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School of Business
York University

"Corporate Social Responsibility in the EU and Canada: Practices and Opportunities".

2012 Canada-Europe Business Lecture
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Centre for European Studies
Carleton University

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Chaos. German style.



ANARCHY
IN THE UK.



Overview

- What is going on in Europe at the moment?
- What is CSR?
- CSR in comparative perspective
- How to explain the differences?
- CSR practices in Canada and Europe
- CSR opportunities for Canada and Europe
- The future of CSR?



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'Eurogeddon' (National Post)



Common misunderstandings

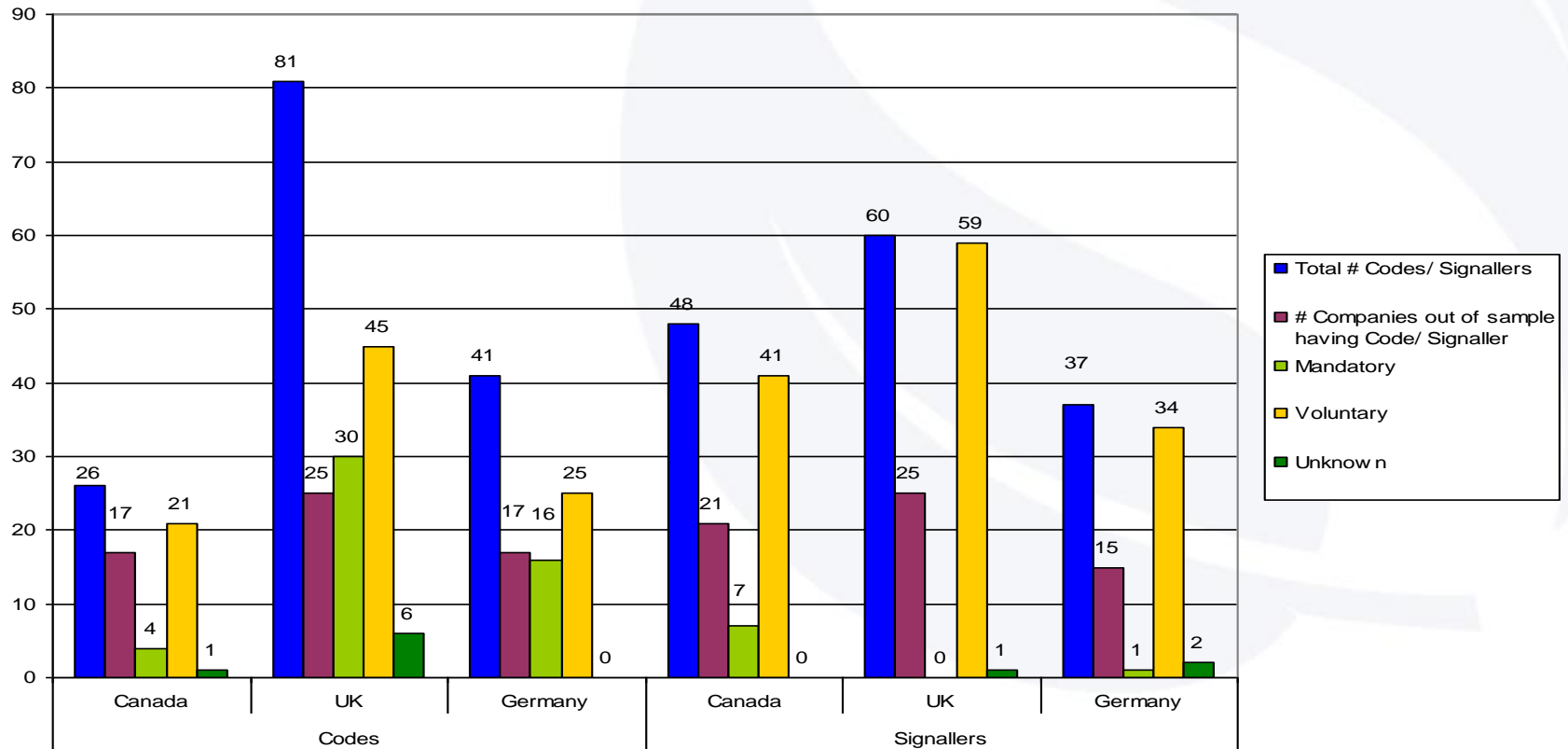
- Institutional heritage of EU politics
 - WW II legacies
 - Old continent, young democracies
 - Historical experience of totalitarianism
 - Neo corporatism
- Challenges
 - Common fiscal policies in the EU
 - Democratization of EU institutions
 - Adaptation of the welfare state model
 - Active immigration policies

| Rank | Company | Country | Score |
|------|------------------------------------|----------------|---------|
| 1 | Novo Nordisk A/S | Denmark | 74.37 % |
| 2 | Natura Cosmeticos SA | Brazil | 67.09 % |
| 3 | Statoil ASA | Norway | 65.73 % |
| 4 | Novozymes A/S | Denmark | 64.81 % |
| 5 | ASML Holding NV | Netherlands | 64.79 % |
| 6 | BG Group plc | United Kingdom | 79.23 % |
| 7 | Vivendi SA | France | 63.24 % |
| 8 | Umicore SA/NV | Belgium | 59.53 % |
| 9 | Norsk Hydro ASA | Norway | 58.44 % |
| 10 | Atlas Copco AB | Sweden | 58.29 % |
| 11 | Sims Metal Management Ltd. | Australia | 54.19 % |
| 12 | Koninklijke Philips Electronics NV | Netherlands | 53.99 % |
| 13 | TeliaSonera AB | Sweden | 53.26% |
| 14 | Westpac Banking Corp. | Australia | 52.94 % |
| 15 | Life Technologies Corp. | United States | 51.90 % |
| 16 | Credit Agricole SA | France | 51.55 % |
| 17 | Henkel AG & Co. KGaA | Germany | 51.35 % |
| 18 | Intel Corp. | United States | 51.23 % |
| 19 | Neste Oil Oyj | Finland | 51.12 % |
| 20 | Swisscom AG | Switzerland | 50.91 % |

Example climate change

| | | Canada | Germany |
|---|------------------------------|--|--|
| Kyoto protocol: signed and ratified | | Yes | Yes |
| Kyoto protocol GHG reduction targets (2008 – 2012 commitment period, 1990 as base year) | | 6% | 21% reduction as part of EU collective commitment (taking 75% of the reduction of EU-15) |
| Kyoto performance (prospective) | | 30% over target | On target |
| Policy approach | Early phase (1990- ca. 2005) | Non-compulsory, voluntary approach | Mandatory regulation <ul style="list-style-type: none"> • Specific carbon reduction targets • Eco taxation • Regulation on new buildings and bio fuel • Aggressive incentives for renewable energy |
| | Late phase (since ca. 2005) | Federal level: setting of modest, intensity targets, continuation of existing approach Provincial level: (both plan cap and trade), (eco tax) imposed some mandatory regulation | EU wide mandatory regulation with EU emissions trading system (EU-ETS): cap and trade system for CO2 |

Codes of conduct and in MNCs



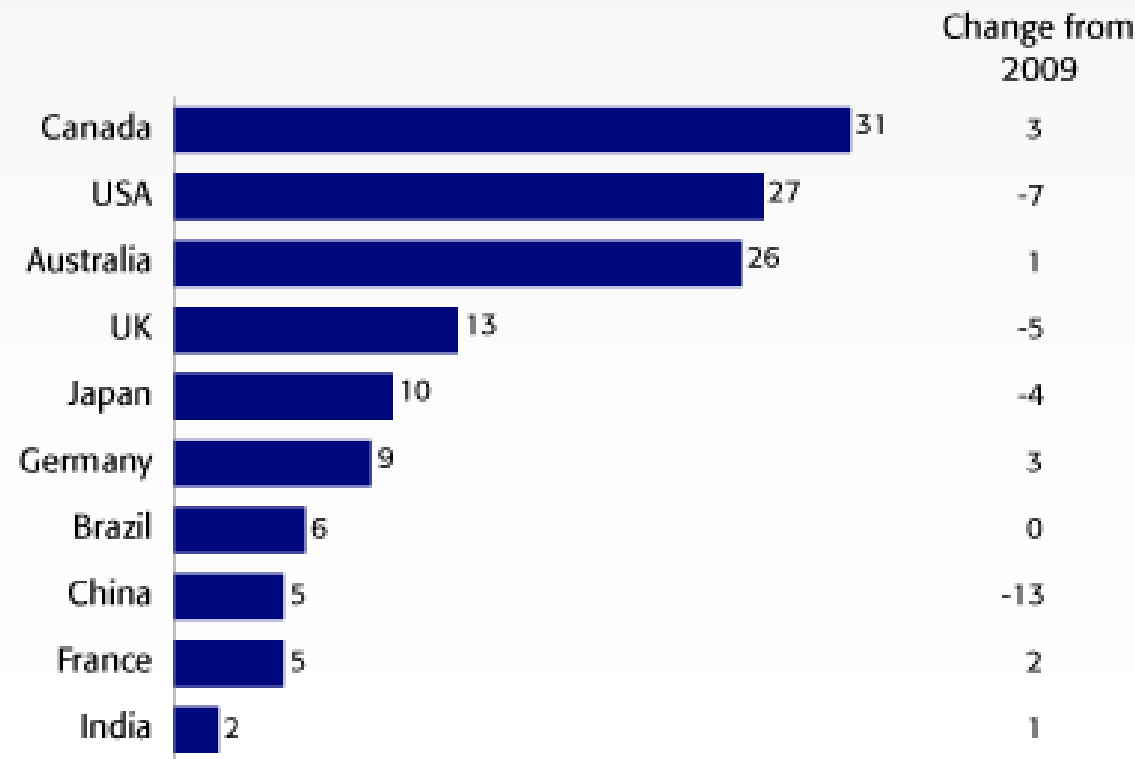
Source: Bondy, K., D. Matten & J. Moon. 2004. 'The Adoption of Voluntary Codes of Conduct in MNCs - A Three Countries Comparative Study' *Business and Society Review*, 109:4, 449-477.



Canadians are not to blame

Ethical Consumerism Funnel

Percentage of Consumers at the End of the Ethical Consumerism Funnel, Selected Countries, 2011



R11W1_funnel_track_selected



What is CSR?

- A field of 'conceptual anarchy'
- New management practice at the Business-Society Interface (CSR = Business Ethics = Sustainability = Corporate Citizenship)
- General Characteristics
 - Voluntary
 - Internalizing or managing externalities
 - Multiple stakeholder orientation
 - Alignment of social and economic responsibilities
 - Practices and values
 - Beyond philanthropy

CSR as an US-American concept

- Howard Bowen's book 1953
- More than 50 years of corporate practice in the US (Carroll 1999)
- More than 30 years of tradition in academic research and teaching
- Numerous journals:
 - Business and Society (1961)
 - Business & Society Review (1972)
 - Journal of Business Ethics (1982)
 - Business Ethics Quarterly (1991)



CSR in Europe

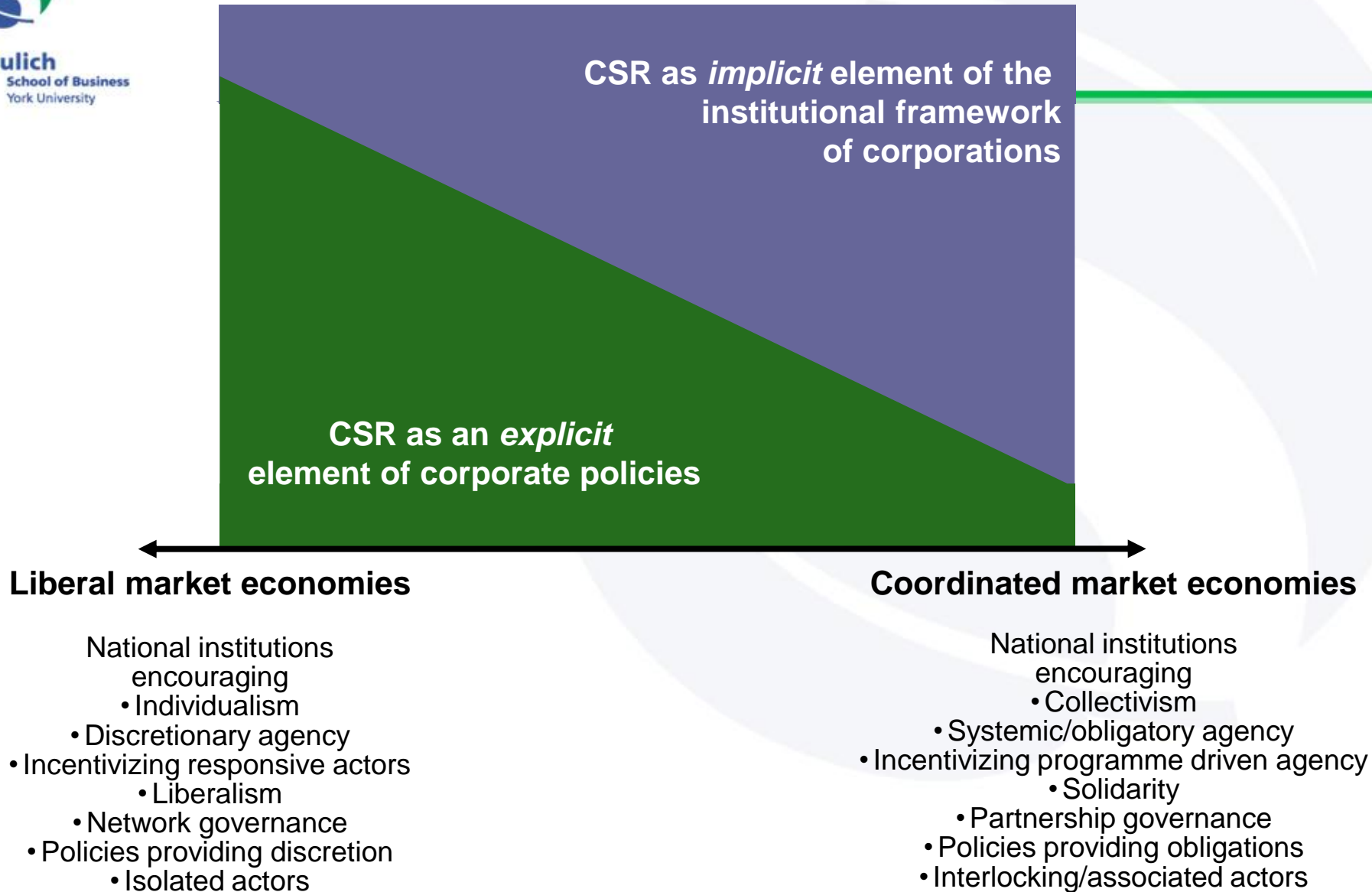
- 1996: 'CSR in Europe' (*corporate level*)
- 2001: Green Paper by EU Commission (*political level*);
2006: 'European Alliance for CSR'
- 2002: EABiS (*academic level*)
- Academic Journals:
 - 1991: Business Ethics: A European Review (Blackwell)
 - 2001: Journal of Corporate Citizenship (Greenleaf)
 - 2001: Corporate Governance: the International Journal of Business in Society (Emerald)
 - 2002: Corporate Social Responsibility and Environmental Management (Wiley, previously 'Ecomanagement and Auditing')

CSR in comparative perspective: rights and status of employees

- Working conditions, working time or benefits are dominant topics in the area of CSR in the American context
 - US example: since 2004 Starbucks Coffee provides a basic health insurance for all franchisees working more than 20 days/month
- Social security of employees in Europe is typically subject to numerous laws and regulations and embedded in a welfare state approach
 - UK: default health insurance through National Health Service (NHS)
 - Germany: membership in health insurance is mandatory; employer's contribution to the monthly premium is defined in the law
- Canada more similar to Europe

CSR in comparative perspective: education

- Second most important CSR issue for US companies; no significance for companies NL or F (Maignan & Ralston 2002)
- Corporate donations to education in US in 1998: \$ 3.25bn (+ 3.8bn from foundations such as Ford, Carnegie etc.)
- Most European education systems rely heavily or even exclusively on state money
- Canada similar to US: CAD\$10bn+ in 2007 in cumulative University endowments



CSR practices in Canada and Europe

- Canada
 - Aboriginal issues
 - 'Ethical Oil' debate
 - Global impact of Canadian mining sector
- Europe
 - Corruption
 - Employment
 - Global supply chains
 - Diversity

CSR opportunities for Canada and Europe

- The role of Implicit CSR
 - Healthcare
 - Financial industry
 - Extractive industries
 - Multiculturalism
- The role of explicit CSR
 - Climate change
 - Green technologies
 - Sustainable agriculture&food industries

A future for explicit CSR?

- Shifting responsibilities from government towards business and civil society
- Reasons for the shift
 - Globalization
 - Institutional failure
 - Liberalization and deregulation
- Drivers of corporate social innovation
 - The market argument
 - The citizenship argument
 - The democracy argument



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Thank You!