



## Corporate Social Responsibility

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**Corporate Social Responsibility in the Southern Countries: the other context.** CSR criteria are generally defined in the North due to a yet incipient albeit growing participation of the South. Furthermore, an issue as critical for the South as the need for its workers to earn a living wage does not seem to receive enough attention in both the North and the South or to have a solution when, in reality, it does and it is viable in the specific context

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### ***Introduction***

In recent years, there is much talk and writing about Corporate Social Responsibility (CSR) both in Europe and the U.S. To be sure, this subject is very much in fashion in the Netherlands, the author's country of origin. Many entities such as universities, ministries, the Parliament, NGOs, pensions funds, unions and, especially, many businesses, pay attention to the subject. Conferences and publications about CSR frequently emerge. The idea of the Triple P (people, planet and profit) is generally used as a starting point, and it is assumed that the main activities of corporations are directly related to CSR. Normally, a distinction is made between Corporate Commitment (investment in the community) and CSR, which tends more to concern corporate strategies and activities per se.

The poor participation of the countries in the South in the discussions relative to CSR carried out by the countries in the North is surprising. This attracts attention since most discussions around CSR have to do with corporate activity in countries with low remuneration; and these countries, often enough, are located in the South. Almost always, the conflicts between corporations and NGOs are caused by conditions in the South such as child labour.

The organizations in the North are typically those determining what should be the implications of concepts such as "people" or "planet" for the countries in the South. A few years ago, a big conference was held in the Netherlands about CSR and cooperation for development. Among the 500 participants there were several ministers from the Netherlands as well as the President of the World Bank. But no one from the South attended.

### ***CSR in the countries in the South***

CSR does not mean the same everywhere. CSR is a custom made-item, which varies according to the economic sector and the enterprise, and it is linked as well to a specific context. Social and ecological problems and priorities vary according to the country and region. Thus, it is important to establish the dialogue between South and North organizations, relative to the priorities as far as the topic of people, planet and profit concerns.

In the last few years, I have paid visits to South Africa and the Iberian American countries, with the objective of analyzing the situation of CSR in these places. I was able to take notice that CSR is increasingly more in the current agenda of both the public and private sectors. Organizations such as Business for Social Responsibility (BSR) in the U.S., work jointly with local business networks. Governments such as South Africa are currently formulating policies in the field of CSR. On the other hand, many multinational

corporations, directed by their headquarters in Europe or the U.S., are implementing a CSR policy in all of their affiliates.

By the same token, there are important differences in the form in which CSR is defined and applied. In most countries I visited there is talk about CSR, whilst in reality it has to do with Corporate Commitment. There is little or no relationship with the activities within the field of so-called CSR and the main activities of corporations (Main Trade of Business). Most activities are aimed at the social role of the business in the community. There is much confusion about the concept of CSR. All sorts of terms are used and mixed indiscriminately: Corporate Social Investment, Triple Bottom Line, Corporate Citizenship, corporate philanthropy and charity. Most corporations perform Corporate Social Investment and call it CSR. Through foundations, corporations finance all sorts of projects in the fields of education, health, welfare, corporate education, art, sports and culture. This is to them, in a nutshell, CSR. There is no relationship between main corporate activities and the way in which they are implemented. Foundations stay away from daily corporate practices and have, as their sole objective, the financing of projects that will contribute merely to the good image of the corporation.

By the same token, CSR appears to emerge in a diversity of organizational levels with no integrated policy whatsoever. CSR is not integrated (yet) with corporate strategy in the three basic levels: principles (for instance: mission, codes of conduct and corporate vision), processes and results.

Furthermore, it should be emphasized that corporations concerned with CSR are generally multinational corporations. Small and medium-size companies do not appear to give much importance to CSR. These companies typically do not have adequate economic or human means to implement a CSR policy. Only in some countries, such as South Africa and Brazil, are large corporations active in the field of CSR.

Another important difference is the presence of a countervailing power. Corporations in the North count on solid government structures, ready and capable of acting as regulators. Moreover, there is a well-developed civil society that has the possibility of closely following the activities of corporations both nationally and internationally. In a country such as the Netherlands, with 16,3 million inhabitants, more than 4 million are subscribed to environmental organizations! Northern consumers seem increasingly more disposed to vote with their money, and they are ready to punish corporations they consider as having a bad reputation. In contrast, in the countries in the South, these measures are usually a lot weaker. Civil society is generally feebly developed, and governments are not solid enough to counter corporate activity. In the case of consumers, they do not represent a significant power.

Lastly, the socio-economic situation in many countries in the South requires that CSR be given attention vigorously. Factors such as the poverty of a great deal of the population, social inequality, and the poor quality of basic services, presuppose specific requirements in the use of CSR. Thus, for instance, a company in South Africa should take into consideration the complexity of AIDS in its CSR policy, and a company in Brazil cannot avoid asking itself what it can do about poverty and inequality in the country, as well as what it can do about the emancipation of the Black population.

Generally speaking, one can see that inhabitants of the countries in the South will consider more important those aspects relative to the subject of *People* than those related to the subject of *Planet*.

### **CSR and living wages**

CSR is a theme generally inserted in the countries in the South by the countries of the North. Corporations, social organizations and governments, are succeeding in providing this issue with an increasing presence in the social debate. Consumers in the North demand that the products they buy in the supermarkets comply with basic social and ecological criteria. For instance, that there is no child labour involved, that a living wage is paid and that products are made without using health-harmful substances. But who pays for the additional costs of these products? Generally speaking, consumers are not willing to pay extra money in exchange for sustainable products. The sector in the market involved in the marketing of fair trade products

is very small. On the other hand, a greater production of sustainable products represents, for the countries in the South, having to spend more. Who would pay for these expenditures? In most cases, producers in the South are the ones paying for the additional costs.

This does not represent the only inequality in North-South relations. Another injustice is the payment given for rendered work. Many codes-of-conduct demand the payment of a minimum wage. But, in practice, this is generally insufficient for the support of workers. And this is true for both urban and farm work. Many studies, in Iberian America for instance, show that a family would need several minimum wages to support itself with dignity. The Basic Basket of Goods must cover in principle all the basic costs of one family: food, housing, education, health and transportation expenses. But who is going to pay for this basket? Buyers and consumers in the countries in the North do not want to pay for this living wage, since this would imply a significant increase in store prices. And if any country in the South would move to pay a living wage to all of its inhabitants, it would risk being eliminated from the market, since its product prices would be far higher than product prices in the neighbouring countries.

The solution to this problem must be sought through a world strategy, and through an alliance of the different social actors. This is not a job nor is it an exclusive responsibility of the corporate world. Governments, social organizations and consumers, all have their own role in regulating, controlling and motivating. One will realize, as well, that albeit there cannot be a universal living wage but, rather, one for each country, company and local ethos, it is viable to technically define a living wage in a specific context. As with CSR, living wages are linked as well to a specific context. The price of the Basic Basket can vary according to country and region. Therefore, technically, the development of a system allowing living wages is indeed viable.

To finish, a commentary on the relationship between CSR and a living wage. What does CSR pretend but for those working to live in a dignified way from their work? This is the least that would be expected from a “good” CSR policy. For, what if not do the words “Responsibility” and “Social” refer to when speaking about CSR?

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