

CORPORATE SOCIAL RESPONSIBILITY: A GLOBAL COMPARATIVE ANALYSIS

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1. INTRODUCTION

Corporate social responsibility, or CSR, is a phenomenon that through the past decades has been gaining the global society's focus and recognition. With the increasing globalisation and international initiatives, companies in countries around the world are implementing CSR-initiatives and sustainable practices, with varying success. While some countries have a long-standing history within the field and the concept is thriving amongst the domestic companies, other governments have just recently been introduced to the phenomenon, and CSR is still in its beginning phase.

The aim of this paper is to describe and explain the CSR practices of various countries and the companies that operate within them. My thesis statement is that a company's ability to practice and implement CSR-measures is heavily affected by its' country's social, economic, geographical and historical context. Although the governments, country traditions and non-governmental organizations play a significant part in this, a very important driving force behind the increase of global CSR-efforts are the companies themselves and especially the multinational enterprises. Even though there are great variations in regard to the range and success of CSR-implementation in the countries, the development is, all factors taken into account, going the right way.

In section 2 an attempt will be made to define the ambiguous concept of CSR, and see how it has developed. The main driving forces of CSR will be examined in section 3, before the most important global initiatives promoting the cause will be examined in section 4. The global CSR analysis will be undertaken in section 5. Due to the varying success of the different nations, they have been divided into groups based upon their achievements in the field of CSR. The closer analysis of each country will touch upon topics such as the governmental role, relevant legislation, the importance of non-governmental initiatives and other driving forces, as well as concrete examples of companies CSR-efforts in the country. Throughout the paper, an attempt will be made to assess the role of the different drivers of CSR in a global perspective, with a special focus on the role of multinational enterprises.

In section 6 a comparison between the countries different practices will be executed, and similarities and differences examined and discussed. As will be shown in the following, many countries have legal provisions regarding CSR, and an important question is whether or not

legislating the somewhat vague concept of CSR is appropriate and/or necessary. This will be the topic of section 7. Then, some practical advice for countries wishing to get involved in CSR or improve its efforts will be given in section 8, before the conclusion of the thesis in section 9.

2. WHAT IS CSR?

The traditional approach to companies' responsibilities was that they do not go beyond the responsibility to generate profits to its shareholders, and this was the consensus for a long time. As said by Milton Friedman in 1970: 'there is one and only one social responsibility of business – (...) to increase its profits'. This perception is based on the thought that companies already are contributing to society in a sufficient manner by creating jobs and improving the economy through making profits.

With the increased globalization and international recognition of human rights and escalating environmental challenges however, CSR has been put on the agenda. There is a growing awareness and agreement around the fact that business must have a certain responsibility to the community, and needs to manage its relationship with the wider society beyond its shareholders.¹

For the time being, there is no recognised global definition of corporate social responsibility. It is a diverse term which has different meanings in different countries as well as companies,² and the ambiguity of the term again makes it difficult to practice.³ In short, the matter of defining the term boils down to the question; what is the extent of the companies' responsibilities? Twenty years ago, CSR was limited to such corporate philanthropy and perhaps adherence to environmental legislation.⁴ Today however, it is viewed in a broader perspective.

¹ Alessia D'amato, Sybil Henderson and Sue Florence, 'Responsibility and sustainable business, A Guide to Leadership Tasks and Functions, (2009, Centre for Creative Leadership) 11

² Jacqueline Cramer, Jan Jonker, Angela van der Heijden 'Making sense of corporate social responsibility' (2004) 55(2), *Journal of Business Ethics*, 215, 218

³ Tamsin Angus Leppan et al, 'Leadership Styles and CSR Practice: An Examination of Sensemaking, Institutional Drivers and CSR Leadership' (2010) 93 (189) *Journal of Business Ethics* 213, 190.

⁴ Susan McPherson, 'Why CSR's Future Matters to Your Company', *Bloomberg* (online) 11 January 2012 <<http://www.bloomberg.com/news/2012-01-10/why-csr-s-future-matters-to-your-company.html>>.

In general, the term corporate social responsibility refers to the idea that companies have a responsibility to not only making profits for their shareholders, but to also contribute to society in other ways. Another variety of the definition is that companies are responsible for the effects of their operations. Corporate social responsibility is also closely linked to the idea of sustainability, which refers to an organization's often voluntary activities that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders.⁵

According to Dahlsrud, who in 2008 made an attempt to gather and examine the different definitions of CSR, the most used definition of the term is the one proposed by the Commission of the European Communities in 2001.⁶ It states that CSR is:

“A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.

Another much used definition is that of the World Business Council on Sustainable development (WBCSD)⁷, stating that

“Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.”

There can also be drawn a line between the so-called internal and external CSR. The internal side of corporate governance deals with the labour rights of the companies' employees, and other ways to improve the company from within. The external side of CSR on the other hand is more focused on how the company affects its surroundings, the local community and society as a whole.

As the definitions show, the concept is based upon the notion of companies giving back to the communities in which they operate and contributing more than they are required to by law.

⁵ Alessia D'amato, Sybil Henderson and Sue Florence, 'Responsibility and sustainable business, A Guide to Leadership Tasks and Functions, (2009, Centre for Creative Leadership) 1 with further reference to Van Marrewijk & Verre (2003).

⁶ Alexander Dahlsrud, 'How Corporate Social Responsibility is Defined', (2008) 15 (1) *Corporate Social Responsibility and Environmental Management* 1, 7.

⁷ Dilek Cetindamar and Kristoffer Husoy 'Corporate Social Responsibility Practices and Environmentally Responsible Behaviour: The Case of The United Nations Global Compact' (2007) 76(2) *Journal Business of ethics* 163, 164.

It is however important to bear in mind that the idea of CSR is a dynamic one, and not a still standing static concept. It is constantly evolving with the changes in society and markets.⁸ The definition and what is considered to fall under the term will therefore continue to develop, which again will affect which CSR-initiatives companies choose to implement and in which manner they choose to do so.

3. DRIVING FORCES OF CSR

Aside from the increased attention surrounding companies being social responsible, one may wonder which factors that are driving and motivating companies to practice CSR, and which variables that affect the companies degree of successfulness. Whether or not a company is active in the field of CSR and what sort of ambition level it has is dependent on several factors. These include both factors depending on the individual internal aspect of the company, as well as the wider legal, social-economic and historical outlay of the countries they operate in. These will be examined in the following.

Firstly, the company's **size and resources** are, understandably enough, essential factors. Generating and implementing successful CSR-initiatives is dependent on the company having both the manpower and the economic resources to be able to do so. Secondly, the **company's management** is an important driving force. The corporations' leadership and overall vision is of vital importance for whether or not the company can and will be successful in its CSR attempts. The corporate executives are the companies' decision makers and will in most cases have the final say, also when it comes to the CSR-measures. Managing to convince upper management is therefore essential in the attempt to integrate CSR into the firm. The institutional forces in the company are therefore an important aspect of getting the ball rolling.

In the extension of this, the company's **employees** play an important role in the CSR-initiatives success. Having committed and creative employees who show an interest in CSR and sustainability, can greatly impact the flow of ideas and in turn the variety of CSR-measures being undertaken. Another example is employees who act as whistle blowers against their own company if they are witnesses to unethical practices or criminal activity.

⁸ L Moratis and T Cochius, *ISO 26000 The Business Guide to the New Standard on Social Responsibility* (Greenleaf Publishing Limited, 1st ed, 2011) 10.

In the later years, national and international **CSR-rankings** have become a phenomenon. In such rankings, non-governmental organisations examine and compare various companies CSR-efforts. Some examples of such indexes are the Dow Jones Sustainability Index, the BITC's Corporate Responsibility Index and the FTSE4Good index. The FTSE4Good Index Series is an index that objectively measures and compares the performance of companies that meet globally recognised responsibility standards.⁹ The BITC's CR index is an online survey where companies do a self-assessment to help them identify strength and weaknesses in their corporate responsibility schemes.¹⁰ The Dow Jones Sustainability Indices is the worlds' first global sustainability benchmark, and was launched in 1999. The criteria are economic, environmental and social performance.¹¹ These indexes are published every year, and aim to give an objective measure of the companies CSR-efforts and engagement.

Furthermore, **non-governmental organizations** that advocate and encourage CSR-practices have great impact on different companies' efforts. Non-governmental organizations are often non-profit groups promoting certain causes, and amongst these, promoting CSR-efforts. Often, the NGO's will team up with the companies in the CSR-efforts, and through combined efforts make a greater impact. NGO's can impact CSR through being corporate 'watch dogs' making sure the companies stay within certain lines, as well as contributing to CSR through promotion of guidelines and principles.

The national **government** also plays an important role in the CSR-scheme, both when it comes to defining the framework legislation, as well as other governmental initiatives. Needless to say, the rules and regulations by which the companies have to abide by will heavily influence the amount of CSR-work that is being done. As will be shown, some governments choose to not legislate the matter at all, while others choose to implement comprehensive laws to promote CSR-work within national companies.

As will be shown, the national **stock exchanges** can be an important driving force of CSR. Many of the national stock exchanges publish CSR-indexes, and others publicly endorse the development and implementation of CSR. Also, many stock exchanges publish codes of corporate governance that listed companies are expected to adhere to, and some of these

⁹ FTSE4GOOD Index Series (online) no date

<http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp>

¹⁰ Business in the Community, *About the CR Index* (no date) <<http://www.bitc.org.uk/services/benchmarking/cr-index/about-cr-index>>

¹¹ Dow Jones Sustainability Indices, *About Us* (no date) <<http://www.sustainability-indices.com/about-us/dow-jones-sustainability-indices.jsp>>

codes incorporate CSR-relevant rules. **Media** and the overall community is also an essential driver of CSR. The media can encourage companies to get involved in CSR both through negative publicity in the form of outing companies involved in unethical practices, as well as helping companies showcase their efforts through positive reviews and publicity.

Lastly, customers and **consumers** are becoming more knowledgeable and demanding. Studies and polls have shown that a majority of customers genuinely care about CSR and are of the opinion that companies should try to improve the societies they operate in.¹² Furthermore, studies over the past years have shown that CSR plays a role in consumers' brand and product evaluations, as well as in the evaluation of new products.¹³ Through boycotting, protests and other measures, the surrounding community and consumers can greatly affect the companies' decision making. As companies have come to see that CSR-initiatives go over well with customers and consumers, it is also used as a means of cost-maximization. Since unethical practices and not being involved in CSR can lead to loss of customers, CSR can also be viewed by the companies' as cost-minimizing.

Whether or not a company has ambitions to implement CSR-measures into its overall business scheme, and what rate of success they will have, will to a great extent depend on these factors.

4. GLOBAL GUIDELINES AND ORGANIZATIONS

Another important driving force is the development of global organisations promoting and advocating CSR and sustainable practices. The different initiatives will be examined in the following.

4.1 OECD Guidelines for Multinational Enterprises

The Organization for Economic Cooperation and Development (OECD) was founded in 1948 as a part of the US-financed Marshall Plan after World War 2.¹⁴ The organisations' mission

¹² James Epstein-Reeves, 'Consumers Overwhelmingly Want CSR' 15 December 2012, *Forbes* (online) <<http://www.forbes.com/sites/csr/2010/12/15/new-study-consumers-demand-companies-implement-csr-programs/>>.

¹³ Jill Klein and Niraj Dawar 'Corporate Social Responsibility and Consumers Attributions and Brand Evaluations in a Product-Harm Crisis' (2004) (21) *International Journal of research in marketing* 203

¹⁴ The Organization for Economic Co-operation and Development, *History* (no date) <<http://www.oecd.org/about/history/>>.

and vision is to promote policies that will improve the social-well being for people all around the world.¹⁵ Today, the organization has a total of 34 countries as members worldwide.¹⁶

The organisation founded the OECD Guidelines for Multinational Enterprises in 1976. In short, the guidelines are recommendations for multinational companies issued by the signatory governments. The OECD guidelines are the only corporate responsibility instrument formally adopted by state governments.¹⁷ The guidelines can be characterised as so called “soft law”, which in short means that the principles and guidelines are not legally binding for the participating country. However, some are of the opinion that the MNE Guidelines has the potential of being as effective as hard law when it comes to changing the corporate culture.¹⁸

From a global CSR-perspective, the guidelines have played a very important role in promoting social responsible thinking amongst companies. As said by Santer (2011):

‘Instead of countries mandating corporate behavior through top-down legislative approach, MNEs can actually act as the catalyst for countries to attain public goals because MNEs operate within several countries and seek to operate on a level playing field across their markets.’¹⁹

In this way, the guidelines play a supranational role. They enhance national governance practices and international corporate behaviour, and again offers legitimate added value to the corporate marketplace.²⁰

4.2 UN Global Compact

Another important set of global principles regarding CSR is The UN Global Compact, which is the United Nations initiative for Corporate Social Responsibility. The Compacts is a platform for businesses and non-business entities to actively engage in what the UN considers to be the four main areas of CSR; human rights, anti-corruption, labour rights and the

¹⁵The Organization for Economic Co-operation and Development, *About* (no date)
< <http://www.oecd.org/about/>>

¹⁶ The Organization for Economic Co-operation and Development, *Members and partners*’ (no date)
<<http://www.oecd.org/about/membersandpartners/>>

¹⁷ Jernej Letnar Cernic, ‘Corporate Responsibility for Human Rights: A Critical Analysis of the OECD Guidelines for Multinational Enterprises’ (2008) 4(1) *Hanse Law Review* (2008) 71

¹⁸ Santer, Ashley L ‘Soft Law Mechanism for Corporate Responsibility: How the Updated OECD Guidelines for Multinational Enterprises Promote Business for the Future’ (2011) 43 *George Washington International Law Review* 375, 376

¹⁹ *Ibid* 377

²⁰ *Ibid* page 380

environment.²¹ Within the four main categories, the initiative is built around 10 fundamental principles, amongst other things regarding protection of human rights, abolition of child labour, environmental responsibility and working against corruption.

Like the OECD principles, the compact is not a binding set of legal rules. The UN Secretary General regards the GC neither as a binding set of regulations or as a code of conduct for companies, but as a basis for a dialog forum ‘in which mutual learning among companies is to be promoted with examples of best practice.’²² The Global Compact has two main goals:²³

1. *Mainstream the Global Compact’s Ten Principles in business strategy and operations around the world: and*
2. *Catalyze business action in support of UN goals and issues, with emphasis on collaboration and collective action.*

Through being a part of the global compact, companies can participate in global initiatives to promote sustainable business practices. Since the compact’s launch on the 26th of July 2000, it has had a steady growth. Currently, the compact has a total of 10,000 participants, this including 7000 businesses in 145 countries in the world,²⁴ and it is today acclaimed as ‘the worlds’ largest and most widely embraced corporate citizenship initiative’.²⁵

4.3 ISO 2600

The last of the global initiatives that will be covered in this paper is the **ISO 26000**, which is a standard that provides guidance to businesses and organizations on how to operate in a socially responsible way.²⁶ The International Organization for Standardization (ISO) is the world’s largest developer of voluntary International Standards. It was founded in 1946, as an

²¹ The United Nations, *How to Participate* (no date)
<<http://www.unglobalcompact.org/HowToParticipate/index.html>>

²² Dilek Cetindamar and Kristoffer Husoy ‘Corporate Social Responsibility Practices and Environmentally Responsible Behaviour: The Case of The United Nations Global Compact’ (2007) 76(2) *Journal Business of ethics* 163, 167.

²³ The United Nations *Overview of the UN Global Compact* (no date)
<<http://www.unglobalcompact.org/AboutTheGC/index.html>>

²⁴ The United Nations, *UN Global Compact Participants* (29 May 2013)
<<http://www.unglobalcompact.org/ParticipantsAndStakeholders/index.html>>

²⁵ Surya Deva), ‘UN Global Compact for Responsible Corporate citizenship: is it still to compact to be global?’ (2006) 2 (2) *The Corporate Governance Law Review*, 145, 150

²⁶ International Organization for Standardization, *ISO 26000 – Social responsibility* (no date)
<<http://www.iso.org/iso/home/standards/iso26000.htm>>

attempt to ‘facilitate the international coordination and unification of industrial standards.’²⁷ According to the organization itself, the standards are meant to provide organizations with guidance when it comes to social responsibility. It is not meant to be interpreted as an international standard, guideline or recommendation, and not a basis for legal actions or complaints.

Although the principles and guidelines are not legally binding rules, there is no doubt that they are internationally recognised and considered to be of a certain authority. The increased globalization in the world today has played a significant role in the establishment of these and other global CSR-initiatives. They have, in turn, increased the awareness surrounding corporate social responsibility and the importance of companies implementing sustainable policies and initiatives. This has led to more and more companies being held accountable for their actions and all in all promoted CSR-work around the world.

5. GLOBAL ANALYSIS

In the following, the CSR-framework from countries and initiatives from companies residing within these countries will be examined and compared. This includes a brief recollection of the history of corporate social responsibility in the country, how the individual countries define the term CSR, an explanation of any relevant legislation and governmental initiatives to promote CSR, as well as other initiatives in the country. Lastly, examples of different CSR-initiatives in companies in the respective countries will be examined.

Based on the findings, the countries have been placed into three different categories. The categories are: leaders in the field, up and coming nations and the struggling nations.

5.1 LEADERS IN THE FIELD

The nations grouped together in this category are characterized by a having a long-standing history in CSR and several societal forces driving the CSR work. As will be shown, there are however several ways to success. Some of the countries in this category have a very strong governmental role and comprehensive legislation, while other countries CSR-efforts are

²⁷ International Organization for Standardization *About ISO* (no date) <<http://www.iso.org/iso/home/about.htm>>

driven mostly by consumers, the companies themselves or non-governmental organizations. What all these countries have in common however, is having evolved from CSR based on philanthropy, to CSR work based on sustainable initiatives and long-term projects.

5.1.1 THE UNITED KINGDOM

The United Kingdom has a long-standing history regarding corporate social responsibility, which has been practiced in the country for over two hundred years.²⁸ The UK was one of the first countries to introduce the thought of companies having other responsibilities than just making profits, and it has for a long time been viewed as a leader in the field of CSR.

Both during the Thatcher government and the Blair government, corporate social responsibility grew and became more institutionalized.²⁹ During the Tony Blair government, the world's first minister of CSR, Doctor Kim Howells, was appointed. This was done in March 2000, and the intention was to help the UK companies become leading in adopting and reporting CSR activities.³⁰ According to himself, David Cameron and the conservatives are also a adamant supporter of CSR,³¹ and it remains to be seen what the current administrations' CSR-policy will look like.

There have been several government initiatives to promote the idea of CSR. In 2001, the government launched a CSR website, societyandbusiness.gov.uk, to further promote the debate on CSR and help creating frameworks for corporate social responsibility in the UK.³² In March 2004 the government issued a consultative document, 'Corporate Social Responsibility – A Draft International Strategic Framework'. In this document and other similar ones, the government portrayed and explained its' highly ambitious CSR-visions. Furthermore, the UK government has been and continues to be an important and eager supporter of the UN global compact.³³

²⁸ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 11

²⁹ Ibid 18

³⁰ Ibid 19

³¹ Andrew Sparrow 'Politics Live blog: David Cameron's speech on responsible capitalism' *The Guardian* (online) 20 January 2012 <<http://www.theguardian.com/politics/blog/2012/jan/19/davidcameron-edmiliband>>.

³² S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 19

³³ Ibid 20

Although there is nothing in the *Companies Act* of 2006³⁴ that directly speaks of corporate social responsibility, there are two sections that are indirectly of importance. According to section 172, letter d),

'A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefits of its members as a whole, and in doing so have regard (amongst other matters) to-

- a) the likely consequences of any decision in the long term,*
- b) the interests of company's employees,*
- c) the need to foster the company's business relationships with suppliers, customers, and others,*
- d) the impact of the company's operations on the community and the environment*
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and*
- f) the need to act fairly as between members of the company*

This section of the Act has clear references to the general thought of CSR. It obligates companies operating in the UK to be aware of the long-term effects of its policies and operations. Furthermore, the company's employees are to be a consideration when making decisions, as well as the effects the operations can have on the environment. The duties of the director therefore touch upon both the internal and external CSR considerations.

In addition, several acts have been passed since the 1970's that affect the key points of CSR. Amongst others, there is *The Equal Pay Act* of 1970, the *Health and Safety at Work Act* of 1974, the *Sex Discrimination Act* of 1975 and the *Race Relation Act* of 1976. Of newer legislation, there is the *Carbon Reduction Commitment* from 2010 that requires companies that use more than 6000 MWH per year to measure and report on the emissions related to energy use to the Environmental Agency. If not, they risk facing financial or other penalties.³⁵ The *Climate Change Act* from 2008 established the worlds' first legally binding climate target, where the aim is to reduce the gas house emissions by 80 % by 2050.³⁶

³⁴ UK Companies Act 2006

³⁵ "CSR Energy Efficiency Scheme," UK Department of Energy and Climate, No date, <http://www.decc.gov.uk/en/content/cms/emissions/crc_efficiency/crc_efficiency.aspx>

³⁶ Department of Energy & Climate Change, *Reducing the UK's greenhouse gas emissions by 80 % by 2050* (6 March 2014) <<https://www.gov.uk/government/policies/reducing-the-uk-s-greenhouse-gas-emissions-by-80-by-2050>>

The BITC's CR Index is the UK's leading voluntary benchmark of corporate social responsibility.³⁷ The 2013 index shows that Alliance Boots Group, GmbH (Food dugs & retailers) and Barclays Plc (Banks), are were leaders in their field on a global scale. The UK energy firm BG Group PLC was ranked number one within the energy industry group in he 2013 Dow Jones Sustainability Index.³⁸ There are also several organisations promoting CSR in the UK, such as Business in the Community, FTSE4Good Indices and The ACCA Best Practices for Sustainability Reporting.

There are also several CSR-aware UK-based companies. In its CSR-report from 2013, the Alliance Boots group teamed up with BBC Media Action to improve healthcare around the world. Some of the concrete measures were providing phone service and a toolkit for community health workers who provide life-saving information about maternal and child health.³⁹

In its citizenship report from 2013, the Banking group Barclays states it through co-operating with MSCI Inc. has launched a global family of Environmental, Social and Governance Fixed Income indices, which were meant to serve as benchmarks for those investors who want to buy debt from companies viewed as environmentally and socially responsible. In 2013 the group launched a Charity Fund designed for UK charities. The fund was built upon an ethical investment strategy, as it will not have direct exposure to companies that generate more than a small proportion of their income from tobacco, arms, pornography or gambling.⁴⁰ Some of the investments the fund operates with are affordable healthcare in Africa, as well as supporting small business development and job creation in Zambia. Also, the company contributes towards education in the United States, through helping students access college resources as well as connect with mentors and advisors.⁴¹

The UK is therefore, with good reason, recognised as a leading player in the field of corporate social responsibility.⁴² With its longstanding history in CSR, governmental

³⁷ Business in the Community *The BITC CR Index 2013 company ranking* (16 April 2013) <<http://www.bitc.org.uk/our-resources/report/cr-index-2013-company-ranking>>

³⁸ Dow Jones Sustainability Indices, *Industry Group Leaders 2013* (no date) <sustainability-indices.com/review/industry-group-leaders-2013.jsp> (September 2013)

³⁹ Alliance Boots, *Improving Healthcare Through the Media* (2013) <<http://www.allianceboots.com/CorporateSocialResponsibilityReport2012-13/improving-healthcare-through-the-media.aspx>>

⁴⁰ Barclays Group, 'Barclays Citizenship Report 2013' 35

⁴¹ Ibid 37

⁴² S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 33

and company commitment to promote sustainable practices and awareness, the country seems to be leading the way for the foreseeable future as well.

5.1.2 FRANCE

In France, the term corporate social responsibility has been difficult to define due to linguistic problems. The issue is the word ‘social’, which has a much more narrow meaning in French than in other languages. From a French perspective, it can be argued that the term should be ‘societal’ instead.⁴³ In the French language, there is no distinction between the notion of responsibility and liability, which has led to discussions of the legal implications of CSR being more than in other countries. This is also true of the word social, which in the French language does not include society but is more focused on labour-related issues.⁴⁴

As the UK, France has a long history of CSR and, and the country played a leading role in CSR in the 1970s and 1980s. Little is however known due to few publications about the topic.⁴⁵ In many ways, CSR in France started with the government requiring corporate social reporting through legislation, through the *Law on Social Reporting* from 1977.⁴⁶ The law was then quite narrow, and at the time it only regulated employment related matters, but it was an important first step in the right direction. From a CSR-perspective, there was a significant turn-around in 2001, with the passing of the *Law of New Economic Regulations*. This law imposed social and environmental reporting for companies.

In France, the state has a significant role in the society. As in the UK, it has also played an important role for the development of CSR in.⁴⁷ CSR is strongly supported by laws passed by the government. It is however somewhat challenging for companies to abide by the laws since the CSR-relevant provisions are scattered across a great deal of rules and regulations.⁴⁸

The *Commercial Code* of 2006⁴⁹ article 148-3 is relevant in this regard:

⁴³ Ibid 38 with reference to Ariane Berthoin Antal and Andre Sobczak, ‘Corporate Social Responsibility in France: A mix of National Traditions and International Influences’(2007) 4 (1) *Business and Society* 9, 11-12

⁴⁴Ariane Berthoin Antal and Andre Sobczak, ‘Corporate Social Responsibility in France: A mix of National Traditions and International Influences’(2007) 4 (1) *Business and Society* 9, 12

⁴⁵ Ibid 11

⁴⁶ Ibid 15

⁴⁷ Ibid 13

⁴⁸ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 42

⁴⁹ Code de commerce 2006

The following information about the consequences of the company's activity on the environment shall be included in the board of directors' or executive board's report under the same conditions, provided according to the nature of the activity and its effects:

1. Consumption of water, raw materials and energy, including where relevant measures taken to improve energy efficiency and the use of renewable energy sources, conditions for land use, atmospheric emissions and discharges into water and the soil that seriously affect the environment, a list of which shall be determined by order of the ministers responsible for the environment and industry, noise pollution, smells and waste;

2. Measures taken to limit harm to the biological balance, the natural environment and protected species of flora and fauna;

3. Environmental evaluation or certification measures taken;

4. Measures taken, where relevant, to ensure that the company's activity complies with the law

5. Expenditure incurred to forestall the environmental consequences of the company's activity;

6. The existence within the company of internal environmental management units, employee training and information about the matter, the resources devoted to reducing environmental risks and the organisation put in place to cope with accidental pollution having consequences beyond the company's establishments;

7. The amount of provisions and guarantees for environmental risks, unless such information is likely to cause serious harm to the company in pending litigation;

8. The amount of compensation paid during the year in execution of a court judgment in environmental matters and action taken to make good the harm caused to the environment;

9. All information about the objectives that the company sets for its foreign subsidiaries in relation to points 1 to 6 above.

The interesting thing about the provision is that it is included in the commercial code instead of in the environmental legislation. This again emphasizes the responsibility companies have for the environment in which they operate. The provision is quite comprehensive, and forces companies to measure and take into account the environmental effects of their operations. In addition to this provision from the *Commercial Code* of 2006, there are also other provisions regarding CSR-reporting and companies being sustainable in other laws. In addition to the *Law of Social Reporting* from 1977, there are laws concerning territorial planning and sustainable local and regional development.

When it comes to examples, there are several CSR-forward companies in France. One of which is the airline company Air-France KLM, which was ranked number one within the transportation industry group by in the Dow Jones Sustainability Index in 2013.⁵⁰ In its CSR-report from 2012, it shows that one of the measures it has taken is partnering with WWF-NL

⁵⁰ Dow Jones Sustainability Indices, *Industry Group Leaders 2013* (no date) <<http://www.sustainability-indices.com/review/industry-group-leaders-2013.jsp>>

since 2007, in an attempt to reach a more sustainable aviation industry by raising CO2 and fuel efficiency and investing in sustainable biofuels. Furthermore, it has a CSR council that meets quarterly, as well as encouraging all its employees to take part in the developing of innovating and sustainable initiatives.⁵¹

The French car company Peugeot Citroën has also shown a modern take on CSR. Amongst other things, the company through the PSA Peugeot Citroën Foundation started the Apprenti'Bus or 'learning bus' in an attempt to help children from underprivileged parts of the Lyon metropolitan area to improve on their written, oral and body language skills.⁵² The brand has also sponsored the carbon sink project in the Amazon since 1998, in an attempt to reforest land and restore biodiversity in the Brazilian state of Mato Grosso.⁵³

France, as the UK, has a long standing history when it comes to CSR. Its active government, thorough legislation and award winning companies will most likely make sure that France continues to be a leader in the CSR field.

5.1.3 GERMANY

CSR first started developing in Germany once the discussion surrounding the topic intensified in Europe as a whole. Although the country has a long tradition of civic engagement on the part of private industry, CSR has only slowly become a policy concern in the country. Another contributing factor to CSR entering the political discussion was German companies becoming increasingly focused on the international arena.⁵⁴

There is a lot of ambiguity to be found regarding the definition of the term corporate social responsibility in Germany, as there is no internationally recognized definition widely used in the country.⁵⁵ However, the definition of the European Commission gave in 2001 and which was examined earlier, has been officially acclaimed by the German Government.

⁵¹ Air France KLM 'Corporate Social Responsibility report 2012' (2012)

⁵² Peugeot Citroen, *PSA Peugeot Citroen Foundation, "A world on the move"*, (no date) <<http://www.psa-peugeot-citroen.com/en/automotive-group/overview/corporate-foundation?pid=700>>

⁵³ Peugeot Citroen *Interacting with civil society* (no date) <<http://www.psa-peugeot-citroen.com/en/corporate-social-responsibility/communities/environment-commitment?pid=700>>

⁵⁴ Carolin Welzel et al, 'The CSR Navigator, 'Public Policies in Africa, the Americas, Asia and Europe' (Bertelsmann Stiftung, 2007)

⁵⁵ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 62

Unlike the UK and France, Germany does not have concrete CSR-related provisions. It does however have several laws that relate to topics within CSR, such as employee, consumer and environmental protection, social issues and corporate governance. Compared to other countries, German companies are well over the minimum standards as set by the law.⁵⁶

There are also other governmental initiatives to promote the cause. For example the website, csrgermany.de, which is a portal created by the Confederation of German Employers association and the Federation of German Industries.⁵⁷ Another important government initiative is the German Council for Sustainable Development (RNE). This council was set up in 2001 and was given tasks consisting of communicating the topic of sustainability to the German public as well as advising the federal government on the topic, including CSR.⁵⁸ As will be shown later, Germany unlike the United States, the non-governmental organizations in the country have a more limited role when it comes to CSR. Some of the organizations have previously just been critical watchdogs, but it seems that more and more NGOs in Germany are opening up to working together with the business sector.⁵⁹

However, it seems that the main drivers of CSR in Germany are the companies themselves, which can be a part of the explanation for why CSRs development into a policy concern was a slow process.⁶⁰ Especially the globally active firms that are based in Germany have proven to be quite active when it comes to understanding CSR in a strategic way, as well as organising social responsibility simultaneously with its core business operations.⁶¹

It therefore comes as no surprise that there are many examples of award winning German companies within the field. The automobile producer BMW is one of the leading corporations in the CSR-field, and was until 2012 ranked as industry leader for eight consecutive years by the Dow Jones Sustainability Index. The BMW group funded the BMW LoveLIFE prevention centre for the youth in South Africa and the centres function as health, sports and recreational facilities for young people, as well as hosting a National Youth Development

⁵⁶ Above 78

⁵⁷ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 64

⁵⁸ Carolin Welzel et al, 'The CSR Navigator, 'Public Policies in Africa, the Americas, Asia and Europe' (Bertelsmann Stiftung, 2007) 75

⁵⁹ Ibid 77

⁶⁰ Ibid 74

⁶¹ Ibid 76

agency advisory facility for youth entrepreneurship development.⁶² The BMW group has also focused on the environment, and they report a reduction in the CO2 emissions for years, as well as reducing energy use. The company is also involved in the field of renewable energy, diversity within the company and human rights.⁶³

The bank Commerzbank is also heavily involved in CSR-work. According to the 2013 CSR report, the corporation has made a goal of by 2020, the reduction of greenhouse gas emissions will be 70 % compared to 2007. Furthermore, the conversion to green energy was completed in January 1 2013, and the company is focusing heavily on the environment.⁶⁴ Amongst other things, they are involved in prevention of terrorism and money laundering, as well as being involved in sustainable production and preparation of palm oil.⁶⁵

Although the concept of CSR got off to a late start from a government perspective in Germany, the companies and industries operating in the country have driven the concept forward both in the country and in the world, and are making sure that Germany is one of the most innovative countries when it comes to CSR.

5.1.4 THE UNITED STATES OF AMERICA

The United States of America is a federal state, meaning that it consists of independent states that mostly govern themselves. Therefore, the USA is a very diverse and varied country, also when it comes to laws and practices. It is therefore difficult to give a conclusive and unison take on the case of CSR in the United States, as it most likely varies somewhat from state to state.

Traditionally, corporate social responsibility in the US has been viewed as philanthropy.⁶⁶ This has however undergone a significant change and businesses are increasingly focusing on more long-term initiatives and measures. Another important point from a historic perspective

⁶² Open Africa, *BMW Love Life Centre* (no date) <<http://www.openafrica.org/participant/BMW-Love-Life-Centre>>

⁶³ BMW Group, *Sustainability Management* (online) <http://www.bmwgroup.com/e/0_0_www_bmwgroup_com/verantwortung/svr_2012/nachhaltiges_wirtschaften.html>

⁶⁴ Commerzbank, 'Corporate Responsibility Report 2013' 16-17

⁶⁵ Commerzbank, 'Corporate Responsibility Report 2013' 13

⁶⁶ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 237

is that CSR in the US, as in Germany, has been company driven.⁶⁷ The difference between the two countries however, is that the NGO's play a more active role in the United States than in Germany. CSR initiatives in the US is many times the result of pressure being put on the company from different stakeholders such as unions, competitors, supply chains, customers and communities which the companies affects.⁶⁸

When it comes to the governmental role, the government is not as involved as in some of the European countries such as the UK and France. In the company legislation, there are two acts in particular that are of importance for companies operating anywhere in the US. These are the *Model Business Corporation Act of 1984* and Chapter 1 of the *Delaware General Corporation Law*. As Germany, the United States has no provisions specifically regarding CSR in the company legislation. The country does however have numerous environmental laws, such as *The Clean Air Act*, *the Resource Conservation and Recovery Act* and the *National Environmental Policy Act*. Amongst labour laws there is the *Occupational Safety and Health Act* and the *Fair Labor Standards Act*.

Most of the CSR-discussions that have taken place in the United States have been focused around the possible financial returns on CSR initiatives,⁶⁹ and may be one of the reasons why many companies in the US have been active in the field for some time. There are several CSR-forward companies in the United States. One of them is the Whole Foods Corporation. The company has a strong vision regarding sustainable future, and is one of the leading CSR-corporations on the country.⁷⁰ One of their major initiatives is the so-called 'TAKE ACTION CENTERS' located in every store, informing customers about local, regional, national and international issues of concern.

Another company that has been active in the field of CSR is the multinational café chain Starbucks. According to their own website, they are involved in community outreach, ethical sourcing, the environment and global responsibility report.⁷¹ In their CSR-report from 2012, Starbucks report that the goal in 2015 is to have all their coffee ethically source, and that 93 %

⁶⁷ Lene Larsen, *Corporate Social Responsibility in Denmark and the US*, (Master Thesis, Aarhus University, 2010) 22

⁶⁸ Above 241

⁶⁹ Ibid 237

⁷⁰ Whole Foods Corporation, *Sustainability and Our Future* (no date)

<<http://www.wholefoodsmarket.com/mission-values/core-values/sustainability-and-our-future>>

⁷¹ Starbucks, *Being a Responsible Company* (no date) <<http://www.starbucks.com/responsibility>>

of it was ethically sourced in 2012.⁷² In short, the measures involve conserving energy and water and thus making the business more sustainable and ‘green’.

A company that can be said to have built its entire reputation and image around sustainability and sustainable treatment of the environment and ethical treatment of animals, is the cosmetics and beauty chain The Body Shop. As one of the few companies to do this, the corporation has built up its customer base on this ideology, and is one of the main reasons why their customers choose The Body Shop over its competitors. Since its opening in 1976, The Body Shop has had a strong focus on sustainable practices, discouraging of animal testing and protection of human rights. One of the initiatives the company has funded is the Trade Not Aid initiative, an initiative built around creating trade to help people in poverty utilize their resources to meet their own need.

The United States has in general been focused on the financial returns of CSR, which again has driven companies residing in the country to be active in the field, and made USA a leading country when it comes to CSR. It is also a country that is home to many multinational enterprises, who are now not only contributing to the US, but also in a global way.

5.2 UP AND COMING NATIONS

CSR is a relatively new phenomenon in the countries that are placed in this category. However, during the last decades these nations have shown a positive development and are now doing quite well, despite not having a long tradition of CSR. In this category one finds a mix of both developed and developing countries, all of which have great ambition within the field.

5.2.1 NORWAY

Similar to most Europe, the concept of CSR has been around for some while in Norway. However, the topic has become much more discussed and relevant during the last decade. It wasn't until the year 2000 that the term CSR became a household phenomenon in the country.⁷³ Norway was however one of the first countries in the world to draw up a

⁷² Starbucks, ‘2012 Global Responsibility Report: Year in Review’ 3

⁷³ Sissel Trygstad and Haavard Lismoen, ‘Unions and CSR’, *Fafos Council Program 2006-2008* 42

comprehensive policy document regarding CSR. The document: ‘Corporate Social Responsibility in a Global Economy’ was meant to raise awareness regarding CSR, and promote it both in the private and public sectors.⁷⁴ The Norwegian government has great CSR-ambitions for Norway in the future. In the paper presented by the Norwegian Government in 2009, the attempt was made to develop a comprehensive government policy on CSR. The paper is based on the premise that Norwegian companies should be among the best in the world when it comes to the practice of CSR.⁷⁵

Like other countries, Norway has no official definition of the term CSR. The corporation CSR Norway defines CSR as ‘(...) integrating social and environmental concerns as well as economic, in its [the company’s] strategy and daily operations.’⁷⁶

Unlike France and the UK, Norway has no legal provision specifically regarding corporate social responsibility in its *Public Limited Companies Act*.⁷⁷ However, there are certain other pieces of legislation that are relevant. First of all the Norwegian *Accounting Act* that makes it compulsory for companies to report about their corporate responsibility initiatives. Secondly there is the *Pollution Control Act* of 1981, which has as a purpose to protect the outdoor environment against pollution and to reduce existing pollution, reduce the quantity of waste and to promote better waste management.⁷⁸ Thirdly, there is the *Working Environment Act* from 2005⁷⁹, a comprehensive piece of legislation regarding labourers’ rights.

The *Working Environment Act* is very comprehensive, and for this reason only a few select paragraphs have been chosen to illustrate the Norwegian labourers’ rights.

§ 3-1 (1) In order to safeguard the employees’ health, environment and safety, the employer shall ensure that systematic health, environment and safety work is performed at all levels of the undertaking. This shall be carried out in cooperation with the employees and their elected representatives.

§4-1(1) The working environment in the undertaking shall be fully satisfactory when the

⁷⁴ The Norwegian Ministry of Foreign Affairs, *Corporate social responsibility* (no date) <http://www.regjeringen.no/en/dep/ud/selected-topics/csr_en.html?id=621814>

⁷⁵ Norwegian Ministry of Foreign Affairs *Norwegian companies should be among the best at practising CSR* (May 9 2011) <http://www.regjeringen.no/nb/dep/ud/tema/n_samfunnsansvar/norwegian-companies-should-be-among-the-.html?regj_oss=1&id=587989>

⁷⁶ CSR Norway *What is CSR?* (no date) <<http://www.csrnorge.no/Om-CSR-Norge/Hva-er-CSR>>

⁷⁷ The English version of the Norwegian Public Limited Companies Act as translated by the law firm Schjødt.

⁷⁸ The Act of 13 March 1981 No 6 Concerning Protection Against Pollution and Concerning Waste paragraph 1

⁷⁹ The Act of 17 June 2005 No 62 relating to working environment, working hours and employment protection etc. (Working Environment Act)

factors in the working environment that may influence the employees' physical and mental health and welfare are judged separately and collectively. The standard of safety, health and working environment shall be continuously developed and improved in accordance with developments in society.

As the provisions show, Norway has set high standards when it comes to companies and other employers ensuring workers' rights. The provision in paragraph 4-1 also has a dynamic element in 'in accordance with developments in society', that makes it adaptable for the future.

Amongst non-governmental initiatives is the network 'CSR Norway'. Their website csrnorge.no is intended to be a 'nationwide network of business people, organizations, academic institutions and government agencies'. Furthermore it states that its' members 'want to contribute to a more responsible business that takes care of people, society and the environment and ensure sustainable value creation', and that CSR Norway 'aims to be a leading resource for CSR in Norway and a meeting place for all actors involved in CSR.'⁸⁰

There are several companies in Norway that are involved in CSR-practices. Stormberg AS is a small Norwegian retailer that sells hiking clothing and equipment. Its recruiting policy aims to include a broad spectre from the society, and states that 25 % of the company's employees must be people that previously have had difficulty entering the work force. Examples are people with drug problems, previously criminally convicted and the mentally ill.⁸¹ Another Norwegian company that is committed to CSR is one of the world leading producers of newsprint and magazine paper, Norske Skog. The company states that its core values and policies are built on the UN Universal Declaration of Human Rights and the 10 principles of the UN Global Compact.⁸² The company also adheres to the GRI guidelines for sustainability reporting.⁸³

⁸⁰ CSR Norway, '*CSR Norway – network for social responsibility!*' (no date) <www.csrnorge.no>

⁸¹ Stormberg, '*Inclusive workplace*' (no date) <<http://www.stormberg.com/no/om-stormberg/samfunnsansvar/inkluderende-arbeidsliv/>>

⁸² Norske Skog, '*Corporate social responsibility (CSR)*' (no date) <[http://www.norskeskog.com/Responsibility/Corporate-social-responsibility-\(CSR\).aspx](http://www.norskeskog.com/Responsibility/Corporate-social-responsibility-(CSR).aspx)>

⁸³ Norske Skog, '*The Global Reporting Initiative (GRI)*' (no date) (online) <[http://www.norskeskog.com/Responsibility/Corporate-social-responsibility-\(CSR\)/Global-Reporting-Initiative-\(GRI\).aspx](http://www.norskeskog.com/Responsibility/Corporate-social-responsibility-(CSR)/Global-Reporting-Initiative-(GRI).aspx)>

Also, some of the bigger Norwegian corporate law firms have started taking pro-bono cases for immigrants that the company finds to be of principal significance.⁸⁴ The arrangement is a win-win situation for both sides. On the one hand, the asylum seekers are receiving legal aid that might not have been available to them otherwise in terms of finance, and on the other hand the apprentice lawyers receive valuable experience, enabling them to receive their practicing licences quicker.

As can be seen, the Norwegian government has great ambitions for CSR. The country has a promising future within the field, as many companies are becoming more and more involved in the concept of CSR and sustainability, and are using the global guidelines as a template to develop their own CSR-schemes.

5.2.2 AUSTRALIA

From an historical aspect, the idea of corporate social responsibility is a relatively recent phenomenon in Australia. An important turning point came in 1994 with the so-called OK TEDI environmental disaster. Australia's then largest company, BHP, operated a mine called OK Tedi in Papua New Guinea. It was found that the mine had caused a significant environmental and social damage. This riled people in the surrounding communities, as well as the nation as a whole, and was the start of a greater environmental focus amongst companies in the country.

Although there is no clear consensus about what CSR is in Australia⁸⁵, the definition adopted by Standards Australia is widely used in the country. The definition is quite similar to that of the Commission of the European Communities, as it defines CSR as:

'A mechanism for entities to voluntarily integrate social and environmental concerns into their operations and their interaction with their stakeholders, which are over and above the entity's legal responsibilities.'

The Rudd labour government proved to be more interested in the concept of CSR than its predecessor. In 2007, Rudd signed the ratification of the Kyoto Protocol, and organised a new ministry for Climate Change and Water. Furthermore, there have been several government

⁸⁴ Norwegian Association for Asylum Seekers (NOAS), *Anette A. Thommessens Minnefond*, (no date) <<http://www.noas.no/annette-thommessens-minnefond/>>

⁸⁵ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 463

CSR inquiries in Australia during the past decades. However, in Australia like in Germany, the government's policy has been to not legislatively regulate the matter, but rather leave this up to the market forces and to industry self-regulation.⁸⁶ Therefore, there is no section in the *Australian Corporations Act* directly regarding CSR.

There are however many acts of legislation that touch at the key points of CSR. Some of these are *the Racial Discrimination Act* of 1975, *Sex Discrimination Act* of 1984, the *Disability Discrimination Act* of 1992, the *Occupational Health and Safety Act* of 2001, the *Trade Practices Act* of 1984 and the *Environmental Protection and Biodiversity Conservation Act* of 1999.

Among 'soft law' initiatives are the Australian Security Exchange or ASX principles. These function as the Australian code for corporate governance, and provide guidance for responsible corporate governance of companies. There was a consensus among the panellists that the ASX corporate governance code should not be involved in the issue of CSR-reporting.⁸⁷ However, in the revision of the corporate code in 2007, the ASX rules require listed companies to disclose the extent to which they have followed the Recommendations and, if a Recommendation has not been followed, the reasons for not following the Recommendation. In other words, disclosure is on an "if not, why" basis.⁸⁸ This forces the companies to give explanations for deterring from the code, and makes them think twice before not adhering to it.

There are plenty of examples of Australian companies that play an active role in a CSR-perspective, and that have implemented this in their corporate policies. One of these is the ANZ banking group which is one of Australia's and New Zealand's largest banking corporations. The banking group is the leading within its industry, and it was ranked as leader in the banking industry in the Dow Jones Sustainability Index in 2013.⁸⁹ Among their CSR-focuses are sustainable development, diversity and inclusion and financial inclusion and capability.⁹⁰ According to their goals as listed on the company website, one of the company

⁸⁶ Ibid 466

⁸⁷ Australian Institute of Company Directors, *ASX Corporate Governance Principles* (1 February 2007) <<http://www.companydirectors.com.au/Director-Resource-Centre/Publications/Company-Director-magazine/2000-to-2009-back-editions/2007/February/ASX-Corporate-Governance-Principles>>

⁸⁸ World Federation of Exchanges, *Raising ESG awareness and standards among listed companies*' (no date) <<http://www.world-exchanges.org/sustainability/m-3-0.php>>

⁸⁹ Dow Jones Sustainability Indices, *Industry Group Leaders 2013* (no date) <<http://www.sustainability-indices.com/review/industry-group-leaders-2013.jsp>>

⁹⁰ ANZ, *Corporate Responsibility – Our framework*' (no date) <<http://www.anz.com/about%2Dus/corporate%2Dresponsibility/framework/>>

aims is achieving gender balance and diversity in recruitment, talent development and leadership programmes, as well as building a culturally diverse workforce. In 2007, the Abilities Employment program was launched, in an attempt to lift employment of people with self-disclosed disability.⁹¹

BHP Billiton is an Australian mining company that is involved in CSR and sustainability not only in Australia, but worldwide. The company's 2013 sustainability report shows that the company is successfully building new relationships within the mining industry in Chile, enabling suppliers to expand and grow into knowledge-intensive businesses.⁹² Furthermore, the report explains that the company is focused on improving their energy and greenhouse gas management, in light of the recent decades climate change.⁹³

Another major player in the CSR-field in Australia is the food supplier Woolworths Ltd. The corporation was ranked number one in the Food & Staples Retailing industry group in the Dow Jones Sustainability Index.⁹⁴ In its 2012 annual CSR-report, the Woolworths group could report a 25,6 % reduction in carbon emissions per carton delivered, as well as preventing 8,390 tonnes of food from going to the landfill through donations to food relief organisations, as well as diverting food waste to composting and energy generation.⁹⁵ Furthermore, the company is involved in preventative measures to ensure responsible gambling and the promotion of responsible consumption of alcohol.⁹⁶

Even though Australia is not among the countries that have a long standing history in CSR, the development in the country has gone quickly since the concept entered the corporate world. By the looks of it, CSR has come to stay in Australia, and companies are thriving in their CSR efforts and doing well also on an international scale.

⁹¹ ANZ, 'Corporate Responsibility - Diversity and Inclusion; (no date) <<http://www.anz.com/about%2Dus/corporate%2Dresponsibility/framework/diversity%2Dinclusion/>>

⁹² BHP Billiton Ltd, 'Sustainability Report 2013' (25 September 2013) 41

⁹³ Ibid

⁹⁴ Dow Jones Sustainability Indices, *Industry Group Leaders 2013* (no date) <<http://www.sustainability-indices.com/review/industry-group-leaders-2013.jsp>>

⁹⁵ Woolworths Ltd, 'Corporate Responsibility Report 2012' 1

⁹⁶ Woolworths Ltd, 'Corporate Responsibility Report 2012' 15

5.2.3 BRAZIL

To understand CSR in Brazil, it is important to take notice of the fact that the varying living standards and socioeconomic background have greatly impacted the overall CSR-work that is being done. When it comes to the definition of CSR in Brazil, there is, as in the rest of the world, no unison definition. What can however be said is that that CSR used to be viewed in a more philanthropic sense, where CSR was basically viewed as companies giving charitable donations. This is however changing, as the view of CSR is moving away from this, as it is in the rest of the world. Similar to other developing countries however, the CSR-efforts tend to be more based around the essential needs in the community, as these often are many.

The debate regarding CSR started in Brazil in the early 1960's, and escalated in the 1970's. At first, the concept was introduced by business firms who began to organize around CSR.⁹⁷ The first business organization to address the area of corporate social responsibility in Brazil was the associação de dirigentes cristãos de empresas do Brasil (ADCE-Brasil), a branch of the International Christian Union of Business Executives (UNIA- PAC). Numerous such organizations were funded in Brazil in the 1980's. By this time the topic of corporate social responsibility was regarded as part of quality of life in the workplace and part of the general corporate ethics.⁹⁸ In the 1992 Earth Summit in Rio de Janeiro, Brazil, there was an organisation of the principles of sustainable development. Amongst other things, this provided a stage for non-governmental organizations.⁹⁹ Since this time, the concept of CSR has steadily grown within the country.

Regarding today's situation, the following years will be an important for Brazil in many ways. The country is set to be the host of the 2014 FIFA World Cup, which is expected to bring 600 000 international visitors to the country, and bring around 6.6 billion pounds into the Brazilian economy.¹⁰⁰ Also, Brazil is hosting the 2016 Olympic summer games. These two major sporting events will be highly relevant for the future and development of CSR in the country.

⁹⁷ Margaret Ann Griesse, 'The Geographic, Political, and Economic Context for Corporate Social Responsibility in Brazil' (2007) 73 (1) *Journal of Business Ethics* 21, 31

⁹⁸ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 312

⁹⁹ Above 32

¹⁰⁰ Kevin Roberts, Ruti Smithline and Duncan Grieve, 'Brazil: The Brazilian Clean Companies Act – What You Need To Know (Morrison & Foerster LLP), *Mondaq* (online) 11 December 2013 <<http://www.mondaq.com/x/280400/Corporate+Commercial+Law/The+Brazilian+Clean+Companies+Act+What+You+Need+To+Know>>

As found by *Smith and Westerbeek (2004)*, ‘the mobilisation of sport as a vehicle for contributing to corporate efforts toward social responsibility can be seen as a distinct opportunity for both organisations in charge of sport and those that seek to use sports in their efforts to make contributions to communities’.¹⁰¹ It was found that sport, more so than other potential vehicles, possesses qualities that make it ‘a powerful force in effecting positive social contributions.’¹⁰² As pointed out, the IOC and FIFA will have to face a unique set of challenges similar to that of the multinational corporations, when it comes to being watched by media, demands regarding transparency and accountability.¹⁰³

The FIFA World-Cup and the 2016 Olympic summer games will therefore have a huge potential for expanding the ongoing CSR-work in the country. It has however come at a price, with the slums of Brazil experiencing what is called as a ‘social cleansing’, with slum dwellers being driven out of the city and at least 19,000 families being moved to make ways for roads, renovation of stadiums and athlete’s villages.¹⁰⁴ From this perspective, the increase in CSR efforts is much anticipated and needed in the country.

There is no specific CSR-legislation in Brazil, but a new and interesting development is the new anti-corruption law that has been passed in the country. On January 29th of this year, the *Brazilian Clean Companies Act* entered into force. The act has as a purpose to discourage and counteract what has been a very prominent problem in Brazil: corruption, and addresses both bribery of foreign government officials by Brazilian companies, as well as bribery of local officials by any company.¹⁰⁵ Violation of the act can result in civil fines up to 20 % of the company’s gross billings,¹⁰⁶ and speaks to the government’s seriousness of cracking down on corruption.

When it comes to examples, the banking corporation Itau SA was ranked as number 1 within the financial services sector in the Dow Jones Sustainability Index in 2012.¹⁰⁷ Last year, the

¹⁰¹ Aaron C.T Smith and Hans M. Westerbeek, ‘Sport as a Vehicle for Deploying Corporate Social Responsibility’ (2007) 25 *Journal of Corporate Citizenship* 43, 44

¹⁰² Ibid

¹⁰³ Ibid 49

¹⁰⁴ Owen Gibson and Jonathan Watts, ‘World Cup: Rio favelas being ‘socially cleansed’ in runup to sporting events’ *The Guardian* (online) 6 December 2013 <<http://www.theguardian.com/world/2013/dec/05/world-cup-favelas-socially-cleansed-olympics>>

¹⁰⁵ Timothy W. Blakely et al ‘Brazils New Clean Companies Act Continues Global Fight Against Corruption’, *Morrison Foerster Client Alert* (online) 6 August 2013 <<http://www.mofo.com/files/Uploads/Images/130806-Brazils-New-Clean-Companies-Act.pdf>>

¹⁰⁶ Ibid

¹⁰⁷ Dow Jones Sustainability Index, *2012 Review Results* (no date) <http://www.sustainability-indices.com/images/review-presentation-2012_tcm1071-343085.pdf>

bank announced that it will be expanding access to loans for low income entrepreneurs, making it possible for around 100,000 small scale entrepreneurs located in Brazil to gain access to 167 million USD. This was done as a commitment to the Business Call to Action, which is a global initiative that aims to encourage the private sector to fight poverty.¹⁰⁸

From being concentrated around a philanthropic approach, corporate efforts in Brazil have shifted their focus to activities that can be shown to have more sustainable effects.¹⁰⁹ This may be one of the reasons for why Brazil is regarded as a leader in the CSR-field in South-America, and is an up-and coming CSR nation in a global perspective.

5.2.4 THE PEOPLES REPUBLIC OF CHINA

In the course of the last decades, China has assumed the position as the second largest economy in the world.¹¹⁰ The country has experienced an average economic growth of around 10 percent per year since the “Open Door”-policy was launched in 1978.¹¹¹ Due to this vast and quick growth, the global attention is directed towards the up and coming superpower. In the 1980’s, many multinational corporations and foreign firms began to establish offices and factories in China. This was either in preparation for the potentially huge market or to try to benefit from the cheap labour costs.¹¹² This has raised discussions of the social conditions of the workers in China,¹¹³ and according the International Labour Organisation, many migrant workers in the country are denied important rights and risk being exploited.¹¹⁴

The shocking revealing of unfair labour practices such as use of child labour, employees working 16 hour days and workers making less than minimum wage in factories supplying

¹⁰⁸ Business Call to Action, ‘Brazil’s Itau Bank to Expand Access to Loans for Low-Income Entrepreneurs’ CSR Wire (February 29 2013) <http://www.csrwire.com/press_releases/35280-Brazil-s-Ita-Bank-to-Expand-Access-to-Loans-for-Low-Income-Entrepreneurs>

¹⁰⁹ CSR WeltWeit ‘Brazil – The role of CSR’ (online) no date <<http://www.csr-weltweit.de/en/laenderprofile/profil/brasilien/index.html>>

¹¹⁰ CNN Money, *World’s largest economies* (2013) http://money.cnn.com/news/economy/world_economies_gdp/

¹¹¹ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 183

¹¹² Law for foreign business and investment in China, Vai Io Lo and Xiaowen Tian Page 227

¹¹³ Karin Buhmann, ‘Corporate Social Responsibility in China: Current Issues and Their Relevance for Implementation of Law’ (2005) 22 *The Copenhagen Journal of Asian Studies* 62.

¹¹⁴ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 187

big brands like Nike, Reebok, Wal-Mart, Dell and Disney riled the global society.¹¹⁵ The discovery of these practices led to the companies changing their ways. For example, Nike has since the incidents been forced to alter its outsourcing practices and develop strict CSR policies. It has implemented a strategic approach to social responsibility, where it includes dedicated personnel, supply chain codes of conduct and a policy of public transparency.¹¹⁶ As a matter of fact, most of the CSR initiatives that are happening in China are being done by the leading multinational Western brands sourcing from supply chains within the country,¹¹⁷ and the motivation behind these initiatives can be said to be the desire to protect their image and reputation.¹¹⁸

Furthermore, the heavy effect of the massive increase in production that has found place in the country and the strain this is taking on the environment. This has been brought into the public light, and has pushed the government to actively promote CSR within Chinese companies, and seen the need for environmental initiatives.¹¹⁹ Due to this as well as tremendous pressure from the rest of the global society, the government has been actively working to try to increase the companies' engagement in CSR-activities, in an attempt to save face.¹²⁰ In 2005, the National People's Congress changed the government's Harmonious Society policy from focusing on economic growth to societal balance and harmony.¹²¹ This, in addition to the attention that has been put towards China, has again resulted in CSR becoming more and more important for the companies that operate from the country.¹²² In January 2007, the National People's Congress Standing Committee Vice Chair Cheng Siwei made the statement that those who believe that "money overrides morality can no longer be tolerated in China."¹²³

¹¹⁵ David Barboza 'In Chinese factories, lost fingers and low at pay' New York Times (online) 5 January 2008 <<http://www.nytimes.com/2008/01/05/business/worldbusiness/05sweatshop.html?scp=1&sq=In%20Chinese%20factories>>

¹¹⁶ Aaron C T Smith and Hans M Westerbeek 'Sport as a Vehicle for Deploying Corporate Social Responsibility' (2007) 25 *The Journal of Corporate Citizenship* 48

¹¹⁷ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 194

¹¹⁸ Ibid 197

¹¹⁹ Johan Graafland and Lei Zhang, 'Corporate Social Responsibility in China: implementation and challenges' (2014) 23(1) *Business Ethics: A European Review* 34

¹²⁰ Joseph Sarkis, Na Ni and Qinghua Zu, 'Winds of Change: Corporate Social Responsibility in China' (2011) Ivey Business Journal (online) <<http://iveybusinessjournal.com/topics/social-responsibility/winds-of-change-corporate-social-responsibility-in-china#.UyE1XhYz5BE>>

¹²¹ Ibid

¹²² Johan Graafland and Lei Zhang, 'Corporate Social Responsibility in China: implementation and challenges' (2014) 23(1) *Business Ethics: A European Review* 34

¹²³ Michael A Levine, 'China's CSR Expectations Mature' (2008) 35(6) *The China Business Review* 50, 51

Although CSR is on the rise in China, implementing sustainable measures and making the initiatives effective is however still a significant challenge.¹²⁴ There are economic, social and environmental issues that continue to make the process difficult. More so than in Europe and the US, CSR in China is viewed to be more about reaching local legislative requirements,¹²⁵ and many Chinese companies still associate corporate social responsibility with philanthropic initiatives.¹²⁶

When it comes to the country's legislation, there is no concrete mention of CSR. One can however find certain references to CSR in the *Companies Law of the Peoples' Republic of China*¹²⁷ especially in article 5.

Furthermore, according to article 5:

'In its operational activities, a company shall abide by laws and administrative regulations, observe social morals and commercial ethics, persist in honesty and good faith, accept supervision by the government and the public, and assume social responsibility. The legitimate rights and interests of companies shall be protected by law, and shall be inviolable.'

Regarding this article, it is easier to see a direct link to the thought of companies' social responsibility, in the word of "*social morals and commercial ethics*" as well as assuming social responsibility. In this way, the legislation obliges the companies to take into account the effects of their operations, and take into account commercial ethics. The amendment of this provision was a direct result of the NCP policy change in 2005.¹²⁸

There has also been a comprehensive reform of China's *Labour Contract Law*¹²⁹, in an attempt to improve the workers' rights.¹³⁰ Some of the improvements that were made were amongst other things to make sure workers are paid on time, cracking down on forced labour,

¹²⁴ Johan Graafland and Lei Zhang, 'Corporate Social Responsibility in China: implementation and challenges' (2014) 23(1) *Business Ethics: A European Review* 34

¹²⁵ Johan Graafland and Lei Zhang, 'Corporate Social Responsibility in China: implementation and challenges' (2014) 23(1) *Business Ethics: A European Review* 43

¹²⁶ Ibid 35

¹²⁷ Companies Law of the Peoples' republic of China 2007

¹²⁸ Joseph Sarkis, Na Ni and Qinghua Zu, 'Winds of Change: Corporate Social Responsibility in China' *Ivey Business Journal* (online) 2011 < <http://iveybusinessjournal.com/topics/social-responsibility/winds-of-change-corporate-social-responsibility-in-china#.UyE1XhYz5BE>>

¹²⁹ Labour Contract Law of the People's Republic of China 2008

¹³⁰ Joseph Kahn and David Barboza, 'China Passes a Sweeping Labor Law', *The New York Times* (online) 30 June 2007

<http://www.nytimes.com/2007/06/30/business/worldbusiness/30chlabor.html?pagewanted=all&_r=0>

enforcing minimum contracts, closer regulation of part time work as well as reducing casualization.

There are also other important governmental initiatives promoting CSR aside from the relevant legislation. Six provincial level governments sponsor CSR award programs. Shanghai, Shandong and Zhejiang provinces have issued formal policy statements in which they publicly endorse CSR goals, and encourage companies to implement responsible business practices.¹³¹

Another important factor in the Chinese CSR-context is the stock exchange involvement. Both the SSE Shenzhen Stock Exchange (SSE) and the Shanghai Exchange have taken steps to highlight the importance of CSR. The difference between the guidelines is that the SSE encourages business to conduct themselves in accordance with the recommended principles, when some of the Shanghai guidelines seem to require compliance.¹³² There has also been a significant growth in the number of NOG's in the country since the opening up of the economy in 1978.¹³³

An example of a Chinese company that is contributing in a positive way to the CSR-efforts being done in the country is the telecommunications company China Telecom. They are involved in a number of projects, such as upgrading network band-width in schools and non-profit organisations in poverty areas, and speeding up the construction of service outlets in rural outlets as to bridge the digital divide between cities and the countryside. Also, the corporation established the concept of Low Carbon Telecommunications and environmentally friendly development, by further promoting energy saving and emission reduction in the areas where they operate. In 2012 green systems were adopted and taken, and the company has taken steps to prevent electromagnetic radiation pollution as to protect the environment and public health.¹³⁴ The company is also involved in the development of science, technology, education, culture, sports and health in the communities that it operates, through various firms of voluntary service activities.

¹³¹ Virginia Harper Ho 'Beyond Regulation: A Comparative Look at State-Centric Corporate Social Responsibility and the Law in China' (2013) 46 *Vanderbilt Journal of Transnational Law* 375, 409

¹³² Michael A Levine, 'China's CSR Expectations Mature' (2008) 35(6) *The China Business Review* 50, 51

¹³³ Joseph Sarkis, Na Ni and Qinghua Zu, 'Winds of Change: Corporate Social Responsibility in China' *Ivey Business Journal* (online) 2011 <<http://iveybusinessjournal.com/topics/social-responsibility/winds-of-change-corporate-social-responsibility-in-china#.UyE1XhYz5BE>>

¹³⁴ China Telecom, *Corporate Social Responsibility* (no date) <<http://www.chinatelecom-h.com/en/company/csr.php>>

Although the country is experiencing several environmental and social issues due to companies previously not taking responsibilities for its actions, it seems as though there has been a major shift in the attitude in China, and the government, companies and other forces are driving the country towards being a more CSR-aware nation.

5.2.5 INDIA

In India, the concept of businesses assuming social responsibility has been practiced for a significant amount of time. The helping of those who are less fortunate, poor and disadvantaged can be found in ancient literature.¹³⁵ The CSR-phenomenon in India started, as in most other countries, with charity and philanthropic thinking as the main drivers. From the 1980's and until now, globalization and economic liberalisation has had a great impact on how CSR is implemented and practiced in India.

Since the year 2000, the phenomenon of CSR has made a mark in the business world. In 2009, the government made it mandatory for all public sector oil companies to spend 2 percent of the net profits on CSR.¹³⁶ Due to the massive criticism the proposal faced however, the government retracted it and made the spending voluntary.¹³⁷

Another government based initiative that has lasted is the addition to the *Companies Bill*¹³⁸ of 2011. According to section 135 (1):

Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

According to the legislation, corporations that reach a certain level of profit are legislatively bound to develop a CSR committee of the board. This will in time result in companies of a certain size being required to taking a stand to CSR. The closer management and tasks of the committee is however up to the corporation itself, and the legislation is therefore no

¹³⁵A. Jayakumar, G. Anbalagan and L. Kannan 'CSR in India – A vision for the future' (2012) 2 (2) *The Business & Management Review* 94, 99

¹³⁶ Ibid

¹³⁷ Wharton University of Pennsylvania, *Corporate Social Responsibility in India: No Definition, but Plenty of Debate* (2 August 2011) <<https://knowledge.wharton.upenn.edu/article/corporate-social-responsibility-in-india-no-clear-definition-but-plenty-of-debate/>>

¹³⁸ India Companies Bill 2011

guarantee that the companies implement concrete measures. It is however, a step in the right direction, and is a piece of legislation that is unique to India.

The government has also been involved in other CSR-initiatives. In 2009, India's ministry of Corporate Affairs issued the voluntary Guidelines for Social Responsibility, in an attempt to encourage Indian corporations to improve their CSR efforts.¹³⁹ Another driving force is the stock exchange involvement in the country. The National Stock Exchange of India (NSE) contributes through emphasising investor and listed company education on the subject matter of CSR.¹⁴⁰

A good example of a CSR-forward corporation operating in India is the Tata Group. The Tata Group operates more than 80 companies, has around 200 000 thousand employees in India, making it the nations' largest private employer.¹⁴¹ The Tata-group has a long standing history in CSR, and already in 1892 the founder Mr. Jamshedji Tata granted scholarships to further studies aboard, as well as supporting Gandhiji's campaign for racial equality in South Africa. Tata group has also given India its first science center and atomic research center.¹⁴² The organization is furthermore involved in self-help groups, supporting of social welfare organizations and healthcare Projects and economic empowerment, as well as pollution control.¹⁴³

Another CSR-forward company is the Indian Oil Corporation. According to their website, the company sets aside a fixed portion of its profits to go towards a comprehensive community welfare and development program. This program undertakes activities such as providing clean drinking water and health and medical care. Furthermore, the corporation has started the Indian Oil Foundation, a non-profit trust formed in 2000 with an aim to protect, preserve and promote national heritage monuments in collaboration with the Archaeological Survey of India and the National Culture Fund of the Government of India.¹⁴⁴

¹³⁹ The Hauser Center for Nonprofit Organizations at Harvard University, *Current Corporate Social Responsibility Disclosure Efforts by National Governments and Stock Exchanges* (no date) <<http://www.stakeholderforum.org/fileadmin/files/Government%20disclosure%20efforts.pdf>>

¹⁴⁰ Research & Corporate Development Department 'Initiatives in Promoting Corporate Social Responsibility in the Marketplace by HKE and Overseas Exchanges' (2011) *Exchange 27*

¹⁴¹ Amit Kumar Srivastava et al, 'Corporate Social Responsibility: A Case Study of TATA Group' (2012) 3(5) *IOSR Journal of Business Management* 17, 20.

¹⁴² Ibid

¹⁴³ Ibid, 21-22.

¹⁴⁴ Indian Oil Corporation Ltd, *Corporate Social Responsibility* (no date) <<https://www.iocl.com/Aboutus/corporatesocialresponsibility.aspx>>

Although not all attempts have been successful, the Indian government has shown great determination in integrating CSR into Indian business models, and CSR in India is certainly on the rise. The compulsory CSR-committee is unique for the country and it remains to be seen whether it will inspire other countries as well.

5.3 STRUGGLING NATIONS

The following countries are placed into this category due to a short standing history within CSR, and are having somewhat starting difficulties. Many of the countries in this category are still basing CSR on philanthropy instead of more sustainable practices. However, the developing countries have despite their difficult starting point shown an eagerness to incorporate CSR into the corporate culture.

5.3.1 CHILE

Compared to Brazil, Chile is a relatively new player in the CSR-field, and the phenomenon of CSR was first taken seriously in the year 2000.¹⁴⁵ However, it must be said that many corporations in Chile were taking CSR-type actions for years before this time, although these were not thought to of as CSR-measures at the time. They were however fragmented in their implementation¹⁴⁶, and cannot be compared to the CSR-steps that are taken in the country today.

In their studies, *Beckman et al (2009)* found that although there are few firms in Chile that have a full and well-rounded CSR program, CSR is clearly taking hold in the country.¹⁴⁷ They also found that the main drivers behind the CSR initiatives were not consumers or the government, but the private sector with support from domestic and international Non-Governmental Organizations.¹⁴⁸ In general, Beckman et al found that CSR in Chile was more driven by the business sector and the NGO's rather than the consumers. The lack of this support here and from the government was found to be a reason for domestic firms having

¹⁴⁵ Terry Beckman, Alison Colwell, Peggy H Cunningham, 'The Emergence of Corporate Social Responsibility in Chile: The Importance of Authenticity and Social Networks' (2009) 86 (2) *Journal of Business Ethics* 191, 192

¹⁴⁶ Ibid 194

¹⁴⁷ Ibid

¹⁴⁸ Ibid 202

difficulties getting into CSR in Chile.¹⁴⁹ Also, it was found that Chile has been influenced in a positive way, adopting CSR norms and values from foreign firms and the markets¹⁵⁰As in Germany and the US, the government does not play a very active role when it comes to the CSR-efforts in the country. Not surprisingly, there is no legislation specifically regulating the matter or requiring that corporations are involved in CSR.

Another similarity Chile has with Germany and USA, is that the companies themselves play an important role in the driving of CSR in the country. An industry that has proved to be very pro-active in Chile when it comes to CSR is the mining industry. The reasons for this are first of all due to the nature of their operations, as the mining industry has large implications for workers and the environment should anything go wrong. Secondly, there are many foreign investors in the field who are concerned about respecting the international CSR-standards.¹⁵¹

In terms of other initiatives, the Social Responsibility awards were first hosted by SOFOFA (Chilean Federation Industry) in 1997.¹⁵² Similar to the countries where the stock exchanges have implemented sustainability indexes, awards and rankings of this nature is a clever way to showcase and premiere the firms that have made efforts within CSR and sustainability work.

The mining corporation BHP Billiton has operations in Chile regarding to the copper business, and has been one of the forerunners of CSR in the country. The multinational enterprise has designed the Cluster Program for the Development of World-Class Suppliers in order to develop new solutions to the environmental and operational challenges that the Chilean operations.¹⁵³ Also, the operation called the Five Rivers Conservation Project has been started in Chile, in an attempt to enhance biodiversity and contributing to conservation.

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¹⁴⁹ Terry Beckman, Alison Colwell, Peggy H Cunningham, 'The Emergence of Corporate Social Responsibility in Chile: The Importance of Authenticity and Social Networks' (2009) 86 (2) *Journal of Business Ethics* 191, 204

¹⁵⁰ Ibid

¹⁵¹ The United Nations, 'Corporate Social Responsibility in Latin America - A collection of research papers from the virtual institute network', (2010) 10

¹⁵² Federation of Chilean Industry *SOFOFA – Chilean Federation of Industry* (1 March 2005) <<http://www.sofofa.cl/english/sofofa2004.htm#7>>

¹⁵³ BHP Billiton Ltd, '2013 Annual Report' 9

¹⁵⁴ BHP Billiton Ltd, '2013 Annual Report' 55

Chile, as a developing country, is new in the CSR-field. There is a certain lacking in the governmental support of the notion, but the companies themselves are doing a significant effort, with some help from the overseas sister companies.

5.3.2 SOUTH AFRICA

South Africa has had a very difficult and complex history that affects the practice and implementation of CSR, and the country was struggling for a long time due to the Apartheid regime. On the other hand, the regime led to many human rights initiatives, which can be said to be the start of the CSR efforts in the country.¹⁵⁵

In the time of the Apartheid, some South African companies tried to better some of the worst sides of the state, as well as playing an important role in the transition to democracy.¹⁵⁶ In an attempt to stabilize the unstable conditions, multiple corporations led by the leader of Anglo American Mining and Rembrandt formed the Urban Foundation. At one point, the foundation had 350 members, and was raising large sums of money which was implemented and funded towards several development and education projects.¹⁵⁷ Following this, many private sector efforts emerged in the 1980's and 1990's.

The term CSR was formally raised in 1972, and the term was prominent in many debates at the end of the 1970's, relating to the question of whether or not foreign multinational corporations should disinvest from South Africa in connection with the apartheid system.¹⁵⁸ When it comes to definition of the term, the dominant interpretation of CSR in South Africa was that it meant corporate social investment, a South African term which usually means corporate social or community relations.¹⁵⁹

When it comes to the legislation, the new *South African Companies Act*¹⁶⁰ does not say anything explicitly about CSR. However, the *Black Economic Empowerment Act* obliges all South-African based companies to consider all stakeholders when executing internal and external operations. This in an attempt to redress the wrongs of the past, but also meant as a

¹⁵⁵ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 435

¹⁵⁶ Ibid 436

¹⁵⁷ Ibid

¹⁵⁸ Ibid 437

¹⁵⁹ Ibid 438 and Chris Skinner, 'Corporate social Responsibility in South Africa: emerging trends' (2008) 3 (3) *Society and Business Review* 239, 241

¹⁶⁰ South Africa Companies Act 2008

growth strategy aiming to realise the country's full economic potential, as well as bringing the black majority into the economic mainstream.¹⁶¹

Companies like the mining corporation BHP Billiton were some of the first to include CSR-aspects in its narratives. Although, such large multinational companies are the most dynamic in the CSR-field in South Africa, more and more companies of varying size are beginning to engage in CSR-efforts.¹⁶² Amongst other companies, the German pharmaceutical corporation Bayer is active in the field of CSR in South-Africa. The companies employees in the country has assisted schools with the establishment of food gardens, and donated school uniforms to the Manager Care Centre which is home to more than 250 displaced people. The company is also involved in sustainability work in South-Africa, and created a programme in the country that was based on the Bayer Policy on Climate Change. The key principle of the program was to harmonise commercial success with environmental protection and the needs of society.¹⁶³

As already mentioned, the BMW group is active in its home country of Germany. However, the company is also doing great efforts in other countries. It clearly states that the emphasis and motives of the CSR work is not on the charity, and more on contributing to sustainable development and helping the local community. One of the measures is BMW SEED, which is a school environmental educational development programme. It was started in the 90's with eight schools in Garankuwa, Soshangvue and Mabopane. The learners and communities are taught to till the soil, look after the environment and to keep the environment clean.¹⁶⁴ In 1995 the corporation developed a partnership with the SOS Childrens Village in Mamelodi, Pretoria, in an attempt to help protect orphaned and vulnerable children. The company also has a long standing relationship with the NGO Youth Development Trust in South Africa.¹⁶⁵

South Africa has a very difficult socioeconomic background, a factor which has affected the growth of CSR in the country. The country's traumatic history has made it necessary for measures to eradicate the economic and social inequalities. Many of these

¹⁶¹ South African Info reporter, *Black economic empowerment* (19 April 2013) <<http://www.southafrica.info/business/trends/empowerment/bee.htm>>

¹⁶² Michaela Flores-Araoz for Consultancy Africa, *Corporate Social Responsibility in South Africa: More than a nice intention* (2 September 2011)

<http://www.consultancyafrica.com/index.php?option=com_content&view=article&id=835:corporate-social-responsibility-in-south-africa-more-than-a-nice-intention&catid=82:african-industry-a-business&Itemid=266>

¹⁶³ 'Corporate Social Responsibility in South Africa – As practiced by South African and German companies' (no date) *Southern African German Chamber of Commerce and Industry* 21

¹⁶⁴ Ibid 34

¹⁶⁵ Ibid 25

initiatives are undertaken by businesses operating in the country, often multinational enterprises.

5.3.3 INDONESIA

Indonesia is a developing country, which naturally effects how far it has come in regards to companies CSR-practices. Like Malaysia, the topic is relatively new, that wasn't introduced until around 2001.¹⁶⁶ The approach towards CSR is therefore still a philanthropic one, where donations and charity are common. The country is struggling more with implementation of more sustainable measures.¹⁶⁷

The government in Indonesia has however made an effort to motivate the companies operating in the country. The country has a highly interesting provision regarding companies' responsibilities in its *Limited Liability Company Act*.¹⁶⁸

Article 74 states that:

(1) Companies doing business in the field of and/or in relation to natural resources must put into practice Environmental and Social Responsibility.

(2) The Environmental and Social Responsibility contemplated in paragraph (1) constitutes an obligation of the Company which shall be budgeted for and calculated as a cost of the Company performance of which shall be with due attention to decency and fairness.

(3) Companies who do not put their obligation into practice as contemplated in paragraph (1) shall be liable to sanctions in accordance with the provisions of legislative regulations.

As opposed to many of the other countries that are examined in this paper, Indonesia has a piece of legislation directly linked to the practice of CSR, and furthermore a legislation that obliges the companies dealing with natural resources, to practice environmental and social responsibility. The government has also put power behind its words, as it in paragraph 3 decides that companies who do not adhere to the rule, are liable for sanctions. The legislation is therefore something more than a symbolic policy statement, but has the potential to be quite effective in the aim of making companies more aware of their actions and responsible

¹⁶⁶ Herni Frilia Hastuti, *Indonesia and its Corporate Social Responsibility* (no date)
<<http://www.env.go.jp/earth/coop/eco-csrjapan/en/indonesia.html>>

¹⁶⁷ Ibid

¹⁶⁸ Indonesia Limited Liability Company Act 2007

for their operations. The fact that there are enforceable sanctions tied to the duties of the corporations is something that will help effectively promote CSR-initiatives and sustainable approaches within the companies that operate in Indonesia.

The Indonesian stock exchange, Bursa Efek Indonesia, is also important to mention in this context. In 2009, the Indonesian Biodiversity Foundation KEHATI and IDX launched the Indonesian Stock Exchange KEHATI-SRI Index, in an attempt to keep track of the performance of Indonesian corporations that implemented sustainable business practices.¹⁶⁹

When it comes to examples, Chevron, one of the worlds' largest oil and energy corporations, is one of the companies making an impact in Indonesia. Amongst other things, Chevron has worked with communities to support disaster relief and rehabilitation, supporting health services and environmental conservation as well as being involved in small business and enterprise development. After the 2004 Indian Ocean tsunami, and started the Chevron Aceh Recovery Initiative which included development of a vocational institute and reconstruction and rehabilitation agency.¹⁷⁰

Indonesia is having some difficulties integrating and implementing sustainable CSR efforts, and CSR in Indonesia is still focused around philanthropy. However, the country shows an eagerness to catch up with the rest of the world, and has passed a piece of legislation that is unique and has the potential to be a powerful tool.

5.3.4 MALAYSIA

The idea of corporate social responsibility is a fairly new phenomenon in Malaysia. Being a developing country, CSR is still in its beginning phase, as with Indonesia. As for the rest of the world, there is no explicit and precise definition of CSR in Malaysia. From 2006, the Malaysian Government required all Public Listed Companies to disclose their CSR activities.¹⁷¹ This happened through the Prime Ministers budget speech on the 1st of

¹⁶⁹ The Hauser Center for Nonprofit Organizations at Harvard University, 'Current Corporate Social Responsibility Disclosure Efforts by National Governments and Stock Exchanges' (no date) <<http://www.stakeholderforum.org/fileadmin/files/Government%20disclosure%20efforts.pdf>> 9

¹⁷⁰ US Chamber of Commerce, 'Strengthening Indonesia's Competitiveness: Business' Investments in Sustainability, CSR and Inclusive Growth' (June 25 2013)

¹⁷¹ Zarina Nalla, 'Corporate Social Responsibility (CSR) in Malaysia with Reference to the Maqasid' (2011) 2 (2) *Islam and Civilisational Renewal* 384, 386

September, where he announced that it would be mandatory for all listed companies in the country to report any CSR practices in the annual reports.¹⁷²

The development is therefore going the right way, and a number of companies are now practising CSR in Malaysia.¹⁷³ Companies in the country reconsidering their objectives is amongst other things due to the oil crisis, environmental degradation, human rights, labour issues and natural disasters.¹⁷⁴ As with Indonesia, the practices are however mostly concentrated on corporate philanthropy.¹⁷⁵ The motivation behind Malaysian corporations to give donations and participate in community work has been found to be, Apart from genuine concern for the community, accountability and ‘feeling good’, indirect government pressure.¹⁷⁶

For the past ten years, awards for good practices in the CSR area have been given out in an attempt to raise awareness around CSR and sustainability. Some of these are the Prime Minister’s CSR Award, ACCA Malaysia Sustainability Reporting Awards, Ansted Social Responsibility Award and the StarBiz-ICR Malaysia CR Awards.¹⁷⁷

Malaysia is an Islamic country, and one can ask whether or not the country’s religion has an impact on the aspect and take on CSR. It has been claimed that organised religion has played an important role in the development of personal values and behaviour, which again influences business.¹⁷⁸ In a study conducted by *Williams and Zinkin (2010)*, it was found that ‘*not only is Islam fully in accordance with the CSR agenda as codified in the UN Global Compact, but it goes further in ways that could potentially lead to a better understanding between Islam and the West.*’¹⁷⁹

When it comes to legislation, Malaysia has chosen to not have a provision specifically regarding CSR. However, the *Environmental Quality Act of 1974* is of interest in this regard. It is considered to be the most comprehensive piece of legislation announced to deal with

¹⁷² Kajian Malaysia, ‘Empowering Society for Better Corporate Social Responsibility (CSR): The Case of Malaysia (2013) 31(1) *Journal of Malaysian Studies* 57, 60

¹⁷³ Ibid 59

¹⁷⁴ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 207

¹⁷⁵ Above 61

¹⁷⁶ S O Idowu and L F Walters, *Global Practices of Corporate Social Responsibility* (Springer, 1st ed, 2009) 207

¹⁷⁷ CSR WeltWeit Bertelsmann Stiftung *Malaysia – The Role of CSR* (2012) <<http://www.csr-weltweit.de/en/laenderprofile/profil/malaysia/>>

¹⁷⁸ Geoffrey Williams and John Zinkin ‘Islam and CSR: A study of the Compatibility Between the Tenets of Islam and the UN Global Compact’ (2010) 91 (4) *Journal of Business Ethics* 519

¹⁷⁹ Ibid 520

environmental protection and pollution control.¹⁸⁰ The Malaysian code of corporate governance is also an important tool. The Code was updated in 2012, and in the foreword of the code it is said that ‘Boards and management must be mindful of their duty to direct their efforts and resources towards the best interest of the company and its shareholders while ensuring that the interests of other stakeholders are not compromised.’¹⁸¹ Furthermore, in the commentary it is stated that the board should formalise the company’s strategy on promoting sustainability, and that ‘attention should be given to environmental, social and governance (ESG) aspects of business which underpin sustainability.’¹⁸²

The stock exchange is an important driving force for CSR in Malaysia. In September 2006, the Malaysian Stock Exchange Bursa Malaysia began publishing CSR guidance for companies, as well as sponsorships of prestigious annual awards for CSR reporting. Bursa Malaysia has parallel to this evaluated and monitored the quality of the CSR reporting that is being done in Malaysia, and published a detailed report on companies’ reporting in April 2008.¹⁸³

The imaging and optical products corporation Canon has a branch in Malaysia, and has been involved in several philanthropic projects. Canon Malaysia contributed IXUS cameras and digital camcorders to the Damai Disabled Persons Association in Malaysia, have participated in a free photography workshop in 2013 for the children from the Poorest Citizens Housing Project Lembah Subang. Also, is the company sponsored a range of their new printers to the SMK Subang Jaya for the school education and counselling room.¹⁸⁴

Another example is Tenaga Nasional, which is Malaysia’s biggest power provider. The company has developed a scholarship program in the country, for Malaysian students to pursue their academic ambitions.¹⁸⁵ Also, in 2008, the company launched the Centre of

¹⁸⁰ Maizatun Mustafa, ‘The Environmental Quality Act 1974: A significant Legal Instrument For implementing Environmental Policy Directives of Malaysia’ (2011) 19 (1) *IJUM Law Journal* 1

¹⁸¹ Malaysia Code of Corporate Governance (2012) 2

¹⁸² Page 12 of the Malaysia Code of Corporate governance (2012) commentary, available at http://www.mia.org.my/new/downloads/circularsandresources/circulars/2012/21/MCCG_2012.pdf

¹⁸³ World Federation of Exchanges and Sustainable Investment, *Raising ESG awareness and standards among listed companies* (no date) < <http://www.world-exchanges.org/sustainability/m-3-0.php>>

¹⁸⁴ Canon Malaysia, *Corporate Social Responsibility* (2013) <<http://www.canon.com.my/business/web/company/about/csr?languageCode=EN>>

¹⁸⁵ Tenaga Nasional, *Powering Education* (2014) <<http://www.tnb.com.my/corporate-social-responsibility/powering-education.html>>

Renewable Energy CRE, which collaborates with other research institutions to develop and enhance renewable energy technologies.¹⁸⁶

As can be seen, CSR is still a relatively new concept in Malaysia, and the philanthropic view is still somewhat dominant. However, the developing country shows great desire to improve, as there are many both governmental and non-governmental initiatives backing the cause as well as both multinational enterprises and domestic companies making an effort in the country.

6. COMPARISON

As shown in the foregoing analysis, it is clear that different countries have 1) different socio economic backgrounds that affects the (premises of CSR), different concepts of what constitutes CSR, different drivers of CSR in the community and different ways of implementing it. In this segment of the paper, the aim is to summarize the differences and likenesses between the different countries.

A differing factor is first of all the **role of the government** in the CSR-scheme. Many of the European countries, such as UK, Norway, France and China have a quite strong governmental role in general, which also shines through in the CSR-approach. Others, such as the United States, Chile, Brazil and Germany have had a tradition of a less involved government when it comes to CSR, and are more dependent on NGO's and/or national companies to drive the CSR-work forward.

One can see a clear distinction between the **developed and the developing countries** when it comes to CSR. In the developing countries, the CSR-initiatives seem to be more driven by the communities' basic needs than in the developed countries,¹⁸⁷ and also based more around charity work. It is also natural that the developed countries have come somewhat further in the CSR-work than the underdeveloped nations. The developing countries are however very keen to compete, and are making a significant effort to catch up. It also seems to be easier to

¹⁸⁶ Tenaga Nasional, *Research into Renewable Energy* (2014) <<http://www.tnb.com.my/corporate-social-responsibility/powering-a-green-nation/research-into-renewable-energy.html>>

¹⁸⁷ Yanti Koestoer for Center for International Private Enterprise, *Corporate Social Responsibility in Developing Countries* (no date) <http://developmentinstitute.org/member/koestoer/koestoer_script.pdf>

implement CSR-efforts in the country if international human rights are recognised by the national government.

Another difference is the **role of the NGO's**. Firstly, how many active NGO's there are in the country plays an important role, as many CSR-efforts are created and implemented through companies and NGO's working together. The level of activeness amongst such organisations and how much support they have in their respective communities varies greatly. In USA, the NGO's are a very important driver of CSR, while they traditionally in Germany have played more the role of a watchdog overseeing the companies' activities. Some countries, like China, have traditionally not been driven by NGO's when it comes to CSR, but this is changing as more and more NGO's promoting CSR are emerging.

Furthermore, there are differences regarding the countries' **legislation**. Some countries such as Australia, Germany and Norway have simply chosen to not legislate the matter, and let the question of CSR be governed by the industry itself and global standards. However, some of these countries do have thorough legislation regarding issues that are a part of CSR, such as labourers' rights and pollution. Other countries, such as France, Indonesia and the UK, have detailed legislation regarding the companies' responsibilities in the community and to sustainable practice. For some of the countries, such as India and Indonesia, the government has chosen to tie sanctions to the legislation, in an attempt to make it more effective.

There are also differences in how the countries **view and define CSR**. Some countries take a philanthropic approach, where CSR is viewed to boil down to companies making charitable donations to promote welfare, or is more about meeting local legislative environmental requirements. Other countries have a more long-term view on the matter, and focus on sustainable measures and other forms of contribution to the community besides charitable donations. Here, the companies are more involved in the communities and actively participating in different measures such as contributing to education and research centres, projects in developing countries to help the underprivileged as well as other long-lasting measures. In general, one can say that the Asian countries, and especially the developing ones, still view CSR in a more philanthropic way.

Another distinction between the countries is their commitment to the **global guidelines and principles**. Some countries like Norway and the UK are adamant supporters of the global initiatives, while others have chosen to not adopt the guidelines. Examples are Brazil and

China, who are not members of the OECD and are not signatory governments of the OECD guidelines for multinational enterprises.

As shown, there is great variation on a global scale when it comes to which forces are driving the CSR-work forward. Many of the gaps between the countries have their natural explanation, as some countries have had more time than others to perfect the CSR-regime. It remains to be seen whether the differences will grow, or whether the phenomenon of CSR and how it is practiced will reach a more unison global view.

7. SHOULD CSR BE LEGISLATED?

An important characteristic of CSR has traditionally been that it is about companies bearing more responsibility and contributing more than required to by law. However, as shown in the global analysis, some of the countries have chosen to implement legislation on the topic of CSR, in an attempt to motivate companies. One can ask whether governments legislating CSR is a right step in the right direction, and if this is something that all the worlds' governments should consider doing. Is the phenomenon of CSR something that is suited for legislation and or sanctions?

On the on hand, one can argue that legislating something as vague and dynamic as CSR will work against its own purpose, and that the development and control should be left up to the industries themselves. Furthermore, it can be argued that mere symbolic legislation without any sanctions will not have any real effect, and that it therefore is a waste of resources and time for governments to attempt implement. There are however concrete aspects of CSR such as protection of human rights and the environment, that are highly suited for legislation. These and topics like anti-corruption and protection of labourers rights should certainly be legislated to ensure the compliance

Many may be of the opinion that even a symbolic gesture from the government can be enough to steer some companies in the right direction. However, it cannot be denied that tying legislation together with possible sanctions for the companies will most likely be more effective than a mere symbolic gesture. If used correctly, such legislation can be a quite powerful tool for motivating companies to make the right choices. This however means that

companies must be held accountable for its actions and that there are enforcement mechanisms in place to ensure that companies follow through on their commitments, which again can be a costly affair. In an extension of this, many are of the opinion that companies' practicing voluntary CSR is merely a tool of promotion, advertisement and public relations.¹⁸⁸ However, one has seen that companies in both the United States and Germany have excelled within the field without any binding legislation.

An interesting point is that the countries that have sanctions behind tied to their CSR legislation are countries where the concept of CSR has not been around for a very long time, and companies haven't had the opportunity to excel within the field. This speaks volumes of these countries commitments to change and integrate CSR into its government policies, and suggest that these governments came to the conclusion that such legislation was the most effective way of achieving this. The main issue regarding CSR legislation is that the countries who choose to implement such laws, must attempt to back it up through different enforcement or control mechanisms to put some meaning behind the words and be able to use the legislation as an effective tool in driving the CSR-development. This is however easier said than done, and it will be interesting to see if other countries follow in India and Indonesia's footsteps, and combining CSR-demands with sanctions.

One can therefore readily conclude with the statement that whether or not countries should implement binding legislation, depends on a range of factors, the most important being whether it is the governmental forces or the industrial forces that are driving the development. In countries where the industries aren't succeeding in driving themselves, legislation can be a quite powerful tool to help and pressure the companies to get started. As shown, there has in general been a significant shift in the corporate mindset and attitude when it comes to CSR, and many companies are achieving great things merely on a voluntary basis. Where the companies are sufficiently pressured and driven by the media, non-governmental organizations, consumers and other forces, one may assume that the need for legislation is not as significant.

However, as pointed out by *Thirarungrueang*, although the voluntary self-regulation needs time to grow and develop, there is in many countries still a need for states to introduce a

¹⁸⁸ Kunnawee Thirarungrueang, 'Rethinking CSR in Australia: time for binding regulation?' (2013) 55 (3) *International Journal of Law and Management* 173, 175 with further reference to Surma (2006) pp. 41-59

stronger legislation to control corporate activities when it comes to the violation of human rights and environmental standards.¹⁸⁹

8. PRACTICAL ADVICE

Lastly, I will suggest some general practical tips for companies wanting to start practicing CSR, or improving the measures that they are already involved in. They will of course have to be altered according to the company's size and resources, but this advice will be based on the example of a medium to large firm.

First of all, it is important for the company to get to know its local community and surroundings. A company must ask itself the questions of what is lacking in the local community, what do people want and need, and if there are any prominent issues in the community that can be dealt with through CSR-measures. Secondly, the importance of complying with the legislation as well as non-binding guidelines cannot be understated. Meeting government requirements and global standards when it comes to for example environmental standards is important for the company's reputation as well as keeping up with the global development in the field.

Furthermore, a smart move can be to create an own CSR-branch or CSR-committee within the company, comprised of people that either solely or partially work with the implementing of CSR-measures. Introducing such a focus group or committee will most likely effectuate the CSR work that is already being done, as well as laying the base for new and creative ideas. Also, engaging the company's employees can greatly benefit the overall CSR-work. Encouraging employees to be creative and come with ideas, as well including them in the implementation of the measures can have a great effect on the amount of CSR-work that is being done and how successful it is.

Since different consumer groups react differently to CSR-efforts, is it important for companies to know its consumer segments. Doing polls and research before implementing CSR-measures can help the company scope out how different consumers will react, and make the most out of its CSR-attempts.

¹⁸⁹ Kunnawee Thirarungrueang, 'Rethinking CSR in Australia: time for binding regulation?' (2013) 55 (3) *International Journal of Law and Management* 173, 191

The company must be aware of the power of the media. Cheap labour may be cost minimizing for a while, but it will possibly result in double the loss when the media spreads the word and the consumers choose another company. Also, the company receiving positive recognition and reviews regarding the CSR work that is being done can greatly benefit the company's reputation. Furthermore, utilizing any NGO's that share the same vision can be greatly beneficial for both parties. Many of the NGO's operating today are very skilful and knowledgeable within their field, and their experience with CSR-projects can effectuate the implementation of various projects and make them overall more successful.

Lastly, it is of vital importance that the company to have a broad and dynamic view on what constitutes CSR. In other words, it is important to not merely focus its' efforts around charitable donations and other short-term projects, but also on more sustainable and long-lived practices, as mentioned in the comparison section.

9. CONCLUSION

As shown, the practice and implementation of CSR measures is in continuous growth and has now become a global phenomenon. However, how the different countries have adapted to these changing times and chosen to integrate the phenomenon of CSR varies greatly from jurisdiction to jurisdiction. It is clear from the material that countries and companies to a great extent are learning from one another's practices and corporate cultures. Furthermore, it seems that countries and companies through the global initiatives and border crossing enterprises are influencing each other, ultimately driving the development of CSR forward as a whole.

In my research, I have found that both the national governments as well as non-governmental organizations have played an important role in this regard. However, what seems to be maybe the biggest driving factor behind the growth and spread of CSR may well be the multinational corporations and enterprises, as well as the increasing globalization.

Many of the worlds' largest multinational enterprises have previously been found guilty of misusing and exploiting cheap labour in developing countries, as well as being involved in other unfair practices such as the use of child labour. However, with the global eye on them, the same companies have turned around and have actually in many ways contributed to,

amongst other things, workers' rights in these countries. Also, many multinational companies are reaching out to businesses in the developing countries and having a positive impact on the CSR-efforts that are being done. The multinational companies entry in developing countries have sometimes resulted in the boost of the CSR efforts that are being done, since these in many instances have high quality integrated CSR-programs that they can attempt to adapt to their new surroundings. An example is BHP's entry into South Africa and Chile, the BMW and Bayer Groups work in South Africa. Also, such firms are helping small and beginning businesses develop their operations.

Taking into account multinational firms' vast resources as well as enormous impact and influence they can have on the community, consumer behaviour and the environment, this comes as no surprise. Although the multinational corporations play an important role, one must not forget about the local companies making a difference in their home countries, such as Stormberg in Norway, Indian Oil in India and Tenaga Nasional in Malaysia.

With the amount of attention the concept of CSR is receiving in the media and in society in general, it seems that companies can no longer afford to not be involved in sustainable practices. It has simply become expected that firms to a certain extent take responsibility for its own operations and contribute back to society. In order to preserve their reputations and keep up with the global development in the field, they need to become involved in some degree. Even though the extent of this responsibility is unclear and debated, it cannot be denied that the global society expects companies to take some sort of responsibility beyond that of profit making.

Some may therefore be ready to conclude that the 'CSR-race' between the multinational companies comes from a mere profit and reputation-standpoint, more than from a desire to act more ethically. Though this may be true in many cases, there is firstly no guarantee that CSR equals profit. Furthermore, when the result is that more and more companies are becoming environmentally aware, giving back to the communities they operate in and taking better care of their workers, one can not come to any other conclusion that this, nevertheless, is beneficial for the global society.

It is a promising development to see multinational corporations taking advantage of their strong positions to improving social conditions, in the economy in which they operate. It can however not be left up to the companies themselves alone, the governments in the different countries need to be active and make certain demands to hold companies accountable of their

actions. This can be done through legislation specifying companies responsibilities in the community, like some countries already have done. Other initiatives can be taken as well, such as publicly promoting and advocating CSR, developing CSR-award programmes and so on. As previously discussed, the question of whether legislation should be implemented to regulate and organize CSR, is a complex topic that at this time cannot be given a conclusive answer. Although many of the countries that have CSR-legislation are doing quite well, it remains to be seen whether or not countries will mimic them and implement CSR-provisions.

Based on what has been examined, it is also important to point out that companies all over the world slowly are moving away from the tradition of simply adhering to environmental legislation and contributing to society in form of charitable donations. Increasingly, companies are implementing sustainable measures and long-term measures and outreach in the community, such as going green and practicing sustainable use of resources, helping develop education and research programmes in their communities and investing in long term welfare projects in developing countries.

It has also been shown that initiatives and promotions stemming from the stock exchanges and other industrial forces can have a great impact that can have on the development and growth of CSR within countries. There are now numerous global and national sustainability indexes as well as national CSR-awards that premiere and showcase the companies that are succeeding in the field, as well as encouraging to some friendly competition between the industries and companies.

For the conclusion of my paper I return to my original thesis statement: A company's ability to practice and implement CSR-measures is heavily affected by its' country's social, economic, geographical and historical context. Although the governments, country traditions and non-governmental organizations play a significant part in this, a very important driving force behind the increase of global CSR-efforts are the companies themselves and especially the multinational enterprises. Even though there are great variations in regard to the range and success of CSR-implementation in the countries, the development is, all factors taken into account, going the right way.

It remains to be seen whether or not the development will continue in the right direction, and whether or not there will be some sort of merge in CSR, taking a step closer towards a global uniform definition. By the looks of it, companies and industries all around the world have

undergone a significant attitude and policy change, and it seems as though corporate social responsibility will only continue to thrive in the global society.

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