

## CENTRE FOR INTERNATIONAL AND DEFENCE POLICY

BRIEFING NOTE FOR INFORMATION

SUBJECT: Defining CorporateSocial Responsibility

PART I: Definitions

Three Dimensional Aspects of Corporate Social Responsibility

- 1. Economic
  - ¥ Understanding the economic impacts of the companyÕs operations
  - ¥ Consider the direct and indirect economic impacts that the organizationOs operations have on the surrounding communities and stakeholders
- 2. Social
  - ¥ Being accountable for the social effects the company has on people, both directly and indirectly
  - ¥ ManagementÕs obligation to make choices and take abbitomilt contribute to the well-fare and interests of society as well as those of the organization
- 3. Environmental/Ecological aspects
  - ¥ Environmental and ecological issues create a new business reality in which corporations must act within
  - ¥ To act sustainably and not further damagharm the environment in its business

## Types of Corporate Social Responsibility

This four-part framework provides the various responsibilities that society expects businesses to assume. Each responsibility is but one part of the total sesiphonsibility of business, giving us a definition that more completely describes what it is that society expects of business. This model is intended for academic aid to perceive the distinction among definitions of social responsibility. For a definition social responsibility to address the obligation business has to society, it must embody: economic, legal, ethical, and philanthropic categories of business performance.

Economic Responsibilities the economic nature of a business puts profixing to shareholders as its first priority in order to pay employees, taxes, and hetc. corporation is the economic unit of society to produce gaods services that society wants, at other roles are predicated on this fundamental assumption

Legal Responsibilities the corporation must adhere to labour, tax, and other

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<sup>&</sup>lt;sup>1</sup> Uddin, Mohammed Belal Uddin, Md. Riad Hassan and Kazi Md. Marique. ÒThree Aspects of Corporate Social ResponsibilityÓpaffodil International University Journal of Business and Econoβισο. 1 (2008)199-212. Retrieved from http://www.kantakji.com/media/3450/z111.pdf

<sup>&</sup>lt;sup>2</sup> Carroll, Archie. ÒA ThreDimensional Conceptual Model of Corporate Performance demonstrate (A): 497505. Retrieved from http://www.jstor.org/stable/257850

Organizations that represent the CSR consultancy sector underlined the grave importance of the shift from CSI towards SED. It is argued that CSI investments are often made in-a non sustainable way and are quite often used as window dressing in order to withplygal requirements. Companies should be aware that in order to create a sustainable South African market with wealthy consumers, sustainable access to the economy should be created for the historically disadvantaged. Skillevelopment and workplace access are the most important practices in order to create this economical access

## Netherlands: The Eurean Way

The European approach aims at sustainable operations in the core of the business, combined with community investment and a two stakeholder dialogue the definition given by the European Commission in the Green Paperines CSR as Oa concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis O. From this definition, CSR is functioning as a voluntary intermediating factor between business and dety An institutional analysis is presented by Welford and shows that when comparing the US to Europe, the USA uses a model with more focus on philanthropy whereas European companies generally aim more at sustainable operations in the core of the bu

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South Africancompanies tend to invest in CSI and make use of CSR for marketing purposes.

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interests. Corporatectivities that contribute to human security may not yet register as an enduring issue with the Canadian public

Ultimately, the meaning behind CSR is complex. There are many diverginerstanding of what it means or a corporation to be ocially responsible Depending on what the company does and what its products and servise are, its interests and prioritiers ay differ. Looking at the two models, American and Europeans, sheds light on how companies incorporate CSR trying to benefit society and t