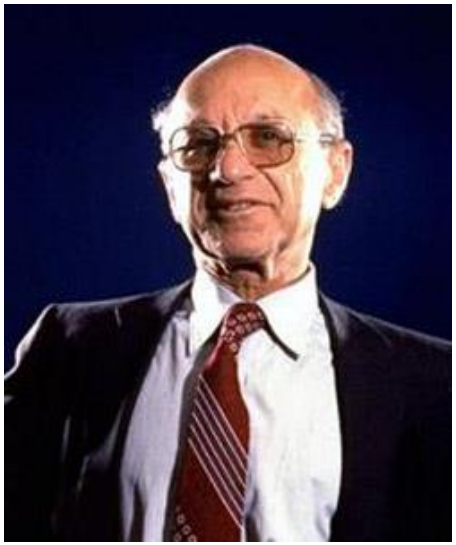
# Corporate Social Responsibility



Milton Friedman: Nobel Prize 1978

"…there is only one social responsibility for companies and that is to make as much money as possible…"

Dr. Anthony Miller, CSR Focal Point, Investment & Enterprise Division
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# Defining CSR: The Myth of the Amoral Firm

The Telegraph

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## Survivors recover from surgery after polar bear kills Eton school boy Horatio Chapple in Norway

Four survivors of an Arctic polar bear attack that killed Eton schoolboy Horatio Chapple are recovering after surgery, Norwegian hospital staff have said.

Image 1 of 4

Horatio Chapple, who was killed in a polar bear attack in Norway (left) and Spike Reid Photo: PA

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## Pepsi dumps cancer-causing chemical

By Tyler Falk | July 8, 2013, 7:56 AM PDT

While Coca-Cola made news recently for a bottle made of ice, Pepsi is making news for a troubling chemical inside its bottles.

The chemical in question is called 4-methylimidazole (4-MeI) and it's used for the soda's carmel coloring. The problem? It's a known carcinogen. It causes cancer.

See DeGeorge (1999) on the “Myth of the Amoral Firm”

# Defining CSR: The myth of the 'free market'

"…the doctrine of 'social responsibility' involves the acceptance of the socialist view that political mechanisms, not market mechanisms, are the appropriate way to determine the allocation of scarce resources to **alternative uses**."

- Milton Friedmon

# Defining CSR: The myth of Milton Freedom

**Milton Friedman**

"…there is only one social responsibility for companies and that is to make as much money as possible…

**…while conforming to the basic rules of society, both those embodied in law and those embodied in ethical custom."**

## Defining CSR

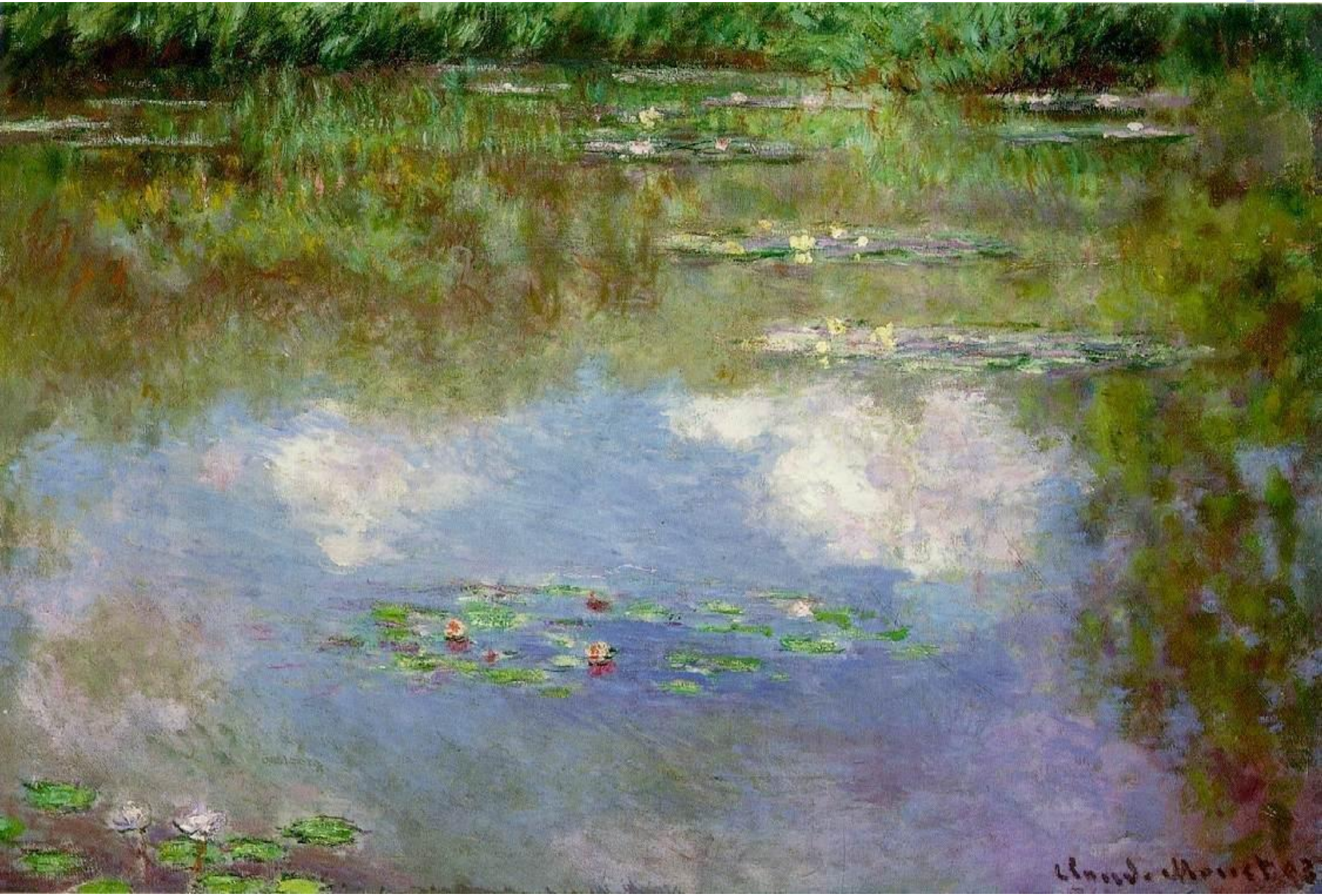
# What is “responsibility”?

1. Causal
2. Official
3. Capacity

## Defining CSR

# CSR =

**the rights and responsibilities assigned to private industry.**

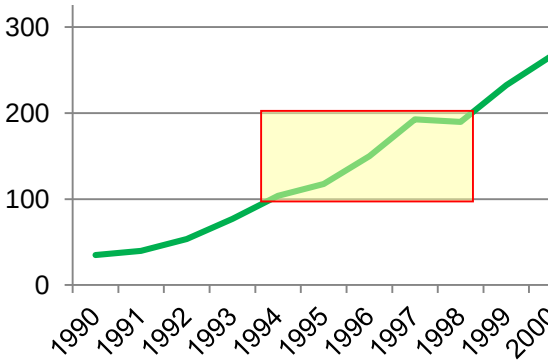


# Defining CSR

- **Labour practices**:
  - child labour
  - forced labour
  - right to organise
  - OSH
- **Environmental conditions**
  - water & air emissions
  - bio-diversity, climate change
- **Human rights**
  - links with security forces and complicity in extra-judicial killings
  - impacts on access to water, health, food, education, shelter
  - impact on minorities and indigenous peoples
  - lack of access to remedy
- **Poverty Alleviation**
  - create employment
  - contribute to public revenues
  - transfer skills and technology
- **Bribery and corruption**

# Why does corporate policy matter?

## Governance gaps, consolidation of market share, GVCs




**FDI Inflows to Developing and Transition Economies ($Billions)**

Source: UNCTAD

## Why does corporate policy matter?

# Private policy, at a large enough scale, is equivalent to public policy.

# CSR Drivers: international initiatives

## *Key trend: evolution in the application of international principles*

From this:
Early Globalization: international principles apply ***only*** to governments

To this:
Later Globalization: international principles apply to governments ***and*** **companies**

# CSR Drivers: international initiatives

**ILO** Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)

**UN** Guiding Principles on Business and Human Rights

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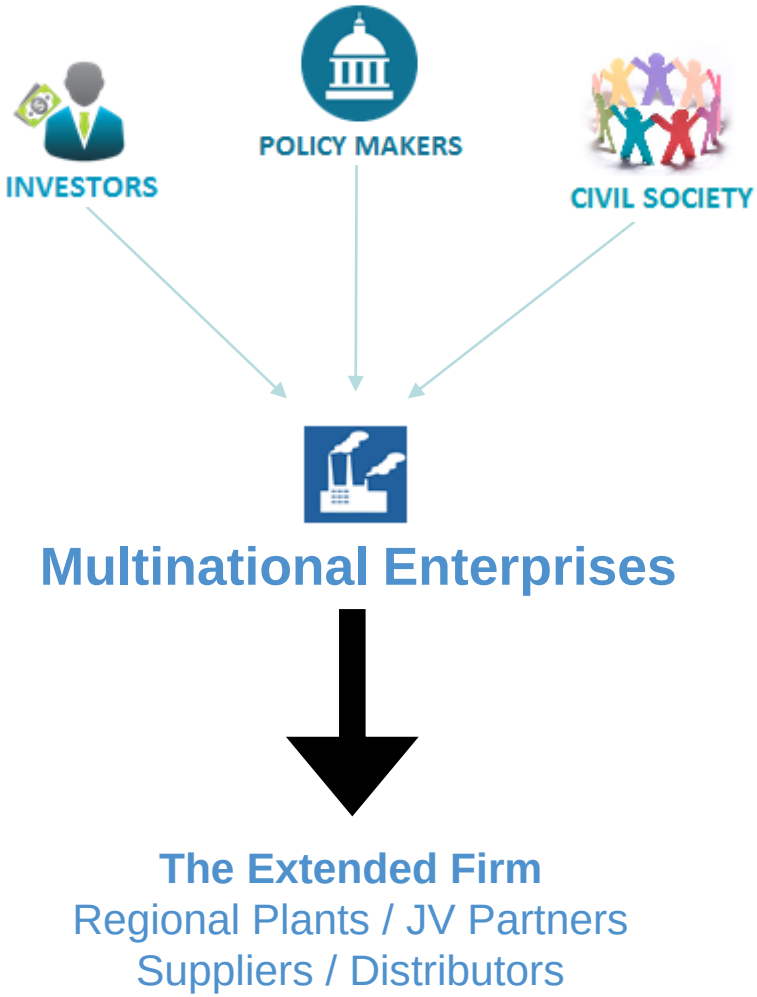
**UN** Global Compact

**OECD** Guidelines for Multinational Enterprises (GMNE)

**ISO26000** Guidance on Social Responsibility

# CSR management

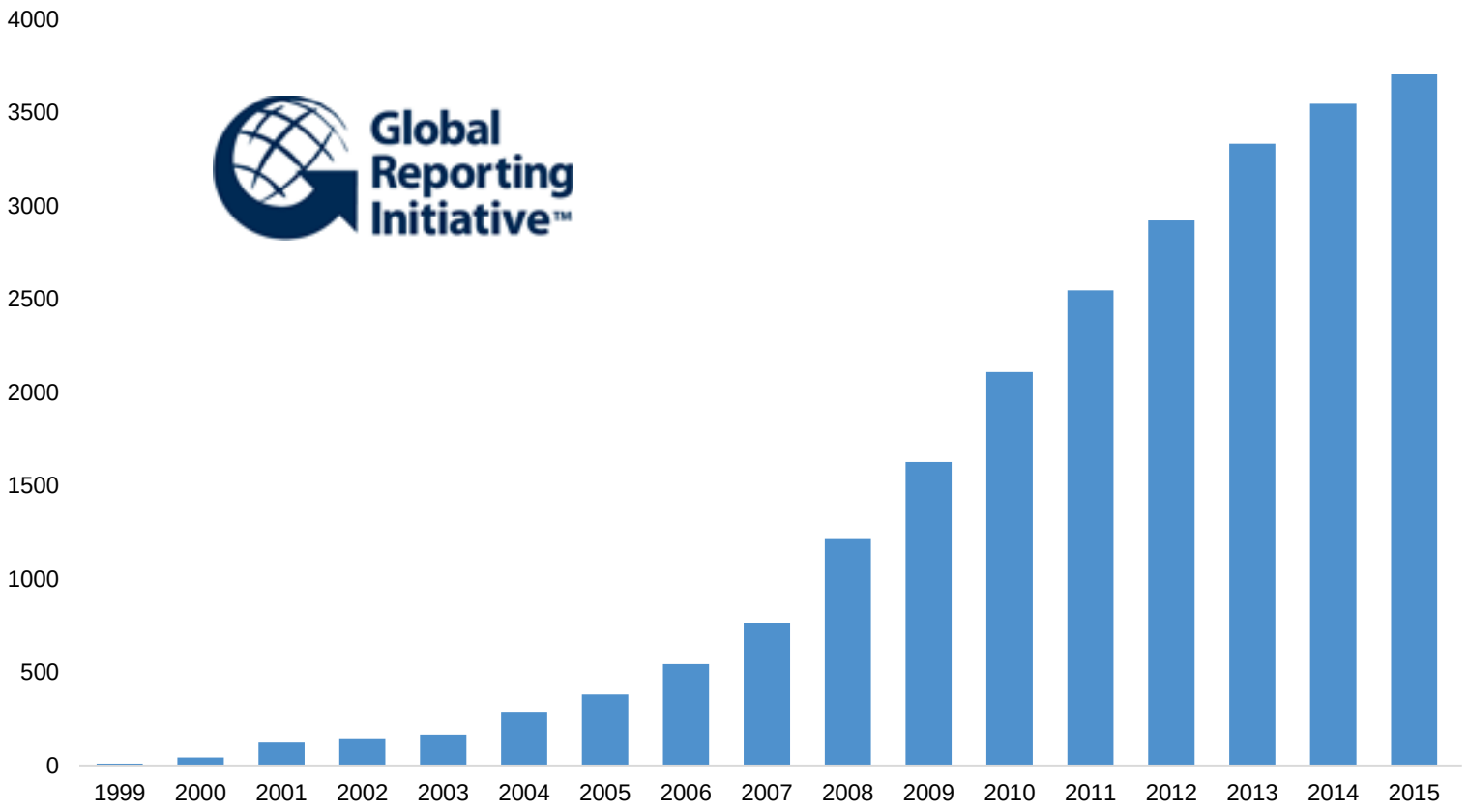



Policies: codes

Systems: compliance management

Reporting: accountability

# CSR management



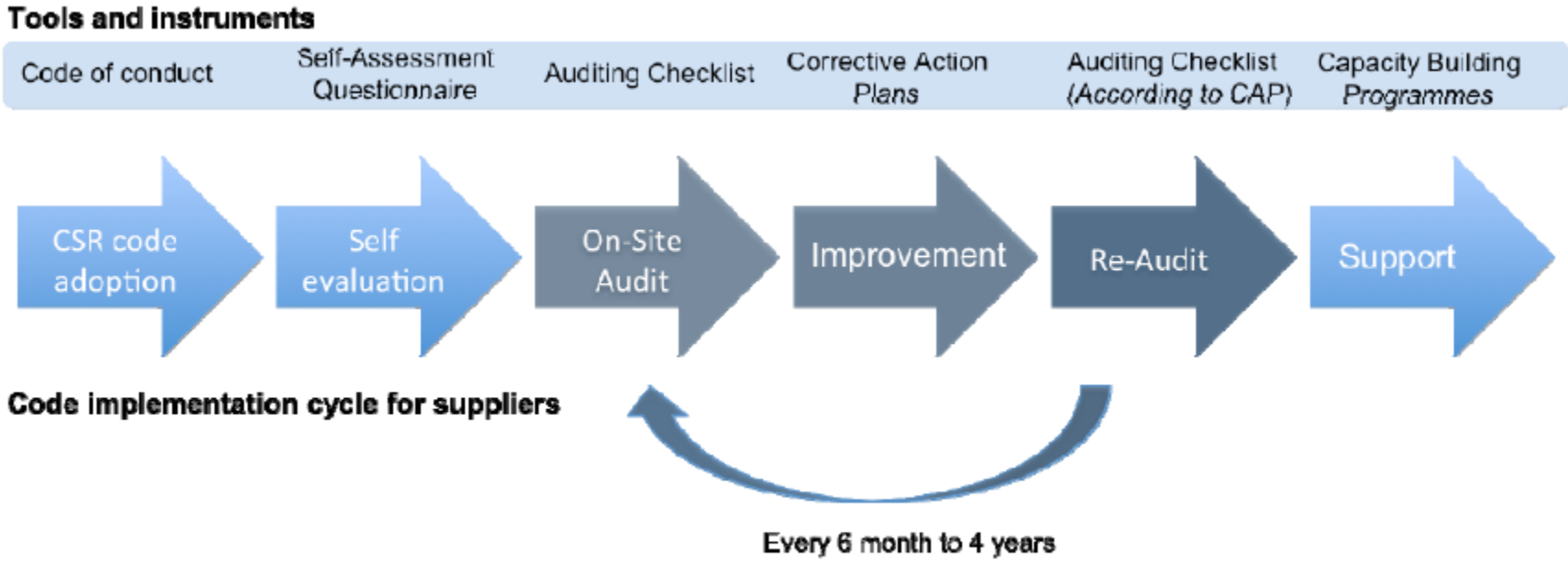

Growth in Corporate Sustainability Reports

Data from the Sustainability Disclosure Database, retrieved 1 March 2017

# CSR management

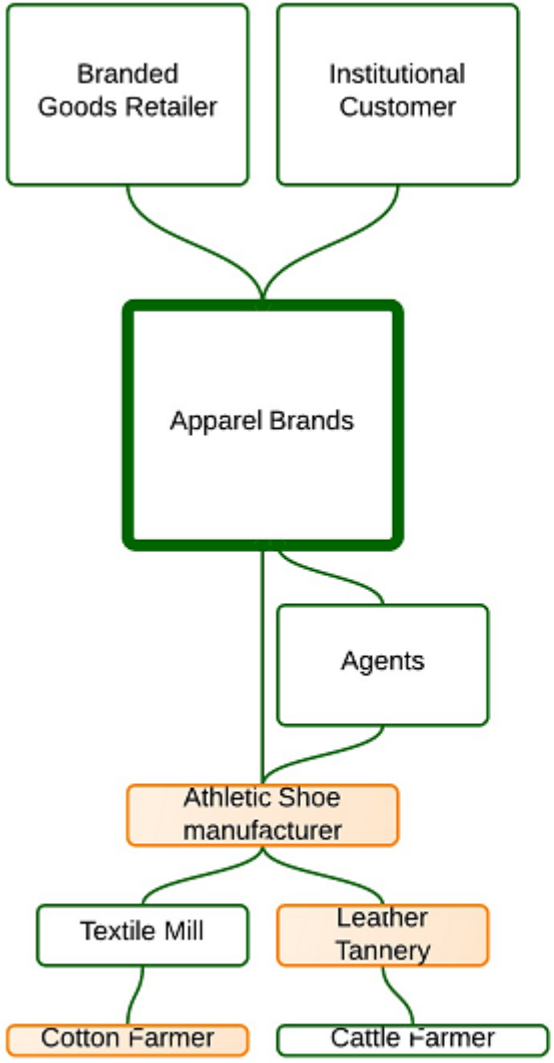
## Code implementation puts requirements on suppliers

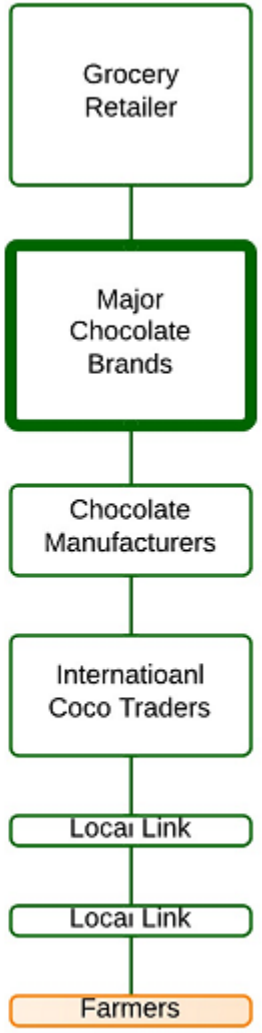
Overview of typical code implementation process




Source: UNCTAD

# CSR management: value chain specific





## Implications for Development

**David Henderson**

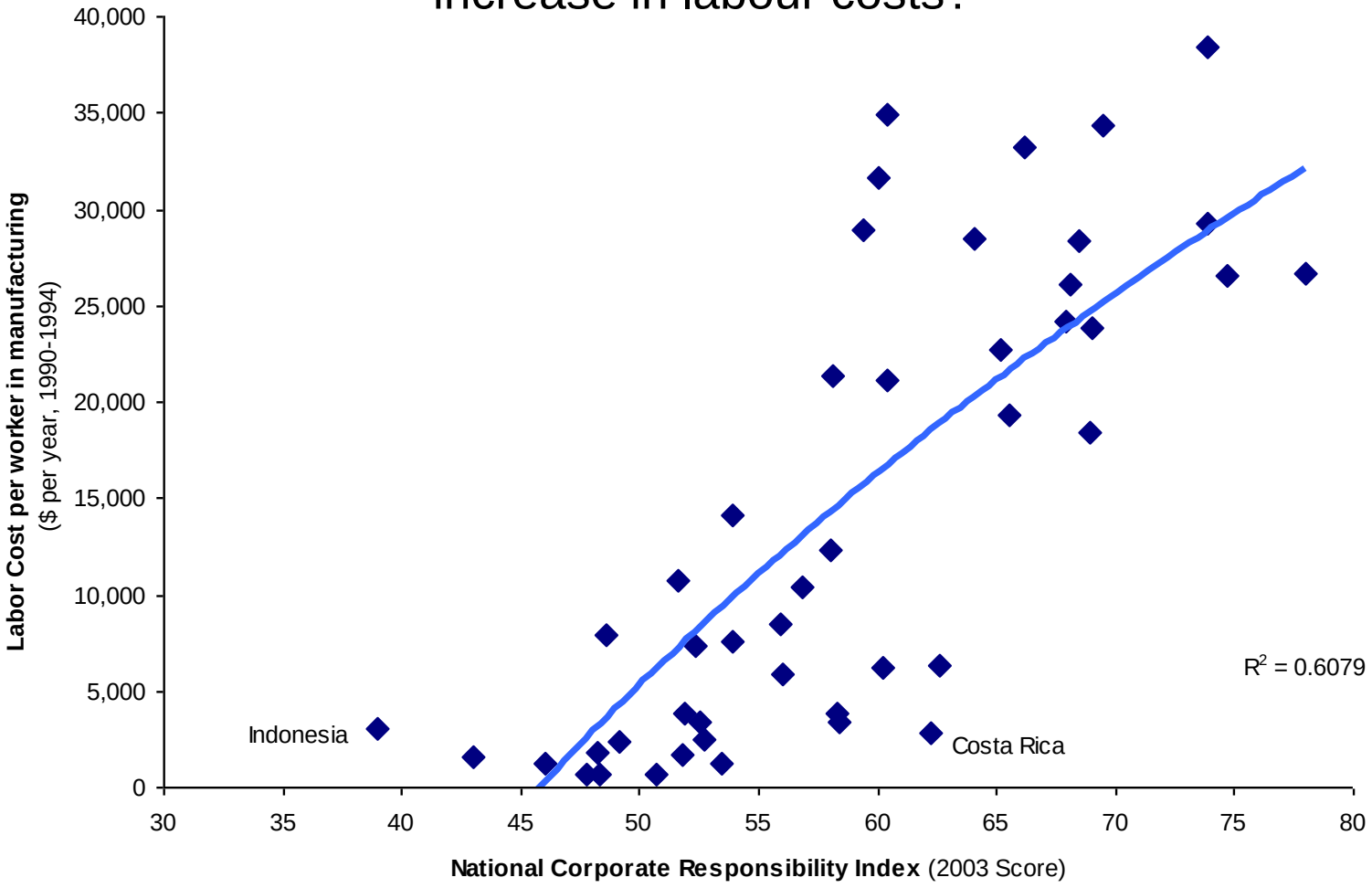
"[CSR]'s adoption would reduce competition and economic freedom, and undermine the market economy."

"…[CSR] is liable to **hold back the development of poor countries** through the suppression of employment opportunities within them."

*Be careful of what you think you know*

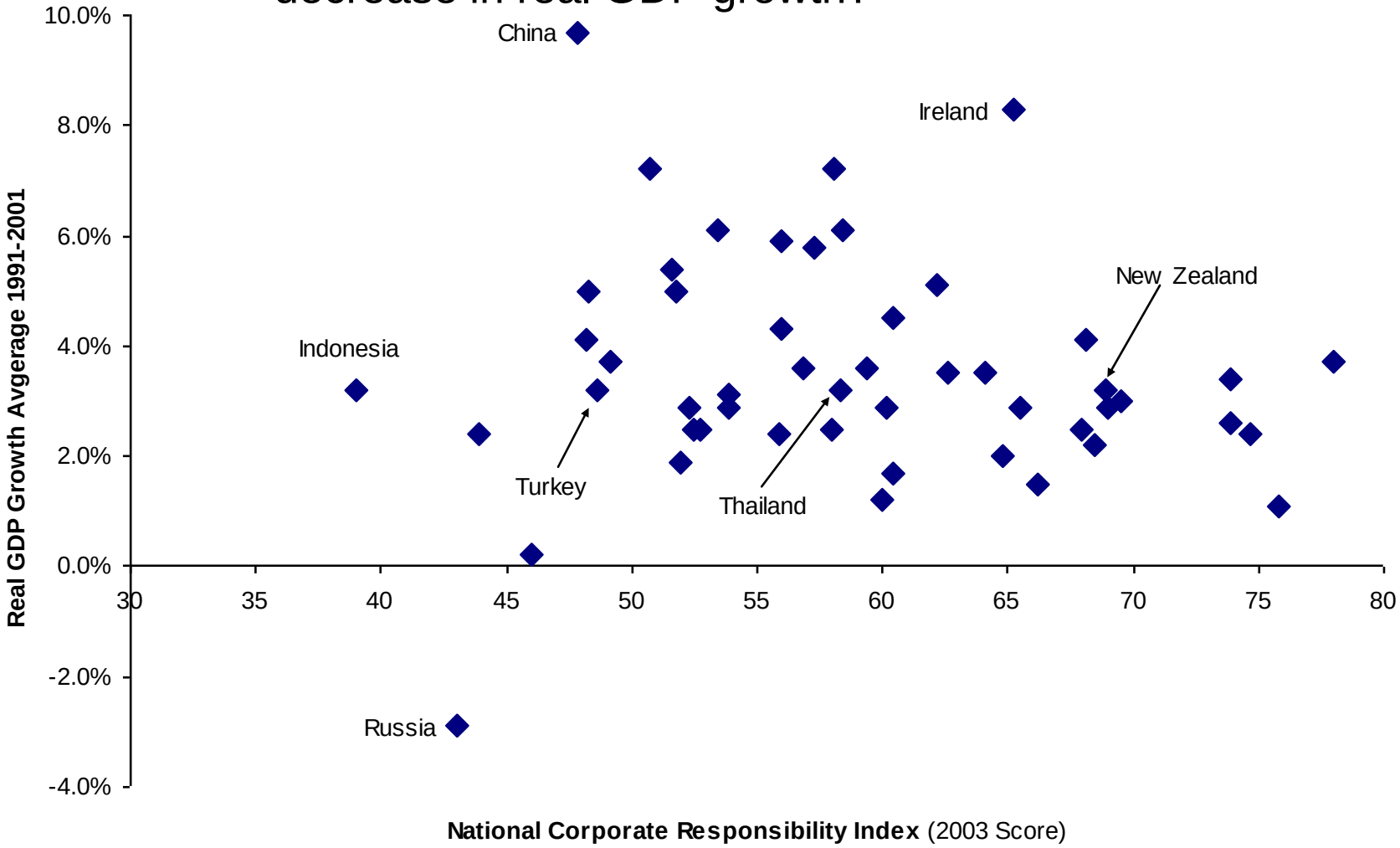
# Implications for Development

## Does an increase in CSR correspond with an increase in labour costs?



# Implications for Development

## Does an increase in CSR correspond with a decrease in real GDP growth?



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