
- Clive Crook (*The Economist*): ‘over the past ten years or so, corporate social responsibility has blossomed as an idea, if not as a coherent practice’ (2005).
CSR in the news

- Distinctive organisational status e.g. in the designations of managers, staff teams, board-level responsibilities
- Social & environmental reporting.
- CSR business associations / coalitions
- CSR consultants / vanguard groups
- Socially responsible investment (SRI) funds
- Mainstreaming of some SRI criteria
CSR in the news

- Mainstream business media coverage
- Dedicated CSR media.
- Business education and research.
- Google found 9.9 million CSR sites (Jan 2005)
Drivers of CSR

- Marketing, spin, posturing and opportunism?
- Managers’ responsibility to shareholders.
- Govts retain basic responsibility for society.
- Ref most famous CSR article, Friedman’s ‘The Social Responsibility of Business is to Increase its Profits’ New York Times Magazine (1970)
- according to ethics, law and ‘prudential altruism’
Drivers of CSR

- Changes since Friedman’s 1970s USA re
- Ethical, legal, prudential altruistic context.
- Four main factors:
  - Market
  - Social
  - Governmental
  - Globalisation.
Market drivers – socialisation of markets?

- Consumers (niches, periodic mass effect)
- Employees (attracting / keeping labour / link market);
- Investors (SRI, mainstream re risk, stock exchanges)
- Business customers (ethical supply chain)
- Competitors
Social Drivers

- I.e. more collective
- NGOs (adversaries – partners)
- Media attention on *irresponsibility*
- Business associations / coalitions for CSR
- General social expectations
Governmental Drivers

- UK government is an outlier (e.g. Minister for CSR) but not alone.
- Endorsement (e.g. Heseltine, Miliband, Blair)
- Facilitation (e.g. organisational support, facilities for CSR events, programmes)
- Subsidy (e.g. of CSR organisations, companies)
- Partnerships (e.g. the Ethical Trade Initiative)
- Soft regulation (e.g. Pensions/Companies Acts reporting social, environmental, ethical impacts)
Globalisation

- G seen as opportunity for *irresponsibility* re labour markets, social standards, human rights, natural resources.
- Paradoxically, globalisation raises imperatives for business legitimacy/governance X borders.
- Individual MNCs develop codes to articulate/embed CSR across operations/supply chains.
CSR and New Governance

- Socialisation of markets informs new business roles in societal governance.
- Govts in welfare capitalist democracies face problems meeting societal expectations; see CSR support/ complementarity in governing.
- Many countries face long-standing governance lacuna (re will/ capacity). Corps & labour rights, education, health services for workers/ families.
CSR and New Governance

- Globalisation & governance lacuna in cross-border activity - collective or individual self-regulation re standards and monitoring / reporting systems
- As a result CSR brings corps into partnerships with social and govt orgs
- Increased market power + more networked modes of operation.
Evaluative issues

1. Relationship between business power & economic interest; and relationship to SD;
2. Business diffidence about many SD issues;
3. Barriers to/ incentives for collective action;
4. Accountability mechanisms re governance;
5. Capacity of corporations to take responsibility for certain SD issues re authority, coordination, coverage.
Evaluative issues

- Thus research should inform policy-makers by focusing on:
- the types of CSR that contribute best to SD?
- what makes for success? E.g. re corporate motivation / social & governmental context;
- limitations of CSR? Who will take / share responsibility?