

SOCIAL RESPONSIBILITY REVIEW



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The Social Responsibility Research Network

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Accounting for the Carbon: Need for an International Accounting Standard

by Shuchi Pahuja

Community Relations: The Challenge of CSR in Developing Countries

By Angélica Barroso

Call for chapters:

The Governance of Risk

Edited by Güler Aras & David Crowther



Letter from the editor

Although we have moved into a new year all the concerns of socially responsible people still remain. So we see unrest throughout the world, environmental problems, social problems and an economic environment which seems to be deteriorating. So it is not surprising that we have some articles on this issue discussing some of these issues and making comments and. Time will tell if we will find a solution to any of these problems because we surely need some solutions to all of these problems. Whatever, we all have some views about this – so set yours down and we will see if we can publish a collection of these in the next issue.

Do not forget that it will soon be time for our annual conference – our 11th to be held in Lahti, Finland. We hope to see as many of you as possible at this, which looks like being our biggest and best so far. Do not forget our other activities also. Our Discussion Paper series continues to expand with several more being published recently. Please read these and consider also submitting your work for early publication in the series. It is a chance to get some helpful feedback before formal submission to a journal. And of course our official refereed journal is Social Responsibility Journal – which is continuing to grow in strength. Now it is listed in Scopus – a reflection of its increased stature. At the moment we do not have any further special issues planned – so if you have an idea then contact us and we can discuss. And do not forget our books in the series on Developments in Corporate Governance and Responsibility. These are published in association with our conferences and given to delegates as part of the conference registration fee before going on general sale. If you are interested in contributing then contact us.

So that is all for now. Read the articles and look at the news of our future activity. And we will be in touch again in the near future.

Social Responsibility Review was formerly known as the Newsletter from the Social Responsibility Research Network

The Social Responsibility Research Network Constitution

For each issue of the Review 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.



Chairs of the Network:

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Content

- 6** **Kano-Based CSR Prioritization Approach for Small Businesses** *by Mehran Nejati,*
Universiti Sains Malaysia (USM), Malaysia
- 16** **Utopia and Reality of the Gold** *by Rute Abreu & Fátima David,* Escola Superior de
Tecnologia e Gestão do Instituto Politécnico da Guarda, Portugal
- 27** **Accounting for the Carbon: Need for an International Accounting Standard** *by Dr.*
Shuchi Pahuja, PGDAV college- University of Delhi, India
- 35** **Paying the Price for Corporate Social Responsibility: Social costs and dividends
of oil and gas company approaches in Nigeria** *by Prof. Stephen Vertigans,* Robert Gordon
University, UK
- 49** **Community Relations: The Challenge of CSR in Developing Countries**
A Discussion Paper *by Angélica Barroso,* University of Chile, Chile
- 56** **11th International Conference on Corporate Social Responsibility,** May 8 – 10
2012, Lahti University of Applied Sciences, Finland
- 57** **Call for Chapters: The Governance of Risk** *Edited by Güler Aras & David Crowther*
- 58** **Book Discount for network members: Human Dignity and Managerial
Responsibility: Diversity, Rights, and Sustainability** *by Ana Maria Davila Gomez & David
Crowther*

59 [Call for contributions: Corporate Responsibility & Women](#) Edited by *Kıymet*

Çalıyur

61 [Call for papers: Workshop on The Social Dimension of Organizations](#), April 27-28, 2012, Central European University, Budapest

63 [Call for chapter proposals: Bridging the gap: Communicating Sustainability and Corporate Social Responsibility in Business](#)

65 [2nd Organisational Governance Conference](#), September 14 & 15, 2012, Rabat, Morocco



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Social Responsibility Review

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Kano-Based CSR Prioritization Approach for Small Businesses

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Abstract

With the growing global interest in corporate social responsibility (CSR) and identification of the important role of small and medium-sized enterprises (SMEs) in the social and economic arena, small businesses are encouraged to demonstrate socially responsible behaviors. However, SMEs often struggle with limited financial resources and cannot invest in social responsibility to the same level of large companies and require to be more cautious about the return of their practices to ensure the survival of their firms. This study proposes an innovative approach for assessing and prioritizing CSR activities, based on Kano model, which can assist SME owners/managers to communicate with their stakeholders and prioritize their social needs. The approach can also be used for larger corporations after necessary modifications.

Keywords: Corporate Social Responsibility, Kano Model, Small and Medium-sized Enterprises, CSR Prioritization, CSR Approach

Introduction

Given the indications from government, public authorities, societal institutions and non-governmental organizations (NGOs), companies worldwide are gaining increasing interest to respond to stakeholders' issues and engage in responsible business behaviors. Much of this emphasis has, though, been put on large corporations as they seemingly are the ones which significantly impact the economic and social arena. That's why small businesses have been largely ignored in studies of corporate social responsibility and few previous studies took the effort to investigate social responsibility in the context of small businesses (e.g. Spence & Schmidpeter, 2003, Moore & Spence, 2006, Perrini, 2006, Perrini et al., 2007, Nejati & Amran, 2009; Russo & Tencati, 2009). As Morsing and Perrini (2009) assert, although it is very complex

to identify, investigate and communicate corporate social responsibility in small businesses, it is an area which deserves more consideration because of its potential impact on the global economy. While SMEs are way smaller in size, as compared to multinational and large companies, the collective impact of small businesses on society and economy is huge and cannot be ignored. Indeed, SMEs are dominant in their contribution to GDP and innovation and are responsible for a huge job creation in many countries. Besides, it has been argued that they can contribute to equal distribution of income and promotion of higher social stability, while setting the foundation for the long-term growth (Luetkenhorst, 2004).

Despite the relevance and importance of social responsibility for small businesses, there are several attributes and challenges of small firms which might impede their engagement in responsible behaviours. Literature discusses access to information (Lepoutre & Heene, 2006; Roberts et al., 2006; Zutshi & Sohal, 2002), time and cost factors (Biondi et al., 2000; Hillary, 1999; Lepoutre & Heene, 2006; Roberts et al., 2006; Tilley, 1999), the difficulty of making the link between CSR and economic profitability (Fernández et al., 2007), and owner/manager personal characteristics such as age and education (e.g. Petts et al., 1998; Schaper, 2002) as the major barriers in practicing CSR. More specifically, in the context of SMEs, limited financial resources has been argued as an important constraint in practicing responsible business behaviors (Sarbutts, 2003; Vives, 2006). Thence, to resolve this problem and avoid putting the business at risk by having to invest hugely on CSR initiatives, small businesses need to prioritize their social responsibility activities. This study offers an innovative model and tool based on Kano Model to prioritize the social responsibility activities of small businesses. While this tool can also be applied to large companies, it is initially developed and suggested for small businesses which are more challenged with limited financial resources and thus more into prioritizing their CSR activities.

Kano-Based CSR Approach

Kano is a model which helps to identify and classify customers' needs into three main clusters, namely basic needs (must have), performance needs (more/faster/easier is better), and excitement needs (unexpected). Basic needs are those demands that are expected by

customers to be met in a product or service. Even once these needs are met, they do not manage to satisfy customers; but if they are not met, they cause dissatisfaction among customers. Performance needs, on the other hand, are those that create increased satisfaction among customers depending on their level of achievement. Finally, excitement needs, which are labeled as latent ones, are those needs that are not in customer's awareness. Thus, if they are not met, there will be no response from customers. However, if they are met, the customer gets something unexpected and would be delighted. Figure 1 shows Kano model.

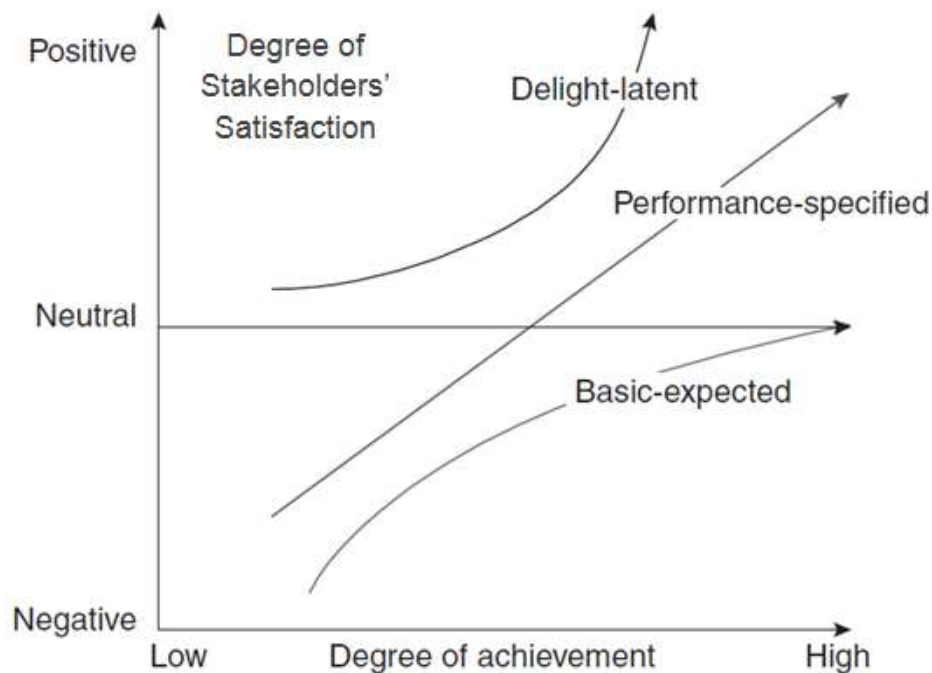


Figure 1: Kano Model (Adapted from Truscott, 2003)

The approach in Kano model can be applied in the context of CSR to develop a tool for assessing and prioritizing stakeholders' needs/demands. To this end, several steps must be undertaken which are shown in Figure 2 and are explained as the following.



Figure 2: Kano-Based CSR Prioritization Approach

1. Identify firm's key stakeholders

This step involves identifying main stakeholders of the company. Stakeholders are individuals or groups who are affected by and can affect decisions made by the firm (Freeman, 1984). Managers in a firm must identify the importance of various stakeholder groups which can affect or be affected by the actions of the firm. Stakeholders can withhold participation with the firm which may reduce efficiency and profitability; and firms that effectively manage stakeholder interests have the potential to enjoy a competitive advantage over other firms (Hillman & Keim, 2001).

2. Communicate with stakeholders and inquire about their demands by using Kano-based CSR tool

This step includes holding two-way discussions with stakeholders or their representatives and inquiring about their demands. In order to assess and prioritize

stakeholders' demands, a Kano-based CSR tool will be applied. This tool comprises of several items which are common practices of CSR and are extracted from relevant literature (e.g. Spiller, 2000; Papasolomou-Doukakis et al., 2005). Company owners/managers may edit this list by including some other CSR activities which better suits the nature of their business and/or community. A list of the proposed items is available in the appendix. These items are categorized based on several key stakeholder groups and should only be addressed to that group while communicating with various stakeholders. In order to differentiate among basic, performance and excitement needs, two simple questions are devised to elicit from a stakeholder, as whether or not he/she considers a need to be basic, performance related or excitement. To this end, two kinds of questions about a particular need, characteristic or feature are to be asked, as the following:

Question 1: How do you feel if some activity (a sample CSR activity) is not practiced by the firm?

Question 2: How do you feel if some activity (a sample CSR activity) is practiced by the firm?

Stakeholders are supposed to answer question 1 with either 'bad' or 'neutral', and answer question 2 with either 'neutral', 'good' or 'it depends'. For prioritizing the needs based on Kano model, firms should follow this approach:

- If the answer to Q1 is 'bad' and to Q2 'neutral', it is a basic need.
- If the answer to Q1 is 'neutral' and to Q2 'it depends', it is a performance need.
- If the answer to Q1 is 'neutral' and to Q2 'good', it is a delight need.

3. Prioritize the CSR activities

Results of the previous step show the categorization of different CSR activities under three main groups of basic, performance and delight needs. Thus, firms' owners/managers can decide how much they plan to invest in their social responsibilities. Overall, priority should be given to basic needs, followed by performance needs. And lastly, if firms intend to differentiate themselves from other firms and establish a better and distinguished image among stakeholders, they can go for delight needs of stakeholders. It is important to note that

small businesses can follow a flexible strategy for various stakeholders, by deciding which types of needs they want to cover for each specific stakeholder group.

Conclusion

While the innovative approach for prioritizing and selecting CSR initiatives proposed in this study has been initially developed for small businesses, it can also be adapted and applied for larger companies. The problem with majority of companies practicing CSR is in their approach. While CSR is expected to meet the demands and expectations of stakeholders, it is sometimes a mere adoption of some common practices applied by other companies. In other words, some firms merely imitate similar practices by other companies, without identifying their stakeholders and communicating with them to identify their demands. In this interim, the proposed approach helps to feel this gap by motivating companies to engage in a two-way discussion and communication with their stakeholders and engage in CSR initiatives which are the voice of their stakeholders, and not merely the voice of company!

Finally, it is worth noticing that the Kano model is a dynamic rather than static one. With time 'excitement needs' turn into 'performance needs' and ultimately possibly into 'basic needs'. For example, disclosing full details about a product's materials might have initially created excitement 50 years ago, but it is now looked upon as commonplace.

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Appendix

List of Common Social Responsibility Practices

Responsibility to Environment

- 1) Our firm has participated in activities which aim to protect and improve the quality of the natural environment.
- 2) Our firm has implemented special programs to minimize its negative impact on the natural environment.

- 3) The firm has a waste management system.
- 4) The firm includes environmental criteria in the suppliers' selection.

Responsibility to Community

- 5) Our firm has supported non-governmental organizations working in problematic areas.
- 6) Our firm has contributed to campaigns and projects that promote the well-being of the society.
- 7) Our firm has encouraged its employees to participate in voluntarily activities.
- 8) The firm has engaged in employment diversity by hiring and promoting the physically handicapped.
- 9) The firm has engaged in employment diversity in hiring and promoting ethnic minorities.
- 10) The firm includes social criteria in the suppliers' selection.
- 11) The firm has utilized local suppliers.

Responsibility to Employees

- 12) Our firm policies have encouraged the employees to develop their skills and careers.
- 13) The management of our firm has been primarily concerned with employees' needs and wants.
- 14) Our firm has implemented flexible policies to provide a good work and life balance for its employees.
- 15) The managerial decisions related with the employees have been usually fair.
- 16) Our firm has supported employees who wanted to acquire additional education.
- 17) The firm has provided a healthy and safe work environment for its employees.
- 18) The firm has provided a fair reward and wage system for employees.

Responsibility to Customers

- 19) Our firm has respected customers' rights beyond the legal requirements.
- 20) Our firm has provided full and accurate information about its products to its customers.
- 21) The firm has offered rapid and respectful responses to customer comments/concerns.
- 22) Customer satisfaction is highly important for our firm.

Responsibility to Suppliers

- 23) The firm has paid fair prices and bills to suppliers according to terms agreed upon.
- 24) The firm has developed and maintained long-term purchasing relationships with suppliers.
- 25) The firm has shared its expectations from suppliers clearly.

Responsibility to Shareholders

- 26) The firm has a clear long-term business strategy.
- 27) The firm prepares annual reports which provide a clear picture of company's performance.
- 28) Access to company's directors and senior managers is provided for shareholders.

Utopia and Reality of the Gold

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Abstract

Today, there are many corporate social responsibility concerns, on national and on international levels, which allow to built more and better bridges between utopia and reality of the gold as an asset. This research focuses on the identification, prevention and mitigation of the adverse impacts of the gold through the corporate social responsibility. Over the years, this sophisticated market has emerged improvements on the concerns of the social responsibility including rules and public discussions, because it is linked to the rise and fall of economies around the world.

1. Introduction

Gold is one of the most desirable merchandise, because it is a dense, soft, shiny, malleable and ductile metal. For all these characteristics, nowadays, is used in jewelry, decoration, dental work, plating, reflectors, coinage and in the standard for many monetary systems (Kaushish, 2008). Also, the gold market has recently attracted a lot of attention and the price of gold is relatively higher than its historical trend and as Harry “Rabbit” Angstrom (2009) says: “The beauty of gold is, it loves bad news”.

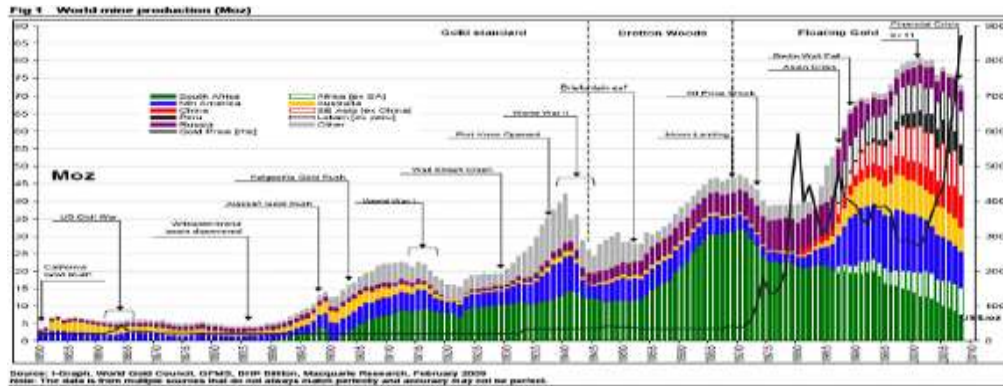
It is also sometimes useful, rather than to directly answer this belief that investors and decision makers act differently. Thus, Governments and Citizens should be more aware of the fact that encouragement of the economic crises does not always serve the goal of societal welfare and may open the way for adverse impacts to affect them. So, the authors agree with Markwat et al. (2009) that there is a “domino effect that causes local crises to propagate to regional or even global level, threatening the stability of the financial system. Such contagion dynamics present a strong motivation for investors to seek out a safe haven asset in times of financial crisis.”

In this sense, this research provides discussion about these adverse impacts related with the gold that may also deviate from efficient market prices because of the special role played by gold as a store of value especially in times of political and economic uncertainty. Further, the importance on the history in human affairs as the ownership of gold is likely to have many psychological dimensions (Aggarwal & Lucey, 2007). Knowing that gold is widely perceived to be a store of globally priced fundamental value (LBMA, 2010), then anyone who infringing the principles of dignity, respect, impartiality and autonomy beyond this discourse, would automatically place constraints upon any further discussions (Ingensiep & Meinhardt, 2010).

The organization of this paper is as follows. In section 2 argues the past of the gold as an asset. Section 3 presents the present of the gold as an asset and, consequently, section 4 discusses the future of the gold as an asset. In this research, the authors present the case study of the European Central Bank, because it demonstrate this particular point more effectively and with data available, knowing that this example that will not provide any basis of scientific generalization (Yin, 1994). At last, section 5 presents the results that need to be considered to assess the utopia, as well as, to show the reality with measures and precautions in the European and Portuguese context.

2. The past of the gold as an asset

Over the years, the sophisticated market of the gold has emerged major improvements on the sustainability and as Aras & Crowther (2009) details implies that society must use no more of a resource than can be regenerated. In this sense, there are strong efforts to control the world production and, therefore, the expansion of commercialization of gold. Thus, to understand this adverse impact in Figure 1 there are several variables are associated, such as: the world mine production and the price of the gold and important events that happen, since 1850-2008, to ensure a clear and consistent analysis of the past.



Source: Macquarie Research (2009)

Figure 1 shows that gold is extremely rare, with different concentrations which make gold mining viable, but reserves are not known accurately, then these are reasons for diverse geographic areas have different levels of production of gold. On the one hand, the increase in demand for gold explains the rise of countries as main producers like China. On the other hand, the promotion of corporate social responsibility force the gold production firms to benefits all stakeholders because these firms had to build social infrastructures (houses, hospitals, schools, between others), roads and several other investments to increase its competence and then prevent wrong behaviors.

Also, figure 1 shows that between 1850 and 1970 the price of gold is relatively stable, but the “oil price shock” determines gold price increasing, like Soytaş et al (2009) justify that this conjoin exchange is result of diversification of portfolios of investors. Hence, IFM (2011) concludes that gold played a central role in the international monetary system until the collapse of the Bretton Woods system of fixed exchange rates in 1973. This figure has highlighted the role of gold and the same opinion as Sari et al (2010) that gold price fluctuates due to demand for jewelry, to reserve currency and to use as an investment. Furthermore, it is clear that to solve these crises, for example, the IFM (2011) sold gold on several occasions to replenish its holdings of currencies (1957-70), in order to generate income to offset operational deficits (1956-1972).

For those reasons, social responsibility may embrace rules and principles with purpose to influence investors, traders, policymakers and producers when they make their options of investment. The public discussion of this question is crucial, and the authors agree with Wang & Lee (2011), that defend gold has served as a global currency for a long time for its value-preserving ability. Gold is also an asset. When wars or disturbances occur, the values of many assets would fluctuate or even reduce, but the value of gold could maintain, which makes gold the best value-preserving asset.

3. The present of the gold as an asset

In the present moment, Governments are concerned about the world official gold holdings. One of the main adverse impacts that must be mitigated is the World Official Gold Holdings presented in Table 1. There are several ways of doing this and the disclaimer of the World Gold Council related with table 1 detail that is provided solely for general information and educational purposes due to the fact that each prospective investor should seek advice from their financial advisers before making any investment. The economic crisis has encouraged the gold holdings of the central banks and better disclosure rules make information more specific and consistent. In particular, use the same metric measure instead of market prices that could be affected by markets.

Table 1 – World Official Gold Holdings

Countries	Gold Holdings		Countries	Gold Holdings	
	Tonnes	% of the reserves		Tonnes	% of the reserves
1. United States	8.133.5	75.5	8. Russia	851.5	8.6
2. Germany	3.401.0	72.6	9. Japan	765.2	3.3
1. IMF	2.814.0		10. Netherlands	612.5	61.3
4. Italy	2.451.8	72.2	11. India	557.7	9.3
5. France	2.435.4	71.0	12. ECB	502.1	35.0
6. China	1.054.1	1.7	13. Taiwan	423.6	5.7
7. Switzerland	1.040.1	14.3	14. Portugal	382.5	88.9

Source: World Gold Council (2011, November)

Table 1 presents an excerpt of the World Official Gold Holdings with a total of 30,708.3 tonnes and in the Euro Area (including the European Central Bank (ECB)) a total of 10,792.5 tonnes. These results are confirmed by the research of Shafiee & Topal (2010) that present the

gold demand by jewelry, industrial and central bank reserves equate to approximately 100,000, 30,000 and 30,000 tonnes, respectively, and the gold has been mined in history up to the end of 2008 is around 160,000 tonnes. Also, several countries, like Portugal, keep gold as an asset of their international reserve portfolios and this implies that changes are monitored by markets, investors, policymakers and producers.

Besides this industrial demand and to complete understand this research, it is important to identify the demand of the central banks, such as the ECB. This is a supra-national organization, with its own legal personality, members come from all 27 countries of the European Union and it was established in June 1998 in Germany taking over from its predecessor, the European Monetary Institute (EMI). For the ECB (2011), transparency means that the central bank provides the general public and the markets with all relevant information on its strategy, assessments and policy decisions as well as its procedures in an open, clear and timely manner. But, one main adverse impact raise from the accountability principle that is decreasing, in general, and the reduction of the level of disclosure of the annual report of the ECB, in particular.

Then, table 2 presents the value of the gold and gold receivables and units per troy ounce at the balance sheet of the ECB. Also, it is presented the market price of the gold in the London Gold Market Fixing (LGMF). This table establishes to prove the transparency, information collection and control over the gold supply chain. Better disclosure rules covering ECB are also a way to mitigate adverse impacts of CSR.

Table 2 – Gold data related with gold asset of the European Central Bank

Ano	Balance Sheet of ECB		LGMF price (unit per troy ounce)	
	Gold and Gold receivables	Unit per troy ounce	US Dollar	Euro
1999	6.956.995.273	24.000.000	290,25	289,094
2000	7.040.906.565	24.000.000	274,45	295,584
2001	7.766.256.040	24.700.000	276,50	314,240
2002	8.058.187.254	24.700.000	347,20	332,599
2003	8.145.320.117	24.700.000	416,25	332,335
2004	7.928.308.842	24.700.000	435,60	320,247
2005	10.064.527.857	23.100.000	513,00	433,533

2006	9.929.865.976	20.572.017	632,00	480,791
2007	10.280.374.109	18.091.733	833,75	567,331
2008	10.663.514.154	17.156.546	869,75	614,491
2009	12.355.158.122	16.122.146	1.087,50	760,702
2010	17.015.600.109	16.122.143	1.405,50	1.056,450

Source: BCE (2000-2011); LBMA (2011).

The obvious conclusion of table 2 is the inverse relation between the increase value of the Gold and Gold receivables on the balance sheet of the ECB and the decrease of the unit per troy ounce. Yet this shows the increase of the price that ironically distorted the power of this information. Also, table 2 proves that the highest price (in Euro) has been obtained in year 2010 when compare with year 1999 around 265% or € 767,36 per troy ounce and lowest price (in Euro) has been obtained in year 2000 compared with the year 1999 around 2% or € 6,49 per troy ounce. In particular, the last three years (2008-2010) have seen the price of gold rise up to 100%. And the last information available the price is increasing till €1.222,86 or 323% versus \$1594,00 or 449% when compare with 1999. The gold recent history may be show disproportionate speculation due to unusual economic uncertainty, and then the authors agree with Graafland & van de Vem (2011) when they defend the urgent need of the regulation of the financial sector to prevent negative externalities of banking on other sectors of economy. By one hand, Aggarwal & Soenen (1988) defend that transactions in the gold market by central banks are generally not characterized by profit maximizing behavior and on the other hand, Baur & McDermott (2010) conclude that gold thus has the potential to act as a stabilizing force for the global financial system by reducing losses when it is most needed.

4. The future of the gold as an asset

In the future, the adverse impacts were clearly identified, so the best use of this scarce resource as gold is incentivizing, signaling, and encouraging the corporate social responsibility that will change the economy. Then, it is inevitable that as several authors and specialists on gold defends the focus must be on the environmental impact, working conditions, community involvement, human rights and fair compensation (Burke, 2005; Vogel, 2005; Hall, 2007; LBMA, 2010; Buldock, 2011).

The authors based on the literature identify several adverse impacts of CSR that can range in sophistication from simple to complex applied to the gold asset, such as:

1. Environmental impact, such as: in the extraction is conducted in or near local communities and therefore have an impact on community resources such as water supplies, recreation, livestock grazing areas, and natural vegetation (Newenham-Kahindi, 2011); in the markets requires attention the perimeter of regulation, procyclicality, information gaps, harmonizing national regulatory policies and legal frameworks and providing liquidity to markets (Kodres & Narain, 2009; LBMA, 2010).
2. Working conditions, such as: on the layoffs' impact considering: a) the morale of their retained workers, b) the social obligations and reputation of the firm, and c) the responsibilities toward the retrenched employees themselves (LBMA, 2010).
3. Community involvement, such as: terrorist financing includes the financing of terrorist acts, terrorists and terrorist organizations; parties in the conflict may include government, militia, organized criminals or terrorist groups; money laundering involved can be generated by any number of criminal acts, including drug dealing, corruption and other types of fraud (Ally, 1991; Kapelus, 2004; LBMA, 2010).
4. Human rights and fair compensation, such as: a) active leadership; a) Genocide, b) ethnic cleansing, c) sexual abuse of men, women and children, d) torture, e) enslavement, f) trafficking of persons, g) multiple unlawful killings, h) the worst forms of child labour (Vosburgh, 2007; LBMA, 2010)

More generally, there is agreement at European level, on the need for A renewed EU strategy 2011-14 for Corporate Social Responsibility (EC, 2011) from the before communication of the European Commission on Corporate Social Responsibility: A Business contribution to Sustainable Development (EC, 2002).

Also, the most recent contribution of the OECD has focused on the question of transparency and after the adoption of the OECD Due Diligence Guidance on Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD, 2011a), now the OECD publishes the final draft of the Supplement on Gold (OECD, 2011b) that obliges all firms in the gold supply chain to promote: Step 1 – Strong Management System to Practice Supply Chain Due Diligence; Step 2 – Identify and Assess Sources for Risk; Step 3 – Respond and Mitigate Risk; Step 4 – Audit Due Diligence; and Step 5 – Report to Stakeholders. For example, of even greater importance is the fundamental need to identify the source/mine documentation in all gold investment products after 1st January 2012.

Discussion

In order to ensure a complete understanding of the new definition of CSR centers on the responsibility of enterprises for their impacts on society (EC, 2011), the authors aim to contribute to raising awareness on the integration of CSR into financial issues and demonstrate how utopia and reality is a concrete dilemma of understanding the gold as an asset.

This research focuses on the identification, prevention and mitigation of the adverse impacts of the gold as an asset through the corporate social responsibility. The authors defend that the loss of sense of social responsibility of the gold market with the moral and economic crisis generates more information asymmetry, uncertainty and risk to all.

The corporate social responsibility is an essential need of the society and complexity, political obstacles and reforming global gold market that yields to better monetary policy must be promoted by political-makers.

The transparency and communication process of the real state of the economy and the budget state is an attitude of willingness to learn from past mistakes and then cooperate with Society to improve and promote the economic growth.

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Accounting for the Carbon: Need for an International Accounting Standard

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In the past few decades, environmental crisis has become a global issue. People have become increasingly concerned about the effects of global warming and resulting Global Climate change (GCC). It has been felt that “climate change presents very serious global risks and it demands an urgent global response”¹. A major international step in the direction of reducing GHG emissions was Kyoto Protocol. The United Nations Framework Convention on Climate Change (UNFCCC) was first agreed in 1992 by most developed countries and was designed to impose limits on Greenhouse Gases (GHG)² emissions and thus minimize the adverse effects of climate change. The third session of the Conference of the parties to the UNFCCC took place in Kyoto, Japan in December 1997, resulting in the Kyoto Protocol. The Kyoto agreement became legally binding on 16th Feb. 2005 when 132 signatory countries agreed to strive to decrease CO₂ emissions accounting for an estimated 55 percent of global GHG emissions. Kyoto Protocol proposed division of total participating countries into two groups namely Annex I (developed) countries and non-Annex I (developing) countries as a measure for global climate protection. Since developed countries are discharging very high proportion of GHGs, this working agreement of the signatories commits developed countries to reduce their collective emissions of six GHGs by at least 5.2 percent of 1990 levels by end of 2012. This can be done with huge cost affecting their growth rate or the same is possible at a low cost if routed through developing countries as ultimate object is to stabilize GHG emissions globally. The developing countries need not reduce their GHG emissions for now.

¹ IPCC, Climate Change 2007: The Physical Science Basis, Source: www.ipcc.ch/ipccreports/ar4-wg1.htm

² Greenhouse gases are gases that trap heat in the Earth’s atmosphere. The main greenhouse gases defined within the context

² Greenhouse gases are gases that trap heat in the Earth’s atmosphere. The main greenhouse gases defined within the context of Kyoto Protocol include: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and industrial gases such as hydro fluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). Though GHG covers six gases, CO₂ is a major component accounting for around 55 percent of it. That’s why, GHG accounting is mostly referred to as carbon accounting.

The Kyoto Protocol prescribes three mechanisms that enable developed countries with quantified emission limitation and reduction commitments to acquire GHG reduction credits. These mechanisms are Clean Development Mechanism (CDM), Joint Implementation (JI) and International Emission Trading (IET). Under CDM, a developed country can take up a greenhouse gas reduction project activity in a developing country where the cost of GHG reduction project activities is usually much lower. The developed country would be given credits for meeting its emission reduction targets, while the developing country would receive the capital and clean technology to implement the project. In JI, a developed country with relatively high cost of domestic GHG reduction would set up a project in another developed country that has a relatively low cost, such that the CO₂ emission of the project is counted within a country that has a surplus. Under IET, countries can trade in international carbon markets. Countries with shortage in carbon credits can buy from countries with surplus credits. The process of buying and selling of carbon credits is known as ‘carbon trading’³. Trading of carbon credits occurs through Certified Emission Reductions (CERs). A CER is a certificate issued by the authorized body (CDM Executive body) to the approved projects that have reduced GHG emission in a calendar year.

Kyoto Protocol and resulting carbon trading has brought many implications for the accounting profession like how to account for GHG emissions and prepare GHG inventories, how to measure and account for emissions allowances, how to disclose carbon related matters in books of accounts, verification of carbon accounts etc. Broadly speaking, the accounting for carbon trading has two important aspects: firstly, accounting for GHG inventories and secondly accounting for emission allowances.

Accounting for GHG Inventory

Formulating, implementing and enforcing policies intended to reduce GHG emissions requires credible and reliable information that shows where emission come from and who is responsible for them. Such information is required by concerned stakeholders in making informed decisions. As a result, measurement of carbon emissions (i.e. carbon accounting) and

³ What is traded in ‘carbon trading’ is not actual carbon, but the right to emit CO₂. The basic unit is one metric ton of CO₂ per year.

verification of the carbon footprint (i.e. undertaking a carbon audit) has become important at various levels such as national, corporate, product, site or facility level. National GHG inventories, required for parties to the UNFCCC, are intended to document all human-caused emission and removals within a country. Inventory reporting requirements are decided by the Conference of the Parties (COP) to the UNFCCC, and methodologies are developed by the Intergovernmental Panel on Climate Change (IPCC). The Kyoto Protocol has additional accounting rules that determine which sources and sinks count towards a country's assigned amount of permitted emissions. Increasingly, sub-national jurisdictions, such as states, provinces and cities, also conduct GHG inventories based on a similar approach. At corporate level, all emissions caused by a company (direct as well as indirect) are required to be accounted. The GHG Protocol is an international accounting tool for government and business leaders to understand, quantify and manage GHG emissions. The Protocol consists of two modules: Corporate accounting and reporting standards which provide methodologies to business and other organizations to inventorize and report all of the CO₂ emissions they produce; and Project accounting protocol and guidelines which are geared toward calculating reductions in CO₂ emission from specific carbon emission reduction projects. In addition, ISO 14064-1 and 14064-2 provide guidelines for preparing GHG inventories at these two levels.

Facility level accounting includes emissions from a specific industrial installation. Facility level data collection can be a component of corporate GHG inventories and mostly undertaken to comply with mandatory reporting requirements. At product level, the emerging practice is to track emissions associated with a specific good or service throughout its life cycle- be it a clothes dryer, a loaf of bread or a mobile. The GHG Protocol and ISO are both developing international standards. For different objects, generally separate approach is used.

Accounting of Emission/carbon Allowances

Currently, countries are pursuing different strategies to reduce the level of GHG emissions and meet national targets. Globally, cap-and-trade programs have emerged as the most prevalent market mechanism. Such programs present a variety of complex accounting issues. A cap-and-trade program is a market based approach in which 'allowances' or 'credits'

are used to provide incentives to companies to reduce emissions by assigning a monetary value to pollution. Each carbon allowance permits the holder to emit one metric ton of CO₂. The 'cap' phase of the program begins when a government or regulatory body establishes an economy wide target for the maximum level of specific emissions permitted by companies in a specified time frame. Then, a specific number of emission allowances equal to the national target are allocated (or auctioned) to participating companies based on a formula that generally includes past emission level. Companies report their actual emissions at the end of the compliance period and deliver an equivalent number of allowances to satisfy actual levels.

The 'trade' aspect of the program occurs when a company's actual emissions are greater or less than the amount covered by its owned allowances. Companies that emit less than their target will have excess allowances; those that exceed their target must acquire additional allowances. Additional allowances can be purchased (or sold) directly between companies, through a broker or on an exchange. Excess allowances can often be 'banked' and used to satisfy compliance targets in subsequent years. Fines are generally levied if insufficient allowances are surrendered at the end of the compliance period. Cap-and-trade programs provide companies with added flexibility to choose the most effective way to manage their emissions.

Many countries have introduced Emissions Trading Schemes as a way to encourage a reduction in GHG emissions. A number of cap-and-trade programs exist globally and several other are under development. As the world responds to the challenges presented by global warming and many organizations have started disclosing information on emission related issues, the need has been felt for some authoritative accounting guidance on the issue. Though accounting profession worldwide is making deliberations on this issue, till date there is no accounting standard dealing with carbon accounting. Unfortunately, past attempts by FASB and IASB to provide guidance in the area have been unsuccessful. In 2003, an initial effort to establish guidance was made by the Emerging Issues Task Force (EITF) in Issue No. 03-14 'Participants' Accounting for Emissions Allowances under a Cap and Trade Program', but it was removed in the next meeting itself. Then the International Financial Reporting

Interpretations Committee (IFRIC) of the IASB issued Draft Interpretation on Emission Rights, in an effort to fill the existing void in authoritative accounting guidance. On that basis, the IASB issued IFRIC 3 on 'Emission Rights'. Based on other International Financial Reporting Standards (IFRSs) in issue at that time, the IFRIC 3 made some recommendations such as emission rights (allowances) are intangible assets or where allowances are issued by governments for less than fair value, the difference between fair value and the amount paid, if any, is a government grant or provisions for emission-related liabilities should be recorded. But IFRIC 3 was also withdrawn in June 2005.

After withdrawal of IFRIC 3, there is no authoritative accounting guidance within International Financial Reporting Standards (IFRSs) explicitly for transactions involving carbon allowances. Previously issued (but withdrawn) guidance provides some insight into the initial views of the IASB. The IASB and the FASB have launched a joint project on carbon emission accounting models in 2008, but its report is yet to come. The lack of clear guidance over the accounting of emission allowances has led to diversity in accounting practices for emission allowances, making it difficult to compare the performance of various companies. Moreover, there is no consistency in approaches used by concerns over years. This lack of clarity has impacted internal decision-making as well as decision-making by the external users of the information. According to KPMG 2008, the diverse accounting approaches being used by companies in the absence of any authoritative guidance on GHG related matters could lead to volatility and material and/or counter-intuitive effects on their financial statements in matters such as:

- Timing of recognition of assets, liabilities, profits and losses
- Measurement of balance sheet items at nominal value, cost or fair value
- Current and deferred tax and VAT implications
- Presentation and disclosure.

In 2007, Price Waterhouse Coopers (PwC) and International Emission Trading Association (IETA) published a joint survey of prevailing accounting practices used by 26 prominent companies in the European Union (EU). The survey revealed the diversity in

accounting practices of the companies. 76 percent of the companies recorded allowances granted by the government for free at a zero basis and did not recognize the related income. The remainder recorded them at fair value on the date of receipt and recognized income during the compliance period. 58 percent classified purchased allowances as intangible assets, while other classified them as inventories. Only a few amortized these allowances. Less than 50 percent reported a liability for emissions at the carrying values of allowances using different methods. The ACCA 2010 survey of carbon accounting practices corroborated the research of PwC and IETA 2007 and revealed that a diversity of emission allowance accounting practices are being used in Europe.

Need for Some Authoritative Guidance

The time has arrived for standard setters to provide definitive global accounting guidance to ensure consistent and transparent reporting of financial results associated with accounting for carbon. Regarding GHG emissions, the detailed requirements are continually being developed by organizations such as IPCC under the UNFCCC. Any GHG emission accounting standard developed by a country or NGO will need to be consistent with the IPCC principles before carbon credits generated from carbon sinks can be used in an emission trading regime under the Kyoto Protocol. Other GHG measurement and reporting approaches recognized in a global context are the Global Reporting Initiative (GRI, 2006); the United Nations Conference on Trade and Development's Intergovernmental Working Group of Experts on International Standards of Accounting and reporting (UNCTAD 2006) and the World Resource Institute and the World Business Council for Sustainable Development (2007) with its GHG Protocol.

As far as accounting for carbon credits or emission allowances is concerned, an urgent need has been felt for separate accounting framework to ensure a true and fair view of any financial/monetary aspects relating to GHG emissions. Carbon accounting concepts and issues should be linked through the use of common accounting principles for ensuring credible accounting of GHG related information. The principles of relevance, completeness, consistency, transparency, and accuracy should be applied in their appropriate contexts. Verification of an entity's carbon accounts by independent duly qualified assurers is another

important issue. Hence, it is suggested that professional accounting bodies at national and international levels should try to develop a separate carbon accounting framework covering accounting principles, accounting standards, quantification methods, reporting systems, quality assurance and verification. The IASB and FASB should come up with their proposed standard as early as possible. The standard is expected to include all emissions trading schemes and tradable rights (whether government mandated or voluntary), as well as project-based certificates and renewable energy certificates. The guidance is expected to apply to participants in a scheme and non-participants that buy and sell tradable rights. It is expected to deal with questions like whether purchased allowances and allowances allocated by the scheme administrator meet the definition of an asset and should it be recognized as such in the statement of financial position; whether an obligation meeting the definition of a liability exists when an entity is allocated the allowances; how an entity should determine the quantity of allowances that would be returned under the liability for the allocation; when an entity should recognize an obligation for emissions in excess of the liability for the allocation or how to measure and present the emission allowances and related items in the books. The standard must also cover verification and assurance aspects. In addition, the academic research on carbon accounting (financial or otherwise) should be continued, as there is much to explore.

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Paying the Price for Corporate Social Responsibility: Social costs and dividends of oil and gas company approaches in Nigeria

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Introduction

Corporate social responsibility⁴ (CSR) has grown in prominence over recent years. And rising levels of interest have been accompanied by contests within academic and business circles over the purpose and suitability of businesses having social responsibilities. The spectrum of opinion ranges from the view that CSR is an unnecessary and inappropriate cost for businesses to an integral and essential way for organisations to operate in order to secure sustainable futures. This debate has been well documented and it is not intended to review here. Although trans-national corporations' (TNCs) intentions are disputed, it is apparent that many organisations are spending considerable amounts of money under the remit of CSR⁵. Financially, TNCs are paying the price for their policies. Again the extent to which this is investment to be subsequently recovered through accompanying business opportunities is not under discussion here. Instead I am interested in the social consequences of CSR and the implications for Southern hemisphere societies and communities. The particular focus in this paper is upon oil and gas TNC approaches within Nigeria. By looking at the social costs in the Niger Delta region in particular we can begin to identify why investments in CSR policies have failed to reap community dividends.

CSR in Oil and Gas TNCs

A brief review of CSR within oil and gas companies quickly connects growing emphasis to rising civil expectations and fears over global warning, environmental disasters, diminishing

⁴ I am sidestepping the debate over what CSR constitutes, in part as it is a discussion without a universally agreed end. However I appreciate it is essential to establish how I am using the concept. Consequently in this paper Blowfield and Frynas' (2005) application is adopted which considers CSR to be an umbrella term incorporating: business responsibilities and impacts towards societies and the environment; supply chains and; added value to wider society.

⁵ For instance, Shell contributed over \$80 million to the Niger Delta Development Commission and Nigerian community development projects in 2010 (Royal Dutch Shell 2011).

resources, the impact of TNCs within globalisation and perceived growing power and influence. With growing cynicism about the motivation and ability of national governments to affect change, consumers and civil groups are increasingly targeting TNCs in order to instigate transformations by threatening risks to reputations. Greater, more focussed application of CSR tools and concepts and ways of thinking could enable the identification of more extensive future risks and opportunities which threaten profitability, demand, accessibility, market valuation and reputation. In this regard energy companies are particularly vulnerable. Their brand and social capital is reliant upon intangibles such as trust, reliability, credibility, consistency, relationships and transparency alongside tangibles like profit, investment in employees, communities and the environment. With intensified competition for new fields, that are invariably associated with deeper and broader risks, markets and invigorated civil societies, companies are facing growing expectations and demands from governments, communities and consumers.

Facing changing civil, political and commerce realities there has been increasing attention placed upon CSR (or other related terms such as CR, sustainable development, communities, our people etc.) within the oil and gas sector. With efforts to globally regulate TNCs abandoned, trans-national initiatives have been introduced such as Global Reporting Initiative, UN Global Compact and the UK led Extractive Industries Transparency Initiative (EITI) alongside organisations such as the World Business Council for Sustainable Development, the Institute of Business Ethics and the World Bank Group funded CommDev. Such organisations promote change in corporate conduct⁶.

TNCs have responded to changing perceptions and demands and numerous CSR related initiatives have been introduced. Today many oil and gas corporations have codes of ethics, engage in stakeholder dialogue, help to build schools and hospitals, participate in partnerships with development agencies such as the United Nations Development Programme (UNDP), employ NGOs to implement development programmes and publish reports on financial, social and environmental performance. Diverse international representative

⁶ Again it is important to acknowledge that the extent of intent and levels of motivation is somewhat contentious.

organisations such as IPIECA and the World Petroleum Council promote understanding of ethical and sustainable business practice alongside campaigns to highlight company community actions. Nevertheless there is still widespread acknowledgement within the energy sector and representative bodies and heightened demands from international pressure groups, civilian populations and, in some instances, political groups and militias, that greater emphasis upon social responsibility is required. If companies are to constructively contribute to greater engagement and the application of ways of thinking associated with CSR, employees will require greater insights into the ways in which companies interact with communities, governments and global processes and their consequences. Moreover despite increased investment, CSR approaches are failing to overcome many of the problems they are associated with creating. On the contrary, CSR policies are exacerbating existing problems while creating new ones.

The problems are magnified within parts of the world where oil and gas companies operate in what is described as the 'absent state' thesis (Frynas 2005). In large swathes of regions governments are detached from communities and inhabitants and do not carry out critical duties (Eweje 2007). Within these parts of the world TNCs have 'initiated, funded and implemented significant community development schemes' (Frynas 2005: 581). Despite this Frynas argues that a significant proportion of monies are misappropriated by staff, contractors and local leaders. Other monies are wasted on inappropriate, incomplete and abandoned projects. In short there are considerable inconsistencies over the implementation of initiatives and as Idemudia (2009) points out there is considerable disagreement over their impact. Reasons behind the programmes depend on one's viewpoint; they are either altruistic or pragmatically determined by the benefits such schemes bring TNCs. Nevertheless irrespective of the underlying intention they are voluntary, taking place in locations where the operations of TNCs are frequently unregulated or at best loosely monitored. Akpan (2006) and Eweje (2007) explain that petroleum related legislation has been weak and ambiguous. Considerable onus is placed upon TNC self-regulation in a location where many of their activities, with both positive and negative impacts, go unreported. In the West energy TNCs operate within legal frameworks of nation-states in order to ensure legitimacy. Yet sustaining the legitimacy in

locations with regulatory gaps in coverage and/or application is perversely more difficult (Rwabizambuga 2007). Such vulnerability ties in with greater global coverage which extends to regions with limited regulatory coverage and has resulted in greater awareness of oil and gas company misdemeanours.

Diverse local forces, pressures and demands will vary markedly across the world and can contradict corporate intentions for consistency and result in challenges in the (de) legitimacy of policies (Rosenzweig and Singh 1991). Such inconsistencies have to be managed and incorporated within socially responsible strategies and interwoven with multinational enterprise. Tuodola (2009) outlines this can mean very different approaches in different parts of the world. Hence Royal Dutch Shell (Shell hereafter) is no longer involved in corruption in Italy, causing oil spills in San Francisco or dumping hazardous waste in Ireland. It is in Nigeria as well as in/direct involvement in human rights abuses, community conflicts and damaging local environments and infrastructures.

For many companies the ineffectiveness of their CSR strategies stems in part from their limited appraisal of the environment or community to which they are establishing new sites and businesses and their underlying unfounded expectations. Roberts (2006) observes how contrary to the thorough investigations undertaken by companies into understanding new markets and competitors, little attention is placed upon understanding new work based locations or the impact of their activities upon surrounding communities. Moreover CSR initiatives that are centralised, Barkemeyer (2007) argues, will be less likely to adapt to different contexts. By comparison decentralised arrangements are better positioned to identify both what is relevant and local peculiarities which might impair initiatives. To this extent the incorporation of NGOs can assist.

Conversely the pervasive trajectory from colonialism through to today's commercial activities provides TNCs with disproportionate influence in power relations. This enables the TNC view to become the dominant view which suppresses, denounces or ignores alternative perspectives. As Utting and Marques (2009) explain, the assumption of functions previously

associated with the state means that TNCs have an overt presence as political actors and as such become legitimate targets of contestation. This is the 'politics of corporate accountability' which can be connected to Friedman's (1970) argument that CSR is 'undemocratic' with unqualified managers making decisions which lack legitimacy in the 'public interest'. Yet it should be the 'public' making such decisions. And as Rwabizambuga (2007) comments Shell's relationship with the Nigeria government makes it guilty by association. Without extensive federal government's engagement in the region, Shell becomes the de facto government, or representatives of the government. As such expectations, demands and anger is directed at the oil company and not the government.

Impact of Oil and Gas CSR in Nigeria

Some of the largest TNCs in Nigeria such as Shell, Chevron and Exxon Mobil have considerably extended financial and strategic support in the region. At an overarching, crudely financial level Shell Petroleum Company of Nigeria (SPDC)⁷ paid the Nigerian government \$31 billion between 2006 and 2010. Moreover Shell's share of the royalties and taxes paid to the Nigerian government in 2010 was \$3.5 billion. Shell is also involved in development projects, many in partnership. Activities include small business, agriculture, training (in different facets of oil and gas production), education, health care, water projects and capacity building (Royal Dutch Shell 2010, 2011). Investment in these areas reflects the changing strategic approach which TNCs have started to employ. For instance, the Global Memorandum of Understanding (GMOU) introduced by SPDC in 2006 aims for communities to identify their needs and spending priorities. By the end of 2010 SPDC GMOUs had been set up in 244 communities (Royal Dutch Shell 2011). As Idemudia (2007) explains there has been a shift from top down to bottom up and the encouragement of local capacity, social capital and local economic growth. There is greater engagement with NGOs. Allocated growing prominence across organisations there seems to be serious commitment. Nevertheless there are serious doubts that the main TNCs approaches will be successful.

⁷ SPDC is a joint venture in which the government owned Nigerian National Petroleum Corporation owns 55 per cent and Shell 30%.

TNCs are clearly aware of the complexities and vastness of the fundamental issues that CSR policies have to acknowledge even if they are not intended to be addressed. For instance, Shell point out that most of 30 million people living in the Niger delta remain poor and unemployment rates are high. Arguably to help address this programmes for small scale business management have trained over 850 people since 2004, micro credit programme has helped over 30,000 expand businesses, 306 youths trained in energy related skills in 2009, across Nigeria 2,730 secondary school & 850 university scholarships awarded (Royal Dutch Shell 2010, 2011). Chevron's activities include involvement in Global Education Partnership in eight schools in Lagos, awarding \$5 million to medical students, financial management, government budgeting and community relations workshops. Eight hundred and forty nine people had been trained in 2010 (Chevron 2010, 2011). The Niger Delta Partnership Initiative was also launched in 2010. An initial investment of \$50 million the Initiative is aimed at economic development, conflict resolution and capacity building.

To appreciate the value and likely impact of these initiatives it is important to establish the Nigerian backdrop of widespread poverty, deprivation, unemployment and high rates of mortality and morbidity. Tensions continue to be inflamed within Nigeria including the Niger Delta where demands for greater public services and wealth redistribution increase. And limited engagement with communities during the formulation of corporate approaches has meant that policies that aim to encourage local development have largely failed. CSR remains detached from day to day business and although GMOUs place much more emphasis on engagement⁸ this remains geographically and socially restricted. Attempts to engage with communities are often limited to community elites who often do not represent broader interests. Moreover wider communities lack trust in leaders and TNCs stems from local histories of promises that are considered to have been broken. Consequently the bottom up approach is severely restricted unless it is integrated within an enabling top down approach (Idemudia 2007). Limited communication is also a factor that has contributed to local differences over borrowing and loaning not being incorporated within plans. Consequently

⁸ The relatively short lifespan of the GMOUs mean it is difficult to gain a meaningful evaluation of outcomes. At a basic level, the scale of the problems being encountered compared to the relatively small investment indicates that long term constructive outcomes will be limited.

many people, especially in rural areas, are either unaware of the schemes or prevented by differing interpretations from applying. The lack of familiarity may, Idemudia (2007) argues help to explain poor rates of loan repayment⁹. In addition attempts to employ people within local communities often flounder through the engagement of local institutions which rely on corruption and patrimony (ibid.). Corruption remains hugely contested. At one level there is evidence of Western imposed cultural interpretation. Conversely corruption has also become a meaningful accusation that is directed between rival communities.

Much of these impacts do not feature within 360 degree reviews of CSR programmes. Instead TNCs tend to concentrate upon directly controllable outcomes with extended consequences unnoticeable, detached from their cause/s and even discarded. At one level the reasoning for this focus is not difficult to understand. More immediate, visible outputs are much easier to observe. Hence companies can measure progress by the number of local residents they employ and the health facilities and schools that are built. Gulbrandsen and Moe (2007) point out how companies focus on the 'micro-level' directing actions towards communities in which they operate. These are tangible benefits that stem from organisation's direct control. The dark, unintentional sides of CSR policies are harder to identify and lead to questions which TNCs may prefer not to know about or even to ignore. Such consequences include common responses to surges in development. These include the surge in criminal activities that rising income levels can attract, the decline in local industries and businesses whose better staff are recruited by TNCs and the migratory pull of the regions. Local services, including company built hospitals and schools become overwhelmed. Suddenly institutions that were designed to help and improve lives become the sites of contested access and rising tensions. With the rising tensions, companies seek to build or reinforce security in order to protect property, resources and staff. For instance, within the Niger Delta oil companies have retreated into their own compounds surrounded by fences and armed guards. Lacking legitimacy (Idemudia 2007) in the opinion of many locals, and security and legal structures that one would expect from many national governments, TNCs in the Niger Delta have resorted to self contained communities. Within one plank of CSR this is understandable. Employers

⁹ The lack of familiarity argument challenges Frynas' focus on a culture of dependency which he applies to explain the lack of uptake.

should protect their employees and ensure their security and safety. However this approach raises tensions within other facets of social responsibility. Such a reliance on security arrangements is at the expense of interaction and engagement with local communities (Omeje 2006). The physical and psychological divides between TNCs and communities are thus exemplified by the reinforced perimeter fences that are seen to protect the incomers from the local people. In other words, without an accommodating framework which would incorporate, support and strengthen company programmes, corporate reach will be restricted to those areas or enclaves that companies control. And there are limited opportunities to observe constructive interactions both between the oil companies and communities and between communities in different strategic locations in the distribution network.

In order to establish the wider impact of organisational policies oil company representatives therefore have to leave their compounds. Alternatively they can subcontract the assessments of outputs and outcomes and consultation processes. Depending on the quality of the sub-contractors, their ability to engage with local people, and not just the leaders, and potential willingness to be critical of their paymaster, this approach can be positive. Broader levels of illumination can be provided that contribute to the more focussed policies that address actual need and not vague attempts at philanthropy. Sub contracting does little, however, to overcome the lack of mutual identification between companies and communities. Moreover discussions are often undertaken on oil companies' terms and turf. Rwabizambuga (2007) reports on community concerns that even when companies do engage within community meetings it is perceived as intended to gauge the mood of the community and to identify groups who could be a threat to the company or its assets.

The restricted scale of CSR activities can mean that the strategy to develop new opportunities and reduce poverty may not even offset the loss of livelihoods that continue to be adversely affected by energy company activities. In this regard as Idemudia (2009: 130) observes,

Poverty in the Niger Delta is rooted in the structural inadequacies of the Nigerian state and the systemic deficiencies inherent in its society. These structural and systemic

anomalies are in turn accentuated by the actions and inactions of oil TNCs, and therefore aggravate the incidence of poverty in the region.

Hence as TNCs seek to contribute to community development, daily activities such as flaring¹⁰ impact upon local environments and existing livelihoods such as fishing and agriculture are destroyed.

Social relationships have also been adversely affected. Oil and gas TNCs approaches have tended to allocate resources on individual community basis rather than through broader negotiation and compromise. Akpan (2006) outlines how oil and gas companies establish differences when determining communities and sections therein to 'support'. Such parameters of distinction become the location for tensions and disputes which follow the targeted allocation of resources according to perceived contribution to the oil economy (Akpan 2008, 2009).

CSR policies in Nigeria can therefore be considered to be failing for numerous reasons, including limited or lack of consultation, inadequate knowledge and understanding and inappropriate application of forms of behaviour. Approaches from top to bottom lack integration and cohesion. In short there has been inadequate investment in time, money and consideration. Yet even if these were increased the impact of CSR would still be restricted. Mutual interdependencies and forms of collective consciousness will only become firmly embedded through long term commitment and surrounding stability and security. Yet corporate responsibilities are typically short-term. Barkemeyer (2007) outlines how companies tend to develop short projects with high visibility rather than longer-term capacity building initiatives. Again it is easy to understand corporate approaches, particularly in energy producing regions which are increasingly vulnerable to political transformations. Focussing on high profile developments such as digging water wells and building medical facilities that are accompanied by photographs are much more tangible compared with shifts in social

¹⁰ There are signs that flaring is being tackled although the methods are not as extensive nor as quick enough for local communities and environmentalists. Shell have reported that flaring from SPDC facilities has fallen by over 50 per cent since 2002.

relationships, transforming opportunities, enhancing the supply chain and contributing to a burgeoning civil society. Within these approaches it is possible to observe the imposition of post colonial values as TNCs decide what communities need; perceptions that are often based on caricatures of hapless victims who are incapable of overcoming problems; perceptions which some of the community demands reinforce. Certainly as Ite (2007) points out, Shell's Community Assistance approach (1960-97) portrayed communities as helpless victims and contributed to a dependency culture.

Concluding thoughts

Oil and gas companies are increasing their emphasis upon CSR related policies and actions. Whether these are for moralistic or instrumental reasons is a source of debate. Irrespective of intention the approaches are rarely coordinated either within corporate initiatives or with affected communities. Nor are the impacts measured beyond crudities. And by focussing upon short term tangibles the processes which contribute to the initial problems are neglected. The impact of CSR approaches will inevitably be restricted and possibly even detrimental. Conversely ambitions have to acknowledge the limitations that stem from restrictions upon corporate aims, resources, capabilities, appropriateness of behaviour and the contexts in which they operate. TNCs need to have a much clearer indication about the causes of the problems they are encountering and the consequences of their actions. Through greater knowledge and understanding of the social and natural environments in which they (might) operate TNCs are able to make better informed risk assessments and thus enhance decision-making.

Like other forms of development, major discoveries of oil and gas are accompanied by considerable opportunities and threats. For instance, a surge of oil revenues can be even more destabilising than the preceding widespread poverty. Certainly many people will prosper with their incomes and quality of life rising. Sudden wealth will also be accompanied by migration into the region which often overwhelms the local infrastructure and in particular health, housing and educational resources. Unless carefully managed, the economic upturn can be accompanied by the destruction of social and cultural resources and the emergence of

corruption, prostitution and increasing levels of theft and extortion. If allowed to continue unchecked such behaviour spirals and often leads to corporate quarters becoming entrenched, heavily securitised and detached from the communities they originally sought to develop and ultimately the consequences of their actions.

Today there is increasing pressure on TNCs to engage at wider levels, in the social, economic and political development of the regions where they operate (Gulbrandsen and Moe 2007). However this stance can result in companies being at odds with the governments over regulation, governance, human rights, income distribution. Companies will often be reluctant to reach the stage where relations become damaged at the expense of business. There are therefore limits in what TNCs can achieve without a fundamental shift in the nature of global capitalism. Moreover unless TNCs become de facto governments, and there would be many concerns about what this would mean (Vertigans 2011), their impact is restricted. Acquiring greater knowledge and understanding will not inevitably resolve the systemic problems within Nigeria. TNCs do not have the willpower, capabilities or legitimacy to address weak and absent governance arrangements nor to impose stability. There is therefore a danger that CSR is seen as the only solution. Such a perception is unrealistic and ultimately will lead to further dashed hopes and rising levels of frustration. However CSR can become integral within tri-sector partnerships between government, TNCs and civil stakeholders. Consequently TNCs must engage with relevant national and local stakeholders including national and regional governments and local people. Only then can interested parties identify not only the large, common concerns but also how they can be best addressed.

And this leads to my final point and for which I return to the neglected debate over TNCs intentions for CSR. Again I am not intending to establish what those intentions are. However I do want to approach the inverse of their aims, namely TNCs do not want to lose out on exploration licences and rights to extract. From this position, CSR becomes integral. Unlike in many southern hemisphere locations where governments and employees are in weak

bargaining positions¹¹ within oil producing regions relationships between TNC, national governments, employees and communities is shifting. Unlike fluid, flexible manufacturing industries, oil and gas TNCs are limited by the location of their products. Although to date this has not generally hindered the influence of TNCs, competition from companies from emergent nations such as China, Malaysia, Brazil and Russia over a finite resource will shift power more towards the localities. In this competitive environment, social dividends of TNCs activities may grow, costs to communities decrease and the price for oil, gas and CSR increases. There is certainly scope for improvement. At the moment, TNCs are paying the financial cost of CSR while the misplaced social costs of oil and gas related development are often borne by local communities.

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¹¹ In regions dependent on manufacturing, for example, TNCs will shift location if they become convinced that more profitable or less confrontational bases can be found elsewhere.

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Community Relations: The Challenge of CSR in Developing Countries

A Discussion Paper

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Summary

Corporate social responsibility is a response of a re-thought role of businesses. This trend emerges in a field where globalization empowers stakeholders that increase surveillance over corporation's activities especially in developing countries. In this context, multinational companies have definitively recognized that a "free rider" strategy for their activities on developing countries is not a sustainable option for them and, that the actual field of global business exhorts companies to go further community relations through strategies that add significant value by real engage with communities.

Keywords: Corporate social responsibility – Licence to operate – Developing countries

CSR is founded on the notion that corporations are in relationship with other interests in, for instance, economic, cultural, environmental and social systems because business activities affect – and are affected by – such interests in society. (Dobers, P. & Halme, M. 2009). That means CSR is the response of a re-thought role of business that go forward from the solely making profits perspective. From a CSR point of view and in this context, "business have obligations to society that go beyond profit making to include helping to solve social and ecological problems" (Idemudia, U. 2011) and companies should operate taking care of its impacts to all stakeholders involved on their operations. Therefore, companies are increasingly assuming that stakeholders "are becoming recognized as critical factors to long-term business success" (Forstater, M.; Dupré, S.; et al. 2007) and for that they are integrating them with their broader strategies as "the strategic business case for CSR" (Zadek, S. 2000). Companies realize that "engaging more effectively with stakeholders pays off in knowledge, innovations in products, processes and strategy, reputation, relationships and license to operate"(Forstater, M.; Dupré, S.; et al. 2007).

But, how this company's insight impact on stakeholders? Does it constitute a real contribution to stakeholders affected by company's operations? These questions don't have an easy answer in the business context that we actually face. First of all, we live in an interconnected world where "companies operate not as discrete, atomistic entities, but rather as elements of a global system characterized by complexity and rapid change" (White, A. 2005). Consequently, the actual business scenario dominated by the globalization and its implications undoubtedly adds intricacy to the analysis of the company – stakeholder relation from a CSR perspective. Increasingly now, a company originally from the country "A" has its headquarters on the country "B", buys raw materials on "C" and "D", has assembly operations on the country "E" and so on. Different societies in many respects imply that CSR can have different faces in different societal contexts (Dobers, P. & Halme, M. 2009). Therefore, the way that the company considers stakeholders and builds relations with them in each place is indissolubly linked with these different contexts. As a result, companies should face the CSR challenges considering the social, cultural, environmental and economic context where they develop their activities and based on that they should choose the role to play in that context. This is the way that companies can effective contribute to mitigate the impact on stakeholders after recognize the relevance to do it.

Deeply on this idea, the way that companies face operations in developing countries arise as a relevant issue for all multinational corporations (MNCs). Developing countries represent in general their main source of natural resources (e.g., Mining MNCs) and work force (e.g., MNCs as Nike) and for that how the company faces this engagement is vital to keep operations going. But, operations even in a broad sense are not the only issue that MNCs should face in developing countries. As MNCs increasingly shift their production to developing countries, they are finding that they are not the only ones who are going global. Civil society, and more specifically, environmental and corporate watchdog groups, are also globalizing and collaborating with civil society groups in developing countries. As a result, corporations are facing increased surveillance and criticism of their activities in developing countries, as well as increased pressure to operate in a socially responsible fashion (Kapelus, P. 2002). The reasons mentioned above clearly configure a business case for CSR where merge a plethora of factors

into this context. Using the Kurucz's argument, the business case may be described by four approaches: (1) reducing cost and risk; (2) strengthening legitimacy and reputation; (3) building competitive advantage; and (4) creating win-win situations through synergistic value creation (Carrol, A. 2010).

And these four approaches can be linked with the different contexts that each company face in terms of focus on one or more of them and specific topics address, and also underlying assumptions of how each one create value in the particular context that each developing country represents.

Then, how multinational corporations should face their relationship with stakeholders on developing countries?

First of all, it's important to introduce a distinction to analyze this question in a more precise way. Although the concepts "stakeholders" and "community" are commonly used as synonymous, they aren't the same and that's why it's important to point out their different connotations. As Bruce Harvey, Rio Tinto global practice leader communities, said in his presentation "Communities, Social Innovation and Performance", the term "community" refers specifically to "who are affected in some way by a company's activity" whereas the term "stakeholder" is a broader concept that includes "who have a particular interest in a particular decision including people who influence decisions". This distinction is important to keep focus on the specific relevance of community relations for MNCs on developing countries. MNCs have assumed that community relations and an even deeper level, community engagement, can deliver real value (Harvey, B. 2010) and support long life operations on developing countries. In this context, MNCs have definitively recognized that a "free rider" strategy for MNCs on developing countries isn't a sustainable option for them and, that the actual field of global business exhorts companies to go further community relations through CSR strategies that add significant value by real engage with communities.

Even the level of global exposure that MNCs actually face is a real factor to develop community relations, there is a more profound one. Increasingly local people have greater

control over their own destiny (Harvey, B., 2010) and this reality, particularly on developing countries, enforces MNCs to secure a “social licence” to operate. The idea of obtain and retain a social licence to operate compels MNCs to develop CSR strategies based on real contribution to developing countries. And a real contribution cannot exist with real engagement with the context that the community particularly faces. Then, the level of effectiveness of community relations is directly related with the level of knowledge that the MNCs can achieve of the local context. And, this sentences the success or failure of the company’s strategy and the expected valuable outcomes.

To summarize, from a MNC’s point of view the necessity of develop and maintain community relations is not only based on its actual level of global exposure, but also on the idea of local licence to operate that encourage them to go beyond and engage with the local context and the real necessities of the communities involved on the operations in order to obtain their approval and with that, added value to company’s operation.

But on the other side, what implies community relations from community’s point of view on developing countries?

To analyze this perspective, it’s necessary to firstly observe the community’s expectations of MNC’s. In OECD and emerging economies alike the last thirty years have seen a dramatic shift in the public expectations of corporate environmental and social performance (Harvey, B., 2010). Then, this view argues that communities in developing countries have high level of expectations about MNC’s operations in their territory. Communities expect that MNCs develop operations as a responsible business being in terms of environmental and social behavior, and also as a committed neighbor that engage with them in a long term relation.

However, there isn’t a unique voice from community perspective about the role and expectations related to MNCs on developing countries. Some voices are more critical and go to the roots of the concept of CSR applied on developing countries. They question “whether a western CSR concept in the developing world is really operationalized in that improve the conditions of its intended beneficiaries – local enterprises, workers and communities – in

social, economic and environmental terms” (Khan, F.R. & Lund-Thomsen, P. 2011). They also argues that in the context of developing countries, the emphasis on corporations voluntarily going beyond their legal obligations might be somewhat misleading (Khan, F.R. & Lund-Thomsen, P. 2011). However, going back to the MNCs perspective and their pursuit of social licence to operate from communities, the critical argument against the value of CSR initiatives on developing countries is flawed. Even it’s true that the CSR concept has its roots on the western world that not necessarily means that it’s either not applicable or not relevant on developing countries.

Communities on developing countries have more power and conscious involvement on their destinies than probably never before. And that implies more scrutiny and more expectations of MNCs operations. Communities on developing countries want that MNCs really address their concerns and help to fill the gaps that they face on their less developed context. And it’s not only an aspiration but also a real claim to MNCs. And MNCs should engage with these concerns in order to build a meaningful relation with communities that adds value to companies (e.g. social licence to operate, long life projects, etc) and also to communities, helping them to bridge the development gaps.

In a metaphorical figure, the relation between community and company on developing countries should be as a virtuous wheel of engagement. This relation is represented as a circle because it’s a constant process that should be “systematic, logical and practical” (Jeffery, N. 2009) with a continuous feedback to assess together the next steps. Multinational corporations have a great role to play and also a moral imperative on developing countries. Given the extent of their economic and social power, the global social contract cannot be established without their active participation and without their willingness to cooperate with other actors. Conversely, as long as this global social contract has not been set up, they will suffer a lack of legitimacy and understanding of their role, and run the risk that hostile steps be taken against them. (De Bettignies, H-C & Lepineux, F. 2009).

As a research did on 2006 about the relation between mining MNCs and communities in Papua New Guinea shown, MNCs “are compelled by the situational circumstances to play a leading role in the provision of social services for the people, as well as conducting mining operations. In other words, meeting CSR is becoming an indispensable part of managing large mining projects” (Young, B. 2006). And these kinds of insights are continuously extending to all MNCs with operations on developing countries in many different sectors. The challenge and the opportunity for MNCs on developing countries is clearly to build meaningful engagement with communities that have high expectations and also, increased power.

This can be described as moral obligation for MNCs on developing countries, strategic business case for CSR or even as imperialism of MNCs as the detractors said. However, it’s a trend that doesn’t have turn back. Organizations can no longer choose if they want to engage or not; the only decision they need to take is when and how successfully to engage (Jeffery, N. 2009). And in this context, the way that the relation between MNCs and local communities should be developed: (1) clear in terms of objectives and aspirations, (2) transparent from both sides and (3) committed with a better prospect through continuous feedback.

These ideas can be summarized in the concept of “meaningful engagement” as the deeper challenge for MNCs in order to ensure a healthy climate to develop long life operations that guarantee long term viability and profitability. But in special from the developing countries perspective, meaningful engagement as the way that MNCs can contribute to communities to bridge the particular gaps to development on developing countries reality.

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NEWS FROM THE NETWORK

11th International Conference on Corporate Social Responsibility

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The conference will be held in the Lahti University. The conference fee will be announced later and will include accommodation, meals and conference materials. An optional sightseeing tour will be organised at the end of the conference; full details will be available later. We look forward to welcoming you to Finland in 2012 for the 11th conference in the series.

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The Governance of Risk

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To be published by Emerald 2013

In the series Developments in Corporate Governance and Responsibility – series

Editors: Güler Aras & David Crowther

Rationale

The relationship between economic or social or political activity and risk is widely recognised at a societal level, a market level and a business level, and equally widely discussed. The relationship between governance and risk at all of these levels is equally widely recognised but much less widely discussed. But the consequences of poor governance in this arena have been exposed to all in the recent financial and economic crisis as financial institutions and even countries have collapsed or come close to collapsing. The relationship between governance and risk is particularly important in the global environment in which we operate and needs to be more fully discussed and theorised. This book is designed to address important aspects of this topic and set it within the context of the global business and societal environment.

Instructions to contributors

If you are interested in contributing to this volume then first submit a brief abstract outlining your contribution for approval prior to submitting a chapter. Chapters should be between 6000 and 14000 words in length and should address any aspect of this topic. Draft chapters should be submitted in Word format (any version). References should be presented in Harvard style. Diagrams should be suitable for reproduction in black / white. Any necessary permissions must be provided with the manuscript

Abstracts are required by 30 June – decision within 4 weeks.

Final agreed versions are required by 31 October 2012.

NEWS FROM OUR MEMBERS

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CALL FOR CONTRIBUTIONS

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THE INTERNATIONAL GROUP ON GOVERNANCE, FRAUD, ETHICS AND SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY & WOMEN

Editor

Kıymet Çalıyurt, Trakya University, Turkey

Important Deadlines:

- | | |
|---|--------------------|
| • Call for chapters | January 26, 2012 |
| • Sending information to prospective authors/contributors | February 10, 2012 |
| • Collecting abstracts from prospective authors | February 25, 2012 |
| • Sending comments abstracts | March 5, 2012 |
| • Agreement with authors on chapters | March 14, 2012 |
| • Collecting full papers by Editors | May 21, 2012 |
| • Editing by peer-reviewers | June 30, 2012 |
| • Correcting chapters | September 30, 2012 |
| • Submission of manuscript to Publisher | October 29, 2012 |
| • Publication date | February 2013 |

Manuscript Style:

- Your abstract should be a maximum 500 words.
- Please use font size 12 and Palatino Linotype style in the text.
- Your chapter should have maximum of 25 pages including tables.
- Please use APA's style for referencing (American Psychological Association)

- Introduction, Literature Review, Methodology, Results, Discussion, Conclusion, References and Index of Key Words for author's chapter should be added at the very end of each chapter as this will be used to derive the Index for the book.

Important Note for the Chapter Authors:

- Please send original papers to either of the two Editors of the book.
- When authors send chapters to our book series, this means that they have delivered copyrights of chapters to the editors. And editors have the right to transfer the copyright to the Publisher.

Editors Contact email addresses:

Kıymet Çalıyurt – womenbusinesscongress@gmail.com or kiymet1442@yahoo.com

President – International Balkan Countries Women & Business Conference

<http://www.edirnetukd.gominisite.com> 2nd-International-Balkan-Countries-Women---Business-Conference-December-22--2011-Edirne-TURKEY

Call for Papers
Workshop on
The Social Dimension of Organizations
April 27-28, 2012 Central European University, Budapest

This workshop aims to bring together a small group of researchers interested in the social dimension of organizations. Both theoretical contributions as well as empirical papers using experimental or field data are welcome. The goal is to disseminate recent findings and foster interaction among economists of diverse interests (theory and empirics). We also welcome submissions with an interdisciplinary approach that draw insights from related disciplines such as psychology and management. The workshop will comprise invited and contributed papers.

Topics of interest include but are not restricted to research on:

- Peer effects in the workplace or in other environments
- Corporate social responsibility
- The analysis of principal-agent relationships with behavioral traits (e.g. altruism, reciprocity, trust)
- The effects of non-pecuniary compensation

We are delighted to have keynote speeches delivered by:

- Jim Andreoni (UCSD)
- Iwan Barankay (Wharton School, University of Pennsylvania)
- Roberto Weber (University of Zurich)

The workshop is funded by UniCredit & Universities Foundation, UniCredit Bank, the Royal Economic Society, and the Central European University. There will be no charge for participating and accommodation will be provided. A call for two “Best Papers Award” offered by UniCredit & Universities Foundation is attached. To apply, please send an email with your paper attached as a PDF file to: budapest.workshop@gmail.com

Submission Deadline: 1 March 2012

Notification of Acceptance: 15 March 2012

The Organizers: Mirco Tonin (University of Southampton, and CEU) and Michael Vlassopoulos (University of Southampton)

Call for chapter proposals

Bridging the gap: Communicating Sustainability and Corporate Social Responsibility in Business

Effectively communicating Corporate Social Responsibility and Sustainability messages is becoming increasingly important as a competitive tool in the global marketplace. Organisations wish not only to participate in responsible behaviour, but also communicate that they are actively involved in community initiatives and development. There is some measure of benefit from responsible corporate behaviour; however, there is far greater benefit to be gleaned from the communication of such activity. Nevertheless, business organisations are well-known for their failure to communicate effectively and persuasively to their various stakeholders. Just as the need for corporate sustainable activity is increasingly integral to community acceptance, the communication of that activity for stakeholders has to date been less of a focus.

We invite proposals for chapters on the role and influence of communication in Corporate Social Responsibility and Sustainability messages. The aim is to fill the gap in the existing material in this specific domain. The main themes and objectives are to bring new perspectives into corporate communication which is designed to promote Corporate Social Responsibility and Sustainability initiatives in organisations.

Topics of interest include but are not limited to:

- Defining communication in Sustainability and CSR
- Clarifying the relationship between sustainability and CSR
- Best practice for improving communication
- Corporate governance and CSR integrity
- The role of CSR communication in reputation management
- Practitioner perspectives on effective corporate communication of CSR
- Communicating CSR ethically across diverse contexts
- Empirical studies in the field

- Case studies illustrating key concepts in communicating Sustainability and CSR

Publication schedule

Book chapter proposals received: February, 13, 2012

Notification of accepted chapter proposals: March 30, 2012

Receipt of full book chapters: August 15, 2012

Chapter authors receive reviews with feedback: September 20, 2012

Final revisions due: December 15, 2012

Please submit a 1-page proposal for a chapter. Please include any co-authors and your institutional affiliation and position. Please include contact information such as to allow us to contact you regarding your proposal.

Email address

Work phone

Mobile phone

Contact details:

If you should have any enquiries, or wish to submit a proposal, we can be reached on the following email addresses:

Gabriel Eweje: G.Eweje@massey.ac.nz

Margaret Brunton: M.A.Brunton@massey.ac.nz

2nd Organisational Governance Conference

Global Governance: the raising of awareness.

14 & 15 September 2012

Rabat, Morocco

Call for Papers

The events that have marked 2011, from the Arab Spring revolutions to the different collapses in the financial markets in the western world and the Euro Debt Crisis in Europe, have all in common the issue of Governance.

The different sorts of media, especially the social media, have contributed to the rapid spread of the awareness of governance issues and enabled unprecedented numbers of people to manifest their fury about the lack of governance in the management of not only firm and markets, but whole countries and regions.

Governance crises were known mainly in the corporate world, where scandals such as Enron and the News International have captured the attention of the media and have been the number one subject of discussion for many; whereas now, it has been transferred to entire nations where the citizens have the right to make things change for the best and have the last say.

The main claims that the people have been making are centred around the establishment of accountability mechanisms that were absent, as well as real governance reforms that will lead to democracy.

The causes of the problems that happened in both the Arab and Western worlds have been divergent, however, the consequences were similar: street protests and a lack of confidence by citizens, investors, rating agencies and International Organisations. This shows how much governance is at the heart of a prosperous and durable organisation, whichever size or kind it is, from Small and Medium companies, Multinational corporations, Non-Governmental Organisations, to governments and states.

This conference will be focused on the importance of accountability, and how it varies from one environment to another, as well as how governance can be practised effectively in the shadow of the turmoil and unrest in the Arab and Western worlds taking into consideration

the specificities of each and every culture. The issue of rules based or principles based governance is also to be discussed, especially as different parts of the worlds have different cultures and beliefs.

The question that could be asked is whether the raising of awareness combined with the stakeholders' power in claiming their rights, is enough to change people's mentalities and behaviours in order to achieve a well governed organisation, or country.

The list below is only indicative of possible topic areas that contributors may wish to consider while they develop their papers for the conference:

- Theoretical perspectives on Organisational Governance
- Governance as a Macroeconomic issue
- Regulatory Failures and Organisational Governance
- Governance codes and their effects
- Governance and Accountability
- Assessments of the Organisational Governance Mechanism
- Corporate Governance and Business Ethics
- Corporate Governance and Market Governance
- Corporate Governance and Reputational Risk Management
- From Corporate Governance to Organisational Governance
- Governance and Political Stability
- Organisational Governance and Social Responsibility
- Organisational Governance and Stakeholders
- Governance in Not For Profit Sector

Offers to run workshops, symposia, poster sessions, themed tracks or alternative events are especially welcome. Please contact Mourad Oubrich (oubrich.mourad@ciems.ma ; oubrich@inpt.ac.ma) with suggestions.

Although preference will be given to full papers, abstracts of 200-500 words will also be considered. All papers and abstracts should be sent by 31st May 2012 by email to

dcrowther@dmu.ac.uk . No more than 2 papers will be accepted from any author. Deadline for registration is 15 June 2012

We will publish proceedings and full details concerning other publishing opportunities for the papers presented at the conference will be provided during the conference.

Venue of the Conference

The conference will be held in the Institut National des Postes et Telecommunications (Rabat, Morocco). The conference fee will be announced later and will include meals and conference materials. There is plenty of good hotel accommodation nearby to suit all budgets and details will be given with registration details.

Full and updated details can be found at the conference website: www.crog-dmu.org/ogcs.html

We look forward to welcoming you to Rabat in 2012 for what promises to be an exciting conference.

Professor Mourad Oubrich

Conference Chair

President, CIEMS

INPT

Rabat

Morocco

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Professor David Crowther

Chair of Scientific Committee

Head of CROG

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