

# Section I

## Synthesis about CSR definitions/concepts

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There is general acceptance that there is no one formal, authoritative definition and concept of corporate social responsibility. Concepts differ between countries, reflecting different national, social and economic priorities—which are themselves influenced by historical, social and cultural factors.<sup>2</sup> CSR Europe gives some examples: Countries that have a strong welfare state, such as Germany or Finland, may already have a number of governmental measures in place to protect employee contracts and working hours, while countries with strong green movements such as Denmark consider environmental reporting an industry standard. On the other hand, countries where financial markets are deregulated and there is more private involvement in education and health care, such as the U.K., often have a longstanding tradition of developing innovative employee volunteering programs with schools and charities.<sup>3</sup>

Beyond the concern for using the right terminology (“corporate citizenship” or “CSR”? “sustainability,” “corporate responsibility” or “accountability”?), it is recognized that people use the terms interchangeably to refer to one and the same phenomenon.<sup>4</sup> Nonetheless, terminology is very important as determined by what is used in specific locations and constituencies.<sup>5</sup>

CSR is an evolving concept. It has increasing relevance and increasing value to different businesses and their stakeholders around the world today. One international survey, GlobeScan of Canada, may summarize this view:

“Global public expectations for business are rising, but vary by region. [For example, the survey] reveals that the most important practice in Turkey is seen as philanthropic giving; whereas in Australia, Canada, Indonesia and the US, it is environmental protection; and in China, India and Russia, product quality is considered most important. It also found that consumers are more likely to punish companies seen as performing poorly on the operational front than reward those that exceed their expectations on the citizenship front.<sup>6</sup>

The increasing relevance of CSR is also seen in “CSR Laboratories” being put up by the European Alliance for CSR. These CSR laboratories are about business-driven initiatives of companies engaging with stakeholders to address CSR solutions to business challenges.<sup>7</sup>

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<sup>2</sup> Issue Briefing Note: Perceptions and Definitions of Social Responsibility, International Institute for Sustainable Development, May 2004

<sup>3</sup> <http://www.csreurope.org/aboutus/FAQ/>

<sup>4</sup> “Defining corporate citizenship and social responsibility”, Boston College Center for Corporate Citizenship, accessed from <http://www.bcccc.net/index.cfm?fuseaction=page.viewPage&PageID=596>

<sup>5</sup> Issue Briefing Note: Perceptions and Definitions of Social Responsibility, International Institute for Sustainable Development, May 2004

<sup>6</sup> <http://www.globescan.com>

<sup>7</sup> <http://www.csreurope.org/whatwedo/alliance/CompaniesandEUAlliance/Laboratories/>

Most CSR definitions emphasize the role played by business in the society, and the manner by which it conducts its responsibilities so that it ensures “minimizing harm, maximizing benefit, and being accountable and responsive to stakeholders.”<sup>8</sup> Building on this concept of CSR, the International Business Leaders Forum focuses on encouraging leaders to catalyze efforts for companies to contribute to sustainable development through multi-sectoral partnerships. (See box 1 below on IBLF reports on “Change in Practice” from its 2006-2007 Review, “Making Change.”<sup>9</sup>)

Box 1

How IBLF has acted as a catalyst to provide the impetus, platform, or methodology for companies to contribute to sustainable development:

In Mexico: How IBLF helped facilitate Tetra Pak’s collaboration with Sesame Workshop to deliver health messages to children;

In Ghana: How IBLF’s Crossing Borders programme took a senior representative from Cadbury Schweppes to highlight the importance of supporting cocoa projects;

In the Middle East: How IBLF is raising awareness of the crisis of youth unemployment; and

In Vietnam: How IBLF has been involved in the government adopting sustainable development as a central economic strategy.

While CSR definitions show many similarities in concepts, it is “contrary to the charity concept, which comes with the notion of providing assistance...”<sup>10</sup> This is according to GIFE (Brazil) which implements CSR as “private social investment.” Chris Marsden, Chair of Amnesty International Business Group further explains that “... CSR is not an optional add on nor is it an act of philanthropy. A socially responsible corporation is one that runs a profitable business that takes account of all the positive and negative environmental, social and economic effects it has on society.”<sup>11</sup>

In a global survey done for the Boston College Center for Corporate Citizenship (BCCC)<sup>12</sup>, one finding was “CSR is not about Charity.” As the following chart shows, countries were surveyed according to the “best way for companies to make a positive contribution to society.” Ranked highest was “developing healthier, safer products/services”, followed by “working to solve a specific, social problem.” Ranked lowest was “donating money to charities.”

<sup>8</sup> “Defining corporate citizenship and social responsibility”, Boston College Center for Corporate Citizenship, accessed from <http://www.bcccc.net/index.cfm?fuseaction=page.viewPage&PageID=596>

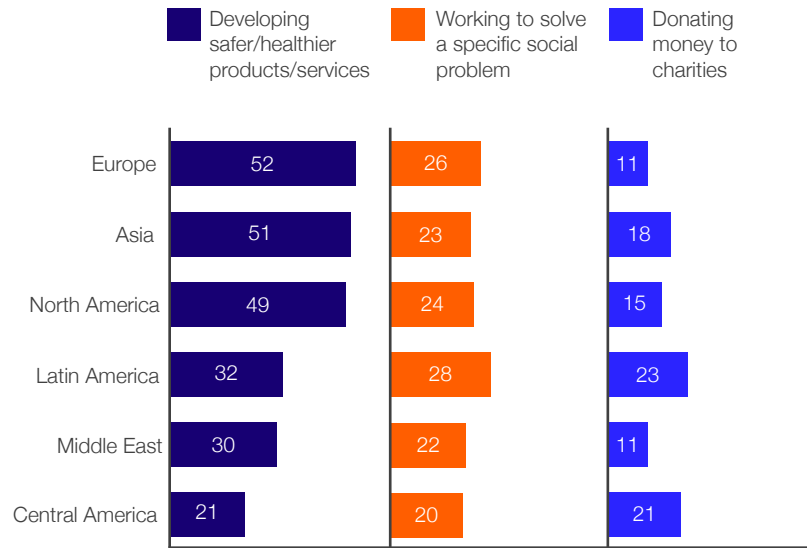
<sup>9</sup> <http://www.iblf.org/resources/general.jsp?id=123942> 10 From the website of GIFE, [http://www.gife.org.br/english\\_pg2.php](http://www.gife.org.br/english_pg2.php)

<sup>11</sup> <http://www.csreurope.org/aboutus/FAQ/>

<sup>12</sup> Bradley Googins, Managing and Integrating the Challenges of Corporate Citizenship, Presentation at the Conference of the League of Corporate Foundations, July 2007, Manila, Philippines.

Table I:  
Best Way for Companies  
to Make Positive  
Contribution to Society

Best Way for Companies to Make Positive Contribution to Society



Still, there are businesses who consider charity to be part of its “broader social responsibility [which] includes cash gifts, product donations...”<sup>13</sup> In the U.K., the Prince’s Trust has a charity partnership with British Energy to help change young lives across the U.K. through activities like fun runs, a clay pigeon shoot, a British-themed dinner, etc. In Namibia, according to the African Institute for Corporate Citizenship, what is practiced is traditional philanthropy or charity. It showcases the relative lack of participation of local communities in the CSR agenda compared to the powerful influence of multi-national corporations, consumers, investors and governments based in developed countries.<sup>14</sup> In Egypt, “most of the businessmen’s efforts are directed towards charitable non-developmental work such as food, clothes and services for the poor, disregarding developmental projects that can change people’s standards of living in a sustainable manner,” according to a study of philanthropy in the country by the Near East Foundation.<sup>15</sup>

There is a trend for charitable giving programs however, to evolve into something more strategic, and into something that demands results. Strategic corporate philanthropy refers to the phenomenon where corporations making donations to the non-profit sector look for return on social investments due to pressures to increase bottom-line results.<sup>16</sup> In Latin America, most businesses practice traditional giving, but awareness of corporate citizenship is growing as promoted in business-civil society partnerships by CEMEFI, GIFE, EMPRESA, Columbia’s Center on Philanthropy and Peru 2021.<sup>17</sup> There is also continuing introspection by the Latin American private sector itself about the need to create more strategic ways to act for common welfare. “Latin America does not enjoy a grant making culture. Mexico is an example: only 250 grantmakers exist in [such a large] country,” stated Jorge Villalobos, President of Centro Mexicano para la Filantropía (CEMEFI).<sup>18</sup>

<sup>13</sup> [http://www.creatingloyalty.com/story.cfm?article\\_id=775](http://www.creatingloyalty.com/story.cfm?article_id=775)

<sup>14</sup> <http://www.aiccafrica.org/>

<sup>15</sup> <http://www.neareast.org/phil/en/page.asp?pn=22#footnotes>

<sup>16</sup> [http://www.corporate-communities.com/ccc\\_glossary.htm](http://www.corporate-communities.com/ccc_glossary.htm) and <http://www.corporatephilanthropy.org/ncp/pubs/CECPSpring2003.pdf>

<sup>17</sup> Marisol Pages and Nelson Stratta, Capturing the Lessons of Partnership and Practice, Promoting Corporate Citizenship, by CIVICUS 1999

<sup>18</sup> Nota, “The Evolution of Social Investment is Continuous,” email from WINGS CI member. 2007

In Korea, The Beautiful Foundation reports that while businesses mostly give to charitable causes, there are a number of partnerships with not-for-profits started by Korean companies – notably Cheil Industries, LG Evergreen FD, Yuhan Kimberly, AmorePacific, CJ, Kyobo and Hanwha. Hyundai and Samsung.<sup>19</sup>

CSR has also evolved into Socially Responsible Investing (SRI), describing an investment strategy which combines the intentions to maximize both financial return and social good.<sup>20</sup> In general, socially responsible investors favor corporate practices which are environmentally responsible, support workplace diversity, and increase product safety and quality. Triple bottom line investing is a related term– defined by the Center for Social Markets (India), referring to social, environmental and financial factors given comparable weighting in reaching an investment decision.

- Shareholder action is a powerful tool used in SRI for encouraging corporations to improve their social and environmental records.<sup>21</sup> Between 2001 and 2003, shareholder advocacy activity increased by 15 percent.
- Of the total \$2.15 trillion in all socially screened portfolios, \$441 billion are in portfolios controlled by investors who are also involved in shareholder advocacy on various social issues

The above paragraphs identify the three broad categories of CSR definitions that resulted from the mapping exercise done for this paper (see Annexes for details). In summary, the three broad categories are:

- 1 – Corporate Responsibility/ Corporate Social Responsibility/ Corporate Social and Environmental Responsibility/Corporate Citizenship/ Sustainability
- 2 – Corporate Philanthropy
- 3 – Socially Responsible Investing/ Social Investment

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In summary, the three broad categories are:

1  
Corporate Responsibility/  
Corporate Social  
Responsibility/ Corporate  
Social and  
Environmental  
Responsibility/Corporate  
Citizenship/ Sustainability

2  
Corporate Philanthropy

3  
Socially Responsible  
Investing/ Social  
Investment

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<sup>19</sup> Article by Mallen Baker from Business Respect, Issue Number 67, dated 30 Nov 2003

<sup>20</sup> [http://en.wikipedia.org/wiki/Socially\\_responsible\\_investing](http://en.wikipedia.org/wiki/Socially_responsible_investing)

<sup>21</sup> <http://www.coopamerica.org/socialinvesting/shareholderaction/whattoknow.cfm>