

AN INTRODUCTION TO CORPORATE SOCIAL RESPONSIBILITY (CSR), ITS DIMENSIONS AND THE CHARACTER OF ITS STANDARDS

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1. Introduction

Corporate Social Responsibility (CSR) is a well recognised growing term of social and ethical dimension of corporate business across the world. Though the integration of social responsibility issues into the corporate business began in 1970s at the domestic levels of some developed countries, the issue got worldwide recognition and prominence in 1990s. Ever since, the adoption and integration of this concept into the business activities by enterprises has brought about a fundamental change into the character of business practices of corporations that business organizations are a part of the society and hence they have roles to play for the development of the society.

The societal demands on business have become more insistent as the realization about the impact of corporate operations on social and economic life has grown largely among the people in recent times. On the other hand, the very process of globalization has heightened expectations of what companies can or should contribute to environment and social progress. As a result, a positive business trend is growing alongside the developed world in the corporate sectors of developing countries companies to respond to the social issues beyond their legal responsibilities.

This widespread recognition of the concept of CSR has broadened the meaning and scope of CSR practices in phases and thereupon shifting has occurred time to time from one approach to another approach of practices. For instance, three approaches of CSR have come so far into practices namely, shareholder approach, stakeholder approach; and by and large societal approach. These shifts have given rise to numerous definitions of CSR by the academics, corporations, business and

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development organisations. In this backdrop, it is necessary to know what actually CSR means.

The ever-growing integration and adoption of CSR by the business enterprises as a tool of corporate sustainability and protection of business brand image have brought about a dimensional change into CSR practices that regularly includes more issues and aspects relating to business behaviour with its different kinds of stakeholders like shareholders, employees, consumers, investors, buyers and the community where a company operates. The different self-regulatory codes of conduct developed by the intergovernmental initiatives like OECD Guidelines for Multinationals, ILO Conventions and Recommendations as well as multi-stakeholders initiatives like Social Accountability (SA) 8000, International Standardization Organization (ISO) 9000, 14001 so on have also encompassed multi-dimensional approaches of CSR in connection with labour rights and employment relations, human rights and environment. The understanding of the dimensions is crucial for corporations as well as the stakeholders to have a clear idea about how CSR will apply and to what extent.

In addition, the widespread recognition of CSR and the development of its standards give rise to a question as to the status of the application of CSR principles in the corporate business practices. It means that how it can be settled that CSR is a voluntary and non-binding issue of corporate business that is taken care of beyond legal requirements to create balance between the needs of society and business.

This work is an effort to answer to the questions indicated above. The work discusses the debate centring on the definition of CSR and its various dimensions, determines the character of the CSR standards. In doing so, the work will be based on existing CSR texts, research articles, different norms setting self-regulatory international and multi-stakeholder codes of conduct and the views of academics.

2. Definitional construct of CSR

CSR can be said a self-clarified terminology as it generally stands for the responsibility of the corporations towards the society. It may otherwise mean the responsibility of the corporations which is social by nature, not determined by the legal principles. Social responsibility normally extends to moral and ethical concerns. Corporations or companies' social responsibility therefore encompasses their social and ethical obligations

to the community in and outside of their operational territory. A company can itself determine how it behaves socially with the stakeholders involved in its process of business and also impacted thereby. It therefore does not need to get through the technical vocabulary of a set definition. Nevertheless, CSR has been found in companies' business since long and the dimensional change has occurred in recent years and as a result the academic debates on CSR have become in prominence, many definitions and views have been generated both at conceptual and operational levels.

In defining CSR, there is no overall agreement¹ or there is a lack of all embracing definition.² As a result, there remains an uncertainty about what CSR exactly is formally.³ The reason may be rooted in its interchangeable character with other terminologies such as 'corporate citizenship, the ethical corporation, corporate governance, corporate sustainability, social responsible investment, corporate accountability'⁴ or in the fact that the term essentially involves the concept of stakeholders and development as an integral issue in the present context. The

¹ Hopekins, Michale, 'Corporate Social Responsibility: An Issue Paper' (Working Paper No. 27, Policy Integration Department, World Commission on Social Dimension of Globalisation, 2004)p.1, visit for details www.ilo.org/public/english/bureau/integration/download/publicat/4_3_28_5_wcsdg-wp-27-27.pdf.

² Van Marrewijk, M. 'Concept and Definitions of CSR and Corporate Sustainability: Between Agency and Communion' (2003), *Journal of Business Ethics*, vol. 44:2-3, pp. 95- 105,

³ Jamie Snider and others in their articles titled "Corporate Social Responsibility in 21st century: A view from the world's most successful firms," said that an exact definition of CSR is elusive since beliefs and attitudes regarding the nature of this association fluctuate with the relevant issue of the day. As such, view points have varied over time and occasionally are even oppositional. See also Pinkston, T. and A. Carroll, 'A Retrospective Examination of CSR Orientations: Have They Changed?' (1996), *Journal of Business Ethics*, vol. 15:2, pp.199-207

⁴ Australian Parliamentary Joint Committee on Corporations and Financial Services, *Corporate Responsibility : Managing Risk and Creating Value* (June 2006), [1,4] ;

See also, Blowfield Michael & George Frynas, Jerdej, "Setting New Agendas: Critical Perspectives on Corporate Social Responsibility in the Developing World", (2005), *International Affairs*, vol. 81:3, pp. 499-501.

statement of Mr. Jeremy Cooper of Australian Securities and Investment bears a clear indication to this.⁵

[t]here are some vexing terminology problems... such as what a stakeholder is, what sustainability means, what triple bottom line reporting is and what we really mean by corporate social responsibility itself....

Another reason for the lack of agreed definition may lie in the ever-changing and dynamic character of the concept of CSR itself and its expansion of practices aligning with the increased demands from the society and needs of the development issues. From that point of view CSR so far historically can be referred to a sequence of three approaches each having a different perspective in terms of definition and boundary of responsibility.⁶ They are shareholder approach, stakeholder approach and societal approach.⁷

The shareholder approach is regarded as the classical view on CSR pioneered by Milton Friedman. According to this CSR is interpreted as a means to increase or maximise the profits of business of the company where the shareholders are the focal point in pursuit of the profit maximisation.⁸ Social responsibility activities are not the main concern for companies that are concerned with CSR only to the extent it contributes to the aim and goal of the business.⁹ This view in fact is intended for the protection of the shareholders or the stockholders economic interests. This view is not consistent in full with the objects and purposes of the concept of CSR as recently construed where stakeholders' interests are a significant concern.¹⁰

⁵ Ibid

⁶ Van Marrewijk, M. above no. 2

⁷ Van Marrewijk, M. above no. 2

⁸ Friedman, M. "The social responsibility of Business is to increase its profit." *The New York Times magazine*, (13 September, 1970), p-32-33, 122-126.

⁹ Van Marrewijk, M. above no.2

¹⁰ for examples, the definitions given in recent times that mean during 1990s and after by different organizations and individuals such as Commission of the European Communities in 2001, 2002 and 2003, World Business Council for Sustainable Development in 1999 and 2000, Michael Hopkins in 1998 and 2003, Marsden in 2001, Anderson, 2003 converge on the point of stakeholders interests.

According to the stakeholder approach that propounded first by Freeman in 1984, the business organizations are not only responsible and accountable to its shareholders but also take into consideration the legitimate interests of the stakeholders that can affect or be affected by the operational activities as well as the achievement of organisational objectives.¹¹ This approach never means that the companies ignore business profits and wealth creation initiatives. Rather it makes balance between business profit and stakeholder interests as the companies have immense influence on the lives of stakeholders.¹²

The societal approach¹³ as the broader view on CSR suggests that companies as an integral part of society should perform responsibility to the society as a whole. They should conform to the public consent to serve constructively the needs of the society up to their satisfaction.¹⁴ In connection with the business responsibility in society David C. Korten said,¹⁵

Business has become, in the last half century, the most powerful Institution in the planet. The dominant institution in any society needs to take responsibility for the whole....Every decision that is made, every action that is taken, must be viewed in the light of that kind of responsibility.

It is true that there is no all agreed and universally recognised definition of CSR for the reasons as aforesaid. However, it does not mean that CSR lacks definition; rather it gives rise to the proliferation of numerous definitions at the different stages of time in view of the different context. In his article on 'Corporate Social Responsibility : Evolution of Definitional Construct' Carroll has given a long account of evolution of the definition of the concept of CSR beginning from the 1950s to the 1990s with a specific feature of each decade in terms of the development.¹⁶ He marked 1950s as the modern era of CSR in terms of

¹¹ Van Marrewijk, M. Above 2.

¹² Post, James E. and Lawrence, Anne T., Weber, James. *Business and Society*, (10th ed. 2002), p.59.

¹³ With early contributions of Mcguire (1963), Goodpaster and Mathews (1982), and Committee for economic development (1971), but also Van Marrewijk (2001) and Gobbles (2002).

¹⁴ Van Marrewijk, M. above no.2, p. 11.

¹⁵ Ibid

¹⁶ Carrol, A. B., 'Corporate Social Responsibility: Evolution of a Definitional Construct' (September, 1999), *Business & Society*, vol. 38: 3, pp.268-295.

definitional construct or evolution which expanded in the 1960s and proliferated during the seventies.¹⁷

According to Carroll in 1980s some alternative theoretical issues were added to the concept itself including corporate social performance, stakeholder theory and business ethics theory.¹⁸ In the definitional development occurred in 1990s these alternative themes took centre stage in the manifestation of CSR¹⁹ and thereupon all the subsequent definitions of CSR were dominated by stakeholder and societal approach with the recognition of social, economic and environmental issues as the basic components of responsibility. The best illustration of this is available in the definitions developed in the late 1990s and thereafter by the different intergovernmental and development organisations and some post modern academics.²⁰

Some major definitions will be analysed hereinafter to understand the current notion of CSR. Among the intergovernmental and development organisations, the World Business Council for Sustainable Development (WBCSD), Commission on the European Communities, Business for Social Responsibility (BSR), Global Corporate Social Responsibility Project and so on have played significant roles in defining CSR. Most of their definitions are very recent and dynamic in nature having the multi-dimensional sustainable development approach.

WBCSD first in 1998 defined CSR as ‘the continuing commitment to behave ethically and contribute to the 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.’²¹ But later in 2000 there was

¹⁷ Ibid

¹⁸ Ibid

¹⁹ Ibid

²⁰ Dahlsrud, Alexander, ‘How Corporate Social Responsibility is Defined: an Analysis of 37 Definitions’ (31 August, 2006), *Corporate Social Responsibility and Environmental management*, published online in Wiley Inter Science. P. < www.interscience.wiley.com >

²¹ WBCSD, Dialogue in the Netherlands in 1998 < info.worldbank.org/etools/ZDocs/Library/125527csr-mainconcepts.pdf > 24 May 2007; Corporate social Responsibility Index, ‘Measuring Corporate Social Responsibility in Australia,’ < www.corporate-social-responsibility.com.au/about/articles-and-media/media/media_release-01.asp > 24 May 2007; Blow Field, Michael and Farinas Jedrzej George,

a little change in the definition as said to be ‘the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.’²² The later one has not at all any contradiction with the former one. In the later, the phrase ‘sustainable economic development’ has been added. If taken together, both the definitions focus on voluntary character of the social responsibility, stakeholders’ social and economic development and, by and large, the development of the whole society.

In a similar fashion the Commission of the European Communities defines 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.’²³ In another definition by the Commission it has been said that corporate social responsibility is essentially a concept whereby a company decides voluntarily to contribute to a better society and a cleaner environment.²⁴ Given the definitions, CSR appears to be a managing element that starts at company level by its performance in a socially responsible manner, where the trades-off between the requirements and the needs of the various stakeholders are in balance, which is acceptable to all parties.²⁵

Business for Social Responsibility (BSR) also belongs to a consistent view that socially responsible business practices strengthen corporate accountability by respecting ethical values and the interests of all stakeholders including the preservation of environment. These practices help to improve the quality and opportunities of the life of people where the companies operate through economic empowerment. In a report published by BSR it has been viewed as a bundle of policies, programmes and practices beyond legal compliance that are integrated throughout

“Setting new agendas: critical perspectives on Corporate Social Responsibility in the developing world,” (2005), *International Affairs*, vol. 81: 3, pp.499-501.

²² Ibid

²³ European Commission, *Green Paper Promoting a European Framework for corporate social responsibility* (2001) < www.europa.eu.int >

²⁴ Alexander, above no.20

²⁵ Ibid

business operations and decision making process so as to participate in the sustainability of the development of the society.

In a recent publication the Australian Parliamentary Joint Committee on Corporations and Financial Services instead of giving any conclusive definition of CSR has looked into the concept of CSR from the following stand points:²⁶

1. It is considering, managing and balancing the economic, social and environmental impacts of companies' activities;
2. It is companies' assessing and managing risks, pursuing opportunities and creating corporate value beyond the traditional core business; and
3. It is also about companies taking an 'enlightened self-interest' approach to considering the legitimate interests of the stakeholders.

Another Australian consulting company has explained CSR as being that "a company is responsible for providing more benefits than just profits for shareholders. It has a role to play in treating its employees well, preserving the environment, developing sound corporate governance, supporting philanthropy, fostering human rights, respecting cultural differences and helping to promote fair trade, among others."²⁷

Like different business and development organisations, over the last decade some academics have also contributed to the broad-based definitions of CSR focussing on its basic features and dimensions. Among them, for examples, Michael Hopkins, Marsden and Andersen are prominent. Michael Hopkins in her final observation in 2003 wrote:²⁸

CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. 'Ethically or responsible' means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic responsibility. Stakeholders exist both within a firm and outside.

²⁶ Australian Parliamentary Joint Committee on Corporations and Financial Services, "Corporate Responsibility: Managing Risk and Creating value", pp. 1,5, see also Above no. 1

²⁷ Juno Consulting, *Making Sense of Corporate Social Responsibility* Part 1, <www.junoconsulting.com.au>

²⁸ Hopkins, above no.1

Marsden's observation as to CSR considers it as behavioural issue companies' core, not an additional option. He says,²⁹

Corporate social responsibility is about the core behaviour of companies and the responsibility for their total impact on their societies in which they operate. CSR is not an optional add-on nor is it an act of philanthropy. A socially responsible corporation is one that runs a profitable business that takes account of all the positive and negative environmental, social and economic effect it has on society. Andersen's observation regarding CSR is based on broader societal approach including the environmental issue as saying,

We define corporate social responsibility broadly to be about extending the immediate interest from oneself to include one's fellow citizens and the society one is living in and is a part of today, acting with respect for the future generation and nature.³⁰

All the aforementioned definitions reveal that there is no conclusive definition of CSR, it can have different meaning to different people and different organizations as an ever growing multifaceted concept, but it may be said that they are inwardly consistent and converge on some common characters and similar elements. They can be identified as follows:

- CSR is a management element of a company involving internal and external Issues;
- It is a core and strategic behaviour of a company balancing between needs and requirements of stakeholders and its business profitability;
- It is a voluntary and self interest ethical activity undertaken by a company on long-term basis as distinguished from traditional philanthropy;
- It is meant for preserving and respecting the legitimate interests of all stakeholders;
- It encompasses economic, social and environmental issues as major components
- It is about strategic and consistent activities incorporating employees and their families, community and society responding to a sustainable development; and
- It is a set of responsibility issues the corporations should perform beyond legal requirements.

²⁹ Alexander, above no. 20.

³⁰ Ibid

More precisely, if CSR is looked into from practical and operational point of view it comes out that CSR requires a company

- to consider the social, environmental and economic impacts of its business operations
- to be responsive to the needs and expectations of its customers, employees, investors, shareholders and the community or communities(otherwise known as stakeholders) in which it operates in the context of those impacts.

Despite the fact that CSR covers a range of common issues in all definitional constructs based on stakeholder approach in recent years, can it be appropriate to be applicable to all modern corporations which are diverse in terms of size, sectors, stakeholders, structures and strategies? More importantly, can the definitions of CSR as basically developed both at conceptual and operational level in developed economic world be appropriate for the business enterprises of least developed and developing countries?

Looking into the similarity and convergence of the common issues of CSR, one can raise a question why these definitions integrate into one. The answer may be that the similarity of the definitions does not indicate that the organisations are in an effort to go for formulating a single and same definition but it rather indicates to the increase of variables the contemporary CSR that inclusively concern environmental management and protection, sustainable development and over all the preservation of interests of the stakeholders.³¹

Moreover CSR accepts ever-changing nature with the passage of the time as the corporate activities and their impacts as well as the societal expectations do not remain same at all times and all stages. For example, once it was not in the mind of the people that company has a duty to protect the environment, nor they did know what sustainable development is and the companies' participation is needed there.³² Likewise the expansion of the companies' activities and their sphere of influences causing the proliferation of its contents and conceptual

³¹ Zu, Peng, *Shareholder Primacy, Director Primacy and Corporate Social Responsibility*, (M.Phil Thesis, Division of Law, Macquarie University, (2006), p.103.

³² Ibid

variables and a trend set to continue in the future. It does not mean that when CSR is so changeable it should not have any particular definition. It must have a precise definition for a particular country in the light of its social-economic development context so that the country can guide and encourage its corporations to perform their duties.³³

3. Explaining the different Dimensions of CSR

There are different views and opinions about the determining of the dimensions of CSR. The European Commission Green Paper 2001 identifies two types of dimension of CSR; internal and external. The internal dimension includes human resource management, health and safety at work, management of environmental impacts and natural resources. The external dimensions involve local communities, business partners, suppliers, consumers, human rights and global environment.

The analysis of 37 definitions of CSR made by Alexander Dahlgren identifies that CSR has altogether five dimensions.³⁴ They are voluntary dimension, stakeholder dimension, economic dimension, social dimension and environmental dimension.³⁵

The above mentioned dimensions, from functional perspective, can be classified into two, nature-based dimensions, content and issue-based dimension. First two that is voluntariness dimensions and stakeholder dimensions are nature-based ones. Other three are issue-based dimensions. Nature-based dimensions refer to be something that focuses the inherent character and actionable value. Content or issue-based dimensions refer to the main concerns and areas of a thing and also demarcate the purview of action. Voluntariness is the basic character of the CSR agenda. Stakeholder is the latest and ongoing model of the CSR concept that, in fact, brings a fundamental change into character of CSR and broadens the scope of action. Economic, social and environmental issues are the main areas the principles of CSR deal with and concentrate on. The core concept of CSR mainly involves these three issues of a company that it should take into considerations in the operation of their business. All these dimensions will be discussed in the following.

³³ Ibid

³⁴ Alexander, above no. 20

³⁵ Ibid

3.1 Nature-based Dimension

3.1.1 Voluntary Dimension of CSR

Voluntariness of CSR reflects that the adoption, integration and compliance with CSR agenda are voluntary, non-legal and non-binding on the part of the corporations. The voluntariness of CSR has been reflected in the different definitions by the use of the words and phrases such as on a voluntary basis, based on ethical values, voluntarily, to behave ethically, ethically or socially responsible, ethical values, 'beyond legal requirements or obligations' and so on.³⁶ The voluntariness suggests that CSR principles involve all those issues which are not within the corporations' legal requirements authoritatively defined by the national legislations or international law-making treaties or conventions. They are based on ethical or social values that a company should have respect for, in the economic interest of the business and welfare of the society. The corporate codes of conduct concerning CSR principles having their sources from international instruments like OECD Guidelines for multinationals, UN Global compact, ILO Tripartite Declarations are predominantly voluntary, self-regulatory or soft-regulations. They are otherwise called 'regulated self-regulations', which are not mandated.³⁷

3.1.2 Stakeholder Dimension of CSR

The Concept of CSR assumed the stakeholder dimension first in 1984 when Edward Freeman in his book 'Strategic Management: A stakeholder approach' brought stake holding into the mainstream CSR saying that managers bear a fiduciary relationship to stakeholders.³⁸ This was a shift from Milton Friedman's shareholder approach of CSR that emphasised on the exclusive fiduciary duties of the management towards the shareholders.

³⁶ Some examples: Definitions of Commission of European Communities, 2001,2002, World Business Council for Sustainable Development, Business for Social Responsibility 2000, Hopkins, 1998, 2003, UK Government 2001, Van Marrewijk, 2003.

³⁷ Anderson, Kerstin Sahlin, "Corporate Social Responsibility: a trend and a movement, but of what and for what?" (2006), *Corporate Governance*, vol. 6: 5, pp. 595-608.

³⁸ Elisabet Garriga & Domenec Mele 'Corporate Social Responsibility Theories: Mapping the Territory' (2004), *Journal of Business Ethics*,vol.53 ,pp.51-71

In 1990s the idea of stakeholder gained the prominence in business practice.³⁹ Freeman himself defined stakeholders as ‘those groups without whose support the organisation would cease to exist.’⁴⁰ He also defined stakeholder as ‘any group or individual who can affect or be affected by the achievement of the organisation’s objectives’.⁴¹ It may refer to ‘any person, group or organisation that can place a claim on company’s attention, resources or output.’⁴² So the term includes a broad range of persons or group. They are shareholders, employees, customers, financiers, investors, suppliers, creditors, business partners, communities in the localities of companies’ operations, pressure groups or NGOs, media and government.⁴³

The basic notion of stakeholder dimension is how the corporations interact with their different stakeholders or how they treat the stakeholders in and outside the corporations.⁴⁴ The mood of interaction differs with different stakeholders on the basis of their diversity of contributions to the corporations as well as of interests in the business activities.

The stakeholders belong to different types of interest in a company’s business. Shareholders belong to equity interest in the company.⁴⁵ Investors, financier, creditors and the suppliers have the financial interest in the company as the investors and creditors are the providers of financial resources and the suppliers provide raw materials, energy, supplies and appliances.⁴⁶ Employees contribute their work skills and

³⁹ The 2001 state of corporate social responsibility in India poll, ‘Understanding and Encouraging Corporate Social Responsibility in South Asia’

⁴⁰ E., Freeman, *Strategic Management: A Stake holder Approach* (1st ed. 1984), 31.

⁴¹ Ibid, See also UN Norms on Responsibility of Transnationals Corporations and Other Business Enterprises with Regard to Human Rights (2003)

⁴² Kytale, B. and Ruggie, J., ‘Corporate Social Responsibility as Risk Management : A Model for Multinationals (2005) Kennedy School of Government, Harvard University (March 2005) p.3

⁴³ Australian Government Corporations and Market Advisory Committee, ‘*Corporate Social Responsibility*,’ (Report, 2006), p. 54; See also Corporate Social Responsibility: WBCSD’s Journey (2002), p.2.

⁴⁴ Alexander, above no.20

⁴⁵ E., Freeman, above no.40

⁴⁶ Ibid p.46; see also, Post. James E., and Lawrence Anne T., Weber James, above no.12, p. 11.

knowledge and thus involved in company's wealth creation.⁴⁷ Customers are the persons who pay for the production and services being produced by the companies and assist the companies to set in the market place.⁴⁸ Customers play the major role to make consumer choices about corporate products detailing various factors in relation to products like production practices, environmental and social impacts, product safety and reliability issues.⁴⁹ Other stakeholder groups like local communities, government, NGOs are directly or indirectly affected by the company's primary activities and decisions.

3.2 Issue-based Dimensions

As mentioned earlier that, except first two dimensions, other three issue-based dimensions are economic, social and environment. These three issues and areas are popularly recognised and distinguished as fundamentals to the CSR agenda.⁵⁰ Because the activities and the operations of the corporations mainly impact economic, social issues of the people in and outside as well as the natural and human environment. Simon Zadek states "corporate citizenship is about business taking greater account of its social and environmental – as well as financial footprints."⁵¹ The concept of sustainable development or sustainability reporting for business developed and operationalised by '*Triple Bottom Line*' focuses on three issues, namely, social responsibility (people), environmental responsibility (planet) and economic responsibility (profit).⁵² So a company can be considered simultaneously in terms of responsibility variables as an economic institution a social actor and an environmental protector.

3.2.1 Economic Dimension

As far as economic dimension of CSR is concerned, a company's goal should be to contribute to the economic improvement, preserving

⁴⁷ Ibid

⁴⁸ Ibid

⁴⁹ Ibid

⁵⁰ Antonio Argandoña, 'From Ethical Responsibility to Corporate Social Responsibility', IESE Business School, University of Navarra

⁵¹ Z, Simon., *The Civil Corporation: The New Economy of corporate Citizenship*, (1st ed. 2001),p.7

⁵² The Concept of Triple Bottom Line was developed by J Elkington in *Cannibals with Forks: Triple Bottom Line of 21st Century Business* in 1997.

profitability and conducting business operation. The best explanation of this can be found in Novak's seven set of economic responsibilities. What these include are⁵³ (1) to satisfy the customers with goods and services of good quality and real value, (2) earn a fair return of on the funds generated by the financiers and investors, (3) create new wealth to 'maximize social value' and help the poor for their economic emancipation and also optimize efficiency by raising wages of the employees,(4) create new jobs, (5) defeat envy through generating increased mobility and giving people the sense that their economic conditions can improve, (6) multiply the economic interests of the citizens, and(7) promote innovation.

As regards economic responsibilities of company's CSR agenda, Carroll emphasises on its consistent performance for maximizing per share earnings, commitment to profitability, maintenance of strong competitive position, maintenance of high level of operational efficiency, retaining consistent profitability.⁵⁴ 'Triple Bottom Line' provides fourteen economic indicators including , more importantly, (1) direct and indirect economic impact on communities through spending power and geographic economic impact,(2) economic impact through business process, (3) outsourcing, knowledge, innovation, social investments in employees and consumers, and (4) taxes, tax incentives, wages, pensions and other benefits payed to employees⁵⁵

3.2.2 Social Dimension

The social dimension of CSR agenda is the key factor to set up the relation between business and society. Its basic objective is that the corporations should work for building up a better society and therefore, integrate social concerns in their business operations and consider the full scope of their impacts on communities.⁵⁶ The application of the

⁵³ Lantons, G.P. "The Boundaries of Strategic Corporate Social Responsibility" (2001), *Journal of Consumer Marketing*, vol. 18: 7, pp.595, 597.

⁵⁴ Carrol, AB., "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organisational Stakeholders", (1991), *Business Horizons*, vol.34:4, pp.39, 41.

< www.emeraldinsight.com/researchregisters >

⁵⁵ Australian Government Corporations and Market Advisory Committee, Above no.43, p. 71.

⁵⁶ Alexander, above no.20

issues covered under this may result in bringing up a better working and business environment in and outside a company and may assure its 'good citizenship, in the society.

A company as a social actor, being itself a part of human community should pay their attention to serve the purpose of the internal and external human communities. It should realise and accordingly go into action about the needs, expectations, rights and demands of them for the wellbeing of their social life. Internal human community includes owners, managers and employees. But the social responsibility concept as developed internationally explains basically the needs of the employees as internal community.⁵⁷ External communities mean the local community where the corporations operate and also the other stakeholders. From practical point of view, social issues mainly concern the local community who are impacted in many ways by the companies' activities in their social life and also expects their assistance in improving the quality of life.

In the light of above discussion the social contents of a company's CSR agenda cover a range of issues that may be divided into three clusters: labour rights and practices, human rights, other social issues. Labour rights and practices include all core labour standards and workplace oriented rights as recognised by UN Tripartite Declaration concerning Multinational Enterprises and Social Policy and all other ILO Declarations and Recommendations. They are freedom of association, right of collective bargaining, prohibition of forced and compulsory labour; abolition of child labours, a guarantee of acceptable working conditions.⁵⁸ Working conditions include a maximum number of hours per week, a weekly rest period, limits to work by young persons, a minimum wages, minimum workplace safety and health standards, elimination of employment discrimination and equal opportunities.⁵⁹

⁵⁷ See the International Instruments dealing with corporations' responsibilities like OECD Guide for Multinationals, UN Global Compact and so on.

⁵⁸ See, International Labour Organisations, *UN or ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* (1977, revised 2000) <www.ilo.org/public/english/employment >

⁵⁹ See Ibid, See also Social Accountability International, *Social Accountability 8000* (1998) <www.ceppa.org>. SA(8000) is designed to describe the labour

Right to work meaning protection against unjustified dismissals and technical and vocational guidance and training can be considered as the rights of employees.⁶⁰

As far as the human rights concerned, the respect for protection and compliance with international human rights standards in the jurisdiction of companies' operations are the paramount concern of the corporate social behaviour. The UN Global Compact urges the business enterprises to support and respect the internationally proclaimed human rights within 'their sphere of influence'.⁶¹ The phrase 'within their sphere of influence' indicates the inclusion of wide range of people who are either in or outside the corporations and linked to or influenced by the business operations. It also proclaims that 'company must ensure that they are not complicit to human rights abuse'.⁶²

In the light of these two above mentioned principles corporations have responsibilities for the promotion and protection of all relevant civil, political, economic, social and cultural rights of those who are within 'the sphere of its influence'. These can be enumerated as fundamental labour rights, right to life of the employees, suppliers, customers, right to hold opinions, freedom of expression, thought, conscience, religion, right to family life, right to privacy, minority rights to culture, religious practices, language, culture and development rights: right to education, health, adequate food and fair distribution of food, clothing, housing, social security, enjoyment of the technological development.⁶³

The Sub-Commission on the Promotion and Protection of Human Rights in 2003 adopted a set of international human rights draft norms applicable to Transnational Corporations and other Business Enterprises. These draft norms explains a bundle of rights; the corporations should

standards in the developing countries, and Global Reporting Initiatives Guidelines concerning labour practices and decent work.

⁶⁰ The right to work as mentioned in the 'Triple Bottom Line' though does not fall within the purview of core labour rights, but as these are concerned with employees' labour issues, can be considered as labour rights.

⁶¹ *United Nations Global Compact* principle 1

⁶² *Ibid* principle 2

⁶³ See, Triple Bottom Line of Sustainable Development, Amnesty International's Guidelines for Companies, Social Accountability 8000, Global Reporting Initiative Guidelines (GRI)

integrate them into their policies and practices. The rights include equal opportunity and non-discriminatory treatment (as provided by international instruments and national legislations) security of persons (i.e., forced or compulsory labour, engagement in the violation of humanitarian law) all working rights recognised by international instruments and national legislations, consumer protection as well as protection of the environment.⁶⁴

The above discussion about labour and human rights aspects of social dimension reflects that the labour and human rights issues are overlapping, mutually supportive and inclusive of each other. Moreover all other assessment or performance tools and reporting methods like Social Accountability 8000, Global reporting Initiatives show a significant mix up to much extent between labour and human rights issues.

Another aspect of social dimension is corporate social investments and philanthropic activities for the communities. It includes poverty alleviation programmes, sponsoring social and cultural activities of the local communities, establishment of academic institutions, funding for basic education, training and other sensitization programmes, organising skill and capacity building programmes, founding hospitals, medical units and arrangement of other health care services, funding for curbing epidemics like HIV, cancer, undertaking natural disaster management programmes, development partnership programme with the government and NGO, investment for greengage and fresh water supply and so on. In addition, participation in community programmes, provision of employment opportunities, engagement in social security management, involvement of the local people in the decision-making of corporation are considered as social dimension of CSR. The said aspect of corporate responsibility is intended to remove 'the social welfare deficiency' and enhance and improve the community's quality of life.⁶⁵

⁶⁴ United Nations Commission on Human Rights, *Draft Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights*(2003)<[www.unhcr.ch/huridocda/huridoca.nsf/\(Symbol\)/E.CN.4.Sub.2.2003.12.Rev.2...>](http://www.unhcr.ch/huridocda/huridoca.nsf/(Symbol)/E.CN.4.Sub.2.2003.12.Rev.2...)

⁶⁵ Carrol, AB., above no. 54, p.39,

3.2.3 Environmental Dimension

The last content-based dimension of CSR is environmental protection which is the most significant concern of business enterprises across the world today as the operational activities of the corporations have immense impact on living and non-living natural resources, including ecosystems, land, air and water. All major international instruments providing normative standards of CSR introduce corporate responsibilities for environmental protection. The UN Global Compact among its ten principles on the whole, dedicates three as primary responsibilities of the corporations. They are 'adopting a precautionary approach to environmental challenges',⁶⁶ 'undertaking initiatives to promote greater environmental responsibility',⁶⁷ and 'encouraging the development and diffusion of environmental friendly technology.'⁶⁸ ICC Business Charter Sustainable Development introduces sixteen principles for environmental management covering 'inter alia' the establishment of environmental management on the basis of priority, integrating management systems, the efficient use of energy and materials, sustainable use of renewable resources, minimisation of adverse environmental impact and waste generation, and the safe and responsible disposal of residual waste, adopting precautionary approach, development emergency preparedness plans, and so on.⁶⁹

OECD Guidelines for Multinational Enterprises in association with other corporate responsibilities provides some principles for environmental protection. They focus mainly on the assessment and consideration by enterprises of foreseeable environmental and environment-related health consequences of their activities and their impact on indigenous natural resources, assessment of health risks of products as well as from the generation, transport and disposal of waste⁷⁰. In addition, the enterprises should undertake appropriate

⁶⁶ United Nations, *Global Compact* (2000, revised in 2004) < www.unglobalcompact.org>

⁶⁷ Ibid

⁶⁸ Ibid

⁶⁹ International Chamber of Commerce, *Business Charter for Sustainable Development* (1991) <www.iccwbo.org/home/cnvironment_energy/charter.asp>

⁷⁰ See Organisation for Economic Co-operation and Development (OECD) *Guidelines for Multinational Enterprises* (2000), < www.oecd.org>

measures in their operations for the minimisation of the risk of accidents and damage to health and the environment and to co-operate in mitigating adverse effects.⁷¹

It is already indicated that the activities of the corporations may cause the different types of environmental impacts. Global Reporting Initiatives Guidelines provide as many as sixteen indicators of environmental impacts.⁷² In consideration of all these impacts, the environmental responsibilities of the business enterprises may extend to energy conservation, waste minimisation, recycling, and pollution prevention (e.g. emission to air and water, effluent discharges), protection of biodiversity, plant-varieties, reducing energy consumption, prevention of soil, ground and surface water contamination; animal welfare, use and handling of genetically modified organisms, treatment and reduction of waste water, preservation of eco-efficiency, consumption of raw-material, afforestation, expenditures for curbing global warming and other environmental programmes.

The international normative standards of CSR developed so far comprise of social, economic, and environmental issues. In setting standards more attention and considerations are paid to labour rights and industrial relations, human rights, environmental protection, combating bribery, protection of consumer interests and other business conduct. But it is true that the key standards of CSR are related to labour, human rights and environment. The social investments, community relations and the philanthropic issues are mainly based on companies' discretion which has been developed through practices in order to be a 'good citizen of the society'. However, the international sustainability reporting and auditing frameworks as well as management and certification schemes like Global

⁷¹ Ibid

⁷² Established in 1997 through a partnership between the Coalition for Environmentally Responsible Economics (CERES) and the UN Environment Programme (UNEP), with the goal of enhancing the quality, rigour, and utility of sustainability reporting.' Global Reporting Initiative, preface to Sustainability Reporting Guidelines (2002) <www.globalreporting.org/guidelines/2002/gri_2002_guidelines.pdf> 04 September 2007; See also Shoop Marcelle, 'Corporate Social Responsibility and Environment-Our Common Future,' in Ramon Mullerat (ed.) *Corporate Social Responsibility: The Corporate Governance of the 21st Century*, (2005), pp.159,169.

Reporting Initiatives, ISO 9000, 14001, Social Accountability 8000, Accountability 1000 series set norms to consider these issues.⁷³

4. The character of the normative standards of CSR

There are numbers of international standards and guidelines developed in recent years providing practical rules regarding what constitutes CSR and how it can be implemented within business organisations. The prominent international standards are OECD Guidelines for Multinational Enterprises (2000), UN Global Compact (2000, revised in 2004), UN Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977, revised in 2000), UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights (2003), UN Principles for Social Policy. These instruments provide norms and guiding principles to achieve the uniform out of CSR practices.

These international instruments seem to constitute a body of non-binding international soft law.⁷⁴ They donot belong to the status of binding international-law making treaties as they are merely recommendations of the governments and also declarations addressed to corporations to observe them voluntarily. In International law, the declarations and recommendations are not legally binding; they can be viewed as morally and politically guiding.⁷⁵ The compliance or observance relies on the commitment and willingness of the parties. These instruments in fact seek to encourage the corporations to undertake self-regulation for implementing CSR in their business operations.⁷⁶

The OECD Guidelines for Multinational Corporations (MNCs) as an instrument setting the normative standards for Multinationals aims to

⁷³ Ibid

⁷⁴ Dashwood, Hevina S. ‘Corporate Social Responsibility and the Evolution of International Norms’ in Kirten John J. and Trebilcock Michael J. (ed.) *Hard Choices, Soft Law: Voluntary Standards in Global Trade, Environment and Social Governance* (2004), pp. 185,189; See also. Justine Nolan, ‘Response to CAMAC’s Corporate Social Responsibility’ A Discussion Paper (2005) Australian Human Rights Centre < www.ahrcentre.org >

⁷⁵ Buhmann, Karin, “Corporate Social Responsibility: what role for law? Some aspects of law and CSR” (2006), *Corporate Governance*, vol. 6:2, pp.188, 195.

⁷⁶ Ibid, pp.188-202

‘encourage the positive contributions that multinational corporations can make for economic, environmental and social progress and to minimise the difficulties to which their various operations may give rise.’⁷⁷ The Guidelines was first adopted in 1977 and then it was updated in 2000. The Guidelines set out the recommendations jointly addressed by the member countries to multinational enterprises operating in their constituencies that cover major areas of business conduct, including employment and industrial relations, human rights, environmental protection, combating bribery, consumer interests and competition.⁷⁸ In the updated Guidelines the OECD calls upon the MNCs to act consistently with the host state’s implementation of human rights obligations.

A detailed ‘follow up’ procedure for implementation including consultation, mediation, conciliation as well as clarifications are incorporated in the Guidelines which appear to be softer by nature as the implementation rests with the will of the governments through their National Contact point (NCP).⁷⁹ NCPs are not obliged to make the results of compliant procedures public, which substantially weakens the efficiency of the Guidelines’ implementation. The text itself states that ‘observance of the Guidelines is voluntary and not legally enforceable.’⁸⁰

The UN Global compact is actually an effort to seek the support and partnership of the world business community initiated by the former UN Secretary General Kofi Annan in order to “safeguard sustainable growth within the context of globalisation by promoting a set of universal values which are fundamental to meeting the socio-economic needs of the world people”.⁸¹ In the address at World Economic Forum in Davos on 31 January 1999, Mr. Annan advocated for ‘Global Compact’ called on world business leaders to “embrace and enact” a set of nine principles relating to human rights, labour rights and the protection of

⁷⁷ OECD, *Guidelines for Multinationals* (revised 2000) < www.oecd.org or < www.ircilo.it/actrav/actrav-english/telearn/global/ilo/guide/oecd.htm >

⁷⁸ Ibid

⁷⁹ Ibid

⁸⁰ Ibid

⁸¹ The Global Compact took launch in 2000 with 9 principles, and then one principle relating to ‘corruption’ was added in 2004.

environment.”⁸² The words “embrace and enact” imply the voluntary character of compliance with the principles by the business enterprises.

Moreover, it is argued that principles set out by the Global Compact do not constitute sufficient basis for designing enforceable standards although it has provided relevant indicators of international human rights and environmental norms to business.⁸³ The Global Compact invites the corporations to respect human rights and environmental issues and support its principles through adopting ‘best practices.’ and therefore Kerstin Sahlin-Andersson views it as a soft regulatory framework, which is voluntary and has no legal sanction applied to those who fail to comply.⁸⁴ He remarks ‘it is an initiative built on a menu of written principles based on international declarations and agreements for members of the Global Compact to follow and it is formulated in general terms so that it provides considerable freedom for those interpreting the regulations to translate them into practice in a way that fits their circumstances and expectations.’⁸⁵

The UN Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy⁸⁶ can be said to be providing guidance for how corporations implement the fundamental ILO conventions. The Conventions of ILO are: Forced Labour Convention(No.29); Freedom of Association and Protection of Right to Organise Convention (No.87); Right to organize and Collective Bargaining Convention (No.98); Equal Remuneration Convention (No.100); Abolition of Forced Labour Convention (No. 105); Discrimination (Employment and Occupation) Convention (No.111); Minimum Age Convention(No. 138), Worst Form of Child Labour Convention, 1999 (No.182), ILO Tripartite Declaration on Fundamental Principles of Rights at work⁸⁷.

⁸² Anderson, Kerstin Sahlin, “Corporate Social Responsibility: A Trend and A Movement, but of What and for What?” (2006), *Corporate Governance*, vol. 6: 5, pp-595-608.

⁸³ Nolan , Justine, *Response to CAMAC’s Corporate Social Responsibility Discussion Paper* (Nov.2005) Australian Human Rights Centre <www.ahrcentre.org>

⁸⁴ Anderson, above no.82, pp. 596,598.

⁸⁵ Ibid

⁸⁶ It was adopted first in 1977, and then revised in 2000.

⁸⁷ The revision in 2000 of the said UN Tripartite Declaration was held to add the last of ILO Tripartite Declaration on Fundamental Principles of Rights at work.

These Conventions are legally binding on the states which have ratified them, not on the corporations directly. But the concerned states can bind the corporations for the enforcement of these principles at national levels through incorporation into domestic laws. However, according to these Declaration MNEs governments, employers' organisations and workers' organisations are recommended 'to observe on a voluntary basis' the guidelines of the Declaration which primarily addresses the labour rights.⁸⁸

The UN Norms on the Responsibilities of Transnational Corporations and other Business Enterprises with Regard to Human Rights is a draft code adopted by the UN Sub-Commission on the Promotion and Protection of Human Rights. The Norms encompass a wide range of human rights, labour, humanitarian, environmental, consumer protection, and anti-corruption legal principles. But it looks to be more comprehensive and focussed on human rights principles than any other international voluntary instruments adopted by ILO, the OECD, the European Parliament, and the UN Global Compact and so on. The distinguished character of this draft code is that it represents a significant international instrument that imposes obligations on TNSs as well as all other business enterprises. In addition, unlike other international instruments, the norms are addressed directly to the business enterprises without reducing the obligations to promote, to secure the fulfilment of, respect, ensure respect for, or protect human rights.⁸⁹

The intensity of the obligations of the corporations and goals of the Norms as stated by this instrument go further than a mere traditional voluntary instrument. This is why some scholars have evaluated them differently. It has been observed that although the Norms are not adopted as treaty, its wider scope and implementation provisions demonstrate that it is not like other typical voluntary code of conduct.⁹⁰

⁸⁸ International Labour organisation (ILO), *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy* (2000) <www.ilo.org/public/english/employment/multi/download/declaration2006.pdf>

⁸⁹ UN Norms, Above no.61

⁹⁰ Lea Hanakova 'Accountability of Transnational Corporations under International Standards,' (LL.M theses, University of Georgia, 2005) 63, <http://digitalcommons.law.uga.edu/stu_llm/17>

The argument is that Norms ‘use the term “shall” instead “should” signifies the intention and purpose of the Norms to play more role than a typical soft law instruments.’⁹¹ But it was not finally decided to be representing obligatory standards on the transnational and other business enterprises’ conduct. Because it still lacks enough detailed implementation mechanism and it is also not specific enough in describing the reparation in case of business’ non-compliance.⁹² More importantly, the Norms are not adopted in the form of treaty creating legal obligation upon the parties.⁹³

Likewise, David Weissbrodt & Muria Kruger said “the Norms as adopted are not voluntary initiative of corporate social responsibility. Many implementation provisions show that they amount to more than inspirational statements of desired conduct. The voluntary nature of the Norms goes beyond the voluntary guidelines found in the UN Global Compact, ILO Tripartite Declaration, and the OECD Guidelines for Multinational Enterprises.”⁹⁴ The legal authority of the Norms principally is derived from treaties and international customary law, as a re-affirmation and restatement of international legal principles applicable to companies. Nevertheless, it can not be considered as treaty having binding force on the parties as the creation of the treaty requires high degree of consensus among the countries. Although, the Norms have gained the support of few countries, but as yet it is not apparent that there exists an international consensus on the place of business and other non-state actors in the international legal order.

Moreover, the decision can rely on the distinction of international ‘hard law’ such as treaties and ‘soft law’ such as recommendations. International hard law refers to a regime that creates legally binding force from the outset. Soft law begins in the form of recommendations and for a certain range of the time may act as interpreting treaties and customs or

⁹¹ Ibid

⁹² Ibid

⁹³ Ibid

⁹⁴ David Weissbrodt & Muria Kruger, “Norms on the Responsibility of Transnational Corporations and Other Business with Regard to Human Rights”, (Oct.2003), , *The American Journal of International Law*, vol. 97:4, pp. 901,904.

may serve as basis for next drafting treaties. So it is safer to say that the Norms have started its mission as 'soft law' like other international recommendations which may be codified later in the form of treaty with gaining the required consensus.

There are also some most famous international instruments on human rights and the environment which, though not intended for corporations as a whole, have implications for corporate practices. They are, for instance, the Universal Declaration of Human Rights (1948), the Declaration of United Nations Conference on the Human Environment (Stocholm,1972), and the Rio Declaration on the Environment and Development. These Declarations are non-binding, not legally enforceable, although, they are authoritative and comprehensive in nature.

The Universal Declaration of Human Rights (UDHR) directly applies to the corporations. In its preamble the corporations as an 'organ of the society'⁹⁵ are called upon to promote, respect and secure the recognition of the rights which are directly applicable to the business. These rights are enumerated as right to freedom of thought, conscience and religion, freedom of peaceful assembly and association, the right to just and favourable conditions of work and right to an adequate standard of living. While the UDHR itself, as a declaration does not create any legal obligations, other three documents produced by UN codifying the UDHR that is, the International Covenant on Civil and Political Rights, Covenant on Economic, Social and Cultural Rights, Optional Protocol to Civil and Political Rights, create legal obligations upon the states parties to them,⁹⁶ not upon the companies directly.

The Declaration of United Nations Conference on Human Environment and the Rio Declaration on Environment and Development are the key international instruments concerning environment and development that influence all other subsequent inter-governmental instruments with inputs in framing provisions applicable to corporations on environment. These two documents provide a comprehensive guideline for states to

⁹⁵ The Preamble of the Universal Declaration of Human Rights reads that it is 'a common standard of achievement for all peoples and all nations, to the end that every individual and every organ of the society....'

⁹⁶ David, above no.94.

preserve and control the natural environment with an emphasis of international co-operations. Agenda 21 which was developed in support of Rio-declaration acknowledges the corporate responsibility for proactive environmental stewardship and adopting self regulatory codes.⁹⁷ The guidance is also available in the Monterrey Consensus (on financing for development, 2002)⁹⁸ and UN Millennium Goals for Development (2000) which is developed recently on a global consensus of the states. These instruments prescribe the responsibilities of the corporations for the protection of environment and human rights in more aspirational way than obligatory.

Apart from above mentioned major international instruments there are some Multi-stakeholders' codes of conduct that provide voluntary international frameworks for management and certification schemes for particular normative standards as well as international reporting standards of social responsibility of the corporations. These instruments are used, generally, by the external auditing companies or organisation to examine the eligibility of obtaining certificates on particular issues like employment relations and core labour rights, environment and so on. They are International Organization for Standardization (ISO) 14001, Social Accountability 8000(SA 8000), Accountability 1000 (AA1000) and Global Reporting Initiative (2002).

All these international norms setting instruments according to the basic principles of international law are considered to be non-binding, soft law as they lack the requirements to be binding.

The above discussion makes the point clear that the standard setting instruments in international law are not in the position of hard law as having the sanctions, if violated, and their compliance is voluntary. But the question is, is it absolutely soft as it means technically? The general principle ensuing from the practical point of view is that whenever any soft law is respected, then it looks hard and is treated as similar to hard law, because of apparent commitment and acceptance. For example, endorsement of Global Compact is voluntary, but whenever some business organisation endorses Global Compact, it has to take pledges to

⁹⁷ UN Division for Sustainable Development, *Agenda 21* (2002)
< www.un.org/esa/sustdev/agend21.htm >

⁹⁸ See United Nations Department of Economic and Social Affairs, *Monterrey Consensus on Financing for Development* (2002) <www.un.org/esa/ffd >

publicly advocate the Compact in their mission statements, annual reports and other public statements.⁹⁹ So, although by nature, the CSR standards are soft and voluntary they are not just soft or voluntary or just hard, more than soft and similar to hard in practice.

5. Conclusion

The above discussions lead us to arrive at some conclusions as to the definitions of CSR, its different dimensions and the character of international standards of CSR. Although there is no all agreed definition of CSR at global level, the concept of CSR has been settled and recognised as long term business strategy balancing corporate rights with obligations towards its stakeholders which is ever-growing in nature. It requires a company to consider the social, environmental and economic impacts of its business operations. In addition, it suggests a company to address the needs and expectations of its customers, employees, shareholders and communities.

As far as the dimensions of CSR are concerned, the CSR agenda involves economic, social and environmental responsibilities as the activities of the corporations implicate these three matters largely in human life. The majority of the international standards focus on labour, human rights, environment and consumer protection related issues as the core contents and dynamics of CSR. The social investment, community relations, stakeholder engagement and philanthropic activities also fall within the purview of companies' responsibility. These are mainly based on companies' discretion developed by the individual self-regulatory guidelines.

The review of different international intergovernmental and multi-stakeholder codes of conduct establishes a fact that the basic character of the standards of CSR is non-binding soft law. As they are developed through self-regulatory mechanism, the enforcement and implementation are more value-based, depend upon the commitment, trust and sense of responsibility of the actors themselves. Moreover, the standard setting declarations and guidelines articulate the weight of responsibility the corporation should shoulder on.

⁹⁹ Gordon Kathryn, 'OECD Guidelines and Corporate Responsibility Instruments: A Comparison' Working Papers on International Investment, OECD Directorate for Financial, Fiscal and Enterprise Affairs, 2001), p. 5 <www.oecd.org>