

International management of International Corporate Social Responsibility

Abstract

With an increasing pressure from general public and from governments, more and more corporations put corporate social responsibility (CSR) as their priority in corporate governance. Studies show that multinational enterprises (MNEs) tend to adopt CSR strategy than those operate at home. Many current researches in international CSR focus on country study, the international management of MNEs' CSR strategy is less developed. This paper aims to illustrate the approach of MNEs in implementing their CSR strategy through a study of the CSR strategy of Vodafone. Base on the data from the corporate web-site and corporate presentation, the preliminary findings show a multi-domestic approach of international CSR was adopted. This implies firm would profile their CSR strategy that match to the local specific circumstance rather than a global approach. Also, the CSR strategy is regards as a 'following' strategy with no immediate attention before firm has secured a presence in host country.

Introduction

It has been suggested that globalisation and global warming, probably a sub consequent of globalisation, has finally waken general public concern on corporate social responsibility (CSR). The superior power of many multinational enterprises (MNEs) over developing country has raised a concern on the development of the countries the corporate operating. The ex-vice US president has demonstrated how vulnerable our planet earth is. The extreme weather: flooding in Yorkshire in UK, the forest fire in South France and snowing in Argentina for the first time near a century prove the claim that industrial corporation may contribute to the severs global weather. On the other hand, business scandals such as the collapse of Enron, corruption of Siemens senior management brought public attention on how trustworthy are our MNEs. The same question is also asked by the governments.

There has been a long debate on if corporate should provide social welfare or this is solely the responses of governments. Apparently, when the academic debate is still going on, more and more corporate belief adopting CSR is going to be good to the corporation and in some situation corporation could turn CSR requirement into their own benefit. Like many strategy that MNEs persuaded, CSR is not merely a domestic issue, as corporate expand globally the CSR activities also go globally, however, literature on international CSR is less documents (Arthaud-Day, 2005).

Moreover, as commented by Clarkson (1995: 92) that there is a lack of “comprehensive framework ... for the systematic collection, organisation, and analysis of corporate data” in the study of CSR (cited in Arthaud-Day, 2005).

Therefore, this paper attempts to report some preliminary observation of the management of international CSR of MNEs through a systematic study of CSR at corporate level.

The paper will be divided into two parts first a brief outline of the recent development of CSR and in particular the development of ICSR. The paper will outline two ICSR or GCSR (global CSR) strategy applied by services MNEs. At the end of the paper recommendation of the ICSR strategy will also provided.

What is CSR?

Despite the fact that CSR has been study for over the last 30 years, the concept is still remaining vague and undefined. In the study of CSR, one would be surprise on how many terms have been used to share similar meaning. In the early days philanthropy has an equivalent meaning as CSR in the United States, while ‘sustainability’,

‘corporate responsibility’ and ‘responsible business’, are becoming commonly utilised by practitioners. Other terms such as “corporate social performance” (e.g., Carroll 1979; Clarkson 1995; Simerly 1997; Swanson 1999; Wood 1991), "corporate social activity" (e.g., Lerner and Fryxell 1994), or "corporate social responsiveness" (e.g., Gladwin and Walter 1976) are used in a more academic way. The term “corporate social performance” proposed by Wartick and Wood (1998) may well incorporate the principles of social responsibility, process of social responsiveness, and outcomes (products) of corporate behaviour (cited from Arthaud-Day, 2005). A similar approach was advocated by Elkington (1997) called Triple Bottom Line or People, Planet, Profit. Meanwhile, Archie Carroll’s definition of CSR has been most widely accepted in the business and management literature of which Carroll suggests the concept is a construct relation to four different areas of business-society relations (Carroll, 1979, 1991). These areas are notably, economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility.

The confuse of concept and definition of CSR is not contain in academic debate, governmental institutions or some Non-Governmental Organisations (NGOs) have their own interpretation on what CSR meant to them. For example, the European Commission (2001:8) has definite 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

Meanwhile, the Foreign & Commonwealth Office of UK (2007) believes CSR “is about making sure you [corporate] have the right relationships in the community and environment in which you [corporate] operate, while working in partnership with key players for tangible mutual benefit.”

On the other hand, the definition given by World Business Council for Sustainable Development (2000) is “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”.

Likewise, World Bank also offer their interpretation of corporate social responsibility (2004:3)

The commitment of business to contribute to sustainable economic development – working with employee, their families, the local community and society at large to improve the quality of life in ways that are both good for business and good for development.

In sum, the definitions of CSR suggest corporate should address the interests of other stakeholders not solely responsible to shareholders interest. Yet, the attempt to have a “one solution fits all” definition for CSR should be abandoned while a more specific definition matching the development, awareness and ambition levels of organisation should be proposed, Marrewijk (2003) suggested.

Regarding to CSR and multinational enterprises (MNEs), if firms found the definition CSR has confused them in outlining what they proposed to do then the numerous

international codes, principles, standard or initiatives of corporate responsibility (CR) complicate the issues even more seriously. Table 1 has listed some of the most well-known codes or initiatives to govern corporate behaviour in society.

***** Insert Table 1 here *****

International CSR

Comparative (or individual) study of CSR in different countries is currently the prevalent approach in the study of international corporate social responsibility (ICSR). For examples, in their book, Habisch, Joner, Wegner and Schmidpeter (2005) have offered a comprehensive study of individual country in Europe. Academic journals publish special issue on CSR, however, such interest does not apply much to the business practitioners living in Asian countries. An EIU survey (2005) shows only 33 per cent of respondents in Asia felt the need to improve community relations and to deflect pressure from regulators, compares to a 40 per cent of American and European respondents. In another report, by studying 50 global companies in seven Asian countries, it is the national business system of the Asian country not the stage of development pre-determines the variation in CSR development (Chapple and Moon, 2005). The finding is somehow contrast to Welford's study (2005) which there is a link between the development of CSR and the economic development of the country that international CSR is going to implement.

In light of CSR development, the findings of comparative studies suggests the notion that Asian countries are less developed than their Western counterparts does not always hold (Welford, 2005). A similar observation was made in a study of

developing countries by Jeremy Baskin (2005) where after consulting and compare the CSR report of 127 leading emerging market-companies in 21 emerging markets across Asia, Africa, Latin America, and Central and Eastern Europe with 1700 leading companies from OECD (Organisation for Economic Co-operation and Development), the findings show reporting corporate social responsibility is more developed in developing countries than those high-income countries.

On the other hand, report shows MNEs which have presences in Asia tend to adopt a multi-domestic approach to manage their international corporate social responsibility. The approach attempts to response local environment rather than consider the practice at home (Chapple and Moon, 2005). Yet, study on how MNEs organised their global CSR is less known (Chaudhri, 2006 probably an exception).

Vodafone story

This section was base on the corporate presentation by Dr. Charlotte Grezo, Director of Corporate Responsibility, Vodafone in 2007. With the title 'How to make local and global CR strategies work together?' Dr. Grezo first gave a Vodafone's definition of CSR

Corporate responsibility (CR) encompasses our total impact as a company in three main areas – society, environment and economy

Vodafone group ('The Group', thereafter), began their CR journal from 2001 when the Group CR teams created and this developed to set-out five year CR strategy stared from 2005. The implementation of the CR strategy was base on the criteria or the direction set approach below:

Clear governance and accountability

Good understanding of the business

Strategy is global –Implementation is local:

- Global strategy is high level
- Allow flexibility
- Respond to local issues
- Comply with local legislation
- Aware of local culture
- New operations need time

At the local level issues change in time and geography, this implies a local issue would develop into a global issue such as electronic waste disposal is now a global issue, therefore, local issue would have to monitor to anticipate its development. Dr. Charlotte Grezo further explained that local CSR teams are the extensions of the global CSR team. Local CSR teams would engage in

- Early involvement in the definition of the global strategy, policies and programmes
- Six monthly workshops to align programmes, review progress and share best practices
- Induction at Group for new people
- Monthly newsletters & conference calls to share information
- Local visits to review performance, raise awareness and get local top management buy in

At operation level, the chief executive of each local operating company will have the overall responsibility for CR. In every operating company some employees will engage in CR work who report directly with the Group CR team and local business functions. The Group guidelines are flexible enough for local operating company to

response feedback on specific issues from local stakeholders within the framework of Group policy. At senior management level, the Group CR Director meets the executive teams from operating companies on a regular basis to discuss Group priorities, review progress and make recommendations (Vodafone, 2006). For example, this year the CR Director has visited an East Asian country which a partnership has newly formed. The visit attempts to discuss with the partner if both corporate share the same CSR value and taking the same in implementation on CSR approach. In the CR report 2006, the practice in their Germany operation recorded how CSR was managed at local operating companies

The CR department at Vodafone Germany was established in 2004 as part of the Corporate Communications Division, It reports directly to the operating company Chief Executive. A steering committee which included the directors of CR, Marketing, Sales, Technology and Legal Affairs ensures that CR is integrated throughout the company. At Vodafone Germany the focus is on environment, child protection and RF fields. These issues are managed by appointed officers within their respective department. (Vodafone, 2006: 9)

Discussion and Conclusion

From this brief description of Vodafone's development of international CSR, it reveals that the Group attempts to form a general procedure in international CSR with a large consideration of local circumstances. What was important in this process was the regular visit of the country and communicate with local manager. Indeed, each country a CR (corporate responsible) manager is appointed to facilitate the CR strategy. However, unlike other functional managers the CR manager would not be deployed at the initial or early stage of entry for the focus of the Group was market expansion. The CR strategy would, in the view of the Group, have less contribute to the market entry strategy. No foreign investment issues were discussed in the CR annual report. From this, it is clear the Group treat CSR separate from main corporate strategy, at least at the planning stage, and this is contrary to the study of Galbreath (2006) who suggest there is a close link between the corporate strategy and CSR strategy. Also, similar to Chaudhri (2006) study, though corporate attempt to present

a global CSR strategy, evidence shows, in practice, host country environment influence the decision on the extent of applying international CSR strategy.

At last, the experience from Vodafone showing an international global CSR strategy may only appear at conceptual level. In order to carry out a successful CSR strategy a match to host country environment should be taken considerably. However, this does not prevent corporation to let its employees to engage overseas CSR projects. Perhaps in implement CSR strategy firms could consider to 'think locally, act globally'.

Table 1 Most Well-known Corporate Code

Quasi Governmental	Date
OECD Guidelines for Multinational Enterprises	1976, revised June 2000 http://www.oilis.oecd.org/oilis/1999doc.nsf/LinkTo/daffe-ime-rd(99)3
International Labour Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy	Geneva, 1977 revised March 2000 http://www.ilo.org/public/english/employment/multi/
United Nations Global Compact	Geneva 2000 http://www.unglobalcompact.org/
United Nations Center on Transnational Corporation (UNCTC) Voluntary Code of Conduct for Transnational Corporations	
Company led initiatives	
Global Sullivan Principles of Social Responsibility	USA, 1999 http://www.thesullivanfoundation.org/gsp/default.asp
Caux Round Table Principles for Business	Minnesota, USA 1994 http://www.cauxroundtable.org/
International Chamber of Commerce (ICC) UK Guide to Global Corporate Social Responsibility	UK http://www.iccuk.net/socialresponsibility.asp

Compiled by author from various sources

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