

Reworking the CSR concept

SO is Corporate Social Responsibility (CSR) the magical tool that will propel businesses to improve their corporate image and clout that will receive the necessary acceptance and visibility of the public and society?

After all, CSR is perceived as the philanthropic gestures that will not take a strain on the resources of the business and, of course, the budget.

What have we got then? Even the offer of a marginal discount to use the highways, at an unearthly hour, after a continuous rate of escalation over the years is CSR.

CSR is just about everything

Unaware to many entrepreneurs, and other "stakeholders" there is a new interpretation and dimension to CSR.

The way fast-food chains produce and market their products, their target market, the ingredients and the effects on health drew criticism as being socially irresponsible under the cover and ambit of CSR.

This is notwithstanding that such corporations have been extraordinarily generous in their societal contributions.

The waste disposal methods in manufacturing processes from organisations and environmental care, air and water pollution can come under scrutiny in the name of CSR.

Labour and Human Rights principles are core issues now being addressed under the CSR umbrella. Thus corporate behaviour and operating practices are expected to be socially acceptable by society.

Corporations can also be complicit in the human rights abuses. So are poor or unfair labour practices and all these are considered as infringement of basic rights which is deadly wrong and against the principles of good CSR.

It must not be mistaken that infringement of these social responsibility principles may not only be a direct violation that calls for censure but the indirect violation due to the activities in their supply chain can impact on

the organisation too. Not a week goes by without a corporate announcement of the noble and popular intention of doing good. MIKE CHIAM writes of a new Corporate Social Responsibility thrust that goes beyond philanthropic activities

the organisation too.

Expanded CSR stakeholders

The "corporate" prefix to social responsibility (SR) implied that it is the corporations or businesses that should bear the responsibility for society well being.

Dissecting this phrase further, what is "social"? Is it activities or practices relating to human society? This article will not attempt to elicit a "right" definition for CSR. There is no short of articles and pronouncement on CSR definitions and no less than a score of organisations, whether from business corporations, government, NGOs and the academia have attempted to justify their definition as closest to its intention.

The new trend and now widely accepted globally, is the expanded list of stakeholders in the CSR arena. Besides the corporations or business community, the other stakeholders, since the view is accepted that SR is applicable to all organisations and every individual or group in society, would include the government, the labour unions, NGOs, the consumers, researchers and the academia.

In line with the expanded roles of stakeholders, the prefix "corporate" will be eliminated and

the subject will now focus on SR.

There is now a global movement to draw up a guideline standards on SR and this will be explained in the later part of this article.

Expanded interest in SR

There are many factors that contributed to the expanded interest in SR of organisations.

Over the past decades, globalisation has resulted in an increase in the power and influence of organisations and to some extent, a relative "weakening" role of the public sector in some countries.

Globalisation has also thrown a new dimension in the interpretation, definition and expectation on SR.

The new trend introduces other stakeholders, as mentioned, and issues.

The imposition of SR standards, if at all one that can be agreed upon, must take cognition of the gap between developed and developing countries.

Would the SR concept be a new trade barrier or another tool to assess the competencies of Malaysian companies fighting for a slice of the international trade?

New trends in doing business, such as outsourcing and the fast pace of technological advances, have created problems in the home countries of some developed economies, and is the developing of SR standards brought in to level the playing fields?

Is there a need for an SR standard ?

Yes, and it is due to globalisation, but one has to look beyond the reaches and implication of a global standard.

Globalisation has also created new and huge opportunities for integration between the people of the whole world and also for their improvement in the quality of life.

Arising from this, it has brought in gigantic challenges. Small Medium Enterprises (SMEs) may think that they are small business entities and introduction of the SR guidelines will be inconsequential to them.

SMEs form part of the supply chain in the globalised trade and will not be exempted from the throes of such challenges.

The way SMEs behave and function in their business activities has an impact on society and on the environment.

They, too, mobilise substantial amount of materials and cumulatively a big pool of human resources throughout their productive chains which can cause social and environmental impacts.

SR is increasingly becoming one of the important influences on an organisation's performance. SMEs performance in relation to the social environment in which it operated, and its impact on the natural environment has become a critical part of measuring its overall performance.

SMEs as a cog in the global supply chain will need to ensure healthy ecosystems, social equality and organisational governance.

SR core subjects in ISO 26000

The proposed introduction and development of a SR guideline standards by ISO is not to be dismissed as just another standard in management for the conduct of businesses.

ISO 26000 organises the multiple topics related to SR into seven big core subjects, with many issues under each core topics.

Whether it is labelled as CSR, corporate responsibility (CR) or sustainability reporting, the phalanx of core issues do not differ very much.

The ISO 26000 core subjects are:

- Human rights
- Labour practices
- Environmental concerns
- Fair operating practices
- Consumer issues
- Social and economic development of the community
- Organisational governance

For the comfort of multinational corporations (MNCs) and SMEs in Malaysia, it is decreed that ISO 26000 guidelines on social

responsibility will be a voluntary and will not be a management system and it is not intended for certification purposes but some elements of this may be incorporated to the existing management systems.

Expectations of Society

In a borderless society, with greater ease of travel and the availability of instant communications, individuals and organisations around the world are finding it easier to know about the activities of organisations.

This implies both transparent and ethical behaviour that contributes to sustainable development and is in compliance with applicable law and consistent with international norms, conventions and initiatives.

A fundamental element of SR is respect for the rule of law and compliance with legally binding obligations.

Many people use the terms social responsibility and sustainable development interchangeably and there is a close relationship between the two but they are different concepts.

Socially responsible investment

Companies are now owned by institutions rather than individuals. Thrust is now in the direction of investment only in socially responsible companies in socially responsible countries.

This carries with it wide implications for many organisation. There is a growing view among institutional investors that environmental, social and corporate governance issues can affect the performance of investment portfolios.

The subject on environment care and governance are complex and are guided by many international conventions, initiatives and bilateral agreements.

SR instruments and initiatives

In moving up the scale of gradual compliance with global SR guidelines, it may be necessary to come to grip on the background and source of the principles and practices expectation for all stakeholders.

There will be layers of reference materials, mostly publications from the developed economies and very little from the developing countries.

CSR is beyond basic community welfare and societal care and which is an absolute necessity to live up to the image of good corporate citizenship.

In the longer term, to gain the competitive edge and overcome the technical trade barriers, the corporation will have to objectively look beyond the bottom line and not be complicit in areas of human rights, labour practices, fair operating procedures and environmental care.

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