



Corporate Social Responsibility: What is it?

Corporate Social Responsibility (CSR) is a widely defined concept that explores the responsibilities of business towards society. There are three broad areas: the environment; employees and neighbours; and consumers where this responsibility lies outside of the financial responsibilities that Companies have towards shareholders and other investors. CSR is also linked to the idea of social and environmental sustainability; how businesses should act to ensure that their business contributes to a future where the environment is protected and people's basic human rights are protected, both in the short and long term. Business' role as creators of wealth for society can contribute but the wealth must be achieved in a sustainable way.

Environment

- Responsibility not to pollute where they operate
- Responsibility to make products which do not damage the environment throughout their life cycle
- Responsibility to improve the sustainability of all their operations

Employees

- Ensuring that child labour is not used in their business
- Guaranteeing the right of association for all employees
- Guaranteeing the freedom to form trade unions without interference
- Guaranteeing the right to collective bargaining
- Providing training
- Ensuring the health and safety of employees

Neighbours and Consumers

- Monitoring to ensure that all operations have a positive impact upon the local community
- Actively seeking the views of those affected by business operations
- Ensuring that products are not detrimental to the interests of consumers

Other Issues:

- Consumer Rights:** Companies have responsibilities to all of those who purchase their products, regarding the safety of the product and its fitness for use.
- Human Rights:** Companies have responsibilities to ensure that their operations never negatively influence human rights, for example by ensuring that security personnel are properly trained and held accountable.
- Governmental Relations:** Many companies hire public relations firms to lobby governments. The tactics employed should be open, accountable and transparent.
- Corporate Governance:** As recent scandals have shown, the extent to which companies' boards govern and regulate the companies' activities is crucial for their legitimacy and reputation.



Human Rights and Business Example

TotalFinaElf and Premier Oil are accused of complicity in gross human rights abuses in Myanmar/Burma. Soldiers retained by the companies to protect the oil pipeline allegedly force conscripted civilians to carry heavy supplies, during which time they are frequently beaten and left for dead. Richard Howitt MEP, the European Parliament's rapporteur on CSR, claims that evidence showing that the two companies were aware of what was effectively being done in their name was "serious and telling", demonstrating the companies' complicity in this use of forced labour.

Environment and Business Example

In 1984 Union Carbide's production factory in Bhopal India let out a cloud of poisonous gas that killed thousands of people. Since then they have failed to make full compensation to the victims and the tens of thousands of people who still suffer from the effects of the poisoning. According to Greenpeace, the area of the factory remains contaminated to this day and still poses a health risk. Attempts to hold Union Carbide and senior executives accountable have not been successful, with Union Carbide representatives and directors often failing to attend hearings. The Indian Government has also controversially diluted the charges against Union Carbide.

Consumer Issues and Business Example

Over the 20th Century doubts have been growing about the nutritional value of infant formula feed for babies in place of breastfeeding. In the early 1970s several NGOs started campaigns which raised the profile of the issues substantially, most prominently being campaigns which focused upon Nestlé's role in the developing world. In 1981, an international code on the marketing of breast milk substitutes was adopted by the World Health Assembly (of the WHO). It is still disputed whether Nestlé acts according to the code, despite the fact that UNICEF estimates that 1.5 million lives could be saved each year if every child were breastfed for the first six months. This example shows how business' operations can have significant impacts on those who consume their products.

Questions:

- Should businesses' responsibilities be limited to profits for their shareholders?
- How responsible are businesses for the non-financial effects of their operations?
- How far should this responsibility extend to subsidiary companies, sub-contractors and suppliers?
- How should companies balance their role as generators of wealth against their non-financial responsibilities?
- How much responsibility do businesses have for the society in which we live?