Corporate Social Responsibility
The WBCSD's journey

World Business Council for
Sustainable Development

Setting the scene

A few years ago, the WBCSD embarked on a bold journey. Our goal was to discover what corporate social responsibility (CSR) means for business in a world where ever greater demands are being placed on companies by governments, NGOs and the general public.

On our journey we looked at CSR both collectively, that is to say among companies, and collaboratively, that is with stakeholders.

We succeeded with our original mission, raising the profile and awareness of CSR while shedding new light on what was an ill-defined and, at times, divisive set of challenges.

The starting point for our journey was the WBCSD's fundamental belief that a coherent CSR strategy, based on sound ethics and core values, offers clear business benefits. In other words, that acting in a socially responsible manner is more than just an ethical duty for a company but is something that actually has a bottom-line pay-off. Indeed, so central is the CSR issue that it has moved beyond the stage of being a WBCSD project and is now part of our organizational credo. Today, the WBCSD's vision statement calls for "promoting the role of eco-efficiency, innovation, and corporate social responsibility toward sustainable development".

In the early phases of our work we developed some new tools and provided guidance and inventories for companies that are grappling with CSR and have thereby given them a means of dealing with the "What do I do on Monday morning?" quandary.

An important contribution has been the WBCSD Navigator©, a 12-point tool which individual companies can use to help shape their corporate vision and programs.

More recently, our work has focused on looking at the progress companies have made in developing their social responsibility initiatives and we have also been identifying and probing the issues which are continuing to challenge business leaders.

Although much has already been achieved on CSR, we are well aware that the journey is by no means over. Our members' individual responses to corporate social responsibility will continue to raise new questions and challenges. Equally importantly, and in-line with other WBCSD projects, the topic of CSR has moved on and will be tackled in new projects — projects which are logical extensions of our initial work but which expand into more specific, detailed and operational themes*.

This document is a brief summary of our current thinking on CSR and provides the transition step to the next generation of work on this topic. We hope it will encourage you to read our two more detailed publications on the subject: *Meeting Changing Expectations* and *Making good business sense*.*

Defining the issue:
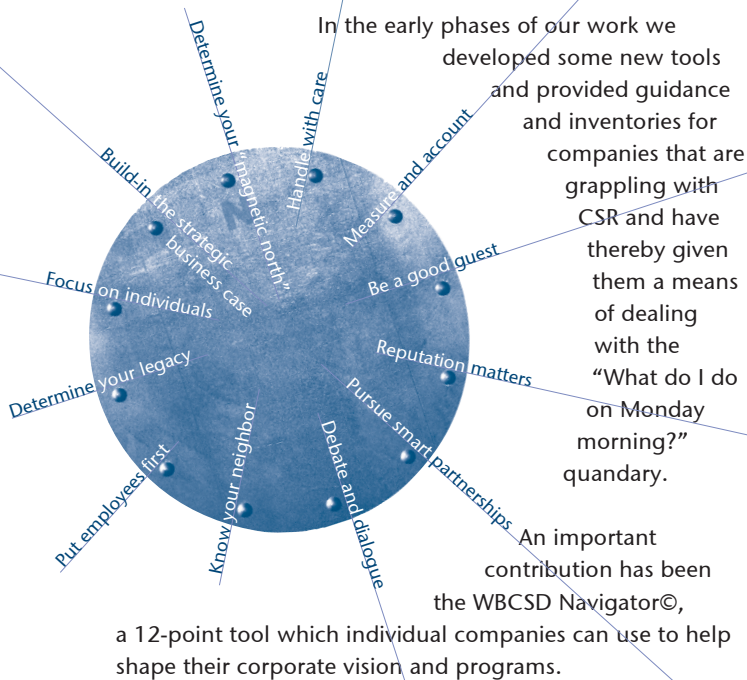## an important first step

No universally accepted definition of CSR exists. Some suggest that it's about what business puts back — and can show it has put back — in return for the benefits it receives from society. Others say that CSR is about a company's interaction with the legal and social obligations of the societies in which it operates and about how it accounts for those obligations.

Through a series of stakeholder dialogues, begun back in 1998, we started to develop a fresh perspective on what CSR means and also to identify, with the help of a wide group of experts, its key elements.

Here is a definition of CSR which emerged from that process and which was used in our *Meeting Changing Expectations* report. It is not intended to be the 'official' definition; rather it is meant to provide insight on how we viewed the topic early in our journey.

"Corporate social responsibility is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life."

Determine your "magnetic north"

Handle with care

Measure and account

Build-in the strategic business case

Be a good guest

Focus on individuals

Reputation matters

Determine your legacy

Pursue smart partnerships

Put employees first

Know your neighbor

Debate and dialogue

Testing the messages: a logical next step

Our basic message has always been very simple: business is not divorced from the rest of society. The two are interdependent and we must ensure, through mutual understanding and responsible behavior, that business's role in building a better future is recognized and encouraged by society.
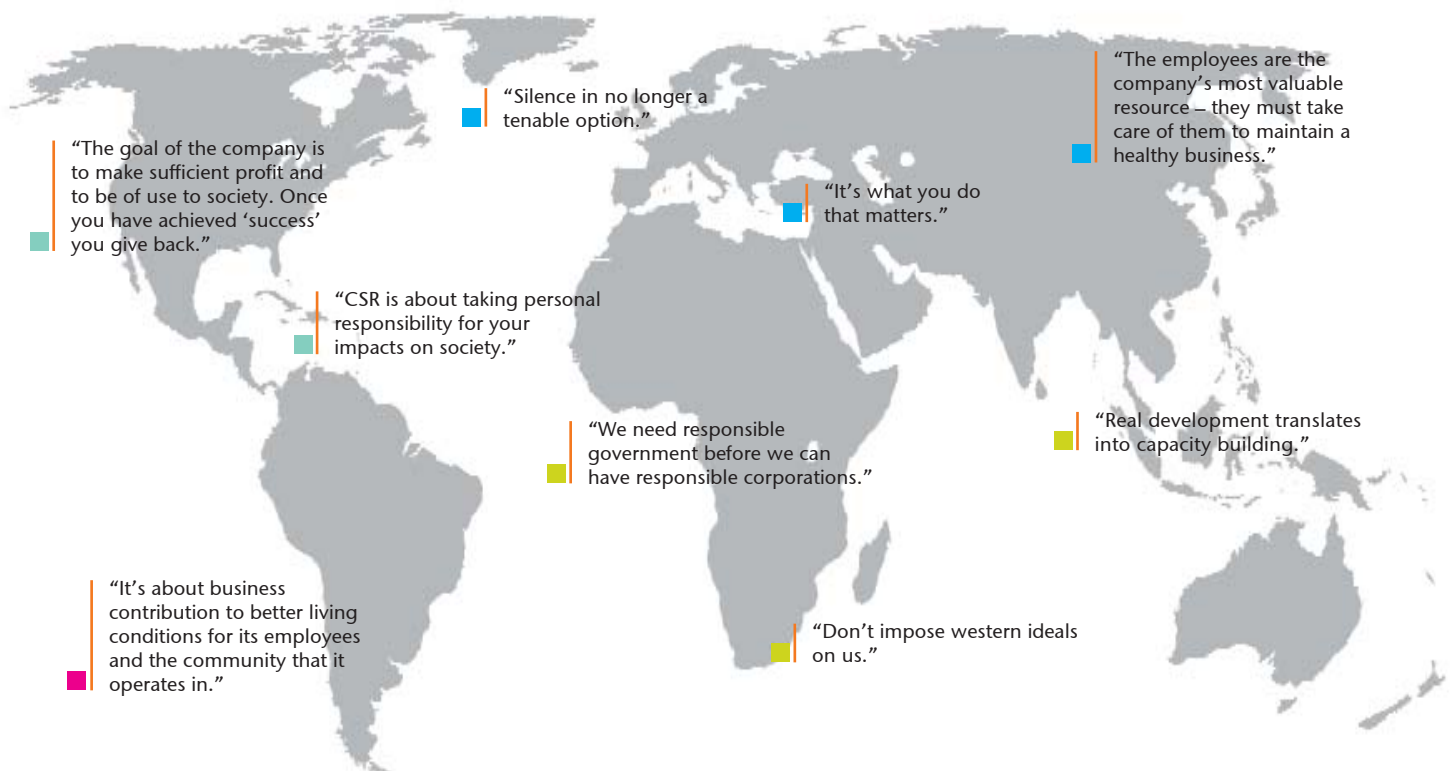
This was the message that we took to the global series of stakeholder dialogues. We talked to many people from both inside and outside business, coming from many different perspectives, on every continent. Those consultations allowed us to test our initial thinking and to build our understanding of what others thought about CSR challenges and opportunities.

The views that we heard varied from location to location but in every case the underlying message remained the same: through corporate social responsibility, companies can have a large and positive effect on society.

We built upon this input and created some practical tools for companies to use to help them develop their own CSR strategies. These were published in a second paper *Making good business sense*, in 2000.

Views from across the world

"Silence in no longer a tenable option."

"The employees are the company's most valuable resource – they must take care of them to maintain a healthy business."

"The goal of the company is to make sufficient profit and to be of use to society. Once you have achieved 'success' you give back."

"It's what you do that matters."

"CSR is about taking personal responsibility for your impacts on society."

"We need responsible government before we can have responsible corporations."

"Real development translates into capacity building."

"It's about business contribution to better living conditions for its employees and the community that it operates in."

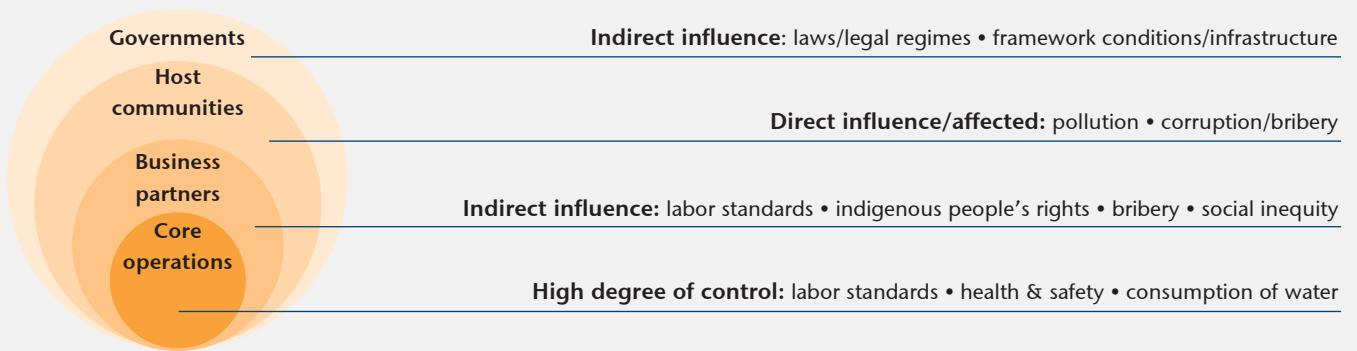"Don't impose western ideals on us."

Delineating the boundaries: a continuing challenge

For many companies, defining where their CSR boundaries lie remains the most intractable problem. a company's legitimate spheres of influence? In which circumstances should these boundaries be flexible

We advance the following three concepts with the intention of suggesting to companies that there are where the CSR boundaries should most appropriately be drawn for the company concerned.
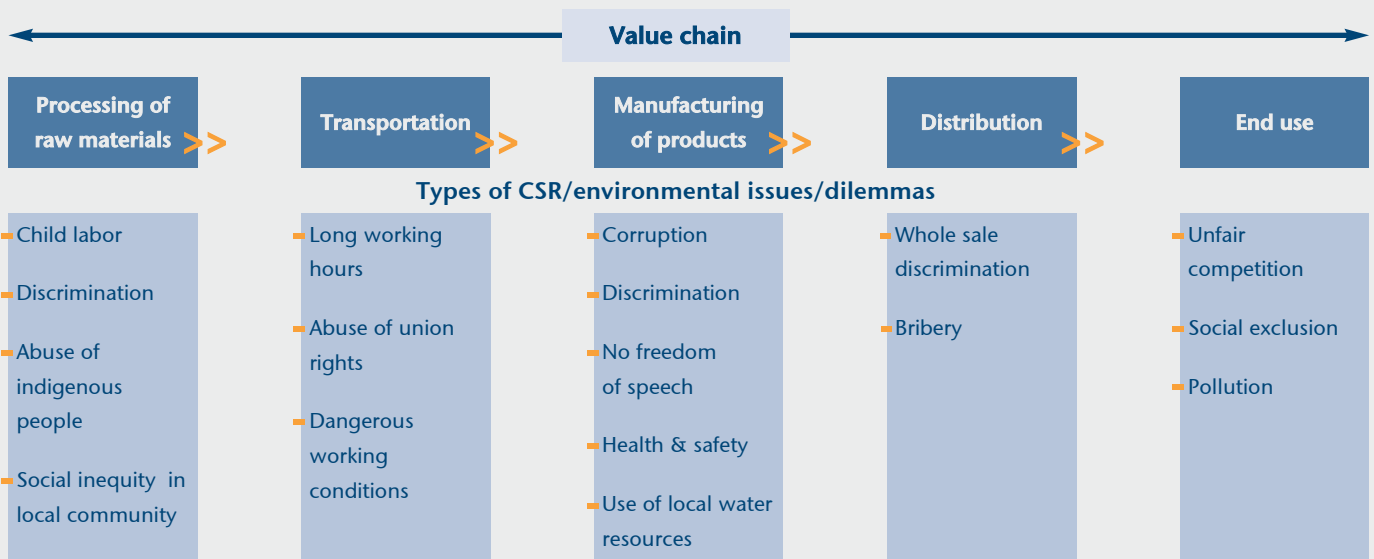
1 Spheres of influence

This diagram depicts the boundaries as nested circles of responsibility[1] with the inner core containing the matters that are most within the company's control while those decisions and relationships contained in the outer-most circle are subject to the least amount of corporate scrutiny or influence.

Governments

Host communities

Business partners

Core operations

Indirect influence: laws/legal regimes • framework conditions/infrastructure

Direct influence/affected: pollution • corruption/bribery

Indirect influence: labor standards • indigenous people's rights • bribery • social inequity

High degree of control: labor standards • health & safety • consumption of water

[1]This approach is used by Amnesty International in its discussion on human rights and the role of business. See *Human Rights: is it any of your business?*, Amnesty International UK and The Prince of Wales Business Leaders Forum, April 2000

2 The value chain

A second approach to helping delineate a company's CSR boundaries is to 'map' issues and dilemmas along a value chain or a product's life-cycle. The chart below uses the example of a typical manufacturing business as a means of illustrating some of the key challenges.

Value chain

Processing of raw materials	Transportation	Manufacturing of products	Distribution	End use

Types of CSR/environmental issues/dilemmas

Processing of raw materials	Transportation	Manufacturing of products	Distribution	End use
Child labor	Long working hours	Corruption	Whole sale discrimination	Unfair competition
Discrimination	Abuse of union rights	Discrimination	Bribery	Social exclusion
Abuse of indigenous people	Dangerous working conditions	No freedom of speech		Pollution
Social inequity in local community		Health & safety		
		Use of local water resources		

Appreciation to Jens Schierbeck, Deloitte & Touche

It is this question which often sits at the heart of any debate about corporate responsibility. What are
and in which should they be immovable?

various ways of 'getting their arms around' this issue. Each approach may give a new angle on

3 Questions for the board

Finally, with the help of a wide range of stakeholders, we have developed a third approach — a list of questions whose purpose is to try to identify the parameters, range or scope of the issues that typically confront companies as they strive to get to grips with an ever increasing set of CSR issues.

It is our belief that questions such as these can provide a valuable framework for business in trying to decide "what's in and what's out" of the CSR box.

Identify corporate values and issues

1 How does our company view itself as a corporate citizen and do we have corporate policies which reflect our values and our attitude toward CSR?
2 Do we understand CSR issues and know how we can influence them so that we add value to society?
3 What does our company stand for? What are our value drivers and what are the values for those drivers?
4 Does the 'enabling environment' we have created support responsible business practice, or is it hostile to it?
5 Is our approach to CSR one of doing nothing, or of crisis management, or risk/issue management, or do we adopt a proactive 'better world' approach?
6 Are our activities contributing to the development of a sustainable economy?
7 As the basis of our approach to CSR, have we identified the issues we want to deal with and thereby defined our CSR boundaries?
8 Are we willing to invest time and reputation in this venture to carry it out?
9 What are the social implications of pulling out of a situation?
10 If we wish to "do something right" , how far ahead of our market are we prepared to go?

Analysis of impact — the value chain

11 Do we understand the totality of our impact across the full life-cycle of our product or service?
12 Do our business partners share our values; and can we influence their performance?
13 Do we understand supply-chain issues (value chain), both up and down?
14 Are we taking on board all of the legal ramifications?

Communication — outreach and influence

15 How effective are our communication to all stakeholders? Who are we addressing, and how and when?
16 What are our comparative skills and advantages and how do we bring them to bear?
17 What are the CSR expectations of our shareholders/stakeholders and are there benchmarks for CSR performance which we should achieve?
18 How is this to be measured?
19 To what extent can we influence the 'enabling environment'?
20 Should companies play a role in developing the legal, moral, ethical and regulatory infrastructure in the country?
21 How do we leverage the influence we have locally, nationally and globally?
22 How do we implement our CSR policies and strategies? How do we measure, evaluate and communicate them? How do we allocate resources?
23 Do we have any mechanism or systems in place to respond to changing social and political circumstances?
24 What are the roles and responsibilities of government and NGOs in the enabling environment?
25 Are we going to review the process and document lessons learnt?
26 How closely are our operations linked to a particular political regime?

Catalyst for change

Corporate social responsibility has now moved from the fringe to become a mainstream business issue.

At board level in many leading companies, there is now a well-established understanding of the strategic value of a robust CSR program. These same business leaders have succeeded in translating management-level policy into tangible programs of action within their companies and taken them out into the front-lines of commercial transactions. A quick review of company reporting practices provides further evidence that there is real change afoot, as the quality and quantity of sustainability and social reporting initiatives continue to grow.

Partnerships and alliances that are firmly rooted in social responsibility ground are flourishing. Among them are a range of collaborations which promote such initiatives as good employee relations, community empowerment, educational awareness and supply chain/customer engagement. Sensible companies dare not embark on major decisions without having first undertaken well-organized dialogues with their stakeholders.

Beyond the actions of individual companies, many other organizations are also picking up and running with CSR themes. There are a number of current initiatives, including the Global Compact taken under the auspices of the United Nations, as well as others by organizations such as the World Economic Forum, the International Business Leaders' Forum, and the long-standing programs of the US-based Business for Social Responsibility, whose projects are dedicated specifically to assisting companies meet their CSR challenges.

The WBCSD views itself as an important contributor to the CSR debate and it intends to continue playing its part in advancing understanding of the challenges and dilemmas which business must solve if it is to make a socially responsible contribution to sustainable development.

About the WBCSD

The World Business Council for Sustainable Development (WBCSD) is a coalition of 160 international companies united by a shared commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress.

Our members are drawn from more than 30 countries and 20 major industrial sectors. We also benefit from a Global Network of 35 national and regional business councils and partner organizations involving some 1000 business leaders globally.

Our mission

To provide business leadership as a catalyst for change toward sustainable development, and to promote the role of eco-efficiency, innovation and corporate social responsibility.

Our aims

Our objectives and strategic directions, based on this dedication, include:

Business leadership • to be the leading business advocate on issues connected with sustainable development.

Policy development • to participate in policy development in order to create a framework that allows business to contribute effectively to sustainable development.

Best practice • to demonstrate business progress in environmental and resource management and corporate social responsibility and to share leading-edge practices among our members.

Global outreach • to contribute to a sustainable future for developing nations and nations in transition.

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