

Corporate Social Responsibility from 2000 to the Present and the Role of Institutional Organizations in the European Union: Emphasis on COM(2011) 681 Final

Costas Ant. Petrakis¹ and Sophie Zafeiri²

Abstract

Corporate Social Responsibility (CSR) is today an accessory to the socio-economic system. Our central theme here is the most recent *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions* entitled *A renewed EU strategy 2011-14 for Corporate Social Responsibility*, commonly known as *COM(2011) 681 final*.

It is true that at the institutional level the European Union has elevated CSR into a central point in entrepreneurial development and the pursuit of excellence. But what are the factors that have led to this present-day reality? We believe that there is certainly more than one factor involved in the emergence of this new reality. In our opinion the primary factor has been - and is - in some places the retreat and in others the devastation of the social state. In this context business enterprises, and first and foremost multi-national corporations, have seized the opportunity – without of course replacing the state – to display moral commitment, both domestically and to outside audiences, on the social and ecological planes. Similarly in a period of over-concentration, both of wealth and of planetary ecological threats, the emergence of the terms “corporate citizen” and “sustainable development” appears attractive from a public relations viewpoint, and indeed ethically mandatory. In such a conjuncture the European Union and the Commission find themselves assuming the role of regulator and guide of developments.

¹Lecturer, Department of Public Relations and Communications, Technological University of the Ionian Islands, 2 Constantinou Metaxa, 28100 Argostoli, Greece, Office: +302671100162, Mobile: +306974251575

²M.S.in Public Relations and Corporate Communication at New York University, SCPS Dept.

1 Introduction

If we want to see examine its roots under the rubric of historical time, above and beyond questions of chronology and developmental stages, Corporate Social Responsibility (CSR) has its origins in the moment when the socio-economic system we are familiar with today – whether we choose to call it capitalism or the market economy – acquiring consciousness of itself, perceives that property and shareholders are not the only factors of interest whose input counts when it comes to the manufacturing of commodities, the relevant productive procedures and the consequences that flow there from.

Here it is worth referring to:

[http://www.csrquest.net/default.aspx?articleID=13126&heading=\(date of downloading: 02/06/2012/\)](http://www.csrquest.net/default.aspx?articleID=13126&heading=(date%20of%20downloading%3A%2002%2F06%2F2012%)), as this site quotes the historical context that is not covered by csreurope.org. Although according to some commentators the diffusion of CSR is a matter of the last fifteen years – approximately - according to Carroll, and also Rigamonti, the beginnings of CSR are visible in the industrial revolution. Chronologically, in our view, its roots can be traced – in the modern world – back to the first sponsorships instituted in the framework of public relations and/or in Ancient Greece (and elsewhere) in programmes of institutionalized benevolence. But what can the term Corporate Social Responsibility possibly signify today? If business is an art, CSR is a performance. Meaning what? The task is indeed something much more complex and intricate than good knowledge of an object, organization of production and processing of relevant questions through marketing, or than manpower management on the basis of adherence to scientific parameters, whether they be implemented in a positivist manner or in way that is more open and up-to-date. It is truly an art to be lived creatively between human beings and numbers generating profit.

If all this is really the case, then Corporate Social Responsibility has a twofold mission: it must satisfy the material, psychic – and therefore ethical and emotional – and also aesthetic, needs of the stakeholders as a response to the favourable conditions for the productivity of the enterprise, and this must always take place on a voluntary basis, from its viewpoint. But CSR is not just an aggregation of good practices and/or actions inside and outside of an enterprise: it is also a way for businesses to secure a range of benefits.

Specifically in the first chapter of the book by Thanos N. Thanopoulos, *Entrepreneurial Ethics and Deontology in an era of Corporate Governance* (in Greek) there is a detailed analysis of the question of corporate ethics in today's changing world filled with challenges and chaotic unexpected reversals.

What we can say, however, in justification of the term “performance”, is that apart from carrying out positive and essential tasks for the benefit of the community and the benefit of the company itself, these must be so structured as to appear, and to be presentable as, good and proper, and aesthetically acceptable. In other words it must be understood that a business enterprise, as an entity born and bred in a specific community, cannot avoid taking into account its surroundings if it is to ensure further growth and its own long-term survival. And all this within a strategic orientation that will correlate the potential and the specialization of the enterprise with the chosen practice and/or action. (Post E. James, Frederick C. William, Lawrence T. Anne, Weber James, (1996 8th edition) *Business and society. Corporate strategy. public policy, ethics. International Edition publication pt 1. Business in Society* (p.4-53).

Vernon Heidi, *Business and society. A managerial approach* (1980/1998 6th edition). McGraw Hill publications.

2 Europe and its Potential vis à vis Corporate Social Responsibility.

Despite the fact that it has a slight chronological lead in CSR, for no other reason than that it is politically, economically and institutionally far older than the European Union and also more compact from a developmental viewpoint, the United States has not in our opinion unfolded all of its potential for implanting CSR. If one reads carefully between the lines in the pathbreaking work of Philip Kotler and Nancy Lee *CORPORATE SOCIAL RESPONSIBILITY: Doing the Most Good for Your Company and Your Cause* one will perceive certain things that are different about the European continent, and indeed the European Union, which is the entity that interests us:

- a) Less importance is attached to questions of internal Corporate Social Responsibility in the USA, leaving the impression of an overdeveloped external Corporate Social Responsibility.
- b) The differentiation at the level of value that is accorded to art and culture is reflected in the way Corporate Social Responsibility is perceived in the two continents. This does not mean that the United States is lacking in the good practices that pertain to this sector.
- c) Europe, which has never overcome its moral hesitations – despite the fact that in the USA the religious impulse is perhaps more intense and more vital in a larger proportion of the population – is implementing, through various organizations and enterprises and under the influence of pressure groups, less instrumentalized practices as it proceeds step by step towards deepening of CSR.

These are not the only differences. We note those we judge to be the most important. In any case we cannot enter into a case-by-case analysis, which would require the composition of a very lengthy text (a relevant short book is *CSR in the European Union, the United Kingdom, Italy, and Switzerland*, Government incentives to CSR: different regulations and initiatives in different European Countries, by Simona Rigamonti) as the differences between countries are significant and extreme: in some places Corporate Social Responsibility is in full swing; in others – such as Greece – it is still in its infancy.

3 European Union Strategy: the Consequences of CSR in Europe.

The European Union, as is well-known, is first and foremost an economic partnership between states and secondarily a political and cultural union. Within this framework it is, through its institutional machinery, making all the required efforts to forge economic and entrepreneurial homogeneity, irrespective of the obstacles it keeps encountering as a result of the unequal development between the member-states.

This is the setting in which, fourteen whole years after the publication of the U.N.'s Brundtland report (1987), the European Union in 2001 for the first time published, at the institutional level, a non-binding text, that of the Green Book, containing the first open and detailed formulation of a plan for Corporate Social Responsibility.

We should bear in mind that Corporate Social Responsibility represents more or less a systemic adjunct and ancillary prop against the collapse of the social state, which is accelerated in times of economic crisis. The European Union as represented by its institutional mouthpieces, the Green and White books, regards CSR not as a basic demand of modern communities but as an entrepreneurial question. We cannot but be reminded in this connection of the economic theory of state-monopoly capitalism where among the other monopolies the state is an extremely powerful monopoly. And we say this because

we have the feeling that the logic here is one of business to business (B2B). However indispensable Corporate Social Responsibility might be systemically during a period when the system is losing ideological ground, it cannot deal with the ever growing needs of a system that generates deficits at the level of reproduction. This does not mean that we should uncritically accede to old-fashioned Marxist approaches of viewing every entrepreneurial initiative as more or less suspect.

Let us attempt to approach the question through a thorough examination of the most recent statement of the European Commission dated 25-10-2011. It is the famous COM(2011) 681 final otherwise known as “Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: *A renewed EU strategy 2011-14 for Corporate Social Responsibility*”. http://ec.europa.eu/enterprise/newsroom/cf/_getdocument.cfm?doc_id=7010 (date of downloading 05/04/2013)

4 The most Recent Institutional Position Statement on CSR

Of the 5,500 words in the text of the above communication only 103 words of the introduction pertain exclusively to the question of why the celebrated new strategy is of interest to society as a whole, or in other words to ordinary people. In all the rest of the text it is as if CSR is not of concern to all stakeholders but almost exclusively to businesses, shareholders and managers. The remaining stakeholders, the collectivity to which CSR is addressed, notably the community, the citizens of the European Union and the workers, are conspicuous for their absence.

In this compendious 15-page text the new European Union strategy comes over as hesitant in the face of the great challenges and overturns that are foreshadowed.

And without speaking of grand ideals, the key values of Europe, which are moral values, are absent from the text. The European Commission attempts, and quite rightly so, to emphasize the interest of businesses in CSR without involving “other” stakeholders. How much of a coincidence can we consider it and how compatible with the symptomatology of the lack of a political project and lack of inclination for deepening democracy in the interest of the real needs of citizens and the communities they uphold with an orientation towards a genuinely united Europe.

Let us examine, chapter by chapter, this communication of the European Commission to see what answers are given to the questions we have posed. At the end of October 2011 the European Commission released the relevant communication including, in the context of the renewed EU strategy 2011-14 for Corporate Social Responsibility the following comments:

- i. Introduction to the report: From the beginning (1.) up to (1.3.) there is a general presentation of the European Commission’s thinking on the subject of CSR in which, as previously stated, the primary emphasis is on how addressing corporate social responsibility is in the interests of enterprises. As for the whys and wherefores of the new strategy, the European Commission emphasizes that “the economic crisis and its social consequences have to some extent damaged consumer confidence and levels of trust in business”. The subject is subsequently encapsulated in the brief phrase “ethical performance of enterprises”.
- ii. Evaluation of the impact of European policy on CSR”: Here the text emphasizes the collaboration between member states in relation to information provision to

consumers, transparency, research, education, small and medium businesses and the international dimension of CSR. Nevertheless, from the text as a whole the conclusion can be drawn that the European Union has not succeeded in linking Corporate Social Responsibility to the general question of entrepreneurship and that CSR continues to be primarily a matter for big multinational enterprises.

- iii. Dubious updating of the CSR conception: In the first section (3.1.) an attempt is made to put forward a new definition of Corporate Social Responsibility which in my opinion does not offer anything really new. As for the small and medium businesses, the abovementioned viewpoint is confirmed through the specific statement that “for most small and medium-sized enterprises, especially microenterprises, the CSR process is likely to remain informal and intuitive”. Subsequently (in 3.2.) mention is made of formally acknowledged guidance on the basis of models for CSR (ISO 26000). As for the “multidimensional nature of CSR” (3.3) the truth is that the account given of its social role is perfunctory. This also applies for the following section (3.4.) entitled “The role of public authorities and other stakeholders”. And indeed in 3.5 & 3.6 there is a resumption of discussion on the major question which, for the European Commission is CSR and business development.
- iv. Orientation towards “agenda for action 2011-2014”: At the heart of the discussion is once again businesses, the good practices they should adopt and the European Commission’s intense concern with enterprises’ general stance on Corporate Social Responsibility.
Essentially – something which in my opinion is not a mistake but is in fact relatively unilateral in its orientation, the European Union throws all its weight behind the question of systematic and programmed activation of companies within the framework of CSR. Again, as a secondary point in (4.5.), with its business-centered logic, it introduces into its text a page on “improving company disclosure of social and environmental information.” Immediately afterwards it links academic research and research generally with Corporate Social Responsibility and in our humble opinion this is the only point at which it speaks in an innovative and original fashion. This lengthy section (4.) concludes with an examination of the subject of national regional and international dimensions of CSR and the role of the member-states.
- v. In conclusion: The European Commission has programmed a conference for mid-2014 for the purpose of monitoring and presenting a balance sheet for CSR in the European Union, with an emphasis on the progress of collaboration between the European Multistakeholder Forum on CSR and the High Level Group of CSR representatives of Member States. It is also reopening dialogue with the Council, the European Parliament, the Economic and Social Committee, the Committee of the Regions, enterprises and other stakeholders. The text concludes with a summary of the prospects for Corporate Social Responsibility in the European Union in the context of the new goals for 2015 and 2020.

5 General Conclusions

Corporate Social Responsibility in relation to European institutions over the last decade would be a useful subject for consideration by a group of scholars, who might then offer the educated public and any other interested parties a substantial volume for their edification.

Here we have attempted to make a brief and general digression with its cardinal focus on a similarly brief but, we believe, comprehensive critical presentation of the European Commission communication COM(2011) 681 final. The first conclusion to be drawn is that CSR internationally and specifically in Europe is in its infancy, but also growing at a geometric rate of development and progress. As paradoxical as this may sound, the process has been helped along by the economic crisis affecting Europe over the last three years, which has led to consumers becoming more cautious about how they organize their spending. The consumer himself keeps track of where and how he is spending his money and is even more attentive to the public good:

<http://www.instofcom.gr/bGFzdF9tZW51X2NsaWNrZWQ9bWFpb19tZW51Jm1haW5fbWVudV9pdGVtX2lkPTE3NyZwYWdlX2lkPTk4Jmxbmc9R1Im> (date of downloading 11/04/2013).

The question is, however, whether the unfolding European and global crisis will leave it free to grow up, let alone reach maturity and complete its cycle over the following decades. The second conclusion is that the European Commission with its leading role in co-ordinating the functioning of the European Union is making honest efforts to assist with the growth of a European CSR, while at the same time placing excessive emphasis on what enterprises are doing and should do and less emphasis on the other interested stakeholders. The third and final conclusion is our conviction that in order for CSR in Europe not to undergo distorted development it is urgently necessary for the institutional bodies of the European Union to take action to inform, sensitize and mobilize European citizens, working people and local communities. Otherwise, in our view, CSR will very soon have evolved exclusively into a tool of marketing and management.

References

- [1] Thanopoulos N. Thanos (2003/2009 2nd edition), Thanos N. Thanopoulos, *Entrepreneurial Ethics and Deontology in an era of Corporate Governance*, Interbooks publications.
- [2] Post E. James, Frederick C. William, Lawrence T. Anne, Weber James, (1996 8th edition), *Business and society. Corporate strategy public policy, ethics*. International Publications. Pt 1. Business in Society (4-53)
- [3] Vernon Heidi, *Business and society. A managerial approach* (1980/1998 6th edition) McGraw Hill publications.
- [4] Rigamonti Simona, (2011) *CSR in the European Union, United Kingdom, Italy and Switzerland. Government incentives to CSR: different regulations and initiatives in different European Countries*. LAP LAMBERT Publishing, Academic Publishing GmbH & Co KG, USA, UK.
- [5] Senior Barbara, Swailes Stephen (1997/2010 4th edition), *Organizational Change*, Pearson Education Limited publishers, FT Prentice Hall Financial Times, England, pp. 5, 15, 24.
- [6] Philip Kotler and Nancy Lee, *CORPORATE SOCIAL RESPONSIBILITY: Doing the Most Good for your Company and Your Cause*, published by John Wiley & Sons, Inc., Hoboken, New Jersey, 2005.
- [7] Philip Kotler and John A. Caslione, *Chaotics: The Business of Managing and Marketing in the Age of Turbulence*, edition published in arrangement with AMACOM, a division of American Management Association, New York, 2009.

- [8] <http://www.csrquest.net/default.aspx?articleID=13126&heading>
- [9] http://ec.europa.eu/enterprise/newsroom/cf/_getdocument.cfm?doc_id=7010
- [10] www.csreurope.org
- [11] <http://www.instofcom.gr/?bGFzdF9tZW51X2NsaWNrZWQ9bWFpb19tZW51Jm1haW5fbWVudV9pdGVtX2lkPTE3NyZwYWdlX2lkPTk4Jmxbmc9R1Im>