Corporate social responsibility, or “CSR”, in the United States has its roots in the sustainability movement that began in the early 1960s, when environmentalists first raised concerns about the use of chemical pesticides by the general public and large corporations. By the end of that decade, environmental awareness campaigns and conferences had placed the topic squarely on to national public and political agendas and the federal government formed regulatory bodies such as the Environmental Protection Agency and funded extensive research on the effects of chlorofluorocarbons, volatile organic compounds, nitrous oxide, carbon dioxide, and deforestation on the environment.¹ However, even as these activities were occurring the practices of environmental and social sustainability were still considered to be threats to economic sustainability until 1987, when the World Commission on Environment and Development issued a report titled *Our Common Future* that was to serve as the foundation for the argument that environmental and social health positively impacted economic health, thus encouraging sustainable development that was ultimately in the best long-term interests of businesses and all members of society.²

Beginning in the 1990s, a new economic theory of the firm, the “corporate community model”, put stakeholders at the center of corporate strategy. Masuku explained: “... the organization is viewed as a socioeconomic system where stakeholders are recognized as partners who create value through collaborative problem solving. It is the role of the organization to integrate the economic resources, political support, and special knowledge each stakeholder offers ‘not to do well’, but because it provides a competitive advantage.”³ Throughout the 1990s, CSR became more international in scope, but was typically reactive in nature and often a response to negative publicity. During this time, a holistic, triple-bottom-line accounting framework of sustainability also began to emerge. Since the 2000s, CSR has grown increasingly strategic, and a broader concept of sustainability has gained ground. Public pressure to address negative corporate externalities, and pressing social, economic, and environmental issues has driven the evolution of these practices. Over time, they have blurred the lines between the public, private, and civil sectors, and redefined traditional roles and structures in the process.⁴ In addition, as time has gone by, CSR has become recognized as “[a] business strategy to make the ultimate goals of corporations more achievable as well as more transparent.

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² Id at 9-10.

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demonstrate responsibility towards communities and the environment and take the
interests of groups such as employees and consumers into account when making long-
term business decisions.”⁵ Another important driver of CSR has been the surge in
interest in corporate sustainability practices of their portfolio companies.⁶

The emergence of CSR also reflects the recognition and acceptance that businesses are
“open systems” and that most of what companies do generate both benefits and costs for
societies, which means that businesses should assume certain duties and obligations, in
addition to their financial interests, to protect and benefit other members of society and
refrain from taking actions that could harm them. Companies have seen their reputations
tarnished and their stock prices tumble in the wake of disclosures of a wide range of
unethical and socially irresponsible activities including insider trading, fraudulent
accounting, exploitative labor practices in their manufacturing facilities in developing
countries, abuse of the environment and predatory pricing practices. Activities of this
type have been going on for a long time; however, it would appear that accelerated
competition and globalization has increased the pressure on managers and made it more
difficult for them to take the time necessary to carefully weigh their decisions about how
to behave. More and more, managers act out of expediency rather than ethical judgment.
At the same time, scrutiny of companies and the decisions and actions of their managers
has increased as regulators and activists have advanced investigative and communication
tools in their hands to learn more about what companies do and quickly disseminate
information into the marketplace. These same stakeholders have also mobilized to
develop new global standards for corporate ethics and social responsibility that have
begun to change the way that companies conduct their business operations.

The influence that businesses have within society has also led to calls for companies to be
proactively involved in addressing and solving environmental and societal problems. One commentator observed that, in general, companies have taken one of three
approaches to social responsibility: resistance, which has included actively fighting to
eliminate, delay or significantly reduce the imposition of socially responsible duties on
their operations; reactive, which means waiting for duties to be imposed and then
evaluating alternative means for complying with those duties; and proactive anticipation,
meaning proactive communication with interested stakeholders (i.e., those persons and
entities that have an interest in or who are affected by how a business conducts its
operations) before duties are imposed externally to learn and understand their needs and
collaborate with them to find ways to assist them in a manner that is consistent with the
business’ own goals and objectives.⁷ In a similar vein, Kelly et al. observed that
approaches to social responsibility taken by businesses appeared to fall within three broad
categories: no contributions (i.e., companies that do not recognize an obligation to society
and do only what is legally required); responsible contributions (i.e., companies that

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⁵ M. Rahim, Legal Regulation of Corporate Social Responsibility: A Meta-Regulation Approach of Law for
Raising CSR in a Weak Economy (Berlin: Springer, 2013), 13, 22 (citing A. Gill, “Corporate Governance
as Social Responsibility: A Research Agenda” (2008)).
⁶ https://www.unpri.org/about/what-is-responsible-investment
⁷ Notes on “Chapter 9: Management Ethics and Social Responsibility”,
http://www2.ivcc.edu/aleksy/Fall14/Fall14Mgmt/Plunkett10Ch09.pdf [accessed July 25, 2016]
choose to respond on a case-by-case basis to market requests for contributions); and proactive contributions (i.e., companies that proactively integrate social responsibility into their strategic plans and make contributions a part of the business goals).  

A company’s position with respect to social responsibility depends on its values, mission, resources and management philosophy, and the record on social responsibility for many companies is actually a mix of the various approaches described above, often combined with actions that not only make no social contribution but which actually appear to be intentional or unintentional statements to their stakeholders that they don’t really care about whether or not an act is socially responsible or not. Kelly et al. offered a list of corporate actions that illustrate the wide range of behaviors in the marketplace:

- A major consumer products company introduced a line of “99% natural” cleaning products, earning the endorsement of the Sierra Club and the right to affix the Sierra Club logo on the products. The company committed to make an annual contribution to the Sierra Club based on a percentage of the sales of the new product.
- A large food processing company donated a significant percentage of its profits to charity; however, it remained subject to allegations of unethical and socially irresponsible actions including unfair business practices (e.g., controversies regarding the way that they raised chickens) and unsavory labor and environmental practices.
- A large food and beverage company decided to stop advertising unhealthy, albeit highly profitable, food products to young children in recognition of growing concerns about childhood obesity. The company also planned to eliminate in-school marketing and remove certain unhealthy snacks from school vending machines.
- Enron and Arthur Andersen, both of which were once considered to be exemplary companies, stumbled and disappeared under the weight of massive accounting frauds at Enron that Arthur Andersen helped to cover up. The aftermath was massive financial losses for small investors and permanent career disruption for employees of both firms who lost their jobs and were saddled with a black mark on their resumes for their affiliation, albeit innocent, with these corporate pariahs.
- One of the largest global banks received a substantially amount of taxpayer bailout funds and then turned around and sponsored a large marketing and entertainment event at the Super Bowl. While the bank defended its actions as necessary and appropriate for future growth, critics took the bank to task for wasting public funds and overall insensitivity about how its actions would be perceived during a period of intense financial unease among ordinary citizens.
- In spite of a clear record of significant levels of defects in some of its most popular models, a global automobile maker delayed admitting problems for months and resisted taking remedial measures. In fact, even when the company finally announced a recall it did not halt new sales of recalled models until five days later. Analysts not only criticized the company’s response but also speculated that the company knew about the defects even before the cars were put on the road and went ahead anyway.

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9 Id. at 60.
Simply put, social responsibility can be seen as an organization acting as a “good corporate citizen”; however, while the definitions seem simple and straightforward the reality is that social responsibility covers a wide range of actions and situations and there is no universal consensus about which actions improve societal welfare. Moreover, determining whether a particular action is “socially responsible” raises a variety of economic, ethical, environmental and legal considerations, many of which may be in conflict. For example, bankruptcy is a legally sanctioned process for avoiding payment of financial obligations to suppliers and others in many countries; however, when a company goes bankrupt it often leaves its creditors struggling to survive because they can no longer count on the revenues they had hoped to receive from the debtor to pay their employees, invest in new equipment and provide their shareholders with a fair return on their investment. Intense competition between businesses is also encouraged by antitrust laws, but competition creates winners and losers and often drives good companies offering products that consumers want out of business.

CSR Definitions and Conceptualizations

A number of different names are commonly used during discussions of the environmental and social responsibility of businesses including corporate responsibility, corporate accountability, corporate ethics, corporate citizenship or stewardship, corporate philanthropy, corporate giving, responsible entrepreneurship, the “triple bottom line”, responsible competitiveness, corporate sustainability, corporate community involvement, community relations, community affairs, community development, global citizenship and corporate societal marketing. One of the most cited definitions of CSR, which goes back to the early years of scholarly work on the subject, has been Carroll’s statement in 1979 that “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time”. Carroll’s model of CSR suggested that there were four primary criterion that should be used in evaluating organizational commitment and performance with regard to CSR: economic (jobs, wages, services), legal (legal compliance and playing by the rules of the game), ethical (being moral and “doing what is just, right, and fair”) and discretionary (optional philanthropic contributions) responsibilities.

A Green Paper published by the European Commission in 2001 defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis”\(^\text{13}\) and a subsequent publication supported by the European Union noted that CSR was demonstrated by companies when they voluntarily integrate behaviors and principles into their business operations in ways that meet, or even exceed, stakeholders’ expectations with regard to society and the environment.\(^\text{14}\) The World Business Council for Sustainable Development defined CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”\(^\text{15}\) The ISO 26000 standard for corporate responsibility, which was developed in 2010 by the International Standards Organization, defined “social responsibility” as “the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, including health and the welfare of society, takes into account the expectations of stakeholders, is in compliance with applicable laws and with international norms of behavior, and is integrated throughout the organization and practiced in its relationships.”

The foundational concept among the various CSR definitions identified by Montiel was that a business had an ethical obligation to evaluate the effects of its decisions and actions on the whole social system.\(^\text{16}\) Many of the earlier definitions also emphasized that CSR meant balancing profitable production to meet the requirements of stockholders and the needs of the many other stakeholders affected by the firm’s activities (e.g., employees, consumers and society in general). Some of the definitions described by Montiel touched on the tools and practices necessary for conceptualizing CSR within the organization. For example, businesses need to incorporate CSR as an integral part of their values and norms by explicitly including environmental and social responsibility, ethical behavior and transparent governance in their mission statements and codes of conduct. CSR should also be included in all relevant organizational processes and businesses should launch and maintain programs and activities aimed at implementing CSR principles and/or addressing specific stakeholder issues. Notably missing from earlier definitions and conceptualizations of CSR were references to adherence to voluntary CSR standards, CSR reporting and communications and CSR as an opportunity for product and/or process innovation.


\(^{14}\) Handbook on Corporate Social Responsibility (CSR) for Employers’ Organizations (European Union CSR for All Project, April 2014), 6.


It should be noted that as time has passed since the concept of CSR first emerged, companies have evolved from seeing it as discretionary and voluntary to an understanding that businesses are now expected to integrate environmental and social responsibility as a process based, sustained commitment without defined boundaries that is to be directed towards all stakeholders. Marsden emphasized that “CSR is not an optional add-on nor is it an act of philanthropy. A socially responsible corporation is one that runs a profitable business that takes account of all the positive and negative environmental, social and economic effects it has on society.”17 Andersen’s definition of CSR was also based on a broader societal approach that called for firms to extend “the immediate interest from oneself to include one’s fellow citizens and the society one is living in and is a part of today, acting with respect for the future generation and nature”.18

Garriga and Mele´ reviewed the literature on CSR theories and suggested that it was possible and useful to create a classification of those theories into four groups (instrumental, political, integrative and ethical) based on the perspective of how the interaction phenomena between business and society are focused.19 They concluded that most of the theories focused on four main aspects: “(1) meeting objectives that produce long-term profits, (2) using business power in a responsible way, (3) integrating social demands and (4) contributing to a good society by doing what is ethically correct”.20 Embedded in all of this are a number of duties and ideas that are finding their way into a new kind of corporate governance framework including long-termism, stakeholder engagement, transparency and disclosure, responsible consumption of natural resources, fair dealings with workers and consumers and attention to the needs of local communities and society as a whole.

Rahim summed up the results of his survey of definitions and conceptions of CSR by first acknowledging that there was no conclusive definition of CSR and that it could have different meanings to different people and different organizations as an ever-growing, multifaceted concept, but then going on to argue that the concept of CSR was becoming consistent and converging on two points: companies must consider the social, environmental, and economic impacts of their operations and must be responsive to the needs and expectations of their stakeholders. According to Rahim, CSR must be, and was becoming, an integral element of business strategy that provided a path for companies on how they should deliver their products or services to the market and a means for companies to maintain the legitimacy of their actions in wider society by

20 Id. at 65. The various CSR approaches are described, including key references, in Table 1 (“Corporate social responsibilities theories and related approaches”) included in the article at 63-64.
bringing stakeholder concerns to the foreground and emphasizing concern for social needs and actions that go beyond philanthropy.\textsuperscript{21}

### CSR Drivers

Businesses can no longer afford to ignore CSR given the emphasis that various stakeholders are placing on the environmental and social impacts of a company’s operations, and business gurus such as Porter have cautioned businesses that the costs of failing to pay attention to corporate citizenship are too high and that they must identify and implement ways in which they can leverage their unique capabilities to both support social causes and enhance their competitive advantage at the same time.\textsuperscript{22} Porter, along with others such as McWilliams and Segal, has also maintained that companies should use CSR initiatives as part of their business strategies to promote competitive advantage and, in fact, a large percentage of Global 250 firms have explicitly identified issues such as climate change and material resource scarcity as opportunities for the development of new products and services.\textsuperscript{23}

According to Willard, the spike in attention to CSR was driven during the early 2000s by a combination of “mega-issues” (e.g., climate change, pollution/health, the “energy crunch” and erosion of trust and desire for transparency) and demands from emerging stakeholder groups included “green” consumers, activist shareholders, civil society/non-governmental organizations (“NGOs”), governments and regulators and the financial sector.\textsuperscript{24} Since then the list of critical environmental and social issues with potential impacts on businesses and society in general has expanded to include price increases and volatility, new regulations, changes in consumer preferences, resource constraints on production, cybersecurity risks, protectionist pressures, ethical challenges associated with the Fourth Industrial Revolution and a collapse in the norms and institutions towards which the world’s major powers might converge in order to peacefully address geopolitical disputes.\textsuperscript{25} At the same time, companies around the world were being


\textsuperscript{22} M. Porter and M. Kramer, “Creating Shared Value”, Harvard Business Review (January-February 2011) (referring to a quote from a speech delivered by Porter at the April 2005 Business and Society Conference on Corporate Citizenship sponsored by the University of Toronto’s Rotman School of Management).


\textsuperscript{24} B. Willard, The Next Sustainability Wave (Gabriola Island, British Columbia CN: New Society Publishers, 2005). A similar, albeit lengthier, list of critical environmental and social issues that businesses must confront as challenges to their own survival has been developed by the Future-Fit Foundation (futurefitbusiness.org), a non-profit organization whose vision is a future in which everyone on the Earth can flourish. Future-Fit Business Framework, Part 1: Concepts, Principals and Goals (Future-Fit Foundation, Release 1, May 2016), 11, FutureFitBusiness.org.

\textsuperscript{25} See the work of the World Economic Forum based in Geneva, which has been publishing a comprehensive and widely praised annual report on “global risks” since 2006 drawing on the unique expertise available within the Forum and its different communities and knowledge networks.
motivated to engage in CSR for various competitive reasons including economic considerations, ethical considerations, innovation and learning, employee motivation, risk management or risk reduction, access to capital or increased shareholder value, reputation or brand, market position or share, strengthened supplier relationships and cost savings.  

Hohnen and Potts noted that CSR has been one of several responses to pressures for attention to the need for sustainable development and that interest in CSR has been driven by a variety of factors and influences including accelerated globalization, which has met greater reliance on global supply chains and accompanying concerns about working conditions in developing countries; corporate scandals, which have actually been the catalyst for the compacts, declarations, guidelines, principles and other instruments developed by intergovernmental bodies such as the United Nations, the Organisation for Economic Co-operation and Development and the International Labour Organization that have become the standards for CSR initiatives, governance and acceptable business conduct; growing recognition of corporate sector impact and the corresponding need to hold businesses accountable for the impact of their actions on stakeholders; and advances in communications technology that have both made it easier for activists and other stakeholders to track and critique corporate activities and for businesses to engage in more positive and open relationships with stakeholders.

Aligning Governmental and Business Roles on Environmental and Social Issues

The traditional role of business has been to focus primarily, if not exclusively, on financial performance and creating economic value for the investors that provided capital to launch, operate and grow the business. Recognition of CSR assumes that companies will become involved in areas that have generally been considered to be the province of governments and this has, not surprisingly, led to conflicts and misunderstandings that can only be addressed by attempting to draw clearer distinctions between the roles of companies and governments. Governments influence the environment and society through the laws and policies that they adopt and the manner in which they actually interpret and enforce those laws and policies. Environmental and social activists have been particularly critical of what they perceive as being “gaps” or failures of governmental action, particularly with respect to enforcement of whatever legal framework has been established, and have been turning to companies to step in where the state has been unable or unwilling.

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28 Handbook on Corporate Social Responsibility (CSR) for Employers’ Organizations (European Union CSR for All Project, April 2014), 7.
In 2017, researchers from the MIT Sloan Management Review and The Boston Consulting Group observed that relying only on government fiat to address sustainability issues such as climate change, water scarcity, depletion of natural resources and workers’ rights would be insufficient, and that proactive action from the private sector had become, and would remain, fundamental to realizing a sustainable future. The pressures for stronger and more rapid movement toward corporate sustainability were being exacerbated by shifting public attitudes toward government regulation caused by an upsurge in the popularity of populist and anti-regulatory leaders, growing distrust of governmental institutions and denial of climate change among some political leaders. For example, in the US a wave of deregulation is occurring (e.g., reducing protections for clean water and restrictions on coal mining activities), tempting executives to abandon sustainability in pursuit of returning short-term profit opportunities caused by easing of government-imposed environmental and social restrictions.

It is true that there are environmental and social issues for which companies are particularly well placed to provide innovative solutions that are not feasible for governmental agencies, particularly when a problem fits within the unique technological and other competitive advantages that a company has appropriated through its day-to-day business activities. However, conflicts between the perceived and actual role of companies and governments are problematic for several reasons. First, they can undermine the status of laws and regulations and the enforcement duties of governmental officials. Second, particularly important for companies, it can create unrealistic and unattainable expectations among stakeholders regarding what businesses can reasonably achieve in addressing a particular environmental or social issue. In fact, companies have often been criticized for not delivering results with respect to their CSR projects at levels expected by stakeholders even though the projects had a significant impact. Third, taking on too much of the responsibilities of the state through CSR creates a risk to the economic sustainability of companies and diverts their attention and resources from the important and ongoing role of creating jobs, products and services and wealth that owners can use to better their lives and distribute into the broader economy.

One attempt at drawing the lines that can clearly distinguish the roles of governments, businesses and other stakeholders with respect to addressing the issues that are the focus of CSR activities is the “protect, respect and remedy” framework adopted by the UN Human Rights Council in 2008. The framework is based on the following fundamental assumptions: it is the duty of the State to protect against human rights infringements; it is the responsibility of enterprises to respect human rights as specified in the relevant national legislation and to establish the necessary management structures to this end; and legislative and non-legislative complaint mechanisms need to be developed and strengthened in order to improve redress for human rights infringements committed by

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30 Id. at 4.
31 Handbook on Corporate Social Responsibility (CSR) for Employers’ Organizations (European Union CSR for All Project, April 2014), 7.
enterprises. While the framework focuses primarily on human rights, it can be applied to other CSR topics, and the principal point is that enterprises can enhance actions by the State and complement the activities of the State, but there are certain roles and responsibilities as to which enterprises should not and cannot replace the State. For example, the implementation and enforcement of fundamental environmental and social standards cannot be delegated to companies and the State must create and maintain stable and predictable political and legal systems alongside a climate conducive to economic and social progress. Similarly, while many companies participate in projects targeting improvement of education and health conditions in their local communities, fundamentally it is the State’s non-delegable responsibility to make the major investments in the education and social well-being of its citizens.32

Legal and Regulatory Considerations

Regardless of the reasons for implementing a CSR initiative, there are certain legal and regulatory issues and trends that should be considered since national, state and local governments in countries all over the world have already adopted a wide range of laws and regulation relating to key stakeholders other than shareholders including workers, consumers and the environment. For example, in today’s business world, all companies, regardless of their size, business model and scope of activities, are required to understand and comply with a plethora of laws and regulations relating to employment (e.g., harassment, discrimination and immigration laws); antitrust and unfair competition; consumer transactions including product health and safety standards; environmental impacts of operations and product usage; health and safety; privacy and data security; and conflicts of interest, working with government officials, lobbying and political activities (e.g., contributions). In addition, there is a noticeable rise in new laws and regulations relating to topics that are typically associated with CSR initiatives such as requiring publicly-listed companies to make public disclosures on environmental and social responsibility performance; expanding directors’ fiduciary duties and corporate governance disclosure requirements to include taking into account environmental, social and governance issues; and tightening prohibitions on bribery of public officials.33

Beyond the Law: Voluntary CSR Standards and Initiatives

Compliance with laws and regulations is a starting point for becoming a socially responsible company, not only because the legal standards are generally instructive minimum guidelines, but also because failure to adhere to laws and regulations will bring adverse public attention to the company and undermine any other efforts that the company might be making to be perceived as a socially responsible actor. However, it should not be forgotten that laws are often at best minimum standards of socially responsible and ethical behavior and that the scope

32 Id. at 8.
33 P. Hohnen (Author) and J. Potts (Editor), Corporate Social Responsibility: An Implementation Guide for Business (Winnipeg CAN: International Institute for Sustainable Development, 2007), 15-17.
of the commitments and activities associated with any CSR initiative can be daunting and normally extend well “beyond the law” to include a wide range of emerging voluntary standards that address issues in diverse subjects such as corporate governance and ethics; environmental stewardship; human rights (including core labor rights); sustainable development; community involvement, development and investment; transparency and performance reporting; and supplier relations, for both domestic and international supply chains. The principal points of reference for companies looking to develop their own goals and principles for responsible action include the UN Global Compact and Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the ISO 26000 Guidance Standard on Social Responsibility, and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

Compliance with laws and regulations is a starting point for becoming a socially responsible company, not only because the legal standards are generally instructive minimum guidelines, but also because failure to adhere to laws and regulations will bring adverse public attention to the company and undermine any other efforts that the company might be making to be perceived as a socially responsible actor. However, it should not be forgotten that laws are often at best minimum standards of socially responsible and ethical behavior and that the scope of the commitments and activities associated with any CSR initiative can be daunting and normally extend well “beyond the law” to include corporate governance and ethics; public health and safety; environmental stewardship; human rights (including core labor rights); sustainable development; working conditions (including safety and health, hours of work, wages); industrial relations; community involvement, development and investment; involvement of and respect for diverse cultures and disadvantaged peoples; corporate philanthropy and employee volunteering; consumer issues, customer satisfaction and adherence to principles of fair competition; anti-bribery and anti-corruption measures; accountability, transparency and performance reporting; and supplier relations, for both domestic and international supply chains.\(^{34}\)

Williams noted that since the late 1990s there has been a proliferation of transnational, voluntary standards for what constitutes responsible corporate action, including standards have been developed by states; public/private partnerships; multi-stakeholder negotiation processes; industries and companies; institutional investors; functional groups such as accountancy firms and social assurance consulting groups; NGOs; and non-financial ratings agencies.\(^{35}\) Notable multi-sector standards initiatives have included Social Accountability 8000 and the Ethical Trading Institute, and influential multilateral initiatives have included the OECD’s Guidelines for Multinational Enterprises, the ISO

\(^{34}\) Id. at 4-5.

26,000 Corporate Responsibility standards, the UN Global Compact and the “Protect, Respect and Remedy” framework in the UN’s Guiding Principles on Business and Human Rights that articulates the human rights responsibilities of states and companies.\(^{36}\)

According to Williams, most of the corporate responsibility standards are voluntary, although India passed legislation in 2014 that required companies to establish a corporate responsibility committee at the board level and contribute 2% of net profits to corporate responsibility initiatives.\(^{37}\) It should not be forgotten, however, that many of the topics generally included within the general subject of CSR have been addressed to some degree in domestic regulations covering labor rights, environmental and consumer protection, anti-discrimination and anti-bribery. Countries vary in the degree to which regulatory standards relating to corporate responsibility are relied upon and Williams noted that empirical evidence suggested that the underlying regulatory standards effectively shape the sustainability culture within countries, and have both a strong effect on how companies handle corporate responsibility issues and a strong effect on the sustainability.\(^{38}\) For example, Williams pointed out that Matten and Moon have argued that “in countries with stakeholder corporate governance systems and more expansive social welfare arrangements, corporate responsibility is ‘implicit’ in doing business according to law, so companies do not need to be as “explicit” about taking on social responsibilities, as do leading companies in more shareholder-oriented countries”.\(^{39}\)

While there a large number and wide range of instruments and frameworks that companies can use as guides for developing their own goals and principles for responsible action, the principal points of reference are the United Nations Global Compact (“UN Global Compact”), the United Nations Guiding Principles on Business and Human Rights (“UN Guiding Principles”), the OECD Guidelines for Multinational Enterprises (“OECD Guidelines”) the ISO 26000 Guidance Standard on Social Responsibility (“ISO 26000”) and the International Labour Organization Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (“ILO MNE Declaration”). In fact, in 2011 the European Union Commission invited all large European enterprises to make a commitment by 2014 to take into account at least one of the principles and guidelines among the UN Global Compact, the OECD Guidelines or ISO 26000 when developing their approach to CSR; all European based multinationals to commit by 2014 to respect the ILO MNE Declaration; and all European enterprises to meet their corporate responsibilities to respect human rights as defined in the UN Guiding Principles. While companies may publicly commit to supporting one or more of

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\(^{36}\) Id. at 8-9. See also the appendices to P. Hohnen (Author) and J. Potts (Editor), Corporate Social Responsibility: An Implementation Guide for Business (Winnipeg CAN: International Institute for Sustainable Development, 2007), which includes a list of national CSR guidance and suggestions for further reading.


\(^{38}\) Id.

these principles and guidelines, as well as others not mentioned above, they do not explicitly build their activities on such reference points but instead implement them through their specific CSR engagements and activities including their internal operations and their relationships with business partners in their value chains.\footnote{Handbook on Corporate Social Responsibility (CSR) for Employers’ Organizations (European Union CSR for All Project, April 2014), 14-15. For resources on additional CSR and sustainability topics including anti-corruption, child labor, forced labor and human trafficking, non-discrimination, remedy and grievance processes, responsible supply chain management, stakeholder engagement and transparency and reporting, see Handbook on Corporate Social Responsibility (CSR) for Employers’ Organizations (European Union CSR for All Project, April 2014), 51-62.}

**UN Global Compact**

The United Nations Global Compact (https://www.unglobalcompact.org/) is a voluntary initiative launched in 1999 under the inspiration of former UN Secretary-General Kofi Annan that is based on CEO commitments to implement universal sustainability principles and to take steps to support United Nations goals. By encouraging companies to operate responsibly and take strategic actions that support society, the Global Compact works to ensure that business activity adds value not only to the bottom-line, but also to people, communities and the planet. At the same time, businesses can help to improve the social and environmental framework that is necessary in order for them to have continued access to the open and free markets needed for their economic success. The Global Compact is based on the proposition that companies should take a comprehensive approach to sustainability and must operate responsibly in alignment with universal principles, take strategic actions that support the society around them, commit to sustainability at the highest level, report annually on their efforts and engage locally where they have a presence.

The UN Global Compact encompasses ten principles which were derived from standards in four areas: human rights (the Universal Declaration of Human Rights, labor (the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work), the environment (the Rio Declaration on Environment and Development) and corruption (the United Nations Convention Against Corruption). A European Union publication has explained that the Global Compact is not a legal instrument; it is aspirational, and that companies who become signatories to the Global Compact do so in order to make a public commitment that they are prepared to work towards the achievement of the Global Compact’s objectives by making the ten principles an integral part of their business strategies and day-to-day operations. Signatories to the Global Compact have opportunities to engage in the exchange of information on initiatives undertaken in the course of the promotion of the principles, thus allowing the Global Compact to serve as a “learning model”. Signatories can also develop networks at regional, national and sectoral levels to engage in dialogue, learning and projects that suit local contexts. However, being a signatory to the Global Compact requires accountability and signatories must commit to issuing an annual Communication on Progress (“COP”), which is a public disclosure to stakeholders (e.g. investors, consumers, civil society, governments, etc.) on progress made in implementing the ten principles, and
in supporting broader UN development goals. If a signatory fails to communicate its progress by the deadline, it will be listed as "non-communicating" on the UN Global Compact website. If a further year passes without the submission of a COP, the company will be expelled. The Compact reserves the right to publish the names of companies that have been expelled for failure to comply with this requirement.  

As of the end of 2018, there were over 13,000 signatories to the UN Global Compact in 170 countries, both developed and developing, representing nearly every sector and size, making it the world’s most popular multi-stakeholder CSR initiative. While businesses were and remain the primary focus of the initiative, the Global Compact, which has its office in New York, has attracted support and involvement from a variety of non-business participants including trade unions and a number of human rights and environmental NGOs that are willing and able to bring their expertise and experience to the Compact, enhance its learning focus and thereby enhance the development of good practices.

**UN Guiding Principles**

A series of international human rights treaties and other instruments that have been adopted since 1945 have expanded the body of international human rights law. Of note for business enterprises are the "Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework" ("Guiding Principles"), which were developed by the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises after extensive consultation and were endorsed by the Human Rights Council in its resolution 17/4 of 16 June 2011. The Guiding Principles were not intended to impose new legal obligations on business, or change the nature of existing human rights instruments, instead their aim is to articulate what these established instruments mean, for both States and companies, and to address the gap between law and practice. The Guiding Principles are organized into three parts, each of which represents an important general principle underlying the “protect-respect-remedy” framework that was endorsed by the UN Human Rights Council in 2008: all states have existing obligations to respect, protect and fulfil human rights and fundamental freedoms; business enterprises, both transnational and others, regardless of their size, sector, location, ownership and structure, have a role as specialized organs of society performing specialized functions and are required to comply with all applicable laws and to respect human rights; and the need for rights and obligations to be matched to appropriate and effective remedies when breached.

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41 Handbook on Corporate Social Responsibility (CSR) for Employers’ Organizations (European Union CSR for All Project, April 2014), 17-18.
42 Id.
43 Handbook on Corporate Social Responsibility (CSR) for Employers’ Organizations (European Union CSR for All Project, April 2014), 18.
As for business enterprises, the Guiding Principles are clear about their responsibilities to respect all internationally recognized human rights including, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. The responsibility to respect human rights requires that business enterprises avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; and seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts. In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including a policy commitment to meet their responsibility to respect human rights; a human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights; and processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.

OECD Guidelines

The OECD Guidelines for Multinational Enterprises (http://mneguidelines.oecd.org/) are the most comprehensive set of government-backed recommendations on responsible business conduct in existence today. The governments adhering to the Guidelines, all 34 OECD countries and 12 non-OECD countries, aim to encourage and maximize the positive impact multinational enterprises (“MNEs”) can make to sustainable development and enduring social progress. The Guidelines were first adopted in 1976 and have been reviewed 5 times since then to ensure that they remain a leading tool to promote responsible business conduct in the changing landscape of the global economy. The most recent update in 2011 took place with the active participation of business, labor, non-governmental organizations (“NGOs”), non-adhering countries and international organizations. The Guidelines are part of the OECD Declaration and Decisions on International Investment and Multinational Enterprises, and provide voluntary principles and standards for responsible business conduct by MNEs in areas such as employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation.

The OECD Guidelines are voluntary; however, observance of the OECD Guidelines by MNEs is generally expected and governments adhering to the OECD Guidelines are required to set up a National Contact Point (“NCP”) whose main role is to further the effectiveness of the OECD Guidelines by undertaking promotional activities, handling enquiries, and contributing to the resolution of issues that may arise from the alleged non-

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45 The Commentary to Guiding Principle 12 notes that depending on circumstances, business enterprises may need to consider additional standards applicable to specific groups or populations that require particular attention, where they may have adverse human rights impacts on them (e.g., United Nations instruments on the rights of indigenous peoples; women; national or ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and their families), and standards of international humanitarian law in situations of armed conflicts.
observance of the guidelines in specific instances. NCPs assist enterprises and their stakeholders to take appropriate measures to further the observance of the OECD Guidelines. They provide a mediation and conciliation platform for resolving practical issues that may arise with the implementation of the OECD Guidelines.46

**ISO 26000**

Organizations interested in improving their practices with respect to social responsibility, including engagement with their stakeholders, may refer to ISO 26000. ISO 26000 defines “social responsibility” as the responsibility of an organization for the impacts of its decisions and activities (i.e., products, services and processes) on society and the environment through transparent and ethical behavior that contributes to sustainable development, including the health and welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior, and is integrated throughout the organization and practiced in its relationships, which includes all of the organization’s activities within its sphere of influence (i.e., relationships through which the organization has the ability to affect the decisions or activities of others).

ISO 26000 provides guidance to all types of organizations, regardless of their size or location, on concepts, terms and definitions related to social responsibility; the background, trends and characteristics of social responsibility; principles and practices relating to social responsibility; the core subjects and issues of social responsibility; integrating, implementing and promoting socially responsible behavior throughout the organization and, through its policies and practices, within its sphere of influence; identifying and engaging with stakeholders; and communicating commitments, performance and other information related to social responsibility. ISO 26000 is built on a foundation of seven principles (i.e., accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior and respect for human rights) that are intended to establish the underlying framework for socially responsible decision making and link each user of ISO 26000 to a global community of those who share the principles.

ISO 26000 is intended to assist organizations in contributing to sustainable development; however, although it draws on principles included in the management systems developed by the ISO it is not itself a management system standard and is not intended or appropriate for certification purposes or regulatory or contractual use.47 Instead, ISO 26000 sets out certain core principles and explains the core subjects and associated issues relating to social responsibility including organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues and community involvement and development. For each core subject, information is provided on its

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46 http://www.oecd.org/investment/mne/ncps.htm
scope, including key issues; its relationship to social responsibility; related principles and considerations; and related actions and expectations. For example, with respect to labor practices, one of the core subjects, organizations are reminded to integrate consideration of the following issues into their policies, organizational culture, strategies and operations: employment and employment relationships; conditions of work and social protection; social dialogue; health and safety at work; and human development and training in the workplace.\textsuperscript{48}

Recommended steps for using ISO 26000 include the following:

- Setting the direction from the top by building social responsibility into governance and procedures and integrating social responsibility throughout the organization by using mission and vision statements to define values.
- Identifying relevant social responsibility issues, determining relevance and significance of the identified issues and establishing priorities such as gap analysis (i.e., identify gaps between current and desired position).
- Assessing the organization’s responsibilities and potential impact in its sphere of influence (e.g., decisions regarding product design can impact suppliers and the resources/raw materials that are used in the manufacturing process).
- Performing “due diligence” (i.e., the process of identifying the actual and potential negative social, environmental and economic impacts of an organization’s decisions and activities, with the aim of avoiding and mitigating those impacts) by reviewing the legal requirements and context of activities and involving relevant stakeholders throughout the organization’s sphere of influence.
- Setting short-term and long-term goals and applying social responsibility to decisions on purchasing, investing, hiring and promoting, advertising, community relations etc.
- Identifying current weaknesses and the causes behind them; identifying the resources needed to overcome the weaknesses (i.e., personnel, time, money, partners etc.); and developing a timeline and action plan to bridge the gaps.
- Incorporating transparency and accountability at all levels through reporting and other communications with stakeholders that describe the organization’s activities on relevant issues within each of the seven core subjects and establish a continuing dialogue based on honest disclosure and meeting the specific needs of each stakeholder group with respect to the tone and content of communications.
- Continuously reviewing and improving social responsibility performance through monitoring and measuring and making improvements in the reliability of information and management processes.

\textit{ILO MNE Declaration}

The Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy ("ILO MNE Declaration") was first adopted by the International Labour Organization (www.iло.org) Governing Body in November 1977, updated in 2000 to incorporate the 1998 Declaration on Fundamental Principals and Rights at Work and further revised in 2006 and 2017. The ILO MNE Declaration provides guidance to governments, employers’ and workers’ organizations, multinational enterprises and national enterprises and is not mandatory, nor is it a code of conduct for business. Instead, it can be used as a reference for companies with respect to social policy and inclusive, responsible and sustainable workplace practices. The ILO MNE Declaration sets out principles built on international labor standards in the areas of employment, training, conditions of work and life, and industrial relations as well as general policies. These include the fundamental principles and rights at work but also guidance on many other facets of decent work. The 2017 revisions were intended to respond to new economic realities, including increased international investment and trade, and the growth of global supply chains, and to take into account new labor standards adopted by the International Labour Conference, the Guiding Principles on Business and Human Rights endorsed by the Human Rights Council in 2011 and the 2030 Agenda for Sustainable Development. Specifically, new principles were added in 2017 to address decent work issues related to social security, forced labor, transition from the informal to the formal economy, wages, access to remedy and compensation of victims. Guidance on “due diligence” processes was also added, consistent with the UN Guiding Principles on Business and Human Rights.49

Core Subjects of CSR

As should now be clear from the discussion above, CSR is a complex subject that has attracted widespread interest and generated a far-ranging array of definitions, dimensions and models. In order for companies to anchor their CSR focus, they need to identify and understand the core subjects of CSR and the specific issues associated with each of those subjects. As mentioned above, ISO 26000 recommended that organizations plan on addressing seven core subjects with respect to social responsibility: organizational governance; human rights; labor practices; the environment; fair operating practices; consumer issues; and community involvement and development. For each core subject, information is provided on its scope and relationship to social responsibility. Importantly, ISO 26000 also identifies the following key issues for each core subject.50

- **Organizational Governance:** Sometimes identified as the most critical factor in enabling an organization to take responsibility for the environmental and social

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impact of its decisions and activities, organizational governance includes the formal and informal structures, processes and mechanisms for decision making and implementation based on fundamental principles of social responsibility including organizational values and culture (i.e., accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior and respect for human rights).

- **Human Rights:** Human rights are the basic rights to which all human beings are entitled and can be separated into civil and political rights (e.g., right to life and liberty, equality before the law and freedom of express) and economic, social and cultural rights (e.g., rights to work, food, education, social security, health etc.). Issues for this subject include due diligence; human rights risk situations; avoidance of complicity; resolving grievances; discrimination and vulnerable groups; civil and political rights; economic, social and cultural rights; and adherence to fundamental principles and rights at work.

- **Labor Practices:** Organizations make significant contributions to society through the jobs they create and the wages and other compensation they provide to their workers and labor practices relate to all policies and practices relating to the multiple dimensions of work performed on behalf of the organization, with specific issues including employment and employment relationships; conditions of work and social protection; social dialogue; health and safety at work; and human development and training in the workplace.

- **The Environment:** Arguably CSR began with a focus on the environment and environmental responsibility is a precondition for the survival and prosperity of human beings and key issues relating to the environment include prevention of pollution; sustainable resource use; climate change mitigation and adaptation; and protection of the environment, biodiversity and restoration of natural habitats.

- **Fair Operating Practices:** Fair operating practices concern the way an organization uses it relationships with other organizations (e.g., government agencies, partners, suppliers, contractors, customers, competitors and associations) to promote positive outcomes and issues concern anti-corruption; responsible political involvement; fair competition; promoting social responsibility in the value chain; and respect for property rights.

- **Consumer Issues:** Companies have multiple due and obligations to consumers including engaging in fair marketing practices, providing factual and unbiased information and engaging in fair contractual practices; protecting consumers’ health and safety; promoting sustainable consumption; providing excellent consumer service, support and complaint and dispute resolution mechanisms; implementing and supporting consumer data protection and privacy; and providing access to essential services, education and awareness.

- **Community Involvement and Development:** Organizations are citizens of their communities and thus have a duty to be good citizens and neighbors through community involvement, support of education and culture, employment creation and skills development, technology development and access, promotion of wealth and income creation, support for community health and social investment.
The subjects of CSR identified in ISO 26000 are largely consistent with the views of commentators and representatives of important CSR observers and stakeholders including representatives of industry, government, labor, consumers, NGOs and academia. In fact, the working group that created ISO 26000 included 450 experts, 210 observers from 99 ISO member countries and 42 liaison organizations (e.g., OECD, the World Health Organization and the UN Global Compact). The ISO 26000 core subjects can be found among the required reporting areas in GRI sustainability reporting framework mentioned below (e.g., procurement practices; environmental matters, such as materials, energy and water; labor practices; human rights; local communities and product responsibility. The ISO 26000 subjects are the basis for most of the discussion in the separate chapter of this publication on CSR core subjects; however, consistent with choices made by various sustainability commentators, relationships with value chain partners are treated separately and financial responsibility has also been included as an additional subject. Additional activities that are certainly fundamental and essential with respect to implementation of CSR are discussed in other chapters including CSR strategy, innovation, legal and regulatory compliance, governance and management, stakeholder engagement, impact assessment and reporting and communications.  

**Business Benefits of CSR**

While presumably the prospect of “doing good” is a compelling reason for companies to consider implementing CSR initiatives, the reality is that managers must develop a solid business case for investing the company’s resources in CSR activities, a process that calls for identification of the specific business benefits that the company expects to achieve from its CSR programs with respect to increasing value, saving costs and reducing risks. Tonello noted that the earlier arguments in the 1960s and 1970s in favor of CSR were often based primarily on ethical considerations and altruism (“doing the right thing” and “being a good corporate citizen”) and that few claimed that companies that were more philanthropic would be more profitable than their less generous competitors. However, researchers began what became a decades’ long project to establish a positive relationship between corporate social performance and corporate financial performance, eventually reaching the point where such a relationship could credibly be identified and quantified.

Tonello reviewed several alternative views of the business case for CSR and concluded that there really was no single rationalization for how CSR improved the corporate

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“bottom line”. Instead, he argued that businesses should build their arguments for pursuing CSR initiatives based on one or more categories of potential benefits including reduction of costs and risks; gaining and maintaining competitive advantage; developing and enhancing reputation and legitimacy; and synergistic value creation. According to the ISO, an organization’s performance on social responsibility can influence, among other things, competitive advantage; reputation; the ability to attract and retain workers or members, customers, clients and users; the maintenance of employee morale, commitment and productivity; the perception of investors, owners, donors, sponsors and the financial community; and relationships with companies, governments, the media, suppliers, peers, customers and the community in which it operates.  

Other key potential business benefits for companies implementing CSR include better anticipation and management of an ever-expanding spectrum of risk; improved innovation, competitiveness and market positioning; improved ability to attract and build effective and efficient supply chain relationships; improved relations with regulators; enhanced ability to address change; assumption of responsibility for acting as a catalyst for responsible consumerism; reduction of the cost and enhancement of the security of supply of critical resources; protection of critical infrastructure and services upon which the future of the business depends; and improved decision-making and strategic execution through inclusion of more diverse perspectives. Making the business case for CSR has also been eased in recent years by growing empirical evidence of positive or neutral correlations between social and environmental responsibility and superior financial performance as measured by returns on assets, investment and capital.

Bonini et al. of McKinsey & Company and the Boston College Center for Corporate Citizenship found that CFOs, investment professionals and sustainability professionals were generally in agreement that CSR and environmental, social and governance (“ESG”) programs did create value for shareholders in normal times and also argued that it was possible to show that the best CSR or ESG programs did create financial value for companies in ways that the market already assesses and relied on such as growth (e.g.,

55 R. Daft and D. Marcic, Understanding Management (5th Edition) (Mason, OH: South-Western Publishing Co., 2006), 146-147; P. Hohnen (Author) and J. Potts (Editor), Corporate Social Responsibility: An Implementation Guide for Business (Winnipeg CAN: International Institute for Sustainable Development, 2007), 14 and Project ROI: Defining the Competitive and Financial Advantages of Corporate Responsibility and Sustainability (IO Sustainability, 2015), 3-4 and 15 (noting that sound corporate responsibility management practices seemed to influence investors in three ways: investors appeared to respond positively to firms that integrated their approach to corporate responsibility with the investment and management of the firm's intangible assets (i.e., talent, brand and reputation, and innovation); corporate responsibility was itself perceived as a valuable intangible asset that was an indicator of strong performance across good management, competitive differentiation, employee engagement, organizational culture and innovation; and investors perceive that corporate responsibility serves as “insurance-like” protection of intangible assets, thus reducing financing and other forms of risk).
new markets, new products, new customers, market share, innovation and reputation/differentiation), improved returns on capital, reduced risk and/or improved management quality (e.g., leadership development adaptability and long-term strategy).  

Implementation and Integration

After gaining an understanding of the core subjects of CSR and identifying the potential business benefits associated with CSR initiatives and programs, the next step for companies aspiring to enhancing their sustainability is implementing CSR and integrating the associated strategies and principles into all aspects of the company’s operational activities and organizational culture. Before CSR implementation can begin in earnest, the company must perform a stakeholder analysis to identify all the parties that are directly or indirectly affected by the company’s operations and set out the issues, concerns and informational needs of the stakeholders with respect to the company’s sustainable development activities. At the same time, the company needs to evaluate its activities in relation to recognized sustainable development principles, a process that requires evaluating the company’s overall strategy, the performance of specific operations, the environmental and social effect (i.e., “impact”) of particular activities and the scope of public disclosures on sustainability topics. As the company builds a better understanding of its sustainability performance, it can identify gaps in relation to expectations of its stakeholders and areas for potential improvement of the company’s management philosophies and systems.

Armed with information on how its sustainability efforts compare with peers and the specific needs and expectations of the company’s stakeholders regarding the company’s environmental and social responsibilities, the next step is to create and approve a CSR strategy with a focus on narrowing the gap between the current state of the corporation’s performance and its objectives for the future. The strategy should be supported by a plan that describes how and when management expects to achieve the stated goals and the various milestones that must be reached along the way. Once the strategy and the general plan have been approved, detailed plans should be prepared indicating how the new strategy will affect operations, management systems, information systems and reporting. Plans should be reviewed and approved by senior management following consultation with employees throughout the organization, and should also be previewed with key stakeholders as part of a rigorous engagement process, as discussed further below.

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56 S. Bonini, T. Koller and P. Mirvis, “Valuing social responsibility programs”, McKinsey Quarterly (July 2009). Bonini et al. also noted that the most widely known ways that CSR and ESG programs create value is by mitigating corporate crises and enhancing the reputations and brand equity of companies and that a company’s reputation can be an important contributory factor to financially valuable objectives such as better regulatory settlements, price premiums, increased sales, reduced risk of boycotts and higher retention of talent (and lower costs of turnover). Data was collected from 238 CFOs, investment professional and finance executives and 127 CSR and sustainability professionals and socially responsible institutional investors in December 2008. For further information, see S. Bonini, N. Brun and M. Rosenthal, Valuing corporate social responsibility: McKinsey Global Survey Results (McKinsey & Company, February 2009).
The company’s overriding strategies with respect to contributing to sustainable development should be supported by specific policies and objectives that articulate the basic values that the company expects its employees to follow with respect to sustainable development, incorporates sustainable development objectives as an additional dimension of business strategy, sets targets for operating performance and establishes an effective external monitoring system that gathers information on new and proposed legislation; industry practices and standards, competitors’ strategies, community and special interest group policies and activities, trade union concerns and technical developments (e.g., new process technologies).

All of the planning needs to be tied together through a formal CSR implementation plan for the management system changes needed in order to achieve sustainable development objectives, a process that normally includes changing the corporate culture and employee attitudes, defining responsibilities and accountability, and establishing organizational structures, information reporting systems and operational practices. During the planning process the objectives and commitments will necessarily remain fluid since they should not be finalized and announced to the world unless and until the company has a clear and reasonable plan for implementation. As the plan develops consultations with stakeholders will be needed and ideas from stakeholders should be solicited about how best to realize their needs and expectations. While all stakeholders are important, input and participation from employees is essential since they will be the ones called upon to implement the plans and will likely feel significant disruption to the ways in which they have worked in the past. The input from stakeholders will likely cause a series of modifications to the plan, as well as to the upper tier goals and objectives. Eventually the implementation plan will be ready for review and approval by the board of directors following presentation by the senior management at the same time that the board signs off on the policy and related objectives and commitments. Given the breadth of the organizational changes that will likely be required, it should be expected that the CSR implementation plan will cover three to five years and provide for milestones that will hopefully be achieved every six to twelve months.

One of the challenging, yet absolutely essential, elements of CSR implementation and integration is developing a supportive corporate culture to ensure that the organization and its people give their backing to the sustainable development policies. In most cases, managers will need to be retrained to change attitudes that have traditionally emphasized wealth management for the owners of the enterprise. An effort should also be made to develop a culture that emphasizes employee participation, continuous learning and improvement. For example, employees will need to be retrained to empower them to carry out their new roles and responsibilities. The job descriptions of everyone in the organization, managers and employees, should be reviewed and revised to integrate specific sustainable development roles, responsibilities and accountability. Everyone needs to know their place in the plan and to whom they are expected to report. As part of this process, reward systems and incentives will also need to assessed and modified to align with the activities required to achieve the sustainable development objectives and commitments. It is also likely that new skills and experience will need to be added to the
workforce and the human resources department will need to understand the needs of the company and set up new recruiting initiatives.

**Governance and Management**

While certainly part of the broader project of CSR implementation and integration, governance and management issues are often separated for deeper consideration. The foundation of effective CSR activities is strong governance and management systems and clear, predictable and transparent processes that allow companies to identify early on, potential risks arising from operations and respond strategically to minimize or manage negative impacts, and optimize potential positive benefits.\(^{57}\) It is essential for companies to adopt governance and management policies and processes that are aligned with sustainable development principles, actions that must begin at the very top of the organizational hierarchy. Support for CSR programs by the board of directors are an important element of the requisite “tone at the top” for increasing the chances of success for CSR. Board members must understand that CSR programs are consistent with their traditional role and duty to effectively manage the legal, financial and reputational risks to the company that arise from the environmental and social impacts of the company’s activities. According to studies conducted by the Conference Board and the Boston Consulting Group board oversight is one of the top drivers of a company’s attention to sustainability, a result that is not surprising given that the board is uniquely situated within the organizational hierarchy to ensure that sustainability is integrated into the long-term business strategy and that due consideration is given to social and environmental trends that will impact the company’s operations and the markets in which it operates.\(^{58}\)

One of the most significant drivers of enhanced board oversight of sustainability has been the changing expectations of institutional investors. In addition, directors have become keenly aware of the expectations of other stakeholders regarding the role and purpose of corporations in society and the need for corporations, through their boards and senior executives, to forge a strategy that takes into account the environmental and social impact of operations as well as traditional financial performance objectives. Consumers are demanding that companies integrate sustainability into their products and services and employees are seeking to work for companies that aim to “make a difference” as well as profits. Lawmakers are imposing additional sustainability-related legal and regulatory compliance requirements on corporations, thus causing directors to make appropriate changes to their enterprise risk management processes. Finally, traditional notions of directors’ fiduciary duties, which assumed primacy of shareholders’ interests and maximizing shareholder value, are giving way to a model of directors’ duties that gives due weight to the interests of stakeholders.


\(^{58}\) A New Agenda for the Board of Directors: Adoption and Oversight of Corporate Sustainability (Global Compact LEAD, 2012), 6.
Among the issues and activities that will need to be considered in establishing and maintaining effective governance and management processes for CSR and corporate sustainability implementation are the following:

- Understanding the drivers of enhanced board oversight of sustainability including investors’ expectations as to the role and responsibilities of directors and changing societal beliefs regarding the political and social roles of corporations
- Understanding how CSR and corporate sustainability is changing the traditional fiduciary duties of directors and officers including the ascendance of the stakeholder-focused model and the introduction of alternative legal architectures for sustainability-oriented businesses
- Working with the board of directors to integrate environmental and social responsibility into the governance structure and the traditional roles and responsibilities of directors
- Assisting the board of directors on the design and implementation of an effective framework for board oversight of CSR and corporate sustainability
- Counseling the board of directors and senior management on the development and implementation of CSR and corporate sustainability commitments and instruments
- Incorporating reports on CSR corporate sustainability initiatives into board meetings and understanding how to create effective environmental and social responsibility committees and integrate sustainability into the activities of other board committees
- Developing job responsibilities for the senior social responsibility officer and designing effective internal organizational structures and systems for managing CSR and corporate sustainability initiatives and programs and supporting CSR and corporate sustainability commitments and expectations such as preparation and distribution of sustainability reports and stakeholder engagement
- Implementing formal management systems relating to sustainability-related issues and topics based appropriate standards issued by the International Organization for Standardization (e.g., ISO 14001 (environment); ISO 26000 (social responsibility) and ISO 28000 (supply chain security))
- Reviewing and modifying job responsibilities and compensation arrangements of executive team members, particularly the chief executive officer, to incorporate CSR and corporate sustainability commitments and attainment of CSR- and sustainability-related performance goals
- Providing education and training to directors and executive team members on sustainability issues including the creation and management of stakeholder advisor groups and teams of external experts
- Assisting directors, executive team members and managers and employees within the internal sustainability group with key CSR- and sustainability-related activities such as transparency and disclosure and stakeholder engagement
- Identifying and counseling directors and officers on ethical issues that will arise as they discharge their duties and responsibilities with respect to CSR and sustainability

While CSR needs to have an important place on the agenda for full board meetings, larger companies have been establishing a CSR committee of the board of directors with...
responsibility for setting corporate policies on sustainable development and monitoring their implementation and for dealing with issues such as health and safety, personnel policies, environmental protection, and codes of business conduct. Establishing a standalone committee at the board level focusing on sustainability significantly increases the amount of time that board members can dedicate to these discussions and increases the visibility of the board’s commitment, thus sending an important signal to both internal and external stakeholders; however, boards need to be careful that relying on a separate committee reduces the uptake of sustainability by all of the directors and hampers integration into other functional committees. As time goes by the role of the committee will evolve to that of a “coordinator”, with strategies, commitments and targets being set by the entire board and the committee providing support with the assistance of an internal sustainability office.\(^{59}\)

In addition, other board committees may be asked to provide support relating to specific CSR and corporate sustainability topics that are closely related to their regular activities, although it is important to avoid too much dilution of effort by making sure that the actions and activities of all committees are coordinated and the results reported upward to the entire board during the portion of the board meetings allocated to the consideration of CSR and corporate sustainability. For example, in discharging its responsibilities with respect to identifying and recruiting new directors who can broaden the range of experience and expertise available to the full board and its committees, the nominating committee should pay specific attention to identifying candidates with experience in evaluating and overseeing CSR and corporate sustainability initiatives, such as CEOs of other companies that have achieved positive recognition for their sustainability efforts. The audit committee, which is generally the committee responsible for risk assessment and management, should include CSR and corporate sustainability on its agenda and work with the company’s external and internal auditors to ensure that the sustainability topics are covered in audit activities and internal controls and that financial reporting procedures take into account emerging requirements for sustainability-related reporting.\(^{60}\)

While the directors must set and monitor CSR-related commitments and strategies, the day-to-day responsibilities, including continuous interactions with stakeholders, must be assumed by the officers of the company and will require design and implementation of effective internal organizational structures and systems for managing CSR initiatives and programs. Surveys, such as one completed by Boyden in 2017 among adults in the U.K., repeatedly confirm that the public strongly believes that the CEO must play an active role in the CSR activities of his or her company and act as a spokesperson for those activities.\(^{60}\) Participation and engagement by employees throughout the organization is essential for effective human capital management and CSR implementation and the CEO is the only person in a position to communicate and demonstrate the values associated with CSR in a way that will integrate CSR into the corporate culture and the way that employees work on a day-to-day basis.

\(^{59}\) Id. at 14.

As discussed above, companies need a CSR strategy and accompanying goals and priorities, and in order for the strategy to be effective and successful it must align with the structure, competencies and culture of the company. Companies that are relatively new to CSR often begin with a fairly simple “stand-alone” structure based on treating the CSR program as a separate function like finance, operations or marketing. A high level executive, often given the title “chief sustainability officer” (“CSO”) will oversee the function and reports directly to the CEO from the same level in the organizational hierarchy as other C-level executives. The job of the CSO, who will be supported by various sustainability directors worked primarily inside the sustainability function, is to begin the difficult process of engaging the business units that are overseen by other C-level executives. Such a structure might have a vice president of sustainability reporting to the CSO and overseeing operations of the sustainability group and directors who report to the vice president and are charged with various sustainability-related activities such as communications, philanthropy, procurement strategy and environmental issues.

The advantages of this type of structure is that it creates a group that is solely focused on and responsible for initiating and implementing sustainability-related activities and serves as a magnet for recruiting the specialized skills necessary for sustainable programs to be successful. The structure also provides clear control and coordination of the portfolio of sustainability-related activities and associated budgets. However, a stand-alone approach has several critical drawbacks: sustainability is not integrated into the rest of the organization; limited buy-in from employees because they are not accountable to the sustainability function; and funding challenges since the function is typically focused on reducing costs as opposed to business development. Companies often attempt to address and resolve some of the key shortcomings of the stand-alone structure by designing an “integrated structure” that recognizes and promotes reporting relationships between the sustainability directors, still sitting primarily in the sustainability function, and the business units. Advantages of this approach include enablement of organization-wide integration and the creation of direct ties between the sustainability experts and the business units, thereby allowing the sustainability expertise to be available for supporting sustainability programs in the business units.

Other changes to management processes in connection with implementation and integration of CSR should include developing and adopting appropriate measures and standards of performance taking into account the company’s sustainable development objectives and standards that have been established by government and other public agencies. In addition, companies will need to enhance their internal monitoring processes to help directors and senior managers ensure that the sustainable development policies are being implemented. Monitoring can take many forms, such as reviewing reports submitted by middle managers, touring operating sites and observing employees.

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61 The discussion in this paragraph and the following paragraphs regarding alternative organizational structures for sustainability is adapted from H. Farr, Organizational Structure for Sustainability (July 14, 2011), http://abettercity.org/docs/events/BCBS%20Hayley%20Farr_28%20July%202011.pdf [accessed December 12, 2016]
performing their duties, holding regular meetings with subordinates to review reports and to seek input on how the procedures and reporting systems might be improved, and implementing environmental and social auditing programs.

**Engagement**

Avuso et al. argued that in order to align with stakeholders' interests and create long-term value, organizations need to develop, apply, and maintain the necessary management competences and capabilities to deal with stakeholder concerns over time. According to Draper, structured CSR dialogue, often referred to as “engagement”, is essential to identifying and responding to stakeholders’ expectations, dealing with their key concerns and ensuring that there is a consensus about the nature of the working definition for CSR and the vision and purpose of the company with respect to social responsibility. Hohnen and Potts described stakeholder engagement as the formal and informal ways of staying connected to the parties who have an actual or potential interest in or effect on a company’s business (i.e., the company’s “stakeholders”) and noted that “engagement” implies understanding their views and taking them into consideration, being accountable to them when accountability is called for, and using the information gleaned from them to drive innovation. Stakeholder engagement is related to the fundamental principle of CSR that calls for companies to acknowledge that their businesses do not and cannot exist in isolation and rely heavily on their relationships with customers, employees, suppliers, communities, investors and others.

The focus of stakeholder engagement changes as the company proceeds along the path of CSR adoption and implementation. At the beginning, establishing and maintaining stakeholder engagement and deepening collaboration with key stakeholders allows the development of knowledge and know-how on specific issues faced by the organization. As the process continues, stakeholder engagement becomes a catalyst for future improvement and helps to shape stakeholders’ attitudes toward the company and its CSR efforts, hopefully reducing skepticism and incentivizing stakeholders to see the companies as allies in their own sustainability efforts. Once stakeholder trust has been secured, companies can feel more comfortable in relying on stakeholders to contribute to shoring up weaknesses in the CSR program.

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Companies have begun to adopt formal policies relating to stakeholder engagement and community development, particularly in those instances where the company’s operations can reasonably be expected to have a significant environmental impact on the surrounding communities (e.g., oil and gas production and other extractive industries). These policies grow out of the realization that while the business activities are regulated, and the company is expected to adhere to the requirements imposed by law, dialogue with and support from local communities is just as essential to the overall success of the enterprise as being legally compliant. Engagement with the community as a key stakeholder also provides opportunities for the company to participate in the improvement of conditions within the community and overall economic development and wellbeing in the area.

**Reporting and Communications**

CSR implementation includes develop meaningful reports for internal management and stakeholders that outline the company’s sustainable development objectives and compare performance against them. CSR reporting actually has several dimensions, each of which will require a different form of report, albeit based on essentially the same pool of information. Directors and senior executives use internal reports to measure performance, make decisions and monitor the implementation of their policies and strategies. Portions of these reports will also be distributed throughout the organization so that managers responsible for specific activities have good information about how their teams are performing and contributing and can make appropriate adjustments at their levels in the organizational hierarchy.

Shareholders, creditors, employees and customers, as well as the public at large, use external corporate reports to evaluate the performance of a company and to hold the directors and senior executives accountable for achieving financial, social and environmental objectives. External reports have been required for shareholders of companies that have become subject to the reporting requirements imposed by federal regulators (i.e., the Securities and Exchange Commission) and securities exchanges; however, those reports have typically been limited to information on financial performance (including financial statements that traditionally have not included disclosures regarding CSR-related activities, such as investments in pollution control and conservation of natural resources) and governance structures. External reporting may also be required as a matter of contract, as when creditors of the company require financial statements that can be used for assessment of the company’s ongoing creditworthiness and financial performance.

Regulatory reports, beyond those that may be required by federal securities regulators and securities exchanges, may be required by various governmental agencies at all levels. In general, these reports are required in order to track the company’s compliance with specific regulations pertaining to environmental and social issues. In addition, if the company is formed and organized as a social benefit corporation, it will need to comply with applicable state law reporting requirements calling for information regarding the
success of the company’s efforts to pursue and achieve the specific public benefits set out in its charter documents.

When establishing plans for reporting and verification it is useful to obtain and review copies of reports that have been done and published by comparable companies. Reports of larger companies are generally available on their corporate websites and extensive archives of past CSR-focused reports can be accessed through various online platforms such as CorporateRegister.com, a widely recognized global online directory of corporate responsibility reports. It is also important to have a good working understanding of well-known reporting and verification initiatives such as the GRI Standards; the AccountAbility AA1000 series; the United Nations Global Compact; and the International Auditing and Assurance Standards Board ISAE 3000 standard. For example, the latest version of the GRI’s sustainability reporting framework that formally went into effect for reports and other materials published on or after July 1, 2018 requires reporting in three categories: economic (e.g., economic performance, indirect economic impacts, procurement practices etc.); environmental (e.g., materials, energy, water, transport, environmental grievance mechanisms etc.); and social, which includes labor practices and decent work (e.g., employment, occupational health and safety, training and education etc.), human rights (e.g., non-discrimination, forced or compulsory labor, indigenous rights etc.), society (e.g., local communities etc.) and product responsibility (e.g., customer health and safety, product and service labeling, customer privacy etc.).

Country-specific information is also available through professional organizations such as the Canadian Chartered Professional Accountants, which has published an extensive report on sustainability reporting in Canada.

In addition to formal reporting on corporate responsibility, companies should consider how their CSR activities can be integrated into their overall corporate communications strategies and activities. Finnish Textile & Fashion ("FTF"), the central organization for textile, clothing and fashion companies in Finland, cautioned that communications should be appropriate in light of the company's nature, size, operating methods and potential risks related to CSR, and recommended that companies focus their communications efforts on matters that are essential from the business perspective, are of interest to stakeholders and include potential operational and reputational risks. For example, since consumers are interested in the origin of the products that are marketing and sold by the company, communications should include transparent information on all stages of the value chain including a description of how the company monitors the environmental and social responsibility of supply chain partners and data on compliance by those partners with company requirements. Companies will naturally want to include their corporate

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66 The GRI Standards replaced the G4 guidelines; however, the GRI explained that the transition for organizations that had previously used the G4 guidelines should be smooth since the main content, concepts and requirements did not change and the most significant changes occurred with respect to structure and format. For more information, see the “Transition to Standards” page on the GRI website and “From Guidelines to Standards: Implication of the GRI Transition” (BSR Sustainability Matters Webinar, December 2016).

responsibility successes in efforts to promote its brand; however, presentation of environmental and social responsibility in advertising and marketing materials are subject to the same fundamental principles as any other information and companies need to ensure the information is not misleading or unjustified.\textsuperscript{68} Signaling social responsibility in marketing is more difficult. For example, companies that have been certified as to social responsibility in accordance with the SA8000 standard are listed in a public database; however, there is currently no branding for SA8000. Some companies do attempt to incorporate social responsibility into their marketing activities by identifying the country of origin in their product labeling and/or describing the social responsibility audit and certification procedures used in each of the production phases for the company’s products.\textsuperscript{69}

\section*{CSR for Small Businesses}

While CSR has been a topic of discussion for larger businesses for a long time, relatively little attention was paid to CSR and small businesses. However, as governments have come to realize the importance of small businesses—small- and medium-sized enterprises ("MSEs")—to their economies as drivers of employment, research and guidance on management topics for MSEs has become more prevalent. While managers of small businesses rightly have concerns about the costs associated with many CSR projects, and non-governmental organizations have not spent as much time and effort on monitoring CSR among SMEs, more and more SMEs are beginning to appreciate the potential benefits of having some type of CSR initiative, even if it scaled down to fit the size of the firm and the relatively meager resources available. For example, as larger companies have integrated supply chain management into their CSR initiatives SMEs seeking to become supply chain partners have been forced to take a hard look at their efforts with respect to social responsibility, particularly the ways that they treat their workers and the impact of their operations on the environment. Another driver of CSR among SMEs is their dependence on their relationship with the local community. While larger companies operate in numerous locations around the world, SMEs have one primary site and depend heavily on the strength and support of the community surrounding the site. As such, it is incumbent on SMEs to act in a socially responsible manner in their interactions with community members and support community efforts in areas such as education, health, safety and general welfare.

In spite of the above-referenced benefits of embracing CSR, SMEs reasonably complain about finding the time and resources to collect the necessary information, develop and implement CSR strategies and continuously engage with stakeholders. Owners and senior managers of SMEs typically wear a number of different hats already and adding CSR leadership assignments often seems to be just too much. Fortunately, the size and scope of activities of SMEs may actually make it easier to find information and reach out

\textsuperscript{68} Id. at 59.
\textsuperscript{69} Companies certified as to social responsibility in accordance with the SA8000 standard are listed in a public database; however, there is currently no branding for SA8000. Some companies do attempt to incorporate social responsibility into their marketing activities by identifying the country of origin in their product labeling. Id.
to important stakeholders. For example, since SMEs are already closely linked to their communities and dependent on them for customers, labor and supplies it is generally a small step to extend the relationship into social responsibility projects. In the same vein, SMEs often have higher levels of employee participation in decision making and this facilitates worker engagement of health and safety, product quality and service and implementing eco-friendly manufacturing processes.

While small businesses operate under resource constraints that make it impractical for them to implement comprehensive CSR initiatives on the scope of those that have been adopted by larger companies, they nonetheless can begin by referring to the same authoritative international instruments such as the Organisation for Economic Co-operation and Development (“OECD”) Guidelines for Multinational Enterprises and the UN Global Compact Principles, each of which are intended to be applicable to organizations of all sizes. Governments and business associations have also created and published guides and other resources relating to a wide range of SME management topics including the use of environmental management systems by SMEs and adopting the management systems framework of the International Standards Organization to the SME context. Other resources tailored to the particular needs of small businesses seeking to implement a CSR initiative include the “Introduction to Corporate Social Responsibility for Small & Medium-Sized Enterprises” available online from the European Commission with links to other European Union publications and tools on CSR and SMEs; and the CSR handbook for SMEs developed by the Caux Round Table (www.cauxroundtable.org), an international network of principled business leaders working to promote moral capitalism.

CSR around the World

Rahim surveyed steps that had been taken around the globe to integrate the core principles of CSR into the policy objectives of different economies and global companies. Global companies in Europe have been guided by the EU Commission’s Green Paper on Promoting a Framework for CSR and the European Code of Conduct Regarding the Activities of Transnational Corporations Operating in Developing Economies. A number of individual countries in Europe have also taken action driven, at least in part, by a series of resolutions adopted by the European Parliament to facilitate the development of the incorporation of CSR principles in its member economies: the UK established a post of CSR Minister to encourage greater social responsibility in UK companies and the UK’s Companies Act of 2006 included specific reporting requirements on environmental and social issues; Belgium passed legislation requiring pension fund managers to disclose the extent to which they consider ethical, social and environmental criteria in their investment policies; France required listed companies to disclose their impact on social and environmental issues in their annual reports and accounts; and each of the Scandinavian countries mandated environmental disclosures.

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There have also been a number of important quasi-legal initiatives for the promotion of CSR at the national level throughout Europe including the International Business Leaders Forum, the Ethical Trading Initiative and Partnership for Global Responsibility.\textsuperscript{71}

Rahim noted that, in contrast to Europe, the US has been slower in using formal regulation to incorporate CSR into the business strategies and operations of corporations, an approach that is consistent with the preference in the US for minimal legislative control of business. According to Rahim, the US has emphasized developing specialized organizations that set rules and standards, and provide enforcement regimes, for certain aspects of CSR including the Occupational Safety and Health Administration, Equal Employment Opportunity Commission, Consumer Product Safety Commission and the Environmental Protection Agency. A variety of industry and other non-governmental organizations have also contributed guidelines that can be referenced for the self-regulatory initiatives of individual companies including the US Model Business Principles and the work of the Center for Corporate Ethics and the Fair Labor Association. Trade associations in specific sectors, such as automobile manufacturing and paper products, have promulgated guidelines for their members on environmental management practices for themselves and their suppliers.\textsuperscript{72}

Principles of CSR have been important in Japan since the post-war reconstruction period, during which the resolution “Awareness and Practice of the Social Responsibility of Business” was adopted and stated the fundamental principal that businesses should not simply pursue corporate profit, but must seek harmony between the economy and society, combining factors of products and services, and that social responsibility is a better way to pursue this goal.\textsuperscript{73} Various cabinet ministries have undertaken initiatives to promote and achieve CSR including the Cabinet Office; the Ministry of Agriculture, Forestry, and Fisheries; the Ministry of Health, Labor, and Welfare; and the Ministry of Environment. For example, the Cabinet Office issued its “Corporate Code of Conduct” in 2002 to build consumer confidence in businesses and set guidelines to promote the establishment and implementation of corporate codes of conduct.\textsuperscript{74} The influential Ministry of Economy, Trade and Industry collaborated with the Japanese Standards Association on the creation of a working group to develop CSR standards in Japan and Japan has been an active participant in the development of intergovernmental initiatives relating to CSR. The result of all this activity has been that Japanese companies have been global leaders in disclosures of CSR activities, investment in internal resources to oversee CSR commitments and adoption of codes of conduct based on international standards.\textsuperscript{75}

\textsuperscript{72} Id. at 38-39.
\textsuperscript{73} Id. at 40 (citing M. Kawamura, The Evolution of Corporate Social Responsibility in Japan (Part 1)—Parallels with the History of Corporate Reform (NLI Research institute, 2004), 156).
\textsuperscript{74} Id. (citing Asian Productivity Organisation, Policies to Promote Corporate Social Responsibility (Report of the Asian Productivity Organisation Top Management Forum, 2006)).
\textsuperscript{75} Id. at 41-42.
Rahim summed up his findings regarding the integration of CSR principles into corporate governance and regulation among strong economies as follows:

“... CSR has attracted considerable attention. Most of the strong economies have adopted CSR principles within their corporate regulatory mechanisms. They have used different strategies and employed different actors to encourage this incorporation of CSR principles in corporate regulation. Though their regulatory strategies are not identical, their goals for relating CSR to public policies amplify their political affiliation for CSR practices in companies; the role of government in these economies is to facilitate the private sector. In these economies, laws and regulations for incorporating the ethos of this convergence are not authoritative. Rather, they are advisory and focused on bringing a broader perspective to the necessity of environmental responsibility in corporate self-regulation. Broadly speaking, incorporation of CSR notions in corporate self-regulation in these economies appears to focus on ‘process-oriented regulation’ where system-based strategies, enforced self-regulation, management-based strategies, meta-regulation approaches, and principle-based strategies coexist to ensure greater flexibility for the regulators where an objective needs to be incorporated in the era of deregulation.”

As for developing and less-strong economies, Rahim reported that several of them have made attempts to incorporate the principles of CSR within their regulatory frameworks, particularly with respect to labor issues, the environment (particularly in those countries that rely extensively on extractive industries), the community and the marketplace. In some instances, these economies have encouraged companies with respect to disclosure practices, stakeholder engagement and implementing corporate governance practices that incorporate consideration of environmental and social issues. However, Rahim expressed misgiving about the pace and intensity of incorporating the ethos of CSR into the fabric of the socio-economic and environmental regulation of the weaker economies given the absence of public interest advocacy groups to oversee this convergence, the disorganization of civil groups, the lack of focus on such issue by the media in those countries and the persistently high rate of corruption within public organizations.

CSR Research

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77 Id. at 42-43.
78 Id. at 44-45.
Williams reported that the topic of corporate responsibility has been given increasing academic attention in the past decades, citing data collected and analyzed by Devinney that showed that the number of articles relating to the topic had risen significantly in various journals devoted to environmental sciences, economics, management, sociology, psychology and law.\textsuperscript{79} One of the most popular topics among academics has been the relationship between corporate responsibility and financial performance, an important question given the consistent need for advocates of corporate responsibility initiatives to make a strong “business case” beyond the ethical arguments.\textsuperscript{80} Williams noted that as studies have become more sophisticated in identifying the mediating variables and the quality of data has improved, the results have been more consistent in showing positive financial results from corporate responsibility, an outcomes that many who have studied the issue can be attributed to the fact that corporate responsibility strategies and operating procedures positively influence certain key intangibles that are significantly related to corporate financial performance such as innovation, human capital improvements, reputation and corporate culture.\textsuperscript{81}

While studies have identified improvements on a range of performance metrics, such as lowering the cost of capital, positive influence on stock price performance and better operational performance, the specific linkages between particular corporate responsibility-related operational and managerial competencies and specific performance outcomes are still unclear.\textsuperscript{82} Adeneye and Ahmed examined the impact of CSR on company performance using a data set of 500 firms from the United Kingdom and found a significant positive relationship between CSR, market to book value and return on capital employed; however, the researchers found no significant relationship between CSR and firm size (i.e., the value of a company’s total assets did not determine the engagement of such company in CSR practices).\textsuperscript{83}

Researchers have also been interested in assessing the connection between board composition and committees and measurable corporate social performance. While it can logically be assumed that creation of a specific board committee dedicated to corporate


responsibility would have a positive impact on a company’s social performance, the results from studies have been mixed.\textsuperscript{84} William cited several factors that may come into play such as whether the committee was established to promote better environmental or social performance or as a reaction to a particular issue or problem.\textsuperscript{85} One survey found that independent, larger and less diverse boards were associated with worse environmental performance, an outcome that could be attributed to a lack of in-depth knowledge of the environmental risks confronting the company, and it has been suggested that environmental performance would be better improved by reducing board independence and oversight by a separate committee and allowing a powerful CEO to develop and execute his or her vision for positive environmental impacts through managerial strategies.\textsuperscript{86} On a related note, Williams observed that the presence of sustainability disclosures on company websites, just like the presence of corporate responsibility committees at the board level, should not be understood as an unambiguous signal of actual corporate responsibility, pointing out that companies had often touted their dedication to sustainability while being embroiled in real world controversies relating to income inequality, contribution to public health problems and illegal and unethical corporate behavior.\textsuperscript{87}

Other areas of interest to researchers have included the relationship between the types of investors in a company and the company’s environmental and social performance and the impact of the corporate governance system in which the company operates. For example, several studies have found that companies with higher percentages of long term, pension fund investors had significantly better environmental and social performance than companies with lower percentages and that environmental and social performance suffered when companies were forced to deal with short-term shareholder activism from mutual funds and investment banks.\textsuperscript{88} As for cross-jurisdictional research, one study found that: “among different legal origins, the English common law—widely believed to be mostly shareholder oriented—fosters CSR the least; within the civil law countries, firms of countries with German legal origin outperform their French counterparts in terms of ecological and environmental policy, but the French legal origin firms outperform

\textsuperscript{85} Id. at 27 (citing J. Walls, P. Berrone and P. Phan, “Corporate Governance and Environmental Performance: Is there Really a Link?”, Strategic Management Journal, 33 (2012), 885).
\textsuperscript{86} Id. at 27 (citing J. Walls, P. Berrone and P. Phan, “Corporate Governance and Environmental Performance: Is there Really a Link?”, Strategic Management Journal, 33 (2012), 885, 902). See also J. Surroca and J. Tribó, “Managerial Entrenchment and Corporate Social Performance”, Journal of Business Finance and Accounting, 35(5-6) (2008), 748 (arguing that corporate responsibility is a strategy for management entrenchment and that CEOs establish stronger ties with internal and external constituencies, such as employees and community elites, in order to insulate themselves from accountability mechanisms at the board level).
\textsuperscript{87} Id. at 29.
German legal origin companies in social issues and labor relations. Companies under the Scandinavian legal origin score highest on CSR (and all its subfields). William observed that “where, as in the common law system, the state’s role in the economy is understood to be more limited in addressing economic inequality or promoting and protecting labor or environmental interests than among Scandinavian countries or those based on civil law legal families, there is more pressure for voluntary corporate responsibility issues to address these issues . . . [however] . . . evidence suggests those voluntary initiatives are less effective in promoting social and environmental social welfare than are the types of laws and institutional arrangements found in the Scandinavian and civil law legal contexts.”

D’Amato et al. noted that CSR and sustainability had become a prominent feature of the business and society literature and addressed topics such as business ethics, corporate social performance, global corporate citizenship, and stakeholder management. They argued that CSR had become a leading principle of top management and of entrepreneurs and that this meant that traditional management education needed to be updated to provide a clearer understanding of the role and meaning of socially responsible leadership. They conducted an extensive survey of the academic and business literature on CSR and leadership based on literature on CSR, corporate citizenship and sustainability published between 2000 and 2009. The results were published both as an extensive annotated bibliography that included a wide range of references that could be used as a basis for further education and as a brief compendium of the following key themes that were emerging throughout the literature:

- **Approaches to Implementing CSR:** Researchers were interested in why organizations became interested in implementing CSR and the factors that influenced the path and progress of implementation. Not surprisingly, there is no universal stage of development among organizations as to the degree of integration of CSR into their strategies and daily operations. In fact, it is most appropriate to view the CSR awareness and approaches of organizations along a continuum that begins, at one extreme with organizations that do not acknowledge any responsibility to society and the environment and then continues to the other extreme where one finds organizations that view their operations as having a significant impact as well as reliance on society at the economic, social, and ecological levels, thus resulting in a sense of responsibility beyond the traditional boundaries of the organization. Most

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90 Id. at 33.
92 The researchers noted that they based their work on a keyword search that used not only CSR and leadership but also well-known synonyms for CSR and leadership such as sustainability, corporate citizenship, corporate sustainability, ethical leadership, corporate governance and corporate social performance. Id. at 2-3.
93 Id. at 4.
organizations fall somewhere in between these two extremes and the focus of much of the research in the area is identifying the factors and conditions that drive organizations to move from an elementary stage toward a transformative stage that involves taking on more responsibility for the impact that their operations have on societies and the environment.\textsuperscript{94} An organization’s level of social responsibility is influenced by factors such as the financial condition of the organization, health of the economy, well-enforced state regulations and external pressures (e.g., activists).

- **Drivers of Ongoing Commitment:** CSR is a long-term initiative that requires ongoing commitment and researchers have found that the requisite commitment generally comes from economic self-interest (i.e., a solid business case), ethical grounding (i.e., the moral importance of sustainable development) or a combination of both.\textsuperscript{95} As researchers have found evidence of a significant and positive relationship between CSR and value added, the business case for CSR has been enhanced and organizations embrace the notion that their long-term business survival is clearly tied to operating in a way that respects the rights and needs of people, communities and the environment. The business case argument is popular in the US; however, studies have found that European companies tend to rely more heavily on language or theories of citizenship, corporate accountability or moral commitment when justifying and explaining their CSR approaches.

- **Corporate Identity and Ethics:** While, as noted above, CSR can be used as a defensive policy, the more likely scenario is an evolution of the personality of the organization—the organization’s identity (i.e., what it really is, rather than what it might advocate)—toward stronger and broader integration of CSR into organizational strategy and culture. CSR has become a way of matching organizational operations to rapidly changing social values and societal expectations regarding the economic, legal, ethical and discretionary responsibilities of businesses. Companies have recognized the competitive advantages associated with establishing a socially responsible corporate identity using branding. In addition, ethical behavior a shared set of values and guiding principles deeply engrained throughout the organization are seen as prerequisites for strategic CSR and an integral part of corporate identity.\textsuperscript{96}

- **CSR and Accountability:** Accountability is one of the processes whereby a leader, company, or organization seeks to ensure integrity and researchers noted that organizations and their leaders were increasingly concerned with including appropriate CSR measures in their internal and supply-chain activities to demonstrate accountability to their wide range of stakeholders. When considering accountability, it is not just determining whether an organization is making false promises but also whether the actual behaviors of the organizations, albeit well meaning, are failing to achieve the promised impact. D’Amato et al. conceded that while CSR requires accountability by all leaders, individuals, organizations, stakeholders, customers, and community members, accountability is complex and influenced by multiple and tightly interconnected factors.\textsuperscript{97}

- **Partnering with Stakeholders:** According to D’Amato et al. CSR is strictly embedded with a multitude of business actors and, as such, organizational leaders need to be adept at stakeholder engagement and communication. Researchers identified two basic

\textsuperscript{94} Id. at 1-2.
\textsuperscript{95} Id. at 4-5.
\textsuperscript{96} Id. at 5-6.
\textsuperscript{97} Id. at 6-7.
relationship models that explain how leaders can best interact with multiple and diverse stakeholders. The inside-out approach suggests that leaders can manage their CSR activities and achieve favorable reputations with their stakeholders by building CSR activities across boundaries and in a framework where decisions are made inside the organization and where communications with stakeholders, in the form of CSR and sustainability reports, are primarily a means for delivering information that has already developed and informing stakeholders about decisions that impact them that often have already been implemented.\(^98\) Suffice to say that this approach is often not satisfying to stakeholders, many of which clamor for organizations to follow an alternative path based on substantial organizational attention to and engagement with stakeholders to reach CSR goals through negotiation and, in some cases, joint decision making. Of course, this approach can be challenging and organizations and their leaders differ in the degree of comfort with incorporating stakeholders’ interests and input into operational decisions. Commentators have suggested that the vital link between businesses and stakeholder engagement and management is leadership and urged leaders to take a holistic approach to stakeholder engagement.\(^99\)

- **Leadership Capabilities and Competencies:** Evidence from the survey confirmed that leadership played a pivotal role in the initiation and development of CSR programs and initiatives within and across organizations and that the role of the leader in guiding business toward sustainable social responsibility is complex and vast and requires a unique array of leadership skills and competencies. While the literature is extensive, notice should be taken of arguments that responsible leaders must have the highest integrity, a deep understanding of difficult concepts such as sustainable development, a commitment to building enduring organizations in association with others, a deep sense of purpose and the ability and drive to remain true to their core values. In addition, leaders of socially responsible organizations have been associated with the charismatic, transformational and visionary leadership styles, all of which require a leader to be able to enthusiastically communicate an innovation vision and energize followers in order to pull them toward committing to the vision of the leader with respect to sustainability. As for specific leadership competencies, researchers have argued that “responsible leaders” demonstrate courage, business acumen, passion, compassion, sense of humor, vision for legacy (instead of vision for activity), integrity, teamwork, respect and professionalism. However, as with so many aspects of leadership studies in general, more research is needed to move beyond recitations of leaders’ styles, skills and competencies to identify effective practices that leaders can use in order to discharge their responsibilities for the impact of their organizations on society and the environment beyond legal compliance.\(^100\)

- **Organizational Challenges and Limitations:** Researchers have explored the challenges and limitations that organizations must face and overcome in implementing CSR and noted that organizations must deal with both political issues and organizational-level concerns including difficulties in making changes to long-standing cultural norms. Obviously CSR is challenging given the need to consider the needs of multiple stakeholders. Moreover, the subject matter of CSR evolves rapidly as the roles and resources of governments change since businesses are being asked to step in to address challenges that had been consider the responsibility of the state in the past (e.g.,

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\(^{98}\) Id. at 7-8.

\(^{99}\) Id. at 8.

\(^{100}\) Id. at 8-9.
addressing health, education and poverty issues). In addition, as governments step away from certain issues, such as climate change, society expects businesses to act on their own. Consistent with the discussion immediately above, commentators have suggested that the most challenging aspect of CSR implementation is developing the requisite pool of leadership talent. At the heart of the organizational challenges is the reality that sustainability activities are largely voluntary and that organizations, through their leaders, must make hard decisions about the best way to engage with stakeholders and include social and environmental concerns in their strategies and operational activities.

**CSR Organizations**

In addition to the non-profit CSR institutions and resources described elsewhere in this chapter, useful information on CSR is available from the following organizations:

- African Institute of Corporate Citizenship (http://www.aiccafrica.org)
- Business and Human Rights Resource Centre (http://www.business-humanrights.org)
- Business Social Compliance Initiative (http://www.bsci-eu.org)
- Business for Social Responsibility (http://www.bsr.org)
- Business in the Community (http://www.bitc.org.uk)
- Caux Round Table (http://www.cauxroundtable.org)
- Ceres (http://www.ceres.org)
- Coalition for Environmentally Responsible Economies (http://www.ceres.org)
- Conference Board (http://www.conference-board.org)
- Corporate Register (http://www.corporateregister.com)
- Ethos Institute (http://www.ethos.org.br)
- Ethical Trading Initiative (http://www.ethicaltrade.org)
- European Academy of Business in Society (http://www.eabis.org)
- Extractive Industries Transparency Initiative (http://www.eitransparency.org)
- Fair Labor Association (http://www.fairlabor.org)
- Future-Fit Business Benchmark (http://www.FutureFitBusiness.org)
- Global Unions (http://www.global-unions.org/)
- SDG Compass (http://sdgcompass.org/)
- Sustainability Reports (http://www.sustainability-reports.com/)
- Transparency International (http://www.transparency.org/)
- World Business Council for Sustainable Development (http://www.wbcsd.org)
- World Council for Corporate Governance (http://www.wcfcg.net)

### Business and Sustainable Development

The International Institute for Sustainable Development (www.iisd.org) (“IISD”) was established in 1990 as an independent non-profit organization dedicated to promoting human development and environmental sustainability through innovative research, communication and partnerships. The strategic plan for the IISD includes the following programs and core strategic goals:

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101 Id. at 10-11.
• Economic Law and Policy: Reform economic policies to advance sustainable and equitable development.
• Energy: Shift energy systems and policies to support universal access to clean, low-carbon energy.
• Water: Advance science-based solutions for universal access to water and healthy ecosystems.
• Resilience: Strengthen capacities to manage climate- and conflict-related risks.
• Knowledge: Transform data and information into knowledge that supports sustainable development.
• Reporting Services: Provide accurate, neutral, high-quality analysis that informs decision making about multilateral environmental negotiations.

Content available on the IISD website includes materials on Business and Sustainable Development collected and presented on their own site (https://www.iisd.org/business/) which includes six sections covering the following:

• Key Issues: Briefings on specific sustainable development topics from a business perspective including corporate social responsibility, corporate reporting, integrated product policy, climate change and trade.
• Strategies and Tools: How to incorporate the principle of sustainability into everyday business activities, illustrated by real-life examples
• Markets: Business opportunities arising from sustainable development
• Banking and Investment: Spotlight on how sustainable development is being approached by the financial services industry
• Working with NGOs: How businesses are forging working partnerships with lobby groups
• Training Opportunities: How universities and professional training providers can help industry leaders incorporate sustainability into their business strategies

Among the strategies and tools are guiding principles (i.e., the CERES principles, the International Chamber of Commerce Business Charter, the GoodCorporation accreditation scheme, IISD’s checklist of sustainable business practices, “factor four” and the “triple bottom line”); business tools (i.e., by-product synergy and industrial ecology, cleaner production, design for environment, eco-efficiency, energy efficiency, environmentally-conscious manufacturing, the “four R’s”, green procurement, performance contracting, pollution prevention and zero-emission processes); and systems and standards (i.e., environmental management systems, ISO 14001, EMAS, EH&S programs, SA 8000, life-cycle assessment, reporting, total cost assessment and total quality environment).

Other resources and references relating to sustainable business are available from the Sustainable Business and Entrepreneurship Platform (http://www.susent.org/), which is a research group from the International Business School and the Centre of Applied Research of Economics and Management at the Amsterdam University of Applied Science. The Platform was developed as a resource for professionals, primarily in the fashion, apparel and textile industries, to learn more about sustainability in practice and includes case studies and tools that can be used for assessment of sustainability and development and implementation of strategies for achieving sustainability change.

The Current State and Future of CSR

Rangan et al. pointed out that CSR had been subject to criticism from both sides of the ideological spectrum.102 On the left advocates from civil society have often questioned the fundamental motivations of corporations’ actions under the umbrella of CSR, arguing

that in most cases corporate support for environmental and social programs were nothing more than public relations campaigns designed primarily, if not solely, to boost brand reputations as another means for achieving the primary corporate objective of maximizing profits. At the other end of the spectrum CSR has been denounced as inappropriate and unnecessary in a capitalist society where the responsibility of business is to create financial returns for its shareholders and the larger economy and environmental and social issues should be left to the government and civil society. Both sides have also complained about the lack of metrics to evaluate the efficacy of CSR programs, a situation that is all the more problematic given that businesses are generally driven and managed through precise tools designed to track and analyze the performance of every investment decision.  

Rangan et al. noted that efforts to bridge the ideological gap regarding CSR and develop a new paradigm that would be widely accepted had become centered on the idea of creating “shared value”, meaning that the role of business in society should be re-imagined as continuing to create private value for its shareholders but doing so in a way that the corporation also creates public value for society. Rangan et al. used Cisco’s establishment of educational and training programs for networking personnel, so-called “Cisco Academies”, to ensure that there was a sufficient pool of skilled labor in each of the communities where the company operated as just one highly publicized example of shared value in action. However, they were skeptical that shared value would complete resolve the tensions between economic and social/environmental goals that businesses and their leaders must confront. For example, given that creating substantive public value requires investing corporate resources for a payoff that is both distant and uncertain, the decision to take that path can only be taken at the top of the organizational hierarchy (i.e., the CEO and the members of the board of directors). Businesses typically staff their CSR activities with specialist managers, few of whom are willing or able to make “bet the company” decisions. As for the CEO’s, only a few are inclined to ignore the pressures to meet their “numbers” and champion long-term environmental and social investing; however, new expectations from institutional investors looking for companies and CEOs to embrace sustainability are beginning to change the thought processes in the boardroom and corner offices. 

Another practical barrier to the large-scale impact of shared value promised by its proponents is that it appears to only make sense for a small group of firms that already have a dominant position in their sectors. These companies already have a relatively
large treasury of financial resources, meaning that a large bet on a relatively risky environmental or social project is not as problematic, and their size makes it likely that they will harvest a disproportionate share of the benefits that ultimately come out of a project and thus further strengthen their competitive position. Smaller companies not only have resource constraints but also are unlikely to make substantial public investments only to see their competitors “free-ride” on those investments and appropriate much of the private value that might be created. As such, it can be expected that most companies will invest in environmental or social projects that are narrower and more self-directed and that the public value of those projects, while noticeable and appreciated, will be limited to third parties in the company’s proprietary networks such as supply chain and distribution partners.106

If “shared value” is not the complete answer to the search for a definitive paradigm to justify CSR does that mean that CSR will ultimately fade away as just another fad? Rangan et al. were among many who have responded to this question with a resounding “no”. Among large global companies the percentage professing to practice some form of CSR has been steadily increasing for over a decade and sustainability reporting has become the norm. Businesses of all sizes are subject to CSR drivers such as the philanthropic motivations of their employees, the personal commitments of more and more corporate leaders to contribute to their communities and society in general and the role that CSR plays in generating goodwill in the communities in which the business operates. As such, Rangan et al. argued that “CSR is here to stay” and that the challenge for companies is to find a way to forge a coherent strategy that is accommodate the broad range of CSR activities including corporate funding of community activities, grants for nonprofits/NGOs, environmental sustainability programs to reduce energy and resource use, “cause” marketing and comprehensive system-level efforts to remake a business’s entire value chain.107

In 2017, the MIT Sloan Management Review, in collaboration with The Boston Consulting Group, published a report compiling their observations on the then-current state of corporate sustainability based on extensive surveys and interviews conducted over the previous eight years with managers, executives and thought leaders in order to increase knowledge about business adoption of sustainable practices and to support the integration of sustainability into business strategy.108 The report included an acknowledgement that proactive action from the private sector and tapping into its ability to innovate had become recognized as fundamental to realization of a sustainable future and that significant progress had been made relating to the levels of commitment to corporate sustainability and that a handful of standout companies were demonstrating that sustainability could be driver of innovation, efficiency and lasting business value109.

106 Id.
107 Id. at 3.
109 Id. at 3. Indicators of progress relating to corporate sustainability included broad commitments to sustainability principles such as the UN Global Compact; more and more companies reporting on their
however, the report also raised concerns about the continuing path forward, noting that corporate leaders in sustainability remained a minority (and were unevenly distributed across geographies and industries) and that populist political movements around the world threatened to set back global diplomatic progress on issues like climate change and reverse recent regulatory trends. As such, the authors of the report felt that corporate sustainability had reached a critical “crossroads”.

Specific issues raised by the authors of the report included a reluctance of most companies to undertake the substantial organizational changes necessary to embed sustainability in the business model (e.g., looking at the business in different ways, erecting new organizational structures, developing new expertise and processes and shifting mindsets); a lingering belief among some business leaders that major sustainability issues, such as reducing climate change, wealth inequality and poverty levels, should be addressed by governments and not private sector actors such as businesses; the reluctance of business leaders to refocus their planning efforts around long-term goals that often will take decades to achieve; and the rise of elected officials in the US and elsewhere who are pushing for deregulation, thus creating new temptations for CEOs to seek short-term profits in areas where rules have lapsed as opposed to staying the course with environmental and social practices that would ultimately contribute to a more sustainable future.

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sustainability performance; emergence of a vast network of tool makers (e.g., investors, consumer groups, organizations, coalitions, certifiers and platforms) to spur and aid sustainable business practices; increased transparency about sustainability-related activities (including activities by value chain partners); development of social media and other technology platforms leading to heightened awareness of crises and corporate misbehavior; recognition of the importance of sustainability to institutional investors and launch of environmental, social and governance reporting platforms such as the Principles for Responsible Investment, the Sustainability Accounting Standards Board and the Sustainable Stock Exchange Initiative; and the launch of new initiatives among groups of companies and nations to forge new standards and goals for sustainable business practices. Id.

110 Id. at 1.
111 Id. at 19-20.
About the Author

This chapter was written by Alan S. Gutterman, whose prolific output of practical guidance and tools for legal and financial professionals, managers, entrepreneurs and investors has made him one of the best-selling individual authors in the global legal publishing marketplace. His cornerstone work, *Business Transactions Solution*, is an online-only product available and featured on Thomson Reuters’ Westlaw, the world’s largest legal content platform, which includes almost 200 book-length modules covering the entire lifecycle of a business. Alan has also authored or edited over 90 books on sustainable entrepreneurship, leadership and management, business law and transactions, international law and business and technology management for a number of publishers including Thomson Reuters, Practical Law, Kluwer, Aspatore, Oxford, Quorum, ABA Press, Aspen, Sweet & Maxwell, Euromoney, Business Expert Press, Harvard Business Publishing, CCH and BNA. Alan is currently a partner of GCA Law Partners LLP in Mountain View CA (www.gcalaw.com) and has extensive experience as a partner and senior counsel with internationally recognized law firms counseling small and large business enterprises in the areas of general corporate and securities matters, venture capital, mergers and acquisitions, international law and transactions, strategic business alliances, technology transfers and intellectual property, and has also held senior management positions with several technology-based businesses including service as the chief legal officer of a leading international distributor of IT products headquartered in Silicon Valley and as the chief operating officer of an emerging broadband media company. He has been an adjunct faculty member at several colleges and universities, including Berkeley Law, Golden Gate University, Hastings College of Law, Santa Clara University and the University of San Francisco, teaching classes on corporate finance, venture capital, corporate governance, Japanese business law and law and economic development. He has also launched and oversees projects relating to sustainable entrepreneurship and ageism. He received his A.B., M.B.A., and J.D. from the University of California at Berkeley, a D.B.A. from Golden Gate University, and a Ph.D. from the University of Cambridge. For more information about Alan and his activities, and the services he provides through GCA Law Partners LLP, please contact him directly at alangutterman@gmail.com, follow him on LinkedIn (https://www.linkedin.com/in/alangutterman/) and visit his website at alangutterman.com.

About the Project

The Sustainable Entrepreneurship Project (www.seproject.org) was launched by Alan Gutterman to teach and support individuals and companies, both startups and mature firms, seeking to create and build sustainable businesses based on purpose, innovation, shared value and respect for people and planet. The Project is a California nonprofit public benefit corporation with tax exempt status under section 501(c)(3) of the Internal Revenue Code dedicated to furthering and promoting sustainable entrepreneurship through education and awareness and supporting entrepreneurs in their efforts to launch and scale innovative sustainable enterprises that will have a material positive environmental or social impact on society as a whole.

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