Cracking the CSR Codes Puzzle

By Wayne Visser

Looking back, we can see that the 1990s were the decade of CSR codes – not only EMAS, ISO 14001 and SA 8000, but also the Forest Steward Council (FSC) and Marine Stewardship Council (MSC) Certification Schemes, Green Globe Standard (tourism sector), Corruption Perceptions Index, Fairtrade Standard, Ethical Trading Initiative, Dow Jones Sustainability Index and OHSAS 18001 (health & safety), to mention just a few. But all that was just a warm up act when we look at the last 10 years, when we have seen codes proliferate in virtually every area of sustainability and responsibility and all major industry sectors. So much so that in the A to Z of Corporate Social Responsibility, we included over 100 such codes, guidelines and standards – and that was just a selection of what it out there. To illustrate the point, here is a sample of what has been thrust onto corporate agendas since the year 2000:

The Carbon Disclosure Project; Global Alliance for Vaccines and Immunisation; GRI Sustainability Reporting Guidelines; Kimberley Process (to stop trade in conflict diamonds); Mining and Minerals for Sustainable Development (MMSD) Project; UN Global Compact; UN Millennium Development Goals; Voluntary Principles on Human Rights; FTSE4Good Index; Global Business Coalition on HIV/AIDS; Global Fund to Fight AIDS, Tuberculosis and Malaria; Business Principles for Countering Bribery; Publish What Pay Campaign; Johannesburg Declaration on Sustainable Development; London Principles (finance sector); AA 1000 Assurance Standard; Equator Principles (finance sector); Extractive Industries Transparency Initiative (EITI); Roundtable on Sustainable Palm Oil; Global Corruption Barometer; UN Convention Against Corruption; UNEP Finance Initiative; UN Norms on Business and Human Rights; World Bank Extractive Industries Review; AA 1000 Standard for Stakeholder Engagement; EU Greenhouse Gas Emissions Trading Scheme; Millennium Ecosystem Assessment; ISO 14064 Standard on Greenhouse Gas Accounting and Verification; Stern Review on the Economics of Climate Change; Bribe Payers' Index; UN Principles for Responsible Investment; ClimateWise Principles (insurance sector); UNEP Declaration on Climate Change; UN Principles for Responsible Management Education (PRME); Bali, Poznan and Copenhagen Communiqués (climate change) ... and many, many more.

No wonder companies are suffering from code fatigue and audit exhaustion. It is the supreme paradox of the Age of Management – companies are pressured to standardise their efforts on sustainability and responsibility, while stakeholders and critics (myself included) remain unconvinced that this approach identifies or addresses the root causes of the problems we face. Many of the institutional failures over the past 20 years have, I would argue, been systemic failures of culture, rather than bureaucratic failures of management; they have more to do with a prevailing set of values than a particular set of procedures.

The latest in this code-mania is ISO 26000 on Social Responsibility. I have suggested before that ISO 26000 is like a teddy bear – something cute and fluffy, which may help companies sleep better at night, but nothing like the grizzly bear that we really need to shake business out of their CSR complacency. Of course, it is unfair of me to make so light of a five-year international process of negotiation involving over 90 countries, which managed to reach some measure of agreement on such tricky issues as human rights and fair operating practices. But I really do believe that, as a non-certifiable guidance standard that promotes a strategic approach to CSR (rather than a transformative CSR 2.0 agenda), ISO 26000 may prove to be more of a damp squib than a big bang.

Having said that, I must give ISO 26000 its due – as a foundation document that encapsulates the international consensus on social responsibility, it is to be applauded and recommended. Its greatest achievement – and what I expect may prove to be its most enduring legacy – is the way in which it broadens the scope of CSR, first beyond big corporates to any organisation, and second beyond an exclusive focus on philanthropic community development to incorporate six other core subjects, namely organisational governance, human rights, labour rights, the environment, fair operating practices and consumer issues.

Besides this, countries like Denmark are ignoring ISO's strong declaration against ISO 26000 certification schemes and have begun developing their own certifiable national standard, DS 26000. I expect consultants will also increasingly offer ISO 26000 compliance auditing services, irrespective of whether these are sanctioned by ISO. The fact is that business, governments and civil society alike want standards on social responsibility with 'teeth'. A decade of weak standards without sanction, like the UN Global Compact and AA 1000, as compared with tougher certification schemes like SA 8000 and the Forest Stewardship Council, have taught us where real value lies.

I believe that the codes-based approach, which I call Strategic CSR in an Age of Management, fails on three counts. First, the incremental approach of CSR, while replete with evidence of micro-scale, gradual improvements, has completely and utterly failed to make any impact on the massive sustainability crises that we face, many of which are getting worse at a pace that far outstrips any futile CSR-led attempts at amelioration.

Second, CSR is, at best, a peripheral function in most companies. There may be a CSR manager, a CSR department even, a CSR report and a public commitment to any number of CSR codes and standards. But these do little to change the underlying growth-and-consumption model that fuels environmental degradation and social disruption.

Third, the 'inconvenient truth' is that CSR sometimes pays, in specific circumstances, but more often, it is still uneconomic. Of course there are low-hanging fruit – like eco-efficiencies around waste and energy – but most of the hard-core CSR changes that are needed require strategic change and massive investment, which the markets don't support.

So where does this leave us? I have argued so far that the Ages of Greed, Philanthropy, Marketing and Management have brought us to a point of crisis in CSR. Specifically, CSR is failing to turn around our most serious global problems – the very issues it purports to be concerned with – and may even be distracting us from the real issue, which is business's role causal role in the social and environmental crises we face. In the rest of this blog series, I will explore what a different approach – CSR 2.0 – may look like.

Part 5 of 13 in Wayne Visser's Age of Responsibility Blog Series for 3BL Media.

Article reference

Visser, W. (2012) Cracking the CSR Codes Puzzle, *Wayne Visser Blog Briefing*, 7 March 2012.

Source

Extracted and adapted from Visser, W. (2011) *The Age of Responsibility: CSR 2.0 and the New DNA of Business*. London: Wiley.

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Part of the WAYNE VISSER BLOG BRIEFING Series