

Theme Paper

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Responsible CSR: A New Agenda Beyond Governance

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Prof. Colin Coulson-Thomas*

In many countries, those who rely upon media reports could be excused for assuming that the role of many boards is to ignore opportunities, limit ambition, pay directors far more than is justified, reduce secure employment and pension obligations, and minimise corporation tax payments through slick transfer pricing and creative accounting (Hilton, 2016). Do directors sometimes interpret their responsibilities too narrowly? Have past corporate governance practices been too concerned with preventing downsides and mitigating risks in order to protect a limited range of interests, rather than stepping up to addressing the challenges facing a wider range of stakeholders?

Is a new agenda for CSR and social and responsible business required that goes beyond traditional governance arrangements and concerns? As trust in many companies and business leaders continues to fall, do companies need a new mandate to operate in the face of pressing environmental, social, employment, sustainability and inclusion challenges? Do responses from boards need to be more holistic, innovative and fundamental than meeting minimum legal and regulatory requirements?

Board Accountability and Responsibility

Are companies contributing enough to society in return for the privilege of limited liability? To whom is the board of a company accountable and for what? What are the nature and limits of its responsibilities? Directors and boards who work for the future success of their companies cannot do as they please. When operating in various jurisdictions they may find that objects and other clauses in their constitutions, and a variety of laws, regulations, agreements, commitments and constraints, limit and/or prescribe what can and cannot be done.

Terms such as “responsible business” and “corporate social responsibility” raise the question of responsibility to whom? From a governance perspective there are the issues of identifying the stakeholders to whom a board is accountable and/or has responsibilities, and how to prioritize them when the interests and requirements of different stakeholders do not always necessarily coincide. Various stakeholders who feel that other interests are taking priority over their own, or who do not agree with certain policies and priorities, may take their labour, custom or investment elsewhere.

The term corporate social responsibility (CSR) can trigger various reactions, ranging from the enthusiasm of the convert to contempt. As more companies initiate CSR activities, many people underestimate the demands of running a project that is cost effective and has a significant and beneficial impact. Those involved may feel virtuous, and sometimes a change can be as good as a rest, but has a project made a difference? If one were independent and objective, would it be regarded as a good use of precious time and scarce resource? Given the scale of the challenges we face, which according to Harari (2016) includes the threat that Dataism poses to our very humanity as our lives become increasingly controlled and determined by biochemical and computer algorithms, are our current responsibility and CSR debates appropriate or totally inadequate?

The Wider CSR and Market Environment

Many of the stakeholders to whom boards have responsibilities are cynical. Fake news abounds (Levinson, 2017). When exaggeration and lying comes easily to so many people, honesty and telling the truth can present challenges and give rise to accusations of disloyalty. Is truth in both business and wider society now under threat (d'Ancona, 2017)?

Trust in business may get worse before it improves. Disruptive technologies can have negative and/or positive impacts. Businesses are often associated with the negative ones. Applications threaten to cull certain jobs more quickly than new ones and replacement activities are created. At Volkswagen car engines were programmed to beat pollution tests. Implications are not always thought through. Advertisements appear alongside extremist content on websites. Early pioneers of social networking worry about its impact, particularly on children and young people.

CSR is sometimes justified as good business sense and as a way of building or rebuilding trust and reputation. If it enhances productivity and/or performance or increases commitment and/or creativity, should the relevant elements of it become core business? If trust or reputation are issues, might these be better addressed by being more open, honest and innovative, paying more attention to stakeholder interests, a different business model or adding more value? Rather than decorating the icing, should the emphasis be upon improving the cake? Understanding the causes of distrust can help a board to identify areas and priorities for improvement.

The functioning of society and markets depends upon expectations and acceptable levels of trust. Stakeholder, corporate and many societal agendas and collective confidence in the face of common challenges and uncertainty would all benefit from a restoration of trust. Where there is mutual dependency there is scope for collaboration. Shared goals create opportunities for alliances and coalitions. For example, cyber security and strengthening protection against identity fraud when personal data is lost, or intrusion when people are not vigilant when connecting to the internet of things, could be a shared goal and would benefit from collective action. Might earlier feedback from initial adopters reduce waste, disappointment and the higher costs of later cancellation?

Are companies monitoring local, national and international trends and developments in social accountability and business economic, social and environmental responsibility? In what countries and arenas is there expectation and/or pressure for companies to do more in terms of being good corporate citizens? Are opportunities opening up for companies to reposition or provide leadership? Is there scope for moving beyond contractual obligations and decorative trappings, to have a more fundamental impact in an arena that would attract new talent, create new capabilities and open up fresh horizons and more extensive commercial possibilities?

Corporate Citizenship

Whether through CSR, or a wider notion of “responsible business”, would recognising obligations to a wider range of stakeholders make some companies better corporate citizens? If business leaders drive past piles of rubbish en route to make speeches about the environment, does this suggest that a bridge needs to be built between business and society and between rhetoric and reality? Much product packaging is thrown away by private citizens. Should they and public authorities recognise their responsibilities? Are we buying things that we do not really need? Should we recycle more?

One could be a citizen of a town, country and/or the world. If the words “social responsibility” imply a responsibility to a wider community beyond one's customers, suppliers, business partners, employees and investors, how far should it reach and in what areas? Should it extend to one's places

of operation and their problems, for example, water saving in Bengaluru? Should the ripple of responsibility and desired impact embrace a geographic region or country, for example changing work and journey patterns to reduce the pollution that is reducing life expectancy in Indian cities?

Should more companies aspire to become good global citizens, by aligning their CSR or responsible business strategies with international goals? Many boards face a “drop in the ocean” challenge. They may wish to contribute to the achievement of UN (2015) Sustainable Development Goals and/or Paris (2015) climate change undertakings, but can one company make a difference when, for example, India may triple its greenhouse gas emissions by 2030? Collective corporate impact might be far more significant. Responsible companies and public bodies can take steps to make people aware of the consequences of their purchase decisions (Coulson-Thomas, 2012 a & b; 2013).

The Board and Corporate Social Responsibility

A board should provide strategic direction. In what areas and to what extent should a company be socially responsible or a good corporate citizen and from whose perspective? Under what umbrella should action be taken, whether CSR, corporate citizenship, sustainability, or business, economic, environmental or social responsibility? What decisions should be taken by a board and what matters should be delegated to others? Should a separate entity or foundation be set up to handle activities that contribute to a company's social footprint, but are discretionary and not part of core operations?

If a board delegates responsibility for CSR, could it become a marginalized activity whose outputs are briefly mentioned and quickly forgotten? Does a board need to be involved to establish policy and strategy and demonstrate commitment? If boards and/or CEOs get too involved, might they become so overloaded as to start dropping some balls that are vital for an organisation's future? As well meaning people call for boards and CEOs to provide leadership and sponsorship for ever more activities, are they in danger of losing focus and becoming over-stretched (Hubbard et al, 2017)?

Are boards expected to assume additional environmental, social and sustainability responsibilities? What should be dropped from the board agenda to make room for activities such as a discussion of CSR policy and practice? What priority should be put upon CSR as compared with innovation or critical skill shortages that are limiting operations, or issues involving certain key and strategic customers? Rather than examine a proposal for a CSR project, should a board instead review a company's corporate sustainability strategy? If one concludes that a board has to do all of such things and more and do them effectively, what needs to change in terms of how it operates?

Are other changes needed? The tone is set at the top of a company and CEOs can be especially influential (Quigley and Hambrick 2015). In many jurisdictions, does the disconnect between corporate performance and the remuneration of directors and executives suggest that those at the top are self-interested and feathering their own nests? Should effort be made to recruit people who think more about others and, in particular, the requirements, interests and perspectives of stakeholders?

Strategic Corporate Social Responsibility

What makes or could make CSR strategic? What criteria need to be satisfied for an area or topic to be considered “strategic”? Does it depend upon whether the whole of a company and its various operations are affected or need to be involved? Is it a question of scale, intensity, duration or scope of an impact and/or response, or their consequences, upon corporate aspirations, goals, challenges or opportunities? Is it a matter of who is affected and how their reaction and/or other outcomes are likely to impact upon a company's future and those to whom it has obligations and responsibilities?

If CSR is not considered strategic, could CSR activity and expenditure beyond a legal requirement

be regarded as irresponsible? Would more value and benefit for a greater number of people be created if the time, energy, creativity and other resources that are allocated to CSR were instead devoted to innovation to improve corporate offerings and capabilities, operate a more sustainable business model, introduce new ways of working and learning, or achieve a technological breakthrough that could open up new possibilities and/or help mankind to tackle pressing problems?

If CSR is considered strategic, how might it best be incorporated within a board agenda, an annual review, monitoring and reporting calendar, and/or a corporate governance structure? Governments sometimes intervene when they feel directors do not give a matter the attention and importance they feel is needed. Where there is a legal requirement to undertake some CSR activity and/or establish a CSR committee a company's board may feel obliged to comply. While ticking a box, will this bring a more strategic perspective to the consideration of social responsibility issues?

Board committees handle matters referred by a scheme of delegation. Many boards avoid having too many committees. Devolved powers can reduce the visibility of a area in the boardroom and increase the number of minutes that are circulated with board papers to be read, or at least quickly scanned. Additional items can absorb time that could be devoted to pressing matters such as the review of a business model. For a board intent on exerting influence, can less be more in relation to a company's governance structure and the number of areas directors can remain abreast of?

Strategic direction can be provided by setting criteria for the approval, monitoring and reporting of CSR, environmental, sustainability and other projects. Points could be allocated according to their potential impact upon various economic, social and environmental issues. Should corporate reputation for being a "good citizen" be included? Should one align internal corporate CSR objectives to an external local, national or global agenda? Could CSR initiatives contribute to a company's action to further one or more of the United Nations (2015) 17 Sustainable Development Goals or voluntary national obligations under the Paris Agreement (2015) on climate change?

Embedding CSR into Business Strategy

At IOD events, business leaders call for more holistic, flexible and integrated business strategies. How should social responsibility and CSR be incorporated into an organisation's overall business or corporate strategy? Should it be a filter, a separate component or an integral element of other components? Is there a limit to what can be embedded into a business strategy before it becomes long, complex and unwieldy, and unlikely to be read or to influence decisions and priorities?

Strategic planning is problematic (Mintzberg, 1994), especially in rapidly changing contexts. Is intelligent steering and real time monitoring more useful and practical for many companies today? How many business strategies are living documents? How many of them are overtaken by events in the marketplace and end up gathering dust on office shelves or binned if a clean desk policy is in operation? Should the board of a large and complex entity consider a top level strategy and allow component strategies to be monitored by committees of the board or executive committees?

Might how certain areas such as CSR, waste management, environmental pollution or sustainability strategies are consolidated or integrated result in them being more or less visible at committee or board level? Should current integration be reversed to change visibility, i.e. CSR strategy integrated into innovation, sustainability, inclusion, collaboration and other strategies depending upon strategic significance and the extent to which board awareness and guidance is required?

If CSR is narrowly defined, might India's Companies Act 2013 requirements result in a limited area funded by a small proportion of corporate profit becoming a governance equivalent to a tail wagging the dog? Should the provisions drive the CSR agenda, or are social challenges and

opportunities so significant and pressing that they are either a separate compliance matter, or should be but one component of a broader responsible business strategy?

Government Intervention

One assumes CSR provisions were included in India's Companies Act 2013 because politicians believed that companies would not act in certain ways unless compelled to do so. Should business leaders regard them as an unwelcome intrusion into how affected companies choose to distribute a proportion of qualifying profit and determine their committee structure? Should they resent being compelled to tackle social issues that successive Governments have had plenty of time to address or relish the challenge? Alternatively, should they welcome an intervention that reflects their direction of travel and which might open up new opportunities and a wider role for business?

Where corporate CSR initiatives are less cost-effective than public equivalents, should business leaders object to the diversion of effort involved? Where they are more cost-effective, should private expertise be brought in to transform public provision and/or should areas of the public sector be privatized or contracted out to commercial companies? Might successful corporate CSR activity open up new arenas of opportunity for enterprise and the market economy?

From a compliance perspective, responsible conduct could be seen in terms of meeting the requirements of applicable laws, regulations and codes. This raises the issue of whether to just comply with the “letter” of legislation and other measures, or how far one should go beyond this in relation to their “spirit”. The former might seem simpler, as the latter could involve understanding the purpose of requirements and subjective judgements. However, doing more than the minimum might earn more favourable reviews and responses and help to build certain relationships.

Government intervention, laws and regulation can impose huge costs on business and society (CEI, 2017), whereas entrepreneurs and innovative businesses can create solutions. Government action can make a situation worse, as with incentives for the purchase of diesel cars before people became fully aware of the dangers of diesel particulates. Incentives in certain jurisdictions have been replaced by scrappage schemes. Public intervention can impose a single solution on all companies, whereas different companies can explore a variety of solutions.

Creating Shared Value

Companies are networks of relationships. Value is often co-created with customers and business partners. Can more responsible business practices open up new routes for creating shared value? Do old priorities and concerns need to be replaced or supplemented with new ones? Should directors shift their focus from profit to purpose, or is the former increasingly a consequence of the latter? Can identification with issues, challenges and excluded groups and engaging with them in developing responses to their requirements be mutually rewarding? Is such identification and collaboration now more important than competitive differentiation, or is first mover advantage from doing this a new arena for differentiation and cause-related brand building?

A noble aspiration such as creating a more equitable and inclusive world and shared value through more socially responsible strategies, policies and practices presents challenges and opportunities. Despite having more power to influence and impact than most boards, Ministers frequently follow their rhetoric with fudge and prevarication as they find that allocating more benefit to some people means less to distribute to others. The benefits of redistribution are often difficult to attribute to a particular source, but people are often very aware of what is being taken from them and by whom.

Do many directors really understand the lives of the poor? Would the number of those in poverty

justify more affordable offerings? Do board members empathize with those excluded? Should more untouchables serve as company directors? Are new approaches, tools and techniques required? For example, can the Social Responsibility Agenda help to build brand reputation and trust, or do these result from changed priorities and practices? Without delivery and concrete achievement, might soaring rhetoric be taken as a further example of corporate “bullshit” (Ball, 2017; Davis, 2017)?

Do some business leaders appear to forget that CSR begins with the word “corporate” and is about a company and what it does, and not an individual's speeches and reputation for good deeds? Can their personal interests or a genuine desire to “do good”, cloud their objectivity? Scepticism and practicality need to balance aspiration and hope. The corporate values that are championed in an attempt to influence behaviours sometimes appear bland and cosmetic. They may derive from a founder or chief executive officer's thoughts, culture or childhood.

Shared value is different from shared values. So-called “universal values” often mean different things according to local law and practice and one's culture, political viewpoint, religious faction or personal philosophy. Responsible conduct may be more influenced by principles, guidelines or justification in terms of environmental, sustainability, inclusion or other impacts, and the reality of achievement. Visions and values can sound good, but may only do good as tangible results emerge.

Social Innovation for Economic Growth and Business Sustainability

How will history recognise responsible business behaviour? Will it be the innovators who are remembered? How can we better harness the innovative energies of business to create social value? Can certain challenges and problems be solved without both business and social innovation? Is innovation the most promising area of opportunity for creating shared value?

Are certain models of consumption led growth sustainable in the face of limited resources, a finite planet and the likely impact of climate change? In reacting to challenges, do we need far more than one or two corporate CSR projects? Is an across the board and fundamental review of innovation, corporate purpose, priorities, operations and impacts, and new options, choices, business models and forms of collaboration required? Does this require more expertise and resource at corporate and board level than is likely to be available to a CSR team?

Certain stakeholder groups may contain people with a range of political and religious views and time perspectives. Should a responsible business endeavour to minimise the risk of conflicts between certain groups and generations? Might this best be done by encouraging as many people as possible to focus collectively on this life, contemporary issues and the fragile planet we collectively inhabit? Can social innovation be a driver of more sustainable business growth or evolution?

Is perpetuating consumer led economic growth and further consumption by those who are already well off irresponsible? Trentmann (2017) points out that consumerism and the accumulation of possessions has deep historic roots. Should responsible business leaders advocate making do with less? How many boards have the courage to abandon luxury markets to competitors in order to refocus on basic provision for those who have hitherto been excluded? Should more companies explore opportunities in the circular economy? Could waste be recycled to create new offerings? Giving food, clothing and other waste to an entrepreneur for recycling saves waste disposal costs.

What can be done to encourage more people to become social entrepreneurs who convert social needs into business opportunities rather than look for a job? Should more companies explore social entrepreneurship opportunities? If social challenges could become significant opportunities, will the investigation of requirements, and any innovations and changes that may be required to exploit them, again require far more than the expertise and resources available to a CSR team? Might a

change of direction and/or spin-off, and collaboration with business and other partners, be required?

Social Entrepreneurship, CSR and Inclusion

Could CSR be a driver of both social inclusion and sustainable growth? Reaching excluded groups can seem a laudable objective, but articulating inclusion policies across an international business can prove controversial. Improving the social position of some people can alienate others. Legal provisions, moral guidance and religious views are not always aligned and compatible. A desire to include might actually divide. Groups with legal protection who are accepted in some societies are in hiding and shunned elsewhere if purists and state regimes regard them as offending sacred texts.

Some people in India are committed to improving the lot of untouchables, while for others merely walking through the shadow of an untouchable may trigger a requirement for ritual cleansing. If politicians and Governments wrestle with these issues, how much more difficult is it for directors and boards to act fairly and responsibly when seeking to help some groups without reigniting dormant tensions and disrupting the lives of stakeholders and innocent bystanders? Directors often need to have sensitive nerves and antennae as well as hearts if they are to be responsible.

Will building a socially sensitive brand become more difficult as self-driving cars, robotics and AI applications dramatically reduce the need for human workers, the distribution of income under current taxation arrangements becomes more unequal, and it will not be easy to retrain those made redundant for the new jobs that may be created (Avent, 2016)? Might some companies become responsible for creating an unwelcome social revolution and greater exclusion?

How can more affordable connectivity and social media help to increase inclusion? Could it be a game changer in social education and the involvement of hitherto excluded communities? Could companies help to develop or support apps, services and facilities for disabled groups, or to increase participation in sports and other healthy activities? Do hierarchical organisations, traditional ways of working and public bodies sometimes inadvertently discriminate against certain categories of people? Would the introduction of more flexible network organisations and ways of working increase inclusion, for example enabling those who are disabled to work from home?

Challenges of Financing CSR Projects

Where responsible business conduct and CSR projects create commercial opportunities normal criteria for securing funding may apply. However, what criteria and limits should apply in the case of CSR projects to “give back to society” or to secure or ensure a continuing social mandate to operate? If different criteria are to be applied to establishing and operating CSR projects, should a separate foundation, perhaps with charitable status be established? Could external/joint funding be sought? Can costs and capabilities be shared and projects undertaken with other non-profit bodies?

Are many of the decisions that people take, and the opinions they form, about non-profit activities and CSR funding driven by emotion and what Burgh (2017) refers to as the “Unconscious”? Are people less critical of “good causes”? Are stakeholders more tolerant of their deficiencies and more appreciative of what they achieve? If so, is putting great effort into the rational and objective justification of CSR funding less important than engaging with stakeholders and a sense of what might be just enough to secure a favourable view of a company and/or its brands?

Is the challenge of financing new social impact policies any easier for public bodies, when after a time further tax rises are resented and/or become counter productive, and public expectations of existing services continue to rise? Could the boards of caring and innovative companies offer the leadership that squabbling politicians with their national preoccupations and domestic difficulties

do not provide? Given the scale of global opportunities offered by the creation of low-carbon economies (Ricardo Energy and Environment, 2017) do only companies have the flexibility, creativeness and reach to effectively respond? Is it now irresponsible not to be responsible?

Implementing CSR and Meeting Obligations

Responsibilities established in laws, regulations or codes and license, listing and other requirements can vary by jurisdiction and sometimes by sector. Some may just apply to an organisation and its people, while others might go beyond this and extend to a supply chain and even be extra-territorial and apply to acts that are committed anywhere in the world. Directors need to ensure that executives and other staff are aware of these varying responsibilities, and that arrangements are in place to monitor and audit relevant activities and ensure compliance.

Leadership should be about getting people to recognise obligations and responsibilities and address opportunities, but too often those at the top of companies ignore them. Many people search for meaning and a purpose in their lives (Frankl, 1959). Turning an organisation into a cause can help to change perceptions, engender trust and build new and different relationships with stakeholders. Does more effort need to be devoted to the effective implementation of responsible business, CSR and sustainability initiatives? Are new approaches and methodologies for monitoring compliance and the effectiveness of CSR implementation required?

Guidelines and board policies need to be sufficiently clear to provide guidance to people with differing roles in a variety of circumstances. In some areas, is an absolutist approach required to prevent penalties and sanctions for illegal acts? Elsewhere, might excessive rigidity prevent staff from going the extra mile and achieving the reputational and other benefits that might result? Where people have discretion and are uncertain, help lines and escalation routes may need to be provided.

Ensuring that a company and its people are responsible in relation to just the bare minimum of legal and other requirements can be a complex and costly operation, but the penalties and sanctions for non-compliance in certain areas and locations can be severe, including large financial payments and the loss of a license to operate. Beyond the minimum, the question of doing more raises the issues of where, for whom, in what circumstances and to what extent, and of cost-effectiveness.

Doing more than a legal or minimum requirement invariably involves opportunity costs. Choices in terms of for whom to do more can also raise the issues of who pays, cross subsidies and when to stop. People may welcome more of what they perceive to be beneficial until its marginal utility is zero. Doing more in terms of the extent to which one is “responsible” can raise expectations, waste scarce resource and lock in higher costs. Can one do too much or be successful with less?

Partnering with Social Enterprises and NGOs

Will more companies partner with social enterprises and NGOs, whether to increase impact or reduce costs? Could working with social enterprises and other partners in specialist areas prevent company staff from being distracted by non-core activities? Might it enable businesses to learn from a wider range of experience, more quickly scale up, or move into new areas? For example, are companies fully exploring partnering opportunities in the circular economy?

Connectivity, access to what is required, collaboration and sharing are becoming as important as ownership, if not more so. Ownership can be more expensive than the costs of collaboration. The value of owned assets that are no longer perceived as relevant can fall dramatically, while partnering with a relevant capability can often be more cost effective than creating an equivalent one in-house, especially when it is required for a limited period.

There could be activities for which the established reputations, recognition or charitable status of partners, or standards obtained by them, might prove helpful. Their greater independence could be of value in impact assessment and working with them could give internal staff experience of a partnering relationship with spin-off benefits for partnering with selected customers.

A looming drop in employment opportunities could well become our major social challenge (Avent, 2016). As core businesses slim down, continue to automate and adopt operating models that require fewer people, could some of those no longer required provide personal and local support services in collaboration with social enterprises and NGOs? Would the provision of such services to excluded or disadvantaged groups be a good use of social responsibility time or CSR part-funding?

Social Media as a driver of CSR

Reference has already been made to the use of social media to reach hitherto excluded and marginalised groups. Are companies that pay for favourable publicity and use commission and other devices to influence referrals and their profiles and ranking on comparison websites also becoming more vulnerable when disgruntled customers and employees can vent their feelings on social media? Hilton (2016) suggests technology enabled developments such as the possibility of reviews on some websites and the ability of people to quickly mine data before making an investment, employment or purchase decision may help to keep companies in check.

Awareness of transgressions can quickly spread by social media. Suppliers can find themselves dropped from supply chains if they do not meet customer criteria in areas ranging from bribery and modern slavery to environmental protection, or survive audits of their practices at home and overseas. A failure to satisfy ethical investment criteria can lead to reduced purchases of one's stock.

As technologies overlap and machines talk to each other and themselves identify and fix problems and learn, will human beings lose control and become marginalised? Will a range of disruptive technologies rather than people be in control, as increasingly we find ourselves in the role of respondents to prompts, suggestions, warnings and carefully crafted sales and control messages? Will algorithms determine what is "responsible", and in doing so draw upon such a vast pool of data and experience that few individuals would question the resulting decisions?

How socially responsible are many operators, hosts and users of social media? Do steps need to be taken, whether through national laws or international agreement, to prevent the misuse and abuse of the internet, social media and encryption? Are new guidelines and standards required?

What are the advantages and implications of adopting the Social Responsibility Guidance Standards ISO 26000 & SA 8000? Could they help businesses to become more responsible? Alternatively, rather than confronting reality, are we sometimes in danger of displacement activity when we get into debates about the relative merits of adopting different standards? When people in some urban areas simply want to be able to breath without shortening their lives, shouldn't the focus be upon stopping the production of products and/or waste that damage health or pollute the environment?

Expanding Business Globally

Should the responsibilities a company assumes in some way match the scope and extent of its business operations, i.e. be proportionate? In the case of a company engaged in international trade, might concern with the acidification, pollution and/or warming of the world's oceans be a suitable arena for corporate action, for example, starting, joining or supporting initiatives to reduce the amount of plastic waste that is found even in remote and deep waters?

Should an international company be actively concerned with global issues, such as climate change or sustainability? Each company has to balance scope and remit with potential for having an impact and making a difference. Should CSR priorities be aligned to the environmental, social and governance (ESG) criteria of investment analysts and institutional investors and their fund managers? Should they be selected to reduce the risks associated with certain challenges?

In certain sectors products can have global appeal. International expansion can be largely a question of logistics, supply and technical matters concerning duties and regulations relating to cross border trade. Becoming a globally responsible corporate citizen and being socially responsible in markets at very different stages of development and with different social issues and priorities can present a range of other challenges. Should one focus on impacts that affect almost everyone, such as global warming? Should one concentrate on jurisdictions in which CSR becomes a legal requirement, or where there is a certain level of expectation that one should do something?

Should one be more ambitious and articulate aspirations that motivate concerned citizens around the world, create an international social footprint and build a global brand as an enlightened company that is helping mankind to address challenges and providing hope for the future? Are there dangers in business leaders appealing to educated urban elites like themselves who have an international perspective and who Goodhart (2017) refers to as “Anywheres”, while overlooking those he terms “Somewheres” who wish to remain in a particular local, social and national context and who may feel that internationalisation and market and technological developments are leaving them behind? Will customers and other stakeholders react against businesses they may feel have abandoned them?

Assessing and Measuring the Impact and Performance of CSR

How might one best assess responsible business and/or CSR performance? Are new or additional criteria needed? As more investors use ESG ratings, does it make sense to add yet more indices, considerations or measures to those already used, or to focus excessively upon a CSR component of ESG's social element? Could one assess and rank according to a national, sectoral or other equivalent of the MSCI KLD 400 Social Index, which includes a range of factors and excludes companies whose products have negative social or environmental impacts?

How should one measure the extent and impact of CSR activity? Ideally, using indicators that can track progress over time. For example, in relation to a goal of reducing the quantity of unwanted waste that results from corporate operations, one could monitor the volume or weight of waste generated divided by the volume or weight of goods produced. A company worried about the negative impact of plastic upon the environment could monitor the time it takes for its discarded plastic products or packaging to breakdown or cease to be harmful to sea life.

With a growing proportion of shareholder value accounted for by intangibles, is non-financial information becoming more important (Bruce, 2017)? Does a similar trend apply to CSR activities and the extent to which a company is being responsible. How should their impact and performance be measured? Is social audit the answer, or are we expecting too much of it when the external auditors of major financial institutions failed to ring alarm bells before the 2008 banking crisis?

Are financial measures of corporate performance such as profitability or return on net assets too narrow for use in assessing CSR? Are they missing various negative impacts and externalities? Maybe, but are public, corporate and customer reactions to irresponsible conduct changing? Many purchasers and users are becoming both better informed and more concerned about the environment and issues such as climate change. The shared economy is growing. Unfair labour practices, exploitation and reports of poor health and safety can lead to consumer boycotts.

If there is greater transparency, and as more decision makers across various stakeholder groups apply ethical and responsibility criteria, will traditional financial measures of performance such as profitability stage a comeback? If irresponsible conduct and harmful activities are quickly identified and punished, will a measure such as a “bottom line” or return on capabilities and resources employed become a more acceptable indicator of contribution, effectiveness and performance?

Might improved mining of data allow quick comparisons to be made between the rhetoric of business leaders and the reality of corporate performance and impacts to the extent of allowing real time audits and reducing the need for tight regulation (Hilton, 2017)? Once developments in social media and data mining reduce the imbalance in the information relevant to decisions that is available to directors and others, will markets reign in irresponsible and exploitative conduct and punish transgressors? Will boards tough it out or change when there are fewer places to hide?

Reporting CSR performance

The Global Reporting Initiative (GRI) considers all stakeholders to be potential users of accounts. In reality, how much of what appears in annual reports and accounts is actually read? Do annual reports conceal rather than reveal? Are narratives carefully drafted, exaggerated claims made for corporate achievements and facts selectively presented to portray companies in the best possible light? Would Davis (2017) consider some reporting as “bullshit”? What should be provided in the areas of responsible business and/or CSR? Just as integrated reporting has emerged as an attempt to account for sustainability, is there now a requirement to better account for social responsibility?

There are certain obvious places to look to assess the extent to which a company is being a responsible corporate citizen, such as whether its payments of tax are fair and proportionate in relation to turnover, the scale of operations and expected profit margins within the relevant sector of business. Various jurisdictions have tightened penalties relating to tax evasion. For example, the UK Criminal Finances Act 2017 establishes new corporate offenses of failure to prevent the facilitation of both UK tax evasion and foreign tax evasion, and its reach extends to all employees, agents and other persons performing services for or on behalf of an organisation (McGrath, 2017).

From a CEO perspective, the reporting of extensive and successful CSR activity can be very risky if accompanied by poor corporate financial performance. While views differ on whether there is a link between CSR and improved financial performance, there is evidence that a CEO is viewed more positively for delivering good financial performance while being socially responsible. However, when financial performance is poor, effort devoted to CSR can be seen as a distraction from focus upon financial results, which increases the risk of CEO dismissal (Hubbard et al, 2017).

People who are committing their waking hours at the most productive times of their lives like to feel that what they are doing is worthwhile and beneficial. Is this particularly true of younger generations? At a time of uncertainty, insecurity, disruptive technologies and new business models, many stakeholders for whom a company's employment, offerings and resources are important may wonder if it has a future. A strategy statement within an Annual Report can indicate whether or not a board is taking steps to remain relevant and current. Given that many of the challenges facing mankind affect large numbers of people of varying nationalities, social classes, religions and political views, addressing them can be compelling evidence that an entity is vibrant and needed.

Further Information

Details of the 12th International Conference on Corporate Social Responsibility can be found on: <http://iodglobal.com/conference-on-corporate-social-responsibility-2018.html>

The convention is organised by the Institute of Directors: <http://www.iodglobal.com/>

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*Author

Prof. (Dr) Colin Coulson-Thomas has helped directors in over 40 countries to improve director, board and corporate performance. In addition to directorships he leads the International Governance Initiative of the Order of St Lazarus, is Director-General, IOD India, UK and Europe, chair of United Learning's Risk and Audit Committee, Chancellor and a Professorial Fellow at the School for the Creative Arts, Honorary Professor at the Aston India Foundation for Applied Research, a Distinguished Professor at the Sri Sharada Institute of Indian Management-Research, Visiting Professor of Direction and Leadership at Lincoln International Business School, and a member of the advisory boards of Bridges of Sports and the Arvind Foundation, and ACCA's Governance, Risk and Performance Global Forum. An experienced chairman of award winning companies and vision holder of successful transformation programmes, he is the author of over 60 books and reports. Colin has held public appointments at local, regional and national level and professorial appointments in Europe, North and South America, Africa, the Middle East, India and China. He was educated at the London School of Economics, London Business School, UNISA and the Universities of Aston, Chicago and Southern California. He is a fellow of seven chartered bodies and obtained first place prizes in the final exams of three professions. Details of his most recent books and reports can be found on: <http://www.policypublications.com/>