### Learning booklet 3

# Historical Development and Approaches to CSR

### Introduction

The roots of the concept and approaches to CSR as it is known today have a long history. A look at the transformation of the concept will provide:

* a better understanding of the meaning of CSR and the relationship between businesses and their key stakeholders
* a better idea of what should be the role of business in development and their contributions to society

### The Issues Approach (1989)

2. The Exxon Valdez Oil Spill of 24 March 1989 triggered the modern corporate social responsibility movement.

3. The massive oil spill, America’s worst environmental disaster, was caused when the Exxon Valdez oil tanker – owned by what is now Exxon Mobil – struck Bligh Reef in Alaska in the early hours of the morning.

4. The outrage caused well intentioned organizations to advocate the idea that large corporations should adopt voluntary codes of conduct and other such enlightened policies on environmental and social issues.

5. Also in this case, no preventive measures were taken to prevent violations of environmental standards, human rights, labour right etc.

6. Damage control was the method used to push back bad media coverage. Risk management was not considered.

### The Stakeholders’ Approach (1990s)

7. In the 1990s, stakeholders’ dialogue became increasingly popular. Companies realise that the happier consumers, workers, local communities and other stakeholders are, the better the business is.

8. Dialogue becomes very important for defining the key focus and areas for “doing good” in companies.

9. Today, stakeholder dialogue is still an important element in drafting the CSR strategy.

10. However, there has been established consensus of late that CSR strategy should not only be defined by the many different opinions and needs of stakeholders, but also by internationally–recognised principles on business behaviours and profits, and on the protection of the environment, community, and people.

11. Different stakeholder groups tend to focus only on specific issues that they believe are the most appropriate and relevant in organizations' corporate social responsibility programs.

12. Thus, beliefs about what constitutes a socially responsible and sustainable organization depended on the perspective of the stakeholder.

13. But key stakeholders are many! That includes employees, customers, investors, suppliers, the community etc.

### Principles-Based Approach (2000)

14. In year 2000, the UN Global Compact (UNGC) was formulated. There are currently 12,000+ signatories to the UNGC, in 170 countries (55 from the Philippines), from developed and developing countries, and in nearly every sector and size

15. This marked the beginning of a principles approach to CSR!

16. The UN Global Compact (UNGC) is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment, and anti-corruption.

17. In 2011, the UN Guiding Principles on Business and Human Rights were adopted, and further operationalized the first two (2) principles in the UN Global Compact. 18. Today there is consensus worldwide that the principles - based approach is the recipe for making sure that you contribute to global sustainable development.