

Corporate Social Responsibility: HR's Leadership Role

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Abstract

In a global economy, increasingly organizations have a responsibility to facilitate, demonstrate and promote corporate social responsibility (CSR). Long-term sustainability demands that organizations rethink their business goals and objectives from solely focusing on making a profit to corporate citizenship. Today, the impact of CSR is beginning to be seen in communities throughout the world—from human rights and labor practices to health care and the environment. At home and abroad, HR plays a critical role—that of leading and educating their firms regarding the importance of CSR while at the same time strategically implementing sound HR management practices that support the company's business and CSR goals.

“More and more companies are accepting corporate citizenship as a new strategic and managerial purpose requiring their attention. Once seen as a purely philanthropic activity—a source of general goodwill, with no bottom-line consequence—citizenship is moving from the margins of concern to the center at leading companies.”¹

Introduction

Today, there are many references to corporate social responsibility (CSR), sometimes referred to as corporate citizenship, in our workplaces, in the media, in the government, in our communities. While there is no agreed-upon definition, the World Business Council for Sustainable Development defines CSR as the business commitment and contribution to the quality of life of employees, their families and the local community and society overall to support sustainable economic development.² Simply put, the business case for CSR—establishing a positive company reputation and brand in the public eye through good work that yields a competitive edge while at the same time contributing to others—demands that organizations shift from solely focusing on making a profit to including financial, environmental and social responsibility in their core business strategies. Despite what the phrase *corporate social responsibility* suggests, the concept is not restricted to corporations but rather is intended for most types of organizations, such as associations, labor unions, organizations that serve the community for scientific, educational, artistic, public health or charitable purposes, and governmental agencies.

In the late 1990s, CSR began to gain momentum as pressure from consumers, the media, activists

1 Muirhead, S. A., Bennett, C. J., Berenbeim, R. E., Kao, A., & Vidal, D. J. (2002). *Corporate citizenship in the new century: Accountability, transparency, and global stakeholder engagement*. New York: The Conference Board, Inc.

2 World Business Council for Sustainable Development. (2000, January). *Corporate social responsibility: Making good business sense*. Conches-Geneva, Switzerland: Author.

3 The Center for Corporate Citizenship at Boston College and The U.S. Chamber of Commerce Center for Corporate Citizenship. (2004). *The state of corporate citizenship in the U.S.: A view from inside 2003-2004*. Chestnut Hill, MA: Author.

4 Unilever. (2004). *A perspective on corporate social responsibility in the 21st century*. [Based on a speech by Niall FitzGerald, Unilever chairman, “CSR: Rebuilding Trust in Business,” pp. 2-3. Distinguished Speaker Series, London Business School.] London: Author.

5 Zadek, S. (2001). *The civil corporation: The new economy of corporate citizenship*. London: Earthscan.

and various public organizations demanded that companies contribute to society. In large part, the increasing focus on CSR has been fueled by a number of events in recent years, such as the highly publicized financial scandals of Enron and WorldCom, alleged sweatshop labor by retail clothing and sports shoe manufacturers and the alleged “under-the-table” deals that companies such as Halliburton have received. Now, reputation, brand, integrity and trust are increasingly considered important measures of corporate social responsibility.

CSR in the Business Community

Worldwide, companies and their HR leadership are coming to grips with what exactly CSR means in their organizations and how to strategically include CSR within business goals and objectives. There is growing evidence pointing to the validity of and the demand for CSR. For example, 82% of companies noted that good corporate citizenship helps the bottom line and 74% said the public has the right to expect good corporate citizenship.³ However, as Niall FitzGerald, chairman of Unilever, explained in his presentation at the London Business School, “the reality of corporate social responsibility is there are no precedents to fall back on, and decisions must be based on judgment rather than tried and tested formulae.”⁴

As the concept of CSR becomes more widely accepted and integrated in business, it is helpful in this discussion to understand that the development of CSR in organizations is in transition (see Figure 1). There are basically three “generations” of CSR in varying stages of sophistication. The first generation has demonstrated that companies can contribute to society without risking commercial success. Today, the second generation is developing more fully as CSR gradually becomes an integral part of companies’ long-term business strategies. Finally, the third generation addresses significant societal issues, such as poverty and cleanup of the environment.⁵ Evidence of the transition of CSR will be discussed throughout this article, with suggestions of how HR professionals can take on leadership roles that can contribute to CSR initiatives in their organizations. The article will also highlight some examples of the impact of CSR and how it may link to the bottom line.

Making the Business Case for CSR

In recent years, intangible assets—company values, human and intellectual capital, reputation and brand equity—have become increasingly important to organizations.⁶ Companies that exhibit good corporate citizenship are likely to gain a competitive edge. Below are just a few examples of today's CSR success factors that are fast becoming the primary measures of an organization's credibility.

Reputation and Brand Enhancement

Company reputation and brand are greatly influenced by public perception. For example, in the largest global survey of the public's expectations, the *Millennium Poll on Corporate Social Responsibility* documented that over 25,000 individuals across 23 countries on six continents revealed they form their impressions of companies by focusing on corporate citizenship and two out of three people want companies to go beyond making money and contribute to broader society goals.⁷ Increasingly, there are success stories that show companies are listening to the public. A recent example is that of Ecolab of St. Paul, Minnesota, that quickly developed new products to address unexpected hazards with an antimicrobial disinfectant product in response to foot and mouth disease in livestock and another new product to combat SARS at the Toronto airport.⁸

Today, companies are also seeking avenues of public acknowledgment of their employer brand. For example, *Business Ethics Corporate Social Responsibility*

6 Low, J., & Kalafut, P. C. (2002). *Invisible advantage: How intangibles are driving business performance*. Cambridge, MA: Perseus Publishing.

7 Environics International, Ltd., The Prince of Wales Business Leaders and The Conference Board. (1999). *Millennium poll on corporate social responsibility: Executive briefing*. Toronto, Canada: Author.

8 2004: 100 best corporate citizens. (2004, Spring). *Business Ethics Corporate Social Responsibility Report*, 18, 1, 8-12.

9 Ibid.

10 United Nations Industrial Development Organization. (2002). *Corporate social responsibility: Implications for small and medium enterprises in developing countries*. Vienna: Author.

Report publishes a list of the 100 best corporate citizens. Companies are ranked by social scores regarding environment, community and customer relations, employee relationships, and diversity. One of the 2004 winners was Procter & Gamble, which donated funds to help disadvantaged youth in Vietnam, combat childhood malnutrition in India and provide earthquake relief in Turkey.⁹

Another critical aspect of reputation and brand, as a CSR success factor, is the impact on a company's sustainability—that is, the conditions or characteristics that support an organization to continue its business, including environmental, social and economic aspects of the company. Ultimately, the environmental, social and economic health of a company transfers into dollars that either directly or indirectly affect reputation and brand, and thus the bottom line. For example, a company whose product contributes to the safety of the environment will likely be favorably viewed by the public. Or, a company that supports community events may generate public approval. Both examples may yield additional applications for employment or employee referrals, thus potentially lowering the time and cost per hire. The final CSR report card is directly linked to the company's sustainability and consequently influences critical success factors such as reputation and brand.

Accountability and Transparency

Open, reliable and regular reporting of a company's performance—known as accountability and transparency in CSR terminology—is quickly becoming a public issue and one that HR leaders will need to keep in the forefront (see Figure 2). As a sign of the times, large companies are beginning to publish company information, once deemed as too sensitive to release, with expectations for their suppliers and their internal human resources practices. However, few companies give robust performance measures, with fewer yet being independently verified.¹⁰ The clothing industry, for example, has been

Figure 1 Old and New Company Ethics

Old Ethic	New Ethic
Do the minimum required by law	Do the right thing
Keep a low profile	Show you are doing the right thing
Downplay public concerns	Seek to identify and address public concerns
Reply to shareholders inquiries when necessary	Be responsible to stakeholders
Communicate on a need-to-know basis	Communicate openly
Make decisions on the bottom line and laws alone	Integrate all of the above into decision-making

Source: Adapted from Dunphy, D., Griffiths, A., & Benn, S. (2003). *Organizational change for corporate sustainability*, p. 116. New York: Routledge.

criticized for how workers are treated in factories in their supply chain. Setting an example, Gap, Inc. released its first *Social Responsibility Report*, emphasizing the organization's commitment to working with key players to create industry-wide change. It also took a proactive stance on employee treatment by prohibiting child labor, forced labor and discrimination and protecting freedom of association for workers.¹¹

Risk Management

Managing investor confidence is another factor supporting the business case for CSR. Today, the financial community is examining organizations' CSR report cards and their risk profile. The rapid rise of socially responsible investment illustrates that corporate citizenship is becoming a key measure that investors consider when aligning ethical concerns with publicly held corporations. For example, the Dow Jones Sustainability Indexes (www.sustainability-index.com) track the financial performance of the leading sustainability-driven companies worldwide, and the Domini Social Investments (www.domini.com) screen companies for corporate citizenship, diversity, employee relations, non-U.S. impact, environmental responsibility and safe and useful products. In view of the increasing importance placed on socially responsible investment, this is an opportunity for HR leaders to consider programs, such as community events, that may generate investor confidence linking CSR initiatives to the bottom line.

The Talent War

With the anticipated labor shortage in the next 10 to 25 years, attracting, developing, motivating and retaining talent is, and will continue to be, very important. Correspondingly, CSR influences a company's competitive advantage today through two key

value drivers: 1) company reputation and brand; and 2) human capital. HR leaders have begun to assume leadership roles to address both areas. For example, a positive CSR initiative was documented by an employee survey that illustrated the pride of employees regarding their company's contribution to a local AIDS organization.

In addition, the talent war is evidenced by an influx of "best places to work" awards (e.g., *Fortune* magazine's "100 Best Companies to Work For," www.fortune.com/fortune/fortune500). There are many such programs, located in communities and business organizations, that highlight the company and/or the HR professional. By applying for and winning these awards, HR leaders can gain invaluable exposure for their organizations and use the award as a key feature in recruiting campaigns. Thus, a strong argument for CSR is talent management in both the short and the long term.

Challenges to the Business Case for CSR

The business case for CSR is not necessarily a simple one. Among the challenges is that social and/or environmental impact differs across industries, complicated by the fact that the term CSR has different meanings to different industry sectors in different parts of the globe. Also, some may question if the message CEOs communicate about CSR is an add-on or part of company core business activities—or is it merely an insincere effort to boost public relations? In some organizations, CSR is still considered to mean compliance and philanthropy, although some large companies are now placing CSR in a more strategic framework.

Further, there is the question of how to measure CSR. For example, a survey of 539 CEOs in 40 countries examined the strategic importance of communication regarding corporate citizenship to

Figure 2 Five Keys of CSR Strategy

1. A coherent CSR strategy, based on integrity, sound values and a long-term approach, offers clear business benefits to companies and a positive contribution to the well-being of society.
2. A CSR strategy provides the opportunity to demonstrate the human face of business.
3. A strong CSR strategy requires engagement in open dialogue and constructive partnerships with government at various levels, such as with IGOs (intergovernmental organizations), NGOs (nongovernmental organizations) and local communities.
4. In implementing their CSR strategies, companies should recognize and respect local and cultural differences while maintaining high and consistent global standards and policies.
5. Companies should be responsive to local differences by taking specific initiatives.

Source: Adapted from Corporate Social Responsibility: Making Good Business Sense by World Business Council for Sustainable Development, January 2000, www.wbcsd.org.

investors. One of the largest obstacles noted was the lack of a rigorous, credible business case backed up by performance indicators and metrics that can be quantified and benchmarked.¹² Further, investment in CSR is not yet being taken seriously by some organizations. Only 30% of executives said their company increased overall business investments in corporate citizenship in the last year. The same report indicates resources and resistance as barriers to practicing corporate citizenship and CSR.¹³

Not all organizations may have the resources (e.g., funds, time, staff) to funnel into CSR initiatives. However, CSR programs may not be expensive or require a significant time commitment. Organizations that are interested in CSR may choose to start with small projects that showcase their commitment to their workforce and the community. HR leaders can help address this challenge by considering different options and developing creative approaches to CSR to present to their company. Below are recommendations to consider:

- Network with other HR professionals to learn about their organizations' CSR initiatives (ideas and information about programs; what worked and lessons learned).
- Explore partnering with other organizations (e.g., co-sponsor a community event).
- Contact local business organizations, such as the Chamber of Commerce, to learn what events they sponsor and how the company may contribute.
- Solicit employee suggestions regarding CSR initiatives.

Thus, it is at this point that HR leadership, as the eyes and ears of the organization, is key to the CSR equation. As discussed in the next section, HR has the opportunity, through well-managed programs, policies and practices, to engage the organization

and its stakeholders (e.g., owners, employees, management, customers, creditors, the government and other public organizations) in the value of CSR by focusing on communications, employee relations, health, safety and community relations to provide their organizations with a competitive advantage.

HR's Leadership Role

With company reputation, viability and sometimes survival at stake, one of the critical roles of HR leadership today is to spearhead the development and strategic implementation of CSR throughout the organization and promote sound corporate citizenship. Attracting and retaining competent people is one of the primary business reasons for CSR.¹⁴ While strategically including CSR in the organization can begin from different points (e.g., product safety, the board of directors, business development), it makes good business sense for HR to head the process and partner with strategic leaders in the firm because human capital is arguably the number one intangible value driver.

Many HR leaders are already looking ahead to the future. According to the *SHRM® 2004-2005 Workplace Forecast*, key HR trends are 1) demonstrating HR's return on investment; 2) HR's role in promoting corporate ethics; and 3) building people management and human capital components into key business transactions. As this report documents, some HR leaders are taking action now:¹⁵

- 63% are increasing spending on learning and training initiatives.
- 40% are changing company policy as a response to environmental issues.
- 36% are changing company policy as a response to grassroots pressure to change specific business practices.
- 32% are increasing involvement in social programs.

The Status of CSR in the Organization

HR leaders can influence three primary standards of CSR—ethics, employment practices and community involvement—that relate either directly or indirectly to employees, customers and the local community, as outlined below.¹⁶ By considering these three CSR standards, HR leaders can then identify the CSR stage of their organization before making decisions to develop and implement CSR initiatives (see Figure 3).

- **Ethics**—Ethical standards and practices are developed and implemented in dealings with all

12 World Economic Forum and The Prince of Wales International Business Leaders Forum. (2004). *Values and value: Communicating the strategic importance of corporate citizenship to investors*. Geneva, Switzerland: Author.

13 The Center for Corporate Citizenship at Boston College and The U.S. Chamber of Commerce Center for Corporate Citizenship. (2004). *The state of corporate citizenship in the U.S.: A view from inside 2003-2004*. Chestnut Hill, MA: Author.

14 Olsen, L. (2004). *Making corporate responsibility work: Lessons from real business* [Executive Summary]. Ashridge Centre for Business and Society and the British Quality Foundation, www.acbas.com.

15 Schramm, J., & Burke, M. E. (2004, June). *SHRM® 2004-2005 workplace forecast: A strategic outlook*. Alexandria, VA: Society for Human Resource Management.

16 Social Venture Network. (1999). *Standards of corporate social responsibility*. San Francisco: Author.

company stakeholders. Commitment to ethical behavior is widely communicated in an explicit statement and is rigorously upheld.

- *Employment Practices*—Human resource management practices promote personal and professional employee development, diversity at all levels and empowerment. Employees are valued partners, with the right to fair labor practices, competitive wages and benefits and a safe, harassment-free, family-friendly work environment.
- *Community Involvement*—The company fosters an open relationship that is sensitive to community culture and needs and plays a proactive, cooperative and collaborative role to make the community a better place to live and conduct business.

Next, prior to launching and/or evaluating CSR initiatives in the organization, consideration of principles, implementation and employer brand will assist HR leaders in determining how and/or why to include CSR initiatives in their company (see Figure 4). First, questions of principle provide the broad view of CSR—moving from philanthropy and donations to contributing solutions to help solve the large issues such as poverty.¹⁷ Second, questions of implementation address practical issues such as incorporating CSR into the performance appraisal process and the softer issues of creating an organizational culture that supports CSR initiatives.¹⁸ And third, questions regarding employer brand provide an opportunity for HR leaders to look closely at how their current policies and programs can more positively affect recruitment, retention and talent management.

¹⁷ World Business Council for Sustainable Development. (2000, January). *Corporate social responsibility: Making good business sense*. Conches-Geneva, Switzerland: Author.

¹⁸ Ibid.

¹⁹ Ibid.

HR's CSR Checklist

Taking the long-range view, HR leaders can use a checklist to track the HR scorecard on CSR as initiatives are developed and implemented over time (see below).¹⁹ As appropriate, changes in direction can be made to correspond with the organization's overall strategy.

- Create a strong organizational culture around core company values.
- Scan the environment to identify potential threats (e.g., competition for talent within the organization's industry sector).
- Build personal and professional capability of the workforce (e.g., expand intellectual capital within the organization and in collaboration with other organizations).
- Include ethical concerns in staff performance measures.
- Support participative decision-making.
- Ensure highest standards in workplace health and safety.
- Encourage active engagement in community activities.

Moving Forward with CSR—HR as a Change Agent

Focusing on company values, HR leaders set the tone for an organizational culture that is open to and understands CSR. HR's role as a change agent—grounded in mutual respect, and open and honest communication—is essential to educate management and employees about including CSR when setting business goals and objectives. Three practical steps to promote change regarding CSR are to 1) establish a workable stakeholder consultation process; 2) use the process to understand the local culture (e.g., internal—the workforce—or external—

Figure 3 Stages of CSR in the Organization

Stage 1	Introduction	Introducing and understanding CSR concepts and how they may interact with company values and business objectives/goals.
Stage 2	Exploration	Understanding CSR's implication in the business.
Stage 3	Development	Planning and creating a CSR strategy.
Stage 4	Implementation	Putting CSR into practice.
Stage 5	Evaluation	Measuring and monitoring performance, looking for continuous improvement.

Source: Corporate Social Responsibility: Making Good Business Sense by World Business Council for Sustainable Development, January 2000, www.wbcsd.org.

the community) at all stages of implementing CSR; and 3) create a sense of ownership between staff who set up a project and those who implement it.²⁰

Beyond including CSR in the HR management system, HR's role as a change agent continues through keeping the CEO and other members of the senior management team informed of human capital initiatives, the status of community relations, measurements of employment activities and development of partnerships for CSR programs, both inside and outside the organization.²¹

HR and Community Relations

One of the most visible CSR initiatives is community relations. Strong community relations can have a positive impact on company reputation and brand. Through community programs that highlight the company doing good work, HR can link critical issues—decreasing turnover, savings on cost per hire and attracting talented individuals—to CSR and the bottom line. There are many other possibilities that HR leaders could explore to match both company and community needs (e.g., cultural facilities for the community, recreational facilities for employees and their families, an educational project to help prepare tomorrow's workforce). For example, employees from high-tech companies could work

with students on science projects that require technical skills. Further, programs that affect both short- and long-term goals are also strategically advantageous as CSR initiatives. An illustration of such a program is the literacy initiative developed by Time Warner when the company saw that the reading public could have an impact on their short- and long-term goals of product sales.²²

CSR in the Global Arena

Internationally, CSR has a strong human rights dimension. This is evidenced, for example, by the United Nations' Global Compact that addresses 10 principles in the areas of human rights, labor and the environment with the goal to have the private sector help realize United Nations' vision of a more sustainable and inclusive global economy.²³ Global companies are increasingly placing a stronger emphasis on corporate citizenship activities. The top four citizenship priorities are 1) employee health and safety; 2) sustainability; 3) equal opportunities/global diversity; and 4) globalization of contributions.²⁴ Further, companies worldwide are beginning to emphasize the importance of citizenship activities beyond philanthropy. For example, a recent study documents that about 60% of global managers polled indicated these activities result in an enhanced reputation with customers and goodwill that opens doors in local communities.²⁵

The global CSR agenda is associated with multilateral processes and guidelines. In recent years, there has been a significant growth of "codes of conduct" worldwide, sometimes referred to as a global regime of "soft law" (see Figure 5). These voluntary business conduct principles cover a wide range of corporate citizenship topics, from corporate social and environmental responsibility to transparency and fair business practices. Following these international codes of conduct has been shown to

20 World Business Council for Sustainable Development. (1999). *Meeting changing expectations: Corporate social responsibility*. Conches-Geneva, Switzerland: Author.
 21 Dunphy, D., Griffiths, A., & Benn, S. (2003). *Organizational change for corporate sustainability*. New York: Routledge.
 22 Burke, E. M. (1999). *Corporate community relations: The principle of the neighbor of choice*. Westport, CT: Quorum Books.
 23 *The global compact*. Retrieved September 27, 2004, from www.unglobalcompact.org.
 24 Muirhead, S. A., Bennett, C. J., Berenbeim, R. E., Kao, A., & Vidal, D. J. (2002). *Corporate citizenship in the new century: Accountability, transparency, and global stakeholder engagement*. New York: The Conference Board, Inc.
 25 Ibid.

Figure 4 Evaluating CSR Initiatives		
Principle	Implementation	Employer Brand
How is CSR distinguished from corporate philanthropy and donations?	How can CSR best be embedded in corporate management objectives and incentives?	Why are talented people attracted to work for this company?
How far down the supply chain does responsibility extend?	How can HR get all employees involved in and committed to CSR?	How can HR create a culture and work environment for superior performance?
What is the distinctive corporate contribution to the poverty/sustainable livelihood question?	How can HR measure and report on softer, less defined areas?	How can HR ensure managers nurture this culture?

Source: Adapted from Corporate Social Responsibility: Making Good Business Sense by World Business Council for Sustainable Development, January 2000, www.wbcsd.org.

yield similar outcomes as domestic CSR initiatives, such as enhancement of company reputation, increased stakeholder confidence and higher standards of business accountability.²⁶ For example, companies are increasingly publicly strengthening their global partnerships by joining organizations such as Social Accountability International's Corporate Involvement Program (www.cepaa.org/SA8000/CIP.htm), the Ethical Trading Initiative (www.ethicaltrade.org) and the United Nations' Global Compact (www.unglobalcompact.org). Therefore, as organizations continue to expand globally, HR leaders must be cognizant of, promote and demonstrate public support of these codes.

Globally, CSR has a significant impact on HR management. For example, HR must be aware that effective CSR means respect for cultural and developmental differences and sensitivity to imposing values, ideas and beliefs when establishing global HR policies and programs.²⁷ Externally, global organizations are publishing mission statements, such as the one below by Shell, to publicly announce their intentions of corporate citizenship, using terms such as "respect" and "cultural differences," and focusing on CSR priorities of diversity, health, safety and equal opportunity.

"We aim to treat everyone with respect. We strive to protect people from harm from our products and operations. We aim to respect and value personal and cultural differences and try to help people realise their potential."²⁸

Internally, HR leaders are beginning to take steps regarding CSR by developing and implementing incentives and appraisal systems that reflect citizenship vision and purpose as well as hiring personnel that reflect these traits. For example, research by The Conference Board reveals that 50% of global managers report their companies do, or plan to, include citizenship as a perform-

26 Ibid.

27 World Business Council for Sustainable Development. (1999). *Meeting changing expectations: Corporate social responsibility*. Conches-Geneva, Switzerland: Author.

28 Shell International B. V. (2001). *People, planet and profits: The Shell Report 2001*. The Hague, Netherlands: Author.

29 Muirhead, S. A., Bennett, C. J., Berenbeim, R. E., Kao, A., & Vidal, D. J. (2002). *Corporate citizenship in the new century: Accountability, transparency, and global stakeholder engagement*. New York: The Conference Board, Inc.

30 *Business respect—CSR—Dispatches#13*. (2001, September 22). Retrieved September 10, 2004, from www.mallenbaker.net/csr/nl/13.html.

31 PricewaterhouseCoopers. (1999, September 30). *Surveys find many consumers hold companies responsible for their actions* [News Release]. Retrieved September 14, 2004, from www.pwc.com.

ance evaluation category. Additionally, 68% of respondents cite the link between citizenship and performance appraisal as "increasingly important."²⁹

What Does the Future Hold?

The impact of CSR is under close scrutiny. There are four primary areas of concern: 1) product responsibility; 2) strategies for sustainability; 3) the quality of CSR management; and 4) the future of CSR overall.³⁰ Importantly, indications are that organizations will increasingly be held accountable for their actions. According to PricewaterhouseCoopers, within the next 10 years evaluation methods used by Wall Street analysts will include new metrics—social performance and intellectual capital—to more accurately assess the net worth of a company, and within the next five years, 70% of North American and European companies will assign board responsibility for reputation and social responsibility.³¹

Over the next five to 10 years, one of the primary tests of how society will judge companies will be based on where corporations place their facilities, how they source goods and services and what economic impact they have on poor and disadvantaged

Figure 5 Codes of Conduct

- Asian Pacific Economic Cooperation Forum Business Code of Conduct (www.cauxroundtable.org)
- Caux Round Table Principles for Business (www.cauxroundtable.org)
- European Corporate Code of Conduct (European Union Parliament, www.europa.eu.int)
- Fair Labor Association Workshop Code of Conduct (www.fairlabor.org)
- Global Sullivan Principles (<http://globalsullivanprinciples.org>)
- ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (www.ilo.org)
- OCED Guidelines for Multinational Enterprises—2000 (www.corporate-accountability.org)
- OECD, Principles of Corporate Governance—2004 (www.oecd.org)
- Rules of Conduct on Extortion and Bribery in International Business Transactions (International Chamber of Commerce, www.iccwbo.org)
- United Nations Universal Declaration of Human Rights (www.un.org)

Source: Adapted from Standards of Corporate Social Responsibility by Social Venture Network, 1999, www.svn.org.

communities.³² Companies will increasingly adopt a comprehensive view of corporate citizenship that includes the environment and community engagement.³³ A proactive and perhaps controversial recommendation regarding human capital and emerging markets is that global corporations consider putting the world's five billion or so poorest people at the heart of their profit-making strategies.³⁴

Not surprisingly, evidence suggests that companies have a long way to go to clearly demonstrate substantive CSR performance. For example, a global ranking report notes that the world's 100 largest companies have a poor record of accounting for their impact on society and the environment. A range of measures that include strategy, governance and stakeholder involvement show these companies scoring an average of 24 out of 100 points with only five companies scoring more than 50% and only one U.S. company, Hewlett-Packard, placing among the 10 highest scorers.³⁵ Further, the level of effort that the worldwide community is putting into the achievement of the United Nations Millennium Declaration goals is less than half the effort necessary to meet any of the goals.³⁶ Consequently, since the CSR initiatives of most organizations tend to be peripheral and isolated from their core businesses and the initial momentum gained in the past few years appears too disjointed to make a significant impact in the world, the CSR movement must significantly shift gears in order to reach its full potential.³⁷

In conclusion, with the growing importance of human capital as a success factor for today's organizations, the role of HR leadership will become ever more critical in leading and educating organizations on the value of CSR and how best to strategically implement CSR policies and programs domestically and abroad. ●

32 AccountAbility & Business for Social Responsibility (with Brody Weiser Burns). (2003, June). *Business and economic development: The impact of corporate responsibility standards and practices*. Retrieved September 3, 2004, from www.accaglobal.com/pdfs/environment/newsletter/060303_bus_ed.pdf.

33 The Center for Corporate Citizenship at Boston College and U.S. Chamber of Commerce Center for Corporate Citizenship. (2004). *The state of corporate citizenship in the U.S.: A view from inside 2003-2004*. Chestnut Hill, MA: Author.

34 Prahalad, C. K. (2004, August 21). Face value: Profits and poverty. *The Economist*, p. 54.

35 Top 100 poor on social impact. (2004, June 23). *Financial Times*. Retrieved September 14, 2004, from www.iblf.org/csr/csrwebassist.nsf/content/c1a2.html.

36 World Economic Forum. (2004). *Global governance initiative: Executive summary 2004*. London: Author.

37 SustainAbility. (2004). *Gearing up: From corporate responsibility to good governance and scalable solutions* [Executive Summary]. London: Author.

Additional Online Resources

Business for Social Responsibility: www.bsr.org

CSR Europe: www.csreurope.org

Global Environmental Management Initiative (GEMI): www.gemi.org

Prince of Wales International Business Leaders Forum (IBLF): www.iblf.org

Sarbanes-Oxley Act of 2002: www.sarbanes-oxley.com

Standards of Corporate Responsibility: www.svn.org

The Center for Corporate Citizenship at Boston College: www.bc.edu/centers/ccc/index.html

U.S. Chamber of Commerce Center for Corporate Citizenship: www.uschamber.com/ccc/default

World Business Council for Sustainable Development: www.wbcasd.org

World Economic Forum: www.weforum.org

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