Myths About CSR in Developing Countries

By Wayne Visser

Are conceptions and models of CSR developed in the West appropriate for developing countries? I first tackled this question by setting out what I believe to be 7 popular myths about CSR in developing countries. 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.

1. Economic growth is not compatible with CSR
2. Multinationals are the biggest CSR sinners
3. Multinationals are the biggest CSR saviours
4. Developing countries are anti-multinational
5. Developed countries lead on CSR
6. Codes can ensure CSR in developing countries
7. CSR is the same the world over

Let's look at these myths each briefly in turn.

Myth 1 - Economic growth is not compatible with CSR.

What the Index for Sustainable Economic Welfare and Genuine Progress Index show is that GDP growth and quality of life move in parallel until social and environmental costs begin to outweigh economic benefits. According to this 'threshold hypothesis' (coined by Chilean barefoot economist, Manfred Max-Neef), 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. There are always exceptions, of course, and these should be named and shamed. But they shouldn't overshadow the overall positive role of big companies in developing countries. 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. This is why the work CSR for SMEs by Anuhuac University in Mexico and Forum Empresa in Latin America is so encouraging and important.

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. But we should not deny developing countries the dignity of choice, whether it be Unilever products or Coca Cola, both of which have made significant progress on CSR in recent years.

Myth 5: 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. Whether it is South Africa's King Code, which encourages integrated sustainability reporting, or A Little World, which uses mobile phone and biometric scanners to bring micro-banking services to the poor in India, a lot of the innovation in CSR is taking place in developing countries.

Myth 6: Codes can ensure CSR in developing countries.

The past few years have seen a mushrooming of corporate responsibility codes, standards and guidelines, which developing countries are keen to adopt, if only to satisfy their Western partners. 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 this codification tends to measure CSR activities, rather than CSR impacts on the groundDeveloping countries need to move rapidly through this Strategic CSR approach in an Age of Management to a more transformative CSR approach in an Age of Responsibility.

Myth 7: 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 – such as energy and climate change – to receive emphasis and for northern NGO agendas to dominate.

The antitdote to these CSR myths for developing countries is glocality – one of the five principles of CSR 2.0. The term 'glocal' – a portmanteau of global and local – is said to come from the Japanese word dochakuka, which simply means global localisation. Or more simply, 'think global, act local'. The question is, do we see glocality in action, or do we just see corporations in developing countries mimicking the practices of the West?

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