

Corporate Social Responsibility in America

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Abstract

Corporate Social Responsibility (CSR) plays an important role in corporate life in the United States (US) today. It is not enough for large corporations to maximize profits but to act in a way that is ethically and socially responsible. Citizens of the United States, and in developed countries around the world, expect conglomerates operating in America to carry out their business operations in an ethically and socially responsible manner.

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Introduction

In the US, CSR and a “triple-bottom-line” (Henriques & Richardson, 2004, p. 17) approach to business success has typically been voluntary. Although, the US Sentencing Commission Guidelines (United States Sentencing Commission) and other agencies help corporations meet certain requirements that are fundamental for corporate growth and to distinguish them from their competitors, companies operating in the US are not heavily regulated by the government. CSR in the US is not addressed as a regulatory fulfillment issue but rather as something that’s voluntary and the motives behind it come from wanting to be seen to be operating in an ethical, responsible manner. To some extent, possibly as a result of non-compulsory CSR politics, some businesses in the US operate purely on profit-driven activities but the majority now realize that corporate reputation is extremely important and understand that following ethical, sustainable practices will reap the best rewards in the long run.

Many companies claim to act responsibly and say they are following internal CSR principles; but in most cases policies that truly make a difference to society and the environment are the ones that were initiated following pressure from stakeholders groups including unions, competitors, customers and communities within which the companies operate.

In today’s market-driven economy, the practice of CSR in the US is voluntary. This means businesses have great freedom to choose how to they want to give back to society, and is a great starting point for many CSR initiatives in the US. CSR for customers may bring improved, quality products, while for employees; CSR is about having pride in the company they work for, job satisfaction and contentment. This leads to staff retention and overall productivity.

In this day and age, CSR helps businesses differentiate from their competitors, which is extremely important in a tight economy and competitive market where people expect more for their money. For politicians CSR is about building trust, reliability and authority; for contractors CSR is about being a partner; and for communities CSR is about fulfillment and support.

In the US, CSR is unique to each business and is a combination of different stakeholder interests together with original company decisions, which result in products and services that best serve public demand.

“The US is a highly ‘corporatized society’ as a large number of corporations over the last century have emerged there with significant public and private ownership. The corporations dominate Americans’ personal and business lives. As a result, collective business behavior has always been the integral part of the nation’s legacy, culture, structure and behavior. Consequently, the American citizens expect corporations operating in their country to ‘behave better’, to act in the social interest and to be well, a good citizen” (Narsullah & Rahim, 2014, p. 50).

While the US government has no binding set of laws concerning Corporate Social Responsibility, many companies that operate in America do try to operate in an ethically and socially responsible way. Businesses understand that acting in a more responsible way will bring many benefits. “Doing well by doing good” has become a fashionable mantra. Businesses have eagerly adopted the jargon of “embedding” CSR into the core of their operations, making it “part of the corporate DNA”, which in turn influences decisions across the company” (The Economist, 2008). Despite not being regulated, Vangedal says: “Corporate Social Respon-

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sibility (CSR) is a phenomenon that comes from the USA” (Vangedal, 2011, p. 8). Generally speaking, the US is recognized as the birth place of CSR but it is the corporate rather than the public sector which has provided the driving force for CSR, particularly large corporations. Following the Industrial Revolution, by the end of 1960s and the beginning of 1970s several large regulatory bodies were founded under the sponsorship of the US government. As stated by Narsullah & Rahim, the formation of some regulatory agencies also created additional ground for responsible business practices. “The agencies are the Occupational Safety and Health Administration (OSHA), Equal Employment Opportunity Commission (EEOC), Consumer Product Safety Commission (CPSC), and the Environmental Protection” (Narsullah & Rahim, 2014, p. 51). In addition to the above mentioned, there are some federal activities, which accompanied the US international social responsibility effort. “These are, for example, the Department of State’s Award for Corporate Excellence through which the government endorses CSR by providing awards to companies; and a Department of Commerce programme which facilitates CSR by providing training on corporate stewardship” (Narsullah & Rahim, 2014, p. 52). Even though these agencies made a sustained endeavor to maintain standards for responsible business practices, CSR politics in the US States is still minimally driven by legislative control over business.

Global Developmental Trends of CSR

In the US, nowadays CSR is an integral part of daily business operations but what about in other countries of the world? There are many things that encourage businesses to adopt and follow CSR principles, and it’s primarily driven by government, the local economy, public awareness, and money.

In the US particularly, there is no excuse for businesses to ignore their CSR obligations. “The rise of consumerism; the increasing public awareness of environmental and ethical issues assisted by sophisticated pressure groups; the understanding by business that a competitive edge can depend on reputation, all these factors lead to the conclusion that companies ignore corporate social responsibility at their peril” (Harrison, 2001, p. 129). According to Harrison, “Companies are part of the society in which they operate and they need to consider their corporate behavior as part of their role in society” (Harrison, 2001, p. 129). CSR in US today can be considered as direct corporate response to consumers’ ever-growing demands for transparency.

In contrast to the US where CSR integration by government is weak, in Europe businesses operate with strong CSR policies. “European governments have extensive legislation on employee rights and employment regulations and consumerism, which include many aspects that in the USA are considered part of corporate social responsibility. The Nice Charter and the draft of the European Constitution present a wide range of individual and social rights for people living in Europe, which in turn affects business operations. In a more explicit way, in 2002 the European Commission published the Green Paper on Corporate Social Responsibility (Flynn, 2008, p. 17). The strict guidance pro-

vided by the European Union at the regional level may be regarded to be a foundation of support for the development of institutional structures to improve CSR implementation. This document may be regarded to be supportive resource for many new and existing businesses that operate throughout Europe. A similar stance is currently absent in the US.

CSR in the US is internally motivated by self-driven intentional motives. Matton and Moon use the conceptual framework of “implicit” versus “explicit” CSR to understand how national institutions shape patterns of practices. Explicit CSR consists of corporate voluntary and less institutionalized policies and strategies with the objective of being responsible towards different stakeholders. Implicit CSR refers to the country’s formal and informal institutions that produce those values, norms and rules, which are usually codified and mandatory, emerging from society itself and its expectations on the role of the corporation” (Boje, 2015, p. 210). Consequently, in Europe, CSR is predominantly applied in an “implicit” pattern whereas in the US CSR is more so practiced in an “explicit” pattern.

CSR is traditionally regarded as an “American phenomenon, reflecting American traditions of participation, and self-help” (Andre, Jonker & Schmidpeter, 2005, p. 335) and as a result, the US model of CSR is based on the nature and traditional values of the American society to maximize the freedom of participants.

Non-Governmental Organization Pressures

What sparks a business to employ CSR principles in day-to-day operations? Very often pressures imposed by different non-governmental organizations becomes a stimulus for implementing CSR practices, and gives corporations an opportunity to develop in a more socially responsible way of operating. Watchdog organizations like Human Rights Watch, (Human Rights Watch) Corporate Watch, (Corporate Watch) and Greenpeace (Greenpeace International) are constantly monitoring large multi-national conglomerates to ensure they operate in a socially ethical way, and put pressure on them when they’re not. This pressure is often public and leads results in improved corporate responsibility. Periodically, different charitable activities provide chance for corporations to partner and engage in various socially responsible activities. The scope and politics of CSR activities differ from industry to industry and from company to company. The reality is, it does not particularly matter what CSR principles a business has, but more so the fact that they’re doing something at all. Businesses want to be seen to be operating ethically and in a way, that supports the economy, society and the environment.

Governmental regulations in the US control only specific practices within various corporations and industries. Financial issues are regulated by the Securities and Exchange Commission (SEC) (U.S Securities And Exchange Commission), international trade requirements by the Department of Justice of the Federal Trade Commission (Federal Trade Commission, Protecting America’s Consumers) and environmental concerns by the Environmental Protection Agency (EPA) (United States Environmental Protection Agency).

These organizational bodies can affect corporations of multiple industries in different ways. Different governmental directives can also motivate multiple non-governmental bodies to create their own influence on CSR activities.

In addition, several agencies and self-regulatory mechanisms can also influence CSR practices. In 1996 the Clinton Administration, after broad consultations with the business sector, industry leaders and representatives of NGO's, approved the US Model Business Principles as a set of voluntary guidelines for companies. This document was built on the basis of the ILO Tripartite Declaration of Principles (International Labour Organization) concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises (OECD, Better Policies for Better Lives). The document listed areas of prime importance to US business, among them "Maintenance, through leadership at all levels, of a corporate culture that respects free expression consistent with legitimate business concerns, and does not condone political coercion in the workplace; that encourages good corporate citizenship and makes a positive contribution to the communities in which the company operates; and where ethical conduct is recognized, valued, and exemplified by all employees." (Promoting the Model Business Principles). Leading on from this, US President George W Bush had outlined a ten-point plan to "improve corporate responsibility and to protect America's shareholders" (Hopkins, 2003, p. 12).

Furthermore, during his presidency, Barack Obama told *The Economist* "Corporate America should show greater social responsibility" (Barack Obama talks to *The Economist*) in the article Mr. Obama made a strong case for more CSR as a reasonable response to support a robust economy.

Conclusion

As described above, American corporations are under no special regulations to serve national goals. The concept "the business of business is business" (Davies, 2016, p. 21) is ubiquitous in the US, but still corporations are finding it more and more unfeasible to create business value without taking into consideration the needs of different stakeholders. Mostly, CSR activities are guided by the corporation itself. This occasionally can be misleading and worrying as businesses will say they employ tactics that serve CSR but ultimately the actions will only benefit the company to bring about greater revenue. Without regulations and monitoring, businesses are free to act and say what they want. In these situations, there is a risk a business will vocally claim that it is operating with strong CSR principles but in reality, Corporations will apply their internal policies to monitor themselves and offer external communication to demonstrate their commitment to CSR. Management is able to define the scope of their commitment; they can choose the right timing for reporting; and to continue to monitor the activity.

In an ideal world, CSR that originates in the US can reach all corners of the globe. Large, multinational corporations can influence whole supply chains, encourage the sharing of best practices, provide and support, demand accountability and sustainability. This scope should not weak-

en when operating in less developed parts of the world, but unfortunately this is not always the case. Often CSR engagement of multinational corporations differs from country to country, according to the level of economic development of the country. As the world moves to a global economy, US-based companies and multi-national corporations with good CSR records in their home countries must expand a true, high level of CSR to other regions. As companies grow and expand internationally, CSR efforts must not be isolated within a certain region, geography, or country. Knowledge is power and while profits are the main reason for business, acting in a responsible way is almost just as important. Most people and businesses know the importance of being sustainable. Some people and businesses continue to act irresponsibly but it's the responsibility of those who know better, to offer encouragement, influence and support so the world can sustain everyone on the planet now and in the future.

The US is home to some of the largest multi-national corporations in the world, and as a result, the US has a wide reach of influence. Some corporations are long-established leaders in CSR while others, whether consciously or not, flout social expectations and act at their own free will. The US has divergent CSR beliefs and practices, and some influential US firms from time to time deliberately disregard laws, regulations, and social commitments of their communities. Not surprisingly, credible CSR practices are disproportionately applied across countries, across industries, and within companies.

Despite these companies, which are few and far between, the world has witnessed CSR grow in the US over the past decade and this is primarily due to NGO involvement, awards and recognition, stakeholder engagement, and other pressures. Overall, managerial maturity plays a large and increasingly important part in deciding the future of CSR in America. Innovative managers are incorporating socially responsible initiatives as an integral part of business operations. Of course, there are CEOs who disregarding CSR-based markets and operate in potentially irresponsible ways yet evidence shows this stance is declining as the public becomes more aware and vocal.

Corporate social responsibilities in the US persist to be a matter of choice in today's market-driven economy. Thankfully, the majority of corporations recognize the regional, national and global importance of CSR, and this freedom of choice lies at the heart of many CSR activities.

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