Corporate social responsibility – the dilemmas behind the popular concept and how to best address them!

Jan Kuepfer* and Jozef Papula

Faculty of Management,
Comenius University,
Bratislava, Slovakia
Fax: +41 43 338 77 27
E-mail: jan.kuepfer@kuepfer.com
E-mail: jozef.papula@fm.uniba.sk
*Corresponding author

Abstract: Corporate social responsibility (CSR) is a highly popular topic in the corporate world and in politics. Yet, current progress in many areas of CSR lacks behind promises made in the past and many stakeholders become disillusioned. This paper has three aims. First, it explains how CSR has evolved over time, and then looks at CSR from a different angle showing that it has a lot of conflicting issues behind it. As these dilemmas give probable explanations for the slow advancements, authors state their point of view to best overcome the mentioned obstacles.

Keywords: CSR; corporate social responsibility; corporate governance; corporate citizenship; ethical conduct of management; environmental protection; sustainable society; corporate world; dilemmas behind CSR.

Reference to this paper should be made as follows: Kuepfer, J. and Papula, J. (2010) ‘Corporate social responsibility CSR – the dilemmas behind the popular concept and how to best address them!’; Int. J. Sustainable Society, Vol. 2, No. 3, pp.291–305.

Biographical notes: Jan Kuepfer is a PhD candidate in the Comenius University. Currently, he lives in Switzerland and works as Vice President in the Group Audit of a European Insurance Company. His research interests are corporate citizenship, corporate social responsibility, corporate governance and risk management of senior management.

Jozef Papula is the Dean of the Faculty of Management at the Comenius University in Bratislava, Slovakia. He is a Professor of Strategic Management and heads the Department of Strategy and Entrepreneurship. His research interests are competitive analyses and strategies, strategic alliances, strategic planning and corporate governance.
1 Introduction

Corporate social responsibility (CSR) is an extremely popular subject these days. Hardly, a day goes by without some reference to it in international newspapers.

But despite this popularity, current progress in many areas of CSR lags behind promises made in the past by corporations and governments alike. As a result, many supporters of the CSR concept have become disillusioned.

This paper is based on a dialogue that started at the ‘11th international conference of the society for global business and economic development’ in May as part of an ongoing PhD study. At first, the authors explain how CSR has evolved over time. Then, they look at CSR from a different angle showing that the popular concept has a lot of conflicting issues behind it.

Main contributions of the authors are to show possible reasons for the slow advancement by analysing various dilemmas of CSR. Moreover, the authors present their ideas of how to best overcome the obstacles. They demonstrate the importance of ‘economical stability and profitability’ for the CSR concept, the need for governments to actively promote CSR investments and the essentiality of pigovian taxes.

2 Defining CSR

2.1 Definition

Howard Bowen is regarded by some as the father of CSR. He defined the social responsibilities of businessmen in 1953 as to ‘pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society’ (Bowen, 1953, p.6).

It is important to point out that CSR has been around for a long time. There exist numerous definitions, but three main perspectives can be identified.

In the first perspective, CSR is primarily seen as an action of philanthropy from corporations. Even when this might be still true for some corporations, this point of view is out-dated and hardly considered in science anymore.

In the second perspective, CSR is considered only as a strategic action intended to comfort stakeholders. This stakeholder strategy approach implies that it can be beneficial for a firm to engage in certain CSR activities that some of its stakeholders perceive to be important. These stakeholders might otherwise withdraw their support from the firm (Donaldson and Preston, 1995).

In the third perspective, CSR is looked at in a very general way of how corporations handle their affairs and goes beyond the concern to how such actions are seen by others. A very comprehensive definition in this regard is from The Institute of Directors (2002):

“CSR is about businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment.”
More concretely, CSR often encompasses the following domains among others:

- ethical conduct of management
- human rights issues (employee treatment in particular)
- environmental treatment
- costumer/consumer protection and rights
- community responsibility
- philanthropic initiatives.

2.2 Rationales

In 1970, Milton Friedman wrote an often-quoted article for *The New York Times Magazine* stated that:

“There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say engages in open and free competition without deception or fraud.” (p.124)

And that’s the neo-classical view among free market economists up until today: that the only social responsibility a law-abiding business has is to maximise profits for the shareholders and that it should not be hindered by social conscience (Friedman et al., 2005).

But the comments of the future Nobel prize winner in economics were not exactly news. Many argue that his mindset goes back to Adam Smith, who stated already in 1772 in ‘The Wealth of Nations’ that:

“By pursuing his own interest (an individual) frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good.”

The simple idea put forward is that free market capitalism will generate the most money that can, at the end, be used for any means, as well as for social welfare. An interference on the other side will harm not only investors but will also negatively impact the economy as a whole which becomes less productive, offers less value to consumers and has less money to contribute to welfare. Ever since Friedman made his comments, he has been criticised and hated as a villain by many. However, he best brought forward the deep-rooted beliefs of a large part of Western civilisation, which is: ‘free liberal capitalism at the end turns out to be the best way to create welfare’. The paradox in this is that despite the current economic crisis, history partly confirms this theory.

But our world is faced by new forms of social problems and corporations face much more conscious consumers. Opponents of the beliefs of Friedman see things quite differently. While many of them are not against the idea of a free market, they like to point out that the sharp focus on shareholder value often creates harm to the society that can not be easily undone (Warren, 2001). Popular examples are childhood labour, ruthless production sites that damage the health of employees or its environment or simply the changing world climate in general. For them that time has come where a change of thought needs to take place before it is too late.
2.3 Evolution

While many activists complain that not enough is being done, it needs to be recognised that slowly but steadily many initiatives linked to CSR have found their way into legislation.

CSR has moved away from its historical focus on business philanthropy to a broader set of activities that engage business with the full range of its stakeholders and integrate the practice of CSR into the strategy of many organisations.

A research published by Context (2006) showed that 90% of the largest European companies published substantial information on their social and environmental impacts. And KPMG (2005) concluded one year earlier that more than 50% of the largest multinationals have started to produce reports that are directly linked to CSR.

CSR has become an important issue for most multinational corporations. Thirty years after the statement of Friedman, the PricewaterhouseCoopers Sixth Annual Global CEO Survey of nearly 1,000 chief executives from Europe, Asia and the USA proves this impressively. The survey of PwC (2003) concludes that: 71% of CEOs would sacrifice short-term profitability in exchange for long-term shareholder value when implementing a CSR program.

2.4 Political influence

CSR has also been addressed on the international scene of politics. The first big intergovernmental gathering to tackle the issue dates back to 1972 and was the Conference on the Human Environment in Stockholm. In 1983 followed the UN World Commission on Environment and Development that formed the concept of sustainable development: ‘progress that meets the needs of the present without compromising the ability of future generations to meet their own needs’. Other important milestones were OECD standards from 1976, the Earth summit in 1992 and the Kyoto Protocol from 1997.

In 2007, at the G8 meeting in Heiligendamm, Germany (2007) the G8 countries together with the G5 – India, Brazil, China, Mexico and South Africa – expressed a need to strengthen the principles of CSR. They launched a dialogue process around four topics: investment and responsibility, innovation, energy and development. CSR is clearly a major issue of these topics.

In 2008, at the G8 meeting in Hokkaido Toyaka, Japan (2008) the summary of the summit stated that G8 leaders agreed to implement ambitious economy-wide mid-term goals.

In 2009, at the G8 meeting in L’Aquila, Italy (2009) the G8 agreed to support a global target to cut emissions by 50% by 2050. However, the world’s biggest developing nations G5, led by China and India, refused to commit to specific goals to reduce greenhouse gases, undercutting the aim to build a global consensus by the end of this year to reverse the threat of climate change (New York Times, 2009a).
3 Dilemmas

For many important stakeholders including governments, NGOs and economists, CSR is not advancing the way it should and progress is condemned to be slow. Rather than a simple answer as to the reason for this, the hypothesis is that CSR holds as multifaceted concept to many conflicting issues behind it. The following dilemmas have been identified and are considered to be important.

3.1 Grade of voluntary

The first dilemma regards the question of whether ‘requirements’ should be voluntary or not, especially regarding growing environmental challenges in areas such as climate change, as well as regarding the enforcement of labour standards and basic human rights.

Slowly but steadily, CSR related issues have found their way into current legislation. Today they impact our daily lives everywhere from employee protection to consumer good quality. There are many examples for ethical rules that were transferred into legal rules. The Sarbanes-Oxely Act from the USA was a direct reaction to the corporate and accounting scandals of executives from Enron, Worldcom and others. Under the Sarbanes-Oxely Act, unethical conduct from public companies is severely punished (Mullerat, 2005).

Nevertheless, most CSR issues come in the form of ‘codes of conduct’ and ‘business guidelines’. Since this form of regulation does not have a strict legal impact on corporations, they are seen by critics as ineffective.

The best illustration for this can be given by criticism for the EU that signalled that it is not going to pursue a strictly regulatory approach to the promotion of CSR. The European Coalition for Corporate Justice ECCJ, quoted in a Mission Statement (ECCJ, 2009) that “although voluntary initiatives can be successful in some cases, regulatory measures are necessary to ensure all corporations abide by nationally and internationally agreed standards, whichever provides the higher standard”.

3.2 Capacity of government

Closely related to the first dilemma is the question whether ‘the government’ should be more pro-active and stronger influence CSR as whole.

Today, the role of the private sector is still mostly defined through production and profit-maximisation. Hence, the government should take care of social and environmental issues through efficient and robust policy frameworks and mechanisms.

Moon and Vogel (2008) consider that Friedman’s distinction as premised on accountability grounds correctly. In that sense, the political representatives are trained for and experienced with addressing public policy issues, whereas executives are trained for and experienced in managing corporations and optimising profits.

However, much of the growth of the global civil regulation is rooted in the perception that economic globalisation has created a structural imbalance between the size and power of global firms and markets, and the capacity, willingness, and ability of governments to regulate them (Moon and Vogel, 2008). Newell (2000) quoted: “multinational corporations appear to wield power without responsibility. They are often as powerful as states and yet unaccountable” (p.121).
3.3 Economical crisis

The next dilemma looks at the impact of an economical crisis.

Renowned economist Soros (2009) declared in the last WEF forum that the prevailing interpretation of how financial markets operate has very truly failed. The ‘efficient market theory’ that consists of perfect information efficiency and fully rational market prizes was accepted by many investors but has now been disapproved by the events of the latest financial crisis. Many private investors who have become rich under the belief in its theory are now turning their back on the financial markets and are not willing to support them any further. And as private investors are backing out, the intervention of governments is required to stabilise markets.

While the interference of governments into the corporate world is highly unpopular among liberal economists and most citizens, the current economical crisis has led to a fundamental shift of public opinion. The help of governments to save jobs and whole industries has reached an unprecedented momentum.

With the current crisis, the role of government is a new one. On one side they have gotten the power to influence the strategy of whole industries as they have become an important investor; on the other side they are faced by demands of many voters that require from them a firmer role in the time of crisis. Therefore, more than ever, governments need to find an equilibrium allowing them to impose effective legislation that serves the society without hindering corporations to overcome the current crisis.

The events from the current financial crisis signal a paradigm shift: it will greatly influence our mindset and the way we look at capabilities of a ‘free market’, the ‘role of governments’ and the functioning of economies as a whole.

3.4 Small and medium-size enterprises SMEs

Multinational corporations are much more sensitive to the public than small and medium-sized enterprises SMEs. This is logical considering that a brand value for a renowned company is much bigger than for a ‘nobody’. The capitalisation of the brand value such as in the example of the Virgin Group might even be the cornerstone of the strategy.

Many initiatives from the Government and NGOs related to CSR target large corporations. The economical landscape on the other hand presents a different picture. In most nations, SMEs in total play a much more important role than its few multinationals.

SMEs are reached eventually through supplier contracts or through public awareness. But especially in developing countries it is difficult to attract SMEs to implement CSR standards.

3.5 Cultural differences

Cultural aspects play an extremely important role of what to understand under CSR and how the subject is handled by its society (Doh and Guay, 2006). The cultural values influence everything from employee treatment to environmental protection. Its differences among western nations are vast and are even more diverse considering developing nations.
While it would be unthinkable for a company in France that still makes profits to lay off people on a large scale, it seems acceptable that a USA company like Microsoft that still makes profits to lay off 5% of its workforce to become more profitable again. As Crane et al. (2008) correctly points out, there may be very different reactions from USA businesses that emphasise shareholder rights and non-USA businesses that may emphasise a balance of stakeholder rights.

It is the differences in cultural norms, traditions and unwritten rules that make the whole discussion about the appropriate application of CSR fare more complex. To find common ground on important CSR aspects is one of the biggest dilemmas to overcome.

### 3.6 Accountability of undeveloped nations

According to Filemon and Uriarte (2008), CSR is often evolving in response to profound external forces, including meeting legal and regulatory obligations and responding to the elite and broader public opinions that demand higher standards of accountability, such as meeting environmental requirements and assuring appropriate labour standards.

The key drivers for CSR are the requirements of the global marketplace and their supply chains. For example, there are strong incentives for exporters to adopt appropriate practices (including human rights, labour practices, environmental practices and food safety regulations) to access markets or to attract overseas investment.

But there is considerable variety in the structure and regulation of markets, in the accountability of governments, the operation of the justice system and in the freedom of civil society. If governments set a bad example, either by oppressive practices that restrict the function of civil society or widespread corruption and incompetence, then it is difficult and unlikely that corporations act responsible.

A striking example of how much more needs to be done is given by looking at the situation of forced labour and child labour, a problem that remains widespread in today’s global economy. The International Labor Organisation (ILO, 2009) estimates that over 12 million persons worldwide are working in some form of forced labour or bondage and that more than 200 million children are at work, many in hazardous forms of labour. The most vulnerable persons – including women, indigenous groups and migrants – are the most likely to fall into these exploitive situations and the current global economic crisis has only exacerbated their vulnerability.

### 3.7 Responsibility of developed nations

The other great dilemma between developed and undeveloped nations is the question regarding the accountability of the past.

Developing nations often refuse to join new treaties as long as developed and wealthier parts of the world, mainly the EU, North America and Japan refuse to substantially support them with vast investments.

Particularly, important is the debate regarding efforts to combat climate change since the rich nations are responsible for historic emissions. A current proposal based on a formula introduced by the EU environment commission to support developing nations with clean and efficient energy is in the area of €30–50 billion annually by 2020 whereas environmental groups claim that it should be about €150–250 billion (New York Times, 2009b).
In that perspective, the demand for worldwide standards impose on not yet developed countries a burden they might not be able or willing to accept. For many people in developing countries life is still a continuous struggle. To demand from them sacrifices is morally debatable and difficult.

3.8 Timeline to save environment

The 1997 Kyoto Protocol aimed to reduce the level of greenhouse gas emissions, which are regarded as a main contributor to global warming. Protocol signatories, including the USA and EU, agreed to cut the greenhouse gas emissions substantially from 1990 to 2010. The most important initiative so far failed partly because the USA and other important nations did not ratify it. President Obama used the combat to fight climate change as prominent issue to differentiate himself from his predecessor.

However, his actions so far have disillusioned former supporters. The climate bill that passed the House of Representatives in June 2009 was largely deflected by European leaders as not strong enough. Furthermore, the role of Obama and the vague declaration of the last G8 summit with a non-binding emissions reduction goal set 41 years into the future felt short of any activists’ expectations (EurActiv, 2009).

Many environmental activists proclaim that time is running out to turn back the wheel of time. At the same time, environmental subjects like no others tend to mobilise a large amount of people that stand up in NGOs or in consumer boycotting of corporations. Among the most impressive cases is the consumer boycotting of shell oil because of its decision to sink the Brent Spar oil rig.

3.9 Incentive for CSR investments

The relationship between the treatment of CSR by corporations, which is sometimes referred to as social performance, and the financial success of a corporation is an important aspect of the economical perspective (Schreck, 2009).

The idea of CSR investments has been embraced by many investors. According to estimates by the Washington-based Social Investment Forum Foundation (2009), as much as $2.7 trillion in capital is invested on the basis of CSR indicators. The most popular of them are the Dow Jones sustainability indexes that track the financial performance of leading sustainability-driven companies worldwide since 1999.

On contrary, analysis of corporate success has not resulted in a clear picture on the long-term profitability of CSR. Both contributors and critics will find results that are in their favour. The only real conclusions to draw from these analyses so far are that they do not present a clear picture as to whether CSR strategies pay out (Griffin and Mahon, 1997).

4 Structuring of dilemmas

To better understand how the identified dilemmas might be interrelated to each other an analysis has been performed by asking scholars to bring them into a logical structure.

The result of this analysis can be presented as follows:
One main aspect has been identified that relates to most identified dilemmas. Scholars named it the aspect of ‘economical stability and profitability’, related to it is:

- the ‘grade of voluntary’ and the ‘capacity of government’ that have to do with the ‘role of government’
- the ‘accountability of developing nations’ and the ‘responsibility of developed nations’ that are clearly linked to the ‘degree of development of country’
- the ‘SMEs’ regarded as a ‘structural dilemma’ (among others that have not been identified)
- the ‘incentive for CSR investments’ considered as an extremely important aspect and very closely linked to the ‘economical stability and profitability’ subject.

Two secondary aspects, that are not directly related to the ‘economical stability and profitability’ but which are nevertheless dilemmas that need to be addressed are:

- the ‘timeline to save the environment’, that is, running out
- the ‘cultural differences’ that exist and are often underestimated.

### 5 Analysis of priorities from individuals

A second analysis is under way to better understand how individuals regard the various aspects of the CSR concept. For this, a survey has been designed and feedback of 114 Swiss persons has been collected so far.

Clearly, the collected data does not build ground to form a clear thesis. For this, it would be necessary to collect more information in different countries/cultures as well as under different economical circumstances. Something, that is, not possible in the short-term.

Nevertheless, first results indicate that interviewees from a developed nation are likely to rate the importance of CSR aspects in accordance to what they consider to be of highest relevance for themselves and the persons around them. A global or long-term perspective seems to be missing.

Moreover, the clear personal could indicate that similar to the concept of the Maslow Pyramid, aspects of the higher layers are unlikely to be considered a priority if the underlying aspects are not fulfilled.
The feedbacks analysed so far indicate the following priorities:

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<th>Priority</th>
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<tr>
<td>Ethical conduct of management (least important)</td>
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<tr>
<td>Environmental treatment</td>
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</tr>
<tr>
<td>Customer/consumer protection and rights</td>
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<tr>
<td>Human rights/employee treatment (most important)</td>
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6 Solutions for advancements

The following is a selection of measures that are in light of current research considered effective to overcome the identified dilemmas and advance with CSR.

6.1 Transparency

The one relatively well recognised driver for CSR is the consumer. He can both support responsible corporations through his consumerism and boycott them if he feels they act irresponsible.

Most important for this to function is transparency over the CSR behaviour of corporations. NGOs and governments should find ways to promote this transparency for consumers and investors. New financial indexes in that sense are great but are based on very diverse forms of publications and reporting. Every large corporation in the world is allowed to publish CSR content in the extent and form of its choice. This can hardly be considered an optimal situation for transparency.

6.2 Harmonisation and international quality standards

Closely linked to the subject of transparency is the one of harmonised quality standards.

If the quality standards are international, they can help to set a common ground of understanding and promote CSR business practices worldwide. An example for such a standard is the ISO 26000 by the International Standardisation Organisation (ISO) planned for 2010.

If certifiable, they allow corporations to signal to customers that they take the conduct of responsible business seriously. If established as a demanded industry standard such as the new ‘energy labels of the European Union’, they allow customers to compare one product with another and make a clear choice on price, quality and environmental friendliness.

International guidelines and quality standards may do best to overcome some of the cultural differences and advance with more consistency regarding CSR actions.

6.3 Academic initiatives

International dialog on CSR and the exchange of opinions sponsored by the academic world and governments help to better understand cultural differences.
Some believe that if we still want to save the planet and create an overall fairer system in society, a true revolution is needed. And revolutions start often in the heart of people that are inspired to follow a vision. This said, there is a huge responsibility for all universities to make CSR and related subjects a primary focus of their study programs. Young people are more and more conscious about the values of their employer. In this a double positive effect could result that students will bring their spirit into corporations and start a revolution; on the other hand corporations will be more conscious that their values are a key issue in order to attract talented students that are happier at work if they find their personal values are shared by their employer.

6.4 Redefining the role of NGOs

The role of non-governmental-organisations (NGOs) that influence policy-making is crucial. Keck and Sikkink (1998) call the rising influence of NGOs as one of the most significant developments in international affairs over the past 20 years. However, many NGOs still focus a lot of their energy on multinational corporations that are more vulnerable to their attacks. Also, a campaign against them offers good publicity for the NGOs themselves. Nevertheless, the landscape of the economy is another one with many SMEs that dominate and play a much more important role to society.

Hence, it would be great if NGOs could focus with their work less on publicity and large corporations and more on dialog, education and SMEs. This help would be particularly welcomed by SMEs in developing countries that are in the time of crisis among the weakest market players.

6.5 Green new deal

In regard to the financial crisis, many CSR contributors like to talk of the demand of a ‘green new deal’. They refer to Roosevelt’s new deal as reaction of the economical crisis in the 30 s in which the government launched a large investment program and started to demand more taxes from the rich (Missbach, 2009). The investment of the government that allowed the world to recover was six years later, incorporated by Maynard Keynes’ theory known as ‘Keynesanismus’. Widely accepted, it is one of the most regarded theories to resolve the current crisis among today’s economists.

6.6 Redefining the role of governments

As impressive as some of the evolved CSR programs of corporations are, it needs to be acknowledged that there are ethical, social and environmental challenges in today’s world that no company acting voluntarily can overcome.

Therefore, the governments need to do more to stimulate reductions in greenhouse gases, ethical management practices and fair trading. Now with the economic crisis, governments have the possibility to influence whole industries like never before and they should think twice on the form of regulations to impose and the investments to support. Although the demand for the green new deal is laughed at by some, the idea should be taken seriously. The latest developments in the USA and at the G8 summit which are closely looked at by the rest of the world are rather discouraging.
6.7 Support for CSR investments

Support for CSR investments is possible in many ways. This includes the support for direct investments which happens by granting loans to favourable conditions or by giving direct tax incentives to investments of corporations and/or individuals.

Another way of supporting CSR investments would be by offering tax-exemptions or a favourable tax on dividends and capital-gains from investments into CSR funds. This could have a double effect since investors into CSR funds will be attracted by the conditions to hold their assets and corporations on the other side would have a high motivation to have their stock in one of the CSR funds listed.

6.8 Pigovian tax

A pigovian tax is a tax charged to correct the negative impact of a market activity. Related to CSR, a pigovian tax may be imposed on producers (or individuals) who pollute the environment to encourage them to reduce pollution, and to provide revenue which is used to counteract the negative effects of the pollution.

In most developed countries only heavy polluters are charged and a market-based system called cap and trade (of pollution rights) exists. The trading of pollution rights finds a higher acceptance by industries and lobbyists because it allows polluters to reduce the tax costs or even gain profits by selling their rights relative to the unaltered market case. However, with a pigovian tax there is an incentive to reduce pollution for everybody, whereas with the current cap and trade of pollution rights regulation, a polluting company has no incentive to pollute any less than what is allowable.

With very modest progress to meet goals set for greenhouse gas reduction, the pigovian is on the table again. The French president considers sincerely introducing a carbon tax. If successful, France would become the largest economy yet to levy such a charge.

6.9 Role model by developed nations

As long as developed nations are not willing to do more and to anticipate a better support for CSR aspects, in particular a larger reduction in greenhouse gas emissions, there is little doubt that developing nations are not willing to agree on current terms.

Instead of fighting over the fair level of reductions needed from developing countries or to fight over the amount developed nations have to pay for historic emissions, a possible way out of the deadlock would be to go ahead and play a role model. This would also mean that developed countries would agree on concrete short-/mid-term goals and hold firm to their commitments.

7 Conclusion

Despite its popularity, CSR is a complicated and conflicting concept that posses many dilemmas that will be difficult to overcome.

The first priority of corporations is to make profits. Therefore, the actual economical crisis is mixed with fear that companies will care less about their workforce and the environment as long as they find a means to survive. The public, on the other hand, will
stand back and accept this. Currently, there is much reason to believe that the economical crisis has indeed slowed down many initiatives of CSR. Governments that have decided to ease back on the pace at which they had promised to tackle climate change and other CSR aspects intensify this impression.

Moreover, most individuals from developed countries seem to prioritise CSR aspects in such an order that their and the well-being of people closest to them are impacted in the short-term, missing a global and long-term perspective. Pressing issues for individuals in undeveloped countries that do not really have a choice and global problems such as the climate change fall behind.

Considering the various dilemmas and the behaviour of individuals, the true responsibility and key to success for CSR lies with the government. The ‘efficient market theory’ has during the economical crisis proven to be wrong and signals a true paradigm shift. Hence a unique opportunity arises for governments to redefine a part of the market rules and provide guidance.

Based on the analysis of dilemmas, two forms of initiatives can be considered to be most promising. The first are ‘neutral solutions’ that do not have a direct impact on individuals or corporations but target education and information. This includes ways of promoting transparency, the harmonisation and internationalisation of standards, and stronger and redefined roles for NGOs and the government.

The second initiatives look at the predominant importance of the profitability aspect. Therefore, governments would do best by embracing the idea of the green new deal and further explore other means to support investments into CSR. This could be done, that is, by providing special loans to direct investments and indirectly by offering favourable tax conditions for investments into CSR indexed funds. The idea of CSR indexed funds has hardly been considered so far.

Last but not least, all governments should introduce pigovian taxes which offer a possibility to educate everybody and give incentives to regard CSR issues as an important priority. A carbon tax is only one possibility, more creative forms could include a tax on goods (or whole countries) that come from the hands of forced labour or child labour.

Steger (2008) wrote in an article concluding on the advancements of CSR:

“Even for the most risk-exposed companies or industries, everything beyond the (hard-) core business is of secondary importance. At best, global companies are interpreting their current business model in a more responsible way and cautiously choosing an incremental but continuous, improvement path to increase their environmental and social performance. Over time this can produce some results but the impacts of such efforts currently remain significantly below the academic expectations of break-through innovation and new business models.”

He points out the reflection of the authors taking current development on CSR into account. The concept has not completely failed but it still needs to find its form. The ultimate conclusion is that corporations, the academic world, NGOs and the governments need to do just much more in order for CSR to become a cornerstone of corporations and contribute to a better world for the generations to come. It’s simply not good enough, and we can do better!
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