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EU and Corporate Social Responsibility (CSR)

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Introduction

The European Commission encourage member states to promote CSR.

National law

It is mandatory for the largest Danish companies to report on CSR. The minimum reporting requirement is:

- The company's policy regarding CSR
- How the policy is transformed into action
- What has been achieved in the previous year and the expectation for the next year



Research Question

- On what theoretical foundation is the EU promoting CSR?



Defining CSR

CSR is

- including all business-society relations (Matten and Moon 2008)
- The ultimate test of CSR is not whether a cause is worthy but if it is an opportunity to create shared value (Porter and Kramer 2006)



Defining CSR

- CSR is “the firm’s considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social [and environmental] benefits along with the traditional economic gains which the firm seeks” (Aguilera 2007)



Defining CSR

- CSR is defined as firms voluntarily assuming responsibility for their externalities produced by their market behaviour (Crouch 2006)



Defining CSR

Most definitions of CSR

- underpin the voluntary nature of the concept
- expecting the company to do more than is required by legislation
- covers topics such as human rights, labour rights, environment, climate change and anti-corruption
- is differentiated from business fulfilment of core profit-making



Defining CSR

“A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”

European Commission (EC 2001)



Critique of CSR

- The social responsibility of Business is to increase its profits (Friedman 1970)
- CSR issues require national or international regulation (Reich 2007)
- Much to do about nothing (Oosterhout and Heugens 2008)



Drivers of CSR

- Ethics and moral motivation
(Bauman 1993) and (Roberts 2003)
- Strategic and business motivation
(Vogel 2005) and (Porter and Kramer 2006)
- Existing and future regulations
(Campbell 2007) and (Matten and Moon 2008)



Method

- Literature review, search on EU documents concerning CSR (<http://eur-lex.europa.eu/>)
- Condensation
- Chain search
- Search for CSR drivers



Results

2000	Lisbon strategy
2001	Green paper – Promoting a European framework for CSR
2002	CSR: A business contribution to sustainable development
2005	Working together for growth and jobs. A new start for the Lisbon strategy
2006	Implementing the partnership for growth and jobs: Making Europe a pole of excellence on corporate social responsibility
2010	Europe 2020, a strategy for smart, sustainable and inclusive growth



Results

Ethics and moral motivation

- One document deal with ethics, but in the sense to attract costumers by showing that your company behave in an ethically manner
- CSR public policies may help shape globalisation in a positive way by promoting good company practices that complement public efforts for sustainable development



Results

Existing and future regulations

- No documents deal with regulations concerning CSR on the contrary the voluntary nature of CSR is emphasised
- All documents have statements like: smarter regulations, better regulations, improve regulation



Results

Strategic and business motivation

All documents contain statements like:

- promoting CSR to increase the competitiveness
- CSR should be treated as an investment, not a cost
- promote CSR as a key element in ensuring long term employee and consumer trust



Conclusion

The European Commission has clearly been inspired by the Strategic and Business motivation



Council of CSR

Recommendations for a new action plan for CSR, published November 2010:

- Strategic CSR and global frontrunner
- Respect for international principles
- Communication and reporting
- Favourable condition for CSR



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Thank you