

The Evolving Corporate Social Responsibility Debate: Issues For Employers And Their Organisations

CONCLUSIONS

Business and CSR

1. Enterprises are an integral part of society, producing the goods, services and employment that people need, thus stimulating economic prosperity and enhanced quality of life. Their primary objective is to achieve an adequate return on the investment made in them, without which they cannot survive and create new jobs. Corporate social responsibility is a means by which enterprises affirm their principles and values for themselves and for external organisations. Many aspects of CSR have been part of business activity for a long time, well before the current debate began. In undertaking CSR, enterprises add value to their business by, for example, responding to consumer expectations and societal needs, attracting and retaining employees, while enhancing their brand and reputation in the eyes of their customers and other stakeholders. CSR is thus closely linked to competitive advantage. It involves the integration of the principles and values of the enterprise in its internal methods and processes, as well as in its interaction with stakeholders and others. The wide variety of ways in which companies implement CSR policies and initiatives reflects the many different characteristics of the enterprises involved. Some enterprises go even beyond their responsibilities and engage in such activities as new product development, innovative pricing strategies, or philanthropic activities in order to provide vital support to people in need.

The CSR debate

2. The CSR debate is driven by a number of factors, including efforts by companies to deliver positive outcomes for the communities in which they operate, the recognition that governments alone have not been able to solve some persistent social problems, and the changing expectations of other members of society. Sometimes it appears that there is more misconception and inflated expectations in the debate than an understanding of what the role of enterprises in society is, what it is legitimate to expect of them and what it is not. It is important that employers and their organizations engage in this debate with a view to removing these misconceptions through dialogue, and establishing more balance between the expectations of other partners and the proper role of the enterprise in society.

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- In this regard, it is just as important for enterprises to respond appropriately to legitimate expectations in areas that fall properly within their responsibility.
3. The non-business participants in the CSR debate are varied, and reveal many different motivations. They include those who want to use the strengths of enterprises to achieve broad social and environmental objectives, those who wish to leverage those strengths for very specific issues that they consider important, those who want to control or limit what they consider to be the excessive power of large corporations, and those who prefer government rather than the private sector to provide services. There is confusion over concepts such as corporate governance, corporate citizenship, corporate responsibility and corporate social responsibility. The clarity needed is best brought about by a greater engagement in the debate of employers' organizations, which should take an active part in the debate on behalf of enterprises.
 4. It should be recognized that not all parties who engage in the debate on CSR are relevant to all enterprises and all activities. Not all stakeholders have the same stake. It is important that enterprise engagement with stakeholders takes account of their respective representativeness and interests. It is widely agreed that voluntary stakeholder engagement is an important element of CSR and that all organizations need to carefully consider the most relevant and representative external organizations with which to engage.

The role of government

5. It sometimes appears that CSR is treated as a means to get enterprises to address a wide range of issues in society that are the responsibility of other social actors, principally governments. CSR can never replace the government's role in implementing and enforcing legislation. It is vitally important that governments be effective in enforcing national legislation all through their territories, creating a framework through which CSR can flourish. CSR should never be considered as an alternative to good governance. Governments should continue to respect the voluntary nature of CSR.

CSR is voluntary, flexible, and respects diversity

6. Enterprises, as corporate citizens, need to conduct themselves ethically. Like other citizens, they have an obligation to respect the laws of the land. CSR has to remain a voluntary means at the disposal of enterprises to go beyond compliance with national law to make a positive contribution consistent with their role in society. In order for enterprises to engage in it in a meaningful way, it is important that they be allowed to fit CSR into their own particular culture, operational styles and needs. Also, the extent to which individual enterprises engage in CSR will depend on their own particular circumstances and the same expectations cannot be placed on every enterprise.. CSR should therefore remain voluntary and flexible. Issues of compliance should refer to respect for national laws and regulations, and not to CSR.

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7. There is also a tendency to focus the debate on large companies based in developed countries, and this has had the effect of positioning the debate beyond the reach of the more numerous small and medium-sized enterprises, and of ignoring the various CSR initiatives by many enterprises in developing countries. CSR should be seen as relevant to companies of all sizes and in all locations.

Supply chain issues

8. Over the past several years, the debate on CSR has become focused on the major brands based in the United States and Europe, with the objective of getting them to improve the labour conditions and other standards of their suppliers in developing countries. If the objective is to improve conditions in developing countries, putting pressure solely on global market suppliers does not address those sectors of the domestic market where the problems are greater. Conditions in the poorer parts of the domestic sector rarely are touched through raising standards in the export sector. Care should be taken so that the imposition of codes relating to social and labour matters on developing country exporters does not amount to trade barriers.
9. It should also be noted that sometimes the supplier is much larger than the buyer, which is not in a position to impose its standards or expectations on the supplier.
10. Another issue with the supply chain debate is that enterprises are being asked to enforce standards on other enterprises, a role which properly belongs to the State. The failure of the State to introduce appropriate regulations and effectively enforce them cannot be remedied by asking enterprises to substitute for it.
11. One of the problems with CSR being interpreted by some as imposing standards down the supply chain relates to the number of audits being conducted by buyers, which can introduce a multiplicity of demands and place unnecessary costs on the supplier. On the other hand, a single code would be equally inappropriate, since it will not be able to capture the cultural and national differences or allow for all companies to adapt them to their own circumstances.

Multiplicity of codes

12. Since most of the CSR codes and initiatives have been generated in developed countries, it is reasonable to expect that many new sets of principles and initiatives will come out of the developing world in the future, a trend which has already begun. This is a positive sign that CSR is spreading to many different countries, with more people working to articulate their values and objectives in their own way. Still, most of the existing codes are based on the same set of fundamental principles and values, almost always referring to the standards of the ILO. The fundamental principles and rights at work established by the ILO provide a common basic guideline for expectations with respect to labour and social matters, and as statements of principle they are flexible enough for individual enterprises to adapt them to their own methods of working and circumstances. The ILO Tripartite Declaration on Multinational Enterprises and

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Social Policy and the OECD Guidelines for Multinational Enterprises, which refer to ILO standards, serve as useful points of reference for universal principles and constructive dialogue. All these initiatives serve a purpose and can be useful in different ways, which argues against efforts to standardize all such CSR codes into a single universal format.

Reporting and verification

13. Most enterprises engaging in CSR activities communicate to stakeholders and others in a variety of ways, many of which have proved successful and beneficial. Reporting enhances transparency and can be the basis for constructive dialogue with other parties. Some companies use global reporting frameworks and a more limited number also use internal or external verification to evaluate the implementation of their CSR policies. Verification and reporting can be useful management tools, but they are not essential to CSR and the absence of such procedures does not indicate the absence of good practice. Especially in the case of smaller companies, verification and reporting can be burdensome, and the value they add has to be balanced against their cost.
14. Attempts to harmonize reporting standards are likely to have limited impact because of the diversity of enterprises and their CSR activities and the fact that companies have different target audiences. Since each company is communicating with a unique audience, it is reasonable to expect that CSR reports will reflect that diversity and contain different types of information.

The role of companies

15. Respect by enterprises for national laws and regulations is an obligation; CSR is no substitute for it and cannot be incompatible with it. There is a wide range of CSR activities which companies successfully engage in, and it would be of value to others to share experiences in implementing and reporting. Some enterprises define their CSR strategies in dialogue with external partners, while others do not; in either case, the responsibility for those strategies remains with the enterprise. In their relations with stakeholders such as workers' organizations and NGOs, they should help their dialogue partners to understand the limitations of CSR and to manage their expectations in that regard.

The role of national employers' organizations

16. Employers' organizations are in a privileged position to affirm the content and the limits of CSR to reflect the diversity of enterprise circumstances, and to lead business participation in the CSR debate. They can also provide a forum for the debate on the part of enterprises and a platform to exchange experience and good practice between enterprises. They are also in a good position to communicate the positive aspects of CSR from a broad perspective to other participants in the dialogue. This is important especially to those whose CSR focus is about finding

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fault with enterprises. It may also be useful in certain circumstances for employers' organizations to assess, on behalf of their members, the representativeness of others who engage in the debate and the legitimacy of their demands, and to communicate more actively with the public in general in order to achieve a better understanding of the role of the business enterprise in society and the nature of CSR.

The role of the International Organization of Employers

17. The CSR debate today at the regional and international level is gaining importance, and the need for coordinating business engagement in it has never been greater. The IOE therefore has a critical role to play in representing business in that debate. It should talk to unions at the global level, and defend the voluntary nature of CSR in global forums. It should leverage its global network to achieve better coherence in the business approach to CSR and to gather information from its members worldwide to better define priorities. The IOE should also gather and disseminate information to its members on developments at the international and national levels and good practices, and lead the debate in the ILO in particular.

The ILO and CSR

18. The role of the ILO is to set labour standards – a key aspect of CSR – promote dialogue and help countries to implement good policies in this regard. It should affirm its mandate with regard to labour standards, and other international bodies should refrain from developing instruments in this field. **The primary role of the ILO in relation to CSR should be to help the governments of member States to acquire the capacity to effectively enforce national labour legislation and regulations.** Given its tripartite character and global mandate in the field of labour standards, the ILO could play a critical role in CSR by helping to promote dialogue between governments, workers' and employers' organizations on CSR, with a view to arriving at a better understanding of what it implies and what it does not.