



Corporate Social Responsibility

Ethical and Morale Behavior is Becoming a Must

Worldwide, society has become increasingly transparent, individually and collectively, putting moral pressure on companies and organizations to display ethical and moral behavior. Companies and organizations can no longer avoid their corporate social responsibilities. There is no choice between being socially responsible and making profit. Rather, it should be part of the business plan, knowing that it leads to fulfillment of a business' needs as well. In the end, without the support of the community, businesses have no survival strength.

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Corporate Social Responsibility (CSR) in Day to Day Life

In today's life, we are confronted more and more with companies and organizations crossing the boundaries of what people believe is ethical and moral behavior. Amongst other things, time-space compression, caused by technological innovations such as the Internet and YouTube, travel and economics allows us to have insight into the way companies actually do business around the world. And that truth is not always pretty. There are many horrific examples that can be given, but suffice it to say, many have concerns about the state of the planet, resources, poverty and the population.

The Origin of CSR

Has society always had these concerns? We can go back as far as to 1916, when two brothers John Francis Dodge and Horace Elgin Dodge, the founders of Dodge Automobiles in 1914, owned 10% of Ford Motor Company. In the same year, the company's president and majority stockholder Henry Ford declared his ambition to employ more men and spread the benefits to as many people as possible, to help them build up their lives and their homes. To achieve that, he proposed to put the greatest share of the profits back in the business. The Dodge brothers were against this idea and brought Ford to court. In 1919 the Michigan Supreme Court held that

Henry Ford owed a duty to the shareholders to operate his business to profit them, rather than the community as a whole or the employees.

In 1987, the Brundtland Commission, a UN established organization with a mission to unite countries to pursue sustainable development, issued its report “Our common Future.” The report defined the meaning of the term “sustainable development” and persuaded corporate executives to recognize that the environment, employees and consumers are to be recognized as significant and legitimate stakeholders. This means companies need to balance their commitments to shareholders with obligations to a growing group of stakeholders with both legal and ethical rights. After the report was released, the literature reflected more efforts to measure and perform research on CSR, so by the 1990’s, new definitions were added to the existing ones. The corporate social responsibility concept shifted to alternative subjects, such as stakeholder theory, business ethics theory, corporate social performance and corporate citizenship. The obvious adaption of the stakeholder theory, which is based on the broad role of organizations in the community, led to the implementation of corporate governance codes. Examples are the Dutch Corporate Governance Code, presented in December 2003 by the Tabaksblat Committee, the Sarbanes Oxley Act in the United States of America, passing legislation in July 2002 and the Corporate Governance Code in the United Kingdom, issued in November 2003.

Achieving CSR

Corporate social responsibility is about improving the living conditions of local communities in which you operate: socially, economically or environmentally. Any company or organization, from a multinational to a small business, can achieve corporate social responsibility and account for its sustainability behavior. This process can be broken down into the following six stages:

- Clearly map your business activities and how they affect and interact with the economy, society and the environment.
- Identify the stakeholders that are involved, both voluntary and involuntary (examples are financial and economic stakeholders, the environment, social aspects of society, customers, employees and suppliers).
- Invite representatives of these stakeholders to join a stakeholder panel.
- In discussion with the stakeholder panel, assess their information needs and proposed goals and objectives on aspects of corporate social

responsibility (the topics can be grouped into the categories: economic, environmental, labor practices and decent work, human rights, society and product responsibility).

- Decide on the legitimacy of the assessed information needs, proposed goals and objectives of the stakeholders.
- Together with the stakeholders, agree on accountability - how the corporate social responsibility achievements will be recorded. This includes the nature and frequency of reporting, the level of detail and whether or not an auditor will certify the reporting.

Whilst profit may be the end goal for any business, companies that practice corporate social responsibly manage to attract more investors, reduce costs, accomplish higher customer and employee satisfaction and earn a better reputation and employer image.

The Current Situation in Curaçao

Currently, CSR has not yet reached the boardroom of companies in Curaçao. An actual survey performed in Curaçao amongst 95 CEO’s, financial managers and entrepreneurs showed 55% of them had never heard of the concept corporate social responsibility, while 13% acknowledged having heard of it, but do not understand what it means. Of all respondents, 32% indicated they understand what CSR entails. In a significant number of instances, the topic is handled by a marketing or public relation department that holds a budget for charity, giving the appearance of trying to make a good impression by giving something back to the community.

A response commonly heard regarding the lack of CSR activities on Curaçao is that law or regulation does not require it. That is not a good excuse. While in general, the CSR philosophy has a large following worldwide, there are only 24 countries that have some form of sustainability requirements included in their laws or regulations. Making CSR a regular part of doing business can develop along the lines of isomorphism, where companies are first advised or compelled to adopt certain CSR behaviors, after which companies start copying one another’s behavior and start following the best in class. Another situation is where companies feel moral pressure to practice social responsible behaviors, believing there is no choice but to act.

CSR in Curaçao Looks Optimistic

The good news is that Curaçao also has some good examples of initiatives taken to improve awareness and stimulate CSR achievements. One of them is the development of minimal CSR standards for the members of the Curaçao Business Counsel for Sustainable Development. The Ministry of Health, Environment and Nature, together with stakeholders from civil society, business community and governmental agencies, identified 14 priority areas for Curaçao, which were discussed amongst the Small Island Developing States (SIDS) during the United Nations Summit Energy Conference in Samoa in September 2014. In October 2014, the University of Curaçao appointed a Chair in CSR with the objective to research the implementation and development of CSR on Curaçao, from both a business and a social perspective.

