CSR Myths

Popular misconceptions on Corporate Sustainability and Responsibility

By Wayne Visser

In an article published by *Ethical Corporation*, I set out to explode 7 myths about corporate sustainability and responsibility (CSR). Most of these myths exist as a result of the feeding frenzy that inevitably occurs every time the media has hunted down and sunk its teeth into one or other juicy story of corporate exploitation. The myths are also sustained, however, by whole legions of largely well-intentioned people who have vested interests in promoting their particular brand of the truth about CSR.

Myth 1 - Economic growth is not compatible with CSR

What the Index for Sustainable Economic Welfare and Human Development Index show is that GDP growth and quality of life move in parallel until social and environmental costs begin to outweigh economic benefits. Most developing countries have yet to reach this divergence threshold. For them, economic growth and the expansion of business activities is still one of the most effective ways to achieve improved social development, while environmental impacts are increasingly being tackled through leapfrog clean technologies.

Myth 2 - Multinationals are the biggest CSR sinners

On the ground in most countries, multinationals are generally powerful forces for good, through their investment in local economies, creation of jobs, upgrading of infrastructure, provision of basic services and involvement in community development and environmental conservation. The cumulative social and environmental impacts of smaller companies, which operate below the radar of the media and out of reach of the arm of the law, are typically far larger than that of the high profile multinationals.

Myth 3 - Multinationals are the biggest CSR saviours

Not only do large companies have limited influence over government policy, but most multinationals, despite large capital investments, provide only a minuscule proportion of the total employment in developing countries. The real potential saviours are small, medium and micro enterprises (SMMEs), including social enterprises, which are labour intensive and better placed to effect local economic development. If the social and environmental impacts of these SMMEs can be improved, the knock on benefits will be proportionally much greater than anything that multinationals could achieve on their own.

Myth 4: Developing countries are anti-multinational

Developing countries are often caught in a no-man's land of under-development in a competitive, monetized, global economy, and the sooner they can modernise and integrate, the better for them. Most often, developing country communities welcome multinationals and their CSR initiatives. This is not the same as saying that the developing world should repeat the past mistakes of the developed countries, such as highly polluting industrialisation, nor that multinationals should not be required to be responsible and held accountable.

Myth 5: CSR is the same the world over

One of the biggest fallacies is that, in a globalised world, CSR can somehow conform to a unitary model. Of course, we need universal principles, like the Global Compact, and perhaps even process frameworks, like ISO 14001. But standardised performance metrics, like those of the Global Reporting Initiative and the numerous sustainability funds and indexes, start to tread on shaky ground. The tendency is for developed country priorities to receive emphasis and for northern NGO agendas to dominate.

Myth 6: Developed countries lead on CSR

There are countless examples of how developing countries are proving themselves highly adept at delivering the so-called triple bottom line of sustainability, namely balanced and integrated social, economic and environmental benefits. It is actually not surprising, since in developing countries, these three spheres are seldom separable – economic development almost inevitably results in social upliftment and environmental improvement, and vice versa.

Myth 7: Codes can ensure CSR

The past few years have seen a mushrooming of corporate responsibility codes, standards and guidelines. This standardisation trend is both inevitable and necessary in a globalising world which is desperately searching for an alternative to command-and-control style business regulation in order to satisfy the governance and accountability void which still exists. But it would be a big mistake, for either companies, or civil society, or regulators to assume that this codification bears much relation to relevant and appropriate CSR practices at grassroots level.

Article reference

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