

The Newsletter

From the Social Responsibility Research Network

www.socialresponsibility.biz

Welcome to the first Newsletter of 2010. It is a year which promises to be busy for the Network as we have a number of plans for development which will be announced later. At the moment it is very much business as usual with Social Responsibility Journal, the Discussion Paper series and book publishing, together with news collection and dissemination occupying much of our time.

As you know however, the main activity of the Network is to organise an annual conference. You will find details of the next conference – the 9th to be held in Zagreb, Croatia in June – later in this newsletter. And you can find details of past and future conference from our website. We hope to be able to meet you at the conference in September – if not then hopefully another conference in the future.

The main reason for the existence of the Network however is to enable all of us, as scholars concerned with various aspects of social responsibility, to communicate with each other, share information, join together in research projects, develop courses and course material and various other activities. Hence it is important for us to share news and opportunities. This is the purpose of the email list of members. This too is the purpose of this newsletter – which will promote our interests and activities to a wider body of people than the 400 members of the Network who receive emails.

We have come a long way in quite a short time largely due to the strength of our membership. The main reason for the existence of the Network however is to enable us as scholars concerned with various aspects of social responsibility to communicate with each other, share information, join together in research projects, develop courses and course material and various other activities. The strength and vibrancy of the Network is of course only the same as that of its members. So we are inviting you to share opportunities for collaboration and to contribute to any of our various publishing outlets. The strength and vibrancy of the Network is of course only the same as that of its members. So we are inviting you to share news and opportunities both through the email communication system and through this Newsletter by sending contributions.

Chairs of the Network:

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The Social Responsibility Research Network Constitution

For each Newsletter it is considered to be appropriate to print the constitution of the Network. This was agreed at an open meeting during the 2005 conference in London. But note that no Board has ever been elected. So volunteers are welcome...

The Social Responsibility Research Network (SRRNet) is a body of scholars who are concerned with the Social Contract between all stakeholders in global society and consequently with the socially responsible behaviour of organisations.

1. Mission

The mission of the SRRNet is to promote collaborative, cross-cultural and international research on any aspect of its social responsibility agenda, to improve knowledge by such research and to disseminate such research globally.

2. Strategy:

The strategy to accomplish the mission will be based on:

- The exchange of research through of its website;
- The promotion and organisation of a series of international research conferences, ideally in various parts of the world and each under the leadership of a named individual;
- The production and dissemination of an academic journal;
- The production of such other publications as are deemed appropriate and for which sufficient funds exist:
- The promotion and organisation of a series of international visits and collaborations (depending upon funding) to work on special projects.

3. Organization

Membership of the network is open to anyone. It is a formally constituted organisation governed by this constitution and managed by an elected / nominated board. The management of the network will be delegated to this board, which will be supplemented by a general meeting, open to all members, which will take place at each conference organised. Membership of the board will consist of:

- One member elected at each general meeting, who will serve for 3 years;
- Each conference organiser, who will serve for 2 years prior to and 2 years subsequent to the conference organised;
- The journal editor.

The board may also appoint additional members as deemed necessary, and from its membership shall nominate a chair and a treasurer.

4. Financing

To achieve the mission, the SRRNet (via its board) will seek sources of funding and sponsorship. Additionally it will receive funding via the conferences and the sale of published material.

Let us Exorcise the Ghost of Milton Friedman: CSR in the Recession

Güler Aras, Yildiz Technical University, Turkey & David Crowther, De Montfort University, UK

The global recession continues to affect people everywhere but now it is becoming more apparent that the effects are not the same in all countries and for all companies. Some are worse affected than others and some companies are even prospering during the recession while others are folding. It is therefore appropriate to consider the reasons for this and to examine the role that CSR has to play in mitigating the effects of the recession.

It used to be argued that CSR was an optional extra for companies – that they would pay attention to socially responsible activity when they were in a secure economic environment with sufficient profitability and sufficiently robust plans for growth and development. The corollaries of this of course are that companies which are less secure cannot afford to bother with CSR and that when economic conditions deteriorate then firms will cease to have a concern for CSR and will focus upon economic performance. This view casts CSR as a luxury and provides a legitimation for many smaller businesses and new businesses to claim that they cannot afford to be concerned with CSR as they have to focus upon financial performance. Such a view predominated only a very few years ago.

If this view had any credence then what we would expect to see during the current recession is that companies would be abandoning their CSR activities – claiming that they could no longer afford the time, effort and financial resources – and returning to a focus upon their core economic and profit making activities. The naysayers and doom-mongers – with many academics prominent among their number – have relied upon a 40 years old quote from Milton Friedman – himself a prominent although discredited member of the Chicago School of free market peddling politically motivated economists – to predict that this will happen. These are the people who are not really committed to CSR and to socially responsible behaviour, regarding it merely as a fashion item and jumping on board while it is in vogue but expecting to abandon it as the rocks of global recession approach.

It is fortunate therefore that members of the general public understand business reality much better than these self-styled experts. The general public understand that CSR is not a voluntary additional activity for business to be undertaken or abandoned as the needs of the time dictate. They understand full well that it is a core business driver which permeates all business activity and decision making. Moreover they base consumer decisions upon how it is implemented in business.

It is equally fortunate that business managers also understand economic reality and therefore understand that the way to survive and prosper during the recession is not to abandon CSR but to do the opposite. So during the recession we are

witnessing businesses focuses upon CSR as a way to manage through the recession; and we are seeing businesses which do this prosper while others fall by the wayside. So rather than seeing a reduction in concern for CSR we are actually seeing the opposite – an increasing concern. This is of course good news and implies that we are winning the battle to promote CSR as being beneficial for everyone – a truly win – win situation.

So there is much cause for optimism and with that in mind we want to argue that it is past time to exorcise the ghost of Milton Friedman and to treat his utterings as curiosities of history rather than of any real significance. We must remember that Friedman committed the cardinal sin of allowing political dogma to replace evidence based argument. The results have been profound throughout the world and even the current recession can be claimed to originate in his deregulated free market ideology. That is however another argument and here we want to focus upon his oft cited claim that the old social responsibility of business is to maximise profits – something which appears in every CSR course around the world!

So what shall we say? Of course a business has a social obligation to make a profit. Profit is simply a reward for risk undertaken and is necessary to enable to continuance of economic activity. So making profit is socially responsible. But it is not the end of the social responsibility of business and no manager has ever thought that profit maximisation is an end in itself. Always managers have understood the need to maintain good relationships with the key stakeholders of the business and have sacrificed profit in order to do so. Moreover business managers have always understood that decisions which make profit in the long term and in the short term are not necessarily the same and have been willing to sacrifice profit in the short term for long term benefits. This is what investment is all about. And CSR can of course be regarded as investment in the future which sacrifices profit in the present.

It is time therefore to cease regarding CSR and profit as incompatible and castigating one of them as evil – which one of course depending upon our own preferences. The two are intertwined and equally necessary for sustainable business. The current recession should tell us that this is a fact which is recognised by many business people – and that we should therefore recognise the same. CSR requires profit – and profit requires CSR. And sustainability – for a business, for the market and for the global economy – requires both. So our models of CSR and of sustainability must always incorporate profit – at least Milton Friedman understood this much. But that is all that he understood. He was not interested in CSR and he was not interested in sustainable business – it was not a concept which had much relevance 40 years ago.

But Friedman was not much interested in business either. His aim was to open up markets and deregulate everything in sight because he believed that this would enable more profit to be made by a few entrepreneurs. This was entirely based upon political ideology as he did not bother with gathering any evidence to support this – primarily because there is no evidence to support this: it is simply wishful

thinking. And the way to overcome a lack of evidence is to make a lot of noise – to publish journalistic pieces wherever possible. And of course the New York Times magazine is one such place. So Friedman’s much quoted assertion that the only social responsibility of business is to maximise profits is no more than publicity seeking for a person with a mission to promote is own dogma. It has been given too much credence in the current era and should be regarded as of little significance – a historical curiosity alongside the rest of the work! So it is time to lay the ghost and to say to Milton Friedman – RIP, we have better things to concern ourselves with.

Comments invited. Contact guleraras@aol.com and / or davideacrowther@aol.com

Accountancy, Decision Taking and Environment: Contributions to Support the Economic Performance of Organisations

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Abstract

The industrial growth in rich countries and lack of regulations has placed environmental management out of the priorities of businesses. Managers thought of it as a minor issue wasting their time and Money. The present view is totally different now. The governments are investing in support programmes, creating more efficient legislation and controlling these measures efficiently. The international standard of quality ISO 9000 already includes the environmental aspect. This article looks at the social interest in respecting the environment, as well as how the enterprises must register and rationalise what up to now had been considered out of the scope of these.

Introduction

Until not so long ago the idea of an enterprise showing responsibility towards the environment and society was just a dream of the ecological movements. In the last century, the industrial growth in rich countries and the lack of legislation placed environmental management out of the priorities of the enterprises. The managers saw this as an issue wasting time and Money. Today the view is totally different, governments are investing in support programmes, creating more efficient legislation and controlling these measures with efficiency. The decisive change began with the increasing ecologic concern of consumers, whose buying habits reward enterprises and products that respect the environment. Presently, the facts show a *trade-off* (proportional inverse growth) between profits and ecology seems to have finally ended.

The majority of multinational firms are increasingly supporting the so called green products, which is good for all of us. Ecological management accountancy is the one that takes into account the impact on the environment. Considering the impact on the environment means accepting it in the scope of cost accounting and rationalizing it in the scope of management accounting. The enterprise must register and rationalize what until now had been involuntary costs, in so far as the costs until now considered social, changed to private environmental costs, and accepted by the enterprise as normal costs. In accounting terms, the financial statements should include the cost and added value the environmental costs. To avoid the distortion of the enterprises industrial margins produced presently and prevent the assessment and with a strategic projection of certain activities. To prove that the organization respects the ecology, and meets all the legal standards in this respect, eco audits are proliferating. Their objective is to measure the ecological repercussion of the entrepreneurial activity. Eco audits have advantages such as the accountability of the managers and counsellors who are guilty of ecological offences. Therefore it is necessary to protect the quality of life, by making economic growth compatible with conservation of the environment.

The Impact of the Environment in Accountancy

The Ecological Management Accountancy is the one that considers the environmental impact. Considering the impact on the environment means including it in cost accounting and share it in management accounting. All this, naturally, has to begin within the organization showing flexibility and the integration of the clients, suppliers, social opinion, etc. as this manner of action is the primary factor for the survival of the enterprise. The aim

is to bring together the parties related to the enterprise, to use the minimum resources and use recyclable materials as far as possible as well as investing in anything producing the least pollution. This can be completed with the packaging of products in recycled and reusable packages. All this causes an increased social interest in respect of the environment, which causes a commitment between suppliers and the enterprises, bringing about changes in the production processes and substituting polluting materials with environmental friendly ones.

The commitment of the company to the community is based on the respect and protection of the environment, production and distribution of ecologic products. Society wants to assure a quality of life on the long term, for example, the majority of the population is against the installation of industries that create employment if they pollute the region. For example, when there was a spill of crude in the sea of Alaska, causing an ecological disaster, the price of ESSO shares was affected by this occurrence. The costs for the recovery of the image and the indemnity paid for losses caused will affect the competitive conditions and the growth of the activity of the enterprises in question. The environmental impact is not only reflected in the operational costs of the business, but also in the non operational costs directly affecting the commercial margins and the turnover of the activity. In the planning and rationalization of the non operational activities, the following criteria will have an important role: the ecological analysis of the products, the commercial networks that generate a savings of resources, and the new distribution channels, which are much more aware of the ecologic products, etc.

That is, the enterprise is obliged to record and rationalize what until now was involuntary cost. The costs that until now were considered as social have become private environmental costs, accepted by the organisation as normal costs. Assuring that the activity is carried out without loss of conditions, capabilities and development of present and future generations, by respecting the renewable natural resources (water, air, soil and subsoil, flora and fauna) and also the ones that are not renewable. In accounting terms, the financial statements should include the amount and the increased environmental costs, to prevent the distortion of the industrial margins that are presently produced, and that prevents the correct assessment and with a strategic projection of certain activities. The environmental costs recorded in the financial statements are sub-divided into ecological and environmental costs, the latter referred by some authors as induced. The first refers to costs related with prevention on the environmental ground, that is, those incurred by the enterprise to stop or prevent the harmful effects on the environment, their actions, both industrial, as well as distribution, administration, supply, etc. This group of ecological costs, includes all the costs related to the measuring activities, control audit, etc of the environmental aspects of the enterprise.

The environmental costs have a more negative connotation, because these are the result of effects or damage caused on the environment by the enterprise. This is actually costs related on the one hand with the reduction of damage effects caused by the enterprise on the environment and on the other hand, costs incurred with the repairing, compensation or replacement of damage caused, that became part of the preventive and correction plan of the environmental management of the enterprise. The matrix of the environmental costs will be completed with the analysis of the past environmental impact on each of the cost items, reflecting each time the resources used and the qualitative and quantitative damaged caused.

These documents allow sharing of the ecological costs of the various agents to the different activities. Once this is done, the activities' cost can be allocated to the products according to the various criteria, establishing a real environmental margin different from the traditional margins. These will include not only the environmental costs occurred, but also the environmental profits resulting from the implementation of the ecological policy of the enterprise, allowing not only to record the ecological benefit and damage, but also assess

according to the quantitative and qualitative characteristics the environmental management of the enterprise.

The traditional approach did not consider the environmental management phenomenon, basing the analysis only the internal conditions of enterprise and ignoring the close link between the internal conditions and its environment. It is in this context that accountancy has to intervene finding ways to simplify the global analysis in the tactic and strategic plans of the enterprise. The eco audits are proliferating to show that the organization is concerned with ecology and meets all the legal norms. Their task is to measure the ecological repercussion of the enterprise activity. The eco audits, have advantages such as the accountability of the administrators and consultants who are guilty of ecological offences.

Enterprises who do not meet the environmental norms in force, besides the fines, sanctions and penalizations applied, will loose competitiveness and may even cease to exist if the magnitude of the ecological damage is very important.

The environment issue generates in a permanent manner threats and opportunities for the organization, therefore the strategic management accounting should capture data and information of the enterprise surroundings to elaborate, analyse and interpret sufficient information, relevant and opportune permitting management to establish different options with the aim to optimize environmental management. Once the alternatives are considered regarding the respective results and risks, management chooses the most appropriate strategy for the correct management of the environment. Two main strategies may occur:

a) Adapting Strategy.

Corresponds to the enterprises that decided to strictly meet the regulations in force in matters regarding the environment.

b) Strategy to obtain competitive advantages.

This type of strategy aims to take the opportunities emerging in the environment. Corresponds to the strategy adopted by excellent enterprises, those who do not merely obey the existing legislation in ecological matters, but wish to obtain comparative advantages that will permit increasing the degree of competitiveness, in a way that the profits gained due to their environmental policy are higher than the corresponding costs. This type of strategy has some advantages, as pointed out below:

- Gain incentives for meeting the legal requirements in the management of the environment.
- Improve the public image of the enterprise, with all its consequences.
- Save the cost of fines and sanctions.
- Obtaining eco labels and the sale of ecologic products which represent success key factors. Clients prefer ecological products.
- Cost savings in premiums for insurance of civil liability for the environment.

In summary, and as in the case of quality assurance strategy, the satisfaction increase, decreases the organisation costs, because it causes an increase in the final value. That is the contribution to the improved quality of life of the population does not result in more costs for the enterprise, because in the end permits generating wealth for the organisation.

Accountancy and Environmental Information

The need for an efficient fight against pollution multiplies the number of texts prescribing to the enterprises new restrictions in environmental issues, generalizing the principle of the Polluter-payer. Presently in environmental accounting, like previously in general accounting, the lack of regulations and standardization leaves the enterprises without objective information or terms of comparison with one another. The information provided is mainly

descriptive, not quantitative and partial. The vast majority of the information provided refers to past programmes. This means that only information provided reports successes. The tendency is a general lack of objective information on the offences against the environment committed by other enterprises.

The enterprises are presently in the centre of the environmental issues, because of the social awareness of the problems and regulation in this field. Even without strict regulation the enterprises need to produce information on the environment to face pressure groups:

- the public pressure for the enterprise to define its marketing strategy and its production processes, with the intention to protect the environment;
- Pressure from the staff regards safety;
- pressure from the regulatory organisation to act according to regulations, implying added responsibility.
- pressure from insurance companies due to the increased risks and the respective costs.

However, the environmental published presently does not acceptable to the users, because it does not meet their expectations. The Anglo-Saxons have made important efforts to define qualitative and quantitative characteristics so that the environmental information is useful. Some of these are:

- Opportune
- Trustworthy
- Legible/Understandable
- Acceptable/Comparable

Each user can interpret the available data in accordance with the different assessment systems, according to their objectives, the temporal horizons, their risk sensitivity, their situation in or out of the organization, etc. However, the usefulness of the environmental information is defined by its capability to reach the following objectives:

- Assess and administer the environmental risks;
- Determine the effect of environmental performance on the financial results.

Conclusion

If the enterprise is able to get clear and timely information of the environmental aspect, both internal and external, it will without doubt have the strategic competitive factor, both in the case of environmental costs, as well as in the minimization of the risks.

In conclusion we say that it is necessary to protect the quality of life by making the economic growth compatible with the environmental conservation.

It is important to remember that, after all "the earth, has been lent to us by our grandchildren".

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Corporate Social Responsibility initiatives' development in Lithuania

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A bigger role of Lithuania in the international community places a high focus on efforts to foster sustainable and equitable development by the government and equally calls for enhanced role of the private sector. Many social economic processes, which are peculiar to most Western countries, were at the beginning a few years ago after the entering the European Union. Thus, through private business, a free market and features of modern enterprises, many global initiatives and advanced social innovations were rather late in arriving here. Furthermore, successful participation in the European Union market had been closely linked and required high standards of the Corporate Social Responsibility (CSR). Still, the idea of CSR is still quite new paradigm of social economical development (Vasiljeviene & Vasiljev, 2005; 2006). Several companies do CSR in Lithuania, but still there are no consolidated efforts on country level and thus it is only the very beginning of understanding the importance of CSR. Only since that period the CSR appeared on the agenda of state institutions especially after the request from EU head-quarters for the report on CSR promotion in Lithuania. By now all the activities related to CSR are mostly being coordinated by the Ministry of Labor and Social Affairs.

National Network of socially responsible business enterprises has emerged in Lithuania from the Group of Initiative on responsible business, established at the conference "Responsible Business in Society" in Lithuania in autumn 2004. The founding members of the National Network in Lithuania were the United Nations Development Programme (UNDP) in Lithuania, the Association "Investors' Forum, Association "NETA", enterprises "Constructus", "Berlin-Chemie Menarini Baltic", "Commercial Union Lietuva Gyvybes Draudimas", "Danisco Sugar", "Ernst &Young", "Lideika, Petrauskas, Valiunas ir partneriai LAWIN", "Libra Holding", "Lietuva Statoil", and "Mazeikiu Nafta". At present only 4 business units from almost 57 thousand of total operating businesses in Lithuania had adopted the SA8000 standard and were certified. Nevertheless, almost a hundred of business companies joined the National Network of Responsible Business in Lithuania and the UN Global Compact Initiative.

The Network of Social Responsible Business was officially launched in April 2005 by a Group of Initiative, which was formed during the first international conference on the United Nations Global Compact and the Corporate Social Responsibility (CSR) concept in November 2004. At its launching date the Network comprised some 11 companies and business associations, as well as the United Nations Development Programme in Lithuania. The purpose of the National Network is to exchange knowledge, experience and innovations, organize joint learning forums, thereby improving business strategies and implementing joint projects for the benefit of society. The Network operates as an entirely voluntary initiative.

Stating with the important public sector roles in promoting CSR in Lithuania, The Ministry of Social Security and Labour of the Republic of Lithuania approved in 2005 an Action Plan on Measures Promoting Corporate Social Responsibility (CSR) in Lithuania for 2006-2008. These measures included mainly information dissemination

campaigns, workshops, good practice case studies, monitoring activities, audits, publication of tutorials, training activities, establishment of Awards etc. Among the mentioned measures to be introduced under this Action Plan was the establishment of a CSR acknowledgement system by the Ministry in the form of an Annual CSR Award. Consequently, a first Award ceremony was organized in the beginning of 2008.

By implementing the Action Plan 2006-2008, The Ministry of Social Security and Labour of the Republic of Lithuania and the UNDP initiative had undertaken analysis of the current CSR situation in Lithuania and CSR promoting and interfering legal factors, concluding with CSR development recommendations. A baseline analysis of CSR conducted in 2007 observed that the direct involvement of Governments in promoting CSR across the new EU member states and candidate countries was diverse. The report, put together by UNDP in Lithuania, was conducted in order to identify: 1) actors and assess their engagement in promoting CSR; 2) the level of business engagement in CSR; 3) collect examples of good practices, tools and recommendations for CSR in the region; 4) to promote national and local capacity building for implementing CSR. The analysis had shown that CSR promotion vehicles are often developed and implemented in isolation from one another in Lithuania. Also the lack of inter-institutional cooperation and coordination, inadequate institutional capacity and lack of a Management Framework for implementation and coordination of CSR implementation was observed.

After The discussed Action Plan on Measures Promoting Corporate Social Responsibility in Lithuania for 2006-2008, The National Corporate Social Responsibility Development Program for 2009-2011 was approved. It is rather important, that the official understanding of CSR was formulated for the first time in Lithuania in this program, emphasizing that "CSR is a type of businesses and organizations' policy and practice of not only a compliance with international agreements and the agreed standards of conduct, but also in their operational internal processes and external relations between the voluntary integration of social, environmental and transparent business principles together with social partners and public sector participation in finding innovative solutions to systemic social, environmental and broader economic well-being issues". The main purpose of the program is to create a favorable environment for corporate social responsibility in Lithuania by basic policy provisions related to coherent, focused and more integrated state's approach to CSR.

The National Corporate Social Responsibility Development Program for 2009-2011 comprises of the three main goals. Firstly, it is proposed to create a favorable legal and institutional framework for corporate social responsibility development by drafting legislative CSR promotion changes, creating the administrative structure of state institutions to ensure the development of CSR and increase affectivity of public institutions cooperation in CSR promotion. Secondly, a better understanding of CSR and social and environmental awareness promotion was elucidated. The state is supposed to better recognition of firms' CSR activity, CSR initiatives' increase in transparency and credibility, encouragement of civil society organizations to work in the field of CSR and promotion of responsible consumption. And finally, the increase of business and other interest groups in the competence field of CSR is emphasized,

including the development of CSR principles and application of methodological tools in order to ensure their dissemination and exchange of best practices. It also hopes to promote formal, non-formal education and informal learning, and also the scientific research on CSR. *Obiter dictum*, the first PhD thesis in Lithuania directly related to CSR "Influence on social responsible business on the enterprise value" (Social sciences, economics) had been defended on the 21st of December, 2009.

Concluding remarks correlate to the observed global processes and much promising Lithuanian government's view on the importance of CSR promotion in Lithuania. It becomes more and more important to focus on systematic CSR research in Lithuania in order to fulfill the lack of scientific evaluation on the proceeding CSR development problems.

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Climate Change, What Climate Change?!

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At the time of writing this, the Copenhagen Climate Summit is in full swing. Such events remind me of my garden, how periodically different types of flowers come to bloom, brighten up our lives and are admired for a brief period of time, might even become a topic of conversation with the next door neighbour and then they disappear and are forgotten. Great debates will take place, promises made and delegates will then leave with some sense of achievement, or even despair. The members of the 'flat earth society' will be very much in attendance. The undeniable impact of man made global destruction ('warming' is too nice a word) will be questioned by some crackpot scientist who is perhaps funded by numerous businesses (Arab oil money and some US companies, for instance) and cheered on by the great army of those inflected with avian intellect. The King James version of the Bible states: "*hear now this, O foolish people, and without understanding; which have eyes, and see not; which have ears, and hear not*".

I have just returned from a trip to Sri Lanka organised by the Academy of Design (AOD) in Colombo and partly funded by the British Council. The participants tended to be mainly designers as well as a few academics in the field of art and design. A full day symposium focused on ethical fashion and I happened to be part of the panel, perhaps the only one not connected to fashion and design in the hall. It was encouraging to witness the quality of discussion, the depth of interaction and the level of interest in ethical and sustainable fashion. Organisations such as Marks and Spencer's (M&S) were praised for their inroads into sustainability and their support for Sri Lankan producers of M&S goods. However, the reply to my question addressed to a British professor of design and fashion did not enhance my level of encouragement and enthusiasm. The question was: to what extent are ethical and/or sustainability issues reflected in the fashion and design courses curricula at your university? The response suggested that such themes had not yet been realistically included in the curriculum.

In the afternoon while having lunch at the Mount Lavinia Hotel (the old British governor's residence in colonial days), the head chef spoke with a certain amount of pride about using nationally produced ingredients, etc. for all his cooking. This was partially in support of the national economy and farming and in part aimed at reducing the CO2 footprint. I was pondering that if every nation in the developed countries did the same, what would be the impact on Fair Trade products and their producers.

The next three days were spent on visits to a number of factories, such as Brandix, that produced clothing items for the American as well as the British markets. Brandix had publicised its environmental achievements on a large board at the entrance to the factory, such as: energy savings by 46%, water by 63%, carbon footprint by 80% and waste to landfill had been completely eradicated. I enquired whether they had invested in solar panels (considering the amount of sunshine Sri

Lanka benefits from) for the factory. The answer was an emphatic no. The reason was that the government had not provided any subsidies for such initiatives. Surely the company itself could have made the investment, as from a cost benefit analysis perspective, it would have made sound financial sense.

The next trip to another factory that specialised in the manufacture of denim jeans initially confirmed the organisation's commitment to sustainability, music to the ears of all ethical fashion and design people present. However, we later witnessed an army of workers who simply spent all their time applying what appeared to be bleach to denim trousers, while another army sanded down perfectly good denim fabric. A third army focused their attention to making tears in denim jeans already produced. Extensive processes of washing inflicted even more damage on what goodness was left in the denim trousers.

We were invited to ask questions from the management of the factory having watched video and power-point presentations about the organisation and its sustainability endeavours. I asked where the denim was produced. The reply was China and India. The next question was: why not ask the manufacturers of the denim to send you the already damaged (even sub-standard) fabric to save you a great deal of effort and energy spent on semi-destroying them? The response was that the creases, tears, etc. have to be in special places to make the jeans marketable!

The factory visits although initially encouraging did highlight the major problems that we all face on a global scale: the undeniably damaging effects of the fashion industry on scarce and limited resources. Similarly, in countries such as the UK, companies like Primark actually encourage a buy cheap- wear for a short while- and throw- away culture. When one considers the (extremely low) price of some garments in Primark, one wonders what low wages were paid to those who produced them.

As I mentioned in a brief talk I gave the AOD staff and students in Colombo, a major paradigm shift is desperately needed to ensure that ethical fashion is more than a conference title, shared amongst an already converted group of like minded individuals. Overall I am more optimistic than pessimistic. I sincerely hope that I am not wrong.

Comments invited. Contact Khosro at k.jahdi@bradfordcollege.ac.uk

News from the Network

A periodic publication:

Discussion Papers in Social Responsibility **ISSN 1759-5894**

These are refereed publications and are issued when available. There is a very quick publication timescale after acceptance and this is an opportunity for early publication of your research. Copyright continues to be held by the author so subsequent publication in an academic journal is not a problem. It is an opportunity to get feedback prior to submission to a journal as well as to boost your CV with an early publication. When published it will be emailed to all members and also put on our website – guaranteeing worldwide exposure of your research.

The first few publications are:

No 0901

Towards truly global markets

Güler Aras & David Crowther

No 0902

CSR in Universities Around the World

R. Seminur Topal

No 0903

Public Participation in Environmental Management from the Perspective of China

Wang Hong

No 0904

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Professor Dr. Güler Aras, Yildiz Technical University, Turkey guleraras@aol.com

News from our members

An important new book

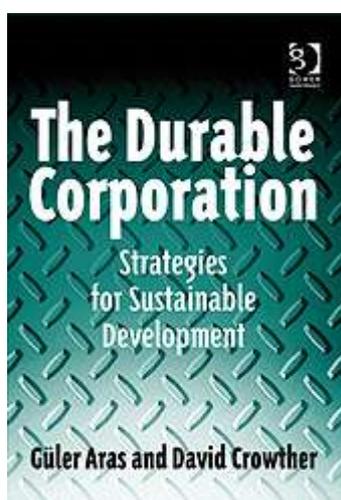
The Durable Corporation: Strategies for Sustainable Development

Güler Aras & David Crowther

ISBN 978-0-566-08819-3

April 2009 300 pages

Gower Publishing



Sustainability is normally considered to be about choices for the future being limited by decisions made in the present, and is frequently portrayed as concerning environmental issues alone. The authors reject both of these notions to argue that sustainability is a more complex concept that involves balancing many factors – including economic, cultural, governance and distribution. The book explores the nature, value and role of sustainability in business, in the context of risk management, and the current crisis, to argue that resource utilization must be based upon the twin pillars of equity and efficiency rather than attempting to ensure that our choices in the future are not reduced.

The authors of *The Durable Corporation* propose a new model of sustainability – which they term durability – and a fresh approach to managing resources. They extend this to the development of difference strategies for achieving sustainability and a different approach to managing for the future.

These features make it essential reading for all those with responsibility for developing strategy and managing the sustainability or durability of the enterprises in which they are engaged or in the study of the issues at stake.

Reviews:

In an era of Globalization, relationships among government, business, and Non-Governmental Organizations are being redefined. Central to this new alignment is the concept of 'sustainability'. In *The Durable Corporation*, Aras and Crowther provide the most comprehensive and sustained analysis of "sustainability" to date. The analysis has important implications for the future direction of corporate governance. This is not a book to be missed by those who seek to discern the contours of the future direction of debate.

Nicholas Capaldi, Director, National Center for Business Ethics

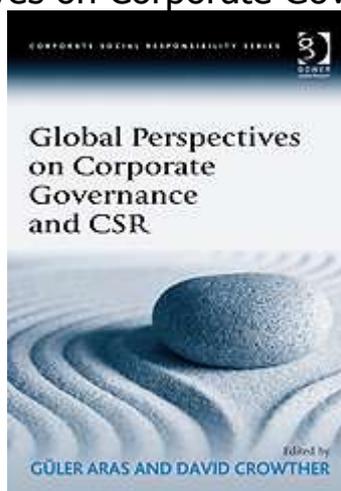
Currently the ideas proposed in this book are highly important and relevant. Although the title indicates that the book is about corporate durability the underlying theme is the problems of confidence which we are suffering during the current "crisis". The book makes the strong point that in a globalised world the unintended consequences of corporate actions can have far reaching effects, particularly when unscrupulous behaviour is exhibited by people who hold the future of a lot of other families in their hands. So this book gives important insights into the current situation and shows how to develop policies for the future in a sustainable way. It is an essential resource for everyone concerned with both the present situation and with the future.

Esther Ortiz Martinez, Director General of Economic Development, Regional Government of Murcia, Spain

The book is priced at £55.00 (less for web purchases) and can be purchased from Gower at

http://www.gowerpub.com/default.aspx?page=637&calcTitle=1&title_id=9840&edition_id=10981

Global Perspectives on Corporate Governance and CSR



- **Imprint:** Gower
- **Published:** November 2009
- **Format:** 244 x 172 mm
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- **Binding:** Hardback
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Edited by Güler Aras, Yildiz Technical University, Turkey and David Crowther, De Montfort University, UK

Good governance is good PR, it is important in every sphere of society, whether it be the corporate environment, the political, or wider society. When resources are too limited to meet the minimum expectations of the people, it is a good governance level that can help to promote the welfare of society. Enlightened companies recognise that there is a clear link between governance and corporate social responsibility and make efforts to link the two. Unfortunately this is too often no more than making a claim that good governance is a part of their CSR policy as well as a part of their relationship with shareholders. Corporate Governance and CSR are significant issues in all parts of the world, huge amounts of time and energy are devoted to its global interpretation. Most analysis however is too simplistic to be helpful as it normally resolves itself into simple dualities: rules based v principles based or Anglo-Saxon v Continental. The editors of this book argue that this is not helpful - that the reality is far more complex. They show that Corporate Governance and CSR cannot be understood without taking geographical, cultural and historical factors into account. It is necessary, they say to understand the concerns of people in different parts of the world. Therefore, by using a wealth of case studies, theoretical models, and drawing on the knowledge and perspective of experts from around the world, the editors have produced this valuable book. Global Perspectives on Corporate Governance and CSR discusses issues such as regional and cultural similarities and differences, the contexts of differing legal frameworks and governance codes, differences between large companies and

SMEs, governance in new environments (companies and economies) versus stable environments, and the changing environment affecting corporate social responsibility around the world. The editors then synthesise this in a way that will be helpful to business people as well as to academics.

Contents: Foreword; Corporate governance and corporate social responsibility in context, Güler Aras and David Crowther; Part 1 Regional Perspectives and Diversity: Applying corporate governance in Europe, Maria Aluchna; The evolution of corporate governance in Japan: the case of vertical Keiretsu groups, Nabyla Daidj; Corporate social responsibility in Latin America; multiple realities, different perspectives, Mariana Lima Bandeira and Fernando López-Parra; Corporate governance and corporate social responsibility practices in Africa, Musa Obalola, Kamil Omoteso and Ismail Adelopo. Part 2 Local Perspectives: Evolution of corporate governance and potential contribution of developing countries, Özer Ertuna and Bengi Ertuna; Corporate social responsibility among SMEs in Uzbekistan, Azim Raimbaev; Corporate governance in family firms: a comparison between Italy and Turkey, Kubra Sehirlı; The missing ingredient to an effective corporate governance system in Lebanon, Suzanne Charbaji. Part 3 Theoretical Perspectives: An enterprise theory of legal obligation for corporate social responsibility, Kurt Strasser; Implementing corporate social responsibility: a creative tension between regulation and corporate initiatives?, Thomas Clarke and Alice Klettner; Convergence: a prognosis, Güler Aras and David Crowther. Index.

About the Editors: Güler Aras is Professor of Finance and Director of the Graduate School at the Yildiz Technical University (Istanbul/Turkey). She is the author of 6 books and has contributed over 100 articles to academic, business and professional journals and magazines and to edited book collections. She has also spoken extensively at conferences and seminars and has acted as a consultant to a wide range of government and commercial organisations. Her research is into financial economy and financial markets with particular emphasis on the relationship between corporate social responsibility and a firm's financial performance.

David Crowther is Professor of Corporate Social Responsibility, De Montfort University, UK. He is the author / editor of 20 books and has also contributed over 200 articles to academic, business and professional journals and to edited book collections. He has also spoken widely at conferences and seminars and acted as a consultant to a wide range of government, professional and commercial organisations. His research is into corporate social responsibility with a particular emphasis on the relationship between social, environmental and financial performance.

Their joint research is concerned with factors affecting corporate sustainability and with the agency problem.

Review: 'I am very impressed with 'Global Perspectives on Corporate Governance and CSR'. It addresses the role of culture and business type (those other than large corporations) in CSR. Importantly, it shows the dominant model originating in Western Europe and North America is not necessarily the appropriate model for other regions and cultures, and for other forms of business organization (SMES, Family-owned business, etc). They provide thought-provoking examples and theoretical support as to why this is true.'

Robert Anderson Ph.D., CMA, Simon Fraser University and University of Regina, Canada

Environmental Accounting and Reporting: Theory, Law and Empirical Evidence

By Shuchi Pahuja

First Published	: September 2009
ISBN	: 978-81-7708-220-3
Pages	: 334
Binding	: Hardbound

ABOUT THE BOOK

The last two decades have witnessed an increasing global concern for the harmful long-term impact of industrial activities on the environment and subsequently on financial performance of a company and economic growth of a country. This has led to a growing demand from various stakeholders for measurement of a company's environmental activities and impacts, and subsequent public disclosure of this information. As a result, a new area of accounting has emerged, viz. environmental accounting. Environmental accounting at corporate level deals with identification, measurement, recognition and disclosure of environmental costs, liabilities and contingencies in the financial records of a company for the benefit of various internal and external stakeholders.

This book provides a broad introduction to the whole area of environmental accounting and reporting (EAR) for students of accounting, finance, business, and environmental management. It covers environmental accounting, environmental reporting, and environmental auditing together as these are interrelated and form a very important part of a company's comprehensive environmental management system. An attempt has also been made to assess the need for a separate regulatory framework to address these issues more specifically.

Some salient features of the book are as follows:

The book presents theoretical concepts of EAR by referencing them to a conceptual framework of corporate accounting and reporting. It explains why accounting needs to respond to environmental issues.

The book analyses in detail EAR laws in various countries and highlights the need for a specific regulatory framework on EAR (including accounting principles and standards) in India. Various empirical studies conducted all over the world including India have been thoroughly reviewed in the book.

EAR practices of large manufacturing companies in India and their environmental information audit systems have been examined in the book. An attempt has also been made to find evidence on existence of corporate EAR expectation gap in India.

To ascertain the extent of mandatory and voluntary disclosure of environmental information by the selected companies, their annual reports have been examined. In addition, to explain why the levels of disclosures vary across the companies and industries, a multivariate analysis has been done.

The book provides comprehensive literature on the issue that will be of immense use to research scholars, research institutions, professionals and academicians in the area. The observations and suggestions made in the book would be beneficial for the investors, creditors, government and other stakeholders. These will also help

companies and business executives including industry accountants and auditors in dealing with environmental matters in the books of accounts.

CONTENTS

1. Environmental Accounting and Reporting: An Introduction: Various Concepts Relating to EAR; Recent Developments.

2. Environmental Accounting and Reporting: Concepts and Theoretical Framework: Environment and Environmental Management System; Environmental Reporting; Environmental Audit.

3. Environmental Accounting and Reporting: Regulatory Framework: Recent EAR Laws in Some Countries; Need for EAR Standards in India; Summary.

4. Existing Studies and Their Critical Evaluation: Studies on Environmental Accounting; Studies on Environmental Reporting; Critical Evaluation of Existing Studies.

5. Corporate Environmental Accounting and Reporting Expectation Gap: Evidence from India- Scope and Methodology; Concept of Environment; Environmental Accounting; Environmental Reporting; Environmental Audit; Summary and Conclusions.

6. Environmental Disclosure Practices of Selected Companies: Scope and Methodology; Analysis of Environmental Disclosures Practices; Environmental Disclosure Scores (EDS); Regression Analysis; Analysis of Regression Results; Summary.

7. Summary, Conclusions and Policy Recommendations: Observations; Recommendations; A Final Word.

Appendices

Appendix I: Mandatory Environmental Reporting Schemes in Selected European Countries

Appendix II: List of 17 Most Polluting Industries in India

Appendix III: Carbon Trading

Appendix IV: Some Sources for EAR Guidelines

Appendix V: Testing for Superfluous Variables and Multicollinearity

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ABOUT THE AUTHOR

Dr. Shuchi Pahuja is Associate Professor at PGDAV College, University of Delhi, Delhi. She obtained her doctoral degree from the Department of Commerce, Delhi School of Economics, University of Delhi in 2006. She has teaching experience of about one and a half decades.

Dr. Pahuja has presented papers in various national and international conferences including 29th Annual Congress of European Accounting Association (EAA), held in Dublin, Ireland from 22nd to 24th March, 2006. She is a member of Social Responsibility Research Network (SRRN) of UK. She has many articles published in various national and international Journals. Her paper published in SRJ in 2007 got 'Outstanding Paper Award' of Emeralds Publishers

16th World Productivity Congress & European Productivity Conference 2010

Productivity at the Crossroads: Creating a Socially, Economically and Environmentally Responsible World

We cordially invite you to attend the 16th World Productivity Congress and European Productivity Conference 2010 which will convene on 2-5 November 2010 in Antalya, Türkiye. MPM is glad to be able to rely on its experience from the 9th WPC in Istanbul in 1995 and very proud to be hosting this outstanding international Congress integrated with the EPC 2010 for the first time in its history.

The Congress main theme is: "Productivity at the Crossroads: Creating a Socially, Economically and Environmentally Responsible World". Including the 2008 global economic crisis the world is struggling with problems in many fields which brought it to a crossroads where in order to address the challenges facing the world and to build up social, economic and environmental responsibility in all areas, creating breakthrough levels of productivity improvement must be our starting point. Türkiye is a unique link between East and West, thus representing the ideal location for discussing these issues.

In the Congress, how to make productivity sustainable with new productivity perspectives and the role of productivity in overcoming crises will be handled. The experiences of the nations, private and public sector enterprises, productivity centres and experts from the field will be shared. This will create the base for cooperation, building networks, focusing on meaningful interactions between different groups and consideration of partnerships between nations, organizations and individuals.

This Congress will bring together distinguished academicians, business people, employers, managers and productivity experts from all over the world. Also it will be an interactive platform where industry, trade and public sectors come together to present insights into progress challenges in the achievement of improved social, environmental and economic productivities.

This outstanding Congress is timed to take advantage of the beautiful Mediterranean weather of the region, as well as the astonishing natural beauties, awesome historical remains around the attractive city of Antalya and the unique Turkish cuisine.

We would like to encourage you to be an active part of our Congress and we are looking forward to see you in Antalya hoping to share experiences and establish new partnerships and networks, also to provide you with an enlightening and enjoyable experience.

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This major event – the 16th World Productivity Congress and the European Productivity conference - will be hosted by the National Productivity Centre of Turkiye between the dates November 2nd – 5th, 2010 in Antalya. This gathering of the global productivity community in Turkiye - a bridge across continents and a crossroads at which cultures and concepts meet - will be an important opportunity to discuss new productivity perspectives and to determine cooperation alternatives in the light of the new world order.

The theme of the Congress is: `Productivity at the Crossroads: Creating a Socially, Economically and Environmentally Responsible World` .

Detailed information for the papers and abstracts will be announced on the congress website.

CONGRESS SECRETARY: Ilknur YAVUZ -Seda CANSIZ

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