



International Organisation of Employers
Organisation Internationale des Employeurs
Organización Internacional de Empleadores

What is CSR? Why CSR? What are the Roles of Companies and Governments?

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What is Corporate Social Responsibility (CSR)?

- Corporate Social Responsibility (CSR) is demonstrated by a company when it voluntarily integrates behaviors and principles into its business operations that meet or even exceed stakeholders' expectations with regard to society and the environment.
- CSR is not a new development - companies have been engaging constructively with communities for as long as there have been companies.
- CSR activities continue to develop as society evolves.
- There are also many ways to describe these kind of activities, for instance, social responsibility, private voluntary initiatives, etc.



- In its 2011 communication, the **EU Commission** defined CSR as:

*“the **responsibility of enterprises for their impacts on society**. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, **enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy** in close collaboration with their stakeholders, with the aim of:*

- *maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;*
- ***identifying, preventing and mitigating their possible adverse impacts.**”*



- Businesses assume their commitment to conduct themselves responsibly under diverse conditions:
 - The responsibility of a multinational enterprise operating around the globe is completely different to that of a local bakery.
 - The CSR challenges faced by an IT firm differ from those of a business in the oil industry.
- The type and structure of a company's commitment to society therefore depends on its size, as well as the sectors and markets in which it operates.
- No “one-size-fits-all” approach!!!



Why is CSR relevant for business?

- With ever growing globalisation, CSR has become an important and prevalent theme around the world:
 - It is commanding more **space in the media**;
 - consumer organisations are increasingly demanding information on production conditions and routes to market;
 - non-governmental organisations (**NGOs**) and trade unions are approaching companies with requests and demands regarding their commitment to society;
 - suppliers are increasingly being met with CSR-related **requirements from their corporate customers**.
 - Politicians have also discovered CSR as an area for **policy-making**.
 - CSR is also important with regard to the **reputation of a company** and to win the best employees for the company. Apart from ethical reasons, there is therefore also a **business case** for companies to be aware of CSR developments and trends.



What are the different roles of Governments and Companies?

- Social actors are increasingly looking to companies **to fill what they perceive as “gaps” or failures of State**. This is leading to a conflict in expectations between what governments should do and what companies can contribute. This conflict has wide implications for all players:
 - It distorts CSR and undermines the status of the state.
 - It can lead to unrealistic and unrealisable expectations from within society.
 - It can open companies to criticism for not delivering to the level of these expectations.
 - It can divert companies from their vital role in providing the primary means for wealth creation within a society through profitable activity.



- The UN ‘protect, respect and remedy’ framework provides a concept which distinguishes clearly between the responsibilities of the various players and helps to clarify the complex interface between the duties of the state and the responsibilities of companies. The concept is based on three pillars:
 - Protect: it is the duty of the state to protect people on its territory against human rights infringements by non-state players.
 - Respect: it is the responsibility of enterprises to respect human rights as specified in the relevant national legislation and to establish the necessary management structures to this end.
 - Remedy: legislative and non-legislative complaint mechanisms need to be developed and strengthened in order to improve redress for human rights infringements committed by enterprises.



- Although the “protect, respect and remedy” framework focuses on human rights, the concept behind is valid for the different responsibilities of companies and governments in general and to the role companies play in CSR. **They enhance State action, but they don’t and can’t replace it.**
- Companies’ commitments can complement the efforts of government towards the development of society, as well as towards environmental and social progress. However, they cannot be a substitute for the State:
 - It is the **role of governments to establish and enforce law** and to create and maintain stable and predictable political and legal systems and to invest in the education and social well-being of its citizens as well as to undertake the balancing of competing expectations vested in them by the society that elected them.
 - Governments have a legitimacy to do so which cannot be simply shifted to companies.



Growing expectations of stakeholders

- There are a number of reference texts and tools that are aimed at businesses and provide a framework for responsible action. The main tools and reference texts are:
 - United Nations Global Compact
 - United Nations Guiding Principles on Business and Human Rights
 - OECD Guidelines for Multinational Enterprises (OECD Guidelines)
 - ISO 26000 Guidance Standard of Social Responsibility (ISO 26000)
 - ILO Tripartite Declaration of Principles concerning Multinational Enterprises on Social Policy (ILO MNE Declaration)
- These instruments and texts are not legally binding. However, **there is growing expectation by stakeholders that companies adhere to the principles of these instruments and frameworks.**



The EU Commission's expectations

- In the 2011 CSR-Communication, the EU-Commission invites:
 - All large European enterprises to make a commitment by 2014 to take account of at least one of the following sets of principles and guidelines when developing their approach to CSR: the UN **Global Compact**, the **OECD Guidelines** for Multinational Enterprises, or the **ISO 26000 Guidance** Standard on Social Responsibility.
 - All European-based multinational enterprises to make a commitment by 2014 to respect the **ILO Tri-partite Declaration** of Principles Concerning Multinational Enterprises and Social Policy.
- The EU Commission also expects all European enterprises to meet the corporate responsibility **to respect human rights, as defined in the UN Guiding Principles on Business and Human Rights.**



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What is your knowledge and experiences with regards to CSR?





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A faint, light gray world map is visible in the background of the slide, showing the outlines of continents and countries.

**Thank you very much
for your attention!**