

# For effective CSR, one size does not fit all

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## **We need to avoid a box-ticking mentality that would seek to impose a universal model to the challenges of corporate social responsibility.**

For many firms, issues such as globalization and climate change pose new challenges to their responsibilities toward society. For the sake of uniformity and cooperation, firms may be tempted to apply a universal code for corporate social responsibility (CSR).

Yet IESE's [Antonio Argandoña](#) and Heidi von Weltzein Hoivik, of the Norwegian School of Management, argue that this may be unrealistic.

In their working paper, "[Corporate Social Responsibility: One Size Does Not Fit All](#)," the authors say that, by adopting a blanket approach, we would be ignoring key tenets of social responsibility, such as recognizing the differences that exist between countries and contexts. Importantly, we would be diluting the ethical dimension, which lies at the heart of all these moves.

Based on discussions with experts in business, social ethics and other key disciplines, the authors offer the following insights, which may be useful to managers looking to invigorate their firms' social models in these fast-changing times.

## **Keeping the right focus**

Ethics, or moral responsibility, lies at the core of CSR. The ethical dimension is present in several definitions of CSR and in the mission statements of many companies, but often in an implicit way.

Ethics, when being translated into organizational settings and management systems, sometimes gets lost. With so much attention paid to demonstrating compliance and reducing risks, it becomes easy to miss the point that ethics is the reason behind it all. The authors emphasize that the main reason for a firm to act responsibly is to "do the right thing, even when no one is looking."

## **Defining CSR**

CSR is a term that tends to elude consensus. One definition for CSR is that it is the result of a dialogue between the firm and its stakeholders, internal and external, about the obligations of the former and the expectations of the latter. It's recognizing the fact that firms do not live in isolation. It's not a management "tool," although clearly it should be included as part of a company's strategy.

One challenge for managers is how to respond to the various demands of their stakeholders to the appropriate moral degree. The way they respond depends on each specific business context. Also, these stakeholder demands, and the managerial response, will change over time, depending on the different communities, or even within the same community.

This means that when managers consider the role of their firms in society, they do not start from an abstract model, but from the particular framework in which they find themselves. This framework is made up of various drivers: geographic, social, political, religious, and it varies according to place and circumstance.

Because of this interrelationship between managers and existing power structures, the authors argue that CSR must be treated as a constantly evolving process that changes and adapts over time. Though they may look different now, socially responsible actions have existed since before the Industrial Revolution, and throughout history firms have had to formulate some response.

There are various historical examples in Europe. One is the Caja de Pensiones para la Vejez y Ahorros. The inspiration for this cannot be understood outside of its particular context in Spain at the beginning of the 20th century. Here, ethics was inspired by the religious roots of its founder. In Germany, many businesses assumed welfare actions as part of their social responsibility, long before any governments assumed this task.

In the United States, the idea that business owed something to society beyond profit emerged around the middle of the 20th century, and eventually became widespread.

## Recognize differences

Given these variations, it makes sense that there would be no one model for CSR. Moreover, in the case of Europe and the United States, there have been and will be notable differences.

For example, when comparing CSR characteristics in Europe and the United States, we see different philosophies at work. Anglo-American culture is, in general, more individualistic and legalistic, with an understanding of human rights as freedom from too much state intervention. Continental European culture, broadly speaking, is more community-oriented, less results-driven, and has more of an understanding of rights as freedom to participate in social decisions.

Now, at the beginning of the 21st century, CSR models face new challenges, such as environmental concerns. Throughout all this, the American/European differences will persist. The challenge is to maintain a national social contract within a wider, globalized, competitive, dynamic context, where other economic and legal factors exist.

Therefore, the idea of transferring CSR models from one country to another is a flawed one and would probably raise more problems than it would solve: diversity cannot be denied, insist the authors.

Sweden is a clear-cut example. There, employers, trade unions and governments have long considered their responsibilities within one widely accepted national framework. Imposing a global concept of CSR simply would not work. First of all, it would not correspond to their own needs and interests but would rather be in reaction to problems that exist elsewhere, whether human rights, the environment or financial reform. Second, though it may be of interest to academics and the media, it does not interest the main supporters of the traditional Swedish model.

To overcome these culture clashes, one idea is to allow a two-tiered concept of CSR to emerge: one for local companies that operate within a country, in line with the traditional responsibilities observed under a welfare state, and another for multinationals that work across borders.

A universal model of CSR, desirable as it may seem for practical purposes, could end up being counterproductive. Adapting existing models on a case-by-case basis may be the best way forward, say the authors. In fact, if we are to preserve the unique potential and ethical core of CSR, then one size should not fit all.

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