

Global Perspectives on CSR: OECD and UN Guidelines

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Abstract

Corporate social responsibility is the duty of businesses to give back to society in both monetary and non-monetary ways. This is a global movement propelled by various guidelines issued by multiple global organisations. In this paper we examine the OECD CSR Guidelines as well as the United Nations guidelines and analyse how they form a framework for all nations to create a synchronised set of global CSR policies. We cover the principles of both sets of guidelines.

For this paper an analysis of several research papers, the original OECD Guidelines and the UN CSR guidelines was conducted so as to provide a comprehensive review of most of the important global regulations concerning the social impacts of business organisations globally.

While the Corporate Social Responsibility movement is a fairly recent one, it has quickly matured into a framework that can handle the environmental implications of a globalised world. In addition, this movement provides a base for a synchronised global structure for the protection of the world's human and natural resources in a connected world.

If at all there are any failings of these guidelines, they are that these are not mandatorily implementable, but they rely on the collective push and pull of nations to encourage implementation.

We have to admit that it is indeed a mammoth task to formulate regulations that are essentially broad in their coverage and optional to implement and hope to garner compliance from a wide variety of nations. It is indeed a marvel that several nations have acted upon these guidelines to formulate both voluntary and mandatory Corporate Social Responsibility rules in their own countries. While the exigencies of global trade could be the main reason for such cooperation, we research into what other possible causes there may be for such implementation of all nations or lack thereof.

Keywords

Environmental Protection, Human Rights, Social Responsibility, International guideline framework,

Introduction:

Corporate social Responsibility or CSR for short is a way for corporates to give back to society. It is a self-regulating model of societal development which ensures that society grows and prospers from the Industry that prospers from and around it. ¹

In the beginning of Industrialisation, a gap existed between the prosperous business communities and the poorer labour class that existed alongside them. While CSR as a concept arose in the 60s and 70s it is only in the 90s that companies began to voluntarily expend resources towards social responsibility initiatives. ² This process was further hastened by concerns for the environment which grew the global CSR movement into the environmentally sensitive initiatives that it is part of today

CSR was used as it was realised that business have many adverse effects on the people and planet and that the most efficient way of being responsible was to dedicate this social responsibility to businesses. Today, internationally CSR has become the way to do business. Increasingly consumers favour the products of companies that support issues they care about and also boycott companies which they think have a different political stand or opinion other than their own. Conscious targeted spending on CSRT is also more likely to bring in talented employees who share the same values and culture that the Corporate espouses. It increases the credibility of a corporate, improves the risk management and supply change management initiatives and thus increases overall efficiency of the company which is a happy but unexpected fallout of the process. The society and the corporate can both thus benefit. ³

Increasingly the scope of CSR doesn't extend merely to the vicinity of the company's operations, but like most corporates, is more global in nature. CSR programs are increasingly designed to encompass the UN's 17 Sustainable Development Goals (SDG), include initiatives relating to Diversity, Equity and Inclusion (DEI) and create a favourable work and business environment. ⁴

In this scenario we encounter guidelines laid down by various organisation like the OECD and the United Nations. The OECD guidelines are applicable to the 33 OECD countries to help them plan their own respective CSR rules and regulations in keeping with the economic groups aims and objectives. These are seen as minimum conditions to be met in order to trade with each other or for other countries to trade with them. These guidelines cover areas like Human Resources, Environmental protection, labour laws and ethics. Similarly the United Nations has formulated the Global Compact on the same lines to provide all its member states with guidelines on which to base their policies of Corporate compliance with regard to environmental protection, ethics, labour laws etc

The scope of this paper is to explain the extent of OECD and United Nation guidelines concerning Corporate Social responsibility. This paper discusses the finer details of both these guidelines as well

In this paper we research on how these institutional guidelines for corporations have an effect on human relations, labour laws and environmental laws and practices in the respective member countries

¹ <https://accp.org/resources/csr-resources/accp-insights-blog/corporate-social-responsibility-brief-history/>

² <https://accp.org/resources/csr-resources/accp-insights-blog/corporate-social-responsibility-brief-history/>

³ <https://www.ecolytics.io/blog/evolution-of-csr>

⁴ <https://www.ecolytics.io/blog/evolution-of-csr>

Main Body

What is CSR:

Corporate social Responsibility or CSR for short is a self-regulating business model that helps a company give back to society.⁵ It is the idea that a business exhibits a sense of responsibility to the society around them.⁶ Could elaborate Most businesses used to primarily focus on solely maximising their profit. The triple bottom line theory categorises three “bottom lines” or the three p’s people planet and prosperity. These three bottom lines are different aims that the business must focus on achieving.⁷ While prosperity as the main aim for the business is usual people and planet are often neglected. A good example of this is during the industrial Revolution when companies and business were growing but there was increasing poverty people were suffering and there was a very high amount of planetary pollution. It is at that point that CSR becomes useful as it tackles these issues. There are admittedly 4 well known types of CSR which are environmental responsibility, Ethical Responsibility, Philanthropic Responsibility, and Financial responsibility. Environmental responsibility is routed in the stewardship of the environment in the course of day-to-day operations like reducing emissions or recycling materials. Ethical Responsibility includes fair treatment of all customers and employees and full disclosures and transparency for investors. Philanthropy refers to a Corporate’s need to give back to society. Financial responsibility is needed to make all these goals possible.⁸

Historical background

The early 1800’s saw the start of the industrial revolution and while that fortified the concept of economic prosperity amongst businessmen there were some major side-effects. Poverty was widespread workers had to work long hours with atrocious working conditions. There was also a lot of harm done to the environment. Slave trade was rampant, tobacco and alcoholism also plagued the people. The concept of social responsibility began in mid to late 1800’s with the rise in philanthropy amongst businessmen and tycoons like Andrew Carnegie, and John D. Rockefeller. Faith based organisations choose not to invest in activities like liquor and tobacco production which did not align with their values.⁹ Some businessmen also began to alter their factory conditions to improve conditions of workers. During the WW1 community chests became popular means of pooling resources and even made its way into the workforce. However, in 1935 Companies themselves began giving back to the society. The term CSR was only coined in 1953 by American economist Howard Bowen who is regarded as the father of CSR. In the 60’s and 70’s business started being more conscious of the direct social consequences of their decisions. Increasing globalization in the 90’s widened the scope of CSR. In the 1990’s there was widespread approval of this concept with a lot of new literature and theories sprouting including Carrol’s Pyramid of corporate Social Responsibility. By the early 200’s CSR had become a standard practice amongst multi-million-dollar companies. However, the focus slowly shifted towards the environment as there was an increasing

⁵ Jason Fernando, “What Is CSR? Corporate Social Responsibility Explained” Investopedia <https://www.investopedia.com/terms/c/corp-social-responsibility.asp> (accessed 12th, January 2025)

⁶ Tim Stobierski “What Is Corporate Social Responsibility? 4 Types” Harvard Business School Online <https://online.hbs.edu/blog/post/types-of-corporate-social-responsibility> (accessed 10th January 2025)

⁷ “Triple Bottom Line” Universities of Wisconsin < <https://uwex.wisconsin.edu/stories-news/triple-bottom-line/#:~:text=Triple%20bottom%20line%20theory%20expands,people%2C%20planet%2C%20and%20prosperity> > (accessed 13th January 2025)

⁸ Kelsey Miller “The Triple Bottom Line: What It Is & Why It’s Important” Harvard Business School Online <<https://online.hbs.edu/blog/post/what-is-the-triple-bottom-line>> (accessed 13th January)

consciousness towards the environment as signified by events such as the adoption of Agenda 21, an framework convention on Climate change the Kyoto Protocol and many others.

OECD Statutory framework 350

The OECD Statutory framework guidelines are a set of recommendations by governments of the 33 countries that adhere to this guideline. This can also set the guidelines for responsible business conduct. OECD is also known as the Organization for Economic Cooperation and Development. It was founded in Paris, France in 1961 and was the successor to the earlier the Organisation for European Economic Co-operation and Development (OEEC), which was formed in 1947. The member countries are primarily called developed countries. These reflect international standards and international laws. The OECD guidelines are not mandatory or need to be followed by any of the companies of these member countries however it is still recommended. In case of any conflicting local laws the OECD guidelines must not be given precedence

The second and main part chapter of the OECD guidelines cover a broad range of general policies, including aligning to the legal and social framework of the country in which the operate, providing sufficient disclosures, upholding human and worker rights and others whhc are detailedin the furth chapters as we see in the discussion below.

The third chapter deals with disclosure. Companies should provide appropriate and accurate information about their operations, finances and performance. They should conduct appropriate audits and be transparent and compliant with the corporate governance laws in the country of operation. Disclosure leads to enhanced credibility which in turn leads to increased corporate social responsibility.

The fourth chapter deals with Human Rights. Companies should operate within the human rights legislations of the countries that they operate within. The human rights policy should be transparent and publicly accessible.

The fifth chapter deals with employment and industrial relations. Companies should provide fair wages and allow workers to unionize. Forced labour should not be allowed in any form and discrimination should not exist. Any restrictions to employment should be in line with national policies. A safe working environment is essential. Such policies will allow the corporates to function in a coexistence with te society around them.

Environmental considerations are covered in the sixth chapter of the guidelines. The guidelines highlight the importance of environmental sustainability. Companies should establish an environment management system in accordance with the size and nature of their business operations. They need to assess their environmental impacts and the risk factors in their business that may affect the environment. They are expected to provide stake holders with information about their environmental impacts and take all steps necessary to reduce such impact.

The seventh chapter of the guidelines deals with Combating bribery and other forms of corruption. Companies should not engage in any form of corruption including offering monetary and other rewards to public servants and others in return for business favours. Companies are to develop internal controls which will eliminate the risk of corrupt practices. They should incorporate due diligence into their hiring process to ensure that a high standard of ethics are maintained among the workforce. The corporates should initiate anti-corruption strategies and encourage ethical behaviour across their various entities.

The UN global compact is a set of principles and practices that responsible corporations operating in member countries should withhold. The ten principles relate to Human rights, Labour, Environment and Anti-corruption. Businesses should support internationally formulated human rights and not be complicit in their breach. They should uphold the rights of workers to come together on various platforms. There should be no forced or child labour and no discrimination in employment. Corporates should take cognisance of the environmental damage that their operations may be doing and they should promote policies beneficial to the environment. Lastly Businesses should work against corruption in any form. ¹⁰In many ways these guidelines are similar to those set by the OECD but are also less specific and broader in order to fit all sizes in terms of the varied membership of the United Nations

Applicability of these rules :

The UN guidelines and OECD CSR framework merely provide the guidance to member states on how to comprehensively achieve an environment conducive to fostering social responsibility among corporates. Each member country may formulate their own policies and compliances based on the guidelines laid down by these cooperative organisations. While the OECD guidelines are linked to intra and inter country investment, the UN guidelines are more voluntary in nature and are generally directed to achieving Global SDG and environmental goals. OECD guidelines are applicable to all their member states and those that have close economic ties to them. These and some other global guidelines which intersect with this form a framework that brings consistency and an almost global policy network which is aligned in terms of labour practices, human rights abuses and environmental protection globally.

Role of these rules in shaping global outlook:

As we have discussed up till now, the body of global regulations regarding the social responsibility in the operations of corporates is for the most part in sync with each other, This should ideally lead to a world order where businesses play a large part in being socially aware and causing the minimum possible damage to the environment while maintaining a cordial relationship with the labour force.

Comparative analysis:

The OECD and UN guidelines are very similar to each other in terms of goals and also in terms of the means to achieve the goals. They aim to make corporates responsible for being mindful of the damage created to the environment through their economic activities and also to give back to society in the form of worker welfare, equity and good ethics. Where these guidelines differ is in the purpose and levels of implementation. OECD CSR guidelines are linked to trade objectives and are enforced by various countries in the course of trade the UN guidelines are only suggestive and not binding¹¹

Challenges and Critique:

While the guidelines for CSR are much needed for the purpose of Corporate Accountability many criticisms have been levelled against these. First of all, the guidelines are voluntary and hard to

¹⁰ [The Ten Principles | UN Global Compact](#)

¹¹ [OECD Paper.pdf](#)

impose. In case of the OECD, it is said that the political will to impose these regulations is lacking.¹² It is also said that the United Nations does not impose verifiable obligations on member states.¹³

Again in the case of the OECD, the process is said to be not inclusive enough since it only grants member states the opportunity to be represented. Due to this, the process cannot be said to be entirely fair or just. Accountability to the adherence and clarity of the regulations are also an issue.¹⁴

There is also another set of criticisms that companies which do follow the guidelines are doing mere lip service and not following in an effective manner which will actually achieve results. This is attributed to the fact that following the regulations is expensive and takes away from profit making activities. It is also difficult to implement especially in the face of unclear expectation.¹⁵

Recommendations :

CSR in the OECD countries places more focus on the regulatory aspect than on the implementation. In the case of the UN Global Compact the bigger problem is that of non-implementation. In case of either of these CSR guidelines we feel that the effectiveness of these can be improved by adoption of a few measures.

Putting the enterprises in the driving seat where CSR is concerned will possibly help to achieve more of the goals than it is currently. From an enterprise's point of view any initiative which bears a cost should also bring a benefit. Benefits like in the nature of carbon credits for example greatly enhance the implementation of the CSR program.

As far as the OECD countries and UN member states, they need to adopt a more Europe like approach. This would involve creating awareness and visibility for CSR initiatives, identifying the best industry practices and instituting a credits rewards program for quality CSR initiatives. There needs to be cooperation among the member states both in terms of implementing CSR guidelines into their respective countries' policies and in terms of implementing these.

While all initiatives towards corporate social responsibility should be driven by the corporates, it is very useful to have public authorities who can prod, push and pull towards compliance.¹⁶

Another way of achieving the goals of Corporate CSR would be by fostering relationships between large globally operating corporations and small and medium enterprises operating locally. Small and

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https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1317263#:~:text=When%20an%20individual%20has%20suffered,in%20a%20number%20of%20countries.

¹³ <https://www.mdpi.com/2079->

<8954/12/5/146#:~:text=While%20some%20researchers%20criticize%20the,with%20weak%20performance%20in%20CSR.>

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[https://www.elevenjournals.com/tijdschrift/ELR/2017/2/ELR_2017_010_002#:~:text=the%20OECD%20has%20an%20influence,countries%20in%20its%20policy%20outcomes'.&text=xUK%20House%20of%20Commons,\(2016\)%2C%20at%2026.](https://www.elevenjournals.com/tijdschrift/ELR/2017/2/ELR_2017_010_002#:~:text=the%20OECD%20has%20an%20influence,countries%20in%20its%20policy%20outcomes'.&text=xUK%20House%20of%20Commons,(2016)%2C%20at%2026.)

¹⁵ [https://www.legalserviceindia.com/legal/article-16368-a-critical-analysis-of-the-corporate-social-responsibility-](https://www.legalserviceindia.com/legal/article-16368-a-critical-analysis-of-the-corporate-social-responsibility-framework.html#:~:text=Greenwashing%20and%20Corporate%20Hypocrisy:%20Greenwashing,to%20that%20of%20their%20competitors.)

<framework.html#:~:text=Greenwashing%20and%20Corporate%20Hypocrisy:%20Greenwashing,to%20that%20of%20their%20competitors.>

¹⁶ https://www.oecd.org/content/dam/oecd/en/publications/reports/2001/10/corporate-social-responsibility_g1ghg2fe/9789264194854-en.pdf

medium enterprises are naturally bent towards CSR as they are themselves a vital part of the community that they operate in. They can help harness the financial clout and other vast resources of the large multinationals into creating socially responsible enterprises. The most obvious way for this to happen is through franchise arrangements. Local distributorships and micro marketing are also similar pathways.¹⁷

Conclusions :

CSR globally is a concept that has gained popularity only in recent years. It was born due to the growth of large companies into mega corporations. When a corporate grows into a mega company its influence on the society around it is tremendous, however its footprint is not always positive. This can lead to an imbalance in society which benefits and harms at the same time. CSR is the magic wand so to say, which can correct the imbalance between an over consuming society and the mega corporations that supply it.

The future for Corporate Social Responsibility is only just opening up. CSR, no matter who is driving it, will be the backbone of a lot of corporate decision making. Corporates will give back to the environment, to the workers and to society at large. Society itself and the whole of humanity will benefit from this symbiotic partnership

¹⁷ https://www.oecd.org/content/dam/oecd/en/publications/reports/2001/10/corporate-social-responsibility_g1ghg2fe/9789264194854-en.pdf