Introduction and overview

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Corporate social responsibility (CSR) has gained an increasingly high profile in recent years. CSR can be defined as the ways in which a business seeks to align its values and behaviour with those of its various stakeholders. The stakeholders of the business include the employees, customers, suppliers, government, interest groups (such as environmental groups) and wider societal interests on whom the operations of the business may have an impact. Often it can be a difficult balancing act for a business to try to effectively consider the perceived needs of these often disparate groups of stakeholders, and some companies appear much more successful in this regard than others.

CSR is an area in which investors, especially institutional investors, are showing an increasing interest. The interest of institutional investors is often driven by the expectations of their clients, for example, the ultimate beneficiaries of pension funds; or by the pronouncements of industry body representative groups such as the Association of British Insurers (ABI); or by government-supported initiatives both at a national and an international level. The United Nations Principles for Responsible Investment (UN PRI) are an important development in this area. In 2005 the UN Secretary General invited a group of the world’s largest institutional investors to join a process to develop the Principles for Responsible Investment (PRI). The UN PRI website states

[T]here is a growing view among investment professionals that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios. Investors fulfilling their fiduciary (or equivalent) duty therefore need to give appropriate consideration to these issues, but to date have lacked a framework for doing so. The Principles for Responsible Investment provide this framework. . . . The Principles are voluntary and aspirational. They are not prescriptive, but instead provide a menu of possible actions for incorporating ESG issues into mainstream investment decision-making and ownership practices.

There is a growing awareness that companies cannot operate in isolation from the wider society in which they are located, and that they need
Corporate social responsibility

to consider the interests of groups other than shareholders if their longer-term sustainability is to be maintained. The purpose of this volume is to highlight, through various case studies, how CSR has evolved in a number of countries around the world and to illustrate its application in specific countries and case study companies. The volume has four parts which focus on different regions and illustrate the ways in which CSR is developing, given different legal structures (civil law versus common law); different governance and ownership structures; and differing societal expectations regarding the importance of various stakeholder groups.

CSR IN EUROPE

Part I focuses on corporate governance in various European countries. In Chapter 1, Andrea Melis, Silvia Carta and Silvia Del Rio provide a detailed analysis of CSR in Italy by analysing CSR practices in an Italian company, Sabaf. Sabaf is a family business, as are most Italian companies, and has already been recognized as one of the Italian companies more committed to CSR. Sabaf adopts a triple bottom line approach in its activities and reporting, that is, it takes into account and provides information to its stakeholders about its financial, social and environmental performance.

In Chapter 2, María Sacristán Navarro and Silvia Gómez Ansón provide an interesting overview of the development of CSR in Spain and illustrate the adoption of best practice in a number of Spanish companies encompassing Iberdrola, Eroski, Bankinter, Telefónica and Inditex.

Finally in this part, Bert van de Ven, André Nijhof and Ronald Jeurissen detail the development of The Body Shop and the importance to it of the social projects it has undertaken. They then discuss the implications of The Body Shop’s reorganization, brand repositioning and the L’Oréal takeover, and what the future might hold for The Body Shop.

CSR IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

Russia and Poland are the two countries featured in Part II.

In Chapter 4, Alexander Settles, Olga Melitonyan and James Gillies discuss the development of CSR in Russia and highlight the impact of key events, notably the transition from a command to a market economy. They conclude that the focus of Russian firms with respect to CSR is primarily on domestic issues and that so far there is limited interest in issues
of global warming, environmental protection, fair trade, or carbon footprints of business activities. Firms which do tend to give consideration to these broader areas are primarily those in the resource industries in which foreigners have major investments. It is interesting to note the influence of overseas investors in this regard.

In Chapter 5, Izabela Koładkiewicz analyses the development of CSR in Poland, recognizing that while there are still identified weaknesses in CSR in Poland, the Polish business world is continuously moving forward in the sphere of CSR, albeit it is the divisions of international corporations that continue to be the leaders. However, small and medium-sized enterprises are beginning to take part as well. Izabela provides a detailed analysis of the CSR implemented by the Camela S.A. Factory of Clothing Inserts in Poland.

CSR IN ASIA AND AUSTRALIA

In Part III, there are two thought-provoking chapters covering a comparison of the CSR dynamics in South Korea and Japan, and the tensions in the pulp mill industry in Tasmania, Australia.

In Chapter 6, Seungho Choi and Ruth V. Aguilera analyse the characteristics of CSR in South Korea and Japan in terms of the different influence that local actors exercise on their respective CSR practices. They discuss the general CSR trend in South Korea and Japan based on several CSR indicators, and the three general approaches to comparative CSR studies: cultural, attitudinal and actor centred. They highlight the role of local actors in moulding CSR in South Korea and Japan and the implications of CSR activity in the two countries.

In Chapter 7, Kathy Gibson and Gary O’Donovan provide a fascinating account of the case of Gunns Ltd, a large Australian public company, and the machinations and processes involving the company, the Tasmanian state government, the Australian federal government, and various activist groups in the proposed development of a large pulp mill in northeastern Tasmania. They highlight the many competing interests of diverse stakeholders, intent on maximizing or minimizing to their own advantage the triple bottom line (TBL) – economic, social, and environmental – returns.

CSR: ADDITIONAL DIMENSIONS

Finally, Part IV contains case studies which highlight CSR in four different contexts in several countries.
In Chapter 8, Kate Spilde Contreras and Donald S. Siegel present a case study of the strategic use of CSR by the gambling industry. They describe the birth and evolution of the American Gaming Association and its role in the creation of the National Center for Responsible Gaming. Their chapter highlights that CSR is not just a firm-level phenomenon, especially when an industry is highly regulated, such as the gaming industry.

In Chapter 9, Matthias Beck and Steven Toms, drawing on concepts of incrementalism and focusing on oil companies that operate in regions which are characterized by severe human rights abuses, examine differences in the nature of corporate social disclosure (CSD) reporting among these companies with the CSD of companies which do not operate in these areas. To illustrate their descriptive analysis, they examine how two companies of similar size, but with differing involvement in areas of human rights abuse have approached their CSD reporting. These companies are Forest Oil which predominantly operates in the US and Canada, and Santos Oil which operates in several Australasian countries.

In Chapter 10, Melsa Ararat and Mahmut Bayazıt discuss the adoption of codes of conduct in Turkey and assess the potential impact on the labour unions in the Turkish garment industry. Specifically they ask whether the adoption of these codes causes the marginalization of the role that unions play in a developing country context, where marginalization is defined in terms of both decreasing perceived utility of unions as well as scope and depth of issues that they can influence.

In the final case study, Samy Nathan and Chris Pierce (Chapter 11) discuss the adoption of CSR by Islamic financial institutions in the Middle East. They highlight that in order to fully understand the values and culture of Islamic financial institutions one needs to understand the nature of Shari’ah Law and the role of the Shari’ah Supervisory Boards.

CONCLUSIONS

This volume contains case studies from many different regions around the globe, reflecting various stages of economic development, legal systems, political and cultural aspirations. The development of CSR is at different stages in different companies, and industries, in various countries. However, the trend does seem to be for CSR to be increasingly viewed as an essential rather than as something that is merely desirable. The adoption of CSR practices leads to improved relationships with the various stakeholders and should also contribute to the long-term sustainability of companies, countries, and ultimately the world.
I would like to thank the authors for their time in writing the case studies. The authors, like the countries represented in the book, constitute a range of nationalities, and are from various professional backgrounds including academics and company directors. They all care deeply about CSR and how it can help to shape a better future for us all. I trust that readers of this volume will enjoy the various chapters and be made even more aware of the importance of CSR and how it holds the key to the future.