CSR, Sustainability, Ethics & Governance

Series Editors: Samuel O. Idowu · René Schmidpeter

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Nicholas Capaldi · Matthias S. Fifka
Liangrong Zu · René Schmidpeter
Co-Editors

Dictionary of Corporate Social Responsibility

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Springer

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Foreword

In its modern formulation, corporate social responsibility (CSR) is a product of the post-World War II period. Given impetus by the changes in social consciousness that came to a crescendo in the 1960s, especially the civil rights, women's, consumer's, and environmental movements, CSR has grown in relevance and stature ever since. Today, in the new millennium, it is a global concept which has progressed from the interplay of thought and practice. Today's CSR represents a language and perspective that is known the world over and has become increasingly vital as stakeholders have communicated that modern businesses are expected to do more than make money and obey the law. Today, ethics and philanthropy help to round out the socially responsible expectations placed on modern organizations striving to be sustainable in a competitive, dynamic, global marketplace.

Other related concepts such as business ethics, corporate citizenship, stakeholder management, and sustainability have competed for the public's acceptance. All of these are interrelated and overlapping terms that have been incorporated in CSR which is the benchmark of the socially conscious business movement. Businesses of all sizes have now embraced the concept of CSR and thus this dictionary serves a wide audience. Whether you are new to the field or a veteran, this dictionary will serve as a valuable and indispensable resource that will serve as a compass to the broad field known as corporate social responsibility (CSR).

This Dictionary of Corporate Social Responsibility (CSR) represents years of diligent work on the part of many professionals in the field. Under the leadership of five editors, including Editor-in-Chief Samuel O. Idowu, hundreds of essential definitions, concepts, and terms in the field of CSR have been compiled into this volume.

Individuals, organizations, and libraries are encouraged to use this dictionary as a touchstone to the field. Practicing managers and academics will find this volume to be required reading. It has been my honor contributing to the dictionary and being invited to present this Foreword to the volume.

Athens, GA, USA Archie B. Carroll

Foreword

This book sets its readers—and all of us—an important challenge: one of recognizing the coming of age of Corporate Social Responsibility (CSR). The challenge implies that we resist a tendency, however well intentioned, to view CSR as something augmenting what organizations are for and what their managers should be expected to do.

I agree with Rene Schmidpeter and Christina Weidinger (2014) [1] when they write that CSR "started as a mere defensive/reactive approach (compliance oriented) [but] is now developing towards an innovative/proactive management concept". Or at least that's what we should be seeing.

CSR, if we truly believe its tenets, is a process and set of values representing an unbroken thread drawn throughout the organizational tapestry. It is something that those of us in business and management education should instill within our teaching from the beginning to end. Something we should expect policy makers and regulators to embed in the vision and practicalities of their prescriptions. Something that those who invest in or purchase from organizations of all shapes, sizes, and configurations should demand. And expect to see evidenced in all organizations' and their leaders' behaviour.

In order that all CSR stakeholders can adopt this comprehensive and inclusive orientation, we need to know what we are talking about. What the terms in play are intended to stand for. And how we can become more adept and sophisticated in our communications about CSR process and values. So that we can engage in proper dialogue around these phenomena.

With the arrival of this magnificent Dictionary of CSR, a major step forward has been made to that end. It is my privilege and joy to offer this foreword as a small contribution to engaging audiences internationally across the business, legal, and political landscape in becoming aware of, and making effective use of, this asset. A dictionary that I feel will certainly become well-thumbed by the many people who will be delighted to make use of it over the years to come.

The volume's editors are to be congratulated on an achievement that will make a significant impact among business and management learners and those who educate them; among those who practice the craft across the global economy; and among those who interact with them—regulators and the general public, now better informed by virtue of access to the volume you are now holding.

London, UK Stephen J. Perkins

Reference

[1] Schmidpeter, R., & Weidinger, C. (2014). Linking business and society: An overview. In C. Weidinger, F. Fischler, & R. Schmidpeter (Eds.), *Sustainable entrepreneurship*. Heidelberg: Springer.

Foreword

No lesser a man than Albert Einstein once said, “We cannot solve our problems with the same mindset we used to create them.” For me, this has never been truer than it is today. We inhabit a world which is just about to experience huge leaps forward in its technological development. With that progress, it is inevitable that there will be social challenges which will require of us totally new ways of thinking and business models. Every single one of us must take our own individual responsibility for this new thinking, if we are to create a world which is still habitable for future generations. It is crucially important that we strengthen this new consciousness, not just in society but also in business.

The time has come for us to embrace a new corporate ethic. Sustainability is becoming more and more important with every year that passes, and an essential component of the business strategy of modern companies. One new understanding which has been making its mark on the sustainability debate in recent years and is touched upon by many of the exciting contributions in this valuable book is Sustainable Entrepreneurship. This translates as the entrepreneurial contribution to sustainable action. It is the concept which factors in this thinking most effectively, and is presently evolving into the most widely acknowledged management concept of the future. In simplified terms, Sustainable Entrepreneurship is about solving the problems of our era, linking these with profitable business strategies, and producing added value for society and business alike by doing so. That makes it the perfect combination of “sustainability” and economic success. The concept is about the future—our future.

This concept will transform entrepreneurs from part of the problem into part of the solution. Deeply anchored in the DNA of companies, sustainability has the potential to function as an engine of growth, profit, and innovation. For many companies, it represents a huge chance to generate clear competitive advantage in the market. For Europe, it also provides a unique opportunity to overcome the financial crisis and win back the pioneering role it once enjoyed on this issue. For me, therefore, this is much more than just an idea. It is a guiding principle, an entirely new way of living, and a lifestyle movement which views sustainability not as something to reject, but as a means of creating added value.

I believe this book can contribute something more to strengthening this new consciousness in our society and in business. We all have the power to change the *status quo* of our current existence. So let's just do it! Simply because sustainability is in our hands!

Vienna, Austria Christina Weidinger

Preface

Initially, Corporate Social Responsibility was concerned primarily with environmental issues that could threaten the survival of our planet if corporations did not recognize potential problems and take concerted action to ameliorate them. It was controversial, considered by some to be an irresponsible attempt to frighten, lacking serious scholarly merit. Since its initial focus on environmental issues, however, Corporate Social Responsibility has grown in depth and importance to encompass social and economic issues of human welfare as well and is now a well-recognized and accepted field of scholarly study.

As of the second decade of the twenty-first century, Corporate Social Responsibility has been accepted globally as a necessary field that ensures a thriving relationship between business and society. Halfway through the development of the Encyclopedia of CSR (published in January, 2013), the Editor-in-Chief of the DCSR was forced to ask himself whether CSR has developed to the point that it requires its own dictionary. The answer to that original question was an emphatic affirmative because CSR is now a globally spoken business language and a common dictionary is needed to enhance communication among speakers from different backgrounds and different competencies.

Because it deals with current social, economic, and environmental challenges, Corporate Social Responsibility touches every area of human existence. Scholars, practioners, international organizations, and nongovernmental organizations all over the world research various aspects of the field, constantly coining new terms in the process. Hence, compiling a dictionary was a daunting process. Many terms probably did not find their way into this first edition of the very first CSR dictionary. Continuous revisions will be necessary in order to ensure that it remains up to date. To that end, readers' assistance will be needed, and the editor-in-chief asks that readers to contact him at the email address given elsewhere in the DCSR with suggestions and improvements.

Responsibility is a vital concern to business globally. As explained by Visser in CSR and Financial Crisis: Taking Stock (November 20008), irresponsibility costs the global community dearly both financially and socially, whether one is discussing irresponsible banking, irresponsible financial markets, irresponsible corporations, irresponsible executives, or irresponsible capitalism. Consequently CSR can no longer be trivialized. Doing so demonstrates a high degree of social irresponsibility on its own. It is hoped that all the terms assembled in this edition of the DCSR meet readers' needs. Please remember that the readers' assistance is needed to update the next edition of this unique dictionary and email any terms you believe should be added.

London, UK Samuel O. Idowu

Is CSR A New Global Business Language?[1]

There are many critics of the current business behavior. However, even after the recent economic meltdown, many decision makers still want to maintain a sort of *status quo* in this regard and continue in business as usual; it has become glaringly clear to all that our world will not accept this. In fact, modern capitalism has unequivocally rejected this, as unsustainable. Therefore, a burning question arises. Should we rely on the same old economic language used and practiced for more than a century, which has led us to experiencing a series of social, economic, and environmental degradations or do we need to rewrite completely a new business model? Between the fundamentalists/critics and reactive nostalgia exists an ever widening gap in the current state of the art. A gap that makes room for new methodologies, which have the scope to combine the strength of economic perspective with already, practiced sustainable management techniques. In this space, the economy and society do not contradict each other; they in fact complement each other. It is a space where in order to survive and prosper, companies must embed into their strategies socially and ethically proven ethos required of all twenty-first century corporate entities. More and more shapers of politics, business, and science are recognizing the present time's signals and opportunities. They have identified the mistakes of the past and are actively working to revive the original entrepreneurial function that would ensure that we do not experience past economic, social, and environmental challenges that have made life unnecessarily complex for everyone. The classic thinking of yesteryears has outlived itself, passed its sell by date, and should now be confined to history where it belongs; it is no longer about the question of whether "there should be more competition or more cooperation." A sustainably functioning society needs both. But above all, it requires trust between all market participants and a platform for value creating activities that benefit both employers and society.

[1] This Introduction is based on the Foreword by Rene Schmidpeter and Andreas Schneider in Schneider/Schmidpeter (2012) [1]: Corporate Social Responsibility, Springer, in German and translated into English.

Retrospectively, the "invention" of the company has always contained both an individual "gain" component (business case) and a social function "added value for society" (social case). This was not so obvious to us several years ago, but that is now in the past. Those companies that aspire to be successful in the long term, we believe, stand to create even more value for their stakeholders and consequently become good investments for both the shareholder and society. A cursory look at history confirms that companies in times of change always had a great interest in a stable and functioning social environment. Corporate investment in sustainable products, services, and the region is not only ethical, but would also support corporate interests. After all, what is good for society is also good for the company; business and society are interwoven, so we are told. In particular, small and medium-sized enterprises (SMEs) are most aware that they can only successfully operate in a stable social environment. The many SMEs all over Europe have impressively continued to show how sustainable entrepreneurship can work to create shared value for both the region and the company. The opposite could be demonstrated by a few recent scandals in companies around the globe; see for example what happened in ENRON, Lehman Brothers, TEPCO, and a few others, which suffered serious consequences for irresponsibly externalizing costs in order to generate profit at the expense of society which resulted in a lose-lose situation for them and more seriously for stakeholders. During this modern age of globalization, the Internet, and enlightened consumers, the externalization of costs poses a growing risk to business, a risk that should be taken seriously. At the same time, these scandals have forced reactive business strategies and encouraged urgently needed innovations that are often ignored instead of being exploited. Therefore, for such companies, the real threat lies in losing out to competition with regard to innovation and active trading.

Innovation and change are the signs of our era; both must be embraced by all corporate entities. An opportunity lies in the ability to increase the social value of products and services while sustainably increasing the value of the company. This is the "Corporate Social Responsibility—answer" to the many questions of our time. The aim of this dictionary is to use the time of disorientation in politics and the economy as a historical "window of opportunity" and to build a broad expertise of a new language for the management models of today and the future. The focus is on a business model that creates benefits for both the company and everything in its environment ("shared value"), as the founders of the social market economy as well as many sustainability pioneers have intended it.

The market economy, the private sector, and companies are usually the most efficient way to provoke benefits for themselves and others. This was the great discovery of the old Scottish philosopher—*Adam Smith*—and this alone is the justification for putting so much production and distribution in the hands of companies. Responsible entrepreneurship creates trust in our economic system, which at the end of the day promises high gains for everyone. The goal of our economic system should be to ensure the cooperation of all stakeholders. Competition and profit orientation are only a means to an end and not an end in itself. Competition should lead to cooperation and, thus, be connected to corporate and

societal gains. True achievers keep this context in mind when making business decisions. The best strategy, therefore, is for partners (customers, employees, suppliers, etc.) to create as much benefit as possible, in the most efficient manner, without harming others. This is the secret of successful entrepreneurship and is needed to revitalize it. This dictionary provides the new language for responsible business people, political decision makers, and the next generation to become responsible for the only thing we have: our planet, our people, and our common future, as one of our contributors has rightly noted in one of the entries in this dictionary, the future of this planet is in our hands! We truly believe in this assertion by Weidinger and her organization.

Cologne, Germany — René Schmidpeter
London, UK — Samuel O. Idowu

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[1] Schneider, A., & Schmidpeter, R. (2012). CSR eine neue Sichtweise auf Unternehmen?! In: *Corporate social responsibility—Verantwortungsvolle Unternehmensführung in Theorie und Praxis* (pp. VII–X). Springer.

The Dictionary of Corporate Social Responsibility: An Introduction

Corporate Social Responsibility (CSR) currently is one of the most discussed themes in business as well as in the academic world. Especially the recent global financial and economic crisis has propelled the topic to the forefront. The responsibility of business towards society has come under question, as the crisis was primarily caused by the distribution of faulty financial instruments, dubious lending practices, and business decisions driven solely by short-term profit maximization [8]. As a result, confidence in the trustworthiness of business has been shaken on a global level. In a recent survey by Edelman (2013) [3], only 58 % of more than 31,000 people in 26 countries stated that they had trust in business. What is even more striking is that the respondents did not blame governments and a lack of control over corporations for the crisis. Instead, wrong incentives for managers, corruption and bribery, incompetence, and lacking transparency were perceived as the dominant causes of the crisis [3].

Furthermore, the widespread and dramatic consequences of the crisis have demonstrated the strong interdependence of society, business, and politics. Rising unemployment, bankruptcies, and surging governmental debt have affected governments, citizens, and business alike [11]. With regard to governments, it has become evident that they are neither able to prevent crises in the first place nor are they positioned to effectively address their consequences. The economic relief measures undertaken have over-extended the financial capabilities of several nation states, turning a financial crisis into a debt crisis. In Europe, the dramatic fiscal situation of several states has put solidarity in the European Union to a serious test. With regard to transnational regulation limiting the scope of action for financial institutions, the difficulty of international cooperation has become evident. Due to diverging interests, states have not been able to enact effective transnational rules. This reflects a weakness that the traditional nation state has in comparison to multinational corporations: Whereas the latter can easily relocate their operations to other countries, nation states do not enjoy this flexibility [12].

Thus, Albareda (2008: 430 [1]) has correctly observed that "[o]ne of the most important consequences of globalization has been the emergence of new areas in which business activity takes place beyond the political, legal and economic control

of nation-states, governmental regulation increasingly fails." As a result, there have been more and more calls for a stronger self-governance by businesses. This notion of voluntarily assuming responsibility is central to the idea of CSR.

Effective regulation, however, is not the only problem that requires a transnational solution. There are diverse social, economic, and environmental problems that can only be solved on a global level. With regard to the environmental dimension, challenges such as global warming, water, and air pollution are not confined to national borders and, thus, cannot be solved nationally. Increasing economic activity has led to growing carbon dioxide emissions (CO_2). From 1980 until 2010 alone, CO_2 emissions increased from 18 to 30.6 gigatons. In the same period, the consumption of crude oil grew from 60 million barrels per day to 89 million barrels per day.

Resource scarcity is another related environmental and economic challenge of the twenty-first century. The lifestyles being led in industrialized nations, but also increasingly in emerging countries, are not sustainable in the long run, as they require more natural resources than the earth has to offer. This can be illustrated by the ecological footprint describing the area of productive land and water ecosystems that are necessary to produce the resources consumed and to assimilate the waste generated. In industrialized countries, the average lies in between 5 and 9 ha per person, depending on the method of calculation and the country. Considering that the world's biocapacity is only about 1.8 ha per person, this average exceeds what the earth has to offer substantially.

With regard to socioeconomic issues, rising income inequality is another serious challenge of our century. According to the United Nations Development Programme, in 1960, the poorest 20 % of the world population earned 2.3 % of all incomes, while the richest 20 % earned 70.2 %. In 2007, the numbers had shifted to 1.1 % and 83.0 %, respectively. Social unrest and poverty-induced migration are only two of the resulting consequences. Alongside poverty, poor labor conditions and violations of human rights can still be observed on a frequent basis, because businesses seek low labor costs and put pressure on governments of developing countries to play along accordingly.

The disadvantaged position of governments, especially in poor countries, once more demonstrates that they will not be able to address such significant problems on their own. Thus, societies are increasingly expecting business to make a meaningful contribution to addressing these issues. However, such contribution is seen to go beyond the neoliberal notion of generating profits, paying taxes, and obeying the law as the only social responsibilities of business. Companies are expected to look for ways to voluntarily generate benefits for their diverse stakeholders such as consumers, suppliers, employees, communities, and governments.

In the modern understanding of CSR, the generation of such stakeholder value is neither an altruistic undertaking nor is it a mere fulfillment of stakeholder interests. Instead, CSR is seen as a management concept that also creates competitive advantages for the company itself. To achieve these advantages, CSR needs to be proactively aligned with the core business strategy [7]. Then it can help to develop differentiation strategies in order to attract new customers, to enter new markets,

and to create competitive advantage. Likewise, it can contribute to attracting and maintaining a talented workforce and in increasing employee satisfaction. More and more employees increasingly value the CSR activities of companies when choosing their employer [5, 9]. Another example is the redesign of the value chain which helps to reduce harmful externalities such as waste and pollutants and to improve resource efficiency, which in turn can lead to lower costs [4].

With regard to the wide variety of business goals that can be achieved through CSR, studies have come to different conclusions on the objectives pursued by companies. Ditlev-Simonsen and Midttun (2011) [2] evidenced that corporate leaders saw “branding,” “value maximization,” and “stakeholdership” as primary reasons for why they pursue CSR strategically. “Sustainability” and “ethics” in turn were only given a low priority in the actual pursuit of CSR. In contrast, Hahn and Schermesser (2006) [6] demonstrated that “environmental and social responsibility” and “ethics” were the major reasons for companies to pursue CSR, while the “demands of stakeholders” were given lesser importance. Welford et al. (2007) [10] in turn found human resources management goals to be the primary motive. Health and safety, environmental protection, and good governance were other significant factors, whereas the application of standards and philanthropy were secondary. The study also examined the perspectives of stakeholders on which goals companies should pursue through CSR and found these goals to vary widely across different stakeholder groups. Therefore, Welford et al. (2007: 52 [10]) concluded that “undertaking stakeholder dialogue to gauge the views and aspirations of their stakeholders” is essential for companies to implement CSR successfully.

These preliminary thoughts demonstrate how diverse the economic, social, and environmental developments are that drive CSR and how equally broad the areas and goals are that CSR encompasses. This multifaceted character of CSR was the primary motivation for compiling this Dictionary of CSR. Its purpose is to provide a comprehensive overview on key terms related to CSR, which are explained by selected experts from all over the globe. This way, the reader gets access to brief but profound descriptions of developments, elements, people, organizations, and concepts frequently used in the diverse realm of CSR in our world in the twenty-first century.

Erlangen, Germany Matthias S. Fifka

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AA 1000

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AA 1000 is based on the AccountAbility 1000 standards that consist of AA 1000 Accountability Principles (APS), AA 1000 Assurance Standard (AS) and AA 1000 Stakeholder Engagement Standard (SES).

Inclusivity, materiality and responsiveness represent the AA 1000 Accountability Principles that refer to organizations being held accountable for their business activities, the impact proportion for both corporation and its stakeholders, and stakeholder engagement through sustainability adoption.

Stakeholders inclusivity within social-environmental assurance generates improvements in the dialogue with the stakeholder and better communication from the assurance point of view [1]. The AA 1000 Assurance Standard (AS) provides the main coordinates for conducting the assurance in the field of corporate social responsibility and sustainability.

AA 1000 Stakeholder Engagement Standard (SES) sets very clear that the engagement process should occur differently according to the category of stakeholder. The standard highlights the importance of establishing a dialogue in which information should be disclosed to stakeholders accordingly and their feedback should provide future directions for improvements in reporting. Innovation and performance are also essential for enhancing sustainability and stakeholder engagement [2].

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CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-10536-9_1

[1] Edgley, C. R., Jones, M. J., & Solomon, J. F. (2010). Stakeholder inclusivity in social and environmental report assurance. *Accounting, Auditing & Accountability Journal, 23*(4), 532–557.
[2] Unerman, J., & Bebbington, J. (2007). *Sustainability accounting and accountability*. London: Routledge.

Accountability of Work

Massimiliano Di Bitetto and Paolo D'anselmi

When we broaden the concept of CSR, accountability of work is reformulated as a view of CSR itself, which argues that all organizations should be accountable for their social responsibility since markets are imperfect and competition is far from "open and free" [1, 2]. This is also true in the public sector where bureaucratic behavior hampers performance [3]. Social accountability for different kinds of organizations can best be applied by extending the concept of competition, both within and across industries and sectors. Competition is a driver of accountability and even without strict market competition accountability can be obtained through measurement, benchmarking, evaluation and exit options.

When CSR is pursued in the core business of an organization, including the responsibility of accounting for all the organization's imperfections vis-à-vis a rational and normative view, then the accountability of work is the common denominator identifying what CSR should consist of across all organizations—public and private, for- and not-for-profit.

In contemporary economies, work per se does not imply its own positive social impact. Thus the highest priority for investigation should be to make sure that work is either profitable or of social value. Analyzing and describing such social impact is an operational definition of what CSR is supposed to be. Therefore CSR is the discipline of accounting for all work.

"Work" is used here as a collective noun: work as the sum total of paid activities within an economy—work, instead of labor, because labor is one side of the capital-labor dichotomy whereas work is apolitical. Work is neutral and involves everyone, in all organizations, public and private. All workers—executives and employees—must be held accountable for their work. This accountability implies an individual dimension of responsibility, which leads to ethics in CSR. The accountability of work implies the economic bottom line as crucial to CSR and consists of the duty to

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be accountable and the possibility for society to hold workers accountable for their deeds—more a notional demand for organizations and workers to give account than the effective giving of such.

[1] Chymis, A. (2008). *Reconciling Friedman with corporate social responsibility: How market competition affects corporate social performance*. Saarbrücken: VDM Verlag Dr. Müller.
[2] Friedman, M. (1970, September 13). The social responsibility of business is to increase its profits. *New York Times Magazine*.
[3] Niskanen, W. A. (1968). Non-market decision making. The peculiar economics of bureaucracy. *American Economic Review, 58*(2), 293–305.

Accountancy/Audit Firms (Relationship with Clients)

Anne Burke

Accountancy is "the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information" [1]. The objective is to permit users to make better-informed decisions and judgments. This information should be beneficial to anyone who needs to make plans about enterprises, including those who control and manage them. Managers may need accounting information to decide whether to: develop new products or services; increase or decrease the price or quantity of existing products or services; borrow money to help finance the business; change the method of production etc. Managers are not the only users of financial information. Other users include: financial institutions; suppliers; customers; employees, government; and the general public. Accountancy can be viewed as a form of service provided by accountancy/audit firms to their 'clients' who are the various users of financial information.

Accountancy began in the late Middle Ages, when a rise in trade made it essential to account for profit and wealth. In time accountancy procedures became standardized. The first known example of business records maintained using 'double entry bookkeeping' was in Venice in 1494 when Fra Luca Pacioli, produced a text, Summa de Arithmetica outlining the mechanics of double entry bookkeeping. As enterprises got bigger, it was less common for the owner to maintain the accounting records and more common to employ someone as bookkeeper. With the onset of the Industrial Revolution came even larger enterprises that needed more complex recording systems. These new enterprises called limited companies, were owned by a number of people called shareholders. As it was impossible for all these shareholders to manage the enterprise, they appointed managers on their behalf to manage the enterprise. This meant that the shareholders did not know

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what was happening in their enterprises so this led to a need for some monitoring of the managers. Auditing of the financial records became common and this effectively established the accountancy profession. Currently "there are about 200 professional accountancy bodies, each with its own entry requirements... accountants record and manipulate financial data to in order to provide financial information... accountants are also expected to interpret the information they produce,... to assist decision making" [2].

[1] American Accounting Association. (1966). *Statement of basic accounting theory*. FL: American Accounting Association.
[2] Wood, F., & Sangster, A. (2012). *Business accounting 1*. Pearson Education Ltd.

ACCA

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ACCA is the name used by the Association of Chartered Certified Accountants to describe itself and it is also the title given by the professional body to its Associate members after they have met specified requirements including 30 months post qualification experience. Senior members of the Association are given the title—FCCA (which stands for Fellow, Chartered Certified Accountants) having served conscientiously and with high integrity for their chosen organisations for a specified period of time.

The ACCA was established in 1904 in the United Kingdom. Since 1904, the Association has successfully transformed itself into a global body of professional accountants with 140,000 members and 404,000 students in every corner of the world. It has national offices in almost every country. Its head office is in London, UK with offices and examination centers all over the world.

The Association was founded when eight people formed the London Association of Accountants in order to provide more open access to the accountancy profession than the then two existing accountancy organizations in the UK allowed for. The ACCA went through a number of mergers and amalgamations over the years. In 1984, it became the Chartered Association of Certified Accountants to reflect the fact that, a decade earlier, it had been granted a Royal Charter of Incorporation. In 1996, the ACCA became the Association of Chartered Certified Accountants, which is its present name [1].

Its members who are known as Chartered Certified Accountants are employed in industry, financial services, the public sector or in public practice. With statutory recognition in the UK and Ireland, it has the authority to license its members to work as registered auditors. In the UK it also authorizes its members to undertake

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insolvency work. Outside the UK, the Association is recognized by many countries and it was a development that was fostered by the EU's Mutual Recognition Directive.

The Association supports its members and students throughout their careers, providing services through a network of 83 offices and active centers. Its global infrastructure enables the Association to provide examination and support services to its students worldwide. The ACCA prides itself in being able to deliver and develop unrivalled reputation and influence at a local level, directly benefitting stakeholders wherever they are based or plan to move to in pursuit of new career opportunities. Its focus is on professional values, ethics and governance. It also delivers value-added services through 57 global accountancy partnerships, working closely with multinational and small entities to promote global standards and support [2].

The Association notes that it uses its expertise and experience to work with governments, donor agencies and professional bodies such as the International Federation of Accountants (IFAC) to develop the global accountancy profession and to advance the public interest.

[1] ACCA. Accessed on July 23, 2013, from http://www2.accaglobal.com/about/
[2] Idowu, S. O. (2013). *ACCA in encyclopedia of corporate social responsibility* (pp. 8–10). Berlin, Heidelberg: Springer.

Accountability

Del Baldo Mara

There are several definitions of accountability reported in the literature. In general terms, accountability is the set of means by which individuals and organizations give account to one or more recognized authorities stakeholders for their actions.

Accountability can be defined as "the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible. This involves two responsibilities (or duties): the responsibility to undertake certain actions and the responsibility to provide an account for these actions" (Gray et al. 1996: 38) [1]. As such, it involves extending the accountability of organizations (particularly companies) beyond the traditional role of providing a financial account to the owners of capital upon the assumption that companies do have wider responsibilities than simply making money for their shareholders. CSR, through the accountability framework, can be used to develop the democratic functioning of information flows relating to responsibilities established in law, in quasi-law plus those relative to the philosophical (natural/moral) responsibilities.

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The essence of the accountability model is the relationship between the parties and the role that the society ascribes to it. This relationship ascribes responsibility and permits a right to information and thereby determines the accountability.

Different media (annual reports, stand-alone social and environmental accounts, websites, etc.) are used to communicate this information to a broader group of stakeholders. In a more specific sense, social and environmental accounting and reporting (SER or SEAR) is the term widely used to refer to corporate accounting and self-reporting processes through which quantitative and qualitative information about social and environmental effects are accounted and disclosed. By the mid-1990s, social and environmental issues gained their relevance [2]. More recently, shifting their attention from external reporting, scholars have sought to examine various aspects of SER by focusing both on organizational processes and internal factors and on the content, nature, and extent of various social and environmental accounts and reports. Lastly, it has been of increasing interest to further explore issues, including change within organizations.

[1] Gray, R., Owen, D., & Adams, C. (1996). *Accounting and accountability: Changes and challenge in corporate social and environmental reporting*. Hemel Hempstead: Prentice Hall Europe.
[2] Parker, L. D. (2005). Social and environmental accountability research: A view from the commentary box. *Accounting, Auditing and Accountability Journal, 18*(6), 842–860.

Acid Rain

Aysen Muezzinoglu

Precipitation having low pH is named acid rain. Pure water has pH of 7.0, but even "clean" or "unpolluted" rain has a pH of about 5.2 due to "normal" components of the air. With recent increase in CO_2 concentrations in the atmosphere leading to climate change, pH of precipitation has dropped, too. But strong acids of sulfur, nitrogen and halogen containing air pollutants emitted from industry, traffic sources and other fossil fuel combustion sources cause acid rain with pH below 4 or 3.

Acid rain creates harmful effects in water bodies, biota and soils. Acidic water bodies may harm plants, human health, and buildings. Acid rain contributes directly and indirectly to ecosystems by way of causing degradation and stress in biological life forms. Indirect effects of acid rain include increased toxicity in ground waters, acidified lakes and freshwater bodies and corrosion of materials [1].

It is usually the man-made part of acidic emissions under the acid rain discussions, although it can also be caused naturally by the oxidation of atmospheric nitrogen by the action of energy released during the lightning strikes, or the massive

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emissions of sulfur dioxide in the atmosphere due to volcanic activity. Although there is some uncertainty in the respective magnitudes of the natural and man-made fluxes of nitrogen as precursors, some authors suggest that there is general agreement about the predominance of anthropogenic fluxes [2].

Acid deposition can be local or originate from transboundary air pollution to affect large geographical areas. Acid rain is formed around industrial and residential sources, and may be effective hundreds of kilometers downwind. This is another important aspect of acid precipitation in conjunction with transport of acidic pollutants trapped within the clouds to distant places. Acid rain occurs with effects that are highly variable in time and space, and its impacts vary according to a diversity of terrestrial and aquatic ecosystems.

Impacts are linked with the presence of acidic water in the natural sulfur, nitrogen, carbon and hydrological cycles and may end in changes in solubility of calcium, magnesium, and aluminum compounds. Chemical buffering potential of receiving waters and soils is significant in determining the time and degree of danger.

[1] www.acidrain.org. Accessed on June 30, 2013

[2] Galloway, J. N., Schlesinger, W. H., Levy I. H., Michaels, A., & Schnoor, J. L. (1995). Nitrogen fixation: Anthropogenic enhancement-environmental response. *Global Biogeochemical Cycles, 9*(2), 235–252.

Activist Investors

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Any individual or group of individuals with either an equity or a debt stake in the company or any combination of the two, that enables them to actively effect the decision-making processes of the company. Such stakes are usually large positions in the company's overall asset structure and thereby wield power over the decision making process.

The company decisions could affect short or long-term strategy shifts, remuneration, or the best use of cash, amongst a myriad of others. It has been increasingly seen that Activist Investors can influence boards to adopt decisions that further corporate social responsibility. In this context therefore, they can be defined as investors who actively use their rights and influence to draw the attention of the management to corporate social, ethical and environmental issues whilst increasing stakeholder value.

Such investors can thwart seemingly unfair/unjust practices of corporations by threatening to offload their stake. Activist investors are known to boycott investments in "irresponsible" companies such as those that do not put the interests of

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their stakeholders at least at par with those of their shareholders. Most activist investors are cash rich individuals, groups or companies like pension and mutual funds who value their reputation. This reputable image could easily be tarnished if they associate themselves with companies that engage in unfair business practices. A classic example for the case in point is the pressure brought on the board of Amoco by investors to take full responsibility of the Valdez debacle [1].

Activist investors, however, in their eagerness to do the right thing could target "good" companies (for e.g. on missed opportunities or bad judgment) that are more vocal and public about their CSR engagements. Such companies could therefore struggle harder and harder to maintain their hard-acquired "Good Corporate Citizen" image [2].

[1] Glac, K. (2010). *The influence of shareholders on corporate social responsibility*. History of Corporate Responsibility Project, Working Paper No. 2.
[2] King, B., & McDonnell, M. (2012, June 1, Forthcoming). *Good firms, good targets: The relationship between corporate social responsibility, reputation, and activist targeting*. Corporate Social Responsibility in a Globalizing World: Toward Effective Global CSR Frameworks. Cambridge: Cambridge University Press.

Agency Theory

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With the onset of the Industrial Revolution, enterprises grew in size and a new enterprise structure was necessary. A number of people called shareholders owned these new enterprises called limited companies. As it was impossible for all these shareholders to manage the enterprise, they appointed managers on their behalf to manage the enterprise. The original comprehensive academic explanation of agency theory was offered in Jensen and Meckling (1976) [1]. They demarcated the managers of the enterprise as the agents and the shareholder as the principal. In agency theory, the shareowner is regarded as the principal, that is the person with the moral and legal rights to the enterprise whilst the managers are regarded as being the agents, tasked with acting in the principal's best interest, in exchange for a fee. Therefore, the shareholders as principals appoint directors/managers as their agents. This situation results in the separation of ownership and control outlined by Berle and Means (1932) [2].

The challenge highlighted by agency theory is that shareholders cannot always rely on managers to act in their best interests—the agency problem. Essentially, it is posited that people will often do what is in their own best interests as opposed to what they are tasked to do. If managers are greedy and having access to the bank

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accounts of the enterprise and the authority to choose how to spend the enterprise's money they may be tempted to spend it in ways that best suit the managers themselves for example excessive remuneration, excessive expense claims, luxurious offices etc. There is a need to monitor the shareholder-manager relationship. The agency problem is linked with substantial costs to both the management and the shareholder.

Agency theory as opposed to stakeholder theory is the central paradigm prevailing in enterprises for a considerable length of time (Shankman 1999) [3].

[1] Jensen, M. C., & Mechling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 3,* 305–360.
[2] Berle, A., & Means, G. (Eds.). (1932). *The modern corporation and private property*. New York: Transaction Publishers.
[3] Shankman, N. A. (1999). Reframing the debate between agency and stakeholder theories of the firm. *Journal of Business Ethics, 19*, 319–334.

Agenda 21

Dirk Reiser

Agenda 21 is a comprehensive plan to action regarding the promotion of sustainable development at all geographical levels in the twentyfirst century. It is an outcome of the United Nations Conference on Environment and Development (UNCED), the so-called Earth Summit, in Rio de Janeiro from the 3rd to 14th of June 1992. There the plan was adopted by 178 governments together with the Rio Declaration on Environment and Development and the statement of Principles for the Sustainable Management of Forests. The document itself is divided into 40 chapters based in four main sections: Social and economic dimensions, conservation and management of resources for development, strengthening the role of major groups and means of implementation [1].

The progress in the implementation of this voluntary, non-binding action plan is overseen by the Commission in Sustainable Development (CSD) that was established by the United Nations in December 1992. Its achievements were evaluated at several follow-up conferences: Rio + 5, Rio + 10 and Rio + 20. At those conferences the involved parties also re-confirmed their commitment to Agenda 21 [2].

The implementation of the different chapters of Agenda 21 has progressed at different paces. Its largest successes include the inclusion of the concept of sustainable development into common agreements and thinking (e.g. WTO preamble),

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the progress made on what sustainable outcomes are achievable in specific sectors (e.g. Forest principles) and the now much stronger notion of participation in decision-making (e.g. NGOs). However, challenges remain and some areas could even be called a failure (e.g. inequal distribution of resources consumption). Overall, expert ratings suggest that the progress on Agenda 21 has been limited [3].

[1] United Nations. (2013). Sustainable development knowledge platform: Agenda 21. UNCED. Accessed on February 27, 2013, from http://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=23&menu=35
[2] United Nations. (2013). General assembly, 67th session: Sustainable development. Accessed on February 27, 2013, from http://sustainabledevelopment.un.org/content/documents/1676SG%20report%20on%20CSD%20lessons%20learned_advance%20unedited%20copy_26%20Feb%2013.pdf
[3] Stakeholder Forum for a Sustainable Future. (2012). Sustainable development in the 21st century (SD 21). Review of the implementation of Agenda 21 and the Rio Principles. Accessed on November 11, 2013, from http://sustainabledevelopment.un.org/content/documents/641Synthesis_report_Web.pdf

Agglomeration

Özge Can

The term "agglomeration" refers to the geographical co-location of firms. Agglomeration effects include all economies that are an increasing function of the number of nearby firms. It is commonly established that level of agglomeration varies considerably across industries, as does the tendency of an industry to co-agglomerate with other industries. Innovative activity is substantially more concentrated than overall production and that the industries emphasizing research and development tend to be more spatially concentrated [1].

Various explanations have been developed to understand agglomeration benefits. Some of the determinants of regional specialization that have been explored are regional endowments and raw material intensity, comparative advantage, transport costs and market potential. The early work of Marshall (1890) provides three compelling reasons for geographically concentrated industries: Clustering (1) provides a densely populated local labor market of employees with special skills (labor market pooling); (2) facilitates the development of specialized inputs and services that can be shared among firms (input sharing); (3) enables firms to use similar technologies (knowledge spillovers) [2]. These factors are identified as three core mechanisms of agglomeration.

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The spatial concentration is advantageous to employees who will be able to find new jobs with other firms. This ultimately benefits the firms as well by increasing the supply and sharing of specialized labor [2]. The combination of scale economies and low transportation costs are also expected to encourage the users and suppliers of intermediate inputs to cluster near each other. Such agglomeration generates high levels of demand to justify efforts to produce highly specialized components.

Knowledge spillovers are probably the most frequently mentioned source of agglomeration in studies. Physical proximity is argued to enhance knowledge flows between entrepreneurs, designers, engineers in the same industry or across diverse industries by making communication easier and less costly. The high-technology cluster in Silicon Valley and the high-fashion cluster in Milan are among the most well-known examples of regions with high spillovers.

It is generally advocated that spatial concentration of firms increases productivity and employment. Recently, growing number of studies emphasize the influence of local structure (e.g., industrial diversity, average establishment size, number of large firms) on employment growth, productivity, innovation and new start-ups in concentrated regions.

[1] Rosenthal, S., & Strange, W. C. (2001). The determinants of agglomeration. *Journal of Urban Economics, 50,* 191–229.
[2] Marshall, A. (1890). *Principles of economics*. London: McMillan.

Air Pollution

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Atmosphere is a mixture of many gaseous and particulate compounds. Their presence and mixing ratios are dependent on the geographical location and altitude.

Air is "polluted" if the mixing ratios of its components are different from those of the reference "Clean Air". Anthropogenic air pollution is a result of fossil fuel combustion and chemical reaction products. Besides the anthropogenic reasons, air pollution may also occur due to certain natural phenomena such as forest fires, reentrained dusts, lightnings, volcanic eruptions, etc. Some of the pollutants in the air stay in the form in the emissions, whilst others are transformed into other forms. First pollutants are "primary" and the second ones are "secondary" air pollutants.

Most significant sources of anthropogenic air pollution are energy/power generation and traffic. Both groups burn fossil fuels in large amounts and emit several pollutants.

Among the most significant primary air pollutants sulfur oxides (SO_x representing the sum of SO_2 and SO_3), nitrogen oxides (NO_x, also a combined form consisting of NO and NO_2), volatile organic compounds (VOCs, total of

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organic gases and vapors), carbon monoxide (CO) can be counted. Secondary air pollutants formed in the atmosphere also exist. Ozone (O_3) forms in the air after a series of reactions initiated by NOx and some organic pollutants under the action of photochemically active solar radiation [1].

Oxidizing radicals such as (OH•) that form in the air by water vapor through the excitation of solar radiation. These may increase the rate of formation of several secondary pollutants.

SO_x and NO_x are highly acidic gases, which oxidize further in the air. Within the water droplets they cause acid rain phenomena.

Direct effects of SO_2 cover negative impacts on crops and health problems on animal and human beings. Nitrogen oxides also have direct health effects but are also important as the main precursor of photochemical smog, which occurs over the big cities during the days with a lot of solar radiation.

Carbon dioxide is not an air pollutant with adverse impacts similar to the pollutants counted above. But its percentage is increasing in the atmosphere for more than a century. This increase is the main factor in global climate change, which is one of the most significant challenges humanity has ever faced.

[1] Muezzinoglu, A. (2000). *Air pollution and its control*. Izmir: Dokuz Eylül University (In Turkish).

Animal Rights

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The history of the relationship between non-human animals and humans is going back many thousand years. For all this time, humanity's moral attitudes towards animals gravitated between two dichotomous positions: the atrocious disregard for the welfare of animals and the strong tendency for admirable sympathy [1]. In this context, is can easily be understood that there is a philosophical debate if animals should have rights and what rights they should have. This discussion about the rights of animals is studied in field of animal ethics, where arguments about the right and wrong treatment of animals are exchanged.

Of particular importance is the argument in how far humans and therefore their rights are different to non-human animals. In this context, it is often argued that the current approach to animal rights serves the self-interested purpose of humanity to marginalise and instrumentalize non-human animals. This is closely linked to the reality of business practices within the growth paradigm of capitalism. It can be expected that this will change in the future as (corporate) social responsibility will

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become an increasingly important business element. Included in such change is higher ethical concern that has to be given to non-human animals [2].

The attitudes of humans towards non-human animal rights take a variety of interests and concerns including naturalistic, humanistic, scientific, aesthetic and dominionistic interests, and ecologistic, moralistic, utilitarian and negativistic concerns. Those stances determine the way in which humans understand animal rights. In particular the moralistic concerns are important for someone's position on animal rights, while ecologistic and utilitarian concerns determine if someone's opinion is centred on animals (non-human and human) within their ecosystems (ecocentric) or on non-human animal's practical use for humans (anthroprocentric). Currently, human actions and moral dimensions are not centred on human kindness but rather self-interest and the instrumental use of non-human animals for human purposes [3].

[1] Fennell, D. A. (2012). *Tourism and animal ethics*. Abingdon: Routledge.
[2] Reiser, D. (2013). Animal ethics. In S. O. Idowu (Ed.), *Encyclopedia of corporate social responsibility*. Heidelberg: Springer.
[3] Kellert, S. R., & Berry, J. K. (1987). Attitudes, knowledge, and behaviors toward wildlife as affected by gender. *Wildlife Society Bulletin, 15*(3), 362–371.

Advertising and Corporate Social Responsibility

Morten Ebbe Juul Nielsen

Advertising is the practice of trying to persuade consumers or other agents to change their behaviors in some way beneficial for the advertiser [1, 2]. "Advertisement" is generally taken to include any kind of communication—written, televised, etc.—with such a purpose. The key example of advertising is commercial, but advertising is also done by the state, by political parties and other kinds of organizations, such as Non-Governmental Organizations (NGOs), charities and similar.

Advertising raises two distinct sets of issues for Corporate Social Responsibility (CSR). On the one hand, practices of CSR can be viewed as a form of advertising. Producing an image of the organization as being "responsible", "caring", "eco-friendly", "inclusive" or whichever positive label one might produce can be seen as the essential point of CSR. As such, advertising is closely related to "branding", the point of which is precisely to establish a positive image, or a positive set of values connected with a given product or producer. On the other hand, being a responsible organization might itself impose limits and obligations on how the organization should handle its communication with its costumers, business partners, and other stakeholders [1]. Being or striving to be a responsible organization includes ethical considerations that guide or limit how one should communicate, including how one

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should communicate in advertising. This places the discussion firmly within that of business ethics, the study of how corporate entities ought to act. Typical ethical challenges connected with advertising include, among others, manipulation and lying (e.g., misrepresentation of a product's quality), unacceptable social consequences (e.g., stereotyping of women), protection of minors, and the question whether it is ethically defensible to advertise for all forms of products otherwise available on the market (e.g., drugs, weapons, alcohol, tobacco.) [1, 2].

[1] Beltramini, R. F., et al. (2003). Special issue on advertising ethics. *Journal of BusineEthics, 48*.
[2] Crisp, R. (1987). Persuasive advertising, autonomy, and the creation of desire. *Journal of Business Ethics, 6*(5), 413–418.

Affirmative Action

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Affirmative action denotes various forms of policies, programs, quotas etc. meant to equalize the representation of certain groups (e.g., women, minorities) in various areas, for instance insuch as business, politics or education [1]. It is a form of preferential hiring, or "reverse discrimination." Affirmative action is often linked to past discrimination, but can also be purely forward-looking, where the goal is not compensation (for past injustices) but rather future equal representation [2]. The relevant groups are "socially salient", in rough terms,, in the sense that they are identifiable as either subjects of previous or current adverse discrimination. or as socially important for some persons. Key examples here are women, the disabled, ethnic minorities and similar. While groups consisting of "persons with brown hair", or the left-handed, are not socially salient because these groups play no specific role in discrimination or social justice.

Affirmative action is related to "diversity management". The latter can be described as a less demanding ideal of diversity based either on the value of plurality, rather than the more ambitious ideal of equal representation. As a rule of thumb, diversity management is voluntary whilst affirmative action is embedded within some regulatory framework, e.g., national legislation [3].

Two main areas in the discussion of affirmative action and corporate social responsibility (CSR) are the legal and the moral. Legal requirements of affirmative action can take various forms, either as demands that organizations must hire members of certain groups in specific proportions, or, more indirectly, e.g., where a company must have a certain proportion of members of specified groups in order to win contracts from the state etc. Naturally, different legal frameworks will impose different demands (and limits) concerning affirmative action. Moral

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discussions of affirmative action revolve around the legitimacy and desirability of affirmative action. Its proponents will often argue that affirmative action is a good way of overcoming the structural barriers to the full inclusion of minorities and other disadvantageous groups in economical and social life. Its Criticism of affirmative action comes in many guises. Some believe that it is too ambitious and that critics will often argue that giving special privileges to certain individuals is morally problematic and that the goals of affirmative action can be achieved in other, less challenging ways. Conversely, some believe that affirmative is not ambitious enough because it addresses the sources of inequality at a superficial level instead of going to the roots of social inequality.

[1] Beauchamp, T. L. (1998). In defense of affirmative action. *Journal of Ethics, 2* (2), 143–158.
[2] Cahn, S. M. (Ed.). (1995). *The affirmative action debate*. New York: Routledge.
[3] Agócs, C., & Burr, C. (1996). Employment equity, affirmative action and managing diversity: assessing the differences. *International Journal of Manpower, 17*(4/5), 30–45.

Altruism

Charmaine H.C. Low and Patrick K.C. Low

Altruism is unselfish concern or care for other people's welfare, happiness, and well-being. If an individual's behaviour or motive is altruistic, it means that; that individual shows concern for the welfare and happiness of other people rather than just for him or herself. It means that, that individual is selfless and not selfish. To express it in another way, altruism is the renunciation of the self, and an exclusive concern and care for the welfare of others. It is a traditional virtue in many cultures, and a core aspect of various religious traditions. Giving alms to the poor is often considered an altruistic action in many cultures and religions [1].

Altruism is also a motivation to provide a value to a party who must be anyone but themselves, while duty and loyalty are somewhat moral obligation of a person towards a specific individual (god or a king), or a collective body or organisation (for example a government). Some individuals may feel both altruistic and moral duty to help other people, while others may not. Pure altruism is an instinctively 'giving' value without any regard to rewards or the benefits that recognition of the giving may bring. The term altruism may also refer to an ethical doctrine that claims that individuals are morally obliged to benefit others [2]. Used in this sense, it is the opposite of egoism. In the course of history, there are many individuals

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around the world who could be referred to as being altruistic as a result of what they did selflessly for the benefit of others.

In Asia, where economic growth outpace governments' ability to provide social services and support for the poor and needy people, the business community has to take upon itself the moral role of doing something good for society; there had been a strong trend of historical and cultural tradition of charitable activities around the region and also elsewhere around the globe.

In the West particularly over the past 10 years, altruistic corporate responsibility has come to be expressed in terms of company social responsibility, community service, the setting up of charitable organizations, philanthropic foundations and social funds as well as various innovative forms of social entrepreneurship; and these have been on the rise [3].

Rising challenges facing our world today include the growing disparity between the rich and the poor, environmental degradation, illiteracy and inaccessibility to basic services and public goods by more than half of the world's population, have led to a sense of urgency among the privileged or the-haves and the various religious groups including the Christians to return, be answerable and improve the conditions of their surrounding communities and environment [4].

[1] Buffet, W. (2010). My philantropic pledge, CNNMoney. Accessed from http://money.cnn.com/2010/06/15/news/newsmakers/Warren_Buffett_Pledge_Letter.fortune/
[2] MaCGgrath, N. (1995, March). Drawing morals from morality. *Asian Business, 31*(3).
[3] Low, P. K. C. (2011). Being socially responsible—St. Francis assisi and nature: Shouldn't we emulate him? *Business Journal for Entrepreneurs, 2011*(3), 38–54.
[4] Low, P. K. C., & Ang, S. L. (2012). Altruistic corporate social responsibility. In S. O. Idowu (Ed.), *Encyclopaedia of corporate social responsibility*. Berlin, Heidelberg: Springer. doi:10.1007/978-3-642-28036-8

Ambiguity

Massimiliano Di Bitetto and Paolo D'anselmi

CSR—Corporate Social Responsibility is about behavior of organizations. However organizations do not exist but for the people who work in them. Organizations are made of people. Organizations do not exist without the people working in them and living the legacy of previous people who worked with them. Organizational systems do exist, as well, they can be used for predictions of organizational

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behavior, but responsibility of such behavior can only be traced to people, to individual people. Once we reach individuals, we reach ethics, which implies personal responsibility. An aspect of personal responsibility is the ambiguity of individuals' vis-à-vis reality [1]. "Managing ambiguity and paradox" was one of the eight key characteristics of excellent companies in the seminal Peters & Waterman study [2] "In Search of Excellence" (1982). Ambiguity thenis a specific term used in the literature on excellence, it is also a psychological and managerial term. Ambiguity, therefore, is related to CSR because it describes and maps areas of discretionary behavior of people and people within organizations. Such discretionary behavior is *par exellence* the area of CSR within the economic bottom line. There is certainly discretionary behavior within organizations in the areas involving the environmental and the social bottom line, which are stressed by mainstream CSR. However it is of specific interest here to underline how discretionary behavior takes place also in all actions falling within the area of the economic bottom line, which is the reason for the existence of organizations, especially for profit corporations. Consequently CSR reporting should account (when possible) for specific instances of ambiguity that the organization is dealing with. Ambiguity is, therefore, related to disclosure in CSR reporting, which calls for the identification and reporting of the few and specific instances of possible irresponsibility within the organization.

[1] Haidt, J. (2012). *The righteous mind: Why good people are divided by politics and religion*. New York: Pantheon.
[2] Peters, T., Waterman Jr., R. (1982). *In search of excellence*. New York: Harper & Row.

Anglo-American Board Model (Single Tier) Versus European Model (Two-Tier)

Anne Burke

Board structure differs depending on the country either being single tier (unitary) or two tier (dual). In the UK, USA and the majority of the EU member states the single tier board structure predominates. The two-tier structure predominates in Austria, Denmark, Germany and the Netherlands.

The single-tier board comprises both executive and non-executive directors and tends to make decisions as a unified group. The single-tier board has responsibility for all aspects of the enterprise's activities. Each year the enterprise's shareholders elect the directors of the board at the enterprise's Annual General Meeting. The main advantage of the single tier board is that there is a closer relationship and

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better information flow as all directors, executive and non-executive, are on the same single board.

The two-tier board comprises of a supervisory board and an executive board of management—hence two tiers. There is a clear separation between the functions of supervision and that of management. The supervisory board oversees the direction of the enterprise and oversees the management board. The Chairperson of the enterprise sits on the supervisory board. The supervisory board is comprised wholly of non-executive directors. In contrast, the management board is comprised wholly of executive directors, is tasked with concentrating on operational matters of key significance, and is headed by a Chief Executive Officer. There is a clear distinction between management and control as members of one tier of the board cannot be members of the other tier of the board. Shareholders appoint the members of the supervisory board while the supervisory board appoints members of the management board. Employees may have representation on the supervisory board, as is the case in Germany. The main advantage of the two-tier board is that there is a more distinct and formal separation between the supervisory board and the management board. In addition, the supervisory board is commonly used as a mechanism for introducing diverse stakeholder groups into corporate governance by including representatives on the board such as employees or environmental consultants. However, two-tier boards are only effective where there is an effective relationship between the chief executive heading the management board and the chairperson heading the supervisory board [1].

[1] Solomon, J. (2010). *Corporate governance and accountability*. John Wiley & Sons.

Animal Rights, Human Rights, Environmental Management

Gabriela Tigu and Andreea F. Schiopu

Environmental management is a mixture of science, policy, and socioeconomic applications concerned with the development of strategies to allocate and conserve resources, with the ultimate goal of regulating the impact of human activities on the surrounding environment [1]. Moreover, it focuses on the solution of the practical problems that humans encounter in cohabitation with nature, exploitation of resources, and production of waste, being intertwined with questions regarding economic growth, equitable distribution of consumable goods, and conserving resources for future generations.

The state of the environment helps or hurts its inhabitants, humans or animals, thus environmental protection arises out of a vital need to safeguard life and to assure its quality and good condition. The link between human rights and the

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environment has been recognized ever since the 1972 United Nations Conference on the Human Environment that emanated the Stockholm Declaration stating that "Man has the fundamental right to freedom, equality and adequate conditions of life, in an environment of a quality that permits a life of dignity and well-being..." [2], and later on in the 1992 Rio Earth Summit and the 2002 World Summit on Sustainable Development.

Until recently, rights were traditionally and universally recognized as attributable to humans alone, but these rights are increasingly extended to the nonhuman animal and even, on occasion, to the environment as well. Contemporary life scientists and philosophers argue that the earth belongs no more properly to humans than it does to animals, and therefore, it is necessary to extend to them at least some of the rights [3].

[1] McGraw-Hill Concise Encyclopedia of Environmental Science. (2008). In Ecomii Science Encyclopedia. Accessed on March 15, 2013, from http://www.ecomii.com/science/encyclopedia/environmental-management
[2] United Nations Environment Programme. (UNEP). (2004). *Human rights and the environment*. Proceedings of a Geneva Environment Network roundtable. Accessed on March 16, 2012, from http://www.genevaenvironmentnetwork.org/?q=en/events/human-rights-and-environment
[3] Reichmann, J. B. (2000). *Evolution, animal 'rights' & the environment*. Washington: Catholic University of America Press.

Apprenticeship

Nkamnebe D. Anayo

Apprenticeship as a construct has multi-perspectival definitions, which is context and time dependent. Despite this, apprenticeship can be defined as a training mode or training system that facilitates the transmission of skill from a master to an apprentice. As a system, apprenticeship serves as a society's provisioning mechanism for skilled workforce, which determines to a great extent individual and collective prosperity.

Two broad definitions of apprenticeship can be identified, namely formal apprenticeship and informal/traditional apprenticeship. Formal apprenticeship is a carefully designed arrangement that integrates formal schooling with workplace. In other words, it is a formal arrangements for initial skill training of a systematic long-term character in a recognized occupation... The training is centered in an enterprise but has a component of instruction in an institution. It involves a contract of indenture between, on the one hand, the trainee and his/her legal representative and, on the other, a private or public employer, a joint training committee of

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management or labour, a trade union, a public or quasi-public training organization, or some other recognized training body" [1]. Foregoing definition contrasts sharply with informal/traditional apprenticeship definitions that are predominant in most developing and poorer countries. One of such definitions is proposed by the ILO (2011) [2], which describes informal apprenticeship as "...a training agreement between an apprentice and a master craftsperson (or master trader)". Even though informal and traditional apprenticeship are closely related and often used interchangeably, strictly speaking, clear distinction exists. For instance, while traditional apprenticeship is open to family members (example, between parents and children), informal apprenticeship admits both family members and none members of the family.

It can be argued that apprenticeship is a corporate social responsibility act that makes business sense. For instance, both for the formal and traditional apprenticeship, the cost of apprenticeship may be undertaken by a firm in order to train members of the society who will use it to earn a wage working for a firm or working as entrepreneurs. It makes business sense when such scheme in turn create crop of skilled workforce that serve as a pool for meeting such firm's need for skilled labour.

[1] OECD. (1979). *Policies on apprenticeship*. Paris: OECD.
[2] International Labour Organisation. (2011). Upgrading informal apprenticeship systems, ILO. Accessed on April 30, 2012, from http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/genericdocument/wcms_166495.pdf

Asbestos

Tim Breitbarth

Asbestos is a natural micro-fibrous mineral, which was widely seen as a 'magic mineral' for, at least, the first part of the last century. It combines characteristics like resistance against heat, corrosion and acids on the one hand, and strong insulation, elasticity, tenacity and durability on the other hand that still make it attractive for, for instance, the building, automobile, electronic and fabric industry, which are examples of products with asbestos fostered prosperity in many (Western) countries after WWII.

Today, asbestos is widely perceived as 'deadly dust' due to its extensively proven cancerous effects caused by unprotected inhalation. It is not unusual that decades pass from the time someone worked with the fibre until the lung cancer appears. More than 50 nations have banned the material altogether, sometimes only after massive public and political mobilisation by victims and other interested parties around the 1970s [1]. It is an accepted occupational hazard in many

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countries and by, for example, the WHO. There has been much extremely long-running litigation around the globe.

However, still, an estimated 90,000 asbestos-related deaths occur worldwide every year. While Asbestos consumption in industrialised countries has declined rapidly from about 2 million tons in 1980 to almost nil in 2007, the consumption in developing nations peaked in 1985 and has now about levelled the heydays in industrialised countries [2]. It is criticised that the asbestos industry has reorganized at a global level after the outcry in Western countries and that a risk transfer has taken place in the world economy [2]. Extraction, processing and use of Asbestos are all linked with health risks—yet, the mineral industry has been lobbying governments that 'white' asbestos (in contrast to the 'blue' and 'brown') is safe when handled properly [3].

[1] Kazan-Allen, L. (2011). Ban asbestos phenomenon: The winds of change. *New Solutions: A Journal of Environmental and Occupational Health Policy, 21*(4), 629–636.
[2] Rice, J. (2011). The global reorganisation and revitalization of the asbestos industry. *Occupational and Environmental Health Policy, 41*(2), 239–254.
[3] Ramazzini, C. (2010). Asbestos is still with us: Repeat call for a universal ban. *Archives of Environmental & Occupational Health, 65*(3), 121–126.

Ashoka

Laura Haverkamp

Ashoka is the world's largest association of leading social entrepreneurs, who have created an innovative solution to a pressing social problem (in different topic areas like education, health, nutrition, economic participation, human rights, etc.) and who seek to spread this innovation for the benefit of society.

Ashoka is a non-profit-organization with headquarters in Washington, DC. It was founded by William Drayton in 1980. Today, Ashoka is active in more than 80 countries around the world. In Germany, Ashoka was launched as "Ashoka Deutschland gemeinnützige GmbH" in 2003.

Ashoka as an organization claims to be independent from ideological or political orientation and is financed by private individuals, mostly entrepreneurs and family offices, as well as through partnerships with corporations and foundations.

Key to Ashoka's work is to identify outstanding social entrepreneurs whose innovative concepts have the potential to solve a social problem substantially (Ashoka calls this "system changing potential"). About 3,000 social entrepreneurs have already been guided through a multistep selection process based on five criteria: (1) A new idea for solving a social problem with (2) large social impact

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and scalability developed and spread by (3) an entrepreneur who is (4) creative in using and mobilizing resources and (5) shows great integrity. Social Entrepreneurs are part of the network as Ashoka Fellows and supported in refining and growing their social innovations through (1) living stipends allowing full concentration on the innovations, (2) professional consulting, mentoring and coaching support by the Ashoka team and partners as well as (3) networking within the international Ashoka community.

In addition to finding and supporting single innovations Ashoka aims at actively shaping and promoting an environment for social entrepreneurs to be successful and social innovations to have better conditions for their impact growth in society. This happens through a variety of programs, which Ashoka conducts by itself and together with many partners around the world.

In a nutshell Ashoka's vision is to make a contribution to an "Everyone a Changemaker"-society—a society, where each individual feels empowered to actively contribute to problem solving and creating a life worthy future [1].

[1] Ashoka—Innovators for the Public. Accessed on February 27, 2013, from www.ashoka.org

Association for Sustainable and Responsible Investment in Asia

Gabriela Tigu

The Association for Sustainable and Responsible Investment in Asia (ASrIA) is a Hong Kong based not-for-profit membership association dedicated to promoting sustainable finance and responsible investment (SRI) in the Asia Pacific, founded in 2001. It is the platform for different sectors within the community to exchange information and perspectives and to move SRI practice forward. ASrIA has run conferences, seminars, workshops and portals, and published wide-ranging research on SRI issues. ASrIA has also created a very wide network of organizations and individuals interested in the broad range of policy issues and investment strategies which are essential to the implementation of SRI in Asia. Through fostering the creation of SRI products and services and through the provision of training and support services, ASrIA aim to build momentum for SRI in the region and to raise the standards of SRI practice [1].

Sustainable responsible investing (SRI), also known as socially conscious, "green" or ethical investing, is any "investment process that considers the social and environmental consequences of investments, both positive and negative, within the context of rigorous financial analysis" [2]. Thus, it is essentially the bridge

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connecting private-sector investors with *sustainability*. *T*his investment strategy seeks to consider both financial return and social good.

Like ASrIA, there are many other organizations in the world (more than 60), promoting socially responsible investing, especially in developed countries and emerging markets [3].

[1] Association for Sustainable and Responsible Investment in Asia. Accessed on February 20, 2013, from www.asria.org
[2] Social Investment Forum. (2001). Report on socially responsible investing trends in the United States. Accessed on February 19, 2013, from http://ussif.org/pdf/research/Trends/2001%20Trends%20Report.pdf
[3] International Finance Corporation. (2003). Towards sustainable and responsible investment in emerging markets. A review and inventory of the social investment industry's activities and potential in emerging markets. Accessed on February 20, 2013, from http://lavca.org/wp-content/uploads/2010/02/Review-of-SRI-in-emerging-markets.pdf

Atmosphere

Patrick K.C. Low and S.L. Ang

Atmosphere is the layer of air that surrounds the planet Earth, and is made up of mainly nitrogen and oxygen as well as a small percentage of many other gases and pollutants. It is especially important for pilots and astronauts to know more about the atmosphere as their lives and the lives of others depend upon it for survival.

Pollution is the giving off of contaminants into the atmosphere and natural environment that cause adverse change to the living world. Pollution can take the form of chemical substances or energy such as noise, heat or light. Pollutants, the components of pollution, can be either foreign substances/energies or naturally occurring contaminants.

Pollutants can cause warming of the earth's atmosphere, and this has and is called the greenhouse (warming) effect on earth's atmosphere. Global warming is the overall increase in the average temperature since the early twentieth century, Earth's mean surface temperature has increased by about 0.8 °C (1.4 °F), with about two-thirds of the increase occurring since 1980 [1].

Industries and companies must make sure that they are socially responsible; they should take care not to pollute the atmosphere and take environmental responsibility including adopting strategies and various ways to combat climate change such as Global Compact, Millennium goals, Carbon management strategy and others.

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[1] ACC. (2011). *America's climate choices, board on atmospheric sciences and climate* (p. 15). The National Academies Press. ISBN 978-0-309-14585-5. Accessed from http://www.nap.edu/openbook.php?record_id=12781&page=1

Audit

Anne Burke

The term 'auditing' comes from the Latin word *audire*, meaning to hear. In the late middle ages in the UK, accounts of tax receipts and revenue for manors and estates were 'heard' by an auditor, whose task was to examine those accounts.

Two main types of audit are internal and external. Internal audit is a function established by management to assist in corporate governance by evaluating internal controls and assisting in risk management. Internal auditing is different from external auditing, though the practices used by both are very alike. Although the practices used may be alike, the emphasis and motives behind the audit are dissimilar.

An external audit (or financial accounts audit) involves an independent accountant examining financial accounts prepared by the client in order to provide reasonable assurance that the financial accounts are reliable. An external audit can also be described as "a systematic process of objectively gathering and evaluating evidence relating to assertions about economic actions and events generated by a business" [1]. The objectives of an external audit can be defined as follows: "The purpose of an audit is to enhance the degree of confidence of intended users in the financial statements. This is achieved by the expression of an opinion by the auditor on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework" [2].

It was only with the onset of the Industrial Revolution and the growth of new enterprises called limited companies owned by a number of people called shareholders that the need for external auditing really developed. As it was impossible for all these shareholders to manage the enterprise, they appointed managers on their behalf to manage the enterprise. These managers should run the enterprise in the best interests of the shareholders. However, there may be a conflict of interests between the interests of management and the interests of shareholders. Consequently, shareholders seek to monitor management by requiring them to prepare financial accounts detailing how they have used the enterprise's resources. Shareholders (and other users such as financial institutions; suppliers; customers; employees, etc.) garner a degree of confidence as to the truth and fairness of these financial accounts through having them checked by an independent objective qualified competent auditor. The external auditor effectively acts as a check on

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management and through the qualities of objectivity and independence inspires confidence in the financial accounts.

[1] American Accounting Association. Committee on Basic Auditing Concepts. (1973). *A statement of basic auditing concepts* (No. 6). American Accounting Association.
[2] International Federation of Accountants. (2009). *International standard on auditing 200 (ISA 200): Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing*. New York, USA.

Audit Committee

Reiner Quick and Daniela Wiemann

The audit committee is a governance body normally consisting of at least three and no more than six members and charged with oversight of the organization's audit and control functions. Originally an Anglo-Saxon corporate governance mechanism, audit committees were extremely rare within Europe. Now they are widely used irrespective of the predominant corporate governance structure. In a one-tier corporate governance system, it is a sub-committee of the main board, and in countries with a two-tier corporate governance system, it is appointed by and reports to the supervisory board [1].

The audit committee aims to protect the principals' (the shareholders and debt holders) interests by monitoring the agents' (management in general) actions, and thus, to reduce information asymmetries that exist between the owners and users of resources [2].

The key responsibilities of audit committees are: interaction with the independent auditor (appointment/dismissal, compensation and supervision); monitoring internal audit processes and the effectiveness of the company's internal controls; oversight of the company's risk management systems; monitoring the financial reporting process; and oversight of regulatory compliance. Audit committees could strengthen the external auditor's independence, increase public confidence in financial statements, enhance the position of internal auditors, improve communication and help to avoid conflicts between directors and auditors, and assist managers in discharging their statutory responsibilities [3].

To ensure effectiveness, the audit committee should be composed exclusively of non-executive or supervisory directors, of whom the majority should be independent. In addition, every member should be financial literate, i.e. understand auditing, accounting, and financial reporting issues relevant to the company and how management and the independent auditor address them. At least one member

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should have a sophisticated knowledge of finance and accounting. Finally, audit committees should have a couple of meetings (not fewer than three/four) during the fiscal year, and should meet the external auditor privately at least once a year [1].

[1] Collier, P., & Zaman, M. (2005). Convergence in European corporate governance: The audit committee concept. *Corporate Governance, 13*(6), 753–768.
[2] Sarens, G., De Beelde, I., & Everaert, P. (2009). Internal audit: A comport provider to the audit committee. *The British Accounting Review, 41*, 90–106.
[3] Spira, L. F. (2002). *The audit committee: Performing corporate governance*. Boston, MA: Kluwer Academic Press.

Altruistic CSR

John O. Okpara

Altruistic CSR responsibility involves organization's philanthropic responsibilities to various societal stakeholders, whether the investment (business) will be profitable to an organization or not (Lantos [1]). Firms practicing altruistic CSR go beyond their morally mandated obligations to assuming liability for public welfare deficiencies that they have not caused. Examples include various social ills within a society, such as poverty, lack of sufficient funding for educational institutions, inadequate monies for the arts, chronic unemployment, urban blight, drug and alcohol problems, and illiteracy, among others. The justification lies in the fact that the modern organization has been entrusted with massive economic and human resources and has the power to affect many parties beyond the participants in its transactions. Thus, there is an implied corporate social contract between business and society whereby firms agree to be good stewards of society's resources [2].

In recent years, the responsibility of corporations has been widely debated. Although, there is no general agreement regarding what CSR is exactly. This lack of a common agreement concerning the precise nature of CSR reflects the complexity of the subject. Due to this complexity there is a demand for simple focal points. In the present CSR discussion there is one specific idea which offers a strong focal point: the relationship between CSR and altruism. The underlying assumption of the altruistic CSR interpretation is that corporations must take responsibility beyond their business activities. In line with this view, CSR is related to doing good deeds such as corporate giving, corporate volunteering, corporate foundations, etc.).

The main benefits for corporations implementing such activities are their high visibility and simple public communicability. In addition, members of society including their customers as well favor discretionary responsibilities and perceive the respective corporation as good and responsible. At the same time, several social

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groups benefit from the philanthropic activities of corporations. Overall an altruistic/philanthropic CSR strategy creates numerous positive effects for business as well as for society.

[1] Lantos, G. P. (2001). The boundaries of strategic corporate social responsibility. *Journal of Consumer Marketing, 18*(7): 595–630.
[2] Lantos, G. P. (2002). The ethicality of altruistic corporate social responsibility. *Journal of Consumer Marketing, 19*(3), 205–230.

B

Samuel O. Idowu

Balanced Scorecard [1]

Catalina Soriana Sitnikov

Initiated almost 20 years ago by Robert Kaplan and David Norton (and further developed by their Palladium Group team), Balanced Scorecard measures organizational performance in four 'balanced' perspectives:

- Financial—focuses on "the readily measurable economic consequences of actions already taken".
- Customer—covers measures that "identify the customer and market segments in which the business unit will compete and the measures of the business unit's performance in these targeted segments".
- Internal Business Process—assesses the "critical internal processes in which the organization must excel".
- Learning & Growth—assesses the "infrastructure that the organization must build to create long-term growth and improvement".

The Balanced Scorecard transforms the strategy, mission and vision of a company into a broad collection of implementation means that provides the frame for a strategic assessment and management system.

Balanced Scorecard main feature is its progressive nature, as the concept have continuously changed since its initiation. The Balanced Scorecard can be simply referred to as an instrument, viewed from two perspectives, either as a comprehensive management tool or as strategic management tool and instrument.

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Moreover, the Balanced Scorecard can be viewed as a management system and not only as a performance measurement instrument. Thus, the Balanced Scorecard, largely used within various industrial, governmental, and non-profit organizations worldwide to adjust activities to their vision, mission, and strategy, is a strategic planning and management system that enhances communication both internal and external, and monitors company performance against its strategic goals.

More detailed, Balanced Scorecard is described as a philosophy of management, and as a performance management system. Accordingly, its meanings become more complex. The initial one, enjoying a widespread favour in the beginning of 90s, was focused on generating performance reports, by assembling performance measures based on financial, client, internal processes and learning and growth perspectives. Constantly, this management instrument enhanced becoming the foundation of a performance management system using performance plans from strategic, operational and individual view points as the ground for organizational performance communication, monitoring and improvement.

Balanced Scorecard can be used as a performance assessment instrument, a performance management system or as a strategic and control management system.

[1] Balanced Scorecard Institute. (2010). Accessed on August 10, 2013, from http://www.balancedscorecard.org/bscresources/aboutthebalancedscorecard/tabid/55/default.aspx
[2] eab group. (2010). *Performance management—Balanced scorecard*. Accessed on August 10, 2013, from http://www.eabgroup.com.au/en/section/performance-management/balanced-scorecard-i18.html.
[3] Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard: Translating strategy into action*. Harvard Business Press Books.

Balanced Scorecard [2]

João Oliveira

The Balanced Scorecard (BSC) is a strategic performance management tool. The BSC has evolved from a holistic performance measurement system, including both financial and non-financial perspectives, to a more strategically oriented system to support strategy implementation and execution. Surveys consistently confirm the BSC enormous impact, with adoption rates above 50 % for very large companies [1].

The BSC emerged out of a concern that performance measurement was excessively focused on a financial perspective. Kaplan and Norton's BSC proposed a balanced approach, adopting, from one side, a financial perspective, and from

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another side, three non-financial perspectives: customers; internal processes; learning and growth [2]. Each perspective has its objectives, measures (both lagging and leading), targets and initiatives. The financial perspective aims to capture how investors view the organisation. The customer perspective identifies the critical factors for customers' perceptions about the organisation and its products. The internal processes perspective identifies the key processes at which the organisation should excel. Finally, the learning and growth perspective addresses the key intangibles, such as human, information or organisational capital. The four perspectives should be integrated in a causal structure: key intangibles improve performance in key processes, in turn improving customers' value and ultimately improving investors' value—retained in the original BSC as the ultimate organisational goal.

Multiple BSC adaptations have been proposed, especially concerning the perspectives content or logic connections, to increase their relevance for each organisation. In particular, public, not-for-profit and non-governmental organisations often adapted the financial and customers perspectives.

Kaplan and Norton developed the BSC, strengthening its linkage with strategy and repositioning it as a performance management tool. They proposed developing 'strategy maps' to visualise and communicate strategy, to bridge the strategic and operational levels, to guide managers' actions and to orient BSC design—including the difficult choice of relevant measures. Additional developments focused on supporting strategy implementation and, recently, strategy execution [3], promoting that formulated strategies can be successfully put into action.

[1] CIMA. (2009). *Management accounting tools for today and tomorrow*. London: CIMA.
[2] Kaplan, R. S., & Norton, D. P. (1992). The balanced scorecard—Measures that drive performance. *Harvard Business Review, 70*(1), 71–79.
[3] Kaplan, R. S., & Norton, D. P. (2008). *The execution premium: Linking strategy to operations for competitive advantage*. Boston, MA: HBP.

Banks

Manuel Castelo Branco

The banking sector is instrumental for the functioning of modern capitalist economies. Albeit in indirect manners, it influences economic growth substantially. This is done namely via the crucial roles played in the creation of money and in the allocation of this money to different sectors in the economy. Banking is the prime example of a sector that provides goods and services of a necessary nature, and whose policies and practices are inextricably linked to the public interest, and, as a

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consequence, many basic aspects of corporate decision-making are also in the public arena [1]. Banks' contribution to sustainable development is by and large an issue of the day in terms of their social role.

Banks may act either as contributors to sustainable development or as enablers of activities which are detrimental to it. By introducing considerations pertaining to social and environmental conditions in the credit policies (the allocation of money), banks introduce additional requirements regarding the ways the firms they finance are managed [2]. Among other things, they can supply the investments needed for projects contributing to sustainable development and develop new financial products to foment sustainability (like eco-credit cards or environmental technology funds) [3].

On the other hand, business processes within banks also have substantial impacts on the society and the environment. For example, banks can conceive policies and engage in practices to mitigate their environmental impact (e.g., implementing a more environmentally friendly purchasing policy or imposing measures to reduce their office energy costs) [3].

[1] Miles, R. H. (1987). *Managing the corporate social environment*. NJ: Prentice-Hall.
[2] Scholtens, B. (2006). Finance as a driver of corporate social responsibility. *Journal of Business Ethics, 68*, 19–33.
[3] Jeucken, M. (2001). *Sustainable finance and banking: The financial sector and the future of the planet*. London: Earthscan Publications.

Basel Committee: Principles for Enhancing Corporate Governance in Banking

Samuel O. Idowu

The Basel Committee on Banking Supervision was set up in an attempt to correct some of the fundamental deficiencies in banking corporate Governance which became apparent during the global financial crisis which commenced in 2008; it issued a set of principles. These principles were designed to enhance sound corporate governance practices at banking organizations. The Basel Committee took the view that the intermediation role of banks is very important and essential for any economy, it realized that difficulties with banks corporate governance practices have serious consequences to the economy and investors' confidence.

From a banking industry perspective, the Committee took the view that corporate governance in the sector should involve the allocation of authority and responsibilities and should involve the following:

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- Setting the bank's objectives and strategy
- Determine the bank's risk tolerance/appetite
- Operate the bank's business on a day to day basis
- Protect the interests of depositors, meet shareholder obligations and take into account the interests of other recognized stakeholders and
- Align corporate activities and behavior with the expectation that the bank will operate in a safe and sound manner, with integrity and in compliance with applicable laws and regulations.

The principles which set out best practices for banking organization provide guidelines which focus on:

- The role of the board
- The qualifications and composition of the board
- The importance of an independent risk management function including a Chief Risk Officer or equivalent
- The importance of monitoring risks on an ongoing firm-wide and individual entity basis.
- The board's oversight of the compensation systems
- The board and senior management's understanding of the bank's operational structure and risks.

The principles also require that supervisors should regularly evaluate the bank's corporate governance policies and practices in addition to its implementation of the Committee's principles. The Basel Committee is an offshoot of Bank for International Settlements. The Committee is the global standard-setter for prudential regulation of Banks and provides a forum on banking supervisory matters. TH Basel Committee is made up of representatives from 27 countries around the world. Its headquarters are in Basel, Switzerland.

[1] Accessed on September 22, 2013, from http://www.bis.org/publ/bcbs176.htm
[2] Accessed on September 22, 2013, from http://www.bis.org/publ/bcbs176.pdf

Basel Declaration on the Control of Hazardous Wastes

Gabriela Tigu and Andreea F. Schiopu

In the early 1980s a new topic appeared on the international environmental agenda—the management of hazardous wastes with its inclusion as one of three priority areas in the United Nations Environment Programme's (UNEP) first Montevideo Programme on Environmental Law in 1981. The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal

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(usually referred to as "the Basel Convention") was adopted in 1989, in response to a public outcry following the discovery of deposits of toxic wastes imported to Africa and other parts of the developing world from abroad in the 1980s [1]. And yet, the Basel Convention is the most comprehensive global environmental agreement on hazardous wastes and other wastes, regulating transboundary movements of hazardous wastes and other wastes [2].

Parties to the Basel Convention have the overall obligation to guarantee that such transboundary movements are minimized and that any transboundary movement is conducted in a manner which will protect human health and the environment [2]. The provisions of the Convention center around the following aims: the reduction of hazardous waste generation and the promotion of environmentally sound management of hazardous wastes, wherever the place of disposal; the restriction of transboundary movements of hazardous wastes except where it is perceived to be in accordance with the principles of environmentally sound management; and a regulatory system applying to cases where transboundary movements are permissible [1].

[1] United Nations. (2010). *Basel convention on the control of transboundary movements of hazardous wastes and their disposal*. By Katharina Kummer Peiry. United Nations Audiovisual Library of International Law. Accessed on February 15, 2013, from www.un.org/law/avl

[2] United Nations Environment Programme (UNEP). (2011). *Controlling transboundary movements of hazardous wastes*. Geneva: Secretariat of the Basel Convention, Publishing Service, United Nations.

Benchmarking

Patrick K.C. Low and S.L. Ang

Benchmarking is the search for those best practices that will lead to superior performance of the company. Setting or establishing operating targets based on the best possible industry practices is a critical component in the success of every business [1].

In other words, it is "a way or method of improving business performance by learning from other companies how to do things better, to be 'the best in the class'. Benchmarking is like asking, 'Mirror, mirror on the wall, who is the prettiest (best) of them all?' Benchmarking is the cornerstone of service excellence and total quality management'" [2, 3] However, to improve one's performance, one must understand and start at the point where one perceives to be in at that moment (through benchmarking). From there, by careful deliberation or decision making on the right best practice and its implementation, this will then be followed by the attainment of the desired end [4].

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The benefits of benchmarking [1, 2, 3] in the practise of corporate social responsibility are:

1. It enables the company or person to challenge the 'status quo' and provide direction and impetus for further improvement.
2. It reveals performance gaps and promotes competitive awareness.
3. It links operational tactics to corporate vision and strategy and also highlights early warning of competitive advantage.
4. It identifies the best green or CSR practice and becomes the stepping stones for the organisation to obtain breakthrough thinking or change of CSR paradigm.

In this respect, an organisation can benchmark with other organisations in the area of Corporate Social Responsibility (CSR) to be greener, conserve nature and/or advance themselves to be more socially responsible. In short, when benchmarking in CSR, individuals or companies need to ask themselves:

Are we the best in CSR (or in any CSR field, for example, cleanliness, environmental management, etc.)?
Who is the best in CSR?
What makes them the best in CSR?
What can we do to make us the best?

[1] Camp, R. C. (1989). *Benchmarking*. USA: ASQC Quarterly Press.
[2] Low, K. C. P. (2006). *Strategic customer management* (p. 150). Almaty: Caspian Publishing House.
[3] Low, K. C. P. (2002, 2000). *Strategic customer management* (p. 150). Singapore: BusinesscrAFT™ Consultancy.
[4] Low, K. C. P. (2013). *Leading successfully in Asia* (pp. 340). Heidelberg: Springer.

Biodiversity

Eila Jeronen

The word biodiversity (biological diversity) means "the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part: this includes diversity within species, between species and of ecosystems. 'Biological resources' includes genetic resources, organisms or parts thereof, populations, or any other biotic component of ecosystems with actual or potential use or value for humanity." [1].

Since the Convention on Biological Diversity was adopted at the Rio "Earth Summit" in 1992, biodiversity has been discussed on three levels: ecosystems, species and genes.

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Ecosystem diversity relates to the variety of habitats, biotic communities, ecological processes, and the diversity within ecosystems. An ecosystem is [1]: "a dynamic complex of plant, animal, and micro-organism communities and their non-living environment interacting as a functional unit." Examples of ecosystems are forests, grasslands and rivers. For a business, an ecosystem perspective focuses on where a company operates within the ecological landscape [2].

Species diversity refers to the variety of species within a region. A species "is a group of individuals that actually or potentially interbreed with each other but not with other such groups" [3]. Species are divided into archaebacteria, bacteria, protists, fungi, plants, and animals. They provide ecosystem services recycling wastes, purifying water, driving biogeochemical cycles, maintaining an aerobic atmosphere, regulating climate, and generating soil fertility [2].

Genetic diversity refers to the variation of genes within species. Genetic material is [1]: "any material of plant, animal, microbial or other origin containing functional units of heredity." The corporate sector plays a dominant role in its commercial use [2].

Biodiversity emphasizes the interrelated nature of the living world changing constantly by evolution. It is of value for cultural and recreational purposes.

Understanding of inter-ecosystem interactions is still evolving. Corporations should develop their Biodiversity Action Plans concerning: biodiversity conservation, sustainable use, equitable benefit sharing, strengthening of management, evaluation and reporting systems, and identification of new opportunities [4].

[1] United Nations (1992). *Convention on biological diversity*. http://www.cbd.int/doc/legal/cbd-en.pdf. Accessed on 31 October 2012.
[2] IUCN, World Business Council for Sustainable Development, Earthwatch Institute. (2002). *Business & Biodiversity—The Handbook for Corporate Action.*
[3] Dictionary of Science & Technology. Wordsworth Reference (1995).
[4] Corporate Social Responsibility (2011). *Reporting 2011, Planet*. http://csrreporting.sanofi.com/web/planet/biodiversity Accessed on 31 October, 2012.

Biofuels

Aysen Muezzinoglu

Biofuels are obtained from biomass. They are carbon-neutral and helpful in climate change mitigation. Among the biomass; wood, tree prunings, sawdust, remainders of field crops, grass cuttings, seeds, short-rotation fibrous crops and herbaceous species, agricultural products of corn, wheat stalks, sugar cane and bagasse, palm, soy, flax, camelina, etc. as well as municipal wastes, waste paper, biologically treated wastewater sludges, wastes from food processing, aquatic plants, harvested kelps and algae, other microbial forms, yeasts, animal wastes, and organic wastes

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from industries are included. Biofuels can be solid (direct burning and bio-char), liquid (bio-alcohols, vegetable oil and biodiesel) or gaseous (biogas, bio-syngas and bio-hydrogen). These are either in their natural form as collected or derived from the biomass using several technologies. Efficiencies of production of crops for biofuels per unit land area are highly variable, but among them algae production has by far the highest yield.

Biofuels are named with "generations" showing the level of technological advancement and the source of biomass. In case of the **first generation biofuels,** feedstocks are extracted to yield oils that in turn are converted to biodiesel. In another track, starch or sugar containing crops or wastes are fermented into bioethanol to be used as gasoline replacement. The technological set up of the first generation biofuels dates back to years 2006–2007 although they are still is in use. But in the case of first generation biofuels potential conflicts with food production is under criticizm. The **second generation biofuels** are defined on basis of ethical concerns related to food-versus-fuel dilemma. In these, cellulosic material can be used as feedstock. With the introduction of thermochemical and biochemical routes, non-edible biomass can now be converted into biofuels. For example, by way of enzymatic hydrolysis of the ligno-cellulosic material, lignin is separated from woody biomass which can be broken into simple sugars and bioethanol is produced. Thermo-chemical route involves gasification of the feed stock under high temperature into synthesis gas. This gas is then transformed into different types of liquid or gaseous fuels, (so-called "synthetic fuels" e.g. BTL-diesel, bio-SNG) [1].

More advanced generations of biofuels are on the way. These will be characterized by the species development for biological feedstocks that are not competing with food growth and with the innovative downstream processes to be used.

[1] IEA. (2011). *OECD IEA biofuels roadmap*. Accessed on June 30, 2013, from http://www.iea.org/roadmaps/biofuels.asp

Biomimicry

Dirk Reiser

The term biomimicry derives from the Greek words bios (life) and mimesis (to imitate). On occasions other terms such as bionics, bio-inspiration and biognosis are used instead of biomimicry [1]. It appeared as early as 1982 [3], but was popularized by Janine Benyus book *Biomimicry: Innovation inspired by nature* in 1997 [1] and by her international lecture tours [2].

Biomimicry can be defined as 'The examination of nature, its models, systems, processes, and elements to emulate or take inspiration from in order to solve human

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problems.' [1] Therefore it is argued that it belongs to the professional field of innovation studies [2]. The history of such innovations is long.

Humans always observed nature to learn from it how to solve specific problems. One of the early scientific examples is the study of the flight of birds by Leonardo Da Vinci [1] or the landscape management practices of indigenous people that imitate natural processes. It could therefore be argued that the term is just a word for long established practices. However, biomimics argue that biomimicry is something new, because it formulates methodologies of bio-innovations, works with modern scientific knowledge and observes and analyses not just the shapes of animals but also the functions of their bodies within themselves and their ecosystems.

Some argue that biomimicry is not just 'eminently compatible with CSR since the innovations that it produces are supposed to be useful from commercial/economic perspectives as well as being sustainable and/or ecofriendly', but could be promoted to corporations as a way to go green in a profitable manner [2]. These enthusiasts believe that the imitation of ecosystems will allow a transition from a post-Fordist industrialism to a green industrialism where businesses function at peak efficiency as well as economically and environmentally sustainable. Skeptics on the other hand argue that the solutions of the world environmental problems are not based in green innovations, but within political and social change [2].

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[2] Marshall, A. (2013). Biomimicry. In S. O. Idowu, N. Capaldi, L. Zu, & A. Das Cupta (eds.), *Encyclopedia of corporate social responsibility*. Munich: Springer.
[3] Merrill, C. L. (1982). *Biomimicry of the dioxygen active site in the copper proteins hemocyanin and cytochrome oxidase*. USA: Rice University.

Board of Directors

Maria Aluchna

Board of directors is a highly specialized corporate body which oversees and controls the performance of executives and monitors the functioning of the company. The board of directors should be composed of experienced, well educated and skilled members who facilitate the link between the company and its shareholders [1]. Its main goal is to ensure that shareholder and other stakeholders' rights are protected, to create sustainable value for the firm and to monitor the effectiveness of executives' work. The directors evaluate the company and individual board members performance and may support the executives by providing counsel and advice to them. They, however, formulate corporate strategies which executive directors execute

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since only executive directors are responsible for running the company's day to day operations. The board of directors also plays an important role in the process of company compliance with legal standards and best practices and in fact bears the ultimate responsibility for the company's performance.

The board directors are tied with shareholders by a special contract and the so called fiduciary duty which includes: duty of care, duty of loyalty and duty of candor. These duties stipulate that the role of the board directors is to act in the best interest of shareholders, to provide for the high quality monitoring of corporate activities, throughout analysis of the corporate materials and efficient performance. That is why directors are accountable to shareholders and may face legal actions in case they fail to fulfill their functions [2].

Empirical research and business practices have identified a set of recommendations for the efficient board work. First, the board should function according to some formal regulations and company bylaws which stipulate the criteria for appointment of board members, calling for meetings, procedures for discussion and voting. Second, the board members should include independent non executive directors whose role in recent years is emphasized as they are believed to assure for objective evaluation of executives, independent decision making and have no conflict of interest. And third, the board work is responsible for setting up various sub-committees which corporate governance code has asked the board to ensure that they are in place. These are the audit committee, remuneration and nomination committee, risk committee and ethics committee depending on the specific needs of the company [3].

[1] Monks, R., Minow, G. (2004). *Corporate governance*. Blackwell.
[2] Joo, T. (2009). *Corporate governance. Law, theory and practice*. Durham: Carolina Academic Press.
[3] Baker, K., Anderson, R. (2010). *Corporate governance. A synthesis of theory, research and practice*. John Willey & Sons.

Bonn Declaration on Education for Sustainable Development

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The Bonn Declaration was adopted as the guidelines for the implementation of the UN Decade of Education for Sustainable Development (from 2005 to 2014) at the UNESCO World Conference on Education for Sustainable Development in Bonn on 2 April 2009 [1].

The Declaration analyses the unsustainable development issues and impacts, and as well as the substantial, complex and interlinked development and lifestyle challenges and problems the world faces. It examines the Progress in the UN

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Decade of Education for Sustainable Development (ESD) over the past 5 years since 2005, and emphasises the important role of education in promoting sustainable development. ESD can help societies to address different priorities and issues inter alia water, energy, climate change, disaster and risk reduction, loss of biodiversity, food crises, health risks, social vulnerability and insecurity. It is critical for the development of new economic thinking. ESD contributes to creating resilient, healthy and sustainable societies through a systemic and integrated approach. It brings new relevance, quality, meaning and purpose to education and training systems. It involves formal, non-formal and informal education contexts, and all sectors of society in a lifelong learning process.

The Declaration calls for a shared commitment to promoting education for sustainable development at policy level and practice levels. At the policy level, the Declaration requests to promote ESD's contribution to all of education and to achieving quality education; increase public awareness and understanding about sustainable development and ESD; mobilize adequate resources and funding in favour of ESD; re-orient education and training systems to address sustainability concerns through coherent policies at national and local levels, and develop and strengthen existing international, regional and national enabling mechanisms and cooperation for ESD that respect cultural diversity. At the practice level, the Declaration requires to support the incorporation of sustainable development issues using an integrated and systemic approach in formal education as well as in non-formal and informal education at all levels; reorient curriculum and teacher education programmes to integrate ESD into both pre-service and in-service programmes, and develop and extend ESD partnerships to integrate ESD into training, vocational education and workplace learning by involving civil society, public and private sectors, NGOs, and development partners, etc. [2].

[1] UNESCO World Conference on Education for Sustainable Development—Moving into the Second Half of the UN Decade. Accessed on February 26, 2013, from http://www.esd-world-conference-2009.org/en/home.html
[2] Bonn Declaration. (2009). Accessed on February 26, 2013, from http://www.esd-world-conference-2009.org/fileadmin/download/ESD2009_BonnDeclaration080409.pdf

Bond Yield

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The term 'yield' refers to the rate of return on an investment. The simplest form of bond yield is that on an irredeemable or perpetual bond, such as consols issued by the British government—the yield is simply the annual interest payment on the

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bond expressed as a percentage of the market price of the bond. This is known as a 'flat yield'. Since most bonds are redeemable, the term refers more commonly to the 'yield to maturity' or 'redemption yield' of a bond. This is a more involved calculation which requires estimation of the internal rate of return on the bond given its current market price (i.e. the outlay needed to invest in the bond), the interest payments on the bonds until maturity, and the face value (i.e. the redemption value) realisable at maturity.

The bond yield can also be thought of as the notional discount rate applied by investors to the expected future cash flows on the bond (interest payments plus redemption value) which results in the bond trading at its current market price. This discount rate varies depending on the perceived risk of the expected cash flows on the bond, and conditions in the capital market. When market interest rates move upwards, the rate of discount applied tends to increase, resulting in bond values falling—and vice versa. For a given change in market interest rates, the resulting change in value will be greater for bonds of longer maturities than for those with shorter maturities.

Bonds with a credit rating below investment grade are only marketable if they offer investors a very high yield—a market for such high yield bonds (also referred to a 'junk bonds') developed in the 1980s and is now huge, the relatively low bond yields in this market indicating a potentially serious underpricing of risk. *"When cash deposits pay virtually zero, investors have an incentive to take risks in search of higher returns. That has been good news for the high-yield, or junk, bond market, where companies with poor credit ratings (below the investment grade threshold of BBB) turn for finance.....It is in the nature of the bond markets that, when conditions are good, investors get more relaxed about credit quality. Some observers think that the risks of high-yield bonds are being systematically underestimated"* [1].

[1] The Economist. (2013, October 19). *High-yield bonds: An appetite for junk.*

Bonus

Markus Stiglbauer, Patrick Velte, and Julia Wittek

The general understanding of a bonus is something given, paid or received in addition to what is due or ordinary. Primarily used to grant suppliers a retrospective discount off a cost price, bonuses have gained in importance especially as a form of additional compensation beyond an employee's salary. These bonuses are typically linked to predefined targets and are usually used by companies as an incentive to improve their performance [1]. Additionally, one can find bonuses in the financial

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sector as bonus shares in the form of extra dividends or free shares of stock which are expected by the investors and the market over and above the usual cash dividends [2].

In the context of corporate social responsibility (CSR), bonus payments especially in terms of executive compensations have become more and more important these days to encourage CSR in firms. As executives' bonuses are usually contingent on short-term financial objectives they are now increasingly used to provide incentives for the management to implement long-term socially responsible goals in a sustainable manner in a company [3].

[1] Shields, J. (2007). *Managing employee performance and reward: Concepts, practices, strategies*. Cambridge: Cambridge University Press.
[2] Sarma, S. N. (2004). *Financial economics of bonus shares*. Delhi: Academic Foundation.
[3] Schafer Mahoney, L., & Thorn, L. (2006). An examination of the structure of executive compensation and corporate social responsibility: A Canadian investigation. *Journal of Business Ethics, 69*, 149–162.

Bottom of the Pyramid

Tassilo Schuster and Dirk Holtbrügge

The term "Bottom of the Pyramid" (or "Base of the Pyramid", BOP), coined by the late C. K. Prahalad, refers to the large share of people living in extreme and moderate poverty. The BOP consists of approximately 4 billion people worldwide with a purchasing power of less than 1,500 US-$ per year and an aggregated income of 12.5 trillion US-$ [1]. These people have long been ignored by the private sector and their needs have widely remained untapped by private companies. The key idea of the BOP-concept is that poor people should not only be supported by the government and foreign aid, but that companies can make a fortune at the bottom of the pyramid and simultaneously help the poor on their way out of poverty.

The BOP-concept must be distinguished from similar concepts such as "third world countries", "least developed countries", and "low-income countries" which do not only contain the population that lives in extreme and moderate poverty but also include richer parts of the population. Instead, the BOP-concept argues that the economic and social conditions may vary within a country and that different income segments have to be treated differently [2]. The BOP-concept follows the logic that BOP-segments have common characteristics across different countries which differ significantly from traditional markets. Such characteristics are low individual purchasing power, limited market information, inefficient regulatory

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environments, inadequate physical infrastructure, missing knowledge and skills, and restricted access to financial products and services.

In order to cope with the constraining conditions of BOP-markets, companies cannot simply adapt strategies used in other markets, but must develop novel and innovative products, services, and business models [3].

[1] Prahalad, C. K. (2005). *The fortune at the bottom of the pyramid: Eradicating poverty through profits*. New Delhi, Wharton School Publishing.
[2] Hahn, R. (2009). The ethical rational of business for the poor—Integrating the concepts bottom of the pyramid, sustainable development, and corporate citizenship. *Journal of Business Ethics*, *84*(3), 313–324.
[3] Schuster, T., & Holtbrügge, D. (2012). Market entry of multinational companies in markets at the bottom of the pyramid: A learning perspective. *International Business Review*, *21*(5), 817–830.

Bottom of the Pyramid-Concept: Prahalad

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The term "Bottom of the Pyramid" (or "Base of the Pyramid", BOP) was coined by the late C. K. Prahalad, an Indian professor of corporate strategy at the University of Michigan and graduate of the Indian Institute of Management Ahmedabad. Prahalad stimulated the idea that private companies can find a potential fortune at the bottom of the pyramid and simultaneously provide the poor with business and employment opportunities, access to products and services, empowerment, self-esteem, and hopes for a better future. The most powerful contribution that Prahalad makes in his path-breaking book "The fortune at the bottom of the pyramid" is that he recognizes that being poor does not automatically mean being excluded from business activities. In fact, people at the bottom of the pyramid trade cash, assets, and labor to meet their basic needs. He explicitly points out that the poor must not be seen as helpless victims who are dependent on charity and foreign aid, but as capable actors who offer huge business opportunities. This idea initiated a paradigm shift in development aid policy, which mainly considered poor as recipients of foreign aid, and in the mindset of private companies, which regarded markets at the bottom of the pyramid as inaccessible and unprofitable [1].

According to Prahalad, private companies, and multinational corporations in particular, should consider the population at the bottom of the pyramid as affluent consumers and target this segment with radically adapted and novel products and services. As the market condition of this segment significantly differs from traditional "high-income" markets, Prahalad proposed 12 business principles including radical product and process innovation, the need for market development and the

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inclusion of the local population in order to establish profitable business activities in this segment.

Prahalad's view of markets at the bottom of the pyramid did not remain without critique and subsequent studies provided contrasting perspectives. For example, Karnani stressed the argument to consider the poor as producers and potential employees instead of treating them as consumers [2]. London and Hart promote the idea that companies won't find a fortune at the bottom of the pyramid, but have to create a fortune with the poor [3].

[1] Prahalad, C.K. (2005). *The fortune at the bottom of the pyramid: Eradicating poverty through profits*. New Delhi, Wharton School Publishing.
[2] Karnani, A. (2007): The mirage of marketing to the bottom of the pyramid. *California Management Review*, *49*(4), 91–111.
[3] London, T., & Hart, S. L. (eds.) (2010), *Next generation business strategies for the base of the pyramid: New approaches for building mutual value*. New Jersey: FT Press.

Brand Management

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Brand management is the process of creating, developing and sustaining a memorable and desirable brand. Brands represent a favorable or unfavorable perception of customers and it should be managed by the organizations professionally to survive in the overcrowded market. Thus, branding is about creating a value for the products/services in accordance with a powerful and distinctive strategic vision and should be based on a unique selling proposition to be distinguished from its competitors. Since there are many competing products/services, brand management is about creating strong competitive advantages and thus, maintaining it in the long term. Branding has many benefits not only for the producers but also customers. For instance, if consumers recognize a brand and have some knowledge about it, then they do not have to engage in a lot of additional thought or processing of information to make a product-related decision [1].

Brand management is mainly dependent on creating, developing and keeping a promise that is communicated to the target audience through brand messages. As consistency is a crucial element of effective brand management, stakeholders need to comprehend the appropriate behavior or actions to exhibit when interacting with consumers and these should be based on the brand's core values [2]. Strong brands are powerful and profitable, but there are many challenges and threats to their continuing strength and even their existence [3]. Consequently, the process of brand

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management should be planned and implemented attentively and in consistent manner.

[1] Keller, K. L. (1998). *Strategic brand management: Building, measuring, and managing brand equity*, New Jersey: Prentice-Hall.
[2] King, C., & Grace, D. (2005). Exploring the role of employees in the delivery of the brand: A case study approach. Qualitative market research. *An International Journal, 8*(3), 277–295.
[3] Randall, G. (1997). *Branding: A practical guide to planning your strategy*. UK: Kogan Page Limited.

Bribery

Bode Akinwande

Bribery is the practice of giving gifts of monetary value to a client or potential customer to persuade their decision [5]. Bribery is a subset of corruption which involves the payment giving or promising of value to a government agent to give favourable preference to the bribe giver [2]. It is a criminal offence, morally wrong and exposes staff of an organisation to the risk of prosecution, unlimited fines and possible imprisonment (up to ten years) and could endanger the firm's reputation.

An example of Bribery Act is the UK Bribery Act 2010 that came into force 1st July 2011 and covers all employees and officers of a given company, temporary workers, consultants, contractors, agents and subsidiaries acting for and on behalf of the company within UK and overseas.

Under the Bribery Act, it is a criminal offence to give bribe, promise or offer a bribe or to request, agree to receive or accept a bribe in the UK or overseas. It categorically stipulates 'it is an offence for a person to offer or provide a financial or other advantage to another person, where the advantage is intended to induce a person to perform improperly a relevant function or activity, or reward them for that improper performance' [4].

In the United States, the Foreign Corrupt Practices Act (FCPA) was initiated in 1977 to restrict American companies from bribing foreign officials and to demand they keep more detailed records of their business transactions to ensure legitimacy [5].

It is not uncommon for business people to use gifts to get favourable treatment from officials. Bribery ideally requires two parties the giver of the bribe, supply, and the receiver of the bribe, demand. Since bribery is a collaboration between two parties and not a theft. The primary moral responsibility, however, rests on the shoulder of the bribe taker. Of course, if the bribe giver uses threats to induce the receiver to take a bribe, that becomes a criminal act in itself [1].

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Ethical issues in the business world are vast, and in the emergence of the global markets, bribery and its ethical implications are increasing in importance. The FCPA had effects that were felt well beyond U.S. businesses and have pushed regulation in favour of U.S. policy around the world [5]. Such impact led to the OECD's adoption of a Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in 1997 [3].

[1] Basu, K. (2011). *Why, for a class of bribes, the act of giving a bribe should be treated as legal?* New Delhi: Chief Economic Adviser, Ministry of Finance, Government of India. Accessed on March 7, 2014, from http://finmin.nic.in/workingpaper/act_ giving_bribe_legal.pdf
[2] Moore, E. C. (2007). *Causes of demand for international bribery. Electronic Journal of Business Ethics and Organisation Studies, 12*(2), 18–23.
[3] OECD. (2010). Convention on combating bribery of foreign public officials in international business transactions and related documents. OECD.
[4] *The Bribery Act. (2010). Quick start guide.* UK: Ministry of Justice.
[5] Thompson, K., & Medina, C. (2012). Bribery and controversy in the US and global market. *Undergraduate Review, 8*, 126–132.

Bribe Payers Index

Greg Bell

The Bribe Payers Index (BPI) is developed by Transparency International (TI) (Transparency International, 2013). The index is a measure intended to account for the role of firms in providing the financial incentives that enables bribery and corruption around the word [1]. The BPI differs from TI's Corruption Perceptions Index in that the latter ranks countries based on the degree to which corruption is perceived to exist in the public sector. In contrast, the BPI ranks countries based on the likelihood of companies headquartered in that country to bribe abroad. The BPI index is based upon the survey responses of over 3,000 senior business executives in 30 countries about their perceptions of the likelihood of companies from countries they do business with engage in bribery when doing business in the executive's own home country [1]. These countries include Argentina, Austria, Brazil, Chile, China, Czech Republic, Egypt, France, Germany, Ghana, Hong Kong, Hungary, India, Indonesia, Japan, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Philippines, Poland, Russia, Senegal, Singapore, South Africa, South Korea, Turkey, United Kingdom and the United States. The Index is based upon the average score from answers to three questions in the Bribe Payers Survey that relate to how often three different types of bribery were perceived to occur in each sector. The three types include bribes of low-ranking public officials, improper contributions to high-

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ranking politicians to achieve influence, also bribery between private companies [1]. The 2011 BPI shows that companies from the Netherlands and Switzerland are seen as least likely to bribe when operating in foreign countries. However, firms from Russia and China are seen as most likely to pay bribes abroad. Firms competing in the agriculture and light manufacturing sectors are considered less likely to pay bribes abroad, whereas utilities and public works and construction firms are more likely to pay bribes abroad.

[1] Transparency International. (2013). Accessed on February 9, 2013, from http://www.transparency.org/research/bpi/overview

Brundtland Report [1]

Dirk Reiser

The Brundtland Report is a report published by the World Commission on Environment and Development (WCED), also called the Brundtland Commission. Both are named after the chairwoman of the Commission, the former Norwegian Prime Minister, Gro Harlem Brundtland. It evolved from a call by the General Assembly of the United Nations to formulate 'A global agenda for change' [1]. The commission was established in 1983 by the United Nations to:

– 'propose long-term environmental strategies for achieving sustainable development'
– 'recommend ways concern for the environment may be translated into greater co-operation' among countries at different development stages
– 'consider ways and means by which the international community can deal more effectively with environment concerns; and
– 'help define shared perceptions of long-term environmental issues. . .to deal successfully with the problems of protecting and enhancing the environment, a long-term agenda' [1].

In 1987, the commission published the Brundtland Report, also called 'Our common future'. The report is structured in three main parts: Common concerns, common challenges and common endeavors. In this context, it focuses specifically on interlinked issues regarding population issues, food security, the loss of species and genetic resources, industry, energy and human settlement. In the foreword of the report, Gro Harlem Brundtland stresses that 'the most urgent task today is to persuade nations of the need to return to multilateralism' [1] and to further 'the common understanding and common spirit of responsibility' [1] to solve the challenges that humanity is facing in these areas.

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Probably one of the most important results is the popularization of the term sustainable development as 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs' [1]. Unfortunately humanity has not made as much progress in sustainable development as was hoped for [2] as the implementation of the concept has proven more than difficult as it 'has not found the political entry points to make real progress' [3]. Such progress can only be made with a new political deal for advancing the sustainable development agenda [2].

[1] World Commission on Environment and Development. (1987). *Report of the world commission on environment and development: Our common future*. Accessed on December 2, 2013, from http://www.un-documents.net/our-common-future.pdf
[2] United Nations Department of Economic and Social Affairs. (2012). *Back to our common future. Sustainability in the 21st century (SD21) project*. New York: United Nations. Accessed on March 13, 2013, from http://sustainabledevelopment.un.org/content/documents/UN-DESA_Back_Common_Future_En.pdf
[3] Drexhage, J., & Murphy, D. (2010). Sustainable development: From Brundtland to Rio 2012. Background Paper. New York: United Nations.

Brundtland Report [2]

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The Brundtland report, also known as Our Common Future, was published by The World Commission on Environment and Development in 1987 [1]. It proposed "a global agenda for change" in the concept and practices of development, and signalled the urgency of re-thinking our ways of living and governance. It included new ideas such as the notion of equity and justice within and between generations; the idea of developing a shared understanding of the long-term goals for human life on earth; the idea of new governance instruments and of building collective action, and the resoluteness with the need for leadership and building trust with others.

The Brundtland Report stated that "Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs" [1]. At the core of sustainable development is the need to consider "three pillars" together: the environment, society and the economy. These include three interconnected principles: eco-efficiency, inter- and intragenerational social justice and participation in decision-making. Eco-efficiency is based on the concept of creating more goods and services while using fewer resources and creating less waste and

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pollution [2]. In the report, the links between environmental degradation, poverty, and inequality formed a major theme. The interconnected nature of sustainable development calls for going beyond geographical or institutional borders to co-ordinate strategies and make good decisions [1].

Many of the ideas of the Brundtland Report are still valid today, e.g. conflict prevention; poverty; growth which is about choice, quality, and sustainability; energy and climate; food security; and urbanisation. "Fulfilling peoples needs of the present and future generations" [1] requires actions that are of the short, medium and long term. There is a growing need for effective international cooperation to manage ecological and economic interdependence. Thus the term sustainable development encompasses the concerns of people working in a wide range of disciplines from sociology to engineering, from geology to mathematics, not only today but also in the future.

[1] The World Commission on Environment and Development. Report of the World Commission on Environment and Development: Our Common Future. UN Documents Gathering a body of global agreements. http://www.un-documents.net/wced-ocf.htm. Accessed on 13 November 2012.

Buddhist Ethics

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Dharma, central to Buddhist ethics or morality, regulates life's every aspect. Buddha appealed only to have found, not invented Dharma which is neither caused by nor under the control of a supreme being; the gods themselves are subject to its laws. Here, Dharma is obvious in the law of karma, which as explained below governs the way moral deeds affect individuals in present and future lives. Living according to Dharma and implementing its requirements can lead to happiness, fulfillment, and salvation; neglecting or transgressing it leads to endless suffering in the cycle of rebirth (*samsara*).

The karma doctrine is about the ethical implications of Dharma, in particular, the consequences of moral behavior. Karma, a natural law, and karmic actions are moral actions; Buddha defined karma as moral choices and the acts consequent upon them. In Buddhism, human beings have free will, and exercise free choice. Self-determining, individuals thus create themselves through their moral choices. By freely (repeatedly) choosing certain behaviors (things), individuals shape their characters, and through their characters, their futures. As one sows an act, one reaps a habit; one sows a habit, one reaps a character; one sows a character, and one reaps a destiny. The process of creating karma may be compared to a potter's work

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molding the clay into a finished shape: the soft clay is one's character. When we make moral choices, we shape our natures for good or bad.

Karma can be good or bad. Good karma brings merits (spiritual capital). Doing good deeds is to gain good karma (merit), a belief in 'merit transference' or that good karma can be shared with others, just like money.

[1] The Dalai Lama with Mehrotra. (2008). *On happiness, life, living and much more*. Hay House, Inc.

[2] Low, K. C. P. (2012). Buddhist ethics and corporate social responsibility. In S. O. Idowu (Ed.), *Encyclopaedia of corporate social responsibility*. Berlin, Heidelberg: Springer. doi:10.1007/978-3-642-28036-8

Bureaucracy

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Mainstream CSR assumes organizations to be perfect and rational. It has been proven, however, that non-profit organizations and not-for-profit units of for-profit organizations pursue objectives that are different from their initial purpose [1, 2]; the technical term for such a non-profit organization or organizational unit is bureaucracy. As used here, this term has none of the negative implications traditionally found in colloquial speech. It is a standard result of social science and organizational sociology that the primary purpose of bureaucracies is to perpetuate themselves and this is not due to deviance on the part of the people working in them or their lack of moral stamina. This is a normative view. Authors have argued that a positive view is one that pursues personal objectives as well as institutional ones. The mainstream criticism is that bureaucrats maximize the total budget of the institution they manage. A concurrent view is that bureaucrats maximize their discretionary budget, i.e., the difference between what is needed to produce sufficient output and the total budget of the organization. This has no ethical implications: well meaning managers also have their own discretionary objectives. Administrative law is based on rational models of bureaucracies; laws and regulations assume that government institutions and private companies will do what the laws prescribe [3]. Reformulated CSR acknowledges bureaucratic behavior and takes it into account within the concept of the accountability of work.

[1] Niskanen, W. A. (1968). Non-market decision making. The peculiar economics of bureaucracy. *American Economic Review, 58*(2), 293–305.

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[3] Weber, M. (1952). The essentials of bureaucratic organization: An ideal-type construction. In R. K. Merton., et al., (Eds.), *A reader in bureaucracy*. Glencoe: The Free Press.

Business and the Arts

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Business and the Arts share similar qualities. These qualities are both tangible and intangible. The tangible qualities of business are its products, services, resources and infrastructure. Its intangible qualities are those in the act of doing business such as logistics, communication and risk allocation or aversion. In business, the tangible qualities are prioritised. The intangible qualities can be outsourced.

The tangible qualities of the Arts include its perfection such as a painting, a sculpture, or architecture. The intangible qualities of the Arts are those which are in the act of doing art such as the trials and errors during production, rehearsals, and the practice of dance movements before its perfection. In Art, it is the intangible qualities which are labour intensive and that they cannot be outsourced for cost efficiency. The Arts are increasingly managed by people who are employing business models [1]. The tangible qualities of the Arts are prioritised over those which are intangible. Thus, a business-focused management favours the kinds of Arts which are established such as Music or Dance Festivals. The kinds of Arts which are experimental are less likely to be sponsored [2].

In some businesses, for example, some banks may also sponsor the arts such as donating paintings or art works to the museums and perhaps also sponsoring the local, schools' or orphanages' art drawing competitions and other art events. And these would be more for their promotion and marketing causes rather than art for art's sake. However, in some ways, such activities do help to bring some level of public awareness of the needs or certain difficulties faced by the local communities as well as some appreciation for the arts and their endeavours.

Perhaps, in the search for Art's perfection, the management have overlooked the intangible qualities of the Arts. The short-term goals of business do not match with the long-term struggle of the Arts before their perfection. In essence, leadership and even corporate social responsibility values are not likely to be found in the management of business as it is being short-term oriented. Leadership values (such as caring, people-centred and integrity) are more likely to be found in the intangible qualities of the Arts because they are focusing on long-term goals and are sustainable [3].

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[1] Lidstrom, B. (2003). *Arts and business—Attitudes towards arts sponsorship*. Swedish Music Festivals Association.
[2] Lidstrom, B. (2003). *Arts and business—Attitudes towards arts sponsorship*. Swedish Music Festivals Association.
[3] Caust, J. (2005). Does it matter who is in charge? The influence of the business paradigm on arts leadership and management. *Asia Pacific Journal of Arts & Cultural Management, 3,* 153–165.

Business Call to Action

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The Business Call to Action (BCtA) is a global initiative that seeks to harness the power of business investments to reduce extreme poverty and improve the lives of millions. BCtA was launched in 2008, aiming to accelerate progress towards the Millennium Development Goals (MDGs) by challenging companies to develop inclusive business models that offer the potential for both commercial success and development impact. BCtA's value-added stems from its ability to provide a global leadership platform and opportunities to share expertise, knowledge, and best practices for market-based approaches to development; initiative development advice and assistance; and Linkages with companies, donors, and other key stakeholders.

The BCtA global leadership platform is supported by the Australian Agency for International Development, the Dutch Ministry of Foreign Affairs, the Swedish International Development Cooperation Agency, the UK Department for International Development, the US Agency for International Development, the United Nations Development Programme, the United Nations Global Compact, the Clinton Global Initiative and the International Business Leaders Forum.

BCtA member initiatives include pledges to provide access to financial services for more than 57 million people, promote improved health outcomes for 50 million people, and enhance access to energy for 89 million low-income households. Worldwide, 63 companies have responded to the BCtA by making commitments to improve the lives and livelihoods of millions through commercially-viable business ventures that engage low-income people as consumers, producers, suppliers, and distributors of goods and services [1].

[1] Introduction to BCtA. (2013). Accessed on February 22, 2013, from http://www.businesscalltoaction.org/about/about-us/

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Business Ethics

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Business ethics is generally defined as the morality in business environment; a reflection of ethics on the behavior of business organizations. Ethical business values are mostly assessed in relative terms, taking history, culture and other contextual factors into consideration, rather than a set of absolute norms that are valid at anytime and anywhere.

Moral principles, practices and problems regarding a business can be examined at various levels. As such, evaluation of economic systems and of organizational strategies, policies, systems and actions as well as of group and employee behaviors, are all part of the realm of business ethics. Nature of appropriate business behavior, responsibility for the actions of an organization, managing and ensuring ethical behavior throughout a firm, are among key subjects addressed by business ethics.

There are different views and much discussion on what entails "good" business ethics in terms of its focus and consequences. That is, a core issue in business ethics is how businesses should act it an ethically sounded way. Some argue that good ethics means simply following the accepted rules and laws for doing business. According to this, firms are created for the pursuit of specific business goals and they can only try to achieve them [1]. This implies that there is no purpose for judging a firm as ethical or unethical as long as it stays within "the rules of the game". On the other hand, some argue that the pursuit of economic self-interest by firms and ethical conduct cannot be compromised. Here, ethics is seen to be opposed to business rationality and strategy because each has different and contradicting values [2]. Thus, it represents a skeptical answer to the question whether business ethics is possible in a system of profit seeking.

Yet, a third approach suggests that economic interests and ethical principles can be aligned. Behaving ethically is a primary responsibility of the firm and to ensure ethical behavior, a firm should do more than simply following law. This ethical liability view might be linked with the "ethics pay" arguments underlying several business practices connecting philanthropy and competitive advantage, profits and principles, responsibility and performance.

[1] Friedman, M. (1982). *Capitalism and freedom*. Chicago: University of Chicago Press.
[2] Quinn, D., & Jones, T. M. (1995). An agent morality view of business policy. *Academy of Management Review, 20*, 22–42.
[3] Melé, D. (2009). Business ethics in action: Seeking human excellence in organizations. Hants: Palgrave Macmillan.

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Business in the Community [1]

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Business in the Community (BITC) is a business movement—the largest business-led charity of its kind with a scope to transform businesses and communities locally, nationally and internationally [1]. The charity is driven by a commitment to: (1) build resilient communities, (2) diverse workplaces, and (3) a sustainable future. Building on 30 years of action, BITC is working to shape a new contract between business and society, in order to secure a fairer society and a more sustainable future [2]. Its local, national and international campaigns and programmes engage thousands of businesses in an effort to drive change, to encourage businesses to be more responsible, to achieve greater results through collaboration and to publicly recognize good practice.

The charity is dedicated to create communities in which different stakeholder groups (schools, community and arts organisations, small businesses and social enterprises) cooperate and develop strong sustainable links. It highlights and actively advocates that responsible businesses support and invest in their communities not just through donations but through time, skills, money and expertise. In addition, it encourages its members to focus on five areas which impact in the workplace, marketplace and community. These are:

- Education and young people
- Enterprise and culture
- Tackling unemployment
- Marketplace sustainability
- Workplace and employees

According to Adkins (2005) BITC aims at inspiring businesses to increase the quality and extent of their contribution to social and economic regeneration by making corporate social responsibility a core component of business excellence. In its efforts to achieve this aim, in June 1995, the first Cause Related Marketing (CRM) Campaign was formed at the BITC in order to encourage corporations to consider CRM as a strategic part of their marketing mix. In addition to the CRM campaign, numerous programmes have been successfully launched such as: the "Give & Gain Day", "Ban the Box", the "Mosaic" mentoring program and many more.

In 2002, BITC developed the Corporate Responsibility Index (CR Index), a systematic approach for managing, measuring and reporting on business responsible practices. The Index was introduced as a public exercise in transparency and as a tool to help companies in systematically measuring, managing and integrating responsible business practice. According to [1], the CR index enables companies to: identify gaps for improvement and reinforce good practice; track progress over time

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and drive continuous improvement; benchmark performance against peers and leading practice; engage board members and raise awareness of CR issues internally.

Companies can choose to use the tool on a public or private basis.

- Public participation is for companies who want to be included in the annual CR Index ranking and demonstrate a commitment to transparently improve their social and environmental performance.
- Private participation is designed for companies not ready to disclose their performance and focuses on providing guidance and feedback help organisations better integrate and improve their CR performance.

The CR Index is founded on a framework that is built around the following areas:

- Corporate Strategy, that focuses on the key corporate responsibility risks and opportunities to the business and how these are identified and addressed by senior level management.
- Integration that addresses how firms embed, organise and manage corporate responsibility into their operations through performance management, effective stakeholder engagement and reporting.
- Management that concentrates on the ways firms manage their risks and opportunities in the areas of community, environment, marketplace and workplace.
- Performance and Impact that requires corporations to report performance in a range of social and environmental impacts areas.

[1] Business in the Community. (2013). Accessed on April 12, 2013, from http://www.bitc.org.uk
[2] Business in the Community. (2014). Accessed on February 27, 2014, from http://www.bitc.org.uk/about-us
[3] Adkins, S. (2005). Cause related marketing: Who cares wins. Burlington: Elsevier Butterworth Heinemann.

Business in the Community (BItC) UK [2]

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Business in the Community (BItC) was created in 1982 following a series of inner city riots which took place in the United Kingdom—Toxteth (July 1981) and Brixton (April 1982) and high levels of unemployment which faced the UK economy in the 1980s and was responsible for these riots. The Tory government of Margaret Thatcher invited a group of US business leaders from Detroit and

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Baltimore who had been involved in the urban regeneration of these two American cities in the 1970s to share their experiences with their British counterparts. Since its creation, BItC has mobilized and worked with leaders to help find solutions to economic and social problems affecting many of the most deprived communities around the UK.

Business in the Community (BItC) is a business-led charity focused on promoting responsible business practice. The charity has about 800 company members and about 10,700 companies engaged in its campaigns worldwide. There are about 350 employees working for the charity. The BITC has 11 regional teams and about 160 global partners. It is one of the HRH the Prince of Wales' charities and the Prince of Wales is its President.

The charity is governed by a Board of Trustees whose role is to determine its mission and purpose whilst guarding its ethos and values. Its senior management team is led by a CEO who at the time of compiling this entry is Stephen Howard.

The charity works with companies both in the UK and overseas to take action and create greater impact in the following areas:

- Education and young people
- Enterprise and culture
- Workplace and employees
- Tackling unemployment
- Marketplace and sustainability

In general terms, the BItC prides itself in being a champion in the drive to improve people's lives in communities.

In the area of transforming business, the BItC notes the following as its core areas where it has successfully helped to integrate responsible business practices and provide a rand of practical support:

- Research and resources
- Benchmarking and recognition
- Training and advice
- Brokerage, Networking and events

[1] BITC. Accessed on July 30, 2013, from http://www.bitc.org.uk/about-us/who-we-are
[2] Idowu, S. O. (2013). Business in the community (UK + Derivatives). In encyclopedia of corporate social responsibility (pp. 262–264). Berlin Heidelberg: Springer.

Business Judgment Rule

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The business judgment rule (BJR) is a judicially created, rebuttable presumption that business decisions of corporate directors were made honestly and in good faith. It is a United States case law-derived concept in corporation law whereby the directors of a corporation are clothed with the presumption, which the law accords to them, of being motivated in their conduct by a bona fide regard for the interests of the corporation whose affairs the stockholders have committed to their charge. To challenge the actions of a corporation's board of directors, a plaintiff assumes the burden of providing evidence that directors, in reaching their challenged decision, breached any one of the triads of their fiduciary duty. These are good faith, loyalty, or due care [1].

Thus this presumption protects managers from charges of personal liability due to wrong decision making on condition that they have made their judgment in good faith for a proper purpose, they did not have a material personal interest in the subject matter of the judgment, they were reasonably informed about the subject matter and they rationally believed that the judgment was in the best interest of the corporation. In summary the business judgment rule is primarily meant for directors' protection but also intends to prevent acts of gross negligence by the executive board. However, it has to be pointed out that it is argued that the introduction of the BJR has extended the liability-free area for board members due to the vague wording of the article in some places, e. g. reasonably informed [2].

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Business Strategy

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Strategy in general can be defined as a comprehensive master plan stating how an enterprise will achieve its mission and objectives. Strategy in its widest sense has been described as being about the alignment or matching of an enterprise's resources with environmental threats and opportunities. Strategy can be seen as a pattern or a plan that integrates an enterprise's major goals, policies, and action sequences building up to a cohesive whole [1]. Strategy comprises a framework that contains an integrated set of steps aimed at increasing the long-term value and productivity of an enterprise relative to its competitors, which ensures that the enterprise makes the best use of its resources and adequately compensates for its weaknesses.

Two main classifications of strategy are: Corporate strategy (concerning inter-relationships among enterprises) and Business strategy (focusing on deploying a strategy at a unit or product level that maximises the enterprise unit or product's comparative advantage to best compete in the marketplace) [2].

Corporate strategy is described as referring to the enterprise's choice of business, market and its future direction and performance, and consequently it defines the overall business scope and direction of the enterprise whilst business strategy deals with the achievement of a sustainable competitive advantage in a specific market [3].

In essence, the business strategy is concerned with establishing the actions and the approaches to produce successful performance in one specific market. The key focus with a business strategy is developing responses to changing market circumstances and initiating actions to strengthen market position, build competitive advantage, and develop strong competitive capabilities.

In most large enterprises, the board of directors/supervisory delegate considerable strategy-making decision to the executive directors of each specific market, generally permitting them the freedom to develop a business strategy suited to their particular market and competitive circumstances and holding them answerable for successful performance. However, the task of developing a diversified enterprise's corporate strategy generally rests with the board of directors/supervisory board.

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Butterfly Effect

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The butterfly effect is a metaphor that encapsulates the concept of sensitive dependence on initial conditions in chaos theory, namely that small differences in the initial condition of a dynamical system may produce large variations in the long term behavior of the system. It is a term that commonly interpreted to mean that small disturbances in the atmosphere may become amplified to give rise to large (or even catastrophic) effects, as might be suggested by chaos theory. The phrase "butterfly effect" was coined by Edward Lorenz, an American mathematician and meteorologist, and a pioneer of chaos theory in 1972 in his paper, 'Predictability: Does the flap of a butterfly's wings in Brazil set off a tornado in Texas?' [1].

In the field of corporate social responsibility (CSR), the butterfly effect has become a metaphor for the seemingly insignificant events that can have large, widespread social and environmental consequences. Growing interdependence and interconnectedness have amplified risks and opportunities for consumers, employees, businesses, and governments, particularly civil society organizations. As a result, issues that were once peripheral or local now have global impact. CSR butterfly effect describes how a slight change in initial social and environmental conditions can lead to drastically different outcomes in the worldwide. For example, the flap of a butterfly's wings in the scandal of sweatshops in Nike in the middle of 1990s was responsible for the boycott and bad reputation all over the world.

The butterfly effect takes place under two conditions: the system is nonlinear and each state of the system is determined by the previous state. In other words, the output at each moment is repeatedly entered back into the system for another cycle through the mathematical functions that determine the system.

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Cadbury Report (UK) and Corporate Social Responsibility (CSR)

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First published in 1992 the Cadbury Report is a report of "The Committee of Financial Aspects of Corporate Governance" led by Sir Adrian Cadbury [1]. This report attempts to address the Corporate Governance excesses and failures of the time and sets courses for best practices in the context of Corporate Governance.

This report makes a number of recommendations to address the existing shortcomings in company management, for instance, concentration of power at the top, disregard for the concerns of wider stakeholders, excesses in remuneration and lack of independence, amongst others. The revelations of seemingly atrocious remunerations awarded to top ranking individuals in large corporations in the recent past have attracted severe negative publicity, making the Cadbury Report even more pertinent.

However the report does not explicitly deal with Corporate Social Responsibility. The relationship between Corporate Governance and Corporate Social Responsibility in the context of this report therefore is implicit.

Sir Adrian Cadbury notes that Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. He also notes that the aim of corporate governance is to align as nearly as possible the interests *of individuals*, *corporations and society* [2].

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By practicing the code, therefore it is understood that companies will strengthen their public accountability, responsibility and integrity and in this respect, implicitly be socially responsible [3].

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Cap and Trade

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The expression Cap and Trade refers to the trading of emission rights. Here, the cap is set as the "maximum amount of emissions per compliance period, for all sources under the program" [1]. On the company level, the specific amount of Green House Gases (GHG) which a company or production site is allowed to emit is set based on scientific research, and corresponds to the size and industry of the company. The allowance for each company is then linked to a certain amount of emission rights, which are distributed in the form of trading certificates. Emission rights not used by the company due to lower emissions than allowed, e.g., resulting from the implementation of an improved exhaust system, can be sold and thus offer an additional source of income. Other companies, who might need additional rights due to having produced more emissions than allowed, can then acquire these additional rights in order to avoid serious penalties. Consequently, within the system described, the reduction of GHG emissions is not only ecologically sensible, but also constitutes an economical advantage. In order to constantly reduce the overall emissions, the cap value is reduced annually.

Problems often linked to the implementation of a cap and trade system include the issues of how to accurately measure and report emissions and how to control companies in order to develop a transparent reporting attitude. Additionally, as GHGs change the climate worldwide, regardless of where they are emitted, an implementation across country borders would be necessary. However, this implementation might prove to be problematic as issues concerning the organization of the system as well as the agreement on the height of caps and the distribution of responsibilities are likely to arise. Locally restricted cap and trade systems only

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have a limited efficiency as companies are likely to move to areas without or with less strict restrictions.

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Capitalism, Welfare Capitalism, Paternalistic Capitalism

Massimiliano Di Bitetto and Paolo D'anselmi

Welfare capitalism, also called paternalistic capitalism, is an expression of industrial development whereby corporations provide workers not only with jobs in factories, but also facilities for their families such as housing and schools [2]. Welfare capitalism is relevant to CSR as some of the programs that are carried out in mainstream CSR—especially those programs aimed at benefiting employees and local communities—can be thought of as an expression of welfare capitalism. In fact housing, schools and theaters provided by corporations benefit both their own employees and their towns (often times falling within the phenomenon of the so-called "one company town"). Mainstream CSR is in fact mostly concerned about the social and the environmental bottom lines. It thus concerns itself with the relationship between the corporations and specific stakeholders groups, for example the key group of the company's own employees. Many provisions then that are made towards employees, following CSR programs, do recall some of the provisions that were already known in industry and in social science as welfare capitalism. These provisions belong especially in the above mentioned areas of living amenities. There are however new frontiers in such provisions that reveal research efforts and intentions of authenticity on the part of the corporations: employee well-being and awareness are among such new kind of provisions and concerns of the corporation. These current provisions were not known in the times of welfare capitalism whereas it would be unfair not to think as authentic concerns the provision of basic living amenities by the welfare capitalism kind of behavior. A positive link is then established between mainstream CSR and welfare capitalism, confirming authenticity of both currents and establishing a link between the two: mainstream CSR can be thought of as a well meant and authentic development of welfare capitalism. Integrated reporting is the corresponding CSR reporting practice that includes information about welfare capitalism provisions [1].

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Carbon Emissions

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A vast majority of mainstream scientists now accept that the earth's climate is changing and that many of the changes are probably due to the activities of humans [1]. Governments of most industrialized countries have enacted strategies to reduce the emissions of greenhouse gases, in short, called carbon emissions are blamed for causing increases in the global temperature. Carbon emissions can be described as the total amount of greenhouse gases produced to directly and indirectly support human activities, usually expressed in equivalent tons of carbon dioxide (CO_2). Today, the term "carbon footprint" or "ecological footprint" are often used as shorthand for the amount of carbon (usually in tones) being emitted by an activity or organization. Shortly, your carbon footprint is the sum of all emissions of CO_2, which were induced by your activities such as driving a car, traveling by air and etc.

A carbon footprint is composed of two parts, primary and secondary footprints [2]. The primary footprint is the sum of the direct carbon dioxide emissions of burning of fossil fuels, like domestic energy consumption by furnaces and waters heaters, and transportation, like automobiles and airplane travel. The secondary footprint is the sum of indirect emissions associated with the manufacture and breakdown of all products, services and food an individual or business consumes. Usually a carbon footprint is calculated for the time period of a year. Through these activities we all contribute to climate change every day.

Climate change and environmental degradation are jeopardizing livelihoods and future sustainability in many areas of economic activity around the world [3]. Business over the past two decades has been learning how to operate in a more environmentally and socially sustainable manner. The outgrowth of this profound transformation is the corporate social responsibility movement. CSR has now become the new baseline for corporate citizenship. In this framework monitoring carbon is a key corporate social/environmental responsibility issue. Carbon management and reduction, particularly within the built environment, construction and facilities management sector should be seen not only within the sustainability/environmental terms, but also, as a lens to understanding the wider CSR impact.

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Carbon Footprint

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Carbon footprint is the amount of emissions, released into the atmosphere each year as a result of human activities. The impact of a given GHG on "global warming" over a specific time interval changes according to the atmospheric residence time of the GHG as well as the wavelengths at which it absorbs energy, and the intensity of such absorption. Accordingly, a "global warming potential" (GWP) is calculated so that a comparison of the relative contribution of different GHGs is possible in terms of CO_2, the most abundant GHG. A carbon footprint is commonly calculated from the 100-year GWP, taking into account all sources, sinks, and storage in the system, and is expressed in "tonnes of CO_2 equivalent" (tCO_2e) [1]. GHG emissions are either referred to as direct emissions, caused by consumers of a product of service, or indirect emissions caused by production at a distant location.

Carbon footprints can be calculated for a company, an organization, a building, a family, an individual, an event, or a product. One of the simpler methods measures the total energy consumption of an organization resulting from all its activities. A more detailed method also includes emissions resulting from both supplier and consumer activities. The most comprehensive method looks at the full life cycle; including emissions from the extraction of raw materials, manufacturing, use, reuse, recycling, and disposal. Calculating the carbon footprint gives an organization the opportunity to identify and devise effective reduction strategies. Whether based on technology or on management, strategies that decrease the consumption of energy or the use of carbon emitting fuels result in a decrease in the carbon footprint. Some of the incentives for carbon footprint reduction include consumers' preference for low carbon product alternatives, legal limitations on emissions of organizations in some countries, and attraction to the carbon market.

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Carbon Offsets

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Carbon offsets or emission offsets are used to reduce the carbon footprint or greenhouse gas (GHG) emissions of an activity by funding activities that result in an equivalent amount of emissions reduction elsewhere. Carbon offsetting relies on the assumption that since GHGs all mix in the atmosphere homogenously, the place where they originate as well as the place where the reduction is made does not matter. The reduction can be made anywhere on Earth, and often it is cheaper to fund a project to reduce or absorb GHGs in the developing regions rather than in developed regions.

To achieve carbon neutrality, ideally an organization should first reduce its own emissions, and the remaining carbon emissions, after which the remaining carbon emissions can be mitigated in the form of carbon offsets, either voluntarily or as part of a carbon trading scheme. Various projects can be funded, the most popular being renewable energy generation and reforestation. However a good offset project needs an accurate "baseline" emission level for the carbon reduction to be made against. It should also provide "additionality", i.e., the carbon avoidance that would not be possible without the funding. In addition, the danger of a project's "permanence", i.e., its conclusion before sufficient contributions were made to the promised carbon reduction should also be considered [1].

Since the funding goes to a non-product, and the calculations for both the carbon footprint and the carbon reduction require some expertise with many pitfalls regarding the validity of a project, the services of a mediator carbon offset company are employed. These companies first calculate their customer's carbon footprint and then offer reduction options from their portfolio. While some companies let customers choose their own projects, some simply offer certificates as proof, and ownership, of carbon reduction. There are several strict standards for offsets. The common ones were defined by the United Nations Framework Convention on Climate Change (UNFCC) and can be used under the Kyoto protocol schemes; such as the Certified Emission Reductions (CERs) for Clean Development Mechanism (CDM) projects and Emission Reduction Units (ERU) for Joint Implementation (JI) projects. One of many voluntary standards is the Verified Carbon Standard (VCS).

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Carbon Trading Schemes

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Carbon trading, also called emissions trading, is a market-based option to regulate greenhouse gas emissions. First introduced in the Kyoto Protocol, it can be either mandatory or voluntary. The most common scheme is "cap-and-trade" or "allowance" trading. In cap-and-trade schemes, the governing body first sets a cap on total allowable emissions, and then distributes or auctions off emissions allowances that make up the cap. Members measure and report their emissions and are required to hand in one allowance for each tonne of CO_2 they release. If they do not have enough allowances to cover their emissions, they can either reduce their emissions or buy credits from other members. Extra allowances can be sold or banked for future use, thus adding economic incentive to decrease emissions.

The success of cap-and-trade schemes depends on the cap. If it is set too high, the effect on the environment will not be mitigated. However, if the cap is set too low, the scheme will be unfeasible due to high prices. Each year, the number of countries that pledged to limit their emissions grows, as does the number of carbon trading schemes. The biggest such scheme is European Union's (EU) Emissions Trading Scheme (ETS), which covers more than half of Europe's carbon emissions. Other carbon trading schemes cover parts of United States (US), New Zealand, Japan and Australia. More schemes are planned by the US, Canada, Mexico, India, China, South Korea, Taiwan, Thailand, and Vietnam.

Another option for carbon trading is the carbon credit scheme. Credits do not have a set cap; however, there is a limit that should not be exceeded. Members reduce their emissions below their specified rate to earn credits. The main problem with credit schemes is that since there is no set cap, as more members enter the market, more carbon is released into the atmosphere. Therefore, credits are usually used in conjunction with cap-and-trade schemes. Although the search for a better market-based mechanism to promote cost effective emissions reduction continues [1], trading schemes cover all economic sectors and grant their members both flexibility and incentives. Over time, both the carbon market and the trading schemes are becoming more ambitious, transparent, inclusive, cooperative, and globally linked.

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Carroll, A. B.

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Archie B. Carroll is one of the most important scholars who is working in the fields of corporate social responsibility (CSR), corporate social performance (CSP), business ethics, and stakeholder management. He holds a PhD degree in Management and Organization Theory from Florida State University, USA and currently he is a Scherer Professor Emeritus of Management at the Terry College of Business, University of Georgia, in the United States of America. He has been the author of many significant scientific contributions in the above noted fields and has published his works in the leading journals of business and management studies; Carroll is one of the most cited scholars in the field of CSR worldwide. Carroll's pyramid of CSR has been one of the well-known models of CSR/CSP conception and is widely recognized by other authors as a viable framework [1]. In this model, Carroll suggests the fourfold concept of CSR as economic, legal, ethical, and philanthropic CSR and improved this model in his further works [2]. According to Carroll, a "firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen" and all these dimensions should be met simultaneously [2]. Considering his invaluable studies, it can be stated that Carroll has made a significant contribution to the development of the literature and in 2012 was recently awarded with the first ever "Lifetime Achievement Award in Corporate Social Responsibility" by Humboldt University/Berlin.

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Carpooling

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Carpooling can be summarised as the sharing of a private car for journeys, usually for commuting but not exclusively occupying more than one individual. Historically the occupants consisted of fellow employees or family members. As a result, this more sustainable form of transportation reduces the number of journeys and thus harmful exhaust emissions and the amount of vehicle congestion on roads.

Carpooling or Car Sharing has its origins in the USA during the Second World War and also in the mid 1970s due to the energy crisis at the time, hence providing a solution to higher fuel costs [1]. Models and the economics of car pools have been devised to examine various factors such as the optimum number of occupants in a vehicle [2].

After the 1970s energy crisis and the normalization of fuel prices carpooling experienced a decline in the 1980s and 1990s. It re-emerged thereafter due to higher fuel costs caused by supply/demand factors and also due to environmental reasons such as exhaust emissions. As a result of harmful carbon dioxide (CO_2) and other emissions the taxation on fuel has increased in many countries.

Carpooling in its current form is somewhat different from the 1970s. Private enterprises and local governments are promoting and organising carpooling using newer technologies such as the Internet and Smartphone's [3]. Entrepreneurial organisations have seized the moment to organise and offer a more sustainable mode of automobile transportation to reduce the carbon footprint and road congestion and ultimately the need to privately own a vehicle.

For an individual or family in major cities most privately used cars are infrequently used; however the fixed costs such as vehicle insurance and taxation costs of owning a car remain. Therefore sharing a car for occasional use, such as weekends' saves money, reduces unnecessary journeys, promotes walking, cycling and the use of public transportation.

In the period after the 2007, the financial crisis resulted in real term decreasing disposable incomes in many developed nations. Moreover, climate change was discussed with increasing urgency, which is why the foreseeable future suggests a growth in carpooling, potentially also with an increase in designated carpooling lanes-for vehicles with high occupancy in countries such as China [4] and USA [5].

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Cause-Related Marketing

Ceren Altuntaş

There are various tools, techniques and approaches to socially responsible corporate action which is defined as the voluntary business activities and devotion of company resources for the society's well-being [1]. However, there is a difference between the solely philanthropic corporate action or obligatory support given to society and strategic corporate social responsibility (CSR). Reference [1] emphasizes the shift from obligatory CSR practices to CSR with a focus on strategy together with the increase in corporate philanthropy within years. Businesses tend to pay attention to the match between the socially responsible corporate practices and corporate values or target markets and they align these practices with specific strategic causes such as increased product sales or building brand identity. Cause related marketing (CRM) is one of these strategic tools that focus on marketing practices and that ties the social action to a specific cause through a part of revenues generated by the marketing exchange. "Cause-related marketing is the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives [5]."

Cause related marketing requires a partnership between the business and a cause or a not-for-profit organization that operates for the achievement of that specific cause. The aim is to achieve mutual gain for the company through achieving competitive advantage by using consumer care towards a charitable cause and for the society through delivering funds to a charitable cause [4]. Although not strictly necessary, such marketing activity can be facilitated through the introduction of sales promotion campaigns in the form of discount coupons or one free for three purchased pieces.

For cause related marketing program to be successful, the customers should be aware of the cause and should be further informed about the cause. This cause should be close to the target market of the company, related with the consumers'

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characteristics and interests [2]. The cause should also match with the company reputation and objectives. The fit between the cause and the company or brand [3] and the sincerity of the company in implementing this action are essential factors for such a program to achieve success. If these conditions are secured, cause related marketing programs increase the sales of the company, promotes brand recognition and reputation while generating funds for the cause through the sales of the product or service [5].

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Caux Round Table Principles

Archie B. Carroll

The Caux Round Table (CRT) Principles for Business express a worldwide vision for ethical and responsible corporate behavior. The seven core principles serve as an underpinning for ethical action for business leaders across the globe. The CRT Principles are a statement of aspirations that seek to articulate a world standard against which business behavior can be gauged [1].

The CRT Principles for Business were created through a sophisticated, collective process in 1994. The Principles were the joint product of collaboration between the Caux Round Table and the Minnesota Center for Corporate Responsibility [2]. The Principles were developed primarily by business leaders and, therefore, carry significant credibility. They are the end result of a process that sought to identify shared values, reconciling differing values, and concluding in a shared point of view on business behavior that would be deemed acceptable to and honored by all [3].

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There are seven core CRT Principles which include the following:

1. Respect Stakeholders Beyond Shareholders
2. Contribute to Economic, Social and Environmental Development
3. Build Trust by Going Beyond the Letter of the Law
4. Respect Rules and Conventions
5. Support Responsible Globalization
6. Respect the Environment
7. Avoid Illicit Activities

In support of these seven core principles, the Caux Round Table supplements them with more detailed standards for interacting with key stakeholder groups. These supplements are referred to as Stakeholder Management Guidelines. The CRT's stakeholder groups include customers, employees, owners/investors, suppliers, competitors, communities and the natural environment.

According to the Caux Round Table, these Principles have been published in 12 languages, used in business school curricula worldwide, and are widely recognized as the most comprehensive statement of responsible business practices that have been formulated by business leaders for business leaders.

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Change Management

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Change management is a strand of managerial thought dealing with organizational behavior. A basic tenet of change management is that "organizations do not change, only people change, one at a time" [3]. This is in accord with a positive view of responsibility: ultimately "only people can be responsible, not organizations" [2]. In fact organizations do not exist without the people working with them. Organizations may be responsible to society of their behavior as organizations, but for the sake of understanding behavior and tracing responsibility within the organization,

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there is need for a link between the organization and the individual. The understanding of responsibility within organizations is relevant to Corporate Social Responsibility. Change management is then relevant to CSR because it offers a bridge between organizational and individual responsibility. Change management helps the management of an organization when it wants to manage responsibility and take positive action towards CSR. Responsible behavior in fact can be generated only from individuals (managers or employees) towards individuals (customers or any other stakeholder group). Once responsibility is brought to the level of each individual worker in an organization (manager or employee), responsibility can be built again bottom up within the organization. This leads to a view of CSR as the accountability ofwork, a "CSR for all organizations", regardless they are privately owned, for-profit corporations or non-profit organizations or government public administration. Such a view is different from mainstream CSR which is especially geared to private for-profit corporations [1].

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Change Management

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Since change is rapid and inevitable in today's world, management of change in a business in an effective way is a must to remove the obstacles in the business environment. Here, change must be considered as the key factor to success in establishments seeking to retain in the market. By definition, change represents something different from what employees are accustomed to; therefore, a clear, well-communicated vision and a path to achieve the change are needed [1]. Today, in a changing competitive age, management confronts many challenges and managers need to track and adapt to the developments in economic, technological, marketing, and customer issues. Without the support of management by guidelines and applications, change cannot be managed properly and continuously. No longer is it appropriate to consider organizational change as a project or event—with a beginning and an end- to be managed, but rather we must consider change management as an ongoing aspect of the leader's job [2]. Especially, effective communication is necessary for all phases of the change process as an organization's employees have always been and always will be the most important single resource

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in change management. Therefore, participation of employees is one of the key action steps to make the changes so human resources as well as financial resources must be allocated to plan, monitor and implement the change process. If businesses are to change the way they manage change in any way, then they must find ways to maximize employee involvement at every opportunity before, and after any change initiative [3].

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Charismatic Leadership

Mara Del Baldo

The Max Weber theory of charisma refers to a certain quality of an individual personality by virtue of which he is set apart from ordinary men and is treated as endowed with a sort of supernatural, superhuman, or at least exceptional power or quality. On the basis of these traits, the individual concerned is treated as a "leader." From his observation of early Christianity, he argued that there are three types of legitimate authorities: traditional, charismatic, and rational-legal. Charismatic authority is an instance in which subordinate individuals make a commitment to one simple idea: they follow what the leader is saying [1].

Charisma has always played a central role in the life of the Church and, more generally, in civil society. However, speaking of charismatic principle in a market economy emphasizes that there is a new way of dealing with economies, allowing the market to be an instrument of civilization and moral and economic progress. The charismatic economy is an essential dimension of economic life. Economic and civil expression of the charismatic principle emerges as a response to the concrete needs of particular people.

There is a philosophical similarity between the Weber's charismatic personality in a charismatic authority and Schumpeter's assertion that in the economy there are entrepreneurs who make innovative changes to the economy (and who cause creative destruction) and imitators (ordinary people) who follow the dictates of entrepreneurs.

Charismatic leaders are sharply focused on a vocation or principle despite all odds and, in certain instances, display a profound love of humanity. In the world, many men and women committed themselves to create the trade union movement,

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cooperatives, savings and rural banks (i.e., Yunus), and companies (i.e., A. Olivetti, H. Siemens) that continue to this day. They turned problems into opportunities and resources thanks to their different capacity "to see the world." Many points in common for charismatic leaders are personal responsibility, vision, moral virtues, faith in personal commitment, shared social responsibility, and solidarity [2].

Charismatic leaders at the head of a company (managers or entrepreneurs) are authentic persons because they have key values that guide their behavior and actions. They have clear ideals; they are reliable and capable of instilling trust, consistent and constant. They are constructive, and thus able to create economic, social, and environmental value.

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Chief Executive Officer

Manuel Castelo Branco

The chief executive officer (CEO) is the top ranking executive and ultimate responsible for the decisions pertaining to the management of a company. He/she usually reports to the board of directors. He/she is also usually the better paid and the most conspicuous executive. The most influencing strands of academic literature in the areas of corporate strategy and finance relate the high levels of CEO pay with outstanding managerial talent and contribution to a company's performance.

The CEO is the main responsible for the decision to engage in corporate social responsibility (CSR) activities, as well as for how the company's engagement in CSR occurs. CEOs "can direct their corporations to tune into or neglect social concerns, depending upon whether or not they engage in and encourage value-inclusive organizational decision-making processes" [1]. The CEO plays a prominent role in spreading interest in ethics and social responsibility throughout the corporation, as well as in deciding on how to integrate these through a process of strategic management [2].

There is empirical evidence suggesting that, when compared to CEOs more prone to behave opportunistically and mainly concerned with the enhancement of their own welfare, CEOs more inclined to behave collectively and cooperatively both in the interests of their organisations and those of all stakeholders attach more importance to ethics and social responsibility and are more effective in implementing CSR practices within corporations [2].

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Chinese Clan Association

K.C. Patrick Low

Chinese surnames are used by Han Chinese and other ethnic groups in Mainland China, Hong Kong, Taiwan, Korea, Vietnam and among Overseas Chinese communities. In ancient times, two types of surnames, ancestral names (姓, *Hanyu Pinyin*: *xìng*) and clan names (氏; *Hanyu Pinyin*: *shì*), existed. Chinese family names are patrilineal, passed from father to children. (When adopted, the adoptee also takes the same surname.) In Chinese practice, surnames are not changed upon marriage [1].

Originated in China and were reproduced overseas by migrant populations, a Chinese clan is a patrilineal and patrilocal group of related Chinese people with a common surname sharing a common ancestor and, in many cases, an ancestral home. The Chinese clan is in fact driven more by its core values, the Chinese values that it holds. They are set of values that guide the organization's as well as one's relationship with other clans and the external world; they can be very motivating. Some of the common values are filial piety (respect the elders and looking after the young), ancestral veneration and social responsibility [2, 3].

Called 会馆 (*huì guān*) or 同乡会 (*tóng xiāng huì*), Chinese Clan associations can be found in every Overseas Chinese society. Formed on the basis of kinship, clan, dialect, home village, territory, or occupation, clan association plays various important roles in overseas Chinese society. It serves as a contact medium between migrants and their hometown or region. When natural disasters or political crisis happened in China, clan associations raised fund to send back to China. One of the largest scales of such activities is the fund raising effect in South East Asia during the Sino Japanese war. Clan associations then raised funds for China Relief Fund to support China against the Japanese invasion.

Clan associations ordinarily address social and cultural needs of Chinese migrants. During the early period of Chinese migration, migrants had no social security to depend on so clan associations provided welfare services to look after

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the sick, destitute or widows. An important function that clan associations served at that time was the offering of funeral services. Rituals and prayers were conducted for the deceased and it was common for the clan associations to arrange for the remains of these migrants to be repatriated to China. As the immigrants settle in their host societies and become the respective countries' citizens and as family units emerged, clan associations initiate educational projects and served as registry of marriages for new couples.

Throughout the year, clan associations organize festive and religious celebrations and prayers; they thus reproduce their traditional cultural environment in host societies. Celebrations were an opportunity to network with fellow countrymen and reinforced their cultural identity in a foreign land, giving them a sense of familiarity and comfort. To protect their members, disputes between members could be brought to the clan association for settlement while problems with other dialect groups could be settled between representatives of the respective clan associations.

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Christian Ethics and CSR

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Christian ethics reflects the ethical tradition of Christianity, a monotheistic religion spread in the world starting approximately 2000 years ago. It is mainly based in the life and teachings of Jesus of Nazareth (Christ), but it embraces also teachings of the apostles and the experiences of the first Christian communities contained in the New Testament, the wisdom contained in the Old Testament, and the different developments of the Christian living tradition [1].

The relation between the Christian tradition and corporate social responsibility (CSR) is anchored in the understanding of the value of responsibility. For Christians, responsibility—as expression of love—is multidimensional; it is simultaneously

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oriented towards God, towards oneself, towards the others and towards the creation. This can be better clarified from three different perspectives.

From a macro-level perspective, and especially with the advent of the industrialization in the nineteenth century, the Catholic church—and also other Christian churches—started to develop teachings to rethink the changing social conditions and emerging social issues, e.g. the complementarity of capital and work, wealth creation with social justice, the care and protection of the natural environment, etc. Catholic social teachings traditionally focused on macroeconomic and social issues referring only indirectly to business responsibilities; however, recent developments address explicitly the social responsibility of business as an ethical responsibility linked directly to the purpose of organizations [2].

From a meso-level perspective, corporations are—within the Christian tradition—considered communities of persons that bear an economic and a social function characterized by their capacity to serve the common good of society [3]. This common good principle has been presented in the literature on CSR as normative grounding of the stakeholder theory and social responsibility [4].

From a micro-level perspective, the relation between Christian ethics and CSR is anchored in an anthropological challenge: to concretize a particular personal faith into socio-economic practices; thus, to make use of faith and reason, as complementary cognitive paths that orient action, while living and working as a Christian inside organizations [5].

Altogether, the Christian ethical tradition can be considered a corpus of knowledge oriented to guide human behavior towards the good and the truth and therefore towards its integral development.

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[4] Argandoña, A. (1998). The stakeholder theory and the common good. *Journal of Business Ethics, 17*(9–10), 1093–1102.
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Citizen

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Mainstream CSR assumes the point of view of the "good" citizen as a "positive" stakeholder. This view may involve a dialectic relationship with other roles of the individual in society (such as worker, consumer, employee) or even with other citizens. An example of such a dialectic is the "not in my backyard" syndrome [2] when a group of citizens opposes other groups of citizens, and a specific group of citizens may not be doing their share in society or may be trying to hitch a free ride.

Mainstream CSR is concerned with behavior of the corporations and it implicitly assumes the citizen's point of view as a positive one. It sees the citizen as mostly endowed with rights whereas the corporation mostly has duties. Mainstream CSR may reinforce a view of the citizen that does not involve a personal social responsibility on the part of the citizens themselves. Mainstream CSR may appear to overlook the role of the citizen in the public sphere while at the same time it requires the corporation to be a good citizen [1].

On a communication plane mainstream CSR implies a view of citizenship vis-à-vis work and it sees citizenship as good and endowed with rights while it sees work at potentially threatening and endowed with duties. This is independent of the philosophical view of citizenship one takes, whether liberal and individualist or republican and collectivist. The mainstream CSR view appears to be asymmetric as it sees some citizens as citizens and other citizens as workers (the workers of the corporations are also citizens). A view of CSR for all organizations sees all citizens as workers or potential workers and it examines all the workers' contribution to society and the economy through responsible work.

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Climate Change

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Climate Change is defined as a long-term change in global or regional weather patterns. It describes a shift in the earth's climate by taking periods of several decades or longer into consideration. The shift is especially measured by changes in the average atmospheric temperature. While it is a generally accepted fact that climate changes can be caused by natural processes, climate change most often is referred to as a result of direct and indirect human activities. The issue of climate change arose in the mid to late twentieth century and is considered to be one of the most complicated challenges of the global community.

The term climate change is often used as a synonym for global warming. In general, climate change refers to any change in the climate of a specific region and includes temperature, precipitation, and wind patterns, whereas global warming refers to the ongoing increase of global average temperature. Scientific observations imply that rising global temperatures are significantly influenced by increasing concentrations of released carbon dioxide and other human-related greenhouse gas emissions. These are produced in particular by the burning of fossil fuels as well as by deforestation, and agricultural and industrial processes.

There is a scientific consensus that there is a change in the climate due to human activity [1]. Moreover, there is widespread agreement on the visibility of effects of global climate change: temperatures are increasing, glaciers are melting, ice on rivers and lakes is breaking up earlier, and sea levels are rising. The scientific community assumes that global temperatures will continue to rise and therefore will have far-reaching and unpredictable environmental, social and economic consequences.

Being conscious of the above mentioned effects of global warming and the respective consequences, several countries have started or joined initiatives to tackle the problem. The Kyoto Protocol, which was adopted in 1997 and entered into force in 2005, is a prominent example of an international initiative [2]. Another example is cap and trade programs that have been started on national and international levels in order to introduce market mechanisms for emissions. Other efforts include the development and promotion of renewable energy, and more fuel efficient technologies.

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Clinton Global Initiative

Mary Godwyn

The Clinton Global Initiative is a charitable foundation started in 2005 by William Jefferson Clinton (Bill Clinton), the 42nd President of the United States (from 20 January 1993–20 January 2001). The mission of the Clinton Global Initiative (CGI) is to "turn ideas into action" [1]. The CGI meeting is held each September in New York City and brings together heads of state, Nobel Prize laureates, chief executive officers (CEOs), heads of foundations and non-governmental organizations (NGOs), leading philanthropists, and members of the media. The CGI also convenes the CGI America, devoted to economic recovery and job creation in the United States and the CGI University, a meeting for undergraduate and graduate students who are developing commitments in their communities. CGI does not direct projects, but instead helps members connect with one another and make effective commitments to action through the following ways: inspiration, networking, knowledge building, and collaboration.

The CGI has eight tracks of focus [2]:

1. The Built Environment—concentrated on improving the environmental and social efficacy of infrastructure;
2. Education & Workforce Development—concentrated on poverty reduction;
3. Energy and Ecosystems, concentrated on sustainable and renewable energy and the greening of supply chains and processes;
4. Girls & Women—concentrated on empowering women in the corporate value chain and increased development in urban areas;
5. Global Health—concentrated on preventing disease and prolonging life;
6. Market-based Approaches, concentrated on the market as a tool used for positive social impact across diverse populations;
7. Response & Resilience, concentrated on coordinating NGOs, governments, corporations and civil society to prepare for and reduce the impact of conflict and disaster;

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8. Technology, concentrated on the democratization of the media and beneficial connections among people to increase market opportunities and access to education.

In addition to the Founding Chairman Bill Clinton, other executives include Robert S. Harrison, the CEO; Ed Hughes, the CGI Deputy Director and Program Director; Julian Jaeger, the Director of Partnerships; Craig Minnassian, the Director of Communication, and Katrina Ngo, the Director of CGI America.

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[2] Clinton Global Initiative. (2012). CGI's 2012 Tracks. Accessed 30 December 30, 2012, from, http://www.clintonglobalinitiative.org/aboutus/tracks.asp.

Club of Rome

Volker M. Rundshagen

The Club of Rome was founded in 1968 by the Italian industrialist Aurelio Peccei and the Scottish scientist Alexander King, both committed to address interconnected global problems, especially the paradigms of ever larger production and an ever worse balance of opportunities between the North and the South. Following a first fruitless meeting of diverse experts in Rome a small core group willing to act as catalyst of global change emerged [1].

The Club of Rome is dedicated to analyzing the crucial problems facing humanity and to encourage the development and enactment of solutions. There are a maximum of 100 full members by invitation; protagonists of international organizations, renowned scientists, former politicians, or business people. Besides the international center in Winterthur, Switzerland, there are some 30 National Associations.

The Club of Rome achieved great prominence thanks to the report *The limits to growth* it adopted in 1972: an MIT research team applied a system dynamics computer modeling approach to show how global patterns of industrialization and resource exploitation impact the Earth. The team highlighted global interdependencies and predicted that continued exponential growth would eventually provoke collapse [2]. The report was enthusiastically received by environmentalists but harshly criticized and misinterpreted by economists and politicians unwilling to let go of established thinking patterns. Many reports have followed, and the Club of Rome's activities have "evolved from discussing limits to using the know-how acquired for promoting new policies and strategies to lead humanity along more equitable and sounder paths" [3].

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CERES Principles [1]

Greg Bell

The Coalition for Environmentally Responsible Economies (CERES) is a US based non-profit organization which includes investors, environmental, religious, and public interest groups [1]. The coalition's purpose is to promote investment policies that are environmentally, socially and financially sound. Ceres drafted ten principles following the 1989 Exxon-Valdez oil spill to link corporate environmental responsibility with the bottom line. Firms that endorse the Ceres Principles convey to stakeholders their dedication to environmental awareness and their commitment to public reporting. Sunoco was the first Fortune 500 company to endorse the Ceres Principles. Currently around 60 companies have signed up to the principles [2].

The CERES Principles:

1. Protection of the Biosphere

   We will reduce and make continual progress toward eliminating the release of any substance that may cause environmental damage to the air, water, or the earth or its inhabitants. We will safeguard all habitats affected by our operations and will protect open spaces and wilderness, while preserving biodiversity.

2. Sustainable Use of Natural Resources

   We will make sustainable use of renewable natural resources, such as water, soils and forests. We will conserve non-renewable natural resources through efficient use and careful planning.

3. Reduction and Disposal of Wastes

   We will reduce and where possible eliminate waste through source reduction and recycling. All waste will be handled and disposed of through safe and responsible methods.

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4. Energy Conservation

   We will conserve energy and improve the energy efficiency of our internal operations and of the goods and services we sell. We will make every effort to use environmentally safe and sustainable energy sources.

5. Risk Reduction

   We will strive to minimize the environmental, health and safety risks to our employees and the communities in which we operate through safe technologies, facilities and operating procedures, and by being prepared for emergencies.

6. Safe Products and Services

   We will reduce and where possible eliminate the use, manufacture or sale of products and services that cause environmental damage or health or safety hazards. We will inform our customers of the environmental impacts of our products or services and try to correct unsafe use.

7. Environmental Restoration

   We will promptly and responsibly correct conditions we have caused that endanger health, safety or the environment. To the extent feasible, we will redress injuries we have caused to persons or damage we have caused to the environment and will restore the environment.

8. Informing the Public

   We will inform in a timely manner everyone who may be affected by conditions caused by our company that might endanger health, safety or the environment. We will regularly seek advice and counsel through dialogue with persons in communities near our facilities. We will not take any action against employees for reporting dangerous incidents or conditions to management or to appropriate authorities.

9. Management Commitment

   We will implement these Principles and sustain a process that ensures that the Board of Directors and Chief Executive Officer are fully informed about pertinent environmental issues and are fully responsible for environmental policy. In selecting our Board of Directors, we will consider demonstrated environmental commitment as a factor.

10. Audits and Reports

    We will conduct an annual self-evaluation of our progress in implementing these Principles. We will support the timely creation of generally accepted environmental audit procedures. We will annually complete the Ceres Report, which will be made available to the public.

[1] CERES (2013). Accessed on January 5, 2013, from, http://www.ceres.org/.
[2] Palmer, D. (2011). Ceres principles. In N. Cohen, & P. Robbins (Eds.), *The SAGE References Series on Green Society: Toward a Sustainable Future: Green business: An A-to-Z guide* (pp. 67–69). Thousand Oaks, CA: Sage.

CERES Principles [2]

Matthias S. Fifka and Lisa M. Fleischhauer

The CERES Principles are a code for environmental conduct of corporations and were first developed after the Exxon Valdez oil spill in 1989. The publishing institution, Ceres—previously CERES was the acronym for the Coalition for Environmentally Responsible Economies, but in 2003 the organization rebranded itself as just Ceres—is a non-profit organization committed to implementing sustainable business practices in corporations [1]. It seeks to connect environmental organizations, businesses and investors. The code includes ten principles, which, in addition to general environmental commitment, also contain agreements on regular information of stakeholders as well as on an annual report of the company's progress in environmental matters: (1) *protection of the biosphere*, (2) *sustainable use of natural resources*, (3) *reduction and disposal of wastes*, (4) *energy conservation*, (5) *risk reduction*, (6) *safe products and services*, (7) *environmental restoration*, (8) *informing the public*, (9) *management commitment* and (10) *audits and reports*. The annual report, also called the CERES Report within this framework, summarizes what the respective company does to implement sustainability aspects into its business. The main factor setting apart the CERES Principles from other initiatives is the network approach it uses. Companies committed to the Principles do not only tackle issues arising within the company by themselves, but can refer to the vast CERES network. Here, possible problems can be pointed out by other members of the network and can be discussed in private rather than through the media. This enables companies to solve problems with regard to non-compliance with the help of other actors in the network. In this context, the protection of whistleblowers who point out the respective problems is an integral part of the approach [2].

In 2010, the organization published its paper "The twenty-first Century Corporation: The CERES Roadmap for Sustainability", in which it adopted its 1989 principles to today's modern business world and to new challenges regarding sustainability aspects. The report concentrates on four main areas, (1) *governance*

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for sustainability, (2) *stakeholder engagement,* (3) *disclosure* as well as (4) *performance,* and thus adds additional areas of interest to the framework.

[1] Ceres. (2013). About us. Accessed on October 20, 2013, from, http://www.ceres.org/about-us.
[2] Leipziger, D. (2010). *The corporate responsibility code book*. Sheffield: Greenleaf Publishing Limited.

Co-determination

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Co-determination, or *Mitbestimmung* in German, deals with the representation of employees in companies and their involvement in company decisions. It is a system connected to the two-tier board system dominant in continental Europe and can mainly be found in Germany, Austria, the Netherlands, as well as in the Scandinavian countries. The representation of employees within the company can generally be divided into two levels. First, employee representation on establishment level (*betriebliche Mitbestimmung*) is realized by a works council (*Betriebsrat*), which directly represents the employees' interests within the company and can also act as a mediator in case of conflict. The second level is the board level (*Unternehmensmitbestimmung*) with labor representation on the supervisory board. Here, representation is realized either directly by employees, or by members of trade unions. In Germany, details on employee involvement and representation are usually laid down in a works constitution (*Betriebsverfassung*) [1].

In Germany, employee representation on the supervisory board depends on the type of the company as well as on its size. It is mandatory for all publicly listed companies, limited liability companies and the so-called *Kommanditgesellschaft auf Aktien*. If these companies have 500–2,000 employees, employee representatives make up one third of the supervisory board. In companies with more than 2,000 employees, parity between employee and shareholder/owner representatives on the supervisory board is required, which means that the labor and the capital side are represented in equal numbers. In the case of a tie, the chairman of the board, who always is a representative of the capital side, gets to break it.

The so-called *Montanmitbestimmung* deviates from this principle. It sets specific regulations regarding co-determination for all companies of the three legal types mentioned above, which are part of the traditional coal and steel industry, and employ more than 1,000 people. Here, *actual* or *real parity* between employee and shareholder/owner representatives on the board is required. This means that in case

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of a tie the chairman does not act as a "tie-breaker", and a neutral person from the outside, on which both sides have to agree, has to be brought in to settle the conflict [1].

[1] Eurofund. (2013). Co-Determination. Accessed on October 2, 2013, from, http://www.eurofound.europa.eu/emire/GERMANY/CODETERMINATION-DE.htm.

Collective Bargaining/Trade Unions

Martin Quinn

A trade (or labor) union is an organized group of workers who aim to maintain and/or improve working conditions [1]. These working conditions may include pay, paid leave, safety at work and many other conditions associated with being employed.

Trade unions can be organized by particular sections of workers (e.g. unions of a certain craft) or by be organized as groups of general workers or by industry. Typically trade unions are affiliated to a Congress or Federation of unions at a national or international level. Trade unions have a mandate from their membership to negotiate with employers on their behalf—a process known as collective bargaining.

The origins and forms of trade unions vary, and thus the prevalence and acceptance of trade unions varies. In the US and Canada, trade unions are governed by legislation and agreements with employers, although legally binding, tend to be more localized. In many European economies, a more social approach to trade unions and collective bargaining is the norm, with governments, employers and trade unions often negotiating in a centralized fashion. The Middle East and Africa have little trade union activity in comparison, while more industrialized economies in Asia, Central and Eastern Europe and South America have increasingly more trade union activity and economic activity increases.

[1] Colling, T., Terry, M., 2010, *Industrial Relations,* United Kingdom, Wiley.

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Collaboration

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In mainstream CSR, collaboration—and cooperation—is seen as behavior opposed to competition. Competition itself is seen as a negative phenomenon [1], leading to negative impacts of organizational activity on society and the environment. Most of the time the meaning of these terms is implicit and it is not discussed. In microeconomics, competition is seen as a socially positive driver, leading to value and utility. In common discourse, competition can be fair or unfair. Organizations that compete within the rules of their industry, engage in fair competition as opposed to unfair competition. Unfair competition—such as industrial espionage or cartel practices—may or may not be illegal. However diverse legal, law enforcement, and business practice environments are an important subject matter for CSR in the economic bottom line of organizations. CSR in the economic bottom line of organizations is CSR in the core business of the organization itself. Denouncing unfair competitive practice is an important item of CSR action and reporting. In fact the first item of CSR reporting in the economic bottom line is the disclosure of the competitive environment in which the organization operates. Once we have established the competitive environment as an essential element of CSR, we can then point out that it is an essential element of fair competition to collaborate—if not with one's own competitiors—with all other categories of stakeholders, such as customers, employees and the environment (also stewarded by the law). Such behavior makes competition (and collaboration) a driver of CSR [2, 3]. Once the competitive environment of the organization is brought to bear in the reasoning, it is only fair that also organizations non subject to competition and enjoying monopoly status are accountable to society for the impacts of their activities. Thus we find ground for a "CSR for all organizations", in fact the competitive environment being one of monopoly or monopolistic public administration does not imply the organization has no impact to be held accountable for. To the contrary, it is the organizations that are least subject to competition the ones that are expected to be most collaborative with society. We thus expand the domain of CSR to all organizations. CSR for all organizations sees collaboration as part of organizational impact.

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[1] Benkler, Y. (2006). *The wealth of networks: How social production transforms markets and freedom*. New Haven and London: Yale University Press.
[2] Chymis, A. (2008). *Reconciling Friedman with corporate social responsibility: How market competition affects corporate social performance*. Saarbrücken: VDM Verlag Dr. Muller.
[3] D'Anselmi P. (2011). *Values and stakeholders in an era of social responsibility. Cut-throat competition?* New York: Palgrave MacMillan.

Commons

Massimiliano Di Bitetto and Paolo D'anselmi

Commons are non-excludable goods, common resources whose cost of consumption cannot be charged to those causing the cost itself. The environment is the epitome of commons, the atmosphere and clean air—such social good play an important part in CSR in the environment. Fisheries are part of the environment. Traffic congestion in urban areas is also an example of a violation of commons, where everyone is using a common resource (space and the roads) without fully bearing the cost of such use. Mainstream CSR views the threat that economic activities pose to the commons as driven by competition. Mainstream CSR does not discriminate between open and free competition, i.e. fair competition, vis-à-vis mere rivalry and absence of rules and of law enforcement. It is worth pointing out that economic activity under fair competition is also a man-made commons, which is the result of many human activities. In fact well regulated markets and economic and social customs are essential to economic activity and are commons themselves. The economy itself has more of a commons nature [1] than we tend to think of: Competition and collaboration are less opposite than they are often depicted; if it weren't so, the concept of shared value [2] would not make sense. Less rivalry within society is more beneficial than we like to admit, even from a mere economic and competitive point of view. On the other hand when public administration is inefficient, ineffective, or corrupt, that is also a case of a violated commons. Civilization itself can be thought of as a commons. So there is more commons than we usually think when we consider man-made commons. They could be named "soft commons". The specific relevance of the commons to CSR resides then in the task of CSR in stewarding the commons and detecting new commons that are not being stewarded. Moreover CSR for all organizations (including public administration) and CSR in the core business of economic units calls for a wider

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availability of data both from the corporations and from the government institutions. Data availability is one more example of a commons.

[1] Benkler, Y. (2006). *The wealth of networks: How social production transforms markets and freedom*. New Haven and London: Yale University Press.
[2] Porter, M. E., Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*, 17 p. gen 01, 2011.

Commonwealth Association for Corporate Governance (CACG)

Samuel O Idowu

The Commonwealth Association for Corporate Governance was established in April 1998 in response to the Edinburgh declaration of the Commonwealth Heads of Government meeting of 1997 to promote excellence of corporate governance in the Commonwealth. The Association has two primary objectives which are to:

- Promote good standards in corporate governance and business practice throughout the Commonwealth.
- Facilitate the development of appropriate institutions which will be able to advance, teach and disseminate such standards

In November 1999, the CACG issued a document which contains fifteen principles designed to provide and facilitate definitive guidelines on best business behavior for organizations whether of a private sector or state owned enterprise. The guidelines were noted as a "living document" to be regularly updated in response to developments in corporate governance in the Commonwealth and across the world. The document was not intending to provide a "one size fits all" universal code since many of these Commonwealth countries already have in place one form of CG code or the other. The Association is supported by governments in all Commonwealth countries including the United Kingdom the head of the Commonwealth with Her Majesty Queen Elizabeth II the head of the Commonwealth.

The 15 principles contained in the CACG document are aimed primarily at boards of directors of companies with a unitary board structure since this is the structure used in most member countries of the Commonwealth. The 15 principles require the board of a company to:

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1. Exercise leadership, enterprise, integrity and judgment in directing the corporation so as to ensure its prosperity and to act in its best interest in a manner based on transparency, accountability and responsibility.
2. Ensure that through a managed and effective process board appointments are made that provide a mix of proficient directors each of which should be able to add value and bring independent judgment to on the decision making process.
3. Determine the corporation's purpose and values, determine the strategy to achieve its purpose and to implement its values in order to ensure that it survives and thrives and ensures that procedures and practices are in place that protect the corporation's asserts and reputation.
4. Monitor and evaluate the implementation of strategies, policies and management performance criteria and business plan
5. Ensure that the corporation complies with all relevant laws, regulations and codes of best business practice.
6. Ensure that the corporation communicates with shareholders and other stakeholders effectively.
7. Serve the legitimate interests of the shareholders of the corporation and account to them fully.
8. Identify the corporation's internal and external stakeholders and agree a policy or policies, determining how the corporation should relate to them.
9. Ensure that no one person or a block of persons has unfettered power and that there is an appropriate balance of power and authority on the board which is inter alia, usually reflected by separating the roles of chief executive officer and chairman, and by having a balance between executive and non-executive directors.
10. Regularly review processes and procedures to ensure the effectiveness of its internal systems of control, so that its decision making capability and the accuracy of its reporting and financial results at a high level at all times.
11. Regularly assess its performance and effectiveness as a whole, and that of the individual directors, including the chief executive officer.
12. Appoint the chief executive officer and at least participate in the appointment of senior management, ensure the motivation and protection of intellectual capital intrinsic to the corporation, ensure that there is adequate training in the corporation for management and employees, and a succession plan for senior management.
13. Ensure that all technology and systems used in the corporation are adequate to properly run the business and for it to remain a meaningful competitor.
14. Identify key areas and key performance indicators of the business enterprise and monitor these factors.
15. Ensure annually that the corporation will continue as a going concern for its next fiscal year [1].

[1] Accessed on September 15, 2013, from, http://www.ecseonline.com/PDF/CACG%20Guidelines%20-%20Principles%20for%20Corporate%20Governance%20in%20the%20Commonwealth.pdf.

Community

Patrick K.C. Low and S.L. Ang

Community is defined as a unified body of individuals [1]. The term (human) community usually refers to a social unit larger than a small village that shares common values and the term can also refer to the national community or international community. In biology, a community is a group of interacting living organisms sharing a populated environment.

Since earliest times, human beings lived in communities and even today, it is important for companies to be aware of their rootedness to their community, and treat the community as a vital stakeholder of their business. Here human beings communicated, helped, protected and supported each other. Besides, human beings must also realize that there are other communities of plants and animals that must be maintained and protected. Plants and animals too often live in a community on earth where colonies of different plant and animal species live and support each other.

To be socially responsible companies and human communities must indeed assist and support the plant and animal communities.

[1] Definition of Community. Accessed on March 15, 2013, from, http://www.merriam-webster.com/dictionary/community.

Community of Practice

Adriana Schiopoiu Burlea

In 1991 in their book Situated Learning: Legitimate Peripheral Participation, Jean Lave and Etienne Wenger, started the idea of community of practice in relationship with the learning process. Therefore, at the beginning, the practice community was seen as the environment in which the participants at the learning process act as a "legitimate peripheral participation" [1]. Few years later, in 1998, Etienne Wenger, developed the action sphere of the community of practice and diversified the responsibilities of community of practice [2]. In 2006, Wenger considers that community of practice become a "living curriculum" with the purpose to develop a process of "collective learning" [3].

The practice community is a group of people who have the same common goal and which interact regularly to do their best endeavours to carry out this purpose by learning from each other and by sharing their tacit and explicit knowledge.

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The characteristics that make the difference between an ordinary community and a community of practice are the following: *the domain* (is a group of people who have the same common goal); *the community* (members of the group interact regularly to do their best endeavours to carry out their purpose); *the practice* (members of the group are practitioners that learn from each other and share their tacit and explicit knowledge). The community is the connection between knowledge that are developed and the interactions of practitioners inside its boundaries.

The importance of community of practice consists in its strategic role motivated by the knowledge created and shared within the community. Therefore, the communities of practice are "nodes for the *exchange and interpretation of information*", and the members of community "*retain knowledge* in 'living' ways", "*steward competencies*", and "provide *homes for identities*".

The development of the practice community in organisations is a strategic process which involves several steps as follows: legitimization and support of the practice community by organization; negotiation of the strategic context in which the practice community acts; and the harmonization of the community goals with real practices and with the main purpose of the organization.

[1] Ataizi, M. (2012). *Community of practice*. In Norbert M. See (Ed.), *Encyclopedia of the sciences of learning*. Berlin: Springer.
[2] Busch-Jensen, P. (2014). *Community of practice*. In T. Thomas (Ed.) *Encyclopedia of critical psychology*. Berlin, Springer.
[3] De Paiva Duarte, F. (2012). *Community of practice*. In S. O. Idowu, N. Capaldi, L. Zu, A. Das Gupta (Eds.) *Encyclopedia of corporate social responsibility*. Berlin, Springer.

Company Directors and CSR

Laxmi Remer

A company does not have morals; Directors do. Each board has to be the conscience of the company. Directors provide the company with the moral compass. Company directors have the duty to formulate strategies for their companies and a part of this process is establishing how social responsibility will be exercised throughout the organisation [1].

Companies and their boards bear a responsibility towards an important stakeholder namely, the society at large (amongst others). This is because the society is affected by decisions and actions of the company. The excesses of such boards, for example, in terms of abuse of power by awarding themselves hefty remunerations, stand out as a clear violation of CSR principles. This abuse is compounded when the large remuneration packages are funded by tax payers' money.

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Corporate responsibility has four levels [2]

- Economic responsibility—first and foremost, the social responsibility to be profit oriented and market driven.
- Legal responsibility—to adhere to society's laws and regulations as the price for society's licence to operate.
- Ethical responsibility—to honour society's wider social norms and expectations of behaviour over and above the law in line with the local culture.
- Discretionary (or philanthropic) responsibilities—to undertake voluntary activities and expenditures that exceed society's minimum expectations.

Therefore, in sum, a company relies on its directors to set the right course and directors in turn are expected to maximise the wealth of the owners of the company whilst not eroding the interests of the wider stakeholders. Company directors are hence the enablers of CSR.

[1] Tricker, B. (2012). *Corporate governance, principles, policies and practice,* (2nd Ed.). Oxford: Oxford University Press.
[2] Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review, 4*, 497–505.

Competition

Massimiliano Di Bitetto and Paolo D'anselmi

Competition in the field of CSR is currently seen as mostly a negative force, leading corporations to neglect social and environmental concerns. Competition is seen indiscriminately as a negative force regardless of fair or unfair. Competition is conceived as opposed to collaboration and cooperation [1]. Also competition and profit seeking are thought of as synonyms. In an alternative view of CSR, competition is seen as a driver of accountability and CSR measured by current standards, as it has been formally proved by A. Chymis (2008) [2]. Expanding the idea across all sectors of the economy, competition is a positive force towards social responsibility in all organizations [3], thus leading to the concepts of the accountability of work and "CSR for all organizations", applicable to all organizations, for and non-profit. In fact, the accountability of work encompasses the whole economy and emphasizes competition within and across industries and sectors. This view considers that there is less accountability in a society where competition is lacking; it also makes a distinction between fair and unfair competition with unfair competition often implying the break of law. Competition need not be a synonym of profit

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seeking as it is possible to have a multiplicity of suppliers without privatization and rewards can be decided based on measurements and benchmarking, which are ways to account for work without being subject to actual economic competition. Perfect competition is hardly a reality within the economy, therefore CSR should be the discipline of accounting for such imperfections.

[1] Benkler, Y. (2006). *The Wealth of Networks: How Social production transforms markets and freedom*. New Haven and London: Yale University Press.
[2] Chymis, A. (2008). *Reconciling Friedman with corporate social responsibility: How market competition affects corporate social performance*. Saarbrücken: VDM Verlag Dr. Muller.
[3] D'Anselmi, P. (2011) . *Values and stakeholders in an era of social responsibility. Cut-throat competition?*. New York: Palgrave MacMillan.

Competitor

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CSR reports rarely give information about competitors. Albeit information on competition is included in the GRI guidelines, the practical experience of analyzing CSR reports reveals a reluctance of corporations to speak of each other. Corporations do mention each other more in their financial statements than in their CSR reports. The same phenomenon of reticence to speak of competitors is even more evident in public administration where organizations that perform the same activities ignore each other across national and regional borders. In this case organizations cannot be called competitors in a strict sense, but comparison and benchmarking with each other would deliver a virtual competition of sorts. Notwithstanding such disclosure difficulties, competitors are a key part of corporate life and the quality and quantity of the competitive environment is a key driver of social responsibility [1]. Socially responsible behavior then should very much be geared to guaranteeing and monitoring the competitive environment. This is the task not only of the corporations, but most of all of the public administration bodies that are designed to monitor economic activities or intervene in economic activities as buyers of goods and services. Correspondingly CSR reporting should illustrate the competitive environment of the reporting organization as a key element of their responsibility. This is the more so the less competitive is the environment where the organization is deploying its activities. Follows that monopolistic organizations and public administrations should be reporting their activities with greater

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care than organizations subject to competition. In such a way a “CSR for all organizations” is also obtained.

[1] Chymis, A. (2008). *Reconciling Friedman with corporate social responsibility: How market competition affects corporate social performance*. Saarbrücken: VDM Verlag Dr. Müller.

Competitive Advantage

Gökçe Özdemir

Competitive advantage is firstly determining and then if necessary creating, developing and sustaining an attribute that outpaces an organization’s competitors. Today organizations should dare to be different to create a competitive advantage otherwise they are likely to fail. In the globalized world the businesses are under pressure to differentiate their products and services from the competitors.

Today, businesses require sustainable competitive advantages in order to stand out from the competitors and survive in the international market. The ability to create a competitive advantage leads the organizations to generate superior value and more sales in addition to retaining more customers. In the search for competitive advantage, companies often differ in competitive scope that has four key dimensions segment scope, vertical scope (degree of vertical integration), geographic scope and industry scope or the range of related industries in which the company competes)—or the breadth of their activities [1].

As far as the competitive advantage is sustained in the long run by the organizations, the organization will not fail. But sustaining an existing advantage is a harvest strategy rather than a growth strategy, so even when attempting to sustain an advantage while presumably developing new ones, a firm must take action to be successful [2]. On the other hand, there will always be a counter reaction by the competitors, that’s why competitive advantages should be sustained as well as enhanced over time. Porter [3] defines two basic types of competitive advantage as cost leadership and differentiation. He claims that in a differentiation strategy, a firm seeks to be unique in its industry which can be based on widely valued purchase criteria. According to the author cost is also of vital importance to differentiation strategies because a differentiator must maintain cost proximity to competitors.

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[1] Porter, M. E., &. Millar, V. E. (1998). *How information gives you competitive advantage*. In M. E. Porter (Ed.) On competition. USA: The Harvard Business Review Book Series.
[2] Grimm, C. M., Lee, H., & Smith, K. G. (Eds.) (2006). *Strategy as action: Competitive dynamics and competitive advantage*. Oxford: Oxford University Press.
[3] Porter, M. E. (1998) *Competitive advantage: Creating and sustaining superior performance*. New York: Free Press.

Compliance

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Compliance is the act of complying with a wish, request, demand and acquiescence; to comply with a law, treaty, agreement, specification, policy and standard. It also means doing what one is required or expected to do [1, 2]. Regulatory compliance describes the goal or target that corporations or public agencies aspire to achieve in their efforts to ensure that personnel are aware of and take steps to comply with relevant laws and regulations. Because of the increasing number of regulations and need for operational transparency, organizations are increasingly adopting the use of consolidated and harmonized sets of compliance controls. This approach is used to ensure that all necessary governance requirements can be met without the unnecessary duplication of effort and activity from resources [3].

In banks, stockbroking firms and financial institutions, compliance is necessary to ensure transparency and to prevent or avoid insider trading, churning or other stock trading abuses and misuses. Bank officers, for example, when trading any company shares need to declare that they do not have privy or in-company information to ensure that there is compliance to the anti-insider trading act or other stockbroking laws and regulations. Thus, compliance is also the overall directive component in which organizations reduce fraud and build a climate non-conducive to theft and fraud as well as be more corporate socially responsible.

As corporate social responsibility (CSR) is a form of corporate self-regulation integrated into a business model, its policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive and ethical impact through its activities on the environment, consumers, employees, investors, communities, primary stakeholders and all other members of the public spheres who may also be considered as secondary stakeholders.

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[1] Dictionary.com (2013). The definition of compliance. Accessed January 28, 2013, from, http://dictionary.reference.com/browse/compliance.
[2] TheFreeDictionary. (2013). The definition of compliance. Accessed on January 28, 2013, from, http://www.thefreedictionary.com/compliance.
[3] Silveira, P., Rodriguez, C., Birukou, A., Casati, F., Daniel, F., D'Andrea, V., Worledge, & C., Zouhair, T. (2012), *Aiding compliance governance in service-based business processes*. IGI Global, pp. 524–548.

Compliant Finance

S. Burak Arzova

The term "Compliant Finance" is also known as Shariah-compliant finance or Islamic finance [1].

The expression "Islamic finance" suggests two competing forces at work. The noun "finance" suggests that Islamic financial markets and institutions deal with the allocation of financial credit and risk. Thus, Islamic finance must be essentially similar to other forms of finance. On the other hand, the adjective "Islamic" suggests some fundamental differences between Islamic finance and its conventional counterpart [2].

Observers of the theory and practice of Islamic finance sense this tension between attempts to be essentially similar to conventional finance (emphasizing competitiveness and efficiency) and attempts to preserve a distinctive Islamic character (emphasizing Arabic contract names and certification by religious scholars) [2].

It allows to take into account operations that may or may not be interest-free, but are nonetheless imbued with certain Islamic principles: the avoidance of riba (in the broad sense of unjustified increase) and gharar (uncertainty, risk, speculation); the focus on halal (religiously permissible) activities; and more generally the quest for justice, and other ethical and religious goals [3].

Islamic finance also involves more than banking. It includes mutual funds, securities firms, insurance companies and other non-banks. Where once—in the mid-seventies—Islamic banks were few in numbers and easily identifiable, the phenomenon has become quite amorphous with the proliferation of Islamic institutions and the blurring of the lines between traditional banking and other forms of finance [3].

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[1] ShariahFinance (2012). *About Shariah Finance*. Accessed on May 5 2013, from, http://www.shariahfinancewatch.org/blog/about-shariah-finance/.
[2] El-Gamal, M. A. (2006). *Islamic finance: Law, economics and practice*. New York: Cambridge University Press.
[3] Warde, I. (2000), *Islamic finance in global economy*. Edinburgh: Edinburgh University Press.

Conflict Management

Marilyn Palmer

Conflict occurs when the interests of individuals or groups (manifesting as aspirations or needs) are in opposition, or when there is direct competition for the same resources.

Conflicts among the internal stakeholders of an organisation (for example, managers and employees) are often predictable and managed through accepted mechanisms. However, conflicts between corporations and external stakeholders (for example, governments, activist groups, communities) are less predictable and require a range of conflict management strategies to contain or resolve them.

Emotions and values, as well as competing interests, are factors in conflict. There are different levels of conflict depending on the strength and interaction of these variables. The role of conflict management is to recognise and respond to lower order conflicts (for example, incidents, misunderstandings or negative attitudes and opinions) before they escalate to the point of intractable conflict where normal functioning of the organisation is difficult or impossible.

At its most extreme, conflict management is required when corporations are accused of violating human rights in places where they do business. Violations occur when corporations knowingly ignore, or are actively complicit in, activities which radically reduce or extinguish people's access to the basics of life (clean air, water, soil, biodiversity), personal safety, culture and livelihood. The global perception of human rights abuses through corporate activities such as oil extraction, chemical manufacturing and clothing sweatshops led to the United Nations sponsored Ruggie's Guiding Principles on Business and Human Rights which sets a standard for conflict management by corporations [1].

Conflict can be seen as an outcome of corporations engaging in stakeholder control and management and this may come at the cost of genuine stakeholder engagement. The former involves an assessment of external stakeholders' power with a view to minimising the impact of conflict. The latter involves creating "a viable relationship between the corporation and its stakeholders based on mutual respect, dialogue and collaboration" [2].

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[1] Ruggies, J. (2011). *Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises*. General Assembly United Nations, 65th Session, A/HRC/17/31.
[2] Ihugba, B. U., & Osuji, O. K. (2011). Corporate citizenship and stakeholder engagement: Maintaining an equitable power balance. *Electronic Journal of Business Ethics and Organization Studies, 16*(2), 28–38.

Confucian Ethics

K.C. Patrick Low

Confucian ethics stresses on humanism and it lends a humanistic touch when applied to CSR.

One key concept in Confucian ethics is that of *rén* (仁) which means human heartedness, benevolence, a dignity for human life as well as a sense of respect for fellow human beings and oneself. And therefore to be ethical, one is to act according to *rén*. Benevolence is dearer than life itself, and in fact, it is the virtue of all virtues. A believer in Confucian ethics would also give away or sacrifice his or her life to defend *rén*, and equally, it is what makes life worth living, or being a worthy person. And a worthy person is a benevolent person.

Another key concept in Confucian ethics is the ethics of reciprocity (*Analects of Confucius*, Chap. 15 verse 24). This ethics of reciprocity (*shu*) is better known as the Golden Rule—"Do unto others what you want others to do unto you". The Reverse Golden Rule is that of "do not do unto others what you do not want others to do unto you". The ethics of reciprocity further expresses that one has the right to just and fair treatment and the responsibility to ensure justice for others. And a person attempting to live by this rule treats all people with consideration. Therefore, in an organization or nation where everybody is considerate, treating each other and the environment well, there would be less conflict in all dealings [1].

Yet another important concept in Confucian ethics is filial piety which describes the duties, feelings, or relationships that exist between a son or daughter and his (her) parents. [Here, perhaps one can also extends filial piety to include the employer-employee relations.] Confucius said, "One should remember one's parents' birthdays for on the one hand, one is happy to congratulate and celebrate with them for their longevity and on the other hand, one is to worry about their getting older by a year." (*Analects of Confucius*, Chapter IV verse 21 父母之年，不可不知也，一則以喜，一則以懼。) Thus, a son is filial if he makes his parent happy at all times; he cherishes them. It is of human nature that one's parents would feel that they have not been forgotten and that they are still being

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loved by their families. In a society where more children are filial, and respect their parents and the elders, the elderlies and the seniors would be less lonely. Besides, there would be fewer homeless old people living in the streets since the aged will naturally be taken care of by their own chidlren, families and relatives. As more and more children become filial; they become socially more responsible, and consequently, the country would be alleviated from the burden, if not, responsibility of taking care of its aged population [2, 3].

[1] Low, K. C. P. (2012). Confucian ethics and corporate social responsibility. S. O. Idowu (Ed.), *Encyclopaedia of corporate social responsibility*. DOI 10.1007/978-3-642-28036-8, Berlin Heidelberg: Springer.
[2] Low, K. C. P, & Ang, S. L. (2012). Filial Piety and Corporate Social Responsibility. In: S. O. Idowu (Ed.), *Encyclopaedia of corporate social responsibility*. Berlin: Springer.
[3] Low, K. C. P., & Ang, S. L. (2012a). Ageism. S. O. Idowu (Ed.), *Encyclopaedia of corporate social responsibility*. Berlin: Springer.

Conservation

Patrick K.C. Low and S.L. Ang

Conservation is defined as the action taken to preserve or protect something from being damaged or destroyed. It is used often to refer in particular to the environment. It means preservation, protection, restoration of the natural environment, natural ecosystems, vegetation and wildlife [1]. Conservation is used to refer to the ways or how human beings care for, protect and smartly use the natural resources around them. Human beings need to protect the jungles and forests not only from depletion, but also from the damage caused by the fires.

Some other ways in which human beings—including companies—can conserve nature and resources include recycling, reusing and reducing wastage. Things biological or organic including papers should be recycled and/or its usage reduced; indeed efforts should be made to operate or be in paperless ways so as to conserve trees, marine life, plants and animals, and overall move towards Mother Earth's high capacity to endure or due sustainability [2].

In Asia, the rice fields have been terraced to save or conserve water and stop soil erosion. Farmers ordinarily plough the soil carefully and plant crops and trees to prevent or stop the soil from blowing and/or washing away.

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Electronic Source

[1] Definition of Conservation. Accessed on March 15, 2013, from, http://www.thefreedictionary.com/conservation.
[2] The Importance of Recycling. Accessed on October 29, 2013, from, http://www.recycling-guide.org.uk/importance.html.

Consumer

Massimiliano Di Bitetto and Paolo D'anselmi

The consumer is a rare stakeholder in mainstream CSR. Mainstream CSR mostly concerns itself with other stakeholder groups: employees, the environment, local communities. However this is changing. The European Commission changed its formulation of CSR to take consumer care into account [1].

When stewardship of consumers is taken into account then CSR is revolving around the economic bottom line, rather than the social or the environmental bottom lines. CSR in the economic bottom line means socially responsible behavior in the core business of the organization. This is a major change since mainstream CSR assumed the economic bottom line away as deterministic, under the profit maximizing paradigm. Inclusion of consumers in the official definition of CSR implies that economic behavior is not deterministic, organizations and people have different and discretionary ways to go about profit maximizing. It does not deny profit maximization, it only makes it non deterministic, situational, adventurous. CSR in the core business of organizations leads to considering public administration as a key actor in the domain of CSR. Public administration should be held accountable for the satisfaction of its core business and it should therefore report about it. When a given organization is a public or non-profit organization, the role of consumer is taken by the user or the citizen. It is important to point out that when the citizen and the consumer are taken into account as key stakeholders of an organization, other stakeholder groups—such as the workers of the organization itself—might be opponent stakeholders and potential conflict is revealed.

[1] European Commission. (2011), Sustainable and responsible business. Corporate Social Responsibility (CSR). Accessed on March 18, 2013, from, http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm.

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Consumer Protection

Catalina Soriana Sitnikov

Consumer protection is a set of regulations and laws regarding the public and private initiative designed to ensure and continuously improve consumer rights [2].

This concept denotes the whole complex of social, governmental or non-governmental interventions, the general movement that advocates consumer protection and various special actions well delineated in time and space with the same purpose.

Consumer protection relates mainly to [1]:

- protection against the risks likely to affect consumers' health and safety and against those that could affect their economic interests;
- ensuring redress the damages experienced by consumers;
- informing and educating consumers;
- organizing to defend consumers' interests.

Consumer protection can be considered from a more global perspective of *„advancing consumers' interests"*, covering the following:

- educating consumers, through educational programs and consultancy, to be more aware of their rights and obligations;
- improving legislation aimed at protecting consumers from abusive practices of various businesses;
- protecting consumers' health and physical integrity through tighter control of goods quality;
- increasing the efficiency of organizing and representing consumers' interests through various benefits and incentives.

In its complexity, the consumer protection concept emphasizes the correlation between two main issues.

On one hand, the comprehensive set of "Consumer Protection Laws" conceived to guarantee the right competition and unrestricted stream of ethical data in the marketplace, to forbid activities that attempt in fraud, forgery, or other specific unjust businesses and to deliver additional protection for all types of consumers.

On the other hand, the individuals as consumers and, particularly, as customers facing various matters related to products, prices, quality, information networks to ensure market transparency and trade systems [2,3].

Given this complexity, consumer protection concept covers aspects of "Consumer rights" (consumers have rights as initiators of consuming activity), "Consumer interests" protected on the markets through competition among businesses, "Consumer activism" acknowledging consumer protection through NGOs and

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individuals, and nonetheless "Consumer organizations" created to protect and support consumers as decisions' makers on the market [4].

[1] Dinu, V., (2011). *Protectia consumatorilor (Consumers protection)*. Bucuresti: ASE.
[2] Evans, P., (2005). *Unwrapping the WTO: What consumers need to know*. London: Consumers International.
[3] Evans, P., (2006), Consumers and the future work of WTO—where do we want to go from here? London: Consumers International.
[4] United Nations, DESA. (2003). *United Nation guidelines for consumer protection*. New York: United Nations.

Consumerism

Chandres Tejura

Consumerism's roots are in the deeper realms of history charting back to the late 1800s and early 1900s [1].

There are differing definitions of consumerism depending on the lenses through which consumerism is viewed. It has been defined as the "social movement seeking to augment the rights and power of buyers in relation to sellers" [2]. Another description points to consumerism as the influence marketing has over the consumer. Thus marketing is seen as the 'facilitator of consumerism', by creating a 'need' [3] or demand for a product or service.

Mass production from the exploitation of economies of scale resulted in a greater range of goods and services within the reach of consumers. This resulted in increasing consumption and the rise of consumerism. A rise in consumption is regarded as a sound indicator of the wellbeing of a nation and invariably leads to further pressures on consumers to consume driven by social and economic pressures.

Consumerism has given rise to consumer groups and the involvement of governments to protect consumer rights in purchasing and consuming goods or services. As an area of research, consumerism examines factors such as ethics, demographic, cultural and continental patterns of this social phenomenon.

A connotation with developed nations is often synonymous with consumerism. Developed nations have a higher Gross Domestic Product (GDP) and, therefore higher incomes and consumers more willing to purchase an increasing quantity of products or services. New and updated products/services together with higher disposable income further fuel the continuum of consumerism. This invariably has drawn criticism of 'selfish' and 'personal' nature of consumption without

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consideration of the consequences and the environmental damage caused [4] by the supply and demand side. Organisations mainly business enterprises are criticised for their pursuit of profits from consumerism without a sense of their wider responsibilities, such as not using child labour.

Globalisation and technological advances resulted in consumerism spreading to emerging markets from strong brands which seek to obtain profits from increasing disposable incomes elsewhere.

A change in the modus operandi has been sought by some consumers and suppliers incorporating sustainability and responsibility in their actions. This created ethical and green consumerism.

[1] Luedicke, M., & Giesler, M. (2008). Contested consumption in everyday life. *Advances in Consumer Research, 35*, 812–813.
[2] Kotler, P. (1972, May/June). What consumerism means for marketers. *Harvard Business Review, 50*(1972), 48–57.
[3] Borch, 1958, O'Shaughnessy & O'Shaughnessy, 2007 and Fiat 1987, cited in Tadajewski, M. (2010). Towards a history of critical marketing studies. *Journal of Marketing Management*, *26*(9/10), 773–824.
[4] Pečarič, M. (2011). A main solution for problems of management in the 22nd century. *Problems of Management in the 21st Century, 2*, 157–172.

Convivial Companies

Del Baldo Mara

There are essentially three aspects that distinguish a "convivial company": deep territorial roots, familial and community synergies, and passion. The first of these, which finds expression in the adhesion to and social consensus of a territory, is an emblematic aspect of SMEs (small and medium-sized enterprises) profoundly rooted in their local socio-economic environment [1]. Factors such as the culture, history, institutions, beliefs, and communal convictions represent grounding for the intangible assets of the local context defined in terms of "social capital" and enriched by values, cultures, and traditions tied to a specific community-space of which convivial companies are an expression.

Convivial companies have an emotional tie with the territory. They want to use their abilities to sustain the local economy by giving absolute priority to shared values and to authentic human relations. The "convivial" entrepreneur is moved by the principle of reciprocity of the exchange, enriching the territory in the form of jobs, business opportunities for other subjects, cultural initiatives, promotion, and development. This is because the histories of their businesses have always been founded on "passion" rather than on mere calculation.

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The profiles of "convivial enterprises" do not correspond to a codified managerial model but to a business "way of being" in which conviviality is not merely a sentiment but also a form of management, organization and governance, which is marked by an authentic sustainability orientation.

This mode of operating characterizes the many enterprises that were born under intensely local conditions that represent "champions" of CSR [2] or, in other terms, "spirited businesses" [3] and translates into the creation of CSR and sustainability-oriented networks (among businesses, chambers of commerce, trade associations, local public institutions, banks, non-profit, and civic organizations) which all become nodes of a model of "soft capitalism" founded on the synergy between recovery of the past and defense of traditional understandings, social cohesion, local culture, and the quality of the environment.

[1] Spence, L. J., Schmidpeter, R., & Habisch, A. (2003). Assessing social capital: Small and medium sized enterprises in Germany and the U.K. *Journal of Business Ethics*, *47*(1), 17–29.
[2] Jenkins, H. (2006). Small business champions for corporate social responsibility. *Journal of Business Ethics*, *67*(3), 241–256.
[3] Del Baldo, M. (2012). Corporate social responsibility and corporate governance in Italian SMEs: The experience of some "spirited businesses." *Journal of Management and Governance*, *16*(1), 1–36.

Co-operation

K.C. Patrick Low

Co-operation (also written as cooperation or coöperation) is the way or process of working or acting together. In its simplest form it involves people or things working in harmony, while in its more complicated forms, it can involve something as complex as the inner workings of a human being or even the social patterns of human relationship working together for an organisation (family, company, society or nation). It is the opposite of working separately in competition. Co-operation can also be accomplished by computers, which can handle shared resources simultaneously, while sharing processor time. In 2012, that idea of using technology to extend co-operation has grown into a worldwide organization in which almost 25,900 libraries, archives and museums in 170 countries are members. The shared cataloging service is among the busiest in the world, enabling libraries each year to catalog more than 289 million items. Cooperative advances have expanded to help libraries better manage workflows, collection management, reference services, resource sharing and digital materials. And tomorrow, new Web-scale services will amplify library cooperation even further [1].

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The implementation of the Corporate Social Responsibility (CSR) in any organisation (corporation, society and nation) requires the co-operation of the business owners/leaders and managers to act together and work in harmony by being socially responsible and by demonstrating concern for the environment, human rights, community development and the welfare of their employees both in the U.S. and abroad, they will make their firms more acceptable and appealing to the growing numbers of socially and environmental oriented consumers, investors and employees and profitable [2].

[1] OCLC. (2012). A unique cooperative nature. Accessed on February 1, 2013, from, http://www.oclc.org/ca/en/about/cooperation/default.htm.
[2] Noer, M., Ewalt, D. M., & Weiss, T. (2008). Corporate social responsibility. Forbes.com. Accessed on February 1, 2013, from, http://www.forbes.com/2008/10/16/corporate-social-responsibility-corprespons08-lead-cx_mn_de_tw_1016csr_land.html.

Core Values

K.C. Patrick Low

A core value is a component or one of the key elements of culture(s). A core value is a key belief or a conviction held by all if not, the majority of members of the same organization (nation). It is also the priorities of the organization. An organization is mostly driven to accomplish or achieve things and goals established according to the priorities or value(s) uphold [1].

If a person holds a value which is different from that of the organization, he or she may have an 'anomie' feeling since there is a mismatch of value(s). There must be a person-job/organization value fit for the person to carry on working for/in their organization. A person who is CSR-inclined may not be happy or satisfied to work in a non-CSR complying organization or a business that stresses on making profits only.

It is important that the shared value of any organization (corporation, society or nation) should include the love of nature/environment. In this way, it becomes useful for the organization to encourage their people to carry out CSR activities efficiently and effectively. This is because the economic success/competitive edge of the organization and the health of the societies/communities around it are mutually dependent [2].

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[1] Low, K. C. P. (2009, 2002) Corporate culture and values—The perceptions of corporate leaders of cooperatives in Singapore, VDM-Verlag, UK/USA/ Unpublished PhD Thesis, University of South Australia.
[2] Freeman, I, & Low, K. C. P. (2009). Growing Brunei's competitive edge—Conserving the natural environment and cultivating tourism. *Insights to A Changing World Journal*, 2009(1), 114–147.

Corporate

Massimiliano Di Bitetto and Paolo D'anselmi

In mainstream CSR the adjective corporate is meant to address that is currently known as the world of large, often listed and international for-profit organizations. Such acceptation restricts the domain of CSR to privately owned, for profit organizations.

However, a*ccording to the Merriam Webster Dictionary, the adjective “corporate” has two acceptations. The first is legal:* “formed into an association and endowed by law with the rights and liabilities of an individual; the second acceptation says: “of, relating to, or formed into a unified body of individuals < human law arises by the *corporate* action of a people—G. H. Sabine>”. We notice that even the legal term does not imply a for-profit corporation in the current business sense of the word. This linguistic dissection of the adjective is then meant to say that when we think of “corporate” in more general terms, we come up with a different view of what corporate social responsibility could mean. When we think “corporate” coming from *corpus—organized body*—corporate social responsibility becomes the wider responsibility implied by any human activity performed under any form of organization. The range of such responsibility can only be gauged by imagination of the consequences of actions, as poet writer Murakami [2] says in his novel Kafka on the Shore. In practice we should think at least of the known and unknown externalities of organized activities and their impact on known and unknown stakeholders. When the meaning of “corporate” is broadened, then we need the accountability of all human work and we need a CSR for all organizations, including government [1].

[1] D'Anselmi, P. (2011). *Values and stakeholders in an era of social responsibility. Cut-throat competition?* New York: Palgrave MacMillan.
[2] Murakami, H. (2006). *Kafka on the shore*. Vintage.

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Corporate Code of Conduct

Patrick K.C. Low and S.L. Ang

A code of conduct is a set of rules or regulations outlining the responsibilities of or proper practices for an individual, party or members within the organization [1]. On a personal level, it is also a set of conventional principles and expectations that are considered binding on any person who is a member of a particular group. The International Federation of Accountants provided some fundamental principles on the codes of conduct such as professional integrity, objectivity, professional competence and due care, confidentiality and professional behaviour [2].

Corporate code of conduct are an increasingly popular means of outlining a corporation/firm's ethical responsibilities. A corporate code of conduct normally refers to a company's public policy on its standards for ethical conduct. A company may choose to have or not to have the code of conduct. The code of conduct may address any issue from common workplace, the worker's rights to banking transactions, and/or trading rules. Most corporate codes of conduct have evolved as a result of consumer pressure, which has given rise to a whole sector of corporations focused as much on ethical behavior and corporate social responsibility as company's profits [4]. From the 1990s onwards, there is a significant new development and growing emphasis on corporate social responsibility and the increased adoption of corporate code of conduct in the corporations and firms [3].

Normally, the Company wants its staff to uphold its own high reputation for legality and ethical values in the conduct of its business which is vitally important in commercial and regulatory terms. It becomes one of the Company's greatest assets. All staff must thus:

- Comply with not just the letter but also the spirit of legal and regulatory requirements.
- Observe the highest standards of integrity and fair dealing.
- Display professional skill and care in all business activities.

Such principles must spread throughout the Company at all levels, so that compliance with them is a state of mind and is accepted as part of everyday business.

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[1] TheFreeDictionary. (2013). Definition of code of conduct. Accessed on January 31, 2013.
[2] IFA. (2012). Handbook of the Code of Ethics for Professional Accountants, International Ethics Standards Board for Accountants, International Federation of Accountants, New York, USA.
[3] Jenkins, R. (2001). Corporate codes of conduct: Self-regulation in a global economy. *United Nations Research Institute for Social Development*. Geneva 10, Switzerland. Accessed on January 31, 2013, from, http://www.unrisd.org/80256B3C005BCCF9/%28httpAuxPages%29/E3B3E78BAB9A886F80256B5E00344278/$file/jenkins.pdf.
[4] Kellenberg, S. (2013). Corporate code of conduct definition. *eHow*. Accessed on January 31, 2013, from, http://www.ehow.com/about_6604382_corporate-code-conduct.

Corporate DNA

Thomas Walker and Florian Beranek

Corporate DNA is the main of objective of CSRs fourth Generation, also known as Corporate Resilience. [Link to Entry in this Dictionary: *Maturity Model of CSR*]

A strong DNA has two non-parallel strands, where one strand denotes the Micro-Level (the organizational context) and the second strand signifies the Macro-Level (the social and environmental systems in which the organization operates). The two strands are interwoven together with values and ethics. This is illustrated in the following diagram:

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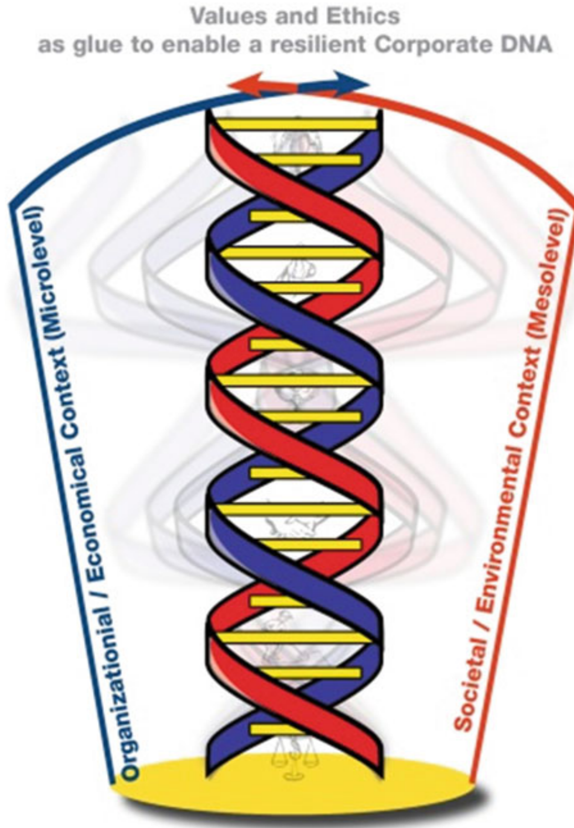
Corporate DNA in relation to Corporate Resilience



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In many organizations the Corporate DNA, in relations to both its strands, is chaotic and unbalanced. Nevertheless, steps can be taken to develop a resilient DNA [1]. These include:

- Integrating a holistic structure as a backbone of the organization, for example by applying core subjects ISO 26000 or OECD Guidelines. [Link to Entry in this Dictionary: *CSR Cube/Dice*]
- Managing stakeholders and environmental dynamics by framing the expectations, risks and innovation potentials in a Non Linear manner. [Link to Entry in this Dictionary: *Non Linear Development Approach of CSR (NLD)*]
- Uncovering and developing organizational values which should have correlated with legitimate stakeholder expectations.

- Instilling a Continuous Improvement Process (CIP) which, by using the adaptive cycle, enables a human-scale Learning Organization.
- Developing a sustainable and responsible behavior that is based on ethics and the power of meaning.

Achieving these internal organizational changes, will ensue:

- Societal Innovations [2] as an integrative part of the ongoing innovation and risk management process.
- Viable and Effective links between business organizations and both society and the environment, which creates a dynamic mutually benefiting relationship, as society rewards responsible behavior.
- Business decisions that are at human-scale, enable individuals within the organization to engage in responsible and sustainable activities.

[1] Walker, T. (2013). The integrative management approach of CSR. In S. O. Idowu, N. Capaldi, L. Zu, & A. Das Gupta (Eds.), *Encyclopedia of corporate social responsibility*. Heidelberg: Springer.
[2] Walker, T., & Beranek, F. (2013). Social innovations by giving a voice. In T. Osburg & R. Schmidpeter (Eds.), *Social Innovation*. Springer: Heidelberg.

Corporate Family Responsibility

Mara Del Baldo

Corporate Family Responsibility (CFR) refers to a CSR (Corporate Social Responsibility) company's policies and projects oriented to the family conceived as stakeholder. This means stressing the advantages that come to the firm from effective policies concerning the work-family balance, which are linked to greater satisfaction of people both in their work and in their private lives. The demand for such policies is increasing, especially for flexible hours, part-time work, understanding and trust, flexibility in emergencies, and paid or unpaid leaves of absences [1].

The theme of CFR is not particularly developed in the managerial and economics literature and has emerged only recently after the affirmation of CSR theories, considering people not only as economic operators but also as immersed in the rich fabric of interpersonal relations [2]. This topic crosses diverse disciplines (economic, sociological, ethical, organizational, legislation, and anthropological) and is significant on both the theoretical and practical levels because the need to balance work and family must take into consideration different interpretative models and policies from different countries. From the theoretical point of view, different theories (the spillover theory, compensation theory, instrumental theory,

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and conflict theory) describe and interpret the relationships between work and family [1]. In 2008, IFREI research (International Family Responsible Employer Index) held by IESE Business School (Spain) introduced a new online system that allows public or private companies to make an assessment as to what favors a balance between work and family [3] and proposed a model that defined different levels of involving regarding CFR, ranging from "systematically enriching corporations" (those characterized by a responsible family culture) to "systematically polluting" (companies in which responsible family policies are absent).

Different studies reveal there are still many challenges. Advantages of such policies can be evaluated only in the long term and are therefore difficult to measure only from the economic-financial point of view. The case is different for companies that wish to assume this type of responsibility based on ethical motivations, and thus do not consider these policies merely as investments to evaluate through cost/benefit analysis.

[1] Faldetta, G. (2008). *Corporate family responsibility e work-life balance*. Milano: F. Angeli.
[2] IESE (2008). Is your company family-friendly? Accessed on May 10, 2012, from, www3.iese.edu/ifrei/ifrei_italia/h0.asp.
[3] EU (2010). *European Alliance for families, Promoting Family-Friendliness at Workplace through Awards, Audits and Labelling Schemes*. Accessed on July 11, 2012, from, http://ec.europa.eu/employment_social/emplweb/families/admintool/userfiles/file/Bosnicovareport-formatted.pdf.

Corporate Governance [1]

John O. Okpara

Corporate governance is a framework of rules and practices by which a board of directors ensures accountability, fairness, and transparency in a company's relationship with all its stakeholders including creditors, regulators, board of directors, investors, customers, management, employees, government, and the community [1]. Generally, corporate governance refers to a host of legal and non-legal principles and practices affecting control of publicly held business corporations. Most broadly, corporate governance affects not only those who control publicly traded corporations and for what purpose but also the allocation of risks and returns from the firm's activities among the various participants in the firm, including stockholders and managers as well as creditors, employees, customers, and communities at large. Most corporate governance principles primarily describe the control rights and related responsibilities of three principal groups: (a) the firm's shareholders, who provide capital and must approve major firm transactions, (b) the firm's board

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of directors, who are elected by shareholders to oversee the management of the corporation, and (c) the firm's high-ranking managers who are responsible for the day-to-day operations of the corporation.

There has been renewed interest in the corporate governance practices of corporations, mainly in relation to accountability and transparency, as the high-profile failures of a number of big corporations in the last two decades, most of which involved false accounting and fraudulent dealings. Corporate scandals of various forms have maintained public and political interest in the regulation of corporate governance. In the U.S., these include Enron Corporation and MCI Inc. (formerly WorldCom). Following the demise of these corporations and others involved in similar practices, the U.S. federal government passed the Sarbanes-Oxley Act in 2002, intending to restore public confidence in corporate governance [2]. Much of the current interest in corporate governance is concerned with mitigation of the conflicts of interests between stakeholders. Means of preventing these conflicts of interests include the processes, customs, policies, laws, and institutions which have an impact on the way a company is controlled and directed.

[1] Corporate Governance. (2014). *Corporate governance*. Accessed on February 4, 2014, from, http://www.businessdictionary.com/definition/corporate-governance.html.

[2] Sarbanes-Oxley Act. (2002). Corporate responsibility. Accessed on January 2, 2014, from, https://www.sec.gov/about/laws/soa2002.pdf.

Corporate Governance [2]

Patrick K.C. Low and Hisham H.J. Yaacob

The term "corporate governance" refers broadly to "the rules, processes, or laws by which businesses are operated, regulated, and controlled. The term can refer to internal factors defined by the officers, stockholders or constitution of a corporation, as well as to external forces such as consumer groups, clients, and government regulations" [1]. The Company has to ensure that it complies with its internal rules as well as that of the country's laws and regulations where they operate. Compliance requirements also need to be met by the Company. Good corporate governance ensures growth and sustainability of the businesses. In this instance, the Board of Directors members as the company's main officers and decision-maker has fiduciary duties to implement corporate governance best practices to achieve the mission and vision of the company.

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The stakeholders and the general public need to be protected. There are two main groups of stakeholders, internal and external stakeholders. Internal stakeholders are those having a direct relationship to the company such as officers, stockholders and employees. External stakeholders are those having an indirect relationship to the company for example, community, government and suppliers.

Corporate governance is linked to corporate social responsibility (CSR) as the businesses operate in a nexus of relationships with various parties i.e. the stakeholders. It is argued in CSR that the company has an obligation to 'give back' to their stakeholders. There are various ways for company to contribute. Education is one of the best examples, as contribution can be in terms of scholarship or donating equipment (computers, books) for schools in their area, or sponsoring an education fair for school leavers. Others can be maintaining a park or food and cloth to orphanage houses.

Recently, because of high-profile scandals involving abuse of corporate power and, in some cases, alleged criminal activity by corporate officers, corporate governance has indeed gained increased attention. A good example was the investigation of one of the Europe's largest bank by market value and the bank was found to be used for money laundering. It is believed that compliance with anti-money laundering laws is crucial to the nation's effort to combat criminal activity and terrorism [2].

[1] Search Financial Security. Website: http://searchfinancialsecurity.techtarget.com/definition/corporate-governance

[2] Low, K. C. P., & Ang, S. L. (2013). Confucian ethics, governance and corporate social responsibility. *International Journal of Business and Management (IJBM)*, 8(4), 30–43. Canadian Centre of Science and Education Limited. February 2013. ISSN 1833–3850 E-ISSN 1833–8119.

Corporate Governance Reporting

Reiner Quick and Daniela Wiemann

Corporate Governance reporting describes the pivotal instrument to communicate the legal and institutional conditions as well as the internal mechanisms that influence the firm's management and control to third parties. Corporate governance reporting is often based on national corporate governance codes. In most countries, disclosure on corporate governance is largely voluntary, although some countries (e.g. United Kingdom, Italy, or Germany) require companies to disclose whether they comply with a national corporate governance code or not (comply or explain approach).

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To ensure a high level of transparency, information on corporate governance should be given in a separate corporate governance report. However, precise instructions regarding the contents of corporate governance reports do not exist. Instead, recommendations stem from various national and international, mostly private, institutions. Following components represent the major aspects that are covered in codes of best practices (e.g. the German Corporate Governance Code) [1] and are widely mentioned by commercial corporate governance rating agencies (e.g. Standard & Poor's, Deminor) and research groups (e.g. German AKEU, the Compliance Scorecard and Transparency Scorecard or the EU High Level Group) [2]:

- National Corporate Governance System

  Due to the existence of divergent corporate governance systems, a description of the corporate governance system is crucial for understanding differences in the use of corporate governance mechanisms. The report should describe the board's organization structure, including responsibilities, board meetings and the board members' contracts, the boards' committees, including information on committee size and expertise of their members and shareholders' rights and ownership structure.
- Accountability and Audit

  The corporate governance report should describe the main features of the company's internal control and risk management system. Furthermore, information on the external auditor, especially the declaration of the auditor's independence and auditor's total fees should be given in the report to enhance trust in audit quality.
- Compensation of the Board and Directors' Dealing

  To inform shareholders about potential conflicts of interest, at least the total compensation of each board member should be disclosed and differentiated into fixed and performance-related components as well as long-term incentive components. In regard to Directors' Dealing the report should enclose information on the total amount of shares held by directors and changes in this amount.
- Compliance with a Code of Best Practice and Further Voluntary Agreements

  The report should contain information on the extent of compliance with a national corporate governance code and explanation of deviations from the code. If the firm alternatively introduce a firm-specific code of best practice or is involved in other voluntary agreements the report should describe whose existence and execution.

[1] German Corporate Governance Code. (2013). URL: http://www.corporate-governance-code.de.
[2] Standard & Poor's (2002). Standard and Poor's corporate governance scores and evaluations: Criteria, methodology and definitions: *Standard and Poor's governance services*; Deminor Rating (2001). The global corporate governance benachmark applied to Europe. URL: http://deminor.com; Arbeitskreis "Externe Unternehmensrechnung" (AKEU) (2006): Externe Corporate Governance-Berichterstattung. *Der Betrieb*, 20, 1069–1071; Graf, A. & Stiglbauer, M. (2008). Measuring corporate governance in Germany: An integrated framework on compliance and transparency & disclosure. *Corporate Ownership & Control*, 6, 456–466; Vander Bauwhede, H. & Willekens, M. (2008). Disclosure on Corporate Governance in the European Union. *Corporate Governance—An International Review*, 16, 101–115; Wiemann, D./Pfeiffer, J.B. (2012): Qualität und Determinanten der Corporate Governance-Berichterstattung. *Zeitschrift für Corporate Governance*, 6, 255–264.

Corporate Moral Agency

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The definition of Corporate Moral Agency is based on the positive answer to the question: Could a corporation be considered as morally responsible?

The symbiosis between moral (associated with philosophical approach based on consciousness and accountability) and agency (associated with the capability and ability to carry out an action on another's behalf) generates the "moral agency" [1]. Therefore, Corporate Moral Agency is a result of the symbiosis between ethical intentional actions or inactions of a corporation as an active actor, and its main responsibility that is to increase its profits.

Many scholars consider that corporations cannot be understood as moral agents, because "all agents must be understood as having souls", and corporations do not have this attribute of. Peter French in his theory of corporate personhood considered that "corporations exhibit intentionality", "corporations are capable of exhibiting rationality regarding their intentions", and "corporations are capable of altering their intentions and patterns of behaviour". A corporation is morally responsible through their human resources which make corporate decisions in accordance with its corporate internal decision (CID) structure [2].

A corporation should satisfy a few pre-conditions before it could to be considered as moral agent. First, a corporation should have a corporate internal decision structure, and the capacity to transform its decisions into intentional actions. Second, a corporation should have a capacity for self-reflection and accountability,

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and the rationality to make ethical decisions. It should be capable to evaluate its past decisions in the light of the actual internal decision structure and external situations for sharing intentions and for reflectively endorsing its intentions. These pre-conditions require that the corporation, as a moral agent, should be able to act according to its main interest (value creation, the development of innovative technology, increasing its profits), but without affecting adversely its stakeholders and community to whom it had responsibility, and the natural environment where the corporation acts.

[1] MacIntyre, A. (2000). *After virtue: A study in moral theory* (2nd Ed.). London: Duckworth.
[2] Publications, S. (2012). *SAGE brief guide to corporate social responsibility*. Thousand Oaks, CA: SAGE.

Corporate Partnerships

Adriana Schiopoiu Burlea

Corporate partnership is a contractual relationship between two ore more corporations based on a common interest with the purpose to achieve profit and to advance their mutual interests. Paradoxically, even these corporations are an alternative to the form of organization known as partnerships [2] and they fit many criteria of partnerships, which are not corporations.

A successful corporate partnership is based on formally *rules* intended to reciprocally protect the parties against some deviations. The corporate scandals proved the importance of robust foundations based on the same strategic vision of all partners, and on the sharing of the business role according to equity invested by each partner related to profits and loss. For example, Enron's questionable partnership developed with Blockbuster and built on the project Braveheart, was used to increase artificially and prematurely Enron's profits. Therefore, the Enron questionable partnerships were led to deceive investors, eroded the ethical boundaries of its employees, and developed the Securities Exchange Commission (SEC) scepticism [1].

A particularity of corporate partnership consists on *cross-sector partnerships* as a complementary relationship between corporations and non-profit organizations with the purpose to solve social issues. The corporations are involved in this partnership with financial, technological and human resources, and non-profit organizations provide guidance and expertise in identifying and implementing the social initiatives on the local community. The advantages of cross-sector partnerships consist in the development of corporate reputation and on the minimization of negative externalities of the corporations' operations. The major disadvantage of on

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cross-sector partnerships consists on the danger to transform the strategic and dynamic involvement of the corporations in simple financial donations. The BP and Shell had limited cross-sector partnerships.

The salient feature of corporate partnership consists on the improvement of corporations' controversial reputation and public images, and not in development of an equal partnership intended to solve problems that are relevant to every partner.

[1] Eisenberg, M. (2012). *Corporations and other business organizations: Statutes, rules, materials and forms*, New York, NY: Foundation Press.
[2] Hessen, R. (1979). *In defense of the corporation.* Stanford, CA: Hoover Institution Press.

Corporate Resilience

Thomas Walker and Florian Beranek

Corporate Resilience is the ability of enterprises and organizations to handle disturbances from both within and outside the organization, without losing the organizational objectives or purpose. Corporate Resilience is the main objective of the CSR maturity process, and it is fundamental to an organization's economic survival in its market.

Corporate Resilience stipulates that proactive entrepreneurs can use the generated wisdom to innovate and develop their organizations in order to prepare for future business needs and any impending shifts in paradigms. This kind of business behaviour can be referred to as evolutionary, as demonstrated in the following diagram:

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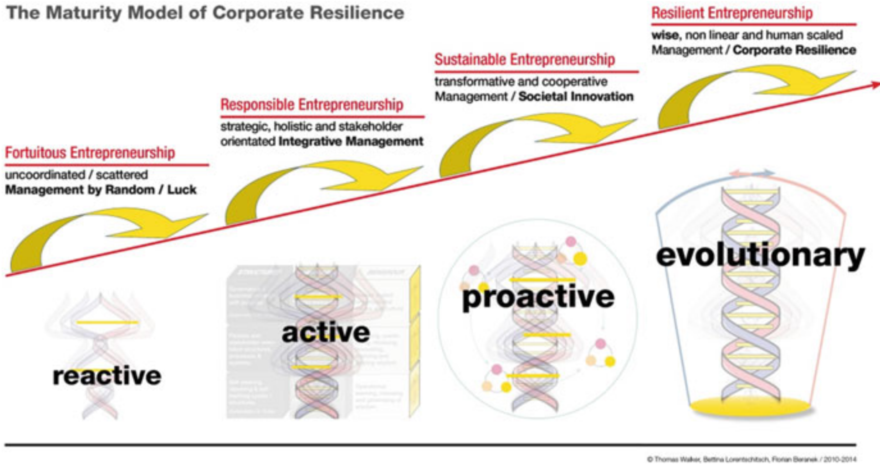

To enable an evolutionary behavior the foundation of Corporate Resilience is based on six cornerstones:

1. Ownership with purpose, based on liability and responsibility
2. Reflection on ethics to increase the number of choices of enablers for mutual advantage
3. Wise Holistic Management that is based on life experience and is managed in Cybernetics Third Order
4. Appreciative Organizational Values which are embedded in a holistic and multidimensional organizational structure
5. The power of human meaning and human scale enables diversity, innovation and sustainability [1]
6. Stakeholder orientation that enables a holistic innovation (in products, services, organization, society and procession)

Based on these six cornerstones organizations are able to identify and control critical thresholds. Managing critical thresholds enables a healthy and self-organized Corporate DNA, and fosters management competences to control the evolutionary process on Cybernetics Third Order. The adaptive cycle [2] is used to manage the initial phases to protect the organization from damage or decline. By using the organization in terms of both conscious and subconscious practical wisdom, organizations are able to continuously evolve in order to resist both soft and hard disturbances.

Examples of vital variables of critical thresholds may include:

- The loss in diversity or variety in the essential business variables
- Continuous shrinking of a sub-system, whereby the organizational system loses its ability to repair itself (Self-analysis).
- Fast expansion of a sub-system which may also lose diversity or variety in relation to its growth
- Decline in the agility or flexibility between sub-systems. For example, between the organization and its employees; the organization and the market; the market and society; the environment and organization; the environment and agriculture; society and environment; the organization and other organizations; government and the organization; government the regional administration; society and the government; finance and government; finance and entrepreneurs; finance and the market; or, finance and people.
- Hyper-volatile connections between sub-systems (concentration against other losses)
- Decline in the various forms of capital, such as, finance, humane, social, structure, relations, trust, environmental, knowledge, or networks.

The Integrative management approach of CSR can establish the foundation to manage critical thresholds and to facilitate the ability for business evolution.

[1] Walker, T. (2013). *The integrative management approach of CSR*. In S. O. Idowu, N. Capaldi, L. Zu, & A. Das Gupta (Eds.), *Encyclopedia of corporate social responsibility*. Heidelberg: Springer.
[2] Gunderson, H. (2002). *Panarchy*. Washington, DC: Island Press.

Corporate Social Performance

Patrizia Torrecchia

Even if there is still no agreement on how to define Corporate Social Performance exactly, at first instance, it can be defined as the result of the actions taken by an organisation in order to improve its impact on society as a whole. In fact, all kinds of organisations produce different impacts: environmental, social and economic ones [1]. The mentioned impacts have intended as well as unintended effects both on social community and natural environment. The main related problem is how determine these impacts, in other terms how to measure and evaluate them. A lot of sophisticated social performance indicators have been made [2] and all of them try to fill the information gap of financial performance indicators, giving a wider image of the organisation position in the society. It is easy to understand how CSP can also influence the organisation reputation in terms of stakeholders' future expectations

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[3]. Basically organisations need to integrate corporate social responsibility into their organisational strategy and culture and corporate social performance is the 'measurement' of the organisations overall performance, financial and non-financial.

[1] Clarkson, M. B. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. *The Academy of Management Review*, *20* (1): 92–117.
[2] Preston, L. E. (Ed.). (1988). *Research in corporate social performance and policy*, (Vol. 10). Greenwich, CT: JAI Press.
[3] De Quevedo-Puente, E., et al.(2007). Corporate social performance and corporate reputation: Two interwoven perspectives. *Corporate Reputation Review, 10*, 60–72.

Corporate Social Incentives and Social Value Incentives

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The word "incentive" is derived from the Latin "incentivus" and in industrial and organizational psychology it is understood as an encouragement resulting in motivation, which can arise from internal or external drives [1]. It generally refers to bonuses that are designed to increase commitment by individuals or groups and are triggered by exposure to a material or immaterial premium [2]. For example, a reward, such as a free/bonus trip, represents a special incentive that can be granted by companies to improve employee performance.

Corporate Social Incentive programs are directed at employees and/or external stakeholders and are based on CSR and sustainability management. They are to be understood as communication tools that serve the broader understanding of CSR. They are stimuli that target the advancement of individual measures within the company. These can include experience programs to enhance career development or personal goals and can be used as a reward for outstanding performance.

Another method is to combine reward based experience programs with trips. This can be achieved by offering sustainable holidays in combination with workshops and development activities. This method helps to distance professional advancement from daily business by blending it with reward-based leisure.

Corporate Social Incentives are also understood as Shared Value Incentives, as business and society recognize their value and use in mutual relationships. Synergies between core business activities and social objectives should be identified. Partnerships with local NGOs can help with the implementation of such programs.

Sustainable business trips offered through incentive programs should be relevant to the company's mission statement and reflect sustainable tourism and green meeting guidelines. They should be used as a way to advance the organizational understanding of sustainable travel and CSR management.

If properly employed, strategies, such as incentives, directed at employees and external stakeholders can contribute to the success of a company by linking emotional experiences with CSR and sustainability.

[1] Steffen Minter. *Definition und mindmap incentives*. Gabler Wirtschaftslexikon.
[2] Kirstges Torsten, H. *SITE market analyse incentive trips in Germany*—Translation.

Corporate Responsibility Index

Nguyen Thanh Thai

Social responsibility indices or sustainable and responsible investing (SRI) consider environmental, social, and corporate governance (ESG) to create long-term competitive financial returns and societal impacts [1]. As one of SRIs, Corporate Responsibility Index (CRI) is a business management and benchmarking tool designed for companies to measure, monitor, report and improve their impacts on society and the environment [2]. This framework was developed by Business in the Community (BITC) in consultation with business leaders in United Kingdom (UK) in 2002 and currently there are 37 companies have been participating [2].

The CRI provides a comprehensive web based survey questionnaire and guidance notes that assist companies to measure, manage, and report on their corporate responsibility performance and integrate with their business strategies and existing reporting requirements [2]. Companies follow a self-assessment process to identify both strengths and weaknesses in their social responsibility management and performance [3]. Participating companies also use the CRI to benchmark their own corporate responsibility performance annually, as well as their performance against other peers in the same industry [2].

Companies conduct a self-assessment CRI using the systematic framework below [3].

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Corporate Strategy: the main corporate responsibility risks and opportunities to the business and how these are identified and addressed through strategy, policies, and responsibilities held at a senior level in the company.

Integration: how companies organize, manage, and embed corporate responsibility into their operations through Key Performance Indicators (KPIs), performance management, effective stakeholder engagement, and reporting.

Management: the integration section looking at how companies manage their risks and opportunities in the areas of community, environment, marketplace, and workplace.

Performance and Impact: companies report their performance in a range of social and environmental impacts areas. Participants indicate complete three environmental and three social areas based on the relevance to their business.

Apart from business benefits of participating in the CRI, this voluntary self-assessment also helps companies to know themselves better and maximize benefit of incredible external communication of achievements

[1] US SIF The Forum for Sustainable and Responsible Investment. (2013). *SRI basics*. Accessed on January 20, 2014, from, http://www.ussif.org/sribasics.
[2] Corporate Responsibility Index. (2013). *About the CRI*. Accessed on January 20, 2014, from, http://www.corporate-responsibility.com.au/.
[3] Business in the Community. (2012). About the CR Index. Accessed on August 19, 2012, from, http://www.bitc.org.uk/cr_index/about_the_cr_index/index.html.

Corporate Social Responsibility

Patrizia Torrecchia

CSR can be seen as a species of the genus *social responsibility*. In particular, the European Commission defines corporate social responsibility as “the responsibility of enterprises for their impacts on society”. And to be social responsible, enterprises “should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders”[1]. Of course there are a lot of other different definitions for CSR. In general, it is seen as a way for a corporate to self-regulate, monitoring its activities to control where they respect the spirit of the law, the ethical standards, and the international norms. The objective of CSR is to make positive impacts on the environment, consumers, employees, communities, and all stakeholders [2].

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CSR is deeply linked to the concept of *sustainable development* and both are "moving targets" that can be achieved only by a process of continuous improvement. Even if there is not a universally accepted definition of CSR, however it can be seen as the way firms balance environmental, social, and economic aspects trying to be transparent and accountable and establishing better practices to create wealth and improve society. In this sense, while respecting the law of the state in which it operates, the firms need to generate positive income, from one side, but also to be social responsible towards all their stakeholders.

[1] Enterprise and Industry. (2013). *Corporate social responsibility (CSR)*. European policy on CSR. Accessed on August 19, 2013, from, http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm.
[2] Torrecchia P. (2013). CSR in Italy. In S. O. Idowu, et al. (Eds.) *Encyclopedia of corporate social responsibility*. Berlin: Springer.

CSR Calendar Forum

Florian Beranek and René van Berkel

To highlight and popularize the multidimensional nature of an organization's responsibilities on one hand and to initiate multi-stakeholder dialogues in societies with little records on this on the other hand the CSR Calendar Forum was initially developed as an appropriate event set-up during the UNIDO Switch Asia CSR Project [1] in Vietnam from 2009 to 2013.

Following the scope of the ISO26000 Guidance Standard on Social Responsibility and in line with the six core topics of UNIDO reap26 (Governance & Human Rights, Labour Practices, Environment, Fair Operating, Consumer Issues and Community Engagement) a periodical set of open-access multi-stakeholder events is organized.

In order to attract a maximum number of participants as well as to be recognized by popular media the specific topics are selected on a rather short notice to follow up with emerging issues at that very time. The selection can reflect local, national or, sometimes, international developments, which are covered by an initial national/international keynote speaker followed by some real-life stories (not best practices) by businesses with a total duration of not more than 60–90 min.

This turned out to be sufficient to open the floor to the audience for the desired discussion that can be rather controversial. In some cases the usage of at least a part of the CSR Marketplace intervention showed good results in sensitizing and further focusing the subsequent dialogue. After a total of 24 such events the CSR Calendar

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Forum developed to be recognized as a kind of trustful brand where people can really share and learn from each other.

The deployed facilitator is recording the main concerns, recommendations and suggestions in order to deliver a short report and an outlook to the participants.

[1] Osburg, T., Schmidpeter, R. (Eds.) (2013). Social innovation. In T. Walker, F. Beranek (Ed.) *Social innovations by giving a voice*. Heidelberg: Springer.

CSR from a Capabilities Approach

James Wallace and Nelarine Cornelius

In Bowen's original view of CSR [1], the central obligation is to *'pursue those policies, to make those decisions, or to follow those lines of actions, which are desirable in terms of the objectives of and values of our society*'. Drawing on Amartya Sen's capabilities approach [2], a key obligation is whether CSR provision is solely about the supply of goods (social, economic, environmental and community): does CSR enable communities to accumulate and convert these goods? [3]

A further consideration is the nature of the beneficence in CSR: is the provision given freely and does it cause no harm? For example, economic benefits of corporate activity may lead some governments to neglect the needs of their communities, in spite of protests. This is one of the reasons why Sen regards voice and agency as the engine of public reason and thus healthy democracies. Here, both conventional*, representative democracy* [4], in which citizens may have a role but it is often a limited one, and *monitory democracy*, in which citizens are freely able to challenge the action of institutions (through lobbying, protest, free press, social media), should not be compromised. Though CSR may be well intentioned, difficulties arise if it does not empower communities, or if it undermines established or monitory democratic processes and thus, human dignity[5, 6].

[1] Bowen, H. R. (1953). *Social responsibilities of the businessman*. New York: Harper.
[2] Sen, A. (2009). The Idea of Justice. London: Allen Lane.
[3] Cornelius, N., & Wallace, J. (2011). Cross-sector partnerships, city regeneration and social justice. *Journal of Business Ethics*, *94*(Supplement 1), 71–84.
[4] Keane, J. (2009). *The life and death of democracy*. London: Simon Schuster.
[5] Waddock S. (2012). The social contract of business and society. In A. M. Davila-Gomez, & D. Crowther (2012). Human dignity and managerial responsibility: Diversity, rights and sustainability. Farmham: Gower

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[6] Davila-Gomez, A. N., & Lotero Patiño, S. S. (2012). Management, virtues and human dignity: Towards a better future for the whole. In: A. M. Davila-Gomez, & D. Crowther (2012), *op.cit.*

CSR Communication

Anne Ellerup Nielsen

CSR communication can be defined as "a process of anticipating stakeholders' expectations, articulation of CSR policy and managing of different organization communication tools designed to provide true and transparent information about a company's or a brand's integration of its business operations, social and environmental concerns, and interactions with stakeholders" [1]. CSR communication is thus paramount in all processes of CSR, from the strategic conceptualisation and implementation of CSR to the planning and execution of CSR programs and activities.

In a narrow sense CSR communication is considered a tool oriented practice referring to the way CSR is communicated through CSR reports, codes ethics, CSR principles and standards and to the editing of CSR message content in advertising and marketing material. This framing of CSR communication is anchored in a traditional message transmission models (Who says what? In which channel? To whom? With what effect?). Following a broader organisational communication approach, words of CSR cannot be separated from the processes and actions behind them in that communication is an iterative and recurrent process involving stakeholder dialogue and thus two way as well as one way communication strategies. In some contexts organisation are claimed to convey information about their CSR initiatives to stakeholders, practicing CSR communication as 'sense-giving'. In other situations they have to discuss and negotiate CSR with their stakeholders in order to create a platform of mutual understanding around CSR policies and practices communicating CSR from a 'sense-making' perspective. Both strategic approaches are thus equally relevant.

CSR communication represents a particular challenge to corporations due to the embedded communication promotional dilemma. On the one hand businesses are increasingly pressed to inform stakeholders about how they contribute to society, on the other hand they risk being trapped in a backlash when stakeholders interpret their CSR disclosure as an act of self-promotion [3]. Furthermore, stakeholders have very different interests and agendas. Organisational members, news media, NGO's, politicians and local authorities are more likely to seek CSR information than consumers and the general public who are more passive and consequently easier to reach through third party endorsement [2] or more involving

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communication channels such as social media [3]. Corporations thus have to be very careful in practicing CSR communication to different stakeholders.

[1] Podnar, K. (2008). Guest editorial: Communicating corporate social responsibility. *Journal of Marketing Communications*, *14*(2), 75–81.
[2] Morsing, M., & Schultz, M. (2006). Corporate social responsibility communication: Stakeholder information, response and involvement strategies. *Business Ethics: A European Review*, 15(4), 323–338.
[3] Coombs, T., & Holladay, S. J. (2011*). Managing corporate social responsibility: A communication approach*. Blackwell: John Wiley & Sons.

CSR Competence Cube

Thomas Walker and Joachim Raschke

The CSR Competence Cube was developed by the German Chamber of Commerce (IHK Nürnberg) together with Thomas Walker, and it is a CSR tool which provides guidance to facilitate continuous development of competencies of key individuals within organizations. This development is required in order to enable organizational maturity into CSR's fourth Generation, also known as Corporate Resilience [1].

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Basic requirements for CSR competencies are defined, for example, in the Austrian CSR Management Standard ONR 192500:2011 Point 6.2, or in the Danish Standard DS 26001. These Standards are seen as role models for a possible future ISO 26001. Accordingly, key individuals in responsible and leading positions within the organization need several competencies:

– **Holistic approach** and core subjects ISO 26000 or OECD Guidelines
– **Stakeholder management** and **sphere of influence**
– **Seven CSR Principles** based on ISO 26000
– **Integrative CSR Management** approach
– **Strategic objectives**
– **CSR Policy**
– **Company values**, and
– **Ethics** and the ability to reflect and identify questions which have no answers

The CSR Competence Cube is a CSR tool which offers six key features as guidance for such competencies development, in a hands-on manner:

- Compliance. For example, with internal rules, law, taxation, notifications, or international rules.
- Listen and provide stakeholders a voice [2]
- Rethink the business organization
- Stakeholder of the week or day
- “Walk the talk”—reduce the inconsistencies between behavior and norms
- Appreciation—as the roots of trust, credibility, bravery, engagement and responsibility.

[1] Walker, T. (2013). *The integrative management approach of CSR*. In S. O. Idowu, N. Capaldi, L. Zu, & A. Das Gupta (Eds.), *Encyclopedia of corporate social responsibility*. Heidelberg: Springer.
[2] Walker, T., & Beranek, F. (2013). *Social Innovations by giving a voice*. In T. Osburg & R. Schmidpeter (Eds.), *Social innovation*. Heidelberg: Springer.

CSR Cube/Dice

Florian Beranek and Thomas Walker

To get able to develop an organization to CSR of the 4th Generation (Corporate Resilience) [See section "Maturity Model of CSR"] hand-on tools are useful.

One tangible tool coming out of the UNIDO reap26 [See section "UNIDO reap26"] developing process is the CSR Cube/Dice:

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An important part by developing the CSR competences of the leading and responsible people in an organization is "holistic thinking" [See section "CSR Competence Cube"] based on the core subject of the ISO 26000 or the OECD Guidelines.

These core subjects are:

- Organizational Governance and Human Rights
  (Remark from the authors—this two core subjects of the ISO26000 put together)
- Labour practices
- The environment
- Fair operating practices
- Consumer issues
- Community involvement and development

How can this CSR Cube/Dice help people.

An example.—The leading and responsible people in an organization have to find a solution of a problem.—Very often they look not with a holistic view at the problem. In this case they solve the symptoms of a problem but not the roots of the problem. By using the CSR dice they can start a dialogue to find out, which other aspects (in relation to the holistic approach) are in relation with the problem. By expanding the view on stakeholder expectations they get able to innovate and find sustainable solutions.

CSR in Emerging Economies

Dirk Holtbrügge and Corinna Dögl

Emerging economies face significantly different challenges regarding a distinctive set of CSR activities than developed countries, as social and environmental crises are in general felt more directly [1]. Institutional context and culture can also play an important role in determining appropriate CSR activities, for this reason CSR activities in emerging economies differ significantly from CSR activities in developed countries [2].

In emerging economies, the government often plays an important role in motivating socially and environmentally responsible behavior of companies. Therefore, in the last decades many emerging economies have passed national legislation on CSR related issues [3].

Unique characteristics of CSR in emerging economies include less formalized CSR activities in terms of CSR benchmarks. Formal CSR is mainly used by big national and multinational companies that have an international status. CSR in emerging economies is also mainly related with philanthropy or charity, such as public health or investments in education. To create social effects, companies in emerging economies usually focus on economic contributions such as work opportunities or paying taxes. The motivation and involvement of companies in CSR activities is strongly related to indigenous cultural values, such as harmonizing society in China (xiaokang), African humanisms (Ubuntu), or mutual cooperation (gotong-rovong) in ASEAN countries [1].

[1] Visser, W. (2008). Corporate social responsibility in developing countries. In A. Crane, A. McWilliams, D. Matten, J. Moon & D. Siegel (Eds.), *The Oxford handbook of corporate social responsibility* (pp. 473–479). Oxford: Oxford University Press.

[2] Holtbrügge, D., & Dögl, C. (2012). How International is corporate environmental responsibility? A literature review. *Journal of International Management, 18*(2), 180–195.

[3] Arya, B, & Zhang, G. (2009). Institutional reforms and investor reactions to CSR announcements: Evidence from an emerging economy. *Journal of Management Studies, 46*(7), 1089–1112.

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CSR and the Finance Function

Thomas Schulz

By definition, sustainable companies contribute not only to the success of their owners but also to the development of their staff, the environment and society at large.

If the management of a company has decided to align its business strategy to the principles of sustainable corporate management, every member of the management team has to make appropriate adjustments to all the objectives, measures and processes of their area of responsibility.

The CFO, for example, will have to think not only about how to ensure that the management of his (or her) *Finance* Division achieves the core economic objective of long-term corporate stability, but also how to take ecological interests and social/societal aspects into account, as far as possible on equal terms, in every important decision.

The term ESG (**E**cology, **S**ocial and **G**overnance) is the established frame of reference for the criteria and objectives by which the process of realignment is to be guided.

There are a number of approaches available to a CFO bent on orientating his area of responsibility to principles of sustainability, i.e. to the ESG criteria. The following examples are distributed among the standard sub-departments of a financial division:

Business strategy

- Decision on the degree of intensity of the orientation to sustainability (e.g. exceeding environmental and social standards or developing sustainable products or launching new business models)
- Supplementing the business strategy with sustainability objectives and operationalising the business strategy, e.g. with a Sustainability Balanced Scorecard (SBSC)
- Complementing the incentive and remuneration systems by adding long-term, ecological and social/societal target factors

Performance Management

- Supplementing the tasks, organisation, processes and instruments of controlling by adding in ecological and social/societal components (e.g. budgeting, cost and activity accounting, target costing, activity-based costing and investment evaluation)

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- Developing and setting up a strategic ESG management system (e.g. Sustainability Balanced Scorecard) and/or management systems for directing individual ecological or social/societal performance (e.g. CO_2 emissions, corporate citizenship)
- Expanding the internal and external reporting functions by adding ecological or social/societal factors on the basis of international standards, such as GRI4, UN GC, ISO 26000, ESG-KPI (plus: the trend towards Integrated Reporting)
- Developing and pursuing a sustainability-orientated balance-sheet policy
- Checking the need for IT systems which can be used to direct the performance of sustainability activities.

Corporate financing

Investor Relations integrates ESG performance in the field of capital market communications with a view to reaching profit- and financing-relevant objectives

- Achieving a positive rating from a sustainability agency (e.g. oekom research)
- Admission to sustainability indices and sustainability funds

Asset Management

- Applying the *Principles of Responsible Investments* (PRI) or other guidelines for sustainable financial investment to the short and long term investment of liquid funds
- Applying ESG criteria to investment in real estate (purchase, rental, conversion, renovation)

Investment and tax management

- Integration of ESG criteria in the pivotal elements of investment appraisal (surplus values, discount rates, ß values, risk premiums, capital horizons, etc.)
- Application of ESG criteria to M&A transactions (due diligence, enterprise valuation, etc.)
- Orientation of corporate tax policy to sustainability paradigms (paying tax to serve the public good)

Risk management

- Expanding the sphere of corporate risk by adding new risk categories relevant to profits and values: reputation, (social) compliance, human rights, climate, water, bio-diversity, raw materials, etc.
- Expanding the risk horizon beyond the company's own steps of value creation to include the complete product life cycle (procurement, development, production, sale, use, waste disposal/recycling).

[1] Horváth, P., Isensee, J., Michel, U. (2012). "Green Controlling"—Bedarf einer Integration von ökologischen Aspekten in das Controlling. In M. Tschandl, A. Posch, (publ.), Integriertes Umweltcontrolling (2nd ed.) (pp. 41–50), Wiesbaden 2012.
[2] Nidumolu, R., Prahalad, C. K., Rangaswami, M. R. (2009). Why sustainability is now the key driver of innovation. *Harvard Business Review, 87*(9), 56–64.

[3] Oekom research. (2013). Der Einfluss nachhaltiger Kapitalanlagen auf Unternehmen, Munich, May 2013.

CSR in Latin America and the Caribbean

Cristian R. Loza Adaui

The socio-economic reality in the countries of Latin America and the Caribbean (LAC) is not homogeneous and neither are the various approaches to corporate social responsibility (CSR) that are being implemented in this geographical area. On the one hand, a historic charitable tradition—inherited from colonial times and from indigenous cultural traditions—has motivated business leaders to engage in the solution of major societal challenges, forging the current practices of strategic philanthropy [1]. On the other hand, CSR in LAC has been driven by multinationals (with American, European, Asian or Latin American provenience) or their subsidiaries and their efforts to comply with international standards. This is evident especially in countries where particular industrial sectors dominate the economy, as in the case of mining in Peru and Chile.

Latin American countries can be considered developing countries or emerging economies, in which Small and Medium Enterprises (SMEs) play a crucial role for socio-economic development. Some empirical evidence sustains the hypothesis that a large majority of LAC SMEs perform—sporadically and not strategically—activities related to CSR, without acknowledging them as such. Latin American SMEs privilege internal stakeholders in their CSR activities emphasizing issues of work-family conciliation, equality of opportunities, worker's health and safety and other issues related to basic labor conditions and social inclusion [2].

In general, social issues such as poverty, crime, corruption, informality, unemployment, labour issues, and high levels of inequality have been more in the focus of CSR activities in LAC than environmental degradation issues like deforestation, loss of biodiversity and pollution [3]. This reflects the expectations of stakeholders of LAC and the role played by international organizations as the Inter-American Development Bank, and other organizations as the network *Forum Empresa*—a business alliance that unites 22 organizations from at least 19 countries of the region—in promoting and shaping the CSR agenda across the continent.

[1] Peinado-Vara, E., Vives, A. (2010). Latin America. In W. Visser, N. Tolhurst (Eds.), *The World guide to CSR. A country-by-country analysis of corporate sustainability and responsibility* (pp. 38–46). Sheffield: Greenleaf.
[2] Vives, A., Corral, A., Isusi, I. (2005). *La Responsabilidad Social de la Empresa en las PYMES de Latinoamérica*. Washington D.C.: Inter-American Development Bank.

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[3] Puppim de Oliveira, J. A. (2006). Corporate citizenship in Latin America. New challenges for business. *Journal of Corporate Citizenship*, *21*, 17–20.

CSR Marketplace

Florian Beranek and Thomas Walker

The CSR Marketplace [1] is an integral part of the intervention tools of UNIDO's reap26 program [See section "UNIDO reap26"]. Looking at the general "recipe" for innovative organizational development, "The more common values, common language, common culture and finally common sense an organization is agreeing on with its stakeholders, the higher will be the individuals' input and subsequently the organizational output." (Beranek and Walker, Singapore 2013) The CSR Marketplace mainly targets the common sense agreement amongst single and multiple stakeholder groups.

The range of topics is based on the core subjects and issues determined by the ISO26000 Guidance Standard on Social Responsibility. Split up in six thematic groups (see UNIDO reap26) tangible exemplary situations/processes taken from day-by-day of an average enterprise or organization are arranged in a simple matrix with 2 empty fields (A and B) on the right hand side of each statement.

By raising a set of maximum 2 questions (for A and B) an intervention in smaller up to larger groups can aim for e.g.: Awareness, Associations, Current Situation, Expectations, Potential Conflicts, etc. In general this exercise is done with a limited number of "coins" (sticky dots) given to individuals or groups. Besides the valuable learning from the results the process of deciding and the ongoing discussion during and after the spending of all coins on most voted issues.

At the same time the participants will experience the relations and dependencies of issues, which become only visible from the desired holistic perspective. The discourse triggered by such intervention is expected to surface the individually differing perspectives, relevancies and priorities. Thus the need of a common sense agreement on the organization's viewpoints becomes clearly visible and the result acceptable for all involved stakeholders.

Up to a certain degree the tool allows the adaptation of the exemplary situations and/or processes reflecting certain cultural and social perceptions/expectations. It proved also its deployment as stand-alone intervention as well as part of a long-term strategy development process. Remarkable results were achieved during internal exercises whereby the discrepancies amongst traditional companies's departments lead to the desired strong discussions.

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[1] Osburg, T., Schmidpeter, R. (Eds.) (2013). Social innovation. In T. Walker, F. Beranek (Ed.) *Social Innovations by giving a voice*. Heidelberg: Springer

CSR Pyramid

Archie B. Carroll

The meaning of corporate social responsibility (CSR) has evolved over the decades. In an effort to deconstruct the general notion of CSR by specifying categories that business people and others could understand, Carroll developed a definition of CSR that helps to clarify the component parts that make up the total CSR of business.

The social responsibility of business encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time [1].

The CSR Pyramid graphically depicts Carroll's four part definition of corporate social responsibility in the design of a pyramid with four layers [2]. The sequence of the specific responsibilities portrays their fundamental importance to society. At the base of the pyramid are the *economic responsibilities* of business. Free enterprise social systems call for business to be an institution that produces goods and services that society needs and wants. Profits generated by business are understood as incentives for investors to put their resources at risk. Profits are necessary for survival. *Legal responsibilities* embrace the laws and regulations that have been codified by society as the basic ground rules under which business is required and expected to operate.

Because laws are necessary but not sufficient, *ethical responsibilities* are needed to embrace those activities and practices that are expected or prohibited by society even though they are not codified into law. Ethical responsibilities embrace the full scope of norms, standards, principles, and values expected by society's stakeholders. Finally, discretionary or *philanthropic responsibilities* refer to those voluntary actions society expects business to take on its behalf to "give back." Philanthropy, or business giving, is the primary strategy by which businesses fulfill their corporate citizenship opportunities.

When viewed as a sustainable, unified whole, the Pyramid of CSR expresses the practical expectation that businesses are economically sustainable, legally operated, ethically managed, and are good corporate citizens [3].

[1] Carroll, A. B. (1979). "A three-dimensional conceptual model of corporate social performance. *Academy of Management Review*, *4*, 497–505.
[2] Carroll, A. B. (July–August 1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, *34*(4), 39–48.

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[3] Carroll, A. B., & Buchholtz, A. K. (2012). *Business and society: Ethics, sustainability and stakeholder management*, (8th ed., pp. 37–40) Mason, OH: South-Western Cengage Learning.

CSR and Regional Management

Christiane Kleine-König and René Schmidpeter

Regional management stands for the application-oriented and practitioners' side of spatial development and planning. It serves as an umbrella term for various strategies, measures and instruments implemented by local or regional, public and/or private institutions and authorities with the intention of creating, maintaining or improving a region's current and/or future development [1]. In this context, the region is addressed in its three different meanings: the region as a built environment, the region as a living place of economic and social interaction and the region as a political and administrative unit. Consequently, regional management addresses further development through different measures, practices and factors, e. g. material and capital investment, nonmonetary support for individuals and businesses, the availability of cultural activities, education and leisure opportunities, fostering empowerment, participation and self-help on the side of the citizens or supporting bottom-up networks between public and private actors. Against the background of changing political regulations (from a welfare to an enabling or activating state), regional management practices are increasingly driven by multi-stakeholder approaches that include public as well as private actors and governmental as well as non-governmental and civic groups.

Since most companies—through their business activities, their employees, their sub-contractors and their business market—are deeply embedded in and interlinked with their local and regional environment, there are opportunities for them to make a contribution to or to participate in this regional management, e.g. when they engage themselves in CSR activities and connect or cooperate with stakeholders from the public sector [2]. These combined efforts might address, for example, the improvement of education possibilities, the creation and maintenance of public spaces or the creation and implementation of a regional development concept. Contributing to regional management might eventually turn out as a profitable investment for businesses in terms of mutual learning processes, the exchange of knowledge, access to formal or informal networks and improved locational factors.

To sum it up, by using their specific material or immaterial resources (know-how, personnel, networks), companies can directly and/or indirectly contribute to

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the physical and non-physical development and management of a region (place making or framing) as well as to the organizational development and management (policy making or framing) [3]. In the future, it will be important for private and public authorities to become aware of the chances and opportunities that lie in the overlap of CSR and regional management and to create a setting of mutual understanding and trust that facilitates cooperative strategies and instruments.

[1] Hohn, U., Neuer, B. (2006). New Urban Governance: Institutional Change and Consequences for Urban Development. *European Planning Studies, 14*(3), 291–298.
[2] Schmidpeter, R., Kleine-König, C. (2013) CSR and regional development. In: S. O Idowu, N. Capaldi, L. Zu, A. Das Gupta (Eds.), *Encyclopedia of corporate social responsibility* (Vol. I, pp. 675–679). Berlin: Springer.
[3] UPJ (2010). INCLUDE—Pathways to community investment. Engaging Business to invest locally and regionally in the community. A guide. Berlin. Online available: http://www.upj.de/fileadmin/user_upload/MAIN-dateien/Projekte/include_guide_en.pdf.

CSR, Reformulated as the "Accountability of Work"

Massimiliano Di Bitetto and Paolo D'anselmi

The European Commission defines corporate social responsibility as "the responsibility of enterprises for their impacts on society". To fully meet their social responsibility, enterprises "*should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders*" [1]. Broadening this concept of CSR, all organizations should be accountable for their social responsibility. This is the "accountability of work" reformulation of CSR, which is the discipline of managing all impacts of all organizations. This reformulation sees "the responsibility of enterprises for their impacts on society" focused on actions that lead to satisfaction in the economic bottom line that are not reported or made visible in financial reports. While not neglecting "*social, environmental, and ethical human rights" this approach focuses on consumer/citizen concerns. The key item is awareness of the competitive environment in which organizations perform. This approach assumes that the economic bottom line is neither completely described nor are actions accurately analyzed and reported by using the simple* profit maximization paradigm. There is a need to develop measures of performance, multiplicity of suppliers, benchmarking with competitors or international institutions and collaboration with stakeholders. The accountability of

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work approach acknowledges the literature on organizational sociology [2], the political analysis of organizations and the micro-economics of bureaucracy [3]. This approach integrates CSR with the thinking on integrated reporting and intangibles. Thus a definition of reformulated CSR is: "CSR is the discipline of accounting and managing all the impacts of the production of goods and services in all organizations."

[1] European Commission. (2011). *Sustainable and responsible business*. Corporate Social Responsibility (CSR). Accessed on March 18, 2013, from, http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm.
[2] Lindblom, C. E.(1959). The science of 'Muddling Through'. *Public Administration Review*, *19*(2), 79–88.
[3] Niskanen, W. A. (1968). Non-market decision making: The peculiar economics of bureaucracy. *American Economic Review*, *58*(2), 293–305.

CSR and Spirituality

Cécile Rozuel

Spiritual, religious and moral values have always underpinned business practices [1]. Values associated with spirituality include a belief in a transcendent force or being, a commitment to behaviours that encompass human dignity and compassion, and a conscious quest for meaning. Spirituality implies a high degree of self-consciousness and the adoption of a holistic worldview which, it is argued, refine and strengthen altruistic dispositions and acceptance of otherness [2].

Recently, significant attention has been given to the role and place of spirituality in management and business. The purpose is to investigate issues of well-being, ethical integrity and meaningfulness in organisations, so as to assess whether the current business paradigm adequately responds to the moral and spiritual needs of individuals and communities. Although few authors have so far explicitly discussed the connection between CSR and spirituality [3], it is often suggested that greater spiritual awareness sustains socially responsible behaviour in organisations.

Within the context of organisational management, spiritual values are believed to increase well-being and enhance individual development (not unlike Abraham Maslow's self-actualisation needs), to improve the overall organisational climate by reinforcing pro-social values such as trust and understanding, and to guide reflection to establish a constructive interaction between individual agents and collectives [1].

Even though it is believed that spirituality extends and supports CSR, discussion is on-going as to the scope of that relationship. The inclusion of spiritual talk in management and business studies has also attracted criticisms: whilst some are

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concerned that spirituality is in fact manipulative religious zeal, others worry that spiritual values can lose their moral credentials if used instrumentally to increase work efficiency and organisational productivity [3].

[1] Pauchant, T. (Ed.) (2002*) Ethics and spirituality at work: Hopes and pitfalls of the search of meaning in organizations*. Westport, CT: Quorum Books, Greenwood Publishing.
[2] Zsolnai, L. (Ed.) (2004). *Spirituality and ethics in management*. Dordrecht: Kluwer Academic Publishers.
[3] Rozuel, C., & McGhee, P. (2012). Investigating the convergence of corporate social responsibility and spirituality at work. *Australian Journal of Professional and Applied Ethics*, *14*(1), 47–62.

Corporate Social Responsiveness

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Corporate social *responsiveness* is distinct from corporate social *responsibility* (CSR). While CSR is more about the process of businesses assuming an obligation, corporate social responsiveness is an action-oriented variant of CSR [1].

CSR is much more than companies simply "assuming" an obligation. What is more important is that they actually *respond* to social expectations. Ackerman and Bauer argued that CSR "places an emphasis on motivation rather than on performance" [2]. We must not overlook that much of what business has done and is doing has resulted from a particular motivation—an assumption of obligation—whether voluntarily assumed, forced by special-interest groups, or expected by government. But, responsiveness requires that companies take action.

The traditional, *accountability* concept of CSR has been characterized by Frederick as CSR_1. CSR_2, in his view, is *responsiveness* focused. That is, it refers to the capacity of a corporation to respond to social pressures. It also involves the literal act of responding to, or achieving, a responsive posture to society. It addresses the mechanisms, procedures, arrangements, and patterns by which business responds to social pressures [3].

In keeping with this action-oriented understanding, Sethi has argued that social responsiveness must be anticipatory, preventive, and concerned with business's long term role in a dynamic social system [4].

In terms of framing possible responsiveness alternatives, Wilson has proposed that companies have four possible responsiveness options: reaction, defense, accommodation, or proaction [5]. In short, companies not only have to assume a responsibility to society but also decide upon and activate a philosophy or mode of responsiveness to society's expectations.

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[1] Carroll, A. B. (1989). *Business and society: Ethics and stakeholder management* (pp. 38–42). Cincinnati, OH: South-Western Publishing Co.
[2] Ackerman, R., & Bauer, R. (1976). *Corporate social responsiveness*. Reston, VA: Reston Publishing Company, 6
[3] Frederick, W. C. (1978). "From CSR_1 to CSR_2: The maturing of business and society thought." Working Paper No. 279 (Graduate School of Business, University of Pittsburgh).
[4] Sethi, S. P. (Spring 1975). "Dimensions of corporate social performance: An analytical framework." *California Management Review*, 58–64.

CSR Reporting

Kanji Tanimoto

The number of companies publishing CSR reports disclosing nonfinancial—environmental, social and governance (ESG)—issues has increased rapidly since the beginning of the 2000s, and companies not just in developed countries but also based in emerging and developing countries are publishing CSR reports in recent years [1].

The keys for publication of CSR reports are defining accountability for stakeholders, building a trust relationship with them, and creating values. Bilateral communication with stakeholders, but not the unilateral provision of information to them, is vital. Companies which treat their CSR report as nothing more than a tool through which information convenient for the company to provide can be published and from which publically inconvenient information can be excluded will not be able to create stakeholder trust. Such companies rather need to establish goals for the material assignment of ESG issues as well as indicate subsequent challenges in the evaluation of annual outcomes, instead of just introducing management institutions.

It is indispensable to enhance the accuracy, credibility and comparability of information, for the following reasons:

– if each company were to provide information according to its own criteria, it would not be possible to compare that information with data from other companies,
– if some information represents the performance of the central office while other information is for consolidated entities, it becomes difficult to indicate corporate performance as a whole due to a lack of standardized data, and
– in order to earn more credibility from stakeholders, the application of Global Reporting Initiative (GRI) guidelines or the acceptance of third party assurance is necessary to validate and certify the CRS report.

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When CSR is incorporated into core business strategies, becoming more than just an optional add-on activity, companies need to focus on the evaluation of holistic business performance. As a result, publishing an integrated report is becoming mainstream, rather than publishing separate reports on finance and CSR.

Another challenge is the extent to which national government should control and facilitate CSR reports. Some countries have public policies requiring or encouraging listed companies to disclose nonfinancial issues. The expectation of such policy is that strategic reporting can function as a driver to increase trust among stakeholders and to increase value for both the business and its stakeholders.

[1] KPMG (2011). *Survey of corporate responsibility reporting*. KPMG International.

CSR Starter

Florian Beranek

Following the "recipe" for innovative organizational development (see CSR Marketplace, 1st paragraph) the importance of common language [1] is critical for the execution and acceptance of structural/behavioral change throughout all stakeholders.

The CSR Starter is carrying on the scope of the ISO26000 Guidance Standard on Social Responsibility and the division into six core subjects of UNIDO reap26. Under each core subject a general introduction leads the reader to kind of short stories describing relevant processes and common behaviors in explicitly simple language. All stories aim for triggering imaginary pictures based on own experiences of the reader leading to a silent and confirming statement such as "Yes, I know this situation and it's actually true also in my organization/company.", "I never thought about that before but now it appears important also to me", etc.

The didactic approach of the CSR Starter is based on the assumption that it needs initially a language of rather low complexity to ensure the engagement of stakeholders from the very bottom line helping to overcome potential barriers and false shame.

During the subsequent discussions and dialogues the level of the language complexity can in certain cases/areas increase considerably until the highest possible level is reached resulting in the organizations own language and terminology. Whenever there is a shift towards more complexity an accompanying dialogue has to be initiated to maintain the common understanding. Deploying for example the CSR Marketplace intervention can help to check the current level of understanding and acceptance.

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The rather simple language allows fast and easy translation respectively transcription into other idioms and cultural/social environments. An interactive version is currently under development.

Example under the core subject “Consumer Issues”:

My Privacy—My Right—My Life

Imagine you bought a new car and a few days later a salesman from an insurance company calls you on your cell-phone offering an insurance policy for your new vehicle. Some might think “great service”, but you should ask yourself where this agent got the information from? How does he know that I bought a new car? Who gave him my name and even my private cell-phone number? And what else does he know about the deal—maybe how much I paid, that I paid in cash or had to use credit . . . in the end this guy knows a lot about me! Most likely he got my private data from somebody working for the car dealer. (*http://www.reap26.org/Site/The_CSR_Starter.html*)

[1] Osburg, T., Schmidpeter, R. (Eds.) (2013). *Social innovation*. Walker, T, Beranek, F. (Ed.) *Social innovations by giving a voice*. Heidelberg: Springer.

Corporate Social Responsibility Strategy

Stephen Vertigans

Corporate strategy is about planning for fundamental goals and outcomes, considering what can and should be achieved. The concept of CSR strategy arose in part to incorporate goals around what organisations ‘should do’ and to help overcome dissatisfaction with the lack of forward planning, performance management and corporate thinking within business social responsibility approaches [1]. Corporate strategies have been subjected to numerous criticisms including the lack of ambition and tendency for CSR to be located within marketing, public relations and human resources departments. In terms of impact, there are concerns about the extent to which CSR strategies lack flexibility, are over generalised, unable to accommodate regional variations and can result in negative unintentional consequences [1].

To overcome these criticisms more progressive companies are becoming better informed through greater engagement with stakeholders such as community groups, NGOs, employee representatives and shareholders. They are also adapting their approaches to diverse locations, regulatory requirements and global standards while incorporating CSR activities within wider corporate strategic frameworks [2]. This requires businesses to have a clear sense of direction for their CSR approaches and how this connects into strategic objectives for the organisation. Hence strategic CSR looks at short and long term stakeholder requirements and seeks to evaluate

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and incorporate these within the business purpose. Ultimately the intention is that the CSR strategy should deliver 'win-win' outcomes both for the organisation and society across economic, environmental and social impacts [3].

[1] Werther, W., & Chandler, D. (2006). *Strategic corporate social responsibility: Stakeholders in a global environment*. London: Sage.
[2] Galbreath, J. (2006). Corporate social responsibility strategy: Strategic options, global considerations. *Corporate Governance*, *6*(2): 175–187.
[3] Katamba, D., Zipfel, C., Haag, D., & Tushabomwe-Kazooba, C. (2012) (eds). *Principles of corporate social responsibility (CSR): A guide for students and practising managers in developing and emerging countries*. Houston: Strategic Book Publishing.

Corporate Social Responsibility in Tourism

Dagmar Lund-Durlacher

Corporate Social Responsibility (CSR) in tourism can be defined as a guiding business policy whereby tourism companies integrate social and environmental concerns in their own business mission, strategies and operations as well as in their interaction with their stakeholders. This is a multi-stakeholder approach where stakeholders are not only receivers but also partners for realizing and implementing CSR strategies and projects and the dialogue between the stakeholders play a major role in the process.

Important stakeholders for tourism businesses are employees, tourists, partners and businesses in the supply chain, shareholders, investors, local communities, government authorities, NGOs and media. Based on the triple bottom line approach, CSR measures of tourism businesses comprise the responsible use of natural and cultural resources, the minimization of pollution and waste, the conservation of landscape, biodiversity and cultural heritage, fair and responsible treatment of employees, suppliers and guests, use of local products and services as well as the involvement and cooperation with local communities to improve the quality of life of the locals.

There are a number of basic international strategy papers which may serve as a guideline for businesses to integrating CSR measures. T**he *"Global Code of Ethics for Tourism"*** sets a frame of reference for the responsible and sustainable development of tourism (http://www.unwto.org/ethics/index.php). The *"Code of Conduct for the Protection of Children from sexual exploitation in travel and tourism"* (http://www.thecode.org/) focuses on child protection in tourism.

The concept of CSR became a central part in tourism companies' strategies. Environmental protection, fair working conditions for employees and contributing

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to the welfare of local communities are key issues in the strategies of international tourism corporations. Tourism businesses have strong relations to the local communities in which they are operating and therefore also have a strong influence on the socio-economic development of these regions.

[1] Lund-Durlacher, D. (2013). Corporate social responsibility in tourism. In S. O. Idowu, N. Capaldi, L. Zu, & A. Das Gupta (Eds.), *Encyclopedia of corporate social responsibility*. Berlin, Heidelberg: Springer.
[2] Tepelus, C. (2010). Corporate social responsibility in tourism. In J. Liburd, D. Edwards (Eds.), *Understanding the sustainable development of tourism* (pp. 110–129). Oxford: Goodfellow Publishers.
[3] UNEP and UNWTO. (2005). Making tourism more sustainable. A guide for policy makers. Accessed on September 4, 2013, from, http://www.unep.fr/shared/publications/pdf/DTIx0592xPA-TourismPolicyEN.pdf.

CSR Weather Report

Florian Beranek and Ralph Timmler-Lippina

The CSR Weather Report [1] is part of the comprehensive tool-set of UNIDO reap26 [See section "UNIDO reap26"]. The main purpose is to obtain a quick overview on employees' CSR perception [2] as well as their satisfaction with their job/workplace in an easy to handle process that is applicable even on the work floor of an enterprise.

The basic methodology behind is to ask people about their "weather-perception" related to a set of 18 buzzwords resp. phrases by simply telling, "how is the related weather"? There are four options to choose from: bright sunshine, overcast sky, cloudy/rainy and finally heavy thunderstorm. The set of buzzwords/phrases covers all six core subjects of UNIDO reap26 and is designed to allow cross-checks.

The buzzwords/phrases are just shown to people on either a screen or, more convenient in practice, on large posters for just around 7–9 s each in order to trigger

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the subconscious mind of participants. The participants just have to tick the weather symbols in a simple answer sheet with 18 lines to be completed. To overcome problems of low literacy the facilitator team also reads the text loudly. The overall duration of such intervention is around 15 min, as the procedures have to be explained thoroughly to all participants. The subsequent analysis of gathered data can be done in short time utilizing a weighed statistical calculation provided as an interactive excel file.

[1] The practical application of the tool was subject of Mr. Ralf Timmler-Lippina's Master Thesis "Employees' perception of Corporate Social Responsibility in Vietnamese garment companies", dated 23.03.2012, at the IMC University of Applied Sciences Krems, Austria.
[2] Osburg, T., Schmidpeter, R. (Eds.) (2013). *Social innovation*. In T. Walker, F. Beranek, (Ed.) *Social innovations by giving a voice*. Heidelberg: Springer.

Corporatism (Corporate Activism)

Bode Akinwande

Corporatism is an institutionalized pattern of policy formation in which large interest organization cooperate with each other and with public authorities not only in the articulation of interests, but in the authoritative allocation of values and in the implementation of such policies [1].

According to corporatist theory, workers and employers would be organized into industrial and professional corporations serving as organs of political representation and controlling to a large extent the persons and activities within their jurisdiction.

Corporatism is theoretically based upon the interpretation of a community as an organic body and more than a peculiar pattern of articulation of interests. It emphasizes a cooperative relationship among groups where the various groups are expected to adapt their policies so as to support the public interest.

Corporatism and pluralism are very different. Under corporatism, the groups are integrated and sometimes created by the state, purporting to represent various sectors and work in collaboration with the government. Under pluralism, however, corporate groups are somewhat free and independent. Pluralism represents voluntarily organised, but autonomous groups in which each group try to exert influence over government [2].

The crucial distinction between corporatism and socialism is that socialism demands public *ownership* and *operation* of businesses and other major institutions, whereas corporatism tolerates private ownership while insinuating pervasive government *control*.

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The basic idea of corporatism is that the society and economy of a country should be organized into major interest groups and representatives of those interest groups settle any problems through negotiation and joint agreement.

It was formulated to amplify the positive role of the state in guaranteeing social justice and suppressing the moral and social chaos of the population pursuing individual self-interests.

Corporatist believes that the state has a moral obligation to intervene in economic and social affairs to ensure that justice or the national interest prevailed. It means intervention under corporatism can be achieved by the establishment of quasi-public or state-licensed intermediary bodies [3].

[1] Lehmbruch, G. (1979). Liberal corporatism and party government. In P. Schmitter, & G. Lehmbruch (Eds.), *Trends towards corporatist intermediation* (pp. 147–83). London: Sage.
[2] Williamson, P. J. (1989). Corporatism in perspective—An introductory guide to corporatist theory. Sage Publications Ltd.

Critical Management Studies

Volker M. Rundshagen

The field of Critical Management Studies (CMS) has emerged as an academic arena fostering a critical stance towards management. In contrast to traditional approaches focusing on the understanding of techniques and legitimation for mainstream management thinking and practice, CMS community members question the authority of the latter [1] which are seen as totalitarian and as catalysts of performativity; an instrument to control individuals and systems [2]. CMS is not limited to management as overarching institution: it extends into specialist areas such as accounting, marketing, or human resource management [1].

Major theoretical foundations of CMS include Critical Theory developed by Frankfurt School protagonists; Karl Marx' labour relations discussions; and also post-structuralist concepts, mainly introduced by various French sociologists and philosophers, dealing with the interrelation of linguistic practice and social reality. Contemporary CMS research particularly draws on theoretical frameworks of neo-colonialism, neo-imperialism, and neo-liberalism.

Whereas some original concepts have been partially deconstructed or disputed in the meantime, there is a renewed and growing interest in CMS [3], which is also attributable to recent financial crises as well as corporate scandals. Accounts calling for a broadened view, understanding management not as necessarily totalitarian but rather as polyphonic, add to the new appeal of CMS and show the potential of reconciling constructive management approaches and critical attitudes [3]. Another

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new and constructive direction conceptualizes CMS itself as "profoundly performative project" involving, among other notions, "an affirmative stance, an ethic of care, [and] a pragmatic orientation" [2].

[1] Alvesson, M., Bridgman, T., & Willmott, H. (eds.) (2009). *The Oxford handbook of critical management studies*. Oxford: Oxford University Press.
[2] Spicer, A., Alvesson, M., & Kärreman, D. (2009). Critical performativity: The unfinished business of critical management studies. *Human Relations, 62*(4), 537–560.
[3] Clegg, S. R., Kornberger, M., Carter, C., & Rhodes, C. (2006). For management? *Management Learning*, *31*(1), 7–27.

Cross-Cultural Management

João Oliveira

Cross-cultural management is the application of knowledge about cultures to management practices involving people with different cultures. Culture has been defined in multiple ways [1]; here, we adopt a widely spread definition, by Hofstede: "the collective programming of the mind which distinguishes the members of one human group from another" [2, p. 21]. Culture is often associated with the national level, although other levels such as geographical regions, organisations or organisational sub-units may also be relevant.

The literature has debated the importance of considering culture in international management practices. "Culture-free" proponents have suggested that culture is, at best, less important than other factors such as economic or technological factors, or that its role is decreasing due to worldwide cultural convergence. However, most scholars have endorsed a culture-bound perspective—although with significant variation in the roles and importance attributed to culture in shaping management practices [1].

As a transversal factor, culture potentially impacts management aspects both internal to organisations (for example, their structures, decision making processes and human resources policies) and external to organisations (for example, how they deal with other business partners such as investors, clients, suppliers, end consumers and other stakeholders). Therefore, cross-cultural awareness is also relevant to the practice of Corporate Social Responsibility (CSR). CSR implies considering expectations from multiple stakeholders. When stakeholders are immersed in different cultures (in particular, national cultures), cross-cultural awareness suggests examining whether the beliefs, expectations and orientations of a given "type" of stakeholder (e.g., NGO's, or consumers, or governments) are the same across all

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locations. Therefore, the general cross-cultural management challenge of determining the degree (or mix) of standardisation vs. adaptation of practices across locations is equally applicable to CSR.

[1] Yeganeh, H., & Su, Z. (2006). Conceptual foundations of cultural management research. *International Journal of Cross Cultural Management*, *6*(3), 361–376.
[2] Hofstede, G. (1984). *Culture's consequences: International differences in work-related values (abridged edition)*. California: Sage.

Cross Sector Partnership

Christa Thomsen

There are competing definitions of Cross Sector Partnerships [1]. Moreover, the terminology varies. Authors refer to social partnerships, intersectoral partnerships, social alliances, issues management alliances, and strategic partnerships. In the early 1990s, social partnerships were characterized as inherently cross-sectoral: "the voluntary collaborative efforts of actors from organizations in two or more economic sectors in a forum in which they cooperatively attempt to solve a problem or issue of mutual concern that is in some way identified with a public policy agenda item" [2]. Today, the general understanding is that a Cross Sector Partnership is a collaborative engagement between business, government, and civil society, the three main societal sectors that address social issues and causes, e.g. poverty, health care, education and environmental sustainability [3].

Cross-sector partnerships may be short-term or longer term. In the latter case, there is an increased focus on common interests. They differ greatly in size, scope, and purpose ranging from dyads to multiparty arrangements, local to global levels, short- to long-term time frames, and totally voluntary to fully mandated [3]. Their numbers are growing, and the needs they address at local and global levels are increasingly complex. In line with the increasing importance of cross-sector partnerships at local and global levels, studies of cross-sector partnerships are proliferating across a number of academic disciplines, i.e. organization studies, public policy and administration, economics, nonprofit management, health care, education, and the natural environment [3].

[1] Nelson, J., & Zadek, S. (2000). *Partnership alchemy: New social partnerships in Europe*. Copenhagen: The Copenhagen Centre.
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Cultural Differences in Values/Ethics and Decision-Making

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Culture consists of explicit and implicit patterns of and for behavior acquired and transmitted by symbols, constituting the achievement of human groups; the essential core of culture consists of traditional ideas and attached values [1]. Culture dictates the way human beings solve their problems, because it influences how they think, behave, and communicate. Both culture and ethics deal with the values of right and wrong. A cultural analysis does it by discussing values, an ethical analysis by applying logic to relate the situation to ethical principles.

Value is a strong held belief and attitude about what is desired. Values involve emotion, knowledge, thought, and choice of response. They vary between individuals and change over time. Moral values have a primary impact on people's personal lives and are influenced by culture, religion, and family. Ethical values are universally accepted beliefs about right and wrong [2].

Cultures differ in their value estimations and property ownership judgments, as well as their tendency to take social and contextual information into account when making those estimations [3]. Cultural value dimensions include: degree of Individualism/Collectivism, perceptions of the power distance between worker and manager, feminine (person-oriented)/masculine (thing-oriented), and tolerance of uncertainty. In individualist cultures, individuals primarily consider their own and their family's interests; in collectivist cultures, individuals belong to ingroups which look after them in exchange for their loyalty [4].

A decision is a response to a situation comprehending judgment, expectations, and evaluation [3]. Decision-making involves human judgment processes about the macro- and microenvironments in constant relation with people's values and beliefs. It possesses a strong cultural component that influences the decision style, perception, and attitudes of decision makers. To be ethically successful, it is important to understand how values impact our social environment.

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Customer Service Excellence

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A customer (also known as a client, buyer or purchaser) is the recipient of a good, service, product or idea, obtained from a seller, vendor or supplier for a monetary or other valuable consideration [1]. Customer service is the provision of service to customers before, during and after a purchase. Customer service excellence is a series of activities designed to enhance the level of customer satisfaction—that is, the feeling that a product or service has met the customer expectation [2].

In the light of corporate social responsibility, nowadays, the business organisations must be cautious, aware and live up to customer service excellence which includes the business code of ethics and be socially responsible. Anyone whether in business or otherwise has to do so or should feel compelled because critically, the public at large expects corporation/company to apply ethical principles in their businesses. Besides, most people expect business to be more socially responsible day by day. It is moreover worthy to note that human beings share a single planet with finite natural resources, and it is crucial to ensure the sustainability of the supplies and the resources for present and future generations. More critcially too, new sciences and technologies bring along new ethical situations and concerns such as genetically modified, high yielding crops/food or nuclear crises that might cause safety and health problems, and service excellence has to factor in these and, all in all, do for CSR.

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Corporate Citizenship

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Business theory has borrowed the notion of citizenship from politics mainly to highlight the social dimension of business organizations and to attach to firms a sense of identity, membership in the community and a justification for their rights and responsibilities as artificial but legal persons. Corporate citizenship involves

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"the strategies and operating practices a company develops in operationalizing its relationships with and impacts on stakeholders and the natural environment" and has acquired relevance in the past few decades to incorporate a global focus and the concrete approach of the stakeholder theory into corporate social responsibility [1]. As the conception of corporate responsibility has come closer to the broader concept of sustainable development we use the notions of corporate social responsibility, corporate citizenship, and sustainable development (CSR/CC/SD) jointly. According to the overriding argument of corporate citizenship, corporate entities are fully part of society, they have rights, but also responsibilities and they work to build up the common good.

Corporate citizenship initiative was increased after 1996 when President Clinton, then the US President discussed the notion with business people and created the Ron Brown Corporate Citizenship Awards which are given to the American companies annually which exemplify efforts to support their workers [2].

Corporate citizenship is at the core of companies' reputations, but it goes well beyond these things. There are at least two possible readings of corporate citizenship. According to the first approach corporation is imagining as a citizen of the state where it operates. This is the meaning attached to corporate social responsibility. The second understanding of corporate citizenship consists in taking the different stakeholder groups as citizens of the corporation, held to be an analogue of the state. In this view corporate citizenship really means developing mutually beneficial, interactive and trusting relationships between the company and its many stakeholders—employees, customers, communities, suppliers, governments, investors and even nongovernmental organizations (NGOs) and activists through the implementation of the company's strategies and operating practices. In this sense, being a good corporate citizen means treating all of a company's stakeholders and the natural environment with dignity and respect, being aware of the company's impacts on stakeholders and working collaboratively with them when appropriate to achieve mutually desired results. The current state of corporate citizenship is to try to create links between citizenship and business success.

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Corporate Code of Conduct

Patrick K.C. Low and S.L. Ang

A code of conduct is a set of rules or regulations outlining the responsibilities of or proper practices for an individual, party or members within the organization. On a personal level, it is also a set of conventional principles and expectations that are considered binding on any person who is a member of a particular group. The International Federation of Accountants provided some fundamental principles on the codes of conduct such as professional integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Corporate code of conduct is an increasingly popular means of outlining a corporation/firm's ethical responsibilities. A corporate code of conduct normally refers to a company's public policy on its standards for ethical conduct. The code of conduct may address any issue from common workplace, the worker's rights to banking transactions, and/or trading rules. Most corporate codes of conduct have evolved as a result of consumer pressure, which has given rise to a whole sector of corporations focused as much on ethical behaviour and corporate social responsibility as company's profits.

Normally, the Company wants its staff to uphold its own high reputation for legality and ethical values in the conduct of its business which is vitally important in commercial and regulatory terms. It becomes one of the Company's greatest assets. All of the staff must thus:

- Comply with not just the letter but also the spirit of legal and regulatory requirements.
- Observe the highest standards of integrity and fair dealing.
- Display professional skill and care in all business activities.

Such principles must spread throughout the Company at all levels, so that compliance with them is a state of mind and is accepted as part of everyday business.

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Corporate Social Responsibility and Butterfly Effect

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The term "butterfly effect" was coined by Edward Lorenz, an American mathematician and meteorologist and a pioneer of chaos theory. Lorenz notes that the butterfly effect is an allegory that holds that little, even diminutive disparities from an initial state of a dynamic structure which may generate big departure from the original condition in the long-run practices of the very same construct as explained in the chaos theory. Chaos theory suggests that minor disorder in the atmosphere may become augmented and induce major and sometimes disastrous effects, proposing outcomes' susceptible dependence on initial conditions.

The butterfly effect elucidates that even very tiny actions may provoke widespread, accidental consequences that were unintentional. This may generate challenges for businesses globally regardless of their initial purpose when originally constructed in practice. In the field of corporate social responsibility (CSR), the butterfly effect is the symbol of the fact that small, unimportant occurrences may generate big, extensive social consequences. Businesses are expected to exercise benevolence and bring along their benefits in the form of products, services and jobs when functioning within a given local culture. Yet, sometimes, even the very existence of a business from overseas may jeopardise the local, political and social orders and may threaten the status-quo. Thus businesses should be held responsible for their effects on the environment and communities that might not be able to guard themselves against the infringements.

The business of oil companies, such as Shell Oil Co. and BP PLC relates to environmentally contentious products. A significant amount of global greenhouse gas emissions is the result of the activity of these companies and other multinational oil companies. Indeed, the core business of oil companies, the production of oil and gas in one region, leads to the production of greenhouse gas emissions globally. For example, the BP environmental accident in 2010 which led to a large scale oil spillage in the Gulf of Mexico had catastrophic effects on wildlife and people's livelihood. Several thousands of birds, dolphins and sea turtles died or incapacitated in the gulf of Mexico as a result of the accident.

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CSR from a Capabilities Approach

James Wallace and Nelarine Cornelius

In Bowen's original view of CSR [1], the central obligation is to *'pursue those policies, to make those decisions, or to follow those lines of actions, which are desirable in terms of the objectives of and values of our society*'. Drawing on Amartya Sen's capabilities approach [2], a key obligation is whether CSR provision is solely about the supply of goods (social, economic, environmental and community): does CSR enable communities to accumulate and convert these goods? [3].

A further consideration is the nature of the beneficence in CSR: is the provision given freely and does it cause no harm? For example, economic benefits of corporate activity may lead some governments to neglect the needs of their communities, in spite of protests. This is one of the reasons why Sen regards voice and agency as the engine of public reason and thus healthy democracies. Here, both conventional, *representative democracy* [4], in which citizens may have a role but it is often a limited one, and *monitory democracy*, in which citizens are freely able to challenge the action of institutions (through lobbying, protest, free press, social media), should not be compromised. Though CSR may be well intentioned, difficulties arise if it does not empower communities, or if it undermines established or monitory democratic processes and thus, human dignity[5, 6].

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Corporate Mission, Vision, and Values [1]

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Developing a clear vision and mission statement is the first stage of a successful strategic management process. These two statements are usually the most visible part of an organization and so they should be designed very carefully. Although it can be used interchangeably, a vision statement answers the question “what do we want to become?”, while mission statement is the answer of basic question “what is our business?” [1]. Therefore, vision tells where the organization is headed and what it wants to achieve in the future. This is usually about a firm’s market growth, increasing customer potential, or obtaining a world-wide recognition and excellence. Although this future-oriented characteristic of vision leads people to think big when developing a vision, a good vision should provide a realistic and attainable future goal of a company. Additionally, it should be understandable for all potential readers and usually indicate its future goal in a short sentence.

Comparing with vision, mission statement focuses on the present goals of an organization and usually it is more comprehensive than vision. It can be defined as the purpose or reason for the organization’s existence and tells what the company is providing society in terms of its product or services [2]. Therefore, it can be sometimes referred as creed statement, statement of purpose, or statement of philosophy. Although it can vary in length, content, format, and specificity, an effective mission statement should include some components like customers, products or services, markets, technology, concern for survival, growth, and profitability, philosophy, self-concept, concern for public image, concern for employees [1]. Particularly during the last decades, many companies start to involve their social and environmental concerns into their vision and mission statements. Besides these two statements, some business organizations can also list their values and philosophy of doing business in a separate publication—called values statement [2]. In these statements, companies mention about their key values and principles when interacting with their stakeholders, such as honesty, integrity, or transparency etc.

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Corporate Vision, Mission and Objectives [2]

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Organisational vision is a view of how an organisation will successfully compete, survive and add value in the future. Many writers argue that organisations need a vision of the future as to why, where and how it will compete, and to inform the creation of mission and objectives. Development of 'vision' would depend on the availability of technology, the role of innovation and the quality within processes.

Mission and objectives are generally developed in three major levels of objectives: mission, corporate objectives, and unit objectives.

The Mission Statement is the most general type of objective and is a visionary projection of the central and overriding concepts on which the organisation is based. The mission should reflect the nature of the business, customer orientation, and organisational values and beliefs, providing a basis for sustainable competitive advantage. Missions may be unwritten but if substantial disagreement arises, then there can be difficulties in resolving the organisation's strategic direction.

Corporate Objectives are overt goals stated by the business as a whole, which should be congruent with mission. Generally these tend to be expressed in financial terms but may also include non-financial statements. In hierarchical organisations, corporate objectives are usually formulated at by senior management and are handed down to lower levels of management. Corporate objective may be 'open' objectives, with non-quantifiable target (e.g. 'The company aims to be a world leader'); or, quantified 'Closed' objectives (e.g. 'The company aims to achieve a 53 % profit growth next year').

Unit Objectives are the lowest rung of the hierarchy of objectives that apply to departments and must be congruent with corporate objectives. These tend to be financial and should be limited to achievable targets by the unit concerned.

Objectives setting is not a purely scientific process based on a rational model of the business. Factors to consider in the development of organisational objectives include, all its stakeholders, company size, leadership style, and business ethics. Objectives tend to shaped by those stakeholders with most power, usually management. Some stakeholder groups do not impose direct objectives but may apply constraints (e.g. pollution controls, sanctions against certain foreign trade). Nevertheless, objectives need to ethically provide recognition of stakeholders' expectations, aspirations and power. Individual stakeholders may have low influence but coalitions of stakeholders can be powerful [1].

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Corporate Strategy

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The central element in administering a corporate initiative is an adequately founded corporate strategy. In this context, corporate strategy is focused on both, the comprehensive aim and extent of the business to meet stakeholder hopes, and the ways and means companies use to create value across different businesses.

A lengthened description of corporate strategy sees it as the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.

It is the agreement, consistency, and internal steadiness of strategic decisions that place the company in its business setting and decide its particularity, the authority to activate its strengths, and probability of accomplishment in the marketplace.

Accordingly, corporate strategy is the system of decisions in a company that settles and displays its corporate goals, affects the main policies, and plans for completing those goals and, therefore, sets the extent, nature, and outcomes of projects of a company and its parts.

The interdependency of goals, policies, and systematized action is decisive to the uniqueness of a distinctive corporate strategy and its chance to create competitive advantage.

Corporate Strategy was defined, analysed and implemented since 1988, when Henry Mintzberg published “The Strategy Process: Concepts, Contexts and Cases”, and even earlier, in 1980, with Michael E. Porter publishing “Competitive Strategy”, and Andrews “The Concept of Corporate Strategy”.

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Corporate Social Responsibility (CSR) and Marketing

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Corporate social responsibility (CSR), also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business, or cause-related marketing relates to self-regulation practices of corporations which they integrate into their business models (Hildebrand, Sen, and Bhattacharya 2011). Companies apply CSR initiatives into their operational practices in diverse ways. The common point of definitions of CSR is that they all allude mainly to a firm's promise, devotion and commitment to recuperating societal welfare through some optional business practices via corporate resources. Thus, CSR involve corporate course of actions that embrace responsibility and decisively aim at providing positive impact on the environment and stakeholders including consumers, employees, regional communities, and wider societies.

In the context of marketing, CSR relates to cause-related marketing (CRM) and emphasizes the emergence of this marketing communications tool with the following definition: "Cause-related marketing is the process of formulating and implementing marketing activities that are characterised by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives" (Varadarajan and Menon 1988, p. 60).

Thus, CRM may be considered as a partnership in which a company donates to a non-profit organisation (NPO) every time when a consumer purchases a CRM-labelled product or service (Varadarajan & Menon, 1998). However, this definition should be distinguished from other popular strategic forms of giving such as philanthropy and sponsorship. CRM is a 'win-win-win' strategy, where all parties (i.e., firms, NPOs and customers) involved in CRM campaigns experience a variety of benefits.

There are several major types of CRM strategies (Polonsky and Speed 2001) that may be classified according to the (1) the type of target consumer (existing or new); (2) type of required customer action (purchase or purchase with secondary action); (3) nature of firm's financial commitment (unlimited or capped); and (4) required leveraging activities.

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Corporate Sustainability

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In the twenty-first century, *sustainability* has become a catchword for business. Regarding the concept of *corporate* sustainability, a large number of definitions were proposed, and none has become to be universally accepted. Moreover, the dichotomy between *corporate sustainability* (CS) and *corporate social responsibility* (CSR) remains a contradictory topic. Although the two concepts have different roots, their evolution led to a common future. The approach of both terms to balance environmental, economic and social responsibilities has made similar connotations to be attributed to their meanings.

There are various ideas which relate CS more closely to sustainable development, in order to be understood like "the needs of a firm's direct and indirect stakeholders (. . .), without compromising its ability to meet the needs of future stakeholders as well" [1]. In this approach, CS is regarded as "the ultimate goal" [2], while CSR constitutes "an intermediate stage" [2]. Moreover, CS is considered to be more strategic and proactive in nature, while CSR is more focused on stakeholders and thus reactive in nature.

Despite the blurred boundaries, CS can be found in companies' reports on their environmental initiatives or social actions. By bringing together the three pillars of sustainability—an ethical way of doing business for economic growth, social responsibility, and environmental awareness—CS can be seen as a contribution to a sustainable development.

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Corporation as Pyschopath

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One part of the psychiatric definition of a psychopathic individual is "...a set of interpersonal and affective characteristics, such as egocentricity, lack of remorse, callousness, and so forth..." [1].

Crimes against humanity, as defined by the Rome Statute of the International Criminal Court Explanatory Memorandum, "are particularly odious offences in that they constitute a serious attack on human dignity or grave humiliation or a degradation of one or more human beings. They are not isolated or sporadic events..." [2]. In other words, psychopathic behavior which affects a population, or even one or more nations.

Taken together, these two definitions describe the behavior of some corporate entities, which in the pursuit of profits at any cost ignore their effects on people and/or on the planet where people live. There are even people who advocate that profits are all a corporation should care about [3]. In some cases the damage is due to a single-minded focus on profit, while in others it is deliberate, the corporation either ignoring or covering up its psychopathic behavior.

Examples of such psychopathic behavior are unfortunately numerous, and include Nike's use of child labor, the Bhopal gas explosion at a Union Carbide plant, marketing of sugar-filled foods to children, and the subprime mortgage-related activities of various financial institutions which resulted in the Great Recession.

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Corruption

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In a rather general way corruption can be defined as "encompassing both legal and illegal 'abuses of public office or entrusted power for private gain'" [1, 2]. There is a difference between corruption as a criminal offense in modern societies and traditional networks of personal relations (such as the Chinese "Guanxi") [3]. Corruption might also be accepted as a way to circumvent bureaucratic regulations which are often interpreted as burdensome or contrary to efficient ways of problem-solving [1: 1322–7].

Today, corruption is basically seen as a major factor obstructing development processes and interfering with international trade in general. Anti-corruption policies are considered important to improve the business environment in developing countries and also to improve the productivity of firms. Since the early 1990s fighting corruption has been a major endeavor by intergovernmental organizations (IGOs) as well as NGOs. For the World Bank fighting corruption has been a central element of *good governance*. There are a large number of civil society organizations/NGOs in the field of fighting corruption, the most prominent being Transparency International founded in 1993 and publishing since 1995, an annual Corruption Perceptions Index (CPI), an annual Global Corruption Report, a Global Corruption Barometer and a Bribe Payers Index. Within the international business sector, International Chamber of Commerce (ICC) and the World Economic Forum Partnership Against Corruption Initiative (PACI) play important roles in the fight against corruption. The UN Global Compact offers guidance to companies on how to implement principle 10 (Businesses should work against corruption in all its forms, including extortion and bribery") [4].

In 2000, the UN General Assembly mandated the UN Office on Drugs and Crime (UNODC) to negotiate the UN Convention against Corruption (UNCAC) which was adopted on 31 Oct 2003 and entered into force on 14 Dec 2005. The Convention provides common guidelines, training and support for all member countries to prevent and to fight corruption, in particular to help them (if necessary) to establish criminal and other offences to cover a wide range of acts of corruption. A Conference of the States Parties to UNCAC meets every 2 years to review implementation and facilitate activities required by the Convention.

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Cost-benefit Analysis

Ioana Teodoreanu

The idea of cost-benefit analysis (CBA) was first articulated by Jules Depuit, a French engineer, in an article in 1848. The British economist Alfred Marshal developed the concept further and laid the foundations for modern CBA, but the practical application only dates back to 1936, when the US Federal Navigation Authorities required engineers to only create projects for the improvement of the national waterway system, where total benefits would exceed the cost of the respective project. Later on in the 1950s, the engineers' methods were taken over by economists and given a rigorous set of methods for measuring costs and benefits [1].

Cost-benefit analysis is a methodology applied mainly in project management during the feasibility phase and consists of a presentation of the costs and benefits incurred by various courses of action. It uses mathematical and economical formulas and indicators like internal rate of return, net present value, return on investment and value on investment, in order to determine the best course of action that will maximize the benefits and minimize the costs of an activity.

The method relies on a documentation of the planned costs in terms of personnel, material and other resources, and on the formulation of the future benefits [2]. A distinction can be made between two types of benefits: financial and non-financial. The financial benefits encompass quantifiable benefits that can be expressed in form of monetary value like income, cost savings, rationalization opportunities, while the non-financial benefits cannot be given a value directly, but are rather qualitative, like improvements, reputation gain, and compliance with legal/statutory requirements.

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Creative Destruction

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Creative destruction is the translation of the German expression *schöpferische Zerstörung*. Its intellectual roots can be traced to Marxist and Nietzschean thinking, but its contemporary meaning became popular after Joseph Schumpeter presented it as a driver of entrepreneurial innovation and as an important constituent of his theory of economic change [1]. Schumpeter refers to creative destruction as a dynamic process that "incessantly revolutionizes the economic structure *from within*, incessantly destroying the old one, incessantly creating a new one" [2].

Creative destruction takes place when an entrepreneur *innovates*, e.g. by introducing a novel product or process, by developing a new market, by establishing an original business model, etc. Thus, opportunities are taken and signals not recognized by others are identified. By doing so the entrepreneur *destroys* the *status quo* in the market and gains a temporarily privileged position, which is lost when others imitate the lately introduced novelty or when other entrepreneurs initiate a new round of creative destruction. Entrepreneurs are understood in a wide sense in this context. They can be a person, a group of persons or an organization, regardless of its size and organizational form [3].

Corporate social responsibility (CSR) is often considered a catalyst of creative destruction because of the uncountable and unprecedented opportunities hidden behind the sustainability challenges faced by corporations at any level and in any sector, e.g. reducing the carbon footprint, developing more sustainable products, attending markets at the bottom of the pyramid [4]. From this point of view, CSR becomes a crucial element of competitive strategy and sustainability, being a driver of innovation. In recent years, the emergence of entrepreneurs who explicitly aim at solving societal and environmental harms has resulted in the social entrepreneurship movement. The respective innovations that transcend organizational frontiers and create social benefits are called social innovations.

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Critical Management Studies

Volker M. Rundshagen

The field of Critical Management Studies (CMS) has emerged as an academic arena fostering a critical stance towards management. In contrast to traditional approaches focusing on the understanding of techniques and legitimation for mainstream management thinking and practice, CMS community members question the authority of the latter [1] which are seen as totalitarian and as catalysts of performativity; an instrument to control individuals and systems [2]. CMS is not limited to management as overarching institution: it extends into specialist areas such as accounting, marketing, or human resource management [1].

Major theoretical foundations of CMS include Critical Theory developed by Frankfurt School protagonists; Karl Marx' labour relations discussions; and also post-structuralist concepts, mainly introduced by various French sociologists and philosophers, dealing with the interrelation of linguistic practice and social reality. Contemporary CMS research particularly draws on theoretical frameworks of neo-colonialism, neo-imperialism, and neo-liberalism.

Whereas some original concepts have been partially deconstructed or disputed in the meantime, there is a renewed and growing interest in CMS [3], which is also attributable to recent financial crises as well as corporate scandals. Accounts calling for a broadened view, understanding management not as necessarily totalitarian but rather as polyphonic, add to the new appeal of CMS and show the potential of reconciling constructive management approaches and critical attitudes [3]. Another new and constructive direction conceptualizes CMS itself as "profoundly performative project" involving, among other notions, "an affirmative stance, an ethic of care, [and] a pragmatic orientation" [2].

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Cross-cultural Attitudes to CSR

Brigitte Planken

This idea relates to the notion that orientations to the concept and implementation of CSR can vary cross-nationally. In other words, CSR may be valued and perceived differently in different countries, by governments and organisations, and by different salient stakeholders, such as managers and consumers. One reason for such differences in attitudes is culture, which is the basic system of beliefs, internalized over time, that a particular society shares. Cultures vary in terms of the beliefs the people in them hold, and assign importance to different sets of cultural values. The value pattern that predominates in a culture can shape the role business plays—and is expected to play—in that particular society. As value patterns can vary across societies, so can expectations about the role of business in dealing with societal issues vary, and attitudes to social responsibility and philanthropy (central to CSR), as well as specific CSR themes, e.g. global warming, human rights, product safety, community support, etc. [1]. In short, as different cultures take up different positions on societal issues, the stakeholders in them may respond differently to the notion of CSR, to CSR policy, and to CSR-related initiatives. A second potential reason for cross-cultural differences in CSR attitudes is the extent of government involvement. In Europe—and Western Europe in particular—public policy has aimed to raise public awareness of CSR, and increasingly to encourage organizations to adopt socially responsible values and integrate CSR into their business. But government involvement has varied across Europe, and indeed across global regions [2], in terms of both the extent of CSR regulation and the scope and focus of policy-making. As a result, CSR has not been implemented in a similar way, at a similar rate or to a similar extent across countries. Finally, cross-cultural divergence in CSR attitudes may have historical origins, in that it may reflect the different political frameworks and religious beliefs that have governed countries over time.

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Cross-cultural Management

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Cross-cultural management refers to the ability and skills to accommodate and deal effectively with cultural diversity and differing cultural values in relation to managing an organisation on the one hand, while harnessing aspects of cultural contexts that can support and drive policy and corporate strategy on the other hand.

Cross-cultural divergence in attitudes to Corporate Social Responsibility (CSR) and in the development of CSR can make the implementation of CSR by multinational companies operating in multiple countries an extremely complex undertaking. Cross-cultural divergence may result, amongst other things, from cross-country differences in the institution of government, religious persuasion, cultural norms and belief patterns, or incentives and regulations [1]. Cross-cultural mangers need to be able to adequately anticipate local attitudes to CSR and to CSR-based societal issues in order to make informed management decisions on the design of 'localized' CSR policy that can be effective in meeting the expectations of salient stakeholders. At the same time, cross-cultural managers should also be able to identify those country-specific factors that may constitute local drivers and enablers of CSR in countries in which a multinational is active. Taking advantage of such opportunities can inform CSR policy that engages and involves local stakeholders (e.g. workforce, suppliers, local government) in the multinational's CSR philosophy and, as a result, can move the implementation of its CSR policy forward.

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Data Protection

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The growing importance of social responsibility activities of businesses and their growing interaction with all stakeholders in society reveals that there is an enormous amount of data to handle. Data refers to unidentified stored facts by an entity which in simple terms means information [1]. Information is basically the new piece of facts which have the potential of adding value to the business and therefore data protection is an important issue in the information age that we operate in. The protection of data is the implementation of administrative, technical, or physical measures to guard against unauthorized access to data. Many companies today gather and store data for marketing and other purposes [2]. They collect as much information as possible about their customers in the name of targeting products more effectively in order to increase their revenue. Information transparency and information protection are two requirements that are desirable in the attempt to ensure that society operate sustainably and in a socially responsible manner.

Data protection regulations protect people whose personal details are held on computers and other storing devices to guide against improper use or storage of the data. Data protection is a legal issue therefore the protection of personal and business related data represents one of the emerging in recent times and it has some important legal implications in our world today. However, the link between CSR and data protection is drawn is discernible through business ethics. The

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relationship between the law and business ethics is blurred when it comes to the security of corporate information and data protection.

Data protection and corporate social responsibility are both the terms which can be defined by the importance of information and communication. Data protection is an important issue in the age of easy information transfer global and every company must take responsibility for managing and securing both its own information and that of its customers'. Therefore the free flow of information and the data protection are always linked with legal frameworks in nearly all countries of the world. On the one hand, the privacy of individuals is challenged by various new means of data collection and communication; on the other hand, the growth and development of the information economy is heavily dependent on the level of freedom of business in gathering, processing and dissemination the various kinds of information it comes across.

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Decent Work

Liangrong Zu

Decent Work is concerned with the availability of employment in conditions of freedom, equity, security and human dignity. It is a multi-dimensional concept introduced by the International Labour Organisation (ILO) in 1999, it has four key components: employment conditions, social security, rights at the workplace, and social dialogue [1]. Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

Decent work is central to efforts to reduce poverty, and is a means for achieving equitable, inclusive and sustainable development. The ILO works to develop Decent Work-oriented approaches to economic and social policy in partnership with the principal institutions and actors of the multilateral system and the global economy. The Decent Work Agenda developed by ILO offers a basis for a more just and stable framework for global development. The ILO provides support through integrated decent work country programmes developed in coordination with ILO

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constituents. They define the priorities and targets within national development frameworks and aim to tackle major decent work deficits through efficient programmes that embrace each of the strategic objectives. The Decent Work Agenda is part of the first Millennium Development Goal (MDG 1) of halving extreme poverty by 2015.

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Definitions of CSR

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In broad terms, CSR concerns the nature of the relationship between business and society. It is regarded as a key construct in business and management, and although it is widely acknowledged in practice and theory, there is as yet no one definition for CSR and no real consensus on its actual meaning. As a result, the term CSR, which has been associated with everything from stakeholder management and cause-related marketing to corporate giving, sponsoring and volunteering, is used interchangeably with other, closely related terms, such as philanthropy, corporate citizenship, business ethics, social entrepreneurship and sustainability. Researchers and practitioners have all interpreted CSR to suit their own purposes, and as a result, the literature presents many definitions of CSR, both broad and narrow, reflecting the arbitrariness of its content and the lack of general agreement regarding its exact nature. To date, the conceptualization of CSR continues to remain fluid.

One characteristic that is reflected in the majority of CSR definitions is that a corporation's social responsibilities are fulfilled in the activities it undertakes beyond its core business, in order to contribute to societal well-being. At its core, therefore, CSR entails that organizations are obligated to design and implement strategy and conduct business in ways that meet the expectations of society and its stakeholders, and are in accordance with that society's norms and values [1]. This central premise is reflected in the so-called "duty-aligned perspective", which acknowledges that CSR extends beyond the corporation's bottom line obligation to optimize financial performance and promote economic growth, and also entails social and environmental 'duties' [2]. An extended conceptualization of CSR, beyond the economic, is also expressed in John Elkington's definition, which balances the responsibility towards achieving an ecological and social bottom line, with the achievement of the economic bottom line. Elkington's definition of CSR has been much cited by practitioners as "people, planet, and profit" [3].

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Demographic Change

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Demographic change describes transformation in the age structure of a society that occurs as a result of social and economic changes or in some cases by the impact of political factors. Fertility, mortality and migration are all prominent determinants and also significant indicators of the demographic change. Demographic change has multi-dimensional effects and creates implications on education, employment, pension, elderly care expenditures, family and immigration policies. As a result, ageing in the population brings adjustments in a variety of policy areas ranging from political to social life.

The balance between the population growth and the intensity of the working age population is an important factor of the demographic change. Demographic change is also intensively interlinked with the economic growth and productivity since economic behaviour and performance might differ greatly according to age and stage of life [1]. Correspondingly, demographic change brings along adaptability problems concerning several issues that should be addressed by different actors. It encumbers governments to adapt and re-formulize their social security systems and employment policies. On the other hand, the adaptability of businesses is equally important and essentially necessitates the development of strategies not only for being competitive but also for carrying socially responsible policies.

Social exclusion is another possible challenge of the demographic change and the three particular groups that might be influenced negatively by this challenge are elderlies, youth and immigrants [2]. These challenges oblige governments and other policy makers to formulate new and innovative policies to cope with the existing problems and to prevent the possible future complications. In this regard, active ageing policies for elderly people, lifelong learning policies for youth and integration policies for the immigrants have been remarkable and popular solutions that released by the governments to respond the related problems.

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DESERTEC

Gabriela Tigu

The DESERTEC Concept was developed by a network of politicians, scientists and economists from around the Mediterranean, to find a way to provide climate protection, energy security and development by generating sustainable power from the sites where renewable sources of energy are at their most abundant. It is a comprehensive solution that combats global warming, ensures a reliable energy supply, and promotes development and security. The concept is based on the large-scale production of clean power from deserts, as an efficient way to reduce global CO_2 emissions while meeting the electricity needs of a growing world population [1].

The DESERTEC concept was originated with Dr Gerhard Knies, a German particle physicist and founder of the Trans-Mediterranean Renewable Energy Cooperation (TREC) network of researchers. In 1986, in the wake of the Chernobyl nuclear accident, he was searching for a potential alternative source of clean energy and arrived at the following remarkable conclusion: in just 6 h, the world's deserts receive more energy from the sun than humankind consume in a year [2]. DESERTEC was developed by TREC, a voluntary organization founded in 2003 by the Club of Rome and the National Energy Research Center Jordan, made up of scientists and experts from across Europe, the Middle East and North Africa (EU-MENA) [3].

In January 2009 The DESERTEC Foundation was initiated as a non-profit organisation, to develop the DESERTEC Concept around the world. Founding members of DESERTEC Foundation are the German Association of the Club of Rome, members of the international network as well as committed private individuals. The aims of this foundation are: to inform the civil society sector and politicians about the benefits of DESERTEC; to promote the establishment of the framework conditions necessary for a global transition to renewable energy; to support knowledge transfer and scientific co-operation; to exchange and co-operate with the private sector. One of the latest reports of The DESERTEC Foundation show that Europe could save €30/MWh on renewable electricity generated in the

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deserts of the Middle East and North Africa (MENA), if the three regions integrated their power networks [4].

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Design for Environment

Anette von Ahsen

Design for Environment is a concept that uses diverse design approaches in order to reduce the overall environmental impact of a product or service. Using design for environment in the various phases of product development not only involves, for example, taking into account customer requirements and economic aspects, but also defining environmental requirements and integrating them into decision making. It is a concept that requires both the use of appropriate planning and control instruments, as well as optimal organisational implementation.

For example, when considering different product concepts, it is necessary to select planning and control instruments with which environmental aspects can be assessed. It is possible to distinguish between three types of instruments: qualitative instruments (e.g. checklists), semi-qualitative instruments (e.g. life cycle assessment), and quantitative instruments (e.g. indicators). The results of this environmental assessment are then incorporated into application tools for product development [1]. In particular, this may involve suitably modified quality management tools. One example is the widely used Failure Mode and Effect Analysis (FMEA), which examines, from the customer perspective, information about potential errors in products or processes. Within the context of design for environment, it is possible to use an appropriately modified methodology for which potential errors are not rated in terms of their economic, but rather their environmental consequences [2]. Similarly, for example, Quality Function Deployment, as well as various other instruments in the context of product development, can be applied with environment-oriented modifications [3]. A central challenge of design

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for environment in this context is that decisions often have to be optimised within a multi-dimensional objective system.

In addition to the abovementioned instrumental perspective, the organisational implementation of design for environment is important. In companies that adopt this concept, interdisciplinary teams are often formed to ensure that the environmental objectives are tracked at all stages of product development.

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Dialogue

Dyann Ross

In the context of CSR, dialogue is a particular grouping of communication strategies based on non-violent and co-operative values designed to enable conversations focussed on addressing the costs of corporate activities. The opposite to dialogue is domination which occurs when corporations force nation states and local neighbouring communities to accept unsustainable and unjust trade-offs or risk losing jobs, the business or royalties that might accrue to governments. A key goal of dialogue is problem-solving matters of shared concern in face-to-face relationship with those adversely impacted. Crucially, any dialogue requires explicit attention be given to the nature and extent of the corporation's pursuit of profits which occurs through the exploitation of communities and the degradation of eco-systems [1].

As the power differences in the dialogue will tend to privilege the corporation, it is vital that certain warrants or agreements are made as binding as possible to protect against manipulation of the government and further harm of the most vulnerable parties. The following warrants must be upheld by the powerful parties—the corporation and the relevant government departments:

1. To be sincere in building relationships
2. To stay focussed on relevant shared issues

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3. To do so with willing attention, including to the effects of power (and acting to ameliorate any adverse impacts), and
4. To ensure substantive contributions are made by the powerful parties [2].

When any one of the above warrants is broken it is no longer a dialogical problem-solving partnership and the risk of the corporation resuming its dominance at the cost of socio-environmental justice increases. There can be no dialogue without the adversely impacted-people at the table and they will be the stakeholder group who will know when the corporation or government has broken the warrants meant to equalise differential power relations [3].

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Disability

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To put disability in a CSR perspective, it is indispensable to define the term as such. It includes many different types of limitations a person can have in daily life. These are, among others, impairment describing a mental or physical problem of a person, and a person's inhibitions in performing particular activities or in taking part in everyday situations or events. These limitations result not only from a person's physical or mental characteristics, but also from their bad interplay with societal conditions. A difficult aspect is the question of how to measure disability, as in this respect a quantitative research is rather complicated to elaborate and to allocate the respective limits of the 'common standard' of a human being [1].

In management, disability can be considered from two different perspectives—that of creating inclusive businesses as part of the CSR strategy among others via the inclusion of people with disabilities; or the so called 'disability management' dealing with the reintegration of long-term sick workers into the workplace. In terms of the inclusion of disabled people into the company, a strong underutilization of their potential can be observed. Reasons may be our misperception of disabled people in so far that we equalize them with people using a wheelchair. Additionally, for management the question of cost arises, as hiring and employing

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people with disabilities involves cost of accommodation. Therefore, each company's circumstances need to be considered to evaluate their level of inclusion of disabled into their staff. Disability management (see separate dictionary entry on management), on the other hand, deals with the disability a company's employees can develop during their employment. There is a 20 % possibility that staff becomes disabled during their professional life [2], being it through sickness or accidents. As a consequence, the approach of disability management deals both with being reactive, e.g. in terms of employee compensation, and with being proactive, in terms of policy-making and the development of respective processes [3].

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Disclosure

Massimiliano Di Bitetto and Paolo D'Anselmi

Disclosure is a key value in CSR reporting. Disclosure implies openness about organizational issues. Such issues should be relevant, material and of high priority for the reporting organization. Such basic tenets of what an issue is were first defined by W. Howard Chase (1985) [1]. "Issue management" is the equivalent definition in public relations management. One important implication of such requirements is that the set of organizational issues that are put forth by the reporting organization must be made of a limited number of items (e.g. seven). Disclosure then implies an emphasis on some aspects and facts of reality that took place in the time frame that is being observed. On the other hand the reporting of an indistinct array of information is equivalent to non-disclosure. Likewise a partition of reality as a table of contents for reporting does not make disclosure. The organization then takes responsibility for what is says as much as it takes responsibility for what it does not say. Omission of important issues is also part of the organization's responsibility. The issues put forth under the value of disclosure are then reported voluntarily by the reporting organization as opposed to answering a predefined set of questions that may be valid for a specific industry or general social interest. It should be noted that the Global Reporting Initiative has taken a stance in

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favor of such way of disclosure in their GRI 4 Guidelines. Thus disclosure can be part of a process framework for managing and reporting about CSR. Such a framework would also include attention to the implementation of organizational plans, to individual responsibilities within the organization (ethics) and to the stewardship of unaware stakeholders ("unknown" stakeholders) [2].

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Discourse Ethics and CSR

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In the CSR literature, the term *discourse ethics* mainly refers to the works of the German philosopher Jürgen Habermas. Its central principle states that "only those norms can claim validity that could meet with the acceptance of all concerned in practical discourse" [1]. The basic assumption is that humans, as competent social actors, share the capacity of mutual understanding and of convincing the other of a norm in question only by the rational force of the better argument. The process of argumentation itself thereby entails the criteria for establishing the conditions that support this rational force. The most important conditions are inclusivity, equality of communicative rights, absence of deception and coercion [1]. Their significance for reaching a rational agreement is undisputed and yet these ideal conditions can never be fully realized. *Discourse ethics* is grounded on the basic human skills of communication and argumentation. It renounces to state the specific content of norms and it operates solely with the process of argumentation in practical discourses. Thus, discourse ethics is characterized as an universal, formal and procedural concept. Due to these characteristics, many scholars apply the concept of discourse ethics to international CSR. According to these scholars, discourse ethics could bridge the gap between cross-cultural business practice and diverse normative claims to the corporation. One important strand of research connects discourse ethics with stakeholder management [2] and international multi-stakeholder-initiatives like the SA 8000 Standard [3]. Therein, scholars claim the initiation of discourses, the inclusion of affected but so far excluded actors, and the structural improvement of stakeholder dialogs. Others apply discourse ethics in a wider context and conceptualize CSR as a political practice of corporations [4]. Accordingly, they call for the engagement of businesses in public deliberation processes to ensure a democratic legitimacy of corporations and an economic rationality that is politically embedded.

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Discrimination

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Discrimination, as the term is being used in most contexts, consists of disadvantageous differential treatment based on morally irrelevant features, such as gender or skin color. Accordingly, it is not discriminatory if an airline company does not hire pilots with bad eyesight, but it would be discrimination if it did not hire women. Central to this widespread understanding of discrimination is to give an account of just what a morally irrelevant (and relevant) feature is [1]. An alternative understanding of discrimination adds that discrimination always concerns some socially salient groups. Hence, it is not discrimination if a company does not hire left handed people (though it might be wrong for other reasons), because left-handed people do not constitute an important, social group [2]. Debates over discrimination center on three different questions. First, a legal perspective, focusing on specific anti-discrimination laws. A key question, relating to CSR, here is clarification about the implications of national legislation, and of international "soft law" on the issue. Second, an instrumental or empirical perspective, where the focus is the impact of discrimination as well as the financial implications of anti-discrimination: how is discrimination perceived, how does it affect the life prospects of persons, and what are the benefits and costs of trying to combat discrimination. Finally, a moral perspective focusing on why and when discrimination is wrong. It is a discussion that involves dimensions of moral philosophy as well as political philosophy. A further important discussion revolves around the distinction between direct and indirect discrimination. Here one question is whether direct discrimination e.g. if a company openly declares that it does not want to hire Muslim women, should be considered worse than indirect discrimination, e.g. where a company's dress-code does not allow Muslim women to wear headscarves (without any solid justification e.g. personal safety).

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Distributive Justice

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Innumerable perceptions and conceptions of distributive justice exist in theory and practice and they vary significantly within and between cultures. Nevertheless there is a consensus that distributive justice can be based on certain dimensions. These include the topic of distributive justice (e.g. set of principles, virtues); the relevant object of distributive justice (e.g. wealth, income, utility, opportunity); the addressees of distribution (e.g. individuals, groups of persons, social classes); the basic criterion for distribution (e.g. equality, individual characteristics, free transactions); the geographic level of distribution (e.g. communal, national, global), or the timeframe of distribution (e.g. within one generation, across generations) [1].

However, following Rawls, distributive justice can be defined as the allocation of all benefits and burdens such as goods, opportunities, positions, rights and duties within a society. The structure of every society leads to certain allocations of benefits and burdens and therefore fundamentally affects human lives [2]. There are different categories of principles that can guide structures and processes of distribution within a society. These include strict egalitarianism, the difference principle, equality of opportunity and luck egalitarianism, welfare-based principles, desert-based principles, libertarian principles and feminist principles [1]. Yet a major challenge regarding distributive justice is to apply those abstract principles to concrete problems such as finding a just tax rate.

There are different methods how to measure distributive justice in practice. Measure degrees of income or wealth distribution include the Gini Coefficient, Hoover Index and Theil Index. Equality of opportunities can be approached by measures such as the Human Development Index. Individual moral beliefs of just distribution are tested in experimental economics, for example with the so called "ultimatum game". Experiments like the ultimatum game can also provide valuable information if philosophical conceptions of distributive justice have an impact on belief sets of individuals. According to the Stanford Encyclopedia of Philosophy data on individual's beliefs about distributive justice indicate what kind of reforms

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appear to be practically achievable in democratic societies [1]. Yet based on empirical data alone one cannot tell what should be done or conclude that given beliefs are morally preferable.

[1] Stanford Encyclopedia of Philosophy. (1996). http://plato.stanford.edu/entries/justice-distributive/. Accessed 25 February 2013.
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Disability Management

Mara Del Baldo

Disability management is a *species* within the *genus* of diversity management that stems from the recognition of the importance of retaining, protecting, and enhancing human skills within an organization. It has been defined as "a workplace prevention and remediation strategy that seeks to prevent disability from occurring or, lacking that, to intervene early following the onset of disability, using coordinated, cost-conscious, quality rehabilitation service that reflects an organizational commitment to continued employment of those experiencing functional work limitations. The remediation goal of disability management is successful job maintenance, or optimum timing for return-to-work" (Akabas et al. 1992: 2) [1].

Disability management originated and was developed mainly in the UK with the aim of facilitating the reintegration of employees who were victims of accidents and impairments which occurred in the course of their work. Currently, the term has acquired a much broader meaning, growing its relevance in the management and organizational sciences [2].

The goal of disability management is the creation of social and working conditions more favorable for proactive management, and subsequent disability is considered as a prerequisite to ensure the full expression of the potential of the disabled and to improve business performances. This objective is achieved through the adoption of measures (i.e., communication, training, and assistance programs) to minimize the impact of physical and mental disabilities that may affect an individual's ability to participate in the business processes or to prevent the same disability. This approach leads to a consideration of the disability not as a problem or a handicap but as a resource and an important factor of the cognitive capital.

Although the fundamental importance of a moral and ethical tension between inclusion and discrimination can exist, we should highlight the economic and financial implications related to the adoption of disability management policy and practices in terms of improvement of the company performances and legitimacy [3].

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Disability Management requires a business to pursue the objective of social efficiency, creating the necessary conditions necessary to reduce the negative social impact of the economic activity; it may be the natural result of a strategic approach based on the principles of stakeholders' engagement and inclusion and on the effective involvement and participation of minorities.

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[2] Arredondo, P. (1996). *Successful diversity management initiatives*. London: Sage.

Diversity Management

Mara Del Baldo

Diversity has been a much-debated topic in management theory and practice in recent years. The understanding of diversity has been evolving since the 1970s when the term was mainly used in the United States to refer to minorities and women in the workforce. Diversity is intended as every attribute, demographic, social and cultural, that characterizes and differentiates people (Cox, 2001), which can be relative to its primary dimension (i.e., race, ethnicity, age, gender, disability), its secondary notion (i.e., religion, culture, sexual orientation, thinking style, geographic origin, family status, lifestyle, political orientation, economic status, work experience, education, language, nationality), and its tertiary forms (i.e., beliefs, assumptions, perceptions, attitudes, feelings, values, group norms).

Legal aspects, changes in the labor market demography, as well as behavioral changes, increasing prosperity and the lengthening of life have all made diversity a subject of relevant importance in a globalized economy. Companies globally have recognized the potential benefits of a multicultural workforce and have progressively tried to create more inclusive work environments and to bridge cultural boundaries.

Diversity Management is about integrating the ideas and practice of diversity into the day-to-day managerial and learning processes of a company and its environment. "This new model, allows the organization to internalize differences among its employees so that it learns and grows because of them" [1]. Diversity Management is based on the principle that each person is different from other individuals and should be considered as a unique resource that will make a personal contribution to the achievement of corporate objectives. It is the active and conscious development of a future-oriented, value-driven strategic and managerial

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process of accepting and using differences and similarities as a potential that creates added value to the company [2].

The DM policies and praxis—moving beyond Human Resource Department equal opportunity policies—are aimed at: developing the value of diversity; lowering conflicts and improving knowledge; strengthening cultural values within the organization; reinforcing the corporate culture and the business reputation; improving motivation, efficiency, innovation, and creativity among employees; helping to attract and retain highly talented people; and improving workforce diversity and cultural mix (human capital and organizational capital benefits) [3].

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Diversity Management

Mehmet Gökay Özerim

Diversity management is accepted as a term which was originally conceptualized in the North America but it is disseminated to the other regions of the world [1]. It is a special companies' strategy to provide inclusion of all employees by the intention of guaranteeing equality and a positive workplace environment. It is an essential requirement that companies will incur costs in the attempt to increase level of diversity in society in general and in the work environment. This diversity could be in terms of gender, race, socio-economic background, age, religion or sexual orientation. Recognition of these individual differences and providing respect for them are the principles of a diversity management strategy. In addition, diversity management strategies purpose to enhance representation of all groups by recognizing their differences and eliminate the concrete or hidden barriers rising from these differences.

Diversity management policies require engagement of related values and ethics to the institutional strategies of the companies or to the relations with all stakeholders and reflecting them to the daily operations and practices. In this regard, the European Commission also puts a special emphasize on diversity management in a business environment and implementing the checklist for diversity management in 2012 [2]. Studies in diversity management have revealed that companies have a variety of practices in this area ranging from recruitment to promotion. The

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checklist of the European Commission is a practical tool and exemplifies these policy areas by putting accessibility policy, wage policy, gender policy, migrant worker policy, age and religious diversity policy as parameters of the checklist.

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Dividends

Nirmala Lee

'Dividend' derives from Latin '*dividendum*' "thing to be divided", and from Middle French *'dividende'* (a number divided by another), and means a portion of return on a share.

Dividend is the part of a company's current earnings or accumulated profits that is distributed to shareholders. It can be in the form of cash or shares. A company is not obligated to pay dividend. Interim dividend is based on a company's performance during a portion of its financial year, while the final dividend is paid by a company at the end of the financial year. Total dividend is the sum of a company's interim dividend and final dividend for any particular year. Dividend is often quoted in terms of the amount each share receives (Dividend Per Share). The dividend expressed as a percentage of the current share price is referred to as dividend yield.

It has been argued that, in a perfect market, what a firm pays in dividends is irrelevant and stockholders are indifferent between current dividends and capital gains [1]. However, market imperfections such as information asymmetry and agency conflict mean that dividends do matter. Investors may prefer dividend as 'the bird in the hand' to counter the ability of managers to immediately destroy wealth through the dissipation of cash flow which is not then immediately or subsequently returned to capital providers [2]. Dividend announcements have a signalling effect conveying information to investors regarding the firm's future prospects, thus informing their decisions to buy or sell the firm's stock. Demographic and financial factors such as tax status may determine investor preferences for dividends as against capital growth.

While companies may like to focus on the need for providing an adequate return to shareholders, the impact of corporate policy on other stakeholders would also need to be kept in view. "One aspect of corporate responsibility is to earn profits and increase dividends, but not at any price" [3].

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Dividend Policy

Vijay Lee

Dividend policy refers to a company’s policy in relation to distribution of profits to its shareholders. In theory it should make no difference to shareholders whether cash is retained in the firm or paid to them as dividend, because in either case the cash belongs to them—but in practice a company’s dividend policy can impact on shareholder value.

Some of the basic factors that influence dividend policy are the availability of distributable profits, the company’s liquidity position, and the sustainability of the rate of dividend in future. The last is particularly important because any future cut in the dividend rate may convey a negative signal to the market about the company’s prospects, resulting in downward pressure on the share price—this “signalling” impact of dividend policy stems from information asymmetry between the managers of a company and its shareholders.

It may also be that, due to tax considerations, the shareholders of a non-dividend-paying company prefer to receive their return in the form of capital gain rather than a cash dividend—such a company may diminish value for its shareholders by changing policy and starting to pay a large dividend. Similarly, shareholders whose tax situation or cash flow requirements have led them to invest in a dividend-paying company may not appreciate a decision by the company to curtail dividend payments.

Apart from declaring a cash dividend, other ways of distributing profit are scrip dividends (issuing fresh shares in lieu of cash) or a share repurchase (repurchasing shares from shareholders for cash). The former would be appropriate for a company that needs to conserve cash, whereas the latter would suit a company with surplus cash. An important factor in deciding whether to return cash to the shareholders through dividend payments or share repurchases is the company’s future outlook—a company with strong growth prospects may wish to conserve cash for investment, while one without suitable investment opportunities should preferably return excess cash to shareholders to enable them to seek better return elsewhere. However, a common agency problem in corporate governance is the reluctance of managers to

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cede control of free cash flow by returning surplus cash to shareholders, preferring to instead keep the cash idle or over-invest by using the cash for investments that may not be value-creating—*"the overinvestment problem is likely to be more pronounced in stable, cash-rich companies in mature industries without many growth opportunities"* [1].

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Domini Social Index

Samuel O. Idowu

The Domini 400 Social Index (DS400) is a market index that tracks the performance of companies which have satisfied a prescribed range of social and environmental performance standards. The DS400 index tracks 400 US listed companies known to be actively involved in responsible investing, it excludes companies associated with the so called 'sin' business—alcohol, tobacco, pornography, weapons, nuclear power and other controversial business activities considered by some to be morally unacceptable to socially responsible individuals for either religious or other reasons.

Potential candidates for the Index will have been assessed and certified as having positive records on areas such as employee and human relations, product safety, corporate governance and other aspects of corporate social responsibility.

The Index is meant to guide socially responsible investors when making their investment choices as to which companies they should invest in. The Index is the brain child of Amy Domini, the Chief Executive Officer of Domini Investment Management Company—a US citizen. The Index which is the first and best known-socially responsible Index in the USA was set up in May 1990. It was set up to allow socially responsible investors to factor social, environmental and governance criteria into their investment choices. The DS400 marked the genesis of investment in social responsibility on a large scale. Twenty other countries have since established financial products related with corporate social responsibility since the DS400 Index was established thus confirming that socially responsible investing is now a global trend.

[1] http://financial-dictionary.thefreedictionary.com/Domini+Social+Index+400 accessed 14 September 2013.
[2] http://www.syntao.com/CSRNews/CSRNews_Show_EN.asp?ID=12688 accessed 19 September 2013

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Dow Jones Sustainability Index

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The Dow Jones Sustainability World Index (DJSI World) was established in September 1999 to track the performance of the world's largest companies that lead the field in terms of corporate sustainability [1].

By September 1999, in a partnership of the Dow Jones Indexes and the SAM Sustainability Group, the Dow Jones Sustainability Group Indexes GmbH launched the world's first global indexes that track the performance of sustainability-driven corporations world-wide [2]. The Dow Jones Sustainability Group Indexes is a family of 20 different indexes derived from the Dow Jones Group Indexes and the Dow Jones Sustainability Group Indexes itself. Five indexes are of geographical character covering the world, Europe, North America, Asia/Pasific region, and the USA. Each geographical index is then crossed with subset indexes excluding stocks involved in tobacco, gambling, alcohol or all of these three [2]. The D.J.S.I. are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide. These indexes were created by the cooperation of Dow Jones Indexes, STOXX Limited and SAM which provide asset managers with reliable and objective benchmarks to manage sustainability portfolios. The family of these indexes was first launched on September 8, 1999. As stated in D.J.S.I., these indexes satisfy both private and institutional investor providing a global, rational, consistent, flexible and most importantly, investable index to benchmark the performance of their investments [3].

Companies are selected after an analysis and evaluation of information based on questionnaires filled out by top management offices, company policies and reports, and stakeholder relations obtained through a continual review of relevant media [2].

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Due Diligence

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Due diligence is a process which includes a detailed review of all aspects of a business, a person or a situation. Most frequently, it refers to the examination of a potential target for mergers and acquisitions, normally by a buyer. It is intended to be an objective, neutral and independent examination of the acquisition target [1]. Prior to an investment decision, relevant information must be obtained, analyzed and processed. Due to the risks inherent in a due diligence process, it should be guided by strict procedures and substantial oral and written information [2].

Due diligence encompasses a number of areas that would be examined [3]:

- Legal due diligence is focused on regulatory issues, threatened or ongoing lawsuits and unusual or onerous contract provisions.
- Financial due diligence generally concentrates upon an objective examination of the target company's financial stability and adequacy of its cash flow.
- Market due diligence provides a clear understanding of all market dynamics, all commercial issues and of the changing environment.
- Tax due diligence provides an assessment of the tax risks and key tax issues arising from a transaction, and determines the past, present and future tax liabilities of the target entity, including disclosed, undisclosed, realized and unrealized tax liabilities.
- Environmental due diligence results in an understanding of potential environmental liabilities associated with a target company, since environmental risks may translate into financial and reputational liabilities.
- Human resources due diligence deals the target company's management team and broader employee talent pool as well the means that help the company to attract, retain and motivate that talent.
- Intellectual property due diligence involves a thorough investigation and examination of assets (patents, trademark, copyrights, trade secrets, and other know how) to determine the validity of ownership rights and the quality of the assets themselves
- Technical due diligence analyzes the technical condition of production plants and questions manufacturing processes and applied technologies.

The purpose of these processes is to give confidence to the acquirers that they fully understand the value and risks associated with the target company. This also provides confidence in setting negotiation parameters. Time and cost constraints hamper that all issues are investigated in depth. As a consequence that choices and judgments need to be made about which issues are critical and need to be pursued [1].

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E

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Earth Summit

Ayça Tokuç

The 1992 United Nations Conference on Environment and Development, which took place in Rio de Janeiro from 3 to 14 June 1992, is more succinctly referred to as the Earth Summit. It provided an international platform for the discussion by various stakeholders of the environment and sustainable development. In all, 172 nations were represented, 108 of them by heads of state or governments. The Business Council for Sustainable Development, a group of top business executives interested in the environment, voiced business concerns. Non-governmental organizations sent about 2,400 representatives and organized a parallel event, the Global Forum, which attracted 17,000 persons. In addition, almost 10,000 journalists were present [1].

The output of the conference included Agenda 21, a wide-ranging action blueprint to achieve worldwide sustainable development; the Rio Declaration on Environment and Development, a set of principles that defined the rights and obligations of states to achieve more sustainable patterns of development; the United Nations Framework Convention on Climate Change's agreement on the Climate Change Convention, which led to the Kyoto Protocol; the Statement of Forest Principles; and the United Nations Convention on Biological Diversity, a legally binding instrument to sustain the rich diversity of life on Earth.

The summit showed that environmental protection and economic growth are not mutually exclusive; however, a transformation of consciousness to bring about the

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necessary changes for sustainable development is necessary. It influenced all subsequent UN conferences, some of which also assumed the Earth Summit designation. In addition, many insights into the adaption and contribution of business to the crucial goal of sustainable development were put forward, such as eco-efficiency, a guiding principle for businesses and governments alike. Follow-up structures, such as the Commission on Sustainable Development, the Inter-agency Committee on Sustainable Development, and the High-level Advisory Board on Sustainable Development actively continue their work.

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Economic Bottom Line

Massimiliano Di Bitetto and Paolo D'Anselmi

In mainstream CSR, the economic bottom line is absorbed by the profit maximizing paradigm and reported in the corporate financial statements. The accountability of work view of CSR puts new emphasis on the economic bottom line, as it has been shown [3] that corporate activities strive for profit maximization, but are hardly fully accounted for by such a paradigm. Moreover, non-profit organizations, such as government public administration, hardly report on their economic bottom line, i.e., the outcome and output of their activities [1, 2]. Therefore the economic bottom line—without attention to the accountability of work—appears as the forgotten third of triple bottom line reporting. Triple bottom line reporting is a synonymous expression of CSR. In fact CSR implies reporting in the economic, social and environmental domains. Mainstream CSR, however, concentrates its own effects on social and environmental behavior whereas reformulated CSR brings to center stage the economic bottom line. Reformulated CSR shows that there is a lot of freedom within the strictly economic activities of a core business. There are many ways to go about maximizing profits and with such freedom comes responsibility. CSR should concentrate on bringing out both responsibility and instances of possible irresponsibility in the core business of an organization. The positive economies of bureaucracy show that irresponsibility should be assumed as the default option and CSR should be the discipline of minimizing it.

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Eco-Conception (cf. Environmentally Friendly Products)

Philippe Callot

Eco-conception is "the integration of environmental factors from the initial starting point of product design, whether this relates to goods, services or procedures" [1]. What is involved is the best possible management and control of risks and costs connected to *the life cycle of a product* (cf. this term) from the start of production, through its various distribution processes, the use to which the product is put, right through to final marketing. Within a business it can also change style, methods and practices and exert an influence in business areas far beyond simple improvement of a particular product or service. In this respect it is therefore an important source of value-added and market differentiation for a company.

A program of eco-conception has been developed at the Château de La Bourdaisière (Montlouis-sur-Loire, outside Tours, France). It is a good example of how a building constructed between the 14th and 16th can be adapted implementing the best of ecoconcepts. Eco-conception encourages creativity and innovation. For instance, the majority of the restoration works undertaken at the property relate to energy management (insulation, utilization of biomass, installation of wood-burning and geothermal heating systems, lighting and heating for the green houses provided by wind turbines) [2] and waste management (composting and selective recycling) but also on the social side, priority has been given to increasing the awareness of staff and clients in relation to matters of health and wellbeing. Educational programs have also played an important role in development at the Château (training and educational facilities offered in the grounds).

In the context of global responsibility generally, eco-conception thus offers an excellent example of the changes which need to be implemented in terms of energy systems.

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[2] ADEME, Agence de l'Environnement pour la Maîtrise de l'Energie www.ademe.fr. Environment and energy management agency. Accessed on September 12, 2012.

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Ecology

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The term of ecology is derived from ancient Greek; *oikos* means “household, house, or family” and *logos* “statement, principle, law, reason, or proportion”. Ecology (“the economy of nature”) is the science of the interrelation of living organisms and their environment. The prefix “eco-” and the term “ecological” have been widely used and much abused to qualify even remotely things to do with environmental issues since 1970 [1]. However, when a normative or evaluative term is needed, it is more proper to use the term “environmental”. “Environmental” means relating to the natural, versus human-made world [2].

Ecology includes a wide variety of sub-disciplines. Autecology deals with individual organisms or species; synecology is a branch of ecology that deals with the structure, development, and distribution of ecological communities [3]. Physiological ecology studies the responses of single species to environmental factors; population ecology focuses on the abundance, distribution and distributional factors of individual species; community ecology studies the number of species found at a given location and their interactions; and ecosystems ecology concerns the structure and function of organisms and their abiotic environment, and how the parts interact to generate the whole. Evolutionary ecology operates at all levels [2]. Nowadays, an important area is also landscape ecology. It is the science of studying and improving relationships between ecological processes in the environment and particular ecosystems. As a highly interdisciplinary science in systems ecology, landscape ecology integrates biophysical and analytical approaches with humanistic and holistic perspectives across the natural sciences and social sciences [4].

Ecology is an important science for enterprises and other work communities. Ecological production can produce new ecological innovations and enhance the competitiveness of enterprises and improve cost efficiency in the long term, being sustainable in both the short and long term in terms of social economy. Environmental concern and sustainable development is a key pillar of corporate social responsibility.

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Ecology and Ecosystem

Patrick K.C. Low and S.L. Ang

Ecology is defined as the science of the relationships between organisms and their environment [1] and an ecosystem is a network community of living organisms (plants, animals and microbes) in conjunction with the non-living components of their environment (things like air, water and mineral soil), interacting as a system. These biotic and non-biotic components are regarded as linked together through nutrient cycles and energy flows [2].

In brief, ecology is the discipline or study of how living things, animals and plants live together and relate to the plant Earth, air, water; and energy forms in the environment.

Some communities live in a large region which may have the same climate. These areas are called biomes, and the communities adapt to this environment with the effect that both animals and plants live in balance. Human communities too must adjust and adapt to this environment with the result that the animals and plants live in balance or that they are, at least, protected and preserved.

Electronic Source

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Edited Book

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Ecodesign

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All products have an impact on the environment during their life cycle, yet decisions taken during the early design phase determine a significant part of this impact. Ecodesign is an environmental management approach that aims to minimize the total environmental impact of products. Since new products are critical to the future of a company, ecodesign promotes environmental product responsibility to improve the long-term success of the company. It systematically translates environmental risks into business uncertainties within the product development process. Associated benefits of ecodesign include competitive advantage, image improvement, brand distinction, cost and risk reduction, product innovation, product quality improvement, social equity and development of new markets [1]. Despite many advantages of ecodesign, it is not common practice in the corporate strategy and management of companies worldwide.

Ecodesign intends to integrate environmental concerns without compromising other crucial design criteria. There are many ecodesign methods and tools that companies can use. Various methods entail differing practices and indicators to improve environmental performance; some quantitative some qualitative. They can incorporate guidelines, checklists or software. They can relate to the needs of an individual, such as the manager, or coordination between differing concern groups. However, most ecodesign tools mainly have their origins from the environmental tools; thus the integration of ecodesign into the product development process and product life cycle management is precarious. Ecodesign deals with the entire life cycle of the product, which involves raw material extraction, manufacturing, packaging, transportation, distribution, use and end-of-life. Therefore, managing a product from an idea to its end of life is a complex process and falls to many departments and even different companies at different times. Thus, the selection of the right ecodesign practice is essential.

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Ecoefficiency

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The modern day root of the term ecoefficiency was coined by the British Council of Sustainable Development (BCSD) in 1992 and the concept derives from the fusing of economics and the environment. Principally, using resources efficiently to derive greater benefit (reducing waste) leading to greater profitability by cost reduction and gaining a competitive advantage. Costs are in terms of producing and delivering the final good/service and in terms of environmental damage- depletion and degradation of resources [1]. From an environmental perspective. For example, sustainability is important and poses the challenge of using fewer materials and less energy. As a result sustaining resources for a larger future generation, now beyond seven billion inhabitants all needing precious resources to live.

For organisations especially MNC's, a rise in population and the increase of economic wealth to highly populated nations such as India, China and Brazil offers economic opportunity. However, beyond the economic price a cost results: the depletion of natural resources. The solution from traditional economics is to use the price mechanism, however with unequal incomes this leads to winners and losers and the potential for social unrest. Therefore efficiently using resources, for example by recycling materials results in more resources available and less pressure on prices increasing- an 'all win' situation where by organizations embracing will see a rise in revenues, profitability and market value as opposed to organisations lagging in this frontier [2].

Discussion surrounding ecoefficiency has evolved into other areas of consideration such as 'life-cycle' costs- a more in depth analysis internalizing previous external irrelevant costs. 'Future proofing' products to increase their life by updating software in existing hardware and 'cradle to grave' consideration of products- a thorough examination from beginning to end of life, similar to life-cycle costing but examining financial and non-financial considerations, such as the environmental impact during the life of the product and the potential to recycle the product at the end of life. The origins of these and other developments can be traced back to ecoefficiency.

[1] Fiksel, J. (1996). Achieving eco-efficiency through design for environment. *Environmental Quality Management, 5*(4), 47–54.
[2] Guenster, N., Bauer, R., Derwall, J., & Koedijk, K. (2011). The economic value of corporate eco-efficiency. *European Financial Management*, *17*(4), 679–704.

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Ecological Economics

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The name ecological economics suggests that the discipline bonds together both economics and ecology. In fact, it is a "trans-disciplinary field of academic research that addresses the dynamic and spatial interdependence between human economies and natural ecosystems." [1]. The status of the field as a discipline has been quite recently acknowledged. Its development was in response to the belief that the traditional environmental and resource economics does not sufficiently solve the dilemmas associated with the environmental problems of the economic system. "To address the issues of the relationship between the economic system and its resource and environmental base involves more than simply pricing natural resources and environmental services." [2]. It means that from the very early stage of the discipline "dealing with non-monetized values, imprecision, and uncertainty" are among the most important theoretical issues [3]. The main characteristics of the ecological economics approach are: a systemic point of view, taking into account the natural context in addition to the economic, social and political (for example, inter-/intra-species distribution of wealth) and a focus on long-term environmental sustainability (for example, intergenerational justice). One of the most important advancement in ecological economics is environmental modeling which helps to estimate ecosystem services using the quantitative methods [1].

[1] Pertsova, C. C. (ed.). (2007). *Ecological economics research trends*. Hauppauge, NY: Nova Science Publishers, Inc.
[2] Goodwin, N. R., Harris, J. M., Krishnan, R. (1995). *A survey of ecological economics*. In Frontier issues in economic thought. Washington, D.C., Island Press.
[3] Costanza, R., & Daly, H. E. (1987). Toward an ecological economics. *Ecological Modelling*, *38*(1–2), 1–7.

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Ecological Footprint

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The concept of ecological footprint answers the question: "If everybody on Earth lived likewise, how many Earth's would be needed to maintain this one lifestyle?" It represents a measure of human demands on nature's ecological services in terms of the number of "Earths" and "global hectares" needed to sustain any lifestyle. The term originates from the Canadian academics Wackernagel and Rees in the early 1990s [1]. They wanted to compare human demand against nature's biocapacity, i.e., the capacity of ecosystems to provide resources and absorb waste materials produced by humans. The carrying capacity of the earth, or the maximum population size the earth can sustain indefinitely without significant negative effects, is a similar concept.

The ecological footprint can be used to evaluate the sustainability of a lifestyle while identifying opportunities to foster more sustainable human development and biodiversity. Although limited in scope, it can be a powerful tool when applied with various indicators, such as gross domestic product (GDP) or gross national product (GNP). The results of the calculations can be used by nations, societies, individuals, or corporations in making decisions on governance, finance, or environment. The benefits include maintenance and improvement of resources, setting strategic directions and targets, establishing benchmarks, and evaluation of alternatives for future activities in many scales of operation.

As of 2007, we needed 1.5 Earths to maintain our current lifestyle [2], which can also be interpreted as it takes the earth 1.5 years to produce the resources we use in 1 year. The calculations take into account how much land and water area is needed to produce the resources our lifestyle consumes, as well as the space required for buildings and roads, and the ecosystems for absorbing its waste emissions. The amount of biologically productive area available on Earth is calculated in "global hectares" (gha). Furthermore, the calculations also account for the prevailing technologies.

[1] Wackernagel, M., & Rees, W. (1998). *Our ecological footprint: Reducing human impact on the Earth*. Philadelphia, PA: New Society Publishers.
[2] Global Footprint Network. (2012). *Footprint basics*. Accessed on 21 March 2013, from http://www.footprintnetwork.org.

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Economicità

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The “economicità” is a widely developed concept in Italian and German literature, while it is less popular among Anglo-American academics.

More particularly, in this context we refer to the concept of “economicità aziendale”, which indicates a positive property required to ensure that an “azienda” can lasting survive over time.

The word “azienda” is difficult to translate in English. Some scholars have attempted to translate it with the word “concern” [1], i.e. “the general category of administration activity unit (concern for profit, non-profit and mixed ones), which tends to meet human needs by means of economic wealth” [2].

In the Italian literature, authors provide several interpretations and definitions of *economicità*. Sòstero [3] observes that the different definitions of *economicità* can be located along an imaginary line where we can find the following settings on its two extremes:

1. it can be interpreted as a condition of organization equilibrium, i.e. the ability of the “*azienda*” to survive autonomously over time, without the need of support from external agents;
2. it can be seen as the success in achieving the purpose for which the organization was founded and for which it is kept alive.

The most complete definition is provided by Sòstero [3], whereby “the *economicità* is seen as the organization’s ability to survive, and maximize the utility of its resources. It depends both on the organization’s performance and on the achievement of equilibrium conditions that allow the organization to survive”.

According to this author, the *economicità* depends on two factors:

(a) performance;
(b) equilibrium conditions.

Performance is measured through:

- effectiveness (See Section “Effectiveness”);
- efficiency (See Section “Efficiency”).

The equilibrium conditions relate to the following aspects:

- economic;
- property;
- financial;
- monetary.

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In for profit organizations, the economic equilibrium is reached when revenues cover all costs and keep a reasonable margin for the return on equity. In non-profit organizations, this equilibrium is interpreted in a more restricted way, i.e. the ability to restore at least the wealth consumed during the organization's operations.

The property equilibrium is the organization's ability to accumulate and maintain a reasonable amount of assets compared to the founding needed to achieve the concern's aims.

The financial stability is the adequate relationship between investments and financing.

The monetary equilibrium focuses on a short-term horizon and shows the organization's ability to cover, at any time, payments through monetary assets.

The concept of *economicità* can be analyzed with regard not only to the individual organization, but also to a group of organizations or to wider collective economies, in which the organization operates. In the latter case, the organization is expected to provide economic and social utility. In this sense, German scholars talk about "*Wirtschaftlichkeit*", which can be understood as a social type of *economicità* [4].

[1] Accademia Italiana di Economia Aziendale. (1980). *Gino Zappa founder of concern economics*. Papers of the hundredth anniversary of his birth. Milano: Arti Grafiche S. Pinelli.
[2] Lipari, C. (2012). *Accounting in Palermo from Ancien Régime to contemporary age*. In C. Lipari (Ed.), *Papers on accounting and accounting history* (p. 12). Roma: Rirea.
[3] Sòstero, U. (2003). *L'economicità delle aziende*. Milano: Giuffrè.
[4] Schmalenbach, E. (1939). *Dynamische Bilanz*. Leipzig: Glöckner.

Economic Responsibility

Serpil Kahraman Akdoğu

In historical approach, economic responsibility means self-reliance and self-dependence, solely with the responsibility of the individual for his own economic life [1]. Economic responsibility theory advocates in subject to minimalist public policy and customary ethics.

Economic responsibility is a key element for sustainability in terms of wealth creation. In business organization, economic responsibility approach means protecting and enhancing the "five capitals model": natural capital (natural resources), human capital, social capital (including any value added to the activities and outputs of an organization by human capital), manufactured capital, and financial capital under the organizational accountability and transparency. In this

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framework there is no need to trade off economic, social and environmental factors [2].

Furthermore, the term economic responsibility is one of the three concepts of corporate responsibility (CR) activities with environmental dimension and social dimension. An economic perspective indicates that CR activities may affect the output production and input demand, recognising productivity and cost efficiency. Economic responsibility refers to the impacts of the firm on the economic circumstances of its stakeholders on economic systems that affect economic efficiency [3].

[1] Clark, J. M. (1916). The changing basis of economic responsibility. *Journal of Political Economy*, *24*(3), 220–229.
[2] Pojasek, B. R. (2010). The three responsibilities. *Environmental Quality Management*, *19*(3), 87–94.
[3] Lankoski, L. (2008). Corporate responsibility activities and economic performance: A theory of why and how they are connected. *Business Strategy and Environment*, *17*, 536–547.

Economic Sociology

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Economic sociology is a developing area of both sociology and economics. The term "economic sociology" was first used by William Stanley Jevons in 1879. According to a well-accepted definition, economic sociology is the theory and application of the sociological perspective to economic phenomena that mainly includes political dimensions. Briefly, economic sociology is the application of the sociological tradition to economic phenomena [1]. In addition, economic sociology focuses on the social dimensions of both economics and economic institutions. The main subject area of economic sociology is the patterns and the role of social interactions and institutions in an economy.

As in economics, economic sociology also ranges from macroeconomics to microeconomics. Macroeconomic sociology analyzes firms and markets while microeconomic sociology analyzes individuals. Furthermore, this branch of economics can be divided into two views, classical view or Max Weber's view and contemporary view which is known as "new economic sociology". The classical view focuses on the concept of interests (not only economic interest, but religious interest, political interest and so on) in a sociological analysis of the economy [2].

The first contributor to economic sociology is Alexis de Tocqueville (1805–1859). He engaged in academic exchange with economist John Stuart Mill. He touched upon economic sociology topics in his two major works; "*Democracy in America*" (1835–1840) and "*The Old Regime and the French Revolution*" (1856).

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Economic sociology declined after the year 1920 and regained popularity in the early 1980s. In 1985, with the publication of Mark Granovetter's theoretical essay "Economic Action and Social Structure: The Problem of Embeddedness", the contemporary view received its name, economic sociology [2].

Alexis de Tocqueville, Max Weber, Karl Marx, Mark Granovetter, Karl Polanyi, Amitai Etzioni, Emile Durkheim and Ronald Burt are all well-known economic sociologists.

[1] Smelser, N. J., & Swedberg, R. (eds.) (2005). *The handbook of economic sociology*. Princeton, NJ: Princeton University Press.

[2] Swedberg, R. (2003). *Principles of economic sociology*. Princeton, NJ: Princeton University Press.

Economic-Sociological Perspectives on CSR

Manuel Castelo Branco

Up to now, the majority of the literature on corporate social responsibility (CSR) has been published in management or business studies journals, and this has amounted to a lack of concern with the societal aspects of CSR [1]. The main theories used in the analysis of CSR are based on economics, being predominantly concerned with how engaging in socially responsible practices may benefit the firm and tending to focus on the technical efficiency of such practices.

Sociological neo-institutionalism has emerged as an alternative to economics-based theories in the analysis of CSR which still depicts CSR mainly as a business or management issue but introduce institutional and social pressures in the analysis. This important school of research in economic sociology [2] depicts decision making in organizations as facing normative, coercive, and competitive pressures that are defined by the organizational fields within which they are embedded. Organizations are seen as adapting to existing forms in their organizational field in order to gain easier access to important resources [2].

Other schools of research in economic sociology analyse CSR mainly as a socio-economic phenomenon rather than simply as a business or management issue. Based on the perspective put forward in the book "The new spirit of capitalism" published in 1999 by two members of the French school of economic sociology, Luc Boltanski and Ève Chiapello, the CSR movement is interpreted as an illustration of the ability of the capitalist system to convert its own critique and to find new moral justifications for capital accumulation. It is seen "as a form of response to the new social and ecological criticisms, which does not seek to abolish wage labour or withdraw from capitalism, in a world in which states are considered powerless and

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perceived as illegitimate, leaving the obligation of constructing new regulations up to the companies themselves." [3]

[1] Brammer, S. J., Jackson, G., & Matten, D. (2012). Corporate social responsibility and institutional theory: New perspectives on private governance. *Socio-Economic Review*, *10*, 3–28.
[2] Boeddeling, J. (2012). Corporate social responsibility: A perspective from Weberian economic sociology. *Diskussionspapiere, Wirtschaftwissenschaftliche Fakultät, Universität Witten, Herdecke, No. 22/2011*. Accessed on 28 February 2013, from http://hdl.handle.net/10419/56042.
[3] Chiapello, E. (2013). Capitalism and its criticisms. In du Gay, P., & Morgan, G. (Eds.), *New spirits of capitalism: Crises, justifications, and dynamics*. Oxford: Oxford University Press.

Education for Sustainable Development

Liangrong Zu

Education for Sustainable Development (ESD) is a concept that goes far beyond environmental education. ESD is the educational process of achieving human development ("the three pillars of human development" proposed by UNDP: economic growth, social development, and environmental protection) in an inclusive, equitable and secure manner. It includes education for poverty alleviation, human rights, gender equality, cultural diversity, international understanding, peace, etc. The vision of education for sustainable development is a world where everyone has the opportunity to benefit from quality education and learn the values, behaviour and lifestyles required for a sustainable future and for positive societal transformation [1].

ESD equally addresses all three pillars of sustainable development—society, environment and economy—with culture as an essential additional and underlying dimension. By embracing these elements in a holistic and integrated manner, ESD enables all individuals to fully develop the knowledge, perspectives, values and skills necessary to take part in decisions to improve the quality of life both locally and globally on terms which are most relevant to their daily lives.

ESD promotes efforts to rethink educational programmes and systems (both methods and contents) that currently support unsustainable societies. ESD affects all components of education: legislation, policy, finance, curriculum, instruction, learning, assessment, etc. ESD calls for lifelong learning and recognizes the fact that the educational needs of people change over their lifetime. ESD employs a partnership approach that engages multiple sectors and stakeholders—including media agencies and the private sector—and utilizes all forms and methods of public

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awareness raising, education and training to promote a broad understanding of sustainable development.

[1] UNESCO. Education for sustainable development. Accessed on 20 February 2013, from http://www.unesco.org/new/en/education/themes/leading-the-international-agenda/education-for-sustainable-development/education-for-sustainable-development/.

Effectiveness

Carmela Gulluscio

Effectiveness is commonly understood as the ability to achieve the desired purpose.

In management and business administration, the term is used with the meaning of "doing the right thing". Therefore, the effectiveness is determined without taking into consideration the costs.

The concept of effectiveness has an important relationship with the efficiency (See Section "Efficiency"). However, it is possible to be effective without being efficient. In fact, a specific result could be achieved in wasteful ways.

Effectiveness is usually expressed as the ratio between two factors:

Effectiveness = results/objectives

It is worth mentioning, first of all, that these objectives can take the following forms:

– output;
– outcome.

The output identifies the goods supplied or the services provided (e.g. number of products sold, number of outpatient services provided, number of hospitalization days, etc.). The outcome is the result that the goods sold or the services provided produce in response to the needs of the customer/user (e.g. the effect that the purchased goods produced on meeting the user's needs, the result of health care services on the patient's health status, etc.). The output can easily be measured in terms of quantity; the outcome, on the contrary, has difficulties of measurement, which are usually overcome by the use of a mixed set of indicators in order to assess the effect of the service provided.

Effectiveness is usually analyzed under two different points of view [1]:

1. when the ratio between results and objetives is expressed in terms of output, it is called "internal effectiveness". It indicates the ability to achieve the selected goals, but gives no information on meeting external stakeholders' expectations;

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2. when the ratio between results and objetives is expressed in terms of outcome, it is called "external" or "social effectiveness". It shows whether the organization is able to meet external stakeholders' (e.g. clients/users) needs.

[1] Pavan, A., Reginato, E. (2004). *Programmazione e controllo nello Stato e nelle altre amministrazioni pubbliche*. Milano: Giuffrè.

Efficiency

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Efficiency is usually defined in two distinct ways:

1. as the ability to minimize the resources used in comparison to the same result achieved;
2. as the ability to maximize the result being equal the means employed.

It is expressed by the ratio between the results achieved and the resources used to achieve them.

The concept of efficiency has an important relationship with the effectiveness [See Section "Effectiveness"]. In fact, while effectiveness could be defined as "doing the right thing", efficiency is commonly understood as "doing something in the right way".

Likewise for effectiveness, also efficiency can be expressed in two different ways, namely in terms of:

(a) output;
(b) outcome.

In the first case, efficiency is determined according to this formula:

efficiency = output/input.

In the second case, it is estimated according to the following formula:

efficiency = outcome/input.

However, since the outputs are more easily measured than the outcomes, it is usual to express efficiency in terms of output.

More in detail, this relationship can be expressed in two different ways:

1. in terms of output per unit of input: in this case we speak of productivity;
2. in terms of the amount of resources used for amount of results obtained: one speaks, in this case, of efficiency in the strict sense.

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Efficiency can be expressed in physical quantities (e.g. meters, kilograms, number of hours or days of work, etc.) or in monetary values.

The main indicators of efficiency are [1]:

- performance of production inputs;
- costs.

These indicators affect differently on efficiency. In fact:

- when productivity increases, efficiency grows. When productivity decreases, efficiency is reduced;
- conversely, when costs increase, efficiency decreases, while costs decrease when efficiency increases.

[1] Onida, P. (1971). *Economia d'azienda*. Torino: Utet.

Elkington, John

Matthias S. Fifka and Lisa M. Fleischhauer

John Elkington was born in the United Kingdom in 1949. He is an internationally known authority on sustainability matters. He is co-founder, board member and major shareholder of SustainAbility, one of the world's oldest consultancies for sustainable business, founded in 1987. In addition, he is a founding member and executive chairman of Volans, another consultancy engaged in the areas of sustainability, innovation and entrepreneurship. His major contribution to the business and academic world was the development of the Triple Bottom Line in his now seminal book *Cannibals with Forks* [1], in which he describes the three elements of the triple bottom line as People, Planet and Profit. Today, these are also widely accepted as the three pillars of sustainability.

The idea behind Elkington's approach was to expand the traditional single bottom line as noted in businesses' profit and loss accounts by two additional and equally important bottom lines. These should be used by companies to report on their current state of affairs regarding social, economic and environmental matters as well as their goals and achievements in these areas compared to the previous reporting period. Other terms coined by Elkington include *environmental excellence*, *green consumer*, the *Future Quotient*, the *Phoenix Economy*, the *Sustainability Barrier* as well as the "*Zeronauts*".

Elkington has also made an impact on sustainable business through a large variety of publications. He has written or co-authored as many as 18 books, dealing

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mainly with the interplay of society, governments and corporations in the context of sustainability matters. Additionally, he has published numerous articles, and regularly gives speeches on social, ecological and economical topics. Also, he was and still is a member of a variety of advisory boards and consulting entities of organizations and companies, such as the Global Reporting Initiative (GRI), the World Wildlife Fund (WWF) Council of Ambassadors and Nestlé's Creating Shared Value.

[1] Elkington, J. (1997). *Cannibals with forks: The triple bottom line of 21st century business*. Oxford: Capstone Publishing.

Emerging Markets

Asli Yuksel Mermod

Emerging markets are nations and countries which stand out for their growing economies at a rapid speed in terms of liquidity, trade, technology transfers, industrialization, foreign direct investments, infrastructure and other positive aspects, but still not to the same extent as exists in the developed world. These economies attract especially portfolio investments. Investments in emerging markets are considered riskier as the average returns in emerging markets are above the returns in developed countries. According to the World Bank, the five biggest emerging markets are China, India, Indonesia, Brazil and Russia. Other countries that are also considered as emerging markets include Mexico, Argentina, South Africa, Poland, Turkey, and South Korea. The *Big Emerging Market* (BEM) economies are Brazil, China, Egypt, India, Indonesia, Mexico, Philippines, Poland, Russia, South Africa, South Korea and Turkey [1].

In the 1970s, the term "less economically developed countries" (LEDCs) was used for markets that offered greater potential for profit, but also were more risky than developed regions such as the United States, Western Europe, and Japan. In the 1980s, the term changed to 'emerging markets' to emphasize the more positive impact on potential investors.

Emerging Markets are growing economic forces on a regional level with huge populations, large resource bases and markets. Emerging markets must be ready to undertake structural reforms in their financial, legal and political systems in order to build a disciplined and stable economy with less governmental intervention.

Emerging markets are the world's fastest growing economies, contributing a significant share to the world's growth of trade. From 2006 to 2010, high-income countries recorded, on average, an annual increase in GDP of 3 %, while emerging countries grew at 15 % annually, accounting for 60 % of global economic growth during the period [2]. These countries will also become more important buyers of

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goods and services than industrialized countries. They are major actors in the world's main political, economic, and social affairs.

One of the challenges emerging markets have to face is corruption, which causes an uncomfortable business environment and inhibits the development process. Emerging economies also have to fight against a large informal economy and the resulting losses in government revenue [3].

[1] The University of Iowa Center for International Finance and Development; Emerging Markets. (2013). Accessed on 23.6.2013, http://www.uiowa.edu/ifdebook/faq/faq_docs/emerging_markets.shtml.
[2] World Economic Forum; Global Agenda Survey; Rise of Emerging Economies. (2012). Accessed on 23.6.2013http://reports.weforum.org/global-agenda-survey-2012/view/trends/rise-of-emerging-economies/
[3] Emerging Economy Explanatory Model. (2012). Accessed on 23.6.2013, http://cks.in/wp-content/uploads/2012/10/02_Emerging-Economy-Explanatory-Model.pdf

Employee

Massimiliano Di Bitetto and Paolo D'Anselmi

The employee is a key stakeholder in mainstream CSR that is generally viewed as a "positive" stakeholder that ought to be stewarded. The current CSR perspective on the employee sees the organization as made of employees and management. Employees are seen as opposed to management. The responsibility of CSR is assumed in the hands of management. Management is responsible. This view reflects the organizational sociology of Max Weber (1952), and the profit maximizing approach of neoclassical micro-economics. According to Weber, responsibilities within an organization are clearly defined and most people working in the organization (the employees) "take orders" and can therefore claim they are not responsible for what the organization does. A broader view of organizational behavior sees discretionary behavior at all level of the organization, thus placing responsibilities on employees as well. This is especially true in modern industrialized democracies. An additional point of view needs being considered: in a developed economy, it is important to note that employee interests may be in contrast with the interests of the customers of a given organization, thus showing a dialectic relationship between key stakeholder groups. Only in the best and most responsive organizations the customer is considered to be the center of all organizational

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activities. The notion of employee is also related to the notions of citizen, consumer, and worker.

[1] Niskanen, W. A. (1968). Non-market decision making. The peculiar economics of bureaucracy. *American Economic Review*, *58*(2), 293–305.
[2] Weber, M. (1952). *The essentials of bureaucratic organization: An ideal-type cons*truction. In R. K. Merton, et al., (Eds.), A reader in bureaucracy. Glencoe: The Free Press.
[3] Williamson, O. (1964). *The economics of discretionary behavior: Managerial objectives in a theory of the firm*. New York, Englewood Cliffs: Prentice Hall.

Employee Participation and Ownership

Phillip Gordon

The "command and control" management model for corporations is over 100 years old, and despite all the hype about "flat" organizations, is still the way most corporations (and for that matter most startups) are organized. However, employee-run companies often do well, and sometimes better than corporate entities.

Employee Stock Ownership plans create companies with sales, employment, and sales/employee increased by about 2.3–2.4 % per year. However, this benefit is only seen in companies with the greatest employee participation. A 2008 analysis of 328 majority ESOP-owned companies found that these companies had sales per employee 8.8 % greater than comparable non-ESOP companies, and had an 8.12 % increase in company valuation relative to the industry median [1].

Cooperatives and credit unions are another form of employee-owned business. According to a University of Wisconsin study, there are more than 29,000 co-ops generating $654 billion in revenue [2].

Another method for employee participation is profit sharing. In an Inc. magazine listing of the 500 fastest growing US companies, 40 % do profit sharing, leading to employee innovations resulting in increased efficiency, productivity, and profits [3]. And since employee-owned companies, which are at their heart profit-sharing organizations, do at least as well financially, and sometimes better, than command and control organizations, that explodes the myth that only highly paid senior executives can really "run" a corporation.

[1] The National Center for Employee Ownership. (ND). *Research on employee ownership, corporate performance, and employee compensation*. http://www.nceo.org/main/article.php/id/3/

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[2] Cortese, A. (2011, 13 November). *A town creates its own department store*. NY Times.
[3] Heymann, J. (2010, 27 September). *Increasing profits by opening the books*. Bloomberg BusinessWeek.

Employee Volunteering

Ioanna Papasolomou

Employee Volunteering (EV) is growing in popularity as an effective method that enables businesses to show community commitment and corporate citizenship. Companies are faced with heightened expectations to play more active social roles. They are expected and even challenged to act as ‘good corporate citizens’ and actively engage in the social well-being of the communities in which they belong and operate. EV refers to an “ongoing co-ordinated effort where businesses support and encourage their staff involvement in the local community” [1]. EV programmes are employer-initiated and/or employee-led initiatives/activities that are recognized and supported by the employer [2]. When firms engage in EV they actively support and encourage their employees to volunteer their services to support charities or causes for mutual benefit. EV significantly contributes to generating social capital as it builds networks, instills trust and cooperation between firms, employees, charities, institutions and other partners. Social capital highlights the potential of voluntary cooperation, building alliances and facilitating collective action. Today more than ever before, when most countries in the European Union have been hit by the economic crisis, it has become imperative to invest in EV as a means for contributing to the ‘common good’, ‘helping others’ as well as achieving business objectives such as survival, building company and brand loyalty and enhancing corporate reputation. There is empirical evidence to suggest that the number of firms engaging in EV and integrating it into their overall business strategy has increased. EV programs provide numerous benefits for the community and also enhance the corporation’s public image by demonstrating social involvement and commitment to the community. Firms should realize that they are part of a community and should encourage their employees to volunteer their skills, knowledge and experience to civic groups as the argument that corporations have no obligations towards their stakeholders other than shareholders has become outdated [3].

[1] Muthuri, J., Moon, J., & Matten, D. (2006). *Employee volunteering and the creation of social capital*. Research Paper Series, International Centre for Corporate Social Responsibility, ISSN 1479–5124.
[2] Lukka, P. (2000). *Employee volunteering: A literature review*. London: The Institute of Volunteering Research.

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[3] Papasolomou, I. (2007). Employee volunteering. In D. Crowther, & M. M. Zain (Eds.), *New perspectives on corporate social responsibility* (pp. 189–214). Malaysia: Ampang Press.

Energy

Patrick K.C. Low

The concept of energy emerged out of the idea of *vis viva* (Latin word for living force), which Gottfried Leibniz (1646–1716), a German Mathematician and philosopher, defined as the product of the mass of an object and its velocity squared; he believed that total *vis viva* was conserved. In 1807, Thomas Young was possibly the first to use the term "energy" instead of *vis viva*, in its modern sense [1].

Energy refers to the capacity or ability of something to do work. It is easy to recognise when energy is involved as it makes things move and work.

Another important source of energy is potential or stored energy; it is basically energy at rest, waiting to be released. Once it is consumed, it becomes another form of energy. In other words, energy can be converted from one form to another.

Various other types of energy thus also exist, and these include kinetic energy which is generated by motion or movements. A bouncing ball and the earth's rotation on its axis are examples of a form of kinetic energy.

Another form of energy is heat and light energy; here, the sun is our greatest source of both heat and light energy.

Electrical and magnetic energy is yet another important form of energy. Thunderstorms create a lot of electrical energy. And the earth's gravity and magnetic field are natural examples of magnetic energy.

Sound energy, which can be very powerful, is made up of moving waves of vibrations and these waves travel through air, liquids, metals or other solids. The jet plane which flies faster than the speed of sound produces a loud sonic boom.

Wind can also be used to produce energy. Winds can, for example, turn the windmill which operates a water pump.

Nuclear energy is also produced when the nucleus of an atom of certain substances is split; energy is released. Uranium and some natural elements can be used to generate nuclear energy. Chemicals can be mixed and/or used to produce heat energy and other reactions.

For its own betterment, humankind must indeed learn to conserve and use clean energy which helps to be green, saving nature while minimising the use of resources and taking care of the environment.

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Energy Conservation

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Energy as is known today is the bedrock of modern development. It is an important production factor and therefore should be managed in parallel with land, labor and capital. Climate change and environmental externalities associated with energy consumption have become a major international issue. At a time when global environmental issues are becoming more critical than ever, environmental protection is an obligation that any corporate citizen owes to Nature and the society. The global concern about climate change and rapidly rising emissions from industrializing economies caused improvements in energy efficiency (i.e., reductions in energy per unit of output) are often suggested as a means of reducing carbon emissions [1].

In this framework, energy conservation refers to reducing energy consumption through using less of an energy service. Energy conservation and efficiency are both energy reduction techniques. Energy conservation differs from efficient energy use, which refers to using less energy for a constant service. For example, driving less is an example of energy conservation. Driving the same amount with a higher mileage vehicle is an example of energy efficiency. The concept of energy conservation and emission reduction seeks to realise energy conservation and emission reduction in each production activity. Clean production technologies have been applied in the production, storage and logistic processes, and production process flows have been improved and management standards enhanced to effectively increase the efficiency of resource utilization and to minimize the impact of production operations upon the environment.

CSR is a way of managing stakeholders' expectations to generate business, social and environmental benefits. It brings a broader, more inclusive/holistic approach to energy management, engaging external stakeholders and managing their expectations, generating win-win synergies and mutual advantage. CSR also takes a longer term view, assessing energy implications of new projects, products, equipment, services etc. on a lifetime basis, aiming for sustainable performance. It brings additional tools for the energy manager's toolbox. Through CSR projects the companies expected to reduce their energy consumption and report the results of

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their efforts. Energy management by upholding energy conservation is an important environmental/social responsibility action.

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Enlightened Marketing

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"Enlightened Marketing" seeks to address some of the criticisms of traditional marketing philosophies and their impact on the community as a whole. In a broad sense, it is founded on the philosophy that a company should make good marketing decisions by considering long-term factors such as consumers' interests and well-being, the company's long term strategic goals, and society's long-term interests. According to this philosophy the company's marketing strategies should always be consumer-oriented, innovative, and beneficial to society, of long-term value and based on a sense of mission.

"Enlightened Marketing is a marketing philosophy holding that a company's marketing should support the best long run performance of the marketing system; its five principles are consumer-oriented marketing, value marketing, innovative marketing, sense-of-mission marketing and societal marketing."[1].

Consumer-oriented marketing highlights the principle of consumer orientation. In other words, the firm focuses its efforts on achieving superior customer value as a basis for achieving lasting and profitable customer relationships. A prerequisite for customer-oriented marketing is the identification of defined groups of customers through a careful segmentation.

Value Marketing holds as a prerequisite the investment of company resources in value-building marketing investments such as significant improvements in the quality of the product and the development of innovative features. The end result will be increased customer loyalty and improved customer relationships.

Innovative marketing supports the idea that a firm should relentlessly direct its efforts towards finding new and innovative ways to achieve significant product and marketing improvements.

Sense-of-mission marketing stipulates that corporations need to develop their mission statements in broad social terms rather than narrow product terms without losing their business drive and focus. A social mission can inspire and motivate employees, can give them a sense of purpose and a clear direction. There are several

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examples of companies that have been guided by what is good for society and have managed to meet the expectations of society as well as their profit goals.

Societal Marketing is aimed at balancing the interests of the company, the society, and consumers. Very often though achieving this balance can be extremely difficult as often there is conflict between what customers need and what is good for society. Marketers have a responsibility to regulate their own behavior and the behavior of their organization in terms of providing products and services or implementing practices that can prove harmful for the society at large. If they fail to do that then, they are likely to be faced with the scrutiny of consumer associations, activists and of course government regulation and intervention.

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Enlightened Self-Interest

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Enlightened self-interest is the concept that actions for the interests of others ultimately serves in the interest of the person taking the action. In other words, people need to further the interests of others in order to achieve self-interest.

The concept of enlightened self-interest has developed since the late 1960s–1970s when CSR first came to be widely discussed in the United States, and it has been argued as one of rationales for CSR. The concept explains that companies' involvement in public issues is consistent with their private activities, and that active promotion of social welfare by companies will result in business prosperity. Enlightened self-interest has two aspects; a healthy and prosperous society provides companies with opportunities to achieve sustainable profit and high growth, and, vice versa, companies that do not play a public role in creating such a society will be sanctioned with measures and criticism by society and/or national government. Therefore, this concept argues that companies should respond to the expectations and requirements of society in order to maximize their long-term profit [1].

On the other hand, there is some criticism against the concept. For example:

– companies can only afford to be involved in activities focused on public good in economically positive times, and their continuous commitment cannot be expected, and
– each company will respond individually and minimally to critical threats and pressures, but it will not become an "engine" to drive change in the relationship between business and society.

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The concept of enlightened self-interest is too abstract and ambiguous for companies to be of reference to strategic development, and further does not provide any definitive guidelines to tackle social issues. It does not indicate how CSR activities can produce long-term profits. Without a mechanism for evaluating CSR activities in the market, it is not possible to explain how CSR activities can produce long-term profits.

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Enron

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Enron was an American energy, commodities, and services company based in Houston, Texas that filed the largest bankruptcy case in the US history on December 2, 2001 totalling losses of around 66 billion US dollars, forcing 4,000 unemployed [1].

On October 16, 2001, Enron Corporation of Houston, Texas, one of the largest corporations in the world, announced it was reducing its after-tax net income by $544 million and its shareholders' equity by $1.2 billion. On November 8, it announced that, because of accounting errors, it was restating its previously reported net income for the years 1997–2000 [2]. These restatements reduced previously reported net income as follows: 1997, $28 million (27 % of previously reported $105 million); 1998, $133 million (19 % of previously reported $703 million); 1999, $248 million (28 % of previously reported $893 million); and 2000, $99 million (10 % of previously reported $979 million). These changes reduced its stockholders' equity by $508 million. Thus, within a month, Enron's stockholders' equity was lower by $1.7 billion (18 % of previously reported $9.6 billion at September 30, 2001) [2].

As an energy trader, Enron had a comparative advantage over its rivals from the financial sector: because it owned and operated physical plant, it was in a position to hold energy supplies in its own right as a protection against movements in market prices. As an industry insider it also had an informational advantage in forecasting regional and sectoral shocks. Enron was heavily leveraged for much of the 1980s and 1990s as a result of the loans initially taken on at the time of the merger, which created the company [3].

The price of Enron's stock, which had increased spectacularly over the 1990s from a low of about $7 to a high of $90 a share in mid-2000, declined to under $1 by year-end 2001 [2].

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Environmental Impact Assessment

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An Environmental Impact Assessment (EIA) is a useful tool in the early stages of a decision-making process, since it identifies and predicts the environmental implications of a proposal, ideally as part of a transparent, democratic, and multidisciplinary platform that includes representatives of government, private companies, and local populations. In effect since the 1960s, an EIA is required for public or private projects, which can cause significant effects on the environment, by many countries. The resulting written document, called either an environmental impact statement or an environmental impact report, is prepared according to legally transcribed methodology. An EIA integrates environmental issues into decision-making, to improve the chances of a project's success and acceptance.

An EIA requires the planners to look for alternative environmental solutions in the first planning phase of a project and to justify their decisions in light of both detailed scientific studies and public comments on the many dimensions of sustainable development. An EIA emphasizes sustainable development and economic growth. It seeks to benefit many stakeholders; specifically, with more information, planners make more informed and less uncertain predictions, and local populations—with access to their data—have a greater chance for input. The phases of EIA preparation are scope identification, prediction, and evaluation. Follow-up, monitoring, and feedback mechanisms are also important. However, an EIA has certain shortcomings, the most important of which include a lack of guidelines, especially on CSR reporting; insufficient communication among actors; limited quality control; limited scope; an excessively local focus; the lack of accountability of decision-makers; and heavy reliance on mitigation and technological solutions [1]. Many suggestions have been put forward to make an EIA both more effective and more reliable in global governance.

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Environment and Ethics [1]

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Ethics are a broad way of thinking about the moral principles and values relating to human conduct, with respect to the rightness or wrongness of certain actions. They have been studied since ancient times. Over the past decades, the focus shifted to the relationship between humans and the environment given the recent recognition of happenings resource degradation, pollution and global warming brought about by modern industrialization.

The environment refers specially to the natural world of which humans are a part, including landscapes which function according to evolutionary natural processes. But, since humankind has substantially altered many natural systems, the term “environment” also includes areas manipulated for the human use, incorporating landscapes where agriculture, agro forestry, and cities are located [1]. There are many environmental problems that challenge our ethical and values systems, problems that are diverse in scale, impact, and the harms they threaten. These problems can be local, regional, or global and they can include setbacks to human interest, or they can hurt other creatures or natural organisms. Therefore, even if earth systems successfully responded to human actions, there may still be a high price to pay in the loss of much that human beings value: species diversity, quality of life, water resources, agricultural output, and so on [2].

Consequently, a new branch of philosophy arose—environmental ethics, which is concerned with our attitudes towards and impact on the biological and geological dimensions of the planet, in terms of how that impact affects humanity, whether it enhances or diminishes the well-being and diversity of other forms of life on Earth, and whether humanity maintains or disturbs the balance between the planet’s different life forms and natural systems [3].

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Environment and Ethics [2]

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The environment has been defined in many different ways. Einstein's definition states that the environment is "everything that is not us". The European Union says that the environment means "The whole set of elements which form the frameworks, the surroundings and the living conditions of man and society, as they are or as they are perceived". The notion of environment always includes nature and culture [1]. Ethics is a broad way of thinking about what constitutes a good life and how to live one.

Different schools of thought have different priorities that they each support. In the Judeo-Christian tradition, man is called to dominate nature, although this attitude has been revised to become one of stewardship. Oriental religions, on the other hand, consider humans as an integral part of nature. Modern philosophers have views ranging from anthropocentrism to biocentrism and ecocentrism. Anthropocentrism aims at protecting the environment in view of the interests of mankind. This covers both material needs for survival and well-being, and also amenities and aesthetic satisfaction. An additional element in this respect, based on the concept of sustainable development, concerns future generations. Biocentrism recognizes the intrinsic value of life and living beings, while ecocentrism advocates that environmental ethics should build scientific understanding by bringing human values, moral principles, and improved decision making into conversation with science [1]. As far as ecocentrism is concerned, the most extreme view is that of the so-called 'deep ecology' movement. According to the Norwegian philosopher Arne Næss, it holds that the value of non-human living beings is independent of their utility to man. Biological diversity, for example, has an intrinsic value and man has no right to reduce this richness except to satisfy his vital needs [2]. Some adherents of deep ecology even state that the welfare of ecosystems may require a reduction of human population, because its interference has become excessive. According to Næss, the solution of environmental problems requires a fundamental change in behaviour. We must recognize that we are part of nature, that we are nothing but dissipative structures existing only through matter and energy flows, as a vortex in a flowing fluid (as in Buddhism) [1].

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Environmental Management and Audit Scheme

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Environmental Management and Audit Scheme (EMAS) may be considered as an important instrument for both the 'sustainable consumption' and for the 'production and sustainable industrial policy' action plans [1]. Its objective is to promote continuous improvements in the environmental performance of organisations through the establishment and implementation of environmental management systems. Therefore, EMAS monitors and reviews the systematic, objective and periodic evaluations of organisations. EMAS keeps an open dialogue with key stakeholders, including the organisations' employees, the general public and other interested parties. It provides them with relevant information on how to improve their environmental performance [2].

EMAS (Reg 761/01 EC) has been regulated by the European Commission since 1993. Its Environmental Management System (EMS) was originally proposed as a frontrunner of a series of policy tools that enable companies to simultaneously pursue environmental objectives and competitive targets in a synergetic way [3]. The EMS is an increasingly diffused tool among organisations operating in different sectors, thanks to the drive and impulse from voluntary certification schemes such as EMAS and ISO 14001. These schemes provide a third-party guarantee of environmental "excellence". Organisations who adopt EMAS or ISO 14001 may gain a competitive advantage when they improve their environmental performance [3].

Currently, more than 4,500 organisations and approximately 8,150 sites are EMAS registered, worldwide. Among them are many multinational enterprises and smaller companies as well as public authorities [1].

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Environment, Social and Governance

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The negative effects of the global financial crisis, climate change, and corporate scandals have brought to the forefront the strategic position of the non financial factors for companies. Environment, social and governance (ESG) is a set of three key areas used to measure the impact of socially responsible investment on the value of companies.

Companies fight for market recognition and for investors' confidence by improving their ESG performance. Unfortunately, in this unstable global landscape, companies are subject to different risks and the strategically evaluation of ESG risk is an important activity of their risk management process [1].

Different financial markets worldwide have focused on corporate activities in the three areas to provide ESG sustainable rating indices. Therefore, the Dow Jones Sustainability World Index (DJSI) was launched as benchmarks for investors who would like to integrate sustainability considerations into their portfolios, in 1999. DSJI family consists of S&P Dow Jones Indices and RobecoSAM. The FTSE4Good Index was launched in the UK by FTSE Group in 2001 with the purpose to assist in measuring the performance of companies that apply corporate responsibility standards in the operational activities. The most important ESG index is the MSCI ESC Indices grouped in five categories (MSCI ESG 'Best-in-Class' Indices; MSCI ESG Socially Responsible Indices; MSCI ESG Ex Controversial Weapons Indices; MSCI Global Environment Indices; Custom MSCI ESG Indices).

In the last few years, the ESG factors together with key performance indicators (KPI) and enhanced business reporting (EBR) have been used in the decision-making process in terms of private equity investment activities and they have played an important role in the relationship between general partners (GP) and limited partners (LP). As a result, The UN Global Compact Principles for Responsible Investment (PRI) has published a new document known as "**Environmental, Social and Corporate Governance (ESG) Disclosure Framework for Private Equity**" on 25 March 2013. The document provides guidance on five objectives related to the fund due diligence process, and on the three other objectives related to disclosures during the life of the fund [2].

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Environmental Ethics

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Environmental ethics is a sub-discipline of philosophy and it emerged as a consequence of the negative influence of human beings on the natural environment in the early 1970s. The philosophical approach to sustainable environment is based on moral superiority of human beings and on the intrinsic value of the natural environment. The evolution of the environmental ethics is based on the holistic structure of the world and on anthropocentric ethic. Therefore, the relationship between human beings and the natural world was analysed by two antagonistic types of anthropocentrism: *strong anthropocentrism* and *weak-or extended-anthropocentrism* [1].

Throughout the time Næss's biospheric egalitarianism and deep ecology, feminist-environmentalist theories, eco-criticism, social ecology and bioregionalism, *biocentrism,* consequentialist and deontological approaches have influenced the evolution of the environmental ethics. Scholars (i.e. Attfield, Bookchin, Boyd, de Shalit, Fox, Greeley, Jameson, King, Light, Norton, O'Neil, Palmer, Passmore, Sagoff, Shaiko, Shue, Thompson, White, and Whitney) have reached the conclusion that the dissipation of moral principles and ethical responsibilities is at the origin of the ecological crisis and of the environmental devastation.

The *effects of environmental ethics* are reflected in many international documents one of them is the Kyoto Protocol to the United Nations Framework Convention on Climate Change [2]. Therefore, environmental ethics will be developed as a consequence of a set of ethical, social, cultural, political and legal movements. Unfortunately, the future of the environmental ethics is and will be built on dramatic effects of the climate change related to natural environmental destruction and unequal resource consumption. The ethical decisions that human beings will make have to take into account the moral individual obligations concerning the natural environment and to materialize them in tangible solutions to the environmental crisis. The individuals and the states must realise that environmental obligations are compulsory for the development of the relationship between present and future human well-being and sustainable environment.

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Environmental Management Systems

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An environmental management system comprises a set of internal policies, assessments, plans and implementation actions that affect the entire organization and its relationships with the natural environment [1]. Environmental protection is a central challenge confronting companies nowadays. The focus is usually on two aspects. Firstly, there are the questions of how much weight should be placed on environmental objectives compared especially to economic ones, and how to deal with any existing conflicts between objectives. Secondly, there is the question of the particular form of environmental management in the context of environmental management systems.

Standards play an important role in environmental management in business practice—the ISO 14001 is of particular significance [2]. An implementation and certification of environmental management systems in accordance with this standard requires firstly defining an environmental policy for the company that sets the framework for action. It is also important to identify the environmental requirements of the stakeholders—including the legislature, but also, for example, customers, creditors and the public. Furthermore, key environmental aspects of the business have to be captured. On this basis, environmental objectives and measures for achieving them are determined. In addition, environment-related organisational structures and responsibilities must be defined. It is also necessary to develop concepts for training employees, as well as for internal and external communication strategies. Regular checking of goal attainment also must be conducted. For this purpose, comprehensive process measurements are required to detect variations from expected values as early as possible, so that corrective action can be taken (e.g. to ensure certain levels of emission or waste). Additionally, regular internal and external audits are mandatory components of certifiable management systems [3]. The cycle concludes with a review of the overall environmental management system by top-level management of the organisation. This should ensure that the environmental management system is purposeful, adequate, and effective. Such a review also constitutes the starting point for a reiteration of the entire cycle.

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Equator Principles

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The Equator Principles (EPs) are a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for environmental and social due diligence to support responsible risk decision-making [1]. Large infrastructure and industrial Projects can have adverse impacts on people and on the environment. The Equator Principles Financial Institutions (EPFIs), have adopted the Equator Principles in order to ensure that the Projects they finance and advise on are developed in a manner that is socially responsible and reflects sound environmental management practices [1].

Since early 2000, commercial banks have increasingly come under close public scrutiny on environmental and social issues. Civil society has asked commercial banks to implement their own policies to check the impacts of projects [2]. In order to respond to these requests, in June 2003, ten commercial banks launched the EP [2]. As of today more than 80 financial institutions have joined the Equator Principles Initiative. In 2014 more than 80 banks have signed up to the EPs [1].

The EPs are based on the World Banks' private sector arms'—the International Finance Corporation (IFC) Performance Standards and provide Ten Principles, which together are regarded as best practice risk management and mitigation for social and environmental risks involved in financing projects. As environmental and social risks have an influence on the probability of default of a structured deal, it is important for Banks to categorize the project into high, medium and low Environmental & Social risk and require the borrower to provide an Equator Principles Action Plan to address these risks. The EPs Action Plan is often part of the Loan documentation to make it enforceable. The objective of the EPs Action Plan is to achieve an acceptable residual risk through good risk mitigation practice.

The EPs apply globally, to all industry sectors and to four financial products (1) Project Finance Advisory Services (2) Project Finance (3) Project-Related Corporate Loans and (4) Bridge Loans. The importance of climate change, biodiversity, and human rights are recognized and negative impacts on project-affected ecosystems, communities, and the climate should be avoided where possible. If these impacts are unavoidable they should be minimized, mitigated, and/or offset. The ten Principles are [1]

Principle 1: Review and Categorization
Principle 2: Social and Environmental Assessment
Principle 3: Applicable Environmental and Social Standards
Principle 4: Environmental and Social Management System and Equator Principles Action Plan

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Principle 5: Borrower to undertake ongoing Stakeholder Engagement
Principle 6: Borrower to implement a Grievance Mechanism
Principle 7: Independent Environmental and Social Review by Independent Consultant
Principe 8: Covenants as part of the Loan documentations,
Principle 9: independent Monitoring of Implementation of Equator Principles Action Plan and Reporting
Principle 10: Client Reporting and Disclosure Requirements (make Summary of Environmental and Social Assessment available online) and Financial Institutions' Reporting Requirements

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Ethical Absolutism

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Ethical absolutism posits that notions of 'right' or 'wrong' are absolute, objective, universal and ontologically independent of cultural or historical factors. This implies that it is possible to judge an action as 'morally wrong' independent of time and geographical context, even if many people consider the practice normal and acceptable. In contrast with a relativistic approach to ethics, which contends that it is not possible to identify moral values, norms or principles that are universally valid, ethical absolutism claims that certain moral principles do not stand exceptions.

Ethical absolutism differs from ethical objectivism on several levels, although the two positions are often confused with one another. If a moral truth is objective, it means that it is valid because rational human beings would accept this truth as factual, valid and real; it does not necessarily ensue that the moral truth will be applied absolutely, without exception. For example, it is an objective truth to state that 'killing is wrong'; however, to state that 'killing is always wrong and under no circumstances can there be an exception to this' makes the truth absolute. In other words, ethical objectivism is concerned with the status of moral rules (i.e. they *are* universally valid) whereas ethical absolutism is concerned with the stringency of these rules (i.e. they *must be* applied strictly and absolutely) [1].

A major objection to ethical absolutism is its tendency to sustain intolerant and intolerable positions. Ethical absolutists reject exceptions based on cultural traditions, instead claiming that societies should embrace a set of moral principles deemed universally valid and desirable. Because universal moral rules must be

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pre-identified, it is often believed that Western values are overly represented to the detriment of cultural and social diversity. Nevertheless, it has been suggested that the reality of social cooperation and organisation demands that communities adopt basic moral codes that share close similarities beyond cultural differences [2]; these moral principles thus possess an objective, if not absolute, quality that suggests the existence of panhuman universal ethics [3].

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Ethical Relativism

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Ethical relativism is an ontological position that contends there cannot be absolute or universal moral principles or rules. Instead, moral beliefs are socially crafted and negotiated to suit the needs and wants of the community. Moral principles, therefore, are social conventions rather than objective imperatives.

Ethical relativists argue that morality is culturally and historically contingent [1]. Moral norms, principles and beliefs can be understood and assessed only within the context of the community which has adopted them. Consequently, it is hardly possible to judge moral practices objectively or comparatively outside of their original culture. For example, certain practices may be accepted as normal in a community and condemned as immoral in another; according to moral relativists, neither community is 'right' or 'wrong' in holding its beliefs. This difference, they contend, demonstrates that it is impossible to find universal, absolute and objective moral principles that anyone should obey always [2].

One form of ethical relativism further proposes that morality is inherently subjective, that is, moral beliefs are essentially personal viewpoints. This extreme moral position significantly weakens the value of ethics, justifying an 'anything goes' attitude. Milder forms of ethical relativism, such as cultural relativism (principles endorsed by a given culture) or situationalism (principles validated by a given situation), do not escape the criticism that they potentially render ethics both arbitrary and contradictory.

Nevertheless, ethical relativists correctly note that it is difficult to identify moral norms that can claim to be objectively valuable and universally applicable. Their main contention is that a relativistic attitude encourages tolerance and

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understanding. In fact, ethical relativism can accommodate the view that despite cultural or contextual differences, human communities share a concern for certain moral goals which could be deemed universally desirable [1].

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Ethics

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Ethics is a philosophic discipline, also called "moral philosophy" or "practical philosophy." The first term mirrors the fact that ethics is a reflection theory about morals while the second term refers to the practice of human action. Ethics is characterized by different strands such as metaethics, descriptive and normative ethics and deontological and teleological ethics. Ethical approaches give different answers to questions of moral rightness or wrongness or the moral good.

In everyday language, "ethics" and "morals" are often used synonymously. Ethics as a philosophic discipline distinguishes between these concepts. Custom and habit are the basis for the morals of a society; in this vein, "morals" are considered as a sociological, not a philosophical term [1]. Ethics is the scientific systematization of problems which have their origins in the lifeworld. The life-world, or social reality, exists prior to the identification of problems by academic disciplines or their theories, respectively. Compared with the "silos" given by academic specialization, ethics is an overarching or cross-sectional approach. Applied ethics and empirical ethics have resulted from the cooperation of ethics with the social sciences [2].

Ethics addresses the moral foundation of action; the principles, preconditions, and organization of human cooperation as well as the resulting consequences. Including the intergenerational perspective, ethics is concerned with the animated as well as the unanimated nature. Another important strand of ethics is the content and origin of ethical norms and their implementation or acceptance (enforcement).

Ethical problems are not only problems for ethicists. They play a part for all human beings who want to reflect on the ethical rightness or wrongness of their decisions. In this regard, cognitive approaches to ethics are built on normative preconditions such as the personal autonomy and the free will of human beings.

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Ethics Education

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Ethics education (EE) aims at the development of individual cognitive capacities and critical thinking skills in order to enable individuals to conduct moral reasoning and action. EE includes the impartment of knowledge and the build-up of analytical skills which shall improve the ability of individuals to assess a particular situation or problem in ethical terms and to act accordingly.

EE draws on knowledge from the human and the natural sciences. The ethical knowledge of importance for EE stems from normative ethics and meta-ethics. On the other hand EE has to refer to human practices such as marketing practices or non-ethical domains such as the economy. EE is thus coined by the cooperation between ethics and other academic disciplines (e.g., economics, management studies, biology, and medicine). Generally speaking, EE has to address a triad composed of ethics, non-ethical discipline, and applied ethics. Business ethics education is a specialization that deals with the identification of ethical problems, the avoidance of moral failure, and the "strengthening" of the human ability to act morally in the business world. Concerning the effectiveness of EE, there is a knowledge gap: Does it increase the quality and number of ethical decisions; or does it rather improve the competence of individuals to engage in ethical misbehavior? [1].

As to the ends of EE and its knowledge sources, there are other views that deviate from, but can also complement the cognitively coined view expressed above. Should EE focus on the impartment of knowledge and the development of analytical and thinking skills or shall it also attempt to foster the development of ethical attitudes, motives, and values? Which part do personal experience, virtues, and emotions play in this regard? Another complementary view to the competence-oriented one presented above embeds EE into the larger perspective of human development or capability approach [2].

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Ethics, Micro-Ethics

Massimiliano Di Bitetto and Paolo D'Anselmi

Organizations are responsible only in a figurative sense. "Only people can be responsible, not organizations" [2]. Such statements make ethics relevant to CSR since ethics concern individuals and link the organization to the individual. From a constructive point of view, if an organization wants to change, it defines a change management project. Change management states that "organizations do not change, only people change, one at a time" [3]. So we find the individual is the basic building block of the organization from a change management point of view. Finally, the accountability of work implies also an individual dimension of responsibility. To underline such everyday aspects of ethics, as opposed to major ethical dilemmas, the term "micro-ethics" has been formulated [1]. Thus micro-ethics involve those small gestures that do not imply great sacrifice, but merely imply setting aside the ego a bit, and are nonetheless crucial to the wellbeing of an organization. In practice this means—for instance—making evident the rate of absenteeism and organizational conflict. Such an idea of ethics is also connected to the following themes: organizational welfare, ambiguity, collaboration and cooperation. Ethics can be part of a process framework for managing and reporting about CSR. Such a framework would include attention to the disclosure of relevant and priority issues, the implementation of organizational actions and plans, and the stewardship of unaware stakeholders ("unknown" stakeholder).

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EU Communication CSR

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Since the Lisbon Agenda of 2000, the European Union and its Commission in particular, have sought to increase the competitiveness of its internal market through a strategy of sustainable development. As part of this strategy, CSR is seen as a key policy vehicle for companies to integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. It is a central part of the debate about globalization, competitiveness and sustainability. European Commission has played a pioneering role in the development of public policy to promote CSR ever since its 2001 Green Paper and the establishment of the European Multistakeholder Forum on CSR [1]. In its 2001 Green paper, the European Commission drew up a European definition of corporate social responsibility [2]. Beyond its role as an advocate, the EU is also a facilitator and partner in establishing a norm-based European CSR regime that challenges both European and foreign companies. The EU recognizes that CSR is business contribution to sustainable development.

In 2002, the Commission published a Communication 'concerning corporate social responsibility: a business contribution to sustainable development'. The European Multi-Stakeholder Forum on CSR, composed of representatives of companies and NGOs, was set up the same year. Finally, in 2006 the European Alliance for Corporate Social Responsibility, a joint initiative of the European Commission and the business community, was launched as an open partnership for enterprises to promote and encourage CSR. In October 2011 the European Commission released another document [3] which contains renewed the EU strategy for Corporate Social Responsibility. The Commission puts forward a new definition of CSR and finally calls on European business leaders, including those from the financial sector, to issue, before mid 2012, an open and accountable commitment to promote, in close cooperation with the public authorities and their other stakeholders, the uptake of responsible business conduct by a much larger of EU enterprises, with clear targets for 2015 and 2020. Besides these international institutions and their frameworks, there are also several international CSR platforms. One of them is CSR Europe, a business network for corporations striving to integrate CSR into the way they do business.

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Evasion of Work

Massimiliano Di Bitetto and Paolo D'Anselmi

A view of CSR focused on the economic bottom line of organizations and on the core business (or the core mission) of organizations leads to the accountability of work within all organizations, not only the for-profit corporations, but also government, public administration and other non-profit organizations. The accountability of work view of CSR, the accountability of all work, and "CSR for all organizations" imply that CSR—and CSR reporting—become a duty of all organizations. If it proven that all work has wider impacts on society, CSR and CSR reporting are no longer voluntary and optional activities of organizations, but are a must [2]. Work that is not accounted for is then work "evaded". Using the term "evasion of work" [1] makes a stronger statement than 'work avoidance', which is the term generally used in English (as in many other languages). Work avoidance is a subjective and a psychological attitude of the individual. The evasion of work is an organizational notion, typical of organizations subject to the "sinallagma", i.e. the reciprocity implied by voluntary contracts typical of institutions subject to competition. The evasion of work is typical of institutions not subject to competition. The evasion of work is not a criminal phenomenon. It does not even imply a negative attitude of the working person towards work. It just implies unawareness of one's own responsibilities. Organizational irresponsibility and inefficiencies at the expense of consumers and society at large can be thought of as the evasion of work. The evasion of work recalls the more frequent expression of evasion of taxes. The evasion of work is in industrial democracies quantitatively as important as—perhaps more important than—the evasion of taxes.

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Environmental Governance

Gabriela Tigu and Andreea F. Schiopu

Environmental Governance encompasses "the rules, practices, policies and institutions that shape how humans interact with the environment" [1]. It takes into account the role of all actors that influence the environment and that can help move towards a more sustainable future based on sound environmental policies to preserve all its resources, from governments to NGOs, the private sector and civil society.

The United Nations Environment Programme (UNEP) was established with the mandate to be the leading global environmental authority. Through its Environmental Governance sub-programme, UNEP focuses on strengthening global, regional, national and local environmental governance to address environmental priorities such as climate change, resource efficiency or ecosystem management. UNEP has four key goals which can be viewed as chief principles of environmental governance: sound science for decision-making, international cooperation, national development planning and international policy setting and technical assistance [1].

There are other organizations involved in the environmental governance. The World Bank Group has set up requirements for Environmental Impact Assessments (EIAs) and other environmental "safeguard" policies and guidelines that apply only to operations financed, co-financed, or guaranteed by its constituent organizations, but often serve as de facto global standards, at least for developing and transition economies [2]. Even though many developing countries have lacked the capacity to address environmental issues effectively, development agencies such as the World Bank and UNDP have played major roles by helping countries build the technical skills, legal instruments, and staff to manage pollution or natural resources more effectively. In recent years, UNDP has joined forces with UNEP in the global environmental treaty-making efforts, and has helped countries take practical measures to implement global accords [2].

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Environmental Law

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Environmental law encompasses the legal protections that "regulate the behavior of groups and individuals, public and private, to minimize, mitigate and/or penalize the impact of human activities on the natural environment" [1], defending public resources like air and water, looking to further the public good. The environmental law is rooted in the traditional and historical practices and rights. It involves regulations at local, state, regional and international level.

For the most parts, international environmental law has emerged through bilateral and multilateral negotiation of treaties and "soft law" instruments such as declarations and plans of action and not through decisions of arbitral tribunal and other international judicial bodies. The international environmental law was passed through several phases of development. During the first wave, the treaties were purely utilitarian in nature, when efforts to protect or conserve particular species were motivated largely by their usefulness (starting with the mid-nineteenth until early twentieth century). In the second phase of development of international environmental law (late 1960s), there was rising evidence of environmental degradation closely linked to unsustainable levels of economic development and population growth to take into account of the environmental law, while by the 1980s it was firmly recognized that measures aimed at environmental protection had to also take account of the need for development [2].

At the moment, there are more than 500 international treaties and other agreements that relate to the environment, of which 323 are regional and 302 are international between 1972 and the early 2000s. Nevertheless, the heart of the global environmental legal framework is comprised of a more limited number of treaties with a growing number of ratifications (for example, UNCCD reached 195 parties in the early 2000s, in less than a decade from its adoption). Most of the new agreements have established new, independent bureaucracies and this proliferation has fragmented authority in international environmental governance [3].

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Environmentalism

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Environmentalism is not only an ideology and a social movement. It is above all a broad philosophy regarding concerns for environmental conservation and improvement of the well-being of the environment. Environmentalism stipulates the preservation, restoration and/or improvement of the natural environment, emphasizing the need to control pollution, protect plant and animal diversity.

Environmentalism emerged in US corporations in the 1960s and early 1970s. It was characterized by compliance with legislation and rulings, the first generation of environmental audits and corporate response to court rulings, lawsuits and public pressure related to environmental issues. Environmentalism is defined as: "An organized movement of concerned citizens and governmental agencies to protect and improve people's living environment" [1].

The first wave of modern environmentalism was driven by environmental groups such as Greenpeace and concerned consumers in the 1960s and 1970s. Environmental groups were concerned with (a) the damage to the ecosystem resulting from for example forest depletion, acid rain, and toxic waste, and (b) the increased health problems caused by bad air, polluted water and chemically treated food.

The second wave was driven by governments, which passed laws and regulations during the 1970s and 1980s concerning the impact of organizational activities on the environment. This legislation had a strong impact on the (a) chemical and steel sector, which had to invest in pollution-control equipment and cleaner fuels, (b) the car manufacturing sector which had to add expensive emission controls in cars and (c) the packaging industry that had to find ways to control waste and litter.

The two environmentalism waves eventually merged into a new wave in which corporations are accepting responsibility for not harming the environment. They are moving from a reactive approach to a proactive approach and from simply implementing regulations to launching their own CSR initiatives. Firms that emphasize a proactive approach engage in "green marketing programmes" whereby they develop better pollution control, energy-efficient operations, ecologically safer products, recyclable packaging and alternative sources of energy. This new movement is referred to as environmental sustainability. It refers to organizational efforts directed towards profitability as well as helping to save the planet.

Several businesses appear to have adopted a proactive approach towards environmental sustainability. For example, the Body Shop, a UK based producer and distributor of skin and hair care products engages actively in environmental affairs primarily through its position against animal testing, the use of refillable bottles, recycling practices, and campaigns that create awareness and promote ecological issues [2]. Other corporations such as Ben & Jerry's, 3M, and Du Pont appear to be

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positioning themselves as environmentally sound producers and are accepting to be audited by independent auditors to verify these claims [3].

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Environmental Protection Agencies (All Countries)

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In understanding how the protection of the environment can be enforced, a distinction between international, regional and national agencies can be made. The United Nations Environment Programme (UNEP) is widely considered the primary international environmental agency and its mission is to "*facilitate international cooperation in the environmental field; to keep the world environmental situation under review so that problems of international significance receive appropriate consideration by governments; and to promote the acquisition, assessment, and exchange of environmental knowledge*" [1].

The European Environmental Agency (EEA) is a regional body under the aegis of the European Union. Its task is to provide sound, independent information on the environment and to be a major information source for those involved in developing, adopting, implementing and evaluating environmental policy, and also the general public [2]. At present, the EEA has 32 member countries.

Most countries have an environmental protection agency put in place to make laws that will ensure that the environment remains protected. One of the first national agencies was created by the United States government to research the adverse effects of pollution and to establish and enforce standards to protect human health and the environment. While the US Environmental Protection Agency (EPA) is largely viewed as a regulatory agency, it has many other roles to play that can advance sustainable management practices and help shape the global marketplace [3].

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Environmental Sustainability Index

Dirk Reiser

The Environmental Sustainability Index (ESI), the predecessor of the Environmental Performance Index (EPI), was a composite index that tracked 76 elements of environmental sustainability between 1999 and 2005 to rank a variety of countries. It was launched to complement the Millennium Development Goals (MDG) and as a counterpoint to the measurement of Gross Domestic Product (GDP) as the sole measure of wellbeing by providing science-based quantitative metrics to help achieving long-term sustainability [1].

It was part of a large collaborative project by the Yale Center for Environmental Law and Policy (YCELP) and the Center for International Earth Science Information Network (CIESIN) of Columbia University in collaboration with the World Economic Forum and the Joint Research Centre (JRC) of the European Commission called the Environmental Performance Measurement (EPM) [2]. The ESI measured elements such as past and present pollution level, contribution to the protection of the global commons, environmental management efforts and a society's capacity to improve environmental performance over time. Ultimately, the ESI was seen as too broad in scope to aid as a policymakers' guide. This was the reason that the Yale-Columbia research team shifted to a narrower set of environmental issues and created the EPI in 2006 [1].

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Equal Pay[1]

Haris Kountouros

Equal pay is commonly understood to refer to pay which is given equally to men and women workers for equal work or work of equal value. The extension of the principle of equal pay to work of equal value (which necessitates a comparison between jobs or posts) seeks to make the application of the principle broader and more effective, particularly since in practice many jobs are heavily gender-segregated or are unique in a workplace.

Documented struggles for equal pay in the UK, the US and other industrialised nations date back to the mid nineteenth century. Nowadays, the principle of equal pay is firmly established in most places across the world. It is met in domestic constitutions and international instruments, such as the Treaty on the European Union and the Constitution of the International Labour Organisation. Moreover, a plethora of legal documents, including Conventions, Regulations and Directives, as well as a massive body of case law, seek to elaborate and give effect to the principle of equal pay. Despite this, however, significant pay disparities persist. In the European Union the average gender pay gap stands at about 16.5 %, while in the US and Japan it stands at around 18 % and 22 % respectively.

Pay discrimination can be either direct or indirect. Indirect discrimination can arise from factors seemingly unrelated to sex, such as the fact that a woman is working part-time rather than full-time, is also more difficult to detect and combat. Direct discrimination is generally banned outright, while indirect discrimination may be justified in certain cases.

Some of the main factors accounting for continuing inequalities in pay include occupational segregation (i.e. that women are often engaged in low-paid occupations or positions); difficulties with accessing justice and restitution, and lack of transparency in pay scales. In turn, these factors relate to a complex range of other issues, such as long working hours, cultural stereotypes, lack of (affordable) facilities for children and the elderly, and lack of sufficient attention to the need for pay equality in collective bargaining and pay negotiations [1]. Yet, a wide range of good practices on pay equality can be found in both the public and private

[1] The author is writing in his personal capacity and expressed views do not necessarily reflect those of the European Parliament.

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sectors, though still mostly in larger organisations. It is gradually being understood that pay equality helps businesses to recruit and maintain the best talent, to maintain a high level of employee satisfaction, and to avoid costly litigation and bad publicity.

Examples of CSR initiatives in the area of equal pay include the setting up of equality bodies in the enterprise, the promotion of role models to attract women in more senior positions, introduction of flexible working time arrangements, provision of crèches, appointment of equality mediators and/or counsellors, and job evaluation schemes [2]. Increasingly, CSR initiatives take the form of standards or codes applying to groups of companies, for example listed companies or companies belonging to the same sector of economic activity, and enjoy government approbation or even some form of legal backing [3].

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[2] Eurofound. (2010). *Addressing the gender pay gap: Government and social partner actions* (pp. 21–28). European Foundation for the Improvement of Living and Working Conditions.
[3] European Commission. (2011). *Report on Progress on equality between women and men in 2010. The gender balance in business leadership* (pp. 57–59). Publications Office of the European Union.

Equality of Opportunity

Morten Ebbe Juul Nielsen

Equality of opportunity is an ideal for the governing of social life consisting of two core commitments: (1) all plausible concepts of equality of opportunity are opposed to nepotism, favoritism or capricious allocation of positions such as jobs, careers or political posts. Instead, equality of opportunity is the view that candidates should be picked out on the basis of their merits as opposed to their caste, religion, gender, race etc. This amounts to the idea of meritocracy [1, 2]. (2) emphasizing *equality* of opportunity means as a minimum that some consideration to equality must be paid, either in form of a general prohibition against social regulation which upsets meritocracy by disallowing or penalizing some otherwise fit candidates for positions (formal equality of opportunity.) More ambitiously, it means that we must try to offset some of the natural and social inequalities that lead persons to have unequal chances in the pursuit of various positions, e.g., by providing education for the worse-off, using measures like affirmative action etc. (substantial equality of opportunity.) One can then define equality of opportunity as meritocracy with at least a minimum of consideration for equality. Or, as "careers open to talents" together with "leveling of the playing field." [1] Equality of opportunity is

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important in the context of Corporate Social Responsibility (CSR): very few organizations would openly be opposed to equality of opportunity. An organization openly hostile to equality of opportunity would, in most of the world and in most contexts, be viewed as intolerant and unjust. However, taken to its logical conclusion, substantial equality of opportunity is a very demanding ideal, as it asks us to equalize the chances of all persons in the pursuit of attractive opportunities. On the other hand, formal equality of opportunity can be seen as too permissive and unambitious, as all it demands is the absence of legal and other formal obstacles to person's applying for positions [1, 2].

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[2] Roemer, J. (1998.) *Equality of opportunity*. Cambridge: Cambridge University Press.

Ethical Egoism

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According to ethical egoism agents should always promote the best possible outcome seen from their own perspective [1]. The sole focus on the agent's own interest is a characteristic of ethical egoism that none of the other traditional positions within the field of ethics supports. According to a vast majority of ethical theories, ethics concerns our duty and obligations toward our fellow men (and other sentient beings), and is hence not just a matter of what is in our own best interest. Most ethical egoists do not distinguish between what is prudent and rational and what is morally obligatory. Even though they differ on what is prudent and rational most contemporary ethical egoists argue that egoism does not imply living in a Hobbesian state of nature, where everybody is at war with everybody else. Inspired by Hobbes most of them support some kind of social contract set-up, where agents agree not to harm one another [2]. The idea is that, even though it is not inherently wrong to harm other people, it will be better for everybody if we all refrain from such actions. So instead of teaching our children that they should totally disregard the interests of others (and thus lie, steal and assault whenever they believe it is in their best interest), many contemporary ethical egoists believe that we should teach our children not to harm others [3].

Opponents of ethical egoism usually reject the theory on for two reasons two accounts. First, the critics argue that ethical egoism is not an ethical theory but rather an alternative to ethics. The problem is, according to the critics, that ethical egoism does not concern what is just and right but only what is prudent (seen from an agent-centered perspective). Secondly, the critics argue that the contract

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approach to ethical egoism is not very convincing, since ethical egoists are not able to demonstrate why agents should not break the contract (and thus lie, steal and assault) whenever it is in their own best interest (typically meaning when they will not get caught). In short, the critics believe that the supporters of ethical egoism have failed to demonstrate why ethical egoists should not be free riders.

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[2] Hobbes, T. (1994). *Leviathan*. Indianapolis: Hackett Publishing Company, Inc.
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Ethical Theories

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Ethical Theories try to present (justified) guidelines about how we *ought* to act. Traditionally, scholars within the field of ethics have distinguished between three major kinds of ethical theories: consequentialism, deontology and virtue ethics.

According to consequentialism agents should always promote the best possible outcome seen from an agent-neutral perspective [1]. Two things are especially worth to notice. First, the agent-neutral perspective refers to the promotion of the overall good, meaning that nobody's interest is given special weight. Second, even though consequentialists have different opinions on what counts as the best possible outcome, most believe that promotion of well-being plays a central part. Supporters of utilitarianism, which is the most famous version of consequentialism, believe that well-being is the only thing worth promoting for its own sake and that agents should try to maximize the total sum of well-being.

According to deontologists the moral status of an action depends not (only) on the consequences but (also) on the nature of the action [2]. Most deontologist support constraints in (some kinds of) harmful actions. They thus believe that agents should refrain from harmful actions, even if they will promote the overall good. Also, most contemporary deontologists believe in the existence of options, meaning that agents should be allowed to give special weight to their own projects, even if this means that they are not promoting the overall good.

One of the main characteristics of virtue ethics is, that virtue ethicists believe that the correct way of approaching ethics is not by asking, what should we do, but instead by asking, what kind of person should we be? In this regard, the answer is that we should become virtuous agents, meaning agents that exercise the virtues. This means that according to the supporters of virtue ethics the right action is the one that a virtuous agent would choose under the same circumstances [3]. Virtue

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ethicists disagree about the specific nature of the virtues. However, most lists of virtues contain character traits such as benevolence, wisdom and honesty.

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Ethical Trading Initiative

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The Ethical Trading Initiative (ETI) is a multi-stakeholder initiative for the development of corporate social responsibility (CSR). It is an alliance of companies, trade unions, and non-governmental organizations (NGOs) whose goal is to promote the use of widely-endorsed standards in relation to the working conditions of poor and vulnerable workers in the global supply and production chains [1].

ETI is reputed for its ETI Base Code. It has developed this Code through a ‘partnership between retail and consumer goods companies, NGOs, trade unions and the UK government [1]. According to this Code, transnational corporations are liable to maintain ‘ethics’ in business and corporate responsibility, and for promotion of workers’ rights and human rights in general. The companies that are certified by this initiative have to ensure that they have programs in their workplace to ensure that (a) workers choose their employment freely; (b) workers enjoy freedom of association and can bargain collectively; (c) working environment are safe and hygienic; (d) child labour is banned; (e) wages are adequate to meet the minimum living standard and are paid regularly; (f) management does not bind workers to take excessive work load; (g) no discrimination is practised; (h) regular employment is provided; and (i) harsh or inhumane treatment is prohibited [2].

With a combined turnover of over £107b, ETI company members include supermarkets, department stores and stone sourcing companies, fashion retailers, as well as major suppliers to retailers of food and drink, flowers, shoes, clothing, home wear etc. Amongst these members some well-known brands and retailers are Mackays, Madison Hosiery, Marks & Spencer, Marshalls, Monsoon Accessorize, Mothercare, New Look Retailers, Next Retail, Ruia Group, Rohan Designs, River Island, Sainsbury’s, Supremia, Gap Inc etc. ETI programs assist these companies to relate with the trade union and voluntary sector members in a unique alliance that enables them to collectively tackle many thorny issues that cannot be addressed by individual companies working alone [4].

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[3] Mustow, S. E. (2004). *Procurement of ethical construction products* (Paper presented at the international construction research conference of the Royal Institution of Chartered Surveyors, 7–8 September 2004) Leeds: Leeds Metropolitan University.
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EU Communication on CSR

Mehmet Gökay Özerim

EU Communication on Corporate Social Responsibility (CSR) was announced by the European Commission on October 2011 with the purpose of defining a modern understanding on corporate social responsibility. The Communication presents an action agenda till 2014 and it is an outcome of a process by the leading role of the Commission towards the development of public policy to promote CSR. The Green Paper in 2001 might be underlined as the prominent milestones within this process and it is an establishment of the European Multi-stakeholder Forum on CSR in the same year and a new policy paper in 2006 for the establishment of the European Alliance on CSR.

The European Commission defines Corporate Social Responsibility (CSR) as integration of social and environmental concerns in business operations of companies on a voluntary basis [1]. By the 2011 Communication on CSR, the Commission put forward a new definition of CSR as "the responsibility of enterprises for their impacts on society" [1]. The Communication refers to recognised principles and guidelines that prescribed, by OECD Guidelines for Multinational Enterprises, the ten principles of the United Nations Global Compact, the ISO 26000 Guidance Standard on Social Responsibility, the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the United Nations Guiding Principles on Business and Human Rights. In this regard, eight priority areas for EU action are identified as awareness-raising and best practice exchange; support to multi-stakeholder initiatives; cooperation with Member States; consumer information and transparency; research; education; small and medium-sized enterprises; and the international dimension of CSR [1].

The Communication demonstrates multi-dimensional and interdisciplinary characteristics by covering a variety of areas such as human rights, labour and

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employment practices, environmental issues and, combating bribery and corruption. With these characteristics, CSR is also in the intersection point of several provisions stated in EU 2020 Strategy particularly towards smart, sustainable and inclusive growth by the 75 % employment target. Moreover, in the Europe 2020 Strategy the Commission made a commitment to renew the EU strategies to promote Corporate Social Responsibility [2].

[1] European Commission. (2011). *A renewed EU strategy 2011–14 for corporate social responsibility*. Brussels: COM.
[2] European Commission. (2010). *Europe 2020: A strategy for smart, sustainable and inclusive growth*. Brussels: COM.

European Social Model[2]

Haris Kountouros

The term "European Social Model" refers to the socioeconomic model developed in Western and Nordic European states following the end of the second world war. Though many variations exist, it is generally said to be characterised by such elements as the provision of education, social security and basic welfare services to all regardless of their status or income, a certain level of income and wealth redistribution to address social inequalities (carried out through social transfers and taxation policies), a functioning system of social dialogue and the existence of a minimum level of labour standards [1]. State involvement in (certain sectors of) economic activity is also a feature of the model. The values which underpin the European Social Model include the adherence to the objectives of full employment, and universal basic social protection, and respect for labour rights, for human rights and for democracy. Solidarity across generations and amongst people is another important value of the model, as are the notions of equality and freedom from discrimination [2].

In the 1970s the European Social Model came under increasing criticism for being expensive and inefficient. During the 1980s and 1990s governments in many countries carried out drastic reforms, reversing traditional social policies and diminishing or completely ceasing State involvement in the economy and other spheres of activity. Large programmes of privatisations and deregulation form part of actions taken over the years to reform the European Social Model. Trade union influence in employment policy and in the workplace, hitherto a notable feature of the model, has also significantly weakened entailing additional consequences for

[2] The author is writing in his personal capacity and expressed views do not necessarily reflect those of the European Parliament.

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employment relations. The onset of the 2008 economic and monetary crisis has added new strains. Governments in several countries, in particular those experiencing severe economic difficulties, such as in the south of Europe, have cut down on the provision minimum wage, pensions, unemployment and housing benefits—all of which have been traditionally associated with the European Social Model.

Initiatives based on corporate social responsibility (CSR) have a somewhat uneasy relationship with the European Social Model. Sceptics express concerns that management-driven CSR initiatives do not require the consent of employees and can undermine social dialogue and binding minimum labour standards. They further point out that CSR initiatives are volatile and prone to the whim of management or share-holders. The fact that certain big enterprises whilst championing CSR initiatives oppose fundamental aspects of the European Social Model at the workplace, such as the right of association and the right of collective bargaining, makes those who come from a more traditional labour perspective particularly sceptical about the intentions and impact of CSR initiatives.

Yet it is arguable that a modern approach to CSR practices does not necessarily oppose labour law or labour standards. International CSR standards, such as the revised *OECD Guidelines for Multinational Enterprises*, expressly call upon enterprises to "promote consultation and co-operation between employers and workers and their representatives on matters of mutual concern". Such an approach enables a constructive presence of CSR initiatives within the European Social Model. Additionally, CSR initiatives may be said to play an important practical role, filling the void that has been left in the aftermath of social welfare and other social policy reforms in many countries. An example would be the provision of childcare facilities at the workplace, or allowances to employees for childcare. CSR initiatives also have the potential to lead the way for better working conditions, for instance by introducing working methods enabling a better work-life balance. As such they can contribute to the aspirations of the European Social Model and to a constructive symbiosis between the two [3].

[1] Sapir, A. (2005). *Globalisation and the reform of European social models* (pp. 5–6). Brussels: Bruegel.
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[3] Papasolomou, I., Kountouros, H., & Kitchen, P. (2012). Developing a framework for successful symbiosis of corporate social responsibility, internal marketing and labour law in a European context. *Marketing Review, 12*, 109–123.

European Union Directive: The 8th Company Law Directive on Disclosure and Transparency [1, 2]

Massimo Costa

The 8th European Union Company Law Directive (8th EU Directive) concerning disclosure and transparency represents a regulation, valid through the European Economic Space (EES), on statutory audit of annual accounts and consolidated accounts. It was adopted by the European Parliament and by the Council on May, 17th 2006 and it is numbered as 2006/43/EC as before the putting in force of the Treaty of Lisbon (2007) the Company Directives were adopted by the 'European Community' (EC). It consolidates, amends and substitutes a previous legislation on this subject: Council Directives 78/660/EEC, 83/349/EEC, and 84/253/EEC. Yet, the auditors and auditing firms approved by the previous directive are maintained approved in their present one.

The major objective of this revised directive is to extend the harmonization of national laws in a context of more continental integration of European markets and, for consequence, of audit offices. The only space left to the single states is now that one of a more severe legislation on requisites for auditing. The directive rules the ethical and professional requisites of auditors as well as their independence. The auditors in the EES should comply with a IAPS (International Auditing Practice Standards) only if adopted by the European Commission. All the auditors and auditor businesses are subject to a system of quality control. The directive regulates also the work of auditors outside European Union (or EES) who can influence, by means of their work, the financial markets inside the Union.

It also states auditing standards and the educational qualifications that consist of a course of theoretical instruction after having attained university, a practical training and a final examination of professional competences.

The audit on annual accounts is mainly designed for the classical financial accounting, rather than for social or environmental accounting. However, there is evidence of a correlation between the quality of financial accounting and the sensitivity on social and environmental performance of companies [3].

[1] Web link to the Directive: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:157:0087:0107:EN:PDF

[2] Guidance on the 8th EU Company Law Directive: http://www.ferma.eu/about/publications/eciia-ferma-guidance/

[3] Martínez-Ferrero, J., Garcia-Sanchez, I. M., Cuadrado-Ballesteros, B. (2013) Effects of financial reporting quality on sustainability information disclosure. *Corporate Social Responsibility and Environmental Management*, early view on line, 13 July 2013

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E-Waste

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E-waste, electronic waste or waste of electrical and electronic equipment (WEEE) is usually regarded as a problem, with damaging effects on the environment. Modern electronics can contain up to 60 different elements, of which many are valuable, some are dangerous and some are both. Therefore, the appropriate handling of e-waste can both prevent serious environmental damage but also recover valuable materials, particularly different types of metals such as aluminum, copper, palladium and gold [1].

E-waste is growing at three times the rate of other kinds of waste, fuelled by gadgets' diminishing lifespan and the appetite for consumer electronics among the developing world's growing middle classes. The skyrocketing numbers are alarming: in 1998 America discarded 20 million computers, but by 2009 that number had climbed to 47.4 million; China alone retired 160 million appliances in 2011, 40 % of America's haul [2]. Moreover, a 2011 report by Pike Research estimates that the volume and weight of global e-waste will more than double in the next 15 years [2].

At the level of global environmental policy, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal is the most comprehensive agreement on the management of hazardous and other waste, including e-waste. Recently, the Secretariat of the Basel Convention (SBC) and the International Telecommunication Union (ITU) signed an agreement aimed at protecting the environment from the adverse effects of e-waste. The ITU-SBC collaboration seeks to collect and recycle the hazardous materials by introducing safeguards in the management of the e-waste [3].

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[2] The Economist (2013). *The politics of e-waste. A cadmium lining. Growing mounds of electronic scrap can mean profits or scandals*. 26th January. Accessed on 20 March, 2013, from http://www.economist.com/news/international/21570678-growing-mounds-electronic-scrap-can-mean-profits-or-scandals-cadmium-lining.

[3] Basel Convention. (2012). *UN system collaborates on electronic waste disposal*. Geneva. Accessed on 20 March 2013, from http://www.basel.int/DNNAdmin/AllNews/tabid/2290/ArticleType/ArticleView/ArticleID/489/Default.aspx.

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Example-Setting

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An example is a model or a standard that is established by the leader. Example-setting in leadership is important as the followers follow or emulate what the leader does. The leader can be "a lovely flower, full of colour and fragrance" [1] for their people to learn, follow and emulate from in terms of good actions, behaviours and societal expectations and actions.

In Corporate Social Responsibility: CSR, it is also critical that leaders set responsible examples which the followers imitate in the process of carrying out their duties *dharma*. The reason being that good leaders have to back their words with actions and they should set good examples; otherwise abstract words such as corporate social responsibility are meaningless. A leader who prefers to talk and does not act or set example is not a leader [1]. Interestingly, CSR is also used to describe the work that corporations/firms/companies, society and the nation state undertake voluntarily that has a positive impact on society and the environment. In the business world, some of the example-setting organisations work and focus on important CSR contents or initiatives such as extensive environmental protection, active measures to improve work environments, investments in clean technology; and all these examples require laws and regulations to encourage and to monitor responsible corporate behaviour of organisations. The recent CSR survey report found that 95 % of the 250 largest global companies have undertaken Corporate Responsibility reporting [2]. This widespread adoption by top companies is encouraging because through the international ranking process it would enable one to identify CSR example-setting companies/nations.

[1] Low, K. C. P. (2013). *Leading successfully in Asia*. Heidelberg, Germany: Springer.
[2] KPMG. (2011). *KPMG International Survey of Corporate Responsibility Reporting 2011*. Accessed on 15 February, 2013, from http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/ corporate-responsibility/Documents/2011-survey.pdf

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Executive Remuneration and CSR

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An important component of corporate governance is the executive pay structure that is used to reward executives for working towards goals and achieve results. It is the responsibility of the board to determine the salary of the CEO and give him proper remuneration for his efforts [1]. There was a significant relationship between the long-term compensation and the product dimension of CSR on one hand, and between long-term compensation and total corporate responsibility on the other [4].

The relationships between executive compensation and financial performance, and corporate social performance and financial performance are have been examined empirically in United States of America to determine whether potential compensation and social performance links are coming at the expense of company financial performance. The results provide support for the view that firms concerned about social responsibility can put restrictions on executive compensation and still achieve good financial performance, and make a case that executive compensation should in fact be a concern of all socially responsible firms [3].

Fixed incentive structure encourages executives on performance. They concluded ‘compensation based upon market valuation tends to motivate executives’ consideration for CSR. If CSR increases the market value of a firm in the longer term, the executive compensation contingent on a market value will encourage executives to focus on factors that are consistent with CSR [4].

Many studies have concluded that executive compensation is consistent with the CSR requirements. Empirical evidence suggests that socially responsible firms are more prudent in determining their CEOs’ compensation levels [2].

[1] Financial Reporting Council. (2012). The UK Governance Code, FRC, September edition.
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[4] Mohaney, L. S., & Thorne, L. (2005). *Corporate social responsibility and long-term compensation: Evidence from Canada*, *57*, 241–253

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Exxon Valdez

Stephen Vertigans

The Exxon Valdez was a shipping vessel belonging to Exxon (which became ExxonMobil in 1998) which ran aground in 1989 en route from an oil terminal in Alaska. Over eleven million gallons of crude oil were spilled into the sea causing an environmental disaster to wildlife, coastline and the region's food chain. Initially the ship's captain was considered to be under the intoxication of alcohol and was viewed as culpable. However more detailed investigations revealed that there had been a gradual degradation of safety practices which had been introduced to safeguard against such human errors. Lengthy legal actions have ensued which saw the first court decision ordering Exxon to pay $7.25 billion. Following appeals this has been reduced and the actual amount paid remains contested [1]. To date ExxonMobil claims to have spent over $4.3 billion including compensatory payments, cleanup payments, settlements and fines [2].

The legacy of the oil spill extends beyond Exxon and those people and communities most immediately affected. In 1990 U.S. Congress passed the Oil Pollution Act which resulted in tank hulls providing better protection and improved communications between vessel captains and traffic centres. Heavy pressure has been subsequently placed upon the petroleum industry to disclose environmental 'disturbances' and there has been a significant increase in the amount of information being released within annual reports [3].

[1] Exxon Valdez Oil Spill Trustee Council. (2013). Oil spill facts. Available at: http://www.evostc.state.ak.us/facts/index.cfm. Last accessed 13 February 2013.
[2] Exxon Mobil, The Valdez oil spill. Available at: http://exxonmobil.co.uk/Corporate/about_issues_valdez.aspx. Last accessed 4 February 2013.
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Externalities

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Every human activity causes changes in the world. Some of these changes are the main cause of an undertaken action and the others are side-effects. Externality is such "an unintended side-effect of the actions of an individual, company or community on others or the environment, and these effects are not taken into account in the decision making of the parties causing them." [1] The important thing is that "the effect is not transmitted through prices" [2] and this way is not reflected in market transactions.

There can be observed positive (external benefits) and negative (external costs) side-effects. The possibility to use the road built by the company to its headquarters by the residents of the local community is an example of external benefits. Increased medical expenses as a result of exposure to environmental pollution created by the company in the neighborhood are an example of external costs.

The existence of externalities has serious implications for the functioning of the market. If, for example, an external cost is not reflected in the price of the product or service the market with incorrectly calculated price behaves differently. The market tends to the equilibrium point with incorrectly calculated equilibrium price and quantity. So called Pigouvian Tax is an often discussed remedy for externalities [3].

Externalities provide arguments for critics of the market organization.

[1] Singh, K., & Shishodia, A. (2007). *Environmental economics: Theory and applications*. Berlin, Heidelberg: Springer.
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F

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Factor 4/5/10

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These so-called factor concepts provide a discussion basis for a more future-proof world through heightened resource efficiency. The opener was *Factor Four* in 1998, which acknowledged sustainability as an overriding imperative for the future and argued that at least four times as much wealth could be extracted from the existing resources [1]. Like *Limits to Growth* of 1972, opening a discussion about finite resources and of global interdependencies, *Factor Four* also is a report to the Club of Rome. It points to solutions through resource productivity as technological leitmotif.

Factor Five is a new report to the Club of Rome arguing that signs of ecological crises have intensified and that the *Factor Four* approach now is insufficient to sustain a viable future. The authors of *Factor Five* describe how technological progress can and should contribute to a resource use reduction of 80 % per unit of wealth generated, and they address in particular economic sectors with major consumption rates of water, energy, and raw materials. Political, social and cultural issues are incorporated into their discussion [2].

Factor Ten is a similar, albeit more pointed approach arguing humanity should reduce resource consumption by 90 % within the next several decades. Following a club founded in France in 1994 with members from 12 countries, the *Factor Ten Institute* was established in 2008 "to provide practical support for achieving significant advances in resource productivity in the production and consumption

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sectors" [3], through advice given to consumers and governments, stimulation of eco-innovations, and entrepreneur training in de-materialization of production processes, just to name a few key intentions.

[1] von Weizsäcker, E. U., Lovins, A., & Hunter Lovins, L. (1998). *Factor four: Doubling wealth, halving resource use*. London: Earthscan.
[2] von Weizsäcker, E. U., Hargroves, K., Smith, M. H., Desha, C., & Stasinopoulos, P. (2009). *Factor five: Transforming the global economy through 80 % Improvements in resource productivity*. London: Earthscan.
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Fair Labor Association

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The Fair Labor Association (FLA) is a non-profit collaborative effort of universities, civil society organisations and socially-responsible companies. FLA promotes adherence to international and national labour laws as this non-governmental organisation advocates for greater accountability and transparency [1]. Its mission is to address any abusive labour practices by offering tools and resources to businesses, delivering training and conducting due diligence through independent assessments. FLA developed a code of conduct which address core labour issues, such as forced labour, child labour, harassment or abuse, discrimination, health and safety concerns, freedom of association and collective bargaining, wages and benefits, hours of work, and overtime compensation. FLA evolved out of a task force created by President Bill Clinton following sweatshop scandals involving major apparel and footwear brands [2]. Initially, the partnership was composed of retail companies, human rights groups, trade unions, religious organisations, and consumer advocates. The companies that join FLA commit themselves to upholding the association's "Workplace Code of Conduct" which is based on the International Labour Organisation (ILO) standards. Associated companies source from more than 3,000 suppliers in 80 countries. They commit themselves to establish internal systems for monitoring workplace conditions, as they are required to maintain code standards throughout their supply chains [3].

FLA has an elaborated compliance regime of six major steps: Companies ought to incorporate a compliance programme within their organisation. This requires designating a person or division in the company responsible for promoting code compliance at all levels of the supply chain. Secondly, there is requirement for an internal system which monitors factory conditions. A third step allows and facilitates independent external monitoring. The fourth implies implementation

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remediation. If non-compliance is identified by either internal or external monitors, the company is responsible for effecting remediation in that facility. A fifth step is verifying the implementation of remediation. This necessitates annual independent and unannounced audits on members to evaluate their continuous compliance to FLA codes [2]. The sixth step requires the company to report its activities, publicly. FLA has an elaborate system of monitoring and sanctioning. It discloses relevant information of all members on its website [3].

[1] Fair Labor Association. (2014). Accessed on 10th July 2014, http://www.fairlabor.org/about-us.
[2] Camilleri, M. A. (2012). *Creating shared value through strategic CSR in tourism*. Edinburgh: University of Edinburgh. Accessed 10th July 2014, https://www.era.lib.ed.ac.uk/handle/1842/6564.
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Fair Trade

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Fair Trade is a global social movement that focuses on fair market distribution of goods. It is mainly aimed at minimize differences between more and less developed countries. The idea of fair trade is sometimes associated with trade that is alternative, responsible, ethical or community trade. The last term is used to emphasizes the support addressed to local communities [1]. Producers and employees from developing countries are often paid unfair wages and have less economic power. The main attention is put on rights of those who operate in the beginning of supply chains from the Global South. Fair Trade promotes standards that strive for improving quality of life of communities from poorer regions of the world. It can be treated as a kind of help that goes beyond charity and try to use market mechanism to change the situation of local communities in the Global South.

The fair trade movement is developing thanks to consumers who support it by purchasing products certified with FairTrade mark. Consumers and non-governmental organizations play a huge role in enhancing and sensitizing public awareness of global problems behind the global economy. It is very crucial to be conscious of influences that consumers' decisions have on economy in less developed countries.

"Fair Trade (alongside organic products) has been crucial to the development of the ethical consumption market. Fair Trade products have helped legitimize ethical consumption, whilst its combination of campaigning activism and market-facing

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branding has brought a more radical dimension to the narratives around the larger exchange space." [2].

Next to the idea of buying certain products Fair Trade is promoted by initiatives such as: Fair Trade Towns and Fair Trade Schools. In broader sense fair trade supports sustainable development.

[1] Clark, D. (2006). *The rough guide to Ethical Living*, Rough Guides Ltd.
[2] Nicholls, A. (2010). Fair trade: Towards an economics of virtue. *Journal of Business Ethics, 92*, 241–255. DOI 10.1007/s10551-010-0581-3.

FairTrade

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FairTrade is a globally recognized trade mark of products mainly exported from the Global South. FairTrade certification is a kind of assurance that the whole supply chain has met social, environmental and economic requirements. FairTrade trademark differentiates products that follow special criteria with the compliance with the rights of workers from poorer countries at the first place. Issues such as fair wages, healthy an safe working conditions, freedom of association, prohibition of child labour are also highlighted. The standard puts attention on environmental protection as well. Key elements of the system are: minimum price and FairTrade Premium. "This price aims to ensure that producers can cover their average costs of sustainable production. It acts as a safety net for farmers at times when world markets fall below a sustainable level. Without this, farmers are completely at the mercy of the market." [1]. FairTrade Premium is paid to the local society and supports its development. FairTrade promotes cooperatives of local producers and supports them with pre-financing if necessary.

There are a huge range of products that are certified with FairTrade, for example banana, sugar, coffee, tea, cocoa, quinoa, fruits and vegetables, honey, spices, rice, wine, nuts, seeds oil, cut flowers, cotton or even sports balls.

The first organization that had the responsibility to certificate was the Max Havelaar Foundation from the Netherlands established in 1988. Then we can observe a development of other initiatives in different countries. FairTrade Labelling Organisation International (FLO) is the international organization that coordinates labelling process. It is a kind of an umbrella organization which unites "21 national labelling initiatives covering 22 countries and producer networks representing certified producer organisations across Asia, Africa, Latin America and the Caribbean. Whilst FLO sets the standards, and works with producers to help them meet them, a separate international certification company (FLO-Cert) regularly inspects and certifies producers against these standards." [2].

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[1] http://www.fairtrade.net/what_is_fairtrade.html
[2] http://www.fairtrade.org.uk/what_is_fairtrade/fairtrade_certification_and_the_fairtrade_mark/fairtrade_standards.aspx

Financial Capital

Özge Can

Financial capital refers to the stock of money that will be invested in producing something, at the very least, more money. Strengthening and increasing financial capital has always been regarded as a critical issue in successful economic development. As a necessary, separate input into production processes, it allows several activities of a start-up business to get going, in advance of returns that will flow from them [1]. Higher start-up capital translates into higher revenue as positive relationships are found between initial capital invested and the growth and survival of new firms. It is also acknowledged that financial capital contributes to production not only with respect to supporting traditional factors such as labor and tangible assets but also as an important determinant of the firm's economic activity, investments and production technology [1].

Financial capital has high mobility; investors can choose widely how to invest their money, avoiding or withdrawing from risks which they consider too high for the likely returns. A great deal of financial capital activities involves change of ownership of financial assets such as currencies, securities and loans. Capital markets and financial organizations (e.g., banks, stock market, and money lenders) are typically effective in providing the necessary funds. Firms's selection of financial capital channels is affected by the regulatory, political and financial systems of the external environment as well as the firm's own conditions and objectives.

Broad structural features, mechanisms and conditions of the economy shape the relationship between the state and financial capital and the degree of the autonomy of financial capital [2]. The course of globalization, measures of liberalization and deregulation have strongly contributed to a strengthening of financial capital. It is a strong argument that the creation of new financial instruments, the growth of financial markets and trading, the removal of capital controls and the development of new communication technologies have all contributed to an increasing importance of financial capital, but also to an increase in financial fragility across the world [2].

[1] Kenuning, S. (1999). The role of financial capital in production. *Review of Income and Wealth, 45(4),* 419–434.
[2] Evans, M., & Hnatkovska, V. (2005). International capital flows, returns and world financial integration. *NBER Working Papers,* No: 11701.

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Financial Conduct Authority

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The Financial Conduct Authority (FCA) was formed as one of the successors to the Financial Services Authority (FSA), the financial regulator in the UK prior to its dissolution in terms of the Financial Services Act 2012. The FCA, a separate institution operationally independent of Government, is funded entirely by the firms it regulates, and is accountable to the Treasury and, through them, to Parliament. It is responsible for conduct regulation in retail and wholesale financial markets and for prudential regulation of firms that do not fall under the Prudential Regulation Authority (PRA)'s scope such as asset managers and independent financial advisers. A Memorandum of Understanding (MoU) between the two bodies sets out how they will consult/work with each other. The FCA supervised the conduct of 26,000 financial firms and regulated the prudential standards of 23,000 of those in 2013 [1].

The rationale for regulation includes ensuring systemic stability and consumer protection against monopolistic exploitation [2]. The FCA's strategic objective is to ensure that the relevant markets function well. Its operational objectives are: to secure consumer protection; to protect and enhance the integrity of the UK financial system; and to promote effective competition. The FCA is tasked with maintaining arrangements for supervising authorised persons, monitoring compliance and taking enforcement action, and exercising a range of rule-making powers. The FCA Handbook sets out High Level Standards, Prudential Standards, Business Standards, Regulatory Processes and guidelines for financial firms and relevant persons. See http://www.fca.org.uk/ for the FCA Handbook and news updates regarding regulatory developments.

While official supervisory powers have been found to improve the efficient operations of banks, evidence also indicates that interventionist supervisory and regulatory policies such as restricting bank activities can result in higher bank inefficiency levels [3]. Also, no regulation mechanism is omniscient, whether it is state, market or self-regulation [4], and the FCA may not be able to rule out future financial crises and meltdown.

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Financial Intermediaries

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The term 'finance' originates from the Middle French *finance* "ending/settlement of a debt" from Latin *finis* "end", and means the management of a given supply of money. 'Intermediaries' from Latin *intermedius* describe "that which is between". Financial intermediaries are in-between economic agents who have divergent requirements in relation to risk, return, liquidity and size in the management of a given supply of money.

Financial intermediaries include banks, building societies and other financial institutions which engage in the process of channelling funds between surplus units and deficit units. There is a positive relationship between financial intermediation and economic growth [1]. Financial intermediaries improve the allocation of resources [2]. They are able to perform a number of useful functions: volume transformation, funding large-scale loans by aggregating small-scale deposits; maturity transformation, funding long-term loans with short-term deposits; risk transformation by spreading/diversifying risk; operational efficiency; and informational efficiency.

Financial intermediaries have also been accused of being procyclical, accentuating the business cycle so that the booms are higher and the busts are lower. They are subject to a number of problems: asymmetric information where one party to a transaction has more information than the other party; agency conflict or the conflict between the agent's own interest and that of the principal on whose behalf the agent is acting; moral hazard or the risk that the presence of a contract will affect the behaviour of one or more parties; adverse selection or the likelihood of attracting undesirable entities. The value of their financial assets and return may be less than their expected value. The threat of Icelandic banks to deprive British savers of the £4 billion deposited in Icesave, a subsidiary of Landsbanki, is an example of financial intermediation exploding out of control; the liabilities of the three main Icelandic financial intermediaries in 2008 were almost ten times the size of Iceland's GDP [3].

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Financial Instruments

Nirmala Lee

'Finance', from the Middle French *finance* meaning "ending/settlement of a debt" from Latin *finis* "end", refers to the management of a given supply of money. 'Instrument' from Latin *instrumentem* describes "a tool, apparatus, document". Thus 'financial instruments' may be summed up as tools documenting financial claims relating to the management of a given supply of money.

A financial instrument is "a legal claim to a future cash flow" [1]. Financial instruments represent legal agreements involving monetary value. These are packages of money with unique characteristics and structures. The factors that determine the return on financial instruments include risk, maturity, expectations, liquidity, supply and demand, and inflation [2].

Financial instruments can be classified in several ways: according to the nature of issuer (the central government, public corporations, private sector companies); coupon rate (fixed, floating), security (unsecured, debenture); creditworthiness of issuer (low and high credit risk, investment grade and high yield); and maturity (short-term and long-term, money market and capital market). Money market instruments include treasury bills, commercial bills, bankers' acceptances, certificates of deposit (CD), commercial paper (CP), repurchase agreements (repos); capital market instruments include equities and bonds as well as hybrid variations.

Financial innovation has resulted in the explosive growth of financial instruments, many of which are highly opaque, lack transparency, and result in the gain of some at the expense of many. Fabrice Tourre, Vice President and Executive Director in Goldman Sach's Structured Products, Group Trading Unit, was recorded saying in an email that his bank had "created a 'thing' which has no purpose, which is absolutely conceptual and highly theoretical and which nobody knows how to price" and that watching the price fall was "a little like Frankenstein turning against his own inventor [3]", while revelling in the likelihood that he would be the 'only potential survivor' when the price of the financial instrument collapsed. It appeared that levels of corporate social responsibility in some of the companies had also collapsed in their pursuit of highly profitable financial instruments.

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Financial Literacy

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'Finance', from the Middle French *finance* "ending/settlement of a debt" from Latin *finis* "end", is the management of a given supply of money. 'Literacy' from Latin *literatus/litteratus* "educated, learned", literally "one who knows the letters", is being knowledgeable in a particular field. Thus financial literacy is being knowledgeable in the area of money management.

The earliest known use of the phrase 'financial literacy' dates from 1992, when a report for the National Foundation for Educational Research (NFER) commissioned by NatWest Bank, defined it as "the ability to make informed judgements and take effective decisions regarding the use and management of money" [1]. Recent research suggests that financial literacy is more than information or capability, and that it is the demonstration of competencies in actual performance in the financial world [2].

Many banks have chosen financial literacy education as a part of their corporate social responsibility (CSR) strategy, generating a consumer-friendly image that might help shift the public focus from 'irresponsible bankers' to 'illiterate consumers'. However, a closer examination of some of the educational interventions sponsored by banks reveals that the very educational interventions designed to improve financial literacy among consumers entrench consumers in erroneous cognitive perceptions. Financial institutions are found to offer inaccurate and misleading information not only on the products that they sell but also in the financial education that they provide to the public [2].

The promotion of financial literacy by many banks as part of their CSR appears to be "nothing but a mask, made up of glossy brochures, beguiling speeches, and media-savvy 'partnership initiatives', crafted to hide the fact that corporations deny economic justice…to those who need them" [3]. It appears that the concept of *caveat emptor* needs to be applied not only to financial services products but also to financial education provided by financial institutions, and that buyers need to

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beware not only of company business practices but also of their activities undertaken as part of their corporate social responsibility.

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FTSE4Good Index

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The FTSE4Good Index was launched in 2001 to measure the environmental and social performance of companies listed on stock exchanges worldwide. Companies that meet the FTSE4Good Index inclusion criteria are automatically included in the FTSE4Good Index [1].

FTSE4Good is a stock-market index series operated by FTSE Group Ltd., a UK-based index company jointly owned by the Financial Times and the London Stock Exchange. For its FTSE4Good Index Series, FTSE uses its standard All-World Developed (AWD) [2]. The Index inclusion criteria have changed since 2001 to include a number of new issue areas (e.g. uranium mining (2006), nuclear power (2010)), and existing criteria have also been adjusted over the years (e.g. environment (2002), human and labor right (2003)) [1]. The largest 2000 or so listed companies in the world are eligible for inclusion in the FTSE4Good index, as long as they pass a set of CSR criteria [2].

Key objectives of the FTSE4Good inclusion criterias are to provide a tool for responsible investors to identify and invest in companies that meet globally recognised corporate responsibility standards, to provide asset managers with a socially responsible investment (SRI) benchmark and a tool for socially responsible investment products, to contribute to the development of responsible business practice around the world [3].

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Forest Stewardship Council

Matthias S. Fifka and Lisa M. Fleischhauer

The Forest Stewardship Council (FSC) is a non-governmental organization initiated in California in 1990 and officially founded in Toronto in 1993. Its main goals are the protection of biodiversity as well as the protection of indigenous peoples' and workers' rights. The organization is the issuer of the world's most widely recognized ecolabel for wood as well as of certificates in three areas: in the (1) *forest management* area, organizations managing woodland are assessed, whereas in the (2) *chain of custody area* all companies manufacturing, processing or trading timber or other forest products are considered. In order to receive a certificate in these areas, the FSC identifies ten main principles organizations have to comply with. These include the *compliance with laws and FSC Principles*, the *tenure and use of rights and responsibilities*, *indigenous peoples' rights*, *community relations and workers' rights*, *benefits from the forest*, *environmental impact*, *management plan*, *monitoring and assessment*, *maintenance of high conservation value forests* as well as *plantations*. As of 2004, a new, additional area of certification has been identified with the so-called controlled (3) *wood certificate*. This certificate allows wood producers to mix FSC certified wood with other types of wood from non-certified sources. Only so-called unacceptable wood from certain illegal or immoral sources is excluded in this context. The Forest Stewardship Council itself does not actively issue certificates, but rather relies on third party certification bodies accredited by it.

In addition to its certification activities, the organization has six main program areas. These include the (1) *forest program* responsible for developing, reviewing and maintaining the FSC policies and standards for forest management, the (2) *chain of custody* for companies manufacturing, processing or trading timber or other forest products, (3) *social policy* for small and community-based operations, forest workers' and indigenous peoples' rights, (4) *monitoring and evaluation*, which involves data evaluation to assess the impact made by forest certification, (5) *supply chain integrity* dealing with the traceability and control of accurate certificates across supply chains, and lastly, (6) *ecosystem services*, which focus on forests as a part of ecosystems and their relation to climate change [1].

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Foundations

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A foundation is a non-governmental entity that is established as a non-profit organization, supported by an endowment or donations. As a separate legal entity with assets and liabilities in its own name, foundations are managed by their own directors or trustees. Foundations are often set up to support the public good.

Typically, foundations collect and provide funds with the purpose of making grants to other institutions, organizations, or individuals in the range of medical research, educational, scientific, cultural, religious, sustainable, and for other charitable or collective purposes. Furthermore, foundations can provide funds for their own purposes.

In general, a differentiation between public and private foundations can be made. Public foundations (often referred to as grantmaking public charity) derive their support and funding from diverse sources, receiving grants from the government, individuals, or other private foundations. In contrast, private foundations derive their funds from a single source, e.g., from an individual, a family, or a corporation. A corporate foundation is a common type of private foundations, which collects its funds from a profit-making company.

In most countries, there is no specific legal definition of foundation. Moreover, foundations as legal entities may differ from one country to another regarding forms, structures, and legal regulations. In most countries, foundations receive significant tax-benefits to support their work or the ones supporting them.

With regard to CSR, foundations have become a widespread instrument for corporate citizenship or the philanthropic activities of firms. Some large corporations, such as Siemens, even have outsourced their entire charitable activities to a foundation that they created. In these cases, members of the corporation's management are usually members of the foundation's board in order to ensure that the activities of the foundation are in line with the corporation's policies [1].

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Four Noble Truths

K.C. Patrick Low and S.L. Ang

The First Noble Truths speaks of human beings (all forms of existence) suffer, the human condition diagnosis. Like a physician, Buddha diagnosed and prescribed a spiritual cure. The Second Noble Truth is the cause of that suffering, if there is a cause, then it can be identified and eliminated, and the effect, suffering will stop. Buddha identifies the cause to lie in craving, fuelled by an underlying delusion about the basic nature of reality. The Third Noble Truth teaches that suffering can be ended through non-attachment, and the Fourth shows the way to stop suffering through the 'Middle Way' (the Noble Eightfold Path) which teaches:

1. Wisdom (Right View and Right Intention constitute the path of wisdom)
2. Ethical conduct (Right Speech, Right Action, and Right Livelihood constitute the path of morality (ethical) conduct)
3. Meditation (Right Effort, Right Mindfulness and Right Concentration leads to the meditation path).

The Buddhist 'Golden Rule' counsels us not to do anything to others we would not like done to ourselves, and that being the case, the chief aim of Buddhist ethics is to reduce or minimize the unhappiness, pain and sufferings of others [1]. Once people accept such a way and attitude, the world becomes a bigger and happier place for all. When people cherish happiness for all, this is a good positive feeling that contributes to greater happiness. This matches with the idea of corporate social responsibility with the idea of doing good in which all (stakeholders) gain or receive goodness, benefits and happiness [2].

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Fraud Prevention and Detection

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Fraud can be broadly defined as an intentional act or omission designed to deceive others, resulting in losses for the victim and/or gains for the perpetrator [1]. The most common way to classify the various types of fraud is to distinguish those committed against organizations and those committed on behalf of organizations [2]. An example of the former is employee fraud, where the victim is the organization and the perpetrator the employee. An example of the latter is financial statement fraud, through which managers of a firm attempt to present a distorted picture of the organization to influence investors' decision-making. However, perhaps the most well-known classification of fraud is that of occupational fraud of the Association of Certified Fraud Examiners (ACFE). ACFE defines occupational fraud as "the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets" [3]. This type of fraud can be divided into three main categories: corruption, misappropriation of assets and financial statement fraud.

Fraud prevention and fraud detection are two separate concepts, albeit related ones. Whereas the first includes policies, procedures, training, and communication, the latter has to do with activities and programs designed to identify fraud or misconduct that is occurring or has occurred [1]. Effective detective controls are, of course, forceful deterrents of fraud.

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Freedom of Speech

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"Freedom of speech" means fundamentally that no-one is morally justified in censoring or suppressing speech in any of its many forms. Freedom of speech is a legal right in most countries. Article 19 of the United Nations (UN) charter of human rights states that "Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers". "Speech" should be understood in a very broad sense, as "communicative acts," that is, significations that purvey meaning across the very wide range of possible means of communication, from spoken and written words to films, dance, and pictures [1, 2]. As a right, freedom of speech can be understood in two ways, as a negative and a positive right. Negatively, the right protects the individual against interference. Positively, it poses demands on other agents, typically the state, to assist individuals who want to use their freedom of speech. All agree that there are certain limits to freedom of speech [2]. A defense lawyer is not allowed to use her freedom of speech to tell the jury that her client is guilty against the will of the defendant. A corporation employee is often under an obligation to keep silent about some of the core business plans of the organization. For corporate social responsibility (CSR), the issue of "whistle blowing" is especially important: whereas employees are plausibly conceived of as under an obligation to be loyal to their organization, means of "blowing the whistle" when the organization is involved in illegal or morally very problematic practices should be available to the conscientious employee, along with a framework of protecting the whistle blower from undue hardships as repercussion of his or her action.

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Freeman, Robert Edward

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Robert Edward Freeman is an American philosopher who is currently a professor of business administration at the Darden School of the University of Virginia. Before he joined the Darden School, he was a professor at the University of Minnesota and the Wharton School. He was born on the 18th of December 1951 in Columbus, Georgia. He studies for his Bachelor of Arts degree from Duke University in 1973 and received his PhD from Washington University in 1978.

Freeman is particularly known for his work on stakeholder theory. In 1984 he first published his thoughts about stakeholder roles in business and made this theory an internationally dominant paradigm. He sets forth the reconceptualisation of the notion of corporate management in the form of this theory, which has spurred the theoretical as well as the strategic approaches of corporate management. According to him, the current approaches to understanding the business environment fail to take account of a wide range of stakeholders who can affect or affected by the corporations. Given this perspective, he suggests that this notion can be used to enrich the current state of the art in strategic management of corporations [2].

Freeman has published many scholarly articles and books. Amongst his works, Strategic Management: A Stakeholder Approach; Managing for Stakeholders: Survival, Reputation and Success; Stakeholder Theory: The State of Art are some of the highly sorted books in business management scholarship.

Freeman is a senior fellow of the Olsson Center for Applied Ethics. He is also a professor of religious studies and a faculty advisor to University of Virginia's Institute for Practical Ethics [1]. Ruffin Series in Business Ethics from Oxford University Press is one of his recent edited works.

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Friedman, Milton (July 31, 1912–November 16, 2006)

Serpil Kahraman Akdoğu

Milton Friedman was one of the most influential economists in the 1960s and 1970s who contributed to the debate on CSR. Friedman was also known as a leader of the Chicago School of Economics which began in 1950s. His own approach on monetary theory and policy "monetarism" opposed the activist Keynesian view. Friedman received a B.A. from Rutgers University (1932), M.A. from the University of Chicago (1933), and Ph.D. from Columbia University (1946). He worked at the National Bureau of Economic Research to assist Simon Kuznets in 1937. Friedman also was an economic adviser to the US Government. Later in 1941, Friedman worked as a statistician on war time tax policy at US Treasury Department.

Furthermore, he won the Nobel Prize in economic sciences in 1976, and also received the Presidential Medal of Freedom and the National Medal of Science in 1988. In his book "*Capitalism and Freedom*" (1962), he was a strong supporter of free market policies. Additionally he made a major contribution to the earlier CSR Debate with his paper "*The Social Responsibility of Business is to Increase its Profits*" [1]. According to Friedman, CSR is a responsibility of businessman for promoting desirable "social" ends by providing employment, eliminating discrimination and avoiding pollution etc. [2]. At the end of the 1970s, Federal Reserve and Bank of England adopted his doctrine. He retired from Chicago University in 1977.

He had published many books and papers mostly on monetary theory and policy. A Theory of the Consumption Function (1957), The Optimum Quantity of Money and Other Essays (1969), A Monetary History of the United States (1963), and Monetary Trends in the United States and the United Kingdom (1982). Friedman, passed away On November 16, 2006 [3].

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Genetically Modified Organisms (GMOs)

Gabriela Tigu and Andreea F. Schiopu

The development of biotechnology has extended to the point of raising questions and concerns ranging from the economic gain to consumer safety and society response to environmental issues.

A major subset of the modern biotechnology is genetic engineering or the manipulation of an organism's genetic endowment by modifying specific genes through modern molecular biology techniques. A genetically modified organism (GMO), otherwise referred to as a living modified organism (LMO) or transgenic organism, means any living organism that possesses a novel combination of genetic material obtained through the use of modern biotechnology [1].

Given the use of the genes as raw materials, there is a growing global debate about GMOs, which is largely concerned with food safety and the environment. GMOs are novel products which, when released, may cause ecosystems to adjust, possibly in unintended ways; it may even be possible to cause genetic "pollution" from out-crossing with wild populations [1].

In addition, consumers have a legitimate interest in and right to adequate food and to informed choice, which begins with rules for transparent sharing of information and the communication of associated risks [1]. These rights can be protected by correct labeling of products, mentioning whether or not they are derived from GMOs, but there are many differences among countries. For example, European GMOs regulations are now more restrictive than in the United States.

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Last but not least, the development of reliable testing methods for GMO detection, identification, traceability and quantification is a key step in development and commercialization of these products. Current analytical methods are mainly carried out by either detecting the transgenic DNA or the foreign protein (s) produced in GMOs using polymerase chain reaction (PCR), molecular hybridization, micro-arrays, biosensors, and sequencing methods, etc. [2].

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German Corporate Governance Code

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The occurrence of major business failures and a dramatic change of corporate finance in German corporations with a rapidly increasing relevance of capital markets initiated the creation of a German code. Therefore, the Federal Ministry of Justice appointed a government commission for developing an integrative German Corporate Governance Code (GCGC). This code was adopted on February 26, 2002. Since being adopted, the code has been modified several times, with the last amendment on May 13, 2013. It only applies to listed corporations, but it is recommended that non-listed companies also respect the code, and it is not mandatory. However, listed companies must explain if they do not follow certain specific recommendations of the code (comply or explain principle) [1].

The GCGC presents essential statutory regulations for the management and supervision of German listed companies and contains both internationally and nationally recognized standards for good and responsible governance. It consists of seven different sections. The first section, the foreword, explains the purpose of the code and how the provisions of the code should be interpreted. Section 2 deals with the shareholders and the annual general meeting. Section 3 is related to the cooperation between the management board and the supervisory board. The management board is discussed in Section 4, whereas Section 5 describes the supervisory board. Section 6 deals with information that should be disclosed to ensure transparency, while Section 7 includes aspects like financial reporting, audits and financial statements.

There are basically three types of provisions. The first set is marked in the text by use of the word ‘shall’. These provisions include the core recommendations of the code. Companies can deviate from them, but are then obliged to disclose this

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annually. The second group is identifiable by the words ‘should’ or ‘can’. These suggestions are considered to be good corporate governance principles, although not really the core ones. Companies are encouraged to follow them but can deviate from them without disclosure. The remaining passages not marked by any of the terms used above contain provisions confirming the existing legal requirements under the current German law relating to public corporations [2].

Transparency and understandability of the German Corporate Governance system are the main objectives of the GCGC. Its purpose is to provide general information about the existing German system of corporate control in order to promote the trust of international and national investors, customers, employees and the general public in the management and supervision of listed German stock corporations. A further objective of the GCGC is to improve corporate governance practices related to managing, directing, and overseeing listed corporations.

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Giving Voice to Values

Mary C. Gentile

Giving Voice To Values (GVV) is an innovative curriculum and approach to values-driven leadership education. Developed with Aspen Institute and Yale School of Management as founding partners and Aspen Institute as incubator, the program is supported at Babson College. Drawing on the experience of business practitioners as well as social science and management research, GVV is a pedagogy for ethical and responsible action. Instead of asking “what the right thing to do is” in a particular business situation, or asking “whether one can do the right thing, despite economic and organizational pressures to do otherwise,” the GVV curriculum asks “What if I knew what I thought was right? How could I get it done? What would I need to say, to whom, in what sequence and with what supporting information? And then what would they say back to me? And how would I respond to that?”

In other words, GVV invites participants to engage in a thought experiment to develop action plans and literal “scripts” for values-based action, and to practice delivering those scripts to their peers who stand in as proxy for the individuals whom they would hope to influence in their organizations.

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Distinctive Features of the GVV Curriculum

- Emphasis on how managers raise values-based issues effectively. Unlike traditional case studies, GVV cases present protagonists already knowing what they believe is right but considering how to get it done;
- Positive examples of times when managers have found ways to voice and implement their values;
- Focus on self-assessment and individual strengths to find ways to align manager's sense of purpose with the organization's;
- Opportunities to construct and practice responses to frequently heard reasons and rationales for *not* acting on values;
- Peer feedback and coaching.

The *Giving Voice To Values* curriculum includes hundreds pages of exercises, readings, case studies featuring the distinctive GVV format, and teaching plans, all available for free download to educators[1]. They are used across the business curriculum: business ethics, accounting, management, corporate governance, career management, supply chain management, negotiations, communications, Orientation programs, etc.

[1] Giving Voice to Values Curriculum. www.GivingVoiceToValues.org

Global 100

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Global 100 represents the top 100 organizations that engage in best sustainability practices and ultimately enhance sustainability performance. These role models become success stories of conducting business operations while adopting a socially responsible behavior.

Global 100 originated from the initiative of the Corporate Knights Inc. Organization and since 2005 ranks the most sustainable corporations worldwide. The Global 100 Index resulted from the common effort of the New York Stock Exchange and Standard & Poor's to determine the performance of the most prominent 100 organizations. Both Global 100 and its index are highly correlated with sustainability, corporation accountability towards its stakeholders, and the awareness upon the impact an organization might have on economy, environment, and society. The main purpose of Global 100 is to demonstrate that performance is achieved when profit interests are harmonized with those of the future generation, eliminating the "tension between the aspirations of mankind towards a better life on the one hand and the limitations imposed by nature on the other hand" [1].

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The new business models created by organizations have to enhance sustainability elements, such as policies for emissions and pollution, carbon projects etc. and eventually they meet the needs of their market consumers by adopting alternatives to environmental damage or other negative impacts from sustainability point of view [2]. Therefore, innovation for sustainability is the key to next generation platforms that can evolve from emerging technologies, increased efficiency, lowered costs and improved performance.

[1] Kuhlman, T., & Farrington, J. (2010). What is sustainability?. *Sustainability*, *2* (11), 3436–3448.
[2] Nidumolu, R., Prahaland, C. K., & Rangaswami, M. R. (2009). Why sustainability is now the key driver of innovation? *Harvard Business Review. Public Relations and Regional Influence. Institute for Public Relations, 29*, 121–149.

Global Code of Ethics for Tourism

Mark Anthony Camilleri

The World Tourism Organisation established the Global Code of Ethics for Tourism (GCET) in 1999. Two years later, the United Nations acknowledged them and encouraged UNWTO to promote the effective follow-up of its provisions. Essentially, the global code of ethics are a 'comprehensive set of ten principles whose purpose is to guide stakeholders in tourism development' [1]. These ten principles were never meant to be legally binding, but they serve as guiding principles to governments, local communities, tourism operators and tourists, concerning preservation of the environment [2]. The Code features a **voluntary implementation mechanism** through its recognition of the role of the **World Committee on Tourism Ethics** (WCTE), to which stakeholders may refer matters concerning the application and interpretation of the document. GCET's **10 principles** amply cover the economic, social, cultural and environmental components of travel and tourism [1].

GCET's principles recognise the important dimension and role of tourism as a positive instrument towards the alleviation of poverty and for the improvement in the quality of life of all people. It outlined the principles to guide tourism development and to serve as a frame of reference for different stakeholders in the tourism sector. GCET's objectives include; the minimisation of the negative impact of tourism on the environment and on cultural heritage; the maximisation of benefits from the promotion of sustainable development. GCET has invited governments and other tourism stakeholders to consider the introduction of its principles in national legislations, regulations and professional practices [1]. It also encouraged the World Tourism Organisation to promote an effective follow-up to the Global

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Code of Ethics for Tourism, with the involvement of key stakeholders in the tourism sector [1].

[1] World Tourism Organisation. (2014). *Global code of ethics for tourism* (*GCET*). Accessed on July 10, 2014, from http://ethics.unwto.org/en/content/global-code-ethics-tourism.
[2] Camilleri, M. A. (2012). *Creating shared value through strategic CSR in tourism*. University of Edinburgh. Accessed on July 10, 2014, from https://www.era.lib.ed.ac.uk/handle/1842/6564.

Global Corporate Citizenship

Mark Anthony Camilleri

In 2002, 34 chief executives of the world's largest multinational corporations signed a document during the World Economic Forum (WEF) entitled, 'Global Corporate Citizenship: The Leadership Challenge for CEOs and Boards'. These included Coca-Cola, Deutsche Bank, Diageo, Merck & Co., McDonald's Corporation, Philips, and UBS. The WEF had recognised that the notion of corporate citizenship was a business response towards society. The forum urged businesses to engage themselves in social investment, philanthropic programmes and public policy [1]. The WEF believes that corporate global citizenship is fundamentally in the enlightened self-interest of global corporations since their growth, prosperity and sustainability is dependent on the state of the global political, economic, environmental and social landscape [2].

WEF maintains that Corporate Global Citizenship ought to be part of a company's business model. An enterprise must balance the expectations of its wide range of stakeholders. Businesses are invited to take advantage of difficult times by investing in growth drivers and support them with investment. They are encouraged to adopt a performance-oriented corporate culture. It is in their interest to restructure, shut down or dispose of assets that are non-performing, inefficient or disadvantageous. They need a performance-oriented culture by streamlining operations and adopting best practices. The management teams have to be entrepreneurial to achieve significant savings and efficiency gains, focus on asset optimisation across the value chain and every aspect of the business. There is opportunity to find synergies that will enhance productivity. At the same time, business must balance the expectations of a wide range of stakeholders, including customers, suppliers, the communities in which they operate, governments and aid agencies, among others. Transparency is critical in any engagement with governments and regulators, at every level [2].

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It may appear that corporations are replacing some of the functions of institution [3]. However, when the former enter the arena of citizenship on a discretionary basis, there may be no specific political or legal framework that instutionalises their corporate responsibility. Matten and Crane (2005) admitted that numerous activities of corporate citizenship are, in their majority, for the benefit of society and praiseworthy. If governments fail in their responsibility to facilitate citizenship, society can only be happy if corporations fill this gap. This may possibly lead to a more general problem: If corporations take over vital functions of governments, one could argue that they should also assume exactly the type of accountability that modern societies expect from government [3].

[1] Camilleri, M. A. (2012). *Creating shared value through strategic CSR in tourism*. Edinburgh: University of Edinburgh. Accessed on July 10, 2014, from https://www.era.lib.ed.ac.uk/handle/1842/6564.
[2] World Economic Forum. (2014) *Corporate global citizenship*. Accessed on July 10, 2014, from http://www.weforum.org/issues/corporate-global-citizenship.
[3] Matten, D., & Crane, A. (2005). Corporate citizenship: Toward an extended theoretical conceptualization. *Academy of Management Review*, *30*(1), 166–179.

Global Corporate Governance Forum (GCGF)

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The Global Corporate Governance Forum is an organization which supports corporate governance reform in emerging markets and developing countries. The Forum runs governance packaged training courses which promote good practices in corporate governance and facilitate capacity building for training directors implementing corporate governance reforms in their companies. It was set up to promote initiatives to raise corporate governance standards and practices in emerging markets and developing countries using the OECD six Corporate Governance Principles as the basis for its operational activities.

The following are the stated strategic objectives of the Forum as noted on its website:

1. Develop and disseminate innovative knowledge products that will expand significantly the Forum’s global knowledge platform to provide enhanced support and access to international best practices in corporate governance
2. Build the capacity of local centers for corporate governance excellence to foster south-south co-operation and serve as a key distribution mechanism for the Forum’s knowledge product and their local application

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3. Develop monitoring and evaluation mechanisms to assess and inform the structure, content, relevance and effectiveness of the Forum's knowledge products and activities and thereby create a dynamic and demand driven global knowledge platform.

The Forum is an offshoot of the International Finance Corporation—a World Bank Group. It was co-founded in 1999 by the World Bank and the Organization for Economic Co-operation and Development (OECD) following the financial crises in Asia and Russia in the late 1990s.

The Forum uses a series of programs to provide guidance to Directors and others working in the area on corporate governance and its implementation. The following are typical examples of such programs:

- Corporate Governance Board leadership training
- Corporate Governance Codes and Scorecards
- Media Training Program on Corporate Governance Reporting
- Resolving Corporate Governance Disputes
- Research Network

In order to fulfill the three strategic objectives noted above, the Forum raises the resources necessary to fund and implement its activities. The implementation is effected by drawing up a new 5 year program, the prevailing 5 year program is the 2011–2015.

[1] Accessed on September 19, 2013, from http://www.gcgf.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Global+Corporate+Governance+Forum/About+Us/.
[2] Accessed on September 19, 2013, from http://www.gcgf.org/wps/wcm/connect/54b4568048a7e7c9ad37ef6060ad5911/Phase%2B3%2Bcharter%2B-%2BFINAL.pdf?MOD=AJPERES.

Global Environmental Management Initiative

Adriana Schiopoiu Burlea

The Global Environmental Management Initiative (GEMI) is a non-profit organization that was founded in 1990. The GEMI's main objective is to promote, implement and develop global environmental, health, and safety (ESH) excellence in the operational practices of member companies through these companies use of environmental system assessment techniques.

The mission and the vision promoted by the GEMI have transformed this organization's image into a Total Quality Environmental Management (TQEM)

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promoter. Along with the diversification of its activities, the GEMI has reoriented the approach of the environment moving from a cost reduction approach to a value creation approach. The next stage in the activities of the GEMI "must be the environment as a sustainable development and welfare of the world" [1].

The promotion and implementation of sustainable environmental management among the global companies are achieved by web-based resources: the GEMI HSE Web Depot (based on a Plan, Do, Check, Advance (PDCA) lifecycle); the GEMI's Business and Climate web tool (organized into four planning stages: Assess Risks, Formulate Strategy, Implement Strategy and Review); GEMI Solution Tool Matrix™; GEMI SD Planner™; and SD Gateway.

The GEMI Metrics Navigator™ is one of the most important web-tools of the organization because it contains five categories of activities (EHS fundamentals (ESH), Self-Assessment/Management Systems, Value drivers, Stakeholder engagement, Sustainability) and guides the users around the GEMI's diverse actions and portfolio using the logical flow of the six steps and non-financial measurements [2].

Over time, the GEMI has collaborated with public and private sector organizations in order to create the needed tools for continuous improvement of the environmental management system (EMS). Together with the GEMI the following partners contributed to improving the environmental management system by practical interactions with business companies and environmental authorities: Deloitte & Touché, Environmental Policy Center, Law Companies Environmental Group, International Chamber of Commerce (ICC), Harvard University, the University of North Carolina (UNC), the Duke University, the World Resources Institute, the Business for Social Responsibility (now with Nantucket Conservation Foundation), the Alliance for Environmental Innovation, the Investor Responsibility Research Center (IRRC), the European Academy of Management, and Environmental Defense Fund.

[1] Burlea Şchiopoiu, A. (2013). Global environmental management initiative. In O. Samuel, N. C. Idowu, L. Zu, & A. D. Gupta (Eds.), *Encyclopedia of corporate social responsibility*. Berlin: Springer.
[2] Accessed on July 1st, 2011–March 1st, 2013, from http://www.gemi.org.

Global Financial Markets [1]

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The Global (International) Financial markets are markets in which the law of one price applies, in the sense that it would be possible to buy or sell products for the same price irrespective of geographical location and local circumstances.

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It is a place where financial wealth is created and traded between individuals and between countries alike and where newly issued securities are designed and offered to the public to maximise their appeal to international investors [2].

The financial markets comprise different markets for bonds, currencies, stocks and shares, derivative instruments, commodities and some forms of savings and investment products. Each market has its own unique characteristics, the existence of transparency, liquidity, risks and returns assist individuals in selecting the market that could maximise their utility function.

Global financial markets exist in order to most efficiently transfer funds surplus units (savers) to deficit units (borrowers) involving set of rules (e.g. microeconomic rules involving individuals and corporations and macroeconomic rules that deal with market as a whole including policies for regulating the market) and institutions.

The financial market promotes rules, individuals and institutions' interactions and above all, contributes to economic growth.

Globalisation enables investors worldwide to share risks better; allows capital to flow where its productivity is highest and provides countries an opportunity to reap the benefits of their respective comparative advantages [4].

Banking, in particular, has become universally engaging in product range and global in scope, but is regulated ineffectively in national segments and often characterised by gaps, overlaps or even inertia and regulatory capture [3].

The quality and comprehensiveness of integration matters involve costs which can arise from a type of financial integration that is short-term and reversible; or from having perfect integration in one market and fragmentation in another [1].

Some barriers such as cost of communicating information across countries, tax differential, tariffs, quotas, labour mobility, cultural differences, and financial reporting differences; prevent international financial markets for real or financial assets from becoming completely integrated [2].

[1] Draghi, M. (2014). *Financial integration and banking union, Bank for International Settlement, President of the European Central Bank Speech*. Conference for the 20th anniversary of the establishment of the European Monetary Institute, Brussels.

[2] Issing, O. (2000) *The globalisation of financial markets*. The European Central Bank (ECB), Eurosystem, September Issue.

[3] Sheng, A. (2010). The regulatory reform of global financial markets: An Asian regulator's perspective. *Global Policy, 1*(1), 191–200.

[4] Stulz, R. M. (2005). The limit of financial globalisation. *Journal of Finance, 60 (*4), 1595–1638.

Global Financial Markets [2]

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'Global', from Latin *globus* "sphere, ball," related to *gleba* "soil, land" more specifically the "planet earth", describes something worldwide and universal. 'Finance', from the Middle French *finance* "ending/settlement of a debt" from Latin *finis* "end", refers to the management of a given supply of money. 'Markets', from Latin *Mercatus*, are places where buyers and sellers conduct trade between each other. Thus 'Global Financial Markets' may be summed up as physical or virtual places where buyers and sellers worldwide manage and settle trade in relation to a given supply of money.

There are global financial debt markets, equity markets, money markets, capital markets, currency markets, derivatives markets and so on. Markets are "pervasive forms of social organization" [1], which constitute a "sphere of rivalry" that may be described across the dimensions of time, geography, function, and product [2]. These markets perform a variety of functions such as collection and coordination of the flow of information to market participants, determination of the pricing of financial assets, bringing borrowers and lenders together, allowing the separation of ownership and management, and facilitating payments, transfer of funds and currency exchanges in the economy. Demand and supply interact and influence each other.

There has been an explosive and often unsustainable growth of financial markets globally. Markets are known to be irrational and driven by biases and herd behaviour. The circular relationships between cause and effect have generated the self-reinforcing effect of market sentiment, whereby rising prices attract buyers whose actions drive prices higher still [3]. The dominance of the finance industry in the economy and of financial assets among total assets has meant that mispricing and other errors in relation to financial assets, either deliberately or inadvertently, lead to the misrepresentation of reality and systemic instability [4].

[1] Satz, D. (2001). Market and nonmarket allocation. *International encyclopedia of the social and behavioral sciences*, 9197–9203.

[2] Frayer, J., Uludere, N. Z., & Lovick, S. (2004). Beyond market shares and cost-plus pricing: Designing a horizontal market power mitigation framework for today's electricity markets. *The Electricity Journal*, *17*(9), 41–60.

[3] Soros, G (1987). *The alchemy of finance*: *Reading the mind of the market*. Chichester: Wiley.

[4] Taleb, N. N. (2007). *Fooled by randomness*: *The hidden role of chance in life and in the markets*. London: Penguin Books.

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Global Initiative for Sustainability Ratings

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The Global Initiative for Sustainability Ratings (GISR) is an independent, global, non-commercial initiative with its mission to create a world-class corporate sustainability ratings standard as an instrument for transforming the definition of value and value creation by business in the twenty-first century in a way that aligns with the national and global sustainability agenda. GISR was launched in June 2011 by Coalition for Environmentally Responsible Economies (Ceres) in collaboration with Tellus Institute. GISR is a non-commercial, generally accepted sustainability ratings standard that meets the highest standards of technical excellence, independence and transparency. Such a standard will be an indispensable contribution to accelerating the efforts of organizations to meet the great sustainability challenges of the twenty-first century.

The GISR standard comprises two components (1) *Principles*, including pillars that support excellence in ratings, for example: Materiality—relevance to decision-makers in capital and other markets; Transparency—to enable ratings users to understand methodologies on which company ratings are determined; Comprehensiveness—coverage of all material sustainability issues; Data quality—quality control of data systems and auditability; and Sustainability Context—performance in relation to externally defined thresholds and norms; (2) *Performance* including economic, social, environmental and governance indicators of an organization's activities, both core (cross-sectoral) and, over time, sector-specific; a mix of indicators that represent current best practices together with forward-looking/leading indicators underrepresented or absent in extant ratings. Development of the rating standard is proceeding in close collaboration with collaborating partners such as the Global Reporting Initiative and the Sustainability Accounting Standards Board [1].

[1] GISR. (2013). *Harnessing sustainability ratings to move markets*. Accessed on February 20, 2013, from http://ratesustainability.org/.

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Global Reporting Initiative

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One of the major impediments to the advancement of effective social performance reporting has been the absence of standardized measures for social reporting. The Global Reporting Initiative (GRI) is a non-profit seeking organization and it provides the first global framework for comprehensive sustainability reporting; encompassing the triple bottom line of economic, environmental and social issues. It promotes economic and social sustainability with its best known set of guidelines for enhancing voluntary sustainability reports worldwide [1]. Approximately 400 companies—including many of the world's largest—use all or some of the Global Reporting Initiative (GRI) guidelines which combine environmental and social reports into a single report. The report is increasingly being issued alongside companies' regular sustainability reports. The GRI came into being in the late 1990s. It was established in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in conjunction with the United Nations Environment Programme (UNEP), through an alliance of multinational companies, the finance sector, civil society organizations, organized labor, international consultancies, academics, environmentally oriented organizations but not including governments [2]. In 2002, the GRI was established as a permanent, independent, international body with a multi-stakeholder governance structure. The GRI is headquartered in Amsterdam, in the Netherlands, its core mission is the maintenance of globally acceptable reporting framework and guidelines of value to all stakeholders.

GRI's explicit goal was to harmonize the numerous environmental and sustainability reporting systems at the time and create free access to standardized, comparable and consistent information about corporate performance [3]. The GRI report contains 50 core environmental, social, and economic indicators for a broad range of companies. It also offers additional modules with distinct metrics for companies, depending on their industry sector and operations. The price range for producing a report spans from $100,000 for a basic GRI to more than $3 million for complex organizations like Shell.

[1] The Global Reporting Initiative (GRI). (2013). Accessed on January 3, 2013, from www.globalreporting.org/.
[2] Carroll, A. B, & Buchholtz, A. K. (2009). *Business society: Ethics and stakeholder management*. Stamford, CT: Cengage Learning.
[3] Szejnwald, B. H. (2011). Global reporting initiative. In T. Hale, D. Held (Eds.), *Handbook of transnational governance*: *Institutions and innovations* (pp. 281–289). London: Polity Press.

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Global Performance

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The term global performance is understood to "mean the impact of all a company's activities upon its stakeholders—internal and external and socially on a global scale" [1]. Global performance "is inextricably linked to economics, social and community responsibility issues and the environment and they are all interrelated" [2]. It is simply the integration of economic, social, and environmental performance within a single framework.

Economic performance means redistribution of value-added produced (between employees, the Government, creditors, shareholders, entrepreneurs, plough back of profits) and the creation of assets (tangible, intangible and current working capital). Social performance places the individual participant at the very centre of a company's business activities. Racial diversity, respect, training, equality in the workplace are all factors which contribute to the wellbeing of individuals whatever their gender. Finally environmental performance guarantees that a company takes into account both the direct and indirect effects it has on the environment (environmental or Carbon Footprint© for example).

The concept may be easy to describe, but its implementation is much more complex. Regulations and Standards such as the SD 21000, *European Corporate Sustainability Framework* (*ECSF*), SME performance indicator grids (*SME Key*) and the *Global Reporting Initiative* (GRI) all lack details in relation to social and community based variables. Ecological footprints offers a guide to environmental performance (together with the Carbon Footprint© system) and economic performance has the benefit of numerous in-built analytical tools.

[1] Capron, M., & Quairel, F. (2006). Evaluer les stratégies de développement durable des entreprises: L'utopie mobilisatrice de la performance globale. *Revue de l'Organisation Responsable, n° 1*(June), 5–17.
[2] Meunier, M. et les Jeunes dirigeants. (2011). *Rebond. Des entrepreneurs engagés pour la planète*, Souffle court éditions—Averti éditions.
[3] GPS: Global Performance System. (2012). *A global performance assessment tool*. Accessed on September 12, 2012, from www.gps.cjd.net.

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Global Sullivan Principles on CSR

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The Global Sullivan Principles on CSR are embedded under four main themes which expect companies wanting to endorse and implement the requirements of the principles to:

- Support human rights in all its shapes and forms.
- Encourage equal opportunity at all levels of employment including racial and gender diversity on decision making committees and boards.
- Train and advance disadvantaged workers for technical, supervisory and management opportunities.
- Assist with greater tolerance and understanding among peoples thus helping to improve the quality of life for communities, workers and children with dignity and equality.

The principles expect that any company wanting to be associated with the requirements of these Global CSR Principles must provide information which publicly demonstrates its commitment to them. The principles are applicable to all companies regardless of size, form or country of abode/operation. As at the time of compiling this entry, it is not possible to ascertain precisely how many companies or organizations have endorsed and implemented the principles but it is believed that the number is large in all continents of the world.

The original Sullivan Principles by the late Reverend Leon Howard Sullivan were launched in 1977 with the sole aim of persuading US companies which operated in South Africa to treat their black African employees the same way as they would treat all their American employees. This was during a period when apartheid was at its peak in South Africa and black South Africans were under considerable oppression by the white minority South Africans. On the 1st of February 1999, the Principles were re-launched as the "Global Sullivan Principles on Corporate Social Responsibility" which meant that the principles are no longer about South Africa but about the world as a whole since apartheid is no longer part of the picture in the Republic of South Africa. During the re-launch, the Reverend Sullivan notes that the objectives of the principles are "to encourage companies to support "economic, social and political justice wherever they do business".

The Reverend Sullivan, who was the brain behind these important principles which dealt with how to remove injustices in the workplace, passed away on the 24th April 2001 aged 78 years.

[1] Coyle, B (2013). *Corporate governance* (3rd Ed.). London: ICSA.
[2] Accessed on September 15, 2013, from http://www.mallenbaker.net/csr/CSRfiles/Sullivan.html.

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[3] Accessed on September 15, 2013, from http://www.igbanugolaw.com/resources/133011_1.pdf.

Global Warming

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Global warming indicates the increase in surface air temperature, referred to as the global temperature, induced by emissions of greenhouse gases into the air [1]. Many human activities are resulting in increased emissions of gases, in particular carbon dioxide, into the atmosphere, emissions that add every year to the carbon already present in the air. This gas is a good absorber of heat radiation coming from the Earth's surface, contributing to the raise in the temperature. Moreover, the increased temperature determines a higher amount of water vapour in the atmosphere, providing more blanketing and causing it to be even warmer [2].

Currently, the global mean temperatures are at their highest level since direct measurements were first made. Over the last 100 years, the world's temperature increased by 0.74 °C, faster than at any time in recent human history. The data suggests that temperatures are now higher than at any time over the last 2,000 years. Furthermore, the latest research suggests that humans should expect a warming of about 0.2 °C per decade for the next two decades. By the final decade of the 21st century global temperatures are expected to have risen by 1.8–4.0 °C compared with the end of the 20th century [3].

Global warming has many influences on human lives. The anticipated rise in sea levels threatens to flood and submerge low-lying land masses. Higher temperatures will influence the transmission and range of diseases such as malaria, the quality and productivity of agriculture, the availability of fresh water and the frequency and intensity of weather events such as storms [3].

[1] United Nations Environment Programme (UNEP). (2012). *GEO 5 global environment outlook. Environment for the future we want*. Malta: Progress Press.
[2] Houghton, J. T. (2004). *Global warming: The complete briefing*. Cambridge: Cambridge University Press.
[3] Renewable Energy Systems (RES). (2007). *Global warming a guide to its origins and effects*. Accessed on March 20, 2013, from http://www.res-group.com/media/125459/res_global_warming_guide_2007.pdf.

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Globethics.net

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Globethics.net is a worldwide ethics network based in Geneva, with an international Board of Foundation of eminent persons. It provides an electronic platform for ethical reflection and action. Its central instrument is the internet site www.globethics.net [1]. Globethics.net currently has 70,000 registered participants from over 200 countries, engaged in ethical issues and research, from academic professions of applied ethics, but also activists, religious leaders, NGO representatives, members of private companies and the public sector [2].

The aim of the network is to ensure that people in all regions of the world are empowered to reflect and act on ethical issues. In order to ensure access to knowledge resources in applied ethics, Globethics.net has developed its Globethics.net Library, the leading global digital library on ethics with more than 1,000,000 full text documents available. Globethics.net aims especially at increasing access to ethics perspectives from Africa, Latin America and Asia. The library can be used at no cost; individuals only need to register (free of charge) as participants on the Globethics.net website to get access to all the full text journals, encyclopedias, e-books and other resources in the library [1]. Participants also have the possibility to submit their own documents to the libraries.

In addition to the library, Globethics.net also offers participants the opportunity to join or form electronic working groups for purposes of networking or collaborative research on a wide range of themes: from Code of Ethics for Librarians to Gender, Justice and Power [2]. The knowledge produced through the working groups and research appears into publications that are also made available in the Globethics.net Library.

[1] Globethics.net. (2013). *Portrait of Globethics.net—The network for ethical issues*. Accessed on March 20, 2013, from http://www.globethics.net/.
[2] Globethics.net. (2013). Accessed March 20, 2013, from http://www.globethics.net/.

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Good Corporation

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The principle of *good corporation* means adopting sustainability principles and a corporate responsible behavior. The well-known debate between shareholder primacy and stakeholder theory [1] underlines the opposition between the owners of the corporation and those parts to whom the company is accountable for its actions.

A Good Corporation reconciles the interests of investors with the ones of environmentalists and society. Good corporations should aim for both financial and non-financial performance. The classical theory of maximizing shareholder value can be harmonized with sustainability and corporate social responsibility practice.

Nowadays there is a high pressure from stakeholders for companies to incorporate good practice. However, the drivers for becoming a Good Corporation should engage an intrinsic nature of willingness to comply with stakeholders' needs and expectations [2]. The benefits of such a morally and ethically determined behavior are multiple, from gaining customers' trust to reputation, from community recognition to advertising, and ultimately, from sustainability performance to financial performance.

[1] Attenborough, D. (2012). Giving purpose to the corporate purpose debate: An equitable maximisation and viability principle. *Legal Studies, 32*(1), 4–34.
[2] Berkhout, T. (2005). Corporate gains: Corporate social responsibility can be the strategic engine for long-term corporate profits and responsible social development. *Alternatives Journal, 31*(1), 15–18.

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Government

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Government is socially responsible from a normative point of view, i.e. the law prescribes that government must be socially responsible. However from a positive point of view, the social responsibility of government must be proven through the accountability of public institutions. Therefore, a broader view of CSR must include government organizations. Government organizations should give special account of the outputs and outcomes of their actions since most current accountability instruments appear inadequate. For instance, the financial statements of government—balancing funds in and out—prove neither the efficiency nor the effectiveness of government activities [1]. In current discourse, government is often thought of as an abstract entity, its role is understood and represented as an intellectual entity, producing laws and regulations, but devoid of a "thickness" of its own, not as a complex set of varied organizations, made of millions of people in a country of a few tens million population. In Europe, government is often thought of as the cabinet. In the United States, government is equivalent to public administration. The acceptation of the word government is meant as a synonym of public administration or the whole polity: it includes all actors, from top politicians to central and local municipal officials and employees. Government includes all institutions that enjoy some monopoly power and direct government funding. Such a view of government is one that caters to a proper CSR of government institutions. In CSR it is important to think of government in its full work extension.

[1] D'Anselmi, P. (2011). *Values and stakeholders in an era of social responsibility. Cut-throat competition*? New York: Palgrave MacMillan.

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Green Business

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The growing number of environmental problems has increased the concerns about our current consumption patterns and production methods during the last few decades. Since the Stockholm Conference in 1972, there have been some attempts made on the protection of the natural environment. Some of these global initiatives have been widely recognized by the world community. As it was firstly introduced in the Brundtland Report 1987, and popularized in the Rio Summit 1992, 'sustainable development' has been one of these key phenomena, which can guide business organizations. The concept of green business can be built on the triple bottom line paradigm of sustainable development and defined as doing business sustainably whilst considering simultaneously, the economy, environment and society. The practice of green business requires basically the adoption of clean production techniques and environmental management approach within the organization. It starts with the involvement of a viable environmental philosophy into the company's vision, mission and overall strategy and consequently improving its environmental footprints which reduce wastes, minimize environmental problems and strike a balance between the diverse interests of stakeholders.

Depending on the increasing importance of the issue, some frameworks have been designed to guide business organizations whilst embedding the ethos of green business into its activities. For instance, International Organization for Standardization's (ISO) ISO 14000 family of environmental management provides "practical tools for companies and organizations looking to identify and control their environmental impact and constantly improve their environmental performance" with taking the benefits of reduced cost of waste management, savings in consumption of energy and materials, lower distribution costs etc [1]. On the other hand, the European Commission's (EC)—Eco-Management and Audit Scheme (EMAS) has taken this initiative one step further and added some new elements in order to improve the organization's environmental and financial performance and communicate its environmental achievements to stakeholders and society in general [2]. Besides these frameworks, some business organizations provide the best practices of green business adoption. The 3 M for instance has been one of the first manufacturing companies that became involve in environmental protection with their Pollution Prevention Pays Programme and, today, it continues its operational activities within its corporate social responsibility (CSR) framework [3].

[1] International Organization for Standardization (ISO). (2013). *ISO 14000—Environmental management*. Accessed on February 11, 2013, from http://www.iso.org/iso/home/standards/management-standards/iso14000.htm.

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[2] European Commission (EC). (2013). *About EMAS*. Accessed on February 11, 2013, from http://ec.europa.eu/environment/emas/about/index_en.htm.

Green Economy

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Green economy has no universally acceptable definition. Striped of its niceties and technicalities, green economy refers to economic system that hinges on the tenets of sustainability; it is an economy that seeks to simultaneously promote welfare of organisations (profit), humans (people) and ecosystem (planet) [1]. Two extremes of green economy are absolute green economy and relative green economy. The absolute green economy refers to a situation where the economy does not provide for any form of abuse to the triple bottom elements of people, planet and profit. In this regard, green economy is an economic model that has zero tolerance for carbon emission, maintains a one-planet footprint, and survives on renewable resources. On the other hand, a relative green economy makes allowance for acceptable level of abuse such as carbon emission. Accordingly, a relative green economy can be called a low-carbon emission economy. On the whole, it is expected that green economy promotes improvements in quality of life, social equity and ecological health.

As opposed to the traditional economy where the future implication of present day economic activities are not considered, the green economy adopts a 'web-of-life' approach to the conduct of economic and other relations. As a matter of fact, businesses and consumers are expected as a matter of responsibility to care for the planet as much as they care for profit and well-being respectively. Without intending to be exhaustive, a green economy relies on the following: biofuels; biomass; carbon capture and storage; carbon markets and renewable energy credits; climate change adaptation services; distributed generation; ecosystem services; energy efficiency, recycling, conservation, software and controls; energy storage, batteries and fuel cells; geothermal energy; green design; green IT; green buildings, materials and construction products; green transportation technologies and green vehicles; hydropower; ocean power; solar energy, sustainable and organic agriculture, food and products; waste management; wastewater management; waste-to-energy; water and water technologies; wind energy, etc.

[1] Nkamnebe, A. D. (2011). Sustainability marketing in the emerging markets: Imperatives, challenges and agenda setting. *International Journal of the Emerging Market, 6*(3), 217–232.

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Green Globe Certification

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Green Globe Certification is the independent international certification program for sustainable travel, tourism and related green business of the Los Angeles-based Green Globe Ltd. It was developed in 1994 and currently provides certification, training and education and marketing services in 93 countries. The majority owner is Green Globe International Inc. (GCI) based in Portland [1].

The Green Globe Process consists of two distinct stages: Green Globe Baseline and Green Globe Certification. In the first stage businesses have to do an online sustainability questionnaire (e.g. water usage, energy consumption) as well as a baseline sustainability assessment (provision of billing information on a variety of elements such as electricity, gas, water, waste and transportation for 12 consecutive months) before receiving an assessment report. To be able to complete this stage and to use the 'Green Globe Baseline' logo organizations have to achieve and maintain a level of baseline set by Green Globe. This stage has to be completed before business can progress to the second stage, 'Green Globe Certification' In order to be allowed to use the certification logo businesses have to self-assess four areas online (compliance with relevant legislation and policy requirements, implementation of an environmental and socially sustainable approach, documentation of performance outcomes and communication and consultation with interested parties) whereby the process depends also on the size and the social and environmental impact of the organization. Once these assessments have been completed, the business will be assessed under set criteria to judge their eligibility to achieve certified status. Businesses that have achieved Green Globe Certification for a continuous period of 5 years or more are entitled to use the Green Globe Certified Gold logo [2].

The Green Globe Standard is based on different international standards and agreements including the Global Sustainable Tourism Criteria, the Global Partnership for Sustainable Tourism Criteria (STC Partnership), and the baseline criteria of the Sustainable Tourism Certification Network of the Americas, Agenda 21 and International Standard Organisation (ISO) 9001/14001/19011. It covers a collection of 337 compliance indicators applied to 41 individual sustainability criteria [2].

[1] Green Globe Certification. (2013). *About us*. Accessed on March 14, 2013, from http://greenglobecert.com/about_us.
[2] Green Globe. (2010). *What is the Green Globe company Standard?* Accessed on March 14, 2013, from http://www.greenglobeint.com/downloads/baseline.pdf.

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Greenhouse Gases

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The earth receives energy from the sun in the form of solar radiation and reflects some of it back into outer space by thermal radiation. The atmospheric greenhouse gases (GHGs) absorb and re-radiate some frequencies of the reflected thermal radiation (infrared radiation) back towards the surface and lower atmosphere of the earth, thus trapping heat in the atmosphere. This natural process is called the greenhouse effect, and it helps the earth to be habitable, since without GHGs the earth's surface would be about 33 °C (91.4 °F) colder than the present average of 14 °C (57.2 °F) [1].

While changes in the atmospheric composition have been slow over the past millennia, anthropogenic GHG emissions (i.e., emissions produced by human activities) since the industrial revolution have caused some significant changes in Earth's atmosphere in the concentration of some of the most common GHGs; namely, carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O). In addition;, fluorinated gases such as hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride, which are emitted from industrial processes, are powerful GHGs. The impact of any given GHG on "global warming" for a specific time interval can be calculated.

Since GHGs are one of the key causes of anthropogenic climate change, the 1992 United Nations Framework Convention on Climate Change stated its objective as: "...stabilization of GHG concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system...within a time-frame ..." [2]. Following this lead, many treaties and organizations have created programs to encourage reporting, sharing information on, decreasing the sources of, and increasing the sinks of GHG emissions.

[1] Karl, T. R., & Trenberth, K. E. (2003). Modern global climate change. *Science, 302*, 1719–1723.
[2] United Nations. (1992). Article 2 of *United Nations framework convention on climate change*. Accessed on March 19, 2013, from http://unfccc.int/essential_background/convention/background/items/1353.php.

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Greenleaf Publishing

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Greenleaf Publishing is based in Sheffield, UK, and is an independent publishing company specializing in corporate responsibility, business ethics, environmental policy and management, and future business strategy and practice. The company has positioned itself as the publisher of "key resources on business and sustainable development" against the increasing problems around globe [1]. In 2013 Greenleaf published 19 books and will publish over 25 in 2014 including the memoir of Sir Mark Moody Stuart, the former Chairman of Shell, and a new edition of the seminal reference text *The Corporate Responsibility Code Book*. In addition to a thriving books program, Greenleaf publishes four journals: the *Journal of Corporate Citizenship* (now in its 21st volume), *Business*, *Peace and Sustainable Development*, *Building Sustainable Legacies* and the 2014 launch *Journal of Sustainable Mobility* [2].

In 2013 the complete Greenleaf archive was digitized and the majority of titles are included in the *Sustainable Organization Library* [3], which is the world's leading online collection in sustainability. Dedicated to the dissemination of knowledge, samples of content from most titles are available in free, PDF formats from the Greenleaf website (www.greenleaf-publishing.com) and the publisher runs an active blog. The *Sustainable Organization Library*, managed by Greenleaf's partner publisher GSE Research [4] includes around 8,000 book chapters, case studies, and research papers drawn from nearly 600 books and journal issues, focused on sustainability and social responsibility. In addition to Greenleaf titles, the collection draws together selected content from partners including Oxfam, Practical Action and the European Foundation for Management Development (EFMD).

[1] Greenleaf Publishing. Key Resources on Business and Sustainable Development. (2012). Accessed on December 30, 2012, from http://www.greenleaf-publishing.com/default.asp?ContentID=57.
[2] Greenleaf Publishing. (2012). *Journals*. Accessed on December 30, 2012, from http://www.greenleaf-publishing.com/default.asp?ContentID=6.
[3] Greenleaf Publishing. Sustainable organization library. Accessed on January 23, 2014, from www.gseresearch.com/sol.
[4] Greenleaf Publishing. GSE Research. Accessed on January 23, 2014, from http://www.gseresearch.com/.

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Greenpeace

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Greenpeace is an international non-governmental organization that aims 'to change attitudes and behavior, to protect and conserve the environment and to promote peace' [1]. It was founded in 1971 by David McTaggart, Bob Hunter, Dorothy Stowe and Irving Stowe to campaign against the US government conducting underground nuclear tests at Amchitka Island off Alaska. Its campaigns are non-violent, often using one of its campaign boats. One of those boats, the Rainbow Warrior, became a symbol of the organization, especially after it was bombed and sunk by French intelligent agents in Auckland's Waitemata in 1985 to avoid it leading a number of vessels to Mororua Atoll to protest against French nuclear testing. Over the years, it has expanded from protesting against nuclear testing. Their areas of campaigning aim to catalyse an energy revolution, defend the oceans, save the Arctic, protect the forests, create a toxic-free future and to campaign for sustainable agriculture [2].

Today, it has 2.8 million supporters and is presented in 40 countries across all inhabited continents with the largest financial supporter base in Germany and the Netherlands. This support base and its financial contributions are vitally important for the independence of Greenpeace. To stay autonomous the organization does not accept donations from governments or corporations, and solely relies on foundation grants and contributions by individual supporters [1]. Greenpeace is now one of the most visible internationally operating environmental non-governmental organization.

In 2012 for example, Greenpeace successfully raised awareness to issues surrounding the Arctic (e.g. oil drilling and its potential impacts) with more than 3 million people signing up as Arctic defenders. It also helped to protect the Indonesian rainforest by exposing the destructive activities of companies such as Asia Pulp and Paper (APP). Nevertheless, the organization has started a strategic change project to make it more global, innovative and impactful [3].

[1] Greenpeace.org. (2013). *About Greenpeace*. Accessed on March 3, 2013, from http://www.greenpeace.org/international/en/about.
[2] Greenpeace. (2012). *Annual report 2011*. Amsterdam: Greenpeace International.
[3] Greenpeace. (2013). *Impact report 2012*. Accessed on November 11, 2013, from http://www.greenpeace.org.uk/sites/files/gpuk/greenpeace-impact-report-2012.pdf.

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Greenbury Report (UK)

Brigitte Planken

The Greenbury Report, which was published in 1995, presented the findings and recommendations of a research committee established by the Confederation of Business and Industry (CBI), and chaired by Sir Richard Greenbury. The committee and the ensuing report addressed a growing concern among investors and the general public in the 1990s that the remuneration of directors—particularly in the private sector—was rising inordinately, and that existing remuneration packages were inadequate in providing an incentive for directors to improve their performance [1].

The Greenbury Report dealt with a number of issues relating to remuneration. For example, it outlined the role of a remuneration committee, made recommendations as to the required level of disclosure needed by shareholders, and set guidelines for establishing remuneration policies and packages for CEOs and other directors [1].

The principles outlined in the Greenbury Report, together with recommendations in the Cadbury and Hampel Reports, formed the basis for what is nowadays the Combined Code, or the UK Corporate Governance Code (latest version 2012), which outlines the central principles of good corporate governance. The Combined Code is aimed at companies listed on the London Stock Exchange [2].

[1] GEE. (1995). *Directors remuneration*: *Report of a study group chaired by Sir Richard Greenbury* (The Greenbury Report). Accessed on February 19, 2013, from http://www.ecgi.org/codes/documents/greenbury.pdf.
[2] FRC. (2012). *The UK corporate governance code*. London: Financial Reporting Council.
[3] Accessed on February 19, 2013, from http://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-September-2012.aspx.

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Green Value Stream

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The Green Value Stream (GVS) process is rooted in the Lean philosophy and shows how to quickly identify, measure, and minimize the seven green wastes which are energy (not waste), water (not waste), materials (not waste), garbage, transportation (not waste), emissions, and biodiversity (not waste) to realize immediate cost savings [1]. Herein, the value stream is the series of steps that occur in order to provide the product or service—and shopping experience—the customer desires [2].

With the Lean philosophy, every portion of the business process has to be seen from the perspective of the customer—what non-value-adding activities (waste) can be eliminated, based on whether they add something to the customer experience or satisfaction. The same approach of eliminating waste can be applied founded on an environmental viewpoint. Essentially, a manager has to look at all the activities in the value stream or operation of the business from the perspective of the environment, generating a green value stream [1]. By developing a set of environmental wastes, the manager sets up a list of criteria that are based on what the environment does not perceive as positive, good or valuable. By checking these criteria against the value stream, all the negative impacts on the environment can be identified and eliminated [1].

More and more, authors point out that there are major economic business benefits to be gained by "going green": direct cost savings, increased customer loyalty and attraction, increased employee attraction and retention, ability to grow, innovation and development of new technologies, and increased profit and shareholder value [3]. Therefore, the GVS process not only supports sustainability, but is also profitable.

[1] Wills, B. (2009). *Green intentions*: *Creating a green value stream to compete and win*. New York: Productivity Press; Taylor & Francis Group.
[2] Wartgow, G. (2012). *How to reduce materials inventory by refining your value stream*. GreenIndustriesPros.com. Accessed on March 19, 2013, from http://www.greenindustrypros.com/article/10633646/how-to-reduce-materials-inventory-by-refining-your-value-stream.
[3] Wills, B. (2009). *The business case for environmental sustainability* (*Green*). *Achieving rapid returns from the practical integration of Lean & Green*. HPS White Papers. Accessed on March 21, 2013, from http://www.leanandgreensummit.com/LGBC.pdf.

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Greenwashing

Christopher Ball

The phenomenon of "*greenwashing*" involves providing inaccurate information about environmental performance of either a firm or its products/services, or both, to consumers [2]. In general, when firms engage in "*greenwashing*", they are not directly presenting false information, but place misleading emphasis on certain company activities or facts about products [3]. Exaggerating the significance and value of corporate social responsibility programmes or overstating the magnitude of environmental divisions of carbon-intensive businesses amount to "*greenwashing*" at a firm level. In terms of consumer goods, similar misleading practices are evident—indeed, a US survey in 2008–2009 found that the vast majority of consumer goods were affected, to some degree, by "*greenwashing*" [1]. Misleading consumers about the sourcing of a product or the true energy consumption of an appliance would be examples of "*greenwashing*" at the product level.

Organisations have an incentive to overplay their environmental performance in order to gain a share of the lucrative market for green goods and services and are in fact are encouraged to do so by the poor regulation of the way that products and services are marketed and the difficulty consumers have in understanding the vast and confusing body of environmental information with which they face [1].

"*Greenwashing*" undermines the confidence of consumers in environmental products and services and also jeopardises the formation of green capital markets, as investors become sceptical about firms' claims about their commitment to sustainability [1]. A method of tackling "*greenwashing*" is establishing a credible eco-labelling scheme, with governmental supervision, to verify the sustainable credentials of products. Likewise, accreditation schemes such as ISO14001 which operate at the level of the organisation provide a coherent tool for assessing environmental performance.

[1] Delmas, M. A., & Burbano, V. C. (2011). The drivers of greenwashing. *California Management Review*, *54*(1), 64–87.
[2] Parguel, B., Benoît-Moreau, F., & Larceneux, F. (2011). How sustainability ratings might deter 'greenwashing': A closer look at ethical corporate communication. *Journal of Business Ethics, 102*(1), 15–28.
[3] Vos, J. (2009). Actions speak louder than words: Greenwashing in corporate America. *Notre Dame Journal of Law*, *Ethics and Public Policy, 23*(2), 673–697.

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Green Workplace

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Green workplace refers to a workplace that is environmentally sensitive, resource efficient and socially responsible. It takes a holistic and integrated approach to enhancing work culture, improving place of work, and reducing environmental impacts. The green workplace is also defined as the sustainable strategies in the workplace whereby managers can make their offices and practices more sustainable, efficient, and well-suited to the complex, ever-changing world of business, and organizations can enhance business profitability and long-run marketability, while reducing costs, increasing productivity, and improving recruiting and retention, and increasing shareholder value, in addition to benefiting the environment [1].

The green workplace strategies are based on concrete and cost-effective changes such as working from home, ways to cut commuting costs, video conferencing to cut down on travel, increasing access to natural light to save energy and the like.

A high-performing green workplace can help employees to be as efficient, effective, and productive as possible with minimal waste and few empty offices or conference rooms. A high-performance green workplace includes more than just spatial solutions—it incorporates technology, business operations, and changes inhuman behavior through policy. It provides a variety of “settings” to support individual as well as collaborative tasks. High-performance green workplaces create value for the organization. They are productive places that facilitate the kind of interaction and creativity that spawn new business ideas and are accepting of change.

[1] Stringer, L. (2009). *The green workplace: Sustainable strategies that benefit employees, the environment, and the bottom line*. London: Palgrave Macmillan.

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Green Workplace Economics

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The concept of Green Workplace Economics (GWE) was introduced by Planon, a global provider of enterprise real estate and facilities software in 2009. WGE centers on gaining profit through cost savings while simultaneously improving environmental sustainability, and seeks to drive profit and improve environmental sustainability by smarter utilization of facilities and real estate assets. GWE addresses the challenge by enabling companies to eliminate waste, align need, and improve agility. Using Planon's Integrated Workplace Management System (IWMS) solutions, companies are applying Green Workplace Economics and finding they are able to meet and oftentimes exceed their sustainability objectives while cutting costs.

Planon's GWE—comprising four solutions that help real estate and facility managers cut costs while ensuring sustainability—is a new, environmentally-focused addition to Planon's offering. The new concept answers those challenges with three factors: Eliminate waste, Align need, Improve agility. All three are adopted in four primary Planon Integrated Workplace Management System (IWMS) solutions [1]:

- Corporate real estate (CRE)—portfolio management, lease management, transaction management, financial management and projects.
- Maintenance management (MM)—asset management, planned and reactive maintenance, helpdesk, work orders, mobility, and health and safety.
- Smart workplace (SW)—space planning, flexible workspaces, hotelling, reservations, security, moves adds and changes
- Integrated service management (ISM)—service-level agreements, budget management, performance measurement, employee self-service and service providers.

[1] Planon, Green Workplace Economics. (2013). Accessed on March 18, 2013, from http://www.the-chiefexecutive.com/contractors/technology/planon/.

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G20

Tim Ogunyale

The Group of Twenty is an association of Finance Ministers and Central Bank Governors of 20 countries around the world. The group was formally inaugurated in 1999. The Group provides a forum for strategic economic communication between industrialized and developing countries. The forum was created in response to the Asian financial crisis of the late '90s, but it became much more prominent in 2008, when different economies from around the world came together to fight the global economic crisis which besieged the world in that year. The Group held a series of meetings which were instrumental in formulating and coordinating global responses to the crisis.

The Group has in the past met semi-annually, but it is now being proposed that they will meet annually. The first meeting of the Group took place in Berlin, Germany in 1999.

There are 43 countries in the G-20, but only twenty are full members. The G20 consists of Argentina, Australia, Brazil, Canada, China, European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom and United States of America. The European Union (which is composed of 27 nations but having four of them are listed separately on the list—France, Germany, Italy, United Kingdom) is represented by the President of the European Council and by the European Central Bank.

It studies, reviews and promote high-level discussion of policy issues that promote international stability.

The G20 lacks any formal ability to enforce rules and it operates without a permanent headquarters, secretariat or staff.

[1] http://www.g20.org/docs/about/about_G20.html
[2] Dictionary of Banking and Finance 4th Edition. (2011). Bloomsbury Publishing Plc, p. 163.
[3] http://www.g20.org/about_faq.aspx#5_What_are_the_criteria_for_G-20_membership

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Hampel Report

Matthias S. Fifka and Yascha Roshani

The Hampel Report is a report on corporate governance published in the United Kingdom in January 1998. Following the publication of the Cadbury Report in 1992 and the Greenbury Report in 1995, the Hampel Committee was established with the purpose of reviewing the implementation of the recommendations of the Cadbury and Greenbury reports. The committee itself was established in November 1995 on the initiative of Sir Sydney Lipworth, Chairman of the Financial Reporting Council, and was led by Ronnie Hampel, CEO of the International Stadia Group at this time. The Hampel Report later became part of the basis for the Combined Code.

While the Cadbury Report focused on the financial aspects of corporate governance and the Greenbury Committee responded to concerns about directors' remuneration, the Hampel Report took on both issues in its report. One of its substantial contributions was the accentuation of the need to uphold the voluntary nature of corporate governance based on principles, instead of a prescriptive rule-based approach. Thus, the recommendations made by the report are based on broad principles and guidelines, ensuring applicability to companies of all sized and industries.

Moreover, the report drew attention not only to the importance of the shareholders but also of the stakeholders, claiming that "the directors as a board are

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responsible for relations with the stakeholders, but they are accountable to the shareholders" [1]. In comparison to most of the previous concepts of corporate governance, this was a small improvement, because it deviated from an exclusive focus on shareholders [2]. Nevertheless, as the wording shows, the Hampel Committee still clearly emphasized the role of the shareholders and criticized that "the emphasis on accountability has tended to obscure a board's first responsibility—to enhance the prosperity of the business over time" [1]. Thus, it voiced a clear shareholder-orientation overall.

[1] Committee on Corporate Governance. (1998). *Hampel Report*. London: Gee Publishing Ltd.
[2] Solomon, J. (2010). *Corporate governance and accountability*. Chichester: John Wiley & Sons Ltd.

Hannover Principles

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The Hannover Principles are a set of statements about designing buildings and objects with forethought about their environmental impact, their effect on the sustainability of growth, and their overall impact on society. The principles provide a holistic perspective on the tasks and responsibilities of architects; address the interdependence of humanity and nature. The Hannover Principles include [1]:

- Insist on rights of humanity and nature to co-exist in a healthy, supportive, diverse and sustainable condition.
- Recognize interdependence. The elements of human design interact with and depend upon the natural world, with broad and diverse implications at every scale. Expand design considerations to recognizing even distant effects.
- Respect relationships between spirit and matter. Consider all aspects of human settlement including community, dwelling, industry and trade in terms of existing and evolving connections between spiritual and material consciousness.
- Accept responsibility for the consequences of design decisions upon human well-being, the viability of natural systems and their right to co-exist.
- Create safe objects of long-term value. Do not burden future generations with requirements for maintenance or vigilant administration of potential danger due to the careless creation of products, processes or standards.
- Eliminate the concept of waste. Evaluate and optimize the full life-cycle of products and processes to approach the state of natural systems, in which there is no waste.

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- Rely on natural energy flows. Human designs should, like the living world, derive their creative forces from perpetual solar income. Incorporate this energy efficiently and safely for responsible use.
- Understand the limitations of design. No human creation lasts forever and design does not solve all problems. Those who create and plan should practice humility in the face of nature. Treat nature as a model and mentor, not as an inconvenience to be evaded or controlled.
- Seek constant improvement by the sharing of knowledge. Encourage direct and open communication between colleagues, patrons, manufacturers and users to link long term sustainable considerations with ethical responsibility, and re-establish the integral relationship between natural processes and human activity.

[1] McDonough, W., Braungart M. (2003). *The Hannover principles: Design for sustainability*. William McDonough & Partners.

Happy Planet Index

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The Happy Planet Index (HPI) is the leading global measure of sustainable well-being, evaluating the extent to which countries deliver long, happy, sustainable lives for the people that live there. The index was created by Nic Marks, Founder of the Centre for Well-being at NEF (the new economics foundation), and first published in July 2006 [1].

The HPI is the first ever index to combine environmental impact with well-being in an attempt to measure the environmental efficiency with which it is possible to measure country by country where people live long and enjoy happy lives. The HPI is not an indicator of the 'happiest' country on the planet, or best place to live; nor does it indicate the most developed country in the traditional sense, or the most environmentally friendly. Instead, it combines these indicators, providing a method of comparing countries' progress toward the goal of providing long-term well-being for all without exceeding the limits of equitable resource consumption [2].

The HPI provides a single, easily communicable headline indicator which gives an overall sense of whether a society is heading in the right direction based on three components: experienced well-being, life expectancy, and Ecological Footprint. While the experienced well-being is measured based on surveys which use questions such as the so called 'Ladder of Life' from the Gallup World Poll, the life expectancy is usually derived from UNDP Human Development Report. Last but not least, the Ecological Footprint is a per capita measure of the amount of land required to sustain a country's consumption patterns, measured in terms of global

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hectares (g ha) which represent a hectare of land with average productive biocapacity [1].

[1] Happy Planet Index. (2013). *The Happy Planet Index (HPI) is the leading global measure of sustainable well-being*. Accessed on 19 March, 2013, from http://www.happyplanetindex.org/about/.

[2] The new economics foundation (nef) (2006). *The Happy Planet Index. An index of human well-being and environmental impact. NEF, London, United Kingdom*. Accessed on 20 March, 2013, from http://s.bsd.net/nefoundation/default/page/-/files/The_Happy_Planet_Index.pdf.

Healthcare Benefits

Carmela Gulluscio

There is no universally accepted definition of healthcare benefits. Generally speaking, they may be defined as a set of services, as well as the effects connected to these services, aiming at satisfying health needs of single individuals or of the whole administered community that are considered as worthy of protection [1].

According to one interpretation, healthcare benefits identify the services from which the single person or the community can benefit of to satisfy their health needs. These services are accounted as benefits, regardless of the effect that they have on the beneficiary in terms of satisfaction of his health need. In this sense, they are interpreted as the outputs of the services demand (for instance: number of medical checks, number of surgeries, etc.). These services can be provided by public administrations and/or private institutions (profit and non profit).

A different interpretation identifies healthcare benefits with the positive effect that the abovementioned services have on their respective beneficiaries. These positive effects may be the outcomes of health services (e.g. effect of the service on the single individual's health) or the positive perceptions that are manifested by their beneficiaries (e.g. level of customer satisfaction associated with the supply of a medical service).

If considered as outcomes, healthcare benefits can be measurable (for instance: the degrees of myopia recovered by means of a surgery) or immeasurable (for example: improvement of patient's quality of life after a cataract removal surgery). The latter are the most widespread healthcare benefits.

It is worthwhile to make a distinction between healthcare benefits for society and healthcare benefits for the person. The former have effects on an extended community (e.g. all the citizens of a State, all the inhabitants of an area, etc.). They are collective services for the benefit of a multitude of subjects (for instance, hygiene services, diseases prevention, vaccinations, etc). The latter have effects on

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individuals, seen as the specific addresses of a certain service (for instance, a medical check, a surgery, etc.).

The most frequently employed technique to estimate the value of these benefits is willingness to pay. It evaluates the utility that a person derives from a specific good or service, measured through the maximum amount he/she is willing to pay for it.

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Higgs Report

Matthias S. Fifka and Yascha Roshani

The Higgs Report, officially termed "Review of the role and effectiveness of non-executive directors", is a report on corporate governance published in the United Kingdom in 2003 [1]. In April 2002, the head of the committee, Sir Derek Higgs, had been appointed by the Secretary of State for Trade and Industry to form a working group in order to review the role and effectiveness of non-executive directors.

To some extent, the Higgs Report was a reaction to the collapses of the established and well-known American corporations Enron and WorldCom. The fall of Enron and WorldCom provoked an increasing debate on corporate governance issues not only in the U.S., but also in the U.K. and many other countries. Particularly, this led to the assumption that the collapses were a consequence of the ineffectiveness of non-executive directors in monitoring the performance of the management. The U.S. responded to the scandals by passing the Sarbanes-Oxley Act of 2002 and thus resorted to legal measures, whereas the U.K. approach consisted of the development of corporate governance reports as well as of the UK Combined Code that merely made suggestions on good practice [2]. The 'comply or explain' principle is central to this voluntary approach.

The main recommendations made in the report address the duties and the constitution of the board. Excluding the chairman, at least half of the board of directors should consist of independent non-executive directors. Thus, the report gave a very detailed definition of the term 'independent'. Furthermore, it developed guidance for non-executive directors and for the chairman, and made suggestions for a revision of the Combined Code that was first passed in 1998.

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Holistic Development

Del Baldo Mara

"At the heart of studies concerning entrepreneurship and management, scenarios emerge that correctly accept development in all of its dimensions, which can be called holistic development" (Sorci 2007: 12) [1]. In recent decades, this paradigm has been closely examined and applied to international business models, and it has been linked to the concept of sustainable development—a form of development that involves economic, ethical, environmental, and social dimensions [2].

A business's holistic development is founded on a system of universal ethical values which are actively practiced by the entrepreneurs, managers, and corporate stakeholders. Holistic development is by nature multi-dimensional and can create shared value, contributing to the common good and to collective progress, starting with the local community in which businesses are an integral part.

In the perspective of holistic development, every decision and action is the result of an orientation aimed at producing economic results, but, at the same time, it is sensitive to the impact such decisions have on the company's stakeholders and the system of values, on the development of understanding, on the professionalism of individuals and groups, on social cohesion, and on the socio-economic and environmental system surrounding the company. This perspective can be extended to every type of business (public or private, small or large, domestic or transnational), and brings to light two questions. First, "What are the values and behavioral models that it both expresses and synthesizes?" Second, "What kind of endogenous and exogenous factors nurture a form of management and entrepreneurialism oriented toward holistic development objectives?"

The entrepreneurial and managerial profile represents a presupposition of holistic development. The "holistic success" is the fruit of a virtuous cycle that produces phenomena of accumulation of resources, mostly of an immaterial and intangible nature, such as categories of understanding, social cohesion, and credibility [3]. Along with the willingness to respect and valorize people, productive correctness, and informational transparency, one of the values inherent in a coherent model of holistic development is a profound sense of responsibility towards the socio-economic context.

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[1] Sorci, C. (Ed) (2007). *Lo sviluppo integrale delle aziende*. Milano: Giuffrè.
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Hostile Takeover

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A takeover is simply one company (the acquirer) buying another company (the target) for any of the various strategic reasons like increasing market share, increasing capacity, achieving economies of scope and scale, etc. A takeover could also be initiated to eliminate competition. Takeovers are mostly regarded as a good form of market control by most proponents of modern finance. In general, it assures the survival of the fittest.

However, a hostile takeover implies resentment of the target company at the prospect of being bought. A hostile takeover happens when there is opposition from the target company's management to the acquiring company's proposition. In such a situation, where there is open hostility at being acquired, the acquiring company usually approaches the shareholders of the target company directly or attempts to replace the incumbent management of the target company with a more receptive one.

The very word takeover implies winners and losers. Rationalisations, redundancies, plant closures or transfers and other negative outcomes frequently follow successful outcomes for the acquired entity. In such transactions there is an implicit acceptance that the gain for some will imply loss for others [1].

Employees are usually the least regarded stakeholders in such takeovers. Layoffs are a very common cost cutting measure after takeovers. These are usually undertaken to achieve synergies and efficiencies by eliminating excess capacity. Whilst managers may, in some cases, be protected against hostile takeovers given the presence of golden parachutes, other employees might not be so lucky. An average employee tends to be the most undiversified person at the company since he/she has mostly company specific skills. These skills may not necessarily be transferable to other companies which leaves the employee vulnerable to takeovers.

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Houston Principles

Belén Díaz Díaz

The purpose of the Houston Principles is to reaffirm publicly the commitment of both the labour and environmental movements to forge a partnership that protects people and the planet. The environmental and labour advocates who have signed these principles resolved to work together to: (1) Remind the public that the original purpose behind the creation of corporations was to serve the public interest—namely working people, communities, and the earth; (2) Seek stricter enforcement of labour laws and advocate for new laws to guarantee working people their right to form unions and their right to bargain collectively; (3) Make workplaces, communities and the planet safer by reducing waste and greenhouse gas emissions; (4) Demand that global trade agreements include enforceable labour and environmental standards; and (5) Promote forward-thinking business models that allow for sustainability over the long term while protecting working people, communities, and the environment [1].

The Houston Principles are the founding principles of the Alliance for Sustainable Jobs and the Environment, which was formed on May 19th, 1999, while environmental and labour leaders confronted the CEO Charles Hurwitz in Houston to demand that his Maxxam Corporation, which owns Kaiser Aluminium and Pacific Lumber Company, be held accountable for its impact on working people, communities and the environment. By liquidating Kaiser workers' pension plans in Washington and destroying the ancient redwood forests in Northern California, Maxxam Corporation and its subsidiaries, have according to some critics, become icons of corporate irresponsibility. Labour and environmental activists, recognizing that they have a common interest in making corporations more accountable for their behaviour world wide formed the Alliance.

The Alliance is committed to creating a world "where nature is protected, the worker is respected, and unrestrained corporate power is rejected through grassroots organizing, education, and action" [1]. They believe that healthy future for the economy and the environment requires a dynamic alliance between labour, management, and environmental advocates; and that the drive for short-term profits without regard for long-term sustainability hurts working people, communities, and the earth.

[1] Alliance for Sustainable Jobs and the Environment. (2005). Accessed on 1 February, 2013, from http://asje.info/principles.html.

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Human Capital

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Human capital describes the knowledge, talent, skills, and competencies of individuals. In addition, social and personality attributes, creativity, and social relationships can also be counted as human capital. Within economic theory, human capital is a factor of production. In general, human capital represents an employee's economic value and affects the employee's ability to perform labor in order to create an economic output. The term is widely used in organizational theory and is of high importance in Human Resource Management in particular [1].

Human capital is seen as a decisive factor for countries and companies alike to achieve economic success. Due to increasing complexity, new skills and higher levels of qualification are permanently required. Therefore, the concept of human capital rests on the notion that the quality of the workforce can and should be improved by investing in it. Such investments in people's skills, education, and abilities have an economic value for the company as an individual actor, while the economy as a whole is regarded to benefit from higher productivity and higher earnings of individuals.

According to a neo-classic position, an educated population is more productive compared to a less educated population, and differences in earnings are explained in terms of human capital. However, this point of view has come under criticism. "Signaling theory", as developed by Michael Spence, claims that education does not automatically lead to higher earnings, but is rather used as a means to signal abilities to employers and thus gain a higher wage or salary [2].

Following the neo-classical position, expenditures on education and training are regarded as necessary to improve the productivity and achieve greater economic outputs. Human capital theory deals with assessing and finding ways of measuring the return of investment in human capital and justifying the costs and benefits of training and educating employees. The main questions in this context are to what degree the respective investments lead to an enhancement in productivity, and whether they lead to increased productivity at all. The underlying problem results from the fact that the value of human capital can only be measured with great difficulty.

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Human Development Index

Markus Stiglbauer and Anna-Lena Kühn

In its Human Development Report 1990, the United Nations Development Program (UNDP) proposed the Human Development Index (HDI) as an alternative to conventional one-dimensional measures of national development (i.e. the gross domestic product (GDP) or the per capita gross national product (GNP)). With the intention of evaluating the development of a country not only by considering its economic growth, the HDI serves as a frame of reference for both social and economic development. By taking into account the population and its capabilities, the HDI intends to question national policy choices and compares countries with the same level of gross national income per capita (GNI per capita) with respect to their human development [1].

The HDI assesses inter-country development levels on the basis of three basic dimensions of human development: a long and healthy life (health), access to knowledge (education) and a decent standard of living (living standards). More precisely, life expectancy at birth has been selected as the indicator for a healthy life, mean years of schooling and expected years of schooling as indicators for the education dimension, and GNI per capita as the indicator for the standard of living [1]. For each dimension, the value of the index is computed on a scale of 0–1, where 0 corresponds to the minimum, and 1 to the maximum assigned value for the corresponding indicator. The overall HDI or "composite deprivation index" is finally calculated as the arithmetic average of the indices of the three dimensions. By means of the general formula, individual indices for each indicator (i) of the HDI can be determined for a given country:

$$\text{HDI } (i) = \frac{(\text{Actual } x_i \text{ value } - \text{ minimum } x_i \text{value})}{(\text{Maximum } x_i \text{value } - \text{ minimum } x_i \text{value})}$$

However, the UNDP recognizes the difficulty in conceptualizing and measuring the fuzzy condition of human development. It is additionally criticized for not including dimensions of participation, gender, equality or ecological considerations [2].

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Human Ecology

Gabriela Tigu and Andreea F. Schiopu

Ecology is the science of the relationship between living organism and their environment, while human ecology is about relationships between people and their environment [1]. Moreover, human ecology links the subject matters of anthropology, biology, geography, demography, economics, and other disciplines in an attempt to understand the aforementioned relationships between people and the environment [2].

In the context of human ecology the environment is viewed as an ecosystem, which consists of all the elements found in a specific area—the air, soil, water, living organism and physical structures, including everything built by humans [1]. The ecosystem concept is a model for the cycles of matter and energy that include organic entities and their linkages to the inorganic, with producers, consumers, and decomposers of energy [2]. All these elements exchange constantly both matter and energy in a continuous flow.

Although humans are part of the ecosystem, based on their main role and influence, it is useful to think of human-environment interaction as interaction between the human social system and the rest of the ecosystem. The social system is everything about the people—the population, psychology, knowledge, and social organization that specify the acceptable behavior. This system is a central concept in human ecology because human activities that impact on ecosystems are strongly influenced by the society. Values and knowledge—which form the worldview of individuals and of society—shape the way that humans process and understand information and translate it into action [1].

Given this action of humans with effects on the environment, there is more attention and greater emphasis on the role of decision-making at the individual level as people strategize and optimize risk, costs and benefits within specific contexts [2]. This accent is explained by the fact that the human activities have several consequences on the ecosystems. For example, people affect the ecosystem when they use natural resources such as water, fish, timber, etc.; after using these materials, people return some of them to ecosystems as waste; and people intentionally modify or reorganize existing ecosystems, or create new ones, to better serve their needs [1]. Therefore, each individual has to be aware of the effect of their decisions on the maintenance or disruption of the environment.

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Human Resource (HR) and Corporate Social Responsibility (CSR)

S.L. ANG and K.C. Patrick Low

Human resources are the set of individuals who make up the workforce of an organisation including business sector or an economy. “Human capital” or “human talent” are commonly used synonymously with human resources, although human capital or talent typically refers to a more narrow view such as the knowledge or competencies, the individuals embody and can contribute to an organization. The professional discipline and business function that oversees an organization’s human resources is called human resource management (HRM, or simply HR). The focus of human resource management (HRM) is “on managing people within the employer-employee relationship” [1]. HRM involves the productive use of people in achieving the organisation’s strategic business objectives and the satisfaction of individual employee needs [2].

When corporates take care of their HR or human capital/talent and grow, nurture or train and develop them, they are being socially responsible. Child labor should be avoided, and corporates need to ensure that their employees are working or operating in workplaces that have suitable or acceptable working conditions. They need to ensure the safety and health of their employees. Overall, the terms and conditions of employment of the employees should be just, fair and equitable or in short satisfactorily, and the employees’ needs are looked after. One can also see the positive impact of CSR on employees in terms of various organizational outcomes; and these include organizational commitment, job satisfaction and employees’ motivation.

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Implementation

Massimiliano Di Bitetto and Paolo D'Anselmi

Implementation is a basic concept that discriminates between intentions, plans and norms on one side and actual reality and outcomes on the other side: implementation is the whole process that describes what happens between intentions and outcomes. The subtitle of the basic book on this subject is most telling: "How Great Expectations in Washington Are Dashed in Oakland [2]. Applying the concept of implementation to CSR implies that statements of intent have little meaning within the realm of CSR and CSR reporting. What matters is the implementation of actions and policies. On a theoretical plane, implementation is a practical way to talk about the difference between normative and positive behavior. For example, crimes occur in companies with a strict code of ethics. Implementation teaches us that we should not be scandalized because codes of ethics are in the normative sphere while we should be looking as close to reality as possible through measures of impact and outcome. Implementation is the value that best describes the degree of influence of the managerial paradigm in the agenda setting and general discourse in modern societies. Modern societies are studied and influenced through three large scale areas of investigation or paradigms: political science, law and the managerial paradigm, including at least economics, sociology and the specific managerial sciences such as marketing, and public relations. Looking at

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modern societies at large and how little implementation and outcomes are taken into account, it can be realized how the managerial paradigm is squeezed between politics and law. Finally, implementation can be part of a process framework for managing and reporting about CSR. Such a framework would include attention to the disclosure of organizational issues, to individual responsibilities within the organization (ethics) and the stewardship of unaware stakeholders ("unknown" stakeholders) [1].

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[2] Pressman, J. L., Wildavsky, A. (1973). *Implementation: How great expectations in Washington are dashed in Oakland*. Berkeley: University of California Press.

Inclusion

Wolfgang Hein

Inclusion is a general term to characterize policies to counteract structures and processes of exclusion of individuals and groups from the mainstream of social life. This reaches from theoretical and philosophical considerations on democracy [1, 2], to the inclusion of women, of poor people, who are excluded from taking part in many aspects of social life, of marginalized ethnic groups, of handicapped people and other disadvantaged groups. In general, the idea of inclusion is linked to concepts of empowerment to allow formerly excluded people to participate in the respective activities based on their own capabilities.

Inclusion always consists of activities in two directions: An opening of the receiving group in social (removing socio-cultural barriers) as well as physical terms (acceptance of formerly excluded people, removal of physical barriers) and support for the formerly excluded group (medical support to reduce handicaps; sustaining self-confidence; improving material conditions to participate and possibly to develop competitive activities).

In development research, basically during the 1990s, a turn from defining needs primarily in economic terms towards a stronger focus on socio-cultural aspects and on a flexible support of the specific potential of local people has taken place strengthening the role of empowerment to favor inclusion [3]. In recent years the World Bank and the Bill&Melinda Gates Foundation have collected a huge data set on the financial and social situation of "the excluded", the Global Financial Inclusion Database (Global Findex) [4].

Policies of inclusion constitute a broad field for CSR, for example firms employ handicapped people and offer support in education, medical services etc to local

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communities. Inclusion supported by firms is seen as an improvement of the socio-political and health environment of the firm, improving the possibilities to employ local people, but also reducing the risks of conflicts with residents.

In the Global Compact, "inclusion" is not explicitly mentioned as one of the principles, but all principles relating to human rights [1, 2] and labor [3–6] contain dimensions of inclusion. Many companies talk explicitly about measures of inclusion in their social reports. To further the needs of poor women, probably the single largest group of excluded people, 2010 seven Women's Empowerment Principles were added to the Global Compact.

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Inclusive Business

Mara Del Baldo

Inclusive Business is the term used to refer to profitable core business activities that also tangibly expand opportunities for the poor and disadvantaged in developing countries, thus making a positive contribution to the development of companies, the local population, and the environment. The inclusive business models also frequently appear in connection with the concepts of social enterprise and corporate social responsibility (CSR). Many companies strive to integrate CSR activities into their core business. Inclusive business pursued by companies also falls into this category. In fact, these types of initiatives also often originate in the CSR department in larger companies or are driven by entrepreneurial behavior and attitudes.

Inclusive business models can consist of: (a) developing or adapting existing supply and/or distribution chains in order to increase the participation of disadvantaged producers, informal traders, and employees; and (b) developing or adapting existing products and services needed by the poor and/or enabling greater access to these products and services to the poor while creating low carbon-emitting, climate-resilient businesses that help communities adapt to changing environments. Private-sector institutions and governments play an important role in inclusive business

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ventures, as well as large globalized companies and small and medium-sized ones [3].

These models answer the question: “Is it possible to fight poverty through business?” “Inclusive business models engage people living at the base of the economic pyramid (BOP) in corporate value chains as consumers, producers, and entrepreneurs” (Gradl & Jenkins, 2011: 5) [1]. By focusing on business viability, “The emphasis is on ‘core business’ rather than on philanthropy” (Gradl & Knobloch, 2010: 5) [2].

During the G20 Summit in Cannes in November 2011, participants launched a global competition, “The G20 Challenge on Inclusive Business Innovation”. Between November 2011 and February 2012, 167 applications were received from businesses in 72 countries. A first guide of these inclusive business experiences is provided by the Endeva Report (2010).

[1] Gradl, C., & Jenkins, B. (2011). *Tackling barriers to scale*: *From inclusive business models to inclusive business ecosystems*. Cambridge, MA: The CSR Initiative at the Harvard Kennedy School.
[2] Gradl, C., & Knobloch, C. (2010). *Endeva report, inclusive business guide*, *how to develop business and fight poverty*. Berlin: Endeva.
[3] Jenkins, B., Ishikawa, E., Geaneotes, A., & Paul, J. (2010). *Inclusive business*: *Expanding opportunity and access at the base of the pyramid*. Washington, DC: IFC.

Index of Sustainable Economic Welfare

Gabriela Tigu

The Index of Sustainable Economic Welfare (or Well-being—ISEW) is an adjusted economic indicator intended to replace the Gross Domestic Product, which attempts to incorporate costs and benefits not traditionally measured in monetary terms. It is similar to the Genuine Progress Indicator (GPI), bringing together a wide range of economic, social and environmental issues into one analytic framework. The basis for the index is consumer expenditure. Positive and negative adjustments are made to this basis to account for a series of social, economic and environmental factors [1].

In 1972, Yale economists William Nordhaus and James Tobin introduced their *Measure of Economic Welfare* (MEW) as an alternative to crude GDP [2]. MEW took national output as a starting point, but adjusted it to include an assessment of the value of leisure time and the amount of unpaid work in an economy, hence increasing the welfare value of GDP. The value of the environmental damage

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caused by industrial production and consumption, which reduced the welfare value of GDP (see the formula below) were also included.

MEW = Value of GDP + Value of leisure time + Value of unpaid work—Value of environmental damage.

The Index of Sustainable Economic Welfare (ISEW), develops MEW by adjusting GDP further. It takes a wider range of harmful effects of economic growth into account and excludes the value of public expenditure on defence [3]. So, ISEW is roughly defined by the following formula:

ISEW = Personal expenditure + Public expenditure (ex. defense) + Value of unpaid work—Private defense—Value of environmental damage.

The ISEW was initially developed and calculated in the USA, but today there are many other countries or regions which have attempted to implement the ISEW, namely the UK, Germany, The Netherlands, Austria, British Columbia, Sweden, Chile, Finland, etc.

[1] Jackson, T., McBride, N., & Abdallah, S. (2007). *Contribution to beyond GDP "Virtual Indicator Expo"*. Brussels. Accessed on February 18, 2013, from http://www.beyond-gdp.eu/download/bgdp-ve-isew.pdf.
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Industrial Democracy: Mutual Survival

Richard P. Peregoy

Industrial Democracy usually means a mutually shared, open, and dynamic, interrelated industrial relations approach to decision making primarily affecting the employees, the employer, and the government. The intertwined system lies within the larger system of shared ideals, beliefs, and practices of society. Industrial Democracy influences other models and systems of employee governance that involve the concept of empowerment [2].

Mutual survival is the goal of union and management [1]. Thus it is unique to the company or industry and the culture in which it operates. A major goal is mutual survival to fulfil the needs of all of the participants. It is not an elimination of conflict. Rather it is a way of industrial self-government [3]. In the practice of mutual survival fairness and equity is decided by agreement between the parties and goes far beyond the command and control elements of the exercise of economic power. Government's main role is to use the force of law to create an institutional

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framework that ensures balance and prevents unhampered economic dominance. This balance allows collaboration and communication to enhance the parties' abilities (enforced by law) to make a collective agreement that best suits the conditions and requirements of the employees, the company owners and managers, the industry, and the economy. This provides a way for employees and their unions to influence and restrict or regulate managerial rights. For employees it provides a way of "job ownership," and increases the opportunity for enhancing the dignity of work. Unions become a countervailing power to management. In some cultures unions are even represented on the company Board of Directors as for instance law requires in Germany and Austria and voluntarily in a part of the United States automobile industry.

[1] Bakke, W. W. (1946). *Mutual survival*. New York: Harper & Brothers.
[2] Smith, C. G., & Hindman, H. D. (2007). How industrial relations informs the teaching of ethics in human resource management. *Southern Business Review, 32*(2), 16–32.
[3] Taylor, G. W. (1948). *Government regulation of industrial relations*. New York: Prentice-Hall.

Industrial Ecology

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In order to understand what "industrial ecology" signifies, one should go beyond the associations of two terms whit such different overtones. Despite the differences in fields of endeavor, in vision, and contradictions they create, bringing together "industry" and "ecology" is considered to be a step closer to sustainable development.

Accordingly, industrial ecology could be regarded as an interdisciplinary field that provides relationships and links between industrial production, clean technologies, sustainable consumption and the environment. Going further, industrial ecology is linked to an integrated industrial-ecological system, which refers to "all human activities occurring within the modern technological society" [1]. It is seen like a bridge connecting economic and technological processes with pollution issues and environmental action.

A number of characteristics are attributed to industrial ecology. One of them regards the intensive use of recycled materials in the production process concur with a rationalization of energy flows. Another refers to capabilities to understand the limits of natural ecosystem under the pressure of industry's actions, and the capacity to adapt those actions to the natural environment. Moreover, industrial ecology takes a multidisciplinary approach [2], due to a holistic view, involving a

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variety of fields, starting with engineering and ecology, but also including disciplines like business, economics, and law.

Overall, the goal of industrial ecology could be seen as an equilibrium point between the critical need of technological adaptation to the environment and the improvement of social behavior in order to minimize environmental impact. Therefore, industrial ecology promotes a sustainable use of resources, applied to the entire global industrial system. The aim is to create a positive impact on increased industrial efficiency while preventing environmental pollution.

[1] Erkman, S. (1997). Industrial ecology: An historical view. *Journal of Cleaner Production*, *5*(1), 1–10.
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Information and Consultation[1]

Haris Kountouros

By the term "information and consultation" we refer to procedures whereby employees or, more usually, their representatives are informed and consulted by management on a number of matters regarding their employing organisation. Procedures for informing and consulting employees exist in many countries and are usually regulated by law. They may be set up on an *ad hoc* basis, for example in the case of planned collective redundancies, or be permanent. A common form of permanent procedures of information and consultation are the *works councils*. These bodies are elected by the employees of a company and usually involve both unionised and non-unionised workers. Consequently, at times, works councils' relationship with trade unions can be somewhat problematic. In the European Union, legal measures provide for the establishment of permanent information and consultation procedures at both national and transnational levels [1], as well as set out obligations for information and consultation in the case of planned redundancies or transfers of undertakings.

One of the principal aims of information and consultation procedures is to promote dialogue between management and labour so as to accommodate employers' interest for profitability with workers' need for secure, good quality employment. At times of crisis, they act as fora for negotiated solutions and compromises. Studies show that information and consultation procedures can be

[1] The author is writing in his personal capacity and expressed views do not necessarily reflect those of the European Parliament.

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beneficial in terms of better productivity, employee satisfaction and avoidance of costly industrial disputes [2]. International organisations, such as the International Labour Organisation and the European Union, place particular emphasis on the existence of information and consultation procedures, not least as a means to promote the successful adaptation of businesses and the introduction of more flexibility in enterprises on the basis of mutually agreed plans. It is thus typical for legislation to make express references to an obligation for employees' representatives and management to work "in a spirit of cooperation and with due regard for their reciprocal rights and obligations".

The *OECD Guidelines for Multinational Enterprises* (Chapter V) address explicitly the issue of information and consultation. The *Guidelines* call on employers to provide to employees' representatives "information which is needed for meaningful negotiations on conditions of employment" and which "enables them to obtain a true and fair view of the performance of ... [their employing organisation]". Furthermore, in order to "promote consultation and co-operation between employers and workers and their representatives on matters of mutual concern". The *Guidelines* also call for information on envisaged changes which would have major effects on the employees and for cooperation with employees' representatives and governmental authorities to mitigate any adverse effects.

In addition, the *OECD Principles of Corporate Governance* state (in Chapter IV) that "the governance framework should recognise that the interests of the corporation are served by recognising the interests of stakeholders and their contribution to the long-term success of the corporation". "Employees" are expressly referred to as a class of stakeholders and "works councils" as examples of governance processes. Though the *Principles* stop short of elaborating on procedures of information and consultation, they nonetheless provide that "where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis", adding that safeguards should be in place to protect employees and their representatives when communicating their concerns about illegal or unethical practices to the management board.

The proliferation of information and consultation procedures gives rise to a debate on whether these imply a reconsideration of the absolute prerogative of management to make decisions. Are obligations to inform and consult merely procedural, or do they imply a substantive obligation (for management) to actually consider the positions of the labour side? [3].

[1] See, for instance, European Parliament and Council Directive 2002/14/EC, establishing a general framework for informing and consulting employees in the European Community (OJ [2002] L 80/29), and European Parliament and Council Directive 2009/38/EC, on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (OJ [2009] L 122/28).

[2] Department of Trade and Industry. (2003). *High performance workplaces*: *Informing and consulting employees*, July 2003.

[3] Kountouros, H. (2006). *Quality in work as a European Union objective in a globalised economic environment*. Doctoral thesis deposited with the Library of the University of London.

Insider Trading

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Transaction activities in securities, which are obliged to register, are generally called insider trading. Insider trading itself usually has a negative connotation, therefore the subject needs to be considered sensitively. Within the limits of registrable transactions there is no way that insider trading needs to be illegal [1]. The illegal side of insider trading rather occurs in a way that takes advantage of non-public information or is relevant for stock prices.

Speaking of insider trading three dimensions must be defined: (1) the insider itself, (2) the included securities and (3) the insider information, which is the basis of insider trading. An insider characterizes the access to current information or knowledge of a stock company, which appears to be in interest of trading. In terms of insider trading securities are often subsumed under shares, also including all different kinds of derivative financial instruments. At last insider information defines all factors, that can possibly influence stock prices and are not publicly accessible (yet) [1].

It is without controversy that insider trading must be legally regulated, although there is very little history of insider trading in Europe [2]. From time to time the discussion about liberalization of insider trading appears, which is primarily supported by a possible allocation-efficiency of the capital market. A thesis is that allocation-efficiency in best practice can only be reached, if all company information influences the stock price. However, in order to realize insider trading there must be some kind of asymmetry in information, otherwise a legal regulation would be unnecessary [2].

[1] Schmidt, M. H. (2010). *Directors Dealings am deutschen Kapitalmarkt*. Hamburg: Diplomica Verlag.
[2] Krauel, W. (2000). *Insiderhandel*. Baden-Baden: Nomos.

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Institutional Theory

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Institutional theory emphasizes the role of social and cultural pressures imposed on companies that influence its practices and structures [1].

From an institutional theory perspective regulatory, social and market stakeholders can influence companies in a coercive, mimetic and normative way. Coercive influences are typically derived from political action and are most often exerted by regulatory stakeholders (e.g., national and local governments), whereas mimetic influences result from standard responses to uncertainty and are most often excreted by market stakeholders (e.g., suppliers, customers and competitors). Normative influences are associated with professionalization and are mainly imposed by non-market stakeholders (e.g., NGOs, mass media, labor unions and trade associations). Companies respond to these stakeholder pressures by implementing CSR policies as their survival depends on compliance with their expectations [2].

Institutional pressures imposed on companies often result in structural homogeneity. Companies operating in institutionally homogenous environments interact with each other more easily and coordinate their activities more effectively than firms in heterogeneous institutional environments [3]. This structural homogeneity is especially distinct in highly developed countries and leads to competition among firms for political power, institutional legitimacy, economic power, and social as well as environmental strength. Companies that are able to reduce this institutional pressure by complying with stakeholder demands are therefore able to increase their business outcomes, such as reputation and financial performance, and in doing so a competitive advantage [2].

[1] DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, *48*(2), 147–160.

[2] Matten, D., & Moon, J. (2008).”Implicit” and “Explicit” CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review*, *33*(2): 404–424.

[3] Hall, P.A., & Soskice, D. 2001. *Varieties of capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press.

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Institute of Chartered Secretaries and Administrators

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The Institute of Chartered Secretaries and Administrators (ICSA) stands for the Institute of Chartered Secretaries and Administrators. The Institute which was established in 1891 is the international qualifying and membership body for the Chartered Secretary profession. It was granted a Royal Charter in 1902. It is a recognised authority on corporate governance and compliance and is headquartered in London, UK operating in more than 70 countries worldwide. The institute has about 40,000 members worldwide.

There are two grades of membership of the institute—associate membership and fellow membership—a member becomes an associate after (having completed the institute's examinations and having served a period of time in their chosen industry. An associate becomes a fellow after a period of time in a senior management position in the chosen industry. The institute represents the profession with all external bodies including governments and international organisations. Its American equivalent is the Society of Corporate Secretaries and Governance Professionals (SCSGP). There are also similar bodies in other countries of the world for example the Chartered Secretaries, Australia, Canada, Hong Kong, India, Malaysia, New Zealand, Nigeria, Singapore, South Africa and Zimbabwe. These bodies are all affiliates of the ICSA, UK or were related to it at some point in the past.

The ICSA in the UK, states that 'it promotes best practice in corporate governance, liaising with governments and regulatory bodies worldwide'. The SCSGP states that it recognises that 'the corporate secretary is a senior corporate officer who is expected to hold wide ranging responsibilities and is often the confidant and counsellor to the Chief Executive Officer and other members of senior management, especially on corporate governance affairs'. The Institute of Chartered Secretaries & Administrators in both the UK and in some of its other former colonies noted earlier for instance Australia, Canada, New Zealand and others consider that governance is one of the main duties of corporate secretaries. In fact, the Chartered Secretary Australia (CSA) describes its members as *Governance Professionals*. The CSA on its website describes itself as:

> The peak professional body committed to the promotion and advancement of effective governance and administration of organizations in the private and public sectors, CSA has developed its structure and reporting mechanisms to promote these ideals and principles.

Corporate governance therefore, plays an important role in the work that corporate secretaries perform in organisations.

[1] ICSA. (2013). Accessed on July 24, 2013, from https://www.icsaglobal.com/about-icsa.

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[2] Idowu, S. O. (2010). *Corporate social responsibility from the perspective of corporate secretaries in professionals' perspectives of corporate social responsibility* (pp. 49–69). Berlin: Springer.

Institute of Directors, UK

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The Institute of Directors (IoD) United Kingdom was established in 1903 and was given a Royal Charter in 1906. Since its creation, it has been supporting businesses and people at the top of running businesses' affairs for well over a century. The institute has about 36,000 members. It encourages entrepreneurial activity and responsible business practice which benefits businesses and society in general. It does this through its 48 regional branches located in different parts of the UK. The IoD expresses its members' views each time the government is reviewing policy, legislation and seeking the wider community's views on issues which affect businesses and the community as a whole. The institute runs a series of courses to help develop its members' professional competence in running the affairs of the board room. The industry highly recognized Chartered Director's qualification is one of its premier professional qualifications.

The institute aims to provide its 36,000 members with valuable services, for example its prestigious London premises and others in Europe, its highly regarded professional development programmes and its networking events in addition to its integrated regional support provided to all its members.

Some of the activities undertaken by the Institute for the benefit of its members and the general public in terms of business information provision and advice can be summarized as follows:

- Being a Director
- Doing Business overseas
- Intellectual Property
- Information Technology facilities
- Sales and Marketing
- Start up information and advice
- Strategy and Growth
- Information and Advisory Service in general terms

Some of its publications for members of the institute and the general public include the following:

- Director Magazine
- The Director's Handbook

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- The Effective Director
- The Director's Guide Series

[1] IoD. (2013). Accessed on August 24, 2013, from http://www.iod.com/about-the-iod.

[2] Leblanc, R. (2013). *Institute of directors (UK) in Encyclopedia of corporate social responsibility* (pp. 1416–1417). Berlin: Springer.

Institutional Investor

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Institutional investors are organizations (such as banks, finance companies, insurance companies, labour union funds, mutual funds or unit trusts, pension funds, sovereign wealth funds, foundations/endowments) which have considerable sums of money and invest them in securities, real property and other investment assets. Institutional investors are by far the biggest participants in securities trading and their share of stock market volumes have consistently grown over the years [1].

Their role in the economy is to act as highly specialized investors on behalf of others. Institutional investors will have a lot of influence in the management of corporations because they will be entitled to exercise the voting rights in a company. Monitoring by institutional investors is a potentially important governance mechanism for corporate management. Theory suggests and empirical evidence confirms that institutions can provide active monitoring capabilities that are difficult for smaller, more passive or less-informed investors [2].

Numerous institutional investors act as intermediaries between lenders and borrowers. As such, they have a critical importance in the functioning of the financial markets. Acting as savings pools, they also play a critical role in guaranteeing a sufficient diversification of the investors' portfolios. Although institutional investors have in common their greater ability to monitor corporate behaviour as well to select investors' profiles helping diminish agency costs, they differ among each other in the investment horizon. Insurance companies need highly liquid assets since they cannot guess when they will have to repay their clients. Others like pension funds can invest in much less liquid assets such as private equities since they can predict when they will have to repay their investors. Finally, other institutions, such as the foundations, have an investment horizon extremely vast allowing them to invest in highly illiquid assets since they are unlikely to be forced to sell them before term.

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[1] Monks, R. A., & Minow, N. (1995). *Corporate governance*. Oxford: Blackwell.
[2] Stuart, G., & Starks, L. (2000). Corporate governance proposals and shareholder activism: The role of institutional investors. *Journal of Financial Economics, 57*, 275–305.

Insurance

Xavier Landes

Insurance is a risk-management technology based on risk pooling [1]. In exchange of the payment of a premium, policyholders acquire the right to share part or totality of their losses with the complete population of policyholders. Therefore, insurance offers a guarantee against adverse events in exchange of premiums usually calculated upon each policyholder's expected losses (the probabilities multiplied by the amplitude of losses).

Risk pooling is at the core of insurance as a technology. The very fact of gathering risks, i.e. individuals, improves the statistical stability displayed by the population of policyholders. The actual losses of the sample converge toward the 'real', expected, ones. The insurer has then the possibility to calculate the probabilities and amplitude of adverse events with a degree of precision sufficient enough for spreading *ex-ante* these losses on the entire population (by charging actuarially sound premiums) and, *ex*-post, adequately compensating the unlucky policyholders.

Insurance's efficiency at managing risks explains its wide use (e.g., financial products, individual property, accidents, death, health, unemployment, or pensions). The success of insurance comes from its ability to transform uncertainty (adverse events with unknown probabilities) into risks (adverse events with known probabilities), rendering the future more predictable.

Due to the spread of losses over an entire population and the reduction of material responsibility, insurance creates informational problems, namely *moral hazard* and *adverse selection*. Moral hazard occurs when policyholders adopt riskier behaviors once insured, while adverse selection characterizes situations where "high-risks" massively enrolled in an insurance plan, the "low-risks" opting out, which undermines the actuarial soundness of insurance.

Moral hazard appears in various circumstances (e.g. driving, unhealthy habits), some having noticeable consequences for CSR. For instance, corporations may engage in socially or environmentally damaging actions because they have contracted an insurance that may relieve them from part or totality of their material liability. A response to this form of moral hazard as well as others is to re-introduce some material responsibility by making policyholders partly liable for their losses

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through co-payment, co-insurance or deductible, or by rendering compensation dependent on stringent care duties.

The main solution for controlling adverse selection is to strictly underwrite insurance applicants by evaluating their risk profile according to demographic (e.g., age, gender, ethnic group, etc.) and personal (e.g., preexisting conditions, past insurance claims) factors. But corporations may then raise ethical issues by denying or restricting access to insurance for vulnerable individuals. For instance, by excluding 'high-risks' from coverage, insurers may actually deny to some people access to goods and services that are perceived as addressing basic needs (e.g. exclusion of HIV-vulnerable populations from health insurance).

[1] Lewin, C. G. (2004). *Pensions and insurance before 1800*: *A social history*. East Linton: Tuckwell Press.

Insurance Underwriting

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Insurance is a risk-management technology, which consists in pooling risks (i.e. individuals), calculating the probabilities and amplitude of potential adverse events and spreading the losses on a given population. The efficiency of this process depends on the ability to perform sound actuarial evaluations, which implies to have a clear view on the distribution of risks among policyholders [1].

Underwriting, i.e. risk evaluation and classification, guarantees the financial soundness of insurance. The process resides in the elaboration of risk classes built on demographical (age, gender, ethnicity, location) and/or personal characteristics (medical antecedents, pre-existing conditions, past claims). These risk classes are characterized by their own losses' probabilities and amplitude. The purpose is to closely adjust policyholders' premiums on their risk profile.

Underwriting may be justified by *fairness* or *competitive* reasons. On the one hand, underwriting may be motivated by competitive concerns. On markets open to competition, it is essential for insurers to properly underwrite applicants, i.e. to acquire a clear view on the different risk profiles. If an insurer cannot track down risk profiles as efficiently as his competitors do, a problem of *adverse selection* will arise. Due to premiums that do not reflect the distribution of risks among policyholders, too high premiums might be charged to the so-called "low-risks" and too low premiums to the so-called "high-risks". If other insurers discriminate more finely relevant risk factors, our insurer will disproportionally attract high-risks while low-risks will opt out of his insurance for joining his competitors.

On the other hand, insurers regularly invoke the principle of actuarial fairness, which stipulates that equivalent risks should be treated alike and different risks

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should be treated differently, for justifying risk classification. It implies that policyholders should only pay for their own expected losses (probabilities of adverse events multiplied by their amplitude). However, despite this fairness rationale, by underwriting applicants according to certain characteristics, insurers may aggravate existing inequalities or injustices (by using age, gender or race for building risk-classes).

The choice of the factors to be used for underwriting raises ethical issues. For instance, gender as an underwriting factor may advantage young women for car insurance (since they are less likely than young male drivers to get involved in an accident), but disadvantage them for other insurance plans such as pensions (since they outlive in the average men by several years so their premiums should be higher according to an actuarial rationale). This ethical salience goes beyond CSR policies, justifying some restrictive regulations on the "right to underwrite".

[1] Lewin, C. G. (2004). *Pensions and insurance before 1800*: *A social history*. East Linton: Tuckwell Press.

Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting

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The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) is the only international body that works for developing international accounting standards for private sector companies. The ISAR is under the auspices of the United Nations Conference on Trade and Development (UNCTAD). The core objective of the ISAR is to increase transparency in accounting practice and to support developing countries to implement best practices in corporate transparency and accounting. With these objectives, it has a number of areas of work, including: research on accounting practice, International Financial Reporting Standards (IFRS) implementation, accounting by Small and Medium Enterprises (SMEs), corporate governance disclosure, corporate responsibility reporting, and environmental reporting [1].

The ISAR initiates research programmes into current accounting practice and provides suggestions for preparing the 'best practice'. All the experts of different groups within this organization discuss their research findings in the annual general conference and prepare recommendations for governments especially in the developing countries. Usually the governments in the developing countries find ISAR recommendations as a guideline for reforming their audit related regulatory and professional structures [2].

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[1] United Nations Conference on Trade and Development. (2014). ISAR Corporate Transparency Accounting. Accessed on 21 January, 2014, from, http://unctad.org/en/pages/DIAE/ISAR/ISAR-Corporate-Transparency-Accounting.aspx.
[2] For some reports of ISAR. Visit http://unctad.org/en/Pages/Meetings/Group-of-Experts--International-Standards-of-Accounting-and-Reporting.aspx

Integrated Management Systems

Anette Von Ahsen

Integrated management systems consist of a collection of internal policies, assessments, plans and implementation actions that are oriented toward simultaneously achieving environmental, quality, and social goals. In many companies, standardised management systems are fundamentally important. By implementing both quality and environmental, and increasingly energy and occupational health and safety management systems, companies attempt to adopt the three dimensions of sustainability, not only at the level of individual projects, but as a system-level approach. Many companies align their management systems towards the DIN EN ISO standards.

While quality management systems are implemented mainly to achieve higher customer satisfaction and are thus primarily economically oriented, environmental and energy management systems also focus on the ecological aspects, and occupational health and safety management systems address the social dimensions of sustainability.

There are numerous interdependencies between the various management systems. In order to implement successful sustainability management, these interdependencies need to be transparent and taken into account. In both the literature and business practice, there is debate on whether integrated management systems can be a productive approach. Bringing the various management systems together to form a single system can, for example, reveal redundancies and interdependencies. Integrated management systems are also often regarded as more efficient as well as more likely to take into account the interdependencies between the customer, environmental and social perspectives, according to the company's goal system. However, the fact that integrated management systems are often very complex and therefore difficult to handle, is usually seen as a problem [1].

While in much of the literature, as well as in numerous empirical studies, it is expected that the adoption of integrated management systems will become more widespread [2], other studies show that in companies, highly varies opinions

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prevail, and integration attempts have been partially terminated following a trial period [3].

[1] Karapetrovic, S., & Casadesús, M. (2009). Implementing environmental with other standardized management systems: Scope, sequence, time and integration. *Journal of Cleaner Production*, *17*(4), 533–540.
[2] Bernardo, M., Casadesús, M., Karapetrovic, S., & Heras, I. (2009). How integrated are environmental, quality and other standardized management systems? An empirical study. *Journal of Cleaner Production, 17*(8), 742–750.
[3] von Ahsen, A. (2014, forthcoming). The integration of quality, environmental & health and safety management by car manufacturers—A long-term empirical study. *Business Strategy and the Environment* 23.

Integrated Reporting

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Integrated Reporting (IR) is defined by Integrated Reporting Council (IIRC) as the language evidencing sustainable business. It is the means by which companies communicate how value is created and will be enhanced over the short, medium and long term. It involves a set of processes and activities [1].

IR is a process that results in communication, most visibly a periodic "integrated report", about value creation over time. An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term. While the communications that result from IR will be of benefit to a range of stakeholders, they are principally aimed at providers of financial capital allocation decisions. IR aims to catalyse a more cohesive and efficient approach to corporate reporting that draws together other reporting strands and communicates the full range of factors that materially affect the ability of an organization to create value over time. Its objective is to inform resource allocation by providers of financial capital that supports long term, as well as short and medium term, value creation.

IR provides an opportunity for companies to present a holistic and complete picture of the business in a clear, concise, connected and comparable manner. It is a means of presenting the material information about the organisation's strategy, governance and performance on commercial, social and environmental issues. Through effectively connecting these often siloed areas, businesses are able to provide not only an update on past performance but also a long-term perspective of future value generation.

IR builds on developments in financial and other reporting to catalyse an evolution in corporate reporting. An integrated report communicates the factors

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most important to the creation of value over time. Organizations will provide additional detailed disclosures, such as financial statements and sustainability reports, for compliance purposes and to satisfy particular information needs, including those of stakeholders other than providers of financial capital. These other disclosures may be linked to or referenced in the organization's integrated report.

[1] Black Sun Plc Report. (2012). *Understanding transformation: building the business case for integrated reporting*. Accessed on February 28, 2013, from http://www.theiirc.org/wp-content/uploads/Business-Case/sources/indexPop.htm.

Integrative Management Approach of CSR

Thomas Walker

The Integrative Management Approach [1] is a useful mechanism which enables the development of CSR's fourth Generation, also known as Corporate Resilience, [Link to Entry in this Dictionary: *Maturity Model of CSR*] within the organisation. The Integrative Management approach integrates two dimensional business and management models to encompass a third human dimension. Further to the two dimensional Integration of CSR in a business and management the third human dimension, which creates meaningful management through an ethical integration on a human level, uncovers new opportunities.

The Integrative Management approach can be explained through the holistic St. Gallner Management Model, as illustrated in the following diagram:

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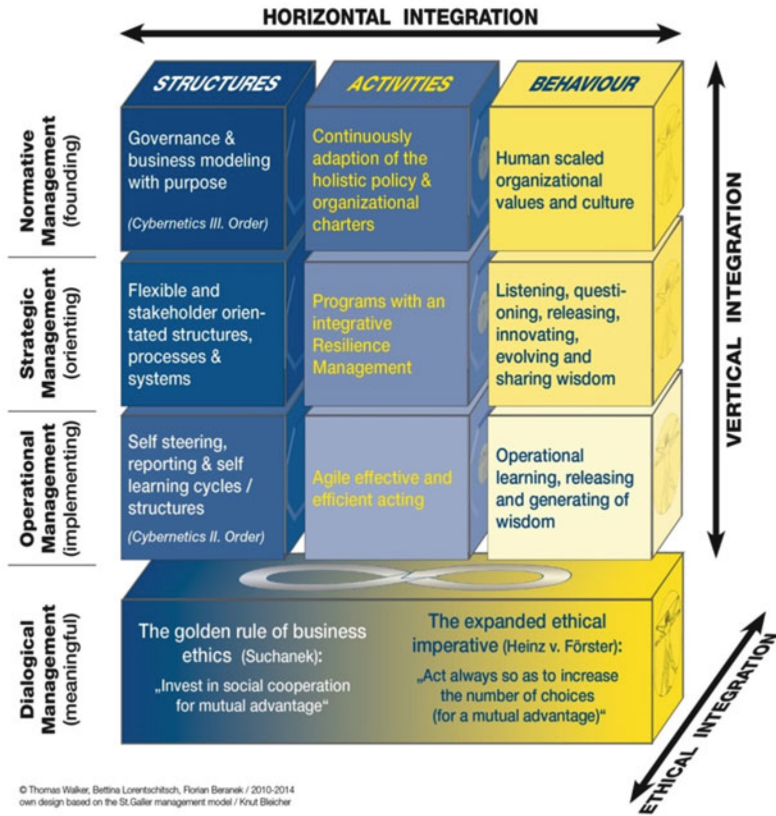

The third dimension includes two fundamental principles, which are the ethical principles on one the hand and "the bridge process" to smooth the relevant inconsistencies between "normative structures" and "operational behavior" on the other. The foundation of the ethical integration includes:

- "Invest in the social cooperation for a mutual advantage" (as suggested by Suchanek)
- "Act in such a way which will increase the number of choices for a mutual advantage" (as suggested by Forester)

These two components are essential levers for the entire management process, as the golden rule of economic ethics helps the organization to find answers and responses on basic organizational and management questions. The expanded ethical imperative fosters personal responsibility and employees' empowerment.

The business conscious mind, as the human brain, is unable to manage such a highly complex three dimensional reality, and it is therefore the subconscious

practical wisdom of the organization as a whole that is able to handle these dynamics. Therefore new innovative approaches for an organizational integration of a holistic management are necessary. Some examples of such innovative approaches are the Non Linear Development Approach (NLD) [Link to Entry in this Dictionary: *Non Linear Development Approach*], and the development of a strong Corporate DNA [Link to Entry in this Dictionary: *Corporate DNA*], both of which are directly related to the integrative management approach of CSR.

[1] Walker, T. (2013). The integrative management approach of CSR. In S. O. Idowu, N. Capaldi, L. Zu, & A. Das Gupta (Eds.), *Encyclopedia of corporate social responsibility*. Heidelberg: Springer.

Integrative Social Contracts Theory

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Integrative Social Contracts Theory (ISCT) is a normative theory of business ethics originally introduced by Thomas Donaldson and Thomas Dunfee [1]. By many scholars it is considered as the “grand theory” in international business ethics. ISCT is rooted in traditional social contracts theory drawing from the works of political philosophers such as Locke, Rousseau and Rawls. It aims at bridging the gap between a theoretically well-grounded justification of ethical norms and the practical application of those norms, particularly addressing the challenge of finding a balance between moral imperialism and cultural relativism.

In ISCT, two kinds of contracts are distinguished, a macro and a micro social contract. The former is a hypothetical agreement on a broad set of standards and norms that is implicitly or explicitly accepted by rational contractors. It includes universal and inalienable *hypernorms* that the contractors define or agree upon, such as property and human rights. Within the boundaries of the macro contract, economic participants may specify ethical norms in implicit or real micro contracts in order to reduce the *moral free space* left over by the macro contract. According to ISCT, micro contracts must be grounded in *informed consent* and allow for *exit* and *voice*, meaning the possibility to leave the contract and to challenge certain norms. In order to resolve conflicts between macro and micro contracts, Donaldson and Dunfee propose a set of six priority rules as a method for making ethical decisions.

Critique of ISCT mainly addresses its theoretical foundation, the practical applicability and the concept of hypernorms [2]. According to critics, it is arguable whether universal standards and norms actually exist and whether they are sufficiently justified and unreservedly acceptable across different cultures. Different solutions have been proposed to address the lack of moral justification of

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hypernorms ranging from giving up the concept of hypernorms altogether to the idea of applying elements of discourse ethics. In the latter case, the concept of hypothetical agreements would be replaced by a concept of practical discourse [3].

[1] Donaldson, T. & Dunfee, T. W. (1994). Towards a unified conception of business ethics: Integrative social contract theory. *The Academy of Management Review, 19*(2), 252–284.
[2] Conry, E. J. (1995). A critique of social contracts for business. *Business Ethics Quarterly, 5*(2), 187–212.
[3] Gilbert, D. U., & Behnam, M. (2009). Advancing integrative social contracts theory: A Habermasian perspective. *Journal of Business Ethics, 89*(2), 215–234.

Integrity

Cécile Rozuel

Integrity most commonly refers to a moral virtue which reflects consistent personal commitment to goals that have significant moral and social worth. As a concept, integrity is often more easily apprehended intuitively rather than intellectually [1]. Integrity defines either the holistic quality of a person or object (i.e. when something/someone is integral or integrated), or the relationship between an agent's moral values and moral behaviour, broadly speaking. In the latter case, we usually consider that a person with integrity is a trustworthy, honest, courageous and admirable person.

Some distinguish specific types of integrity, for instance intellectual or professional integrity. These forms of integrity are more restrictive however, and may conflict with the ideal of moral integrity [2]. People who display the virtue of integrity are motivated to act in accordance with their deepest personal beliefs and values in all aspects of their lives (social, professional, personal). Integrity also requires a well-developed self-consciousness, and the ability to reflect on the value and implications of one's positions and actions [1]. Integrity requires one to be sensitive and honest rather than inflexible and stubborn; as such, it is sometimes defined as a mean between excessive attitudes [2].

Some scholars argue that since corporations have a clear social identity (developed through branding and strategic development), they can be perceived as acting with integrity or not depending on the extent to which their actions reflect their corporate values. In this purview, a lack of corporate integrity is akin to CSR window-dressing, and leads to potentially damaging effects for the corporation and society alike.

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Although integrity has major implications in terms of social regulation, it is essentially a personal matter. In fact, some socio-economic or political contexts may discourage integrity, for example by encouraging people to identify with roles rather than allowing them to act in accordance with their personal values [2]. This phenomenon, common in business organisations and the public sector alike, confirms that self-consciousness is essential to sustain commitment towards profound moral and pro-social values. Integrity, in this respect, is not only an intellectual and moral characteristic, but also a psychological and spiritual disposition that defines who a person is.

[1] Beebe, J. (1992). *Integrity in depth*. College Station, TX: Texas A&M University Press.
[2] La Caze, M., & Levine, M. (2013). *Integrity. The Stanford Encyclopedia of Philosophy*. http://plato.stanford.edu/entries/integrity/

Intergenerational Justice

Nina Tissera

By and large intergenerational justice addresses moral obligations present generations have towards other generations [1]. Questions of intergenerational justice arise due to possible conflicts of interest between different generations. Regarding future generations, power asymmetries exist as decisions and actions of present generations do influence the life of future generations (e.g. the future population number) [2]. Aspects of intergenerational justice are related to a large number of problematic issues such as environmental protection, national debt policies or labor market reforms.

The concept of intergenerational justice is highly contested. Accounts on intergenerational justice therefore need to clarify what meanings of "generation" and "justice" are used and how both can be combined coherently [1]. "Generation" in this context is often defined temporal or intertemporal. The former implies a classification based on year of birth while the latter entails the total sum of people living in the present [3]. A large number of different theoretical positions of justice exists which can serve as a theoretical basis for conceptions of intergenerational justice. Prominent accounts of justice are e.g. consequentialism and rights-based positions. Within the context of intergenerational justice, consequentialism roughly indicates to maximize good future outcomes or minimize bad future outcomes, whereas rights-based accounts assume that future generations have certain rights which are linked to obligations of present generations [1].

Such accounts of intergenerational justice can provide justification and guidance on how different generations can be considered and on how their interests can be

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balanced. They can also act as cornerstones for concrete practical debates and decisions. A thorough account of intergenerational justice that gives sufficient reason as to "who owes what to whom and why" [1] is nevertheless challenging. Main problems include the uncertainty of the future as well as the remoteness of past and present generations. Impacts on future generations generated by present generations' activities are speculative and it is unknown how specific interest of future generations can be anticipated. Furthermore, it is unclear what kind of obligations present generations could possibly have towards past generations who are not alive anymore. Based on the idea of reciprocal duties between generations it is questionable what remote generations could do for present generations [1].

[1] Chatterjee, D. K. (Ed.). (2011). *Encyclopedia of global justice*. Dordrecht: Springer.
[2] Stanford Encyclopedia of Philosophy. (2005). Accessed on February 25, 2013, from http://plato.stanford.edu/entries/international-justice.
[3] Tremmel, J. G. (2009). *A theory of intergenerational justice*. London: Earthscan.

International Business Leaders Forum

Mia Rahim

The International Business Leaders Forum (IBLF) is renowned for its focus on the role of business in society. Believing social responsibility to be 'core business'—a 'must do' not a 'nice to do'—its work has influenced thinking and behaviour of numerous organizations in the society. It is a leading organization working in multi-stakeholder partnerships and cross-sector collaboration [1].

IBLF was formerly known as the Prince of Wales Business Leaders forum and was launched in 1990 as the first non-profit global entity. *It is a company limited by guarantee*, *registered in England. In the United States* (*US*), *it is* governed by a Board of Trustees comprising top-level executives across industry sectors and functions.

IBLF has programs in more than 30 countries with a view to promoting responsible business for the benefit of business and society. The core of its programs is related with the following issues.

- Challenge and change current assumptions through original research and ideas
- Capacity-build to deliver sustainable solutions by developing 'next generation' leadership and partnerships
- Catalyse collective action projects and new responsible business standards that put policy into practice [2].

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It believes that more corporate attention to the need of the society and environment could benefit business and society by maximising the positive impact business has on society while minimising the negative impact. It helps companies to attain social, economic, and environmentally sustainable strategies for their overall development. It also assists its partner organizations to relate corporate social responsibility (CSR) to the idea of recognising and responding to a broader spectrum of stakeholder interests.

[1] International Business Leaders Forum. (2014). *Focus theme*. Accessed on January 21, 2014, from http://www.iblf.org/.
[2] International Business Leaders Forum. (2013). *About the international business leaders forum*. Accessed on February 22, 2013, from http://www.iblf.org/about-IBLF.aspx.

International Chamber of Commerce Business Charter for Sustainable Development

Gabriela Tigu

The International Chamber of Commerce (ICC) is a non-governmental organization, with over 80 years of experience and represents the interests of businesses in all sectors, in more than 130 countries [1]. On the 27th of November 1990, the ICC adopted, a *Business Charter for Sustainable Development* which sets out 16 principles for environmental management. The Charter has been published in over 20 languages.

The Charter refers to environmentally related aspects of health, safety and product stewardship. Its objective is "*that the widest range of enterprises commit themselves to improving their environmental performance in accordance with the principles*, *to having in place management practices to effect such improvement*, *to measuring their progress*, *and to reporting this progress as appropriate*, *internally and externally*" [2].

The 16 principles of the charter set out the following aspects: the environmental management as a corporate priority; integrated management; process of improvement of corporate policies, programmes and environmental performance; employee education in an environmentally responsible manner; prior assessment of environmental impact; safe and sustainable products and services; customer advice and education; sustainable facilities and operations; research; precautionary approach in order to prevent serious or irreversible environmental degradation; adoption of principles of sustainable development by contractors and suppliers; development of emergency preparedness plans; transfer of environmentally technology; contribution to the development of public and business environmental policies; openness

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to the dialogue with employees and the public for the environmental problems; measuring and reporting the environmental performance, assessing of compliance with company requirements [2].

Even the endorsement of the ICC Charter is voluntary, more than 2,300 companies and industry associations have signed up to it, using this Charter as the basis for their sustainability programmes.

[1] International Institute for Sustainable Development. (2013). *ICC business charter for sustainable development*. Accessed on February 22, 2013, from http://www.iisd.org/business/tools/principles_icc.asp.
[2] International Chamber of Commerce. (2000). The business charter for sustainable development. *Principles for Environmental Management* (p. 3). Accessed on February 22, 2013, from http://www.iccwbo.org/Advocacy-Codes-and-Rules/Document-centre/2000/The-Business-Charter-for-Sustainable-Development/.

International Finance Corporation Policy on Social and Environmental Sustainability

Adriana Schiopoiu Burlea

The International Finance Corporation (IFC) was founded in 1956 as a member of the World Bank Group (WBG) with the mission to improve the standard of living and the private industrial environment in developing countries by financing the private sector through investment and consulting on service projects.

The implementation of the IFC policy on social and environmental sustainability requires actions in four knowledge areas: *Risk Management*, *Advisory Services*, *Global Environmental and social standard setting and standard setting on Global corporate governance*. Taking into account these four knowledge areas, the IFC promotes corporate governance policy and sustainable development by performance standards, advanced methodologies for the evaluation of risk and investment opportunities for its clients, and members of the Equator Principles.

In ***Assessing and Unlocking the Value of Emerging Markets Sustainability Indices*** " it emphasizes the growth in importance of the emerging market sustainability indices" and "establishes the objectives and sustainability methodology starting with the analysis of 17 emerging market sustainability indices and analyzing the critical barriers of the market as far as sustainability is concerned and setting a series of recommendations addressed to the stakeholders that are interested in sustainability indices" [1].

The Social and Environmental Sustainability IFC Policy and Performance Standards on Policy on Disclosure of Information offer more transparency of information to the public and increased accountability and it clarifies the IFC roles and its

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clients. Therefore, "new results-based approach involves the transfer from the field of rules in the principal fields that have to be respected by clients for providing desired results in projects using tools such as Integrated business models, required actions tailored to specific risks, adaptable means to strong outcomes" [1].

The partnership between IFC and others international organisations was fructified by improvement of the performance standards. Thereby, IFC in collaboration with Global Compact and Global Corporate Governance Forum has developed *The Foundation for Corporate Citizenship and Sustainable Businesses*; the IFC and GRI published A Good Practice Note linking IFC policy and Public Good Practice Note with the GRI Reporting Framework for Sustainability Reporting [2].

[1] Burlea Şchiopoiu, A., & Popa, O. (2012). World Bank (sep article on IFC policy environment sustainability. In S. O. Idowu, N. Capaldi, L. Zu, A. D. Gupta (Eds.), *Encyclopedia of corporate social responsibility*. Berlin: Springer.
[2] Accessed on July 1st, 2011–March 1st. 2013, from http://www.ifc.org.

International Labour Organisation

Mark Anthony Camilleri

The main aims of the International Labour Organisation (ILO) are to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialogue on work-related issues [1]. The unique tripartite structure of the ILO gives an equal voice to workers, employers and governments to ensure that the views of all social partners are closely reflected in labour standards and in shaping policies and programmes [1].

The ILO was created in 1919, as part of the Treaty of Versailles that ended World War I. The driving forces for ILO's creation arose from its belief in universal and lasting peace, social justice, security, humanitarian, political and economic considerations. At the time, there was also increasing understanding of the world's economic interdependence and the need for cooperation to obtain similarity of working conditions in countries which are competing for markets. The areas of improvement listed in ILO's preamble remain relevant today:

1. "Regulation of the hours of work including the establishment of a maximum working day and week;
2. Regulation of labour supply, prevention of unemployment and provision of an adequate living wage;
3. Protection of the worker against sickness, disease and injury arising out of his employment;
4. Protection of children, young persons and women;

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5. Provision for old age and injury, protection of the interests of workers when employed in countries other than their own;
6. Recognition of the principle of equal remuneration for work of equal value;
7. Recognition of the principle of freedom of association;
8. Organisation of vocational and technical education, and other measures" [2].

In the 1960s and 1970s, the activities of multinational enterprises (MNEs) provoked intense discussions that resulted in efforts to draw up international instruments for regulating their conduct and defining the terms of their relations with host countries, mostly in the developing world. Labour-related and social policy issues were among those concerns to which the activities of MNEs gave rise. The ILO's search for international guidelines in its sphere of competence resulted, in 1977, in the adoption by the ILO Governing Body, of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) [3].

[1] International Labour Organization. (2014) *About the ILO*. Accessed on 10 July, 2014, from http://www.ilo.org/global/about-the-ilo/lang--en/index.htm.
[2] International Labour Organization. (2014). *Origins and history*. Accessed on July 10, 2014, from http://www.ilo.org/global/about-the-ilo/history/lang--en/index.htm.
[3] International Labour Organization. (2014). *Tripartite declaration of principles concerning multinational enterprises and social policy (MNE Declaration)*, (4th Ed.). Accessed on July 10, 2014, from http://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm.

International Labour Organization Multi-National Enterprises Declaration

Liangrong Zu

The ILO MNE Declaration refers to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, which was adopted by the Governing Body of International Labour Organization (ILO). ILO MNE Declaration was amended in 2000 and 2006.

The principles laid down in this universal instrument offer guidelines to multinational enterprises (MNEs), governments, and employers' and workers' organizations in such areas as employment, training, conditions of work and life, and industrial relations. The provisions are reinforced by certain international labour Conventions and Recommendations which the social partners are urged to bear in mind and apply, to the greatest extent possible. The adoption of the ILO Declaration

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on Fundamental Principles and Rights at Work and its Follow-up in 1998 highlighted the importance of the fundamental Conventions in realizing the objectives of the ILO, and consequently, the MNE Declaration takes into account the objectives of the 1998 Declaration [1].

The MNE Declaration is the only ILO instrument that contains recommendations for enterprises in addition to governments and employers' and workers' organizations. In the context of CSR, its added value resides in the fact that it was adopted with the agreement of governments and employers' and workers' organizations. ILO MNE Declaration is seen as the main voluntary instrument as regards the labour dimension of CSR.

The objective of the MNE Declaration is to encourage the positive contribution that multinationals can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise. It provide guidelines on how enterprises should apply principles deriving from international labour standards concerning employment, training, conditions of work and life, and industrial relations. They are intended to guide multinational enterprises (whether they are of public, mixed or private ownership), governments, and organizations of employers and workers in home countries as well as in host countries.

[1] ILO (2006). *The tripartite declaration of principles concerning multinational enterprises and social policy*. Geneva: ILO Publication. Accessed on March 16, 2013, from http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf.

ISO14001

Christopher Ball

The ISO14001 is a voluntary standard which consists of a set of guidelines used to certify organisations' environmental management systems and to assist them in minimising the environmental impact of their activities [2]. The standard offers simplicity, as it allows organisations to adopt one comprehensive system for their environmental procedures which is valid internationally and also functions as a useful tool for stakeholders (shareholders, government, regulatory agencies) to evaluate an organisation's environmental performance [2]. Crucially, the standard encourages a "systematic" approach to environmental management in setting out how to establish an environmental policy, define objectives, implement an environmental management system and audit sustainability performance [1]. In this sense, it presents a holistic view of environmental management, from strategy to implementation to review. Essentially, ISO14001 is about both managing

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sustainability and communicating environmental performance to stakeholders in a coherent manner.

There is substantial disagreement over whether ISO14001 leads to real improvements in the environmental performance of organisations. The lack of direct link between the acquisition of the standard and enhanced sustainability is down to the fact that organisations implement the standard differently [3]. In order for ISO14001 to have a real positive effect, firms need to embed the standard into the day-to-day running of operations and put in place a mechanism for managing performance in relation to the standard [3]. Unfortunately, the standard is often used by firms merely to secure legitimacy among stakeholders [1] (i.e. to claim environmental credentials for marketing purposes) rather than undertake radical changes to processes. In this case, tangible improvements in outcomes from ISO14001 are unlikely to materialise and the adoption of the standard is misleading.

[1] Aravind, D., & Christmann, P. (2011). Decoupling of standard implementation from certification: Does quality of ISO 14001 implementation affect facilities' environmental performance? *Business Ethics Quarterly*, *21*(1), 73–102.
[2] Rondinelli, D., & Vastag, G. (2000). Panacea, common sense, or just a label? The value of ISO 14001 environmental management systems. *European Management Journal*, *18*(5), 499–510.
[3] Yin, H., & Schmeidler, P. J. (2009). Why do standardized ISO 14001 environmental management systems lead to heterogeneous environmental outcomes? *Business Strategy* and *the Environment, 18*(7), 469–486.

ISO26000

Kanji Tanimoto

ISO26000, a guide on social responsibility (SR), was published in 2011 [1]. CSR has been discussed globally and recognized as a new role and responsibility of business for sustainable development in society. ISO26000 can be regarded as a compilation of the various codes of conduct and initiatives on CSR that have been developed.

ISO26000 is the first management standard to cover social issues. This provides voluntary guidance and tools for organisations rather than stipulating requirements on socially responsible management. It focuses on all types of organizations in both the public and private sector, regardless of size or location. It is not intended for use as a certification standard. Rather, it promotes to clarify the nature of SR, and to integrate SR into management processes. It consists of a package of recommendations reflecting the fundamental expectations placed on organisations' SR.

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The definition of SR in ISO26000 is: responsibility of an organisation for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that:

- contributes to sustainable development, the health and welfare of society,
- takes into account the expectations of stakeholders,
- is in compliance with applicable law and consistent with international norms of behavior, and
- is integrated throughout the organisation and practiced in its relationships.

There are seven principles: accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior, and respect for human rights. Further, there are seven core subjects: organisational governance, human rights, labor practices, environment, fair operating practices, consumer issues, community involvement and development.

ISO26000 is a very new standard, the development of which involved discussion among multi-stakeholders: government, industry, consumer organisations, labour unions, NGOs and others. Since 2005, 450 experts and 210 observers from 99 nations together with 42 liaison organisations (such as ILO, UN Global Compact and OECD) participated in the development process, which makes it the biggest ever ISO project. ISO26000 was developed through democratic discussions among related stakeholders, based on consensus about a common theme.

Through these discussions, a greater understanding of SR was spread to emerging countries and developing ones. Implementation of the standard in accordance with the regulations and standards in place in each respective country will be an issue, although this is a commonly-faced problem related to the adjustment of the internationalization and localization of management.

[1] ISO. (2010). *ISO26000*: *Guidance on social responsibility*, ISO.

ISO 31000

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ISO 31000 is an international standard in risk management, and it was developed by International Organization for Standardization in 2009. ISO 31000: 2009 provides principles and guidelines, framework and a process for managing risk. It can be used by any organization regardless of its size, activity or sector. Using ISO 31000: 2009 can help organizations increase the likelihood of achieving objectives, improve the identification of opportunities and threats and effectively allocate and use resources for risk treatment.

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The ISO 31000:2009 has three broad sections covering principles and guidelines, the risk management framework and the risk management process. It also includes sections on risk management techniques and the vocabulary of risk management. ISO 31000:2009 holds organisations, as well as managers, accountable for risk management. It also emphasises the fact that risk management is intended to create value.

The risk management principles in ISO 31000:2009 can be summarised as follows:

- risk management should both create and protect value;
- it should be an integral part of all processes in an organisation;
- as such, it should also form a part in decision-making processes;
- it should address uncertainty explicitly;
- the processes of risk management should be carried out in a systematic, structured and timely manner;
- decisions taken should be based on the best available information;
- the approach to risk management should be tailored to the specific nature of the organisation;
- this means it should take into account all human and cultural factors;
- the approach should also be transparent, inclusive and relevant;
- it should not be static—the process should be dynamic, iterative and should respond to changing needs; and
- it should facilitate the improvement of an organisation on a continuous basis.

ISO 31000:2009 cannot be used for certification purposes, but does provide guidance for internal or external audit programmes. Organizations using it can compare their risk management practices with an internationally recognised benchmark, providing sound principles for effective management and corporate governance.

[1] ISO. (2009). *ISO 31000: Risk management—Principles and guidelines*. At https://www.iso.org/obp/ui/#iso:std:iso:31000:ed-1:v1:en
[2] Sweeting, P. (2011). *Financial enterprise risk management*. New York: Cambridge University Press.

Investor Network on Climate Risk

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Investor Network on Climate Risk (INCR) is a network of investors and financial institutions that promotes better understanding of the financial risks and investment opportunities posed by climate change. INCR is coordinated by Coalition for

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Environmentally Responsible Economies (Ceres), a coalition of investors and environmental groups working to advance sustainable prosperity.

INCR was launched at the first Institutional Investor Summit on Climate Risk at the United Nations in November 2003. INCR's membership consists of more than 100 investors managing nearly $10 trillion in assets. Members include asset managers, state and city treasurers and comptrollers, public and labour pension funds, foundations, and other institutional investors. INCR leverages the collective power of these investors to promote improved investment practices, policies, disclosure and corporate governance practices on the business risks and opportunities posed by climate change. INCR partners with investors worldwide to advance the investment opportunities and reduce the material risks posed by sustainability challenges such as global climate change and water scarcity.

INCR publishes research reports to help investors better understand the implications of global warming. Among those: A March 2008 toolkit, "Managing the Risks and Opportunities of Climate Change: A Practical Toolkit for Investors;" an August 2006 report, From Risk to Opportunity: How Insurers Can Proactively and Profitably Manage Climate Change; and a March 2006 report, Corporate Governance and Climate Change: Making the Connection, which analyzed how 100 of the world's largest companies are addressing the business challenges of climate change [1]. In the meantime, INCR has established the Global Framework for Climate Risk Disclosure, a standardized set of guidelines for improving corporate disclosure on the risks and opportunities for climate change. The framework was developed in collaboration with investors worldwide.

[1] Ceres. (2008). *Investor network on climate risk action plan*: *Capitalizing the new energy future*: *Minimizing climate risks*, *seizing opportunities*. Accessed on February 22, 2013, from www.un.org/unop/Docs/InvestorNetwork on Climate Risk Action Plan.pdf.

Irresponsibility

Massimiliano Di Bitetto and Paolo D'Anselmi

Irresponsibility is behavior that negatively affects work activities, outputs and outcomes of organizations produce within the economy and society. Irresponsibility affects most consumer and citizen stakeholder groups who are the weakest within the canonical partition pf organizational publics. Irresponsibility is the result of unawareness and absence of appropriate checks on organizational behavior. Micro-economics [2, 3] and organizational sociology [1] have shown that all

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organizations have a hard time meeting their objectives (e.g. profit maximizing, or social welfare). From a CSR point of view then, the objectives and missions of organizations are to be understood more as statements of wish than goals actually met. For this reason, organizations can be thought of as inherently irresponsible. The managerial paradigm and management sciences arise from such imperfection and CSR can be thought of as the specific managerial discipline that takes into account such potential for irresponsibility. CSR is the discipline that strives for the responsibility of organizational impacts, and accounting for the irresponsibility thereof. CSR should take a doppelganger approach, focusing on the likelihood of irresponsibility and in taking a "burden of proof" approach: i.e. proving the organization is "not irresponsible". On the other hand, focusing on the many positive activities that are performed within an organization, runs the risk of anesthetizing an organization's awareness of itself with overloads of information. Monitoring irresponsibility is, therefore, germane to risk analysis.

[1] Lindblom, C. E.(1959). The science of 'muddling through'. *Public Administration Review, 19*(2), 79–88.
[2] Niskanen, W. A. (1968). Non-market decision making. The peculiar economics of bureaucracy. *American Economic Review, 58*(2), 293–305.
[3] Williamson, O. (1964). *The economics of discretionary behavior*: *Managerial objectives in a theory of the firm*. New York: Prentice Hall.

Islamic Banking

Bode Akinwande

Islamic banking is the system of banking consistent with principles of Islamic law and is constructed upon the principle of cooperation between the provider of funds (investors) and user of funds (entrepreneur).

The emergence of Islamic banking was in part a response to the market needs of Muslims, these banks are not religious institutions, and they also cater for the needs of non-Muslim customers. The popularity of Islamic banking was equally fuelled by many conventional banks, including some major multinational Western banks, encouraged the use of Islamic banking techniques [3].

Islamic banking started in 1975 and now commands a significant share of the global financial market and more than 400 Islamic banks operate in more than 50 countries with a total banking assets of US$1.6 trillion and expected to grow beyond the milestone of $2 trillion by the tail end of 2014 [1].

Islamic financial institutions are those that are operated on Quran's principles and Sharia rules, solicit and use funds, and provide Islamic acceptable financial

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products. They are deprived of financing projects that conflict with the moral value of Islam such as acceptance of Riba, gambling, alcohol and pork products.

As a financial intermediary, Islamic bank provides interest-free banking that is based on concepts of Shirakah (partnership) and Mudarabah (profit-sharing). In contrast, the conventional banks charge interest payment on loans to customers and pay interest on customers' deposits/savings [2].

The Sharia supervisory Board (made up of a committee of Islamic scholars) is a key part of an Islamic financial institution to ensure all products and services are Sharia compliant.

With the expansion of Islamic banks across countries coupled with the need to attract foreign investment especially from Gulf Cooperation Council (GCC) countries, it is likely the passion for Islamic products and instruments will continue to grow. London seems to be the gateway to the continent for Islamic finance, emerging as a hub for Islamic finance because of being financial centre and its historic links to the Middle East and Asia [2].

[1] Ernest and Young. (2013). *World Islamic banking competitiveness report*: *Growing beyond* DNA of successful transformation. Ernest and Young.
[2] Shanmugan, B., & Sahari, Z. R. (2009). *A primer on Islamic finance*. Research Foundation of CFA Institute, CFA Institute.
[3] Zainol, Z., Shaari, R., & Ali, H. M. (2008). A comparative analysis of bankers' perceptions on Islamic banking. *International Journal of Business and Management, 3*(4), 157–168.

Islamic Finance

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Islamic Finance is growing very rapidly across the world, becoming very popular among Muslim countries and as well as in most of the western countries because of growing number of Muslims in those countries [4].

It promotes moral and equitable distribution in resources and social fairness in all Muslim dominated societies.

The concept of Islamic finance's recent history can be dated back to 1975 when Islamic banks in Asian community were launched [2].

Islamic finance rests on the interpretation and application of Islamic (Sharia) law, whose primary sources are the Qur'an and the teaching of the Prophet Muhammad. A finance contract (obligation) must create contractual relationship that is morally sound, and the objective of financing must be acceptable under Sharia rules [1].

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The principal objective of Sharia is economic justice through equitable distribution of resources, promoting justice and partnership [3].

The main principles of Islamic finance are:

- All harmful activities (haram) should be avoided;
- Risk and return should be shared;
- Wealth must be generated from legitimate trade and asset-based investment (i.e. Sharia approved activities).
- Investment should have a social and an ethical benefit to wider society beyond focus on return.
- Avoidance of Gharar (financial speculation). Sharia prohibits financial transactions involving deception, excessive risk or uncertainty [3].

There are five tenets of Islamic finance. They are the avoidance of Riba (Interest), Gharar (Uncertainty), Mysur (Gambling), Haram (Prohibited, pork, alcohol and gambling) sale of items not owned or possessed.

Islamic financial instruments are instruments that are based and designed in compliance with Sharia rules and regulations. Examples are Sukuk, Ijarah (leasing facility) and Islamic mortgage-backed securities (instalment sales or hire purchase) and future contract (a legally binding agreement to buy or sell a commodity or financial instrument at a later date).

[1] Elsiefy, E. (2014). Fundamental requirements for building an Islamic venture capital model. *Accounting and Finance Research, 3*(1), 55–66.
[2] European Central Bank. (June, 2013). *Islamic finance in Europe*, Occational paper series, No 146.
[3] Ilias, S. (November, 2010). Islamic finance: Overview and policy concerns. *Congressional Research Service*.
[4] Shah, S. F., Raza, M. W., & Khurshid, M. R. (2012). Islamic banking controversies and challenges. *Interdisciplinary Journal of Contemporary Research in Business, 3*(10), 1018–1026.

Issue Management

Christa Thomsen

Issue management (or issue*s* management) can be defined as the proactive process of anticipating, identifying, evaluating, and responding to public policy issues, including issues related to Corporate Social Responsibility (CSR), that affect organizations' relationships with their publics [1]. The discipline was created in the 1970s as a response strategy and early warning tool for dealing with the

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emergent and robust protest against business in the USA [1]. A new attitude on the part of management was needed towards critics of private companies [2].

The literature emphasizes that issues management is a way of thinking, the overall purpose being to build, maintain and repair relationships with stakeholders [2]. Issues management is first and foremost a management strategy, not merely a strategy devoted to communication or issue monitoring. In order to be successful with issues management, organizations should focus on enhancing strategic business planning and management processes, the ability to know and achieve appropriate standards of corporate responsibility, and the ability to monitor issues and engage in strategic public policy dialogue [2].

Today, issues management plays an important role in companies and for society as a whole. A number of themes seem to capture key challenges being faced by management in the conceptualization and operationalization of strategic issues management, e.g. fostering mutual interests instead of antagonism in the dialogue with activists and other stakeholders, legislative, judicial and regulatory constraints on issues communication, issues management and crisis communication (preventing a crisis from becoming an issue), and issues management and risk communication (risk assessment) [3].

[1] Cutlip, S. M., Center, A. H., & Broom, G. M. (2000). *Effective public relations*. Los Angeles: Prentice Hall.
[2] Heath, R. L. (2002). Issues management: Its past, present and future. *Journal of Public Affairs, 2*(4), 209–214.
[3] Heath, R. L. (2009). *Strategic issues management*: *Organizations and public policy challenges* (2nd Ed.). Los Angeles: Sage.

J

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Johannesburg Declaration (2002)

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The Johannesburg Declaration is a result of the World Summit on Sustainable Development (WSSD)—sometimes named Earth Summit 2002—in Johannesburg, South Africa. The Johannesburg Declaration is built on the earlier declarations from the United Nations Conference on the Human Environment, Stockholm (1972) and the Earth Summit in Rio de Janeiro (Rio Declaration 1992). It includes the progress made in committing nations to sustainable development, but with a special focus on eradicating poverty and proposing new mechanisms for international cooperation and multilateralism.

It also refers to the need to promote sustainable development through multilevel policy actions, adopting a long-term perspective and encouraging broad participation [1].

Even the Johannesburg Declaration created "*a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development—economic development, social development and environmental protection—at local, national and global levels*" [2], it acknowledges that the goals set at the first Earth Summit in Rio in 1992 were not met. There are several conditions that are still posing threats to sustainable development, including: "chronic hunger; malnutrition; foreign occupation; armed conflict; illicit drug problems; organized crime; corruption; natural disasters; illicit arms trafficking; trafficking in persons; terrorism; intolerance and incitement to racial, ethnic,

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religious and other hatreds; xenophobia; and endemic, communicable and chronic diseases, in particular HIV/AIDS, malaria and tuberculosis" [3].

The declaration defines the three pillars of sustainable development as economic development, social development, and environmental protection, and summarizes the summit conclusions in 37 articles, grouped into 6 chapters: From our origins to the future; From Stockholm to Rio de Janeiro to Johannesburg; The challenges we face; Our commitment to sustainable development; Multilateralism is the future; Making it happen!

[1] Baker, S. (2006). *Sustainable development*. London and New York: Routledge
[2] Kates, Parris and Leiserowitz (2005), cited by Wong, T., Dutfield, G. (2010). *Intellectual property and human development*. Cambridge: Cambridge University Press.
[3] Johannesburg Declaration on Sustainable Development (2002). Accessed 18 February, 2013, from http://culturalrights.net/en/documentos.php?c = 18&p = 196.

K

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Key Performance Indicators (KPIs) for CSR

Stephen Vertigans

KPIs can be quantitative or qualitative measures of organisational performance. The former include inputs and outputs often relating to financial data and numerical analysis such as numbers of scholarships awarded, safety records, new buildings, inoculations and emissions. By comparison, qualitative measures focus upon relationships, feedback and outcomes such as quality of life issues.

CSR related KPIs are measures to help establish the extent to which intended objectives for particular projects and overall socially responsible programmes are being achieved across short and long term periods. The extension of business beyond economic matters to incorporate environmental and social impacts has been accompanied by growing demands for these recently acknowledged responsibilities to be measured and publicly reported. Hitherto published data was overwhelmingly financial, relating to statements, balances, profits and losses.

Increasingly companies publish data surrounding their CSR approaches within specific reports and/or will make reference to developments within annual reports. The data helps to inform corporate business, strategic, performance and risk management. Nevertheless there are inconsistencies in approaches across regions and industries that are sometimes created or exacerbated by differing legal requirements [1]. Moreover the associated KPIs tend to be limited in scope. Companies argue that this stems from the intangible nature or 'soft facts' of much of their CSR activities which can relate to ethics, human rights and quality of life issues [2]. The

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availability of data will also vary according to region [2]. Global companies tend to operate in increasingly complex and varied environments which can hinder data collation and cause problems of consistency. Concerns over the reported KPI data can be compounded by the relative lack of independent audit in comparison to the more extensive, validated financial 'hard facts'. Nevertheless, a combination of growing pressure for transparency, the requirement for more refined information to enhance corporate business cases and developments within social scientific methodology are resulting in more rigorous collation and reporting of 'soft' KPIs for CSR related impacts.

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Kiva

Anne Ellerup Nielsen

Kiva is a non-profit organisation and peer-to-peer digital micro-loan provider based on crowd sourcing. It was founded in San Francisco in 2005 by Jessica Jackley and her husband Matt Flannery, who is the CEO of Kiva. Kiva's mission is to "connect people through lending to alleviate poverty" and consequently to enable and empower relative powerless people [1].

What is special about Kiva is not so much its digital peer-to-peer lending business model, which is also actualized by other important microloan providers (e.g. Acción, Prosper, Lending Club), but rather its 'social lending' approach based on providing interest-free venture specific loans to emergent market entrepreneurs [2].

Kiva is formed as a large community counting volunteers, field partners, fellows and employees. Volunteers are office interns in charge of communication tasks (translation, editing, writing, blogging etc.). Field partners are the financial micro institutions (MFIs) who provide loans to entrepreneurs in the local communities. Kiva fellows are volunteers, who help finding and assessing the local entrepreneurs in collaboration with the MFIs. Kiva lenders are individuals or teams who are members of Kiva's digital community.

Through MFIs the loaners who are small entrepreneurs upload their business ideas, needs of capital and photos on Kiva's website [1]. Lenders select their favourite entrepreneur on the web, supporting them with loans from minimum 25 USD paid through PayPal or credit cards. By connecting lenders and borrowers

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in blogs and videos, KIVA has succeeded in creating an effective interactive platform and thus paved the way for a significant shift within micro-lending towards “the global visual and communicative spaces of the online social networking model popularised in ‘web 2.0’ Internet culture” where “relationship building is modelled on the lines of sites such as Facebook, Myspace and Etsy” [3]. Storytelling and the desire to tell authentic stories through the entrepreneurs, lenders and/or fellows are facilitated by this culture and have pervaded the organization throughout its existence.

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Knowledge Management

Christa Thomsen

Knowledge management (KM) can be defined as “an effort to make accessible and share not only explicit factual information but also the tacit knowledge that exists in an organization in order to advance the organization’s mission” [1]. The concept of knowledge includes knowledge related to Corporate Social Responsibility (CSR). Knowledge sharing is seen as an involved, spiral-like process that ranges between tacit and explicit knowledge on the one hand and between the individual and the organization on the other hand [2]. Knowledge is usually based on the experience and learning of individual employees. However, organizations have come to think of knowledge as an organizational asset with sustainable competitive advantage, the overall goal being to share knowledge in the spirit of learning, renewal and innovation [3].

In order for knowledge to be shared, it must be in a form to which colleagues can have access. Knowledge sharing can take place through conversations, interviews or other forms of oral communication, written reports or documents, etc. [1]. Knowledge “objects” usually reside in an electronic repository of some kind so that all members of an organization can have access to the knowledge they represent. However, other methods are also explored, e.g. organizational “yellow pages” that describe areas of expertise and make contacting the expert easy, identifying communities of practice, creating profiles of research or project interest so that new reports or information can be sent to those interested, offering

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employees collaboration tools, organizing informal exchange opportunities where coworkers can present projects in process, etc. [1]. KM is still definint itself. Thus, the list of methods is open. The body of theoretical literature and research in this area is rather small, but growing.

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Koki

Scott Davis

Koki is a formulation of corporate stewardship. Pronounced Koh-ki, this Japanese term translates literally as "public vehicle" or "public vessel." A corporation is taken to be a koki—public entity—by virtue of the fact that it incurs stewardship obligations to society by using social and public resources (employees, energy natural resources...) in the conduct of its business.

There have been two particularly notable proponents of this concept in Japan. One is Konosuke Matsushita the founder of the Matsushita Corporation (now the Panasonic). Matsushita's promotion of the stewardship responsibilities of corporations was unusual in the post-World War II period in Japan when the pursuit of profit was seen by the majority of business leaders as the only legitimate goal of business. Matsushita maintained that corporations themselves were a public resource and that their management was entrusted to executives by society at large. He maintained that "corporations and society do not exist as separate entities. They are one and the same and should work together to promote the betterment of human life... Corporations are a public asset belonging to all the people. They are partnerships. Corporations are entrusted to executives only for the sake of convenience and for this reason must be managed with great care. Whether or not a corporation prospers has a corresponding effect upon the welfare of the people" [1].

The second, more recent, proponent was Yotaro Kobayashi (former chairman of the Fuji-Xerox Corporation and chairman of the Keizai Doyukai from 1999 to 2003). Kobayashi's formulation is based on the function of the corporation not on a definition of the individual responsibilities of its executives. He maintained that corporations could fulfill their responsibilities to society by redressing social problems through the development of socially innovative business models.

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According to Kobayashi “the most sought-after role for corporations in the twenty-first century is the ability to innovate and to develop short-term and long-term points of convergence between profit maximization and benefit to society” [2]. For Kobayashi koki was a concept whereby corporations could align their interests as businesses with that of society within not outside the scope of their normal markets.

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[2] Okazaki, T. (2003). Market evolution (in Japanese). In K. Doyukai (Eds.), *Market evolution and CSR—15th corporate white paper*. Tokyo: Keizai Doyukai.

Matsushita Konosuke

Patrick K.C. Low

Konosuke Matsushita (1894–1989) was a Japanese industrialist, the founder of Panasonic, a company based in the suburb of Kadoma, Osaka in Japan. For many Japanese, he is known as “the god of management”, the mantle of global leadership greatness [1, 2]. Matsushita, being a humble Confucianist [3], has this business concept which ensures that his company’s daily business activities do help to improve the livelihood of the society and contribute to the well-being of the people. In this way, his company will naturally be given a return or incentive from the community or society in proportion with the extent of its services. This is then the benefit or the profit for the company [4].

Matsushita values customers, and for, customer satisfaction is critical. “Products, sales and service are an inseparable trio. A successful business makes a contribution, and that contribution lies in good service. Good business needs good products, but more [so], good service. With that, a business can develop to its maximum potential.” Konosuke Matsushita, cited in [5].

In the light of corporate social responsibility, Konosuke Matsushita’s management style exhibits a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large, both in Japan and around the world.

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Kyosei

Scott Davis

The term Kyosei in Japanese is written with two Chinese characters: “Sei” meaning living and “Kyo” meaning “together.” It is often translated into English as “symbiosis” in biology [1] and as mutual benefit, interdependence or commonwealth in social applications and can be understood as meaning a principle of mutuality in the field of CSR.

Originating in China from the teachings of Confucius wherein respect of relationships, emphasis of virtue over profit, avoidance of excesses, harmony with others and reciprocity were considered the foundation of a good and right society [2], the concept came to have great influence in the early conceptualization of business ethics in Japan. Faced with the need to socially legitimate trade and the taking of profit, the merchants of the early Edo period took kyosei as an essential personal characteristic along with modesty, frugality, and integrity [3].

One of the earliest formulations of this concept in Japan can be found in a code of conduct formulated to guide the behavior of sea merchants called the “Shuchu Kiyaku” written in 1604. This code urges the seafaring traders of the time to understand that “trade is made meaningful by the joy which it brings to both trader and partner who come together to share their needs and bounties. It is not something by which one gains profit by incurring loses for others. Although one may feel that by ensuring that both merchant and partner gain from trade one reduces one’s own profits, this is actually a source of great gain” and that the dangers of an ocean voyage “pale in comparison with the boundless dangers posed by the greed of men” [3].

The concept has been revitalized in recent years as a part of numerous CSR initiatives in Japan as a means to conceptualize the need for stakeholder dialogue and transformative planning in order to balance the interests of businesses with their stakeholders and society at large within the context of industrial change, globalization and the need for long-term economic and environmental sustainability.

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Kyoto Protocol

Wolfgang Hein

The Kyoto Protocol is an international agreement linked to the United Nations Framework Convention on Climate Change (UNFCCC)—adopted during the UN-Conference on Environment and Development (UNCED) in Rio de Janeiro (1992)—which commits its Parties to set internationally binding emission reduction targets. Recognizing that developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere after more than 150 years of industrial activity, the Protocol places a heavier burden on developed nations (called Annex I parties) under the principle of "common but differentiated responsibilities". Obligatory reduction targets are only to be incurred by developed countries, and Annex I countries agreed to support developing countries to bear the costs of adapting to the impact of climate change [1].

The UNFCCC stipulates that each member (including developing countries) regularly presents reports on their climate policies (national communications), including activities on adaptation to climate change, which are important for decisions on international support measures. For firms, emission-trading schemes have become important to access the necessary certificates for CO_2 emissions. The Protocol entered into force in 2005, when "no less than 55 parties to the UNFCCC, incorporating Parties included in Annex I which accounted in total for at least 55 % of the total carbon dioxide emissions for 1990" (of the Annex I countries), had ratified it [2]. Currently, there are 192 Parties to the Kyoto Protocol.

The core commitments of the Protocol expired in 2012. Thus, since the end-2000s, the annual COPs (Conferences of the Parties of the UNFCCCs) were dominated by negotiations on Kyoto II, i.e. an agreement on reduction targets for the period 2013–2020. This was reached in early December 2012 (COP 18 in Doha), but at terms which are generally seen as insufficient to reach basic climate targets [3].

Since the disappointing results of the COP 15 in Copenhagen (2009), there has been a re-orientation away from focusing on a single binding global instrument to other fields included in the Kyoto Protocol. Besides a higher attention to the support of adaptation measures in particular in least developed countries (*LDC*s), mechanisms to prevent the loss of CO_2 absorbing land cover have been developed (*REDD*:

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Reducing Emissions from Deforestation and Degradation). Measures to reduce global warming form an important element in CSR policies that are referred to in many sustainability reports of internationally operating firms [4].

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[3] IISD, Earth Negotiations Bulletin, v12, no. 567, see in particular "The Gateway to a Second Commitment Period". Accessed on January 31, 2014, from, http://www.iisd.ca/vol12/enb12567e.html.
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L

Samuel O. Idowu

Leadership

Ron S. Cambridge

Leadership is the process of influencing others to work willingly towards an organisation's goal to the best of their capabilities. Koontz et al. (1986) explain that "[t]he essence of leadership is followership. In other words it is the willingness of people to follow that makes a person a leader" [1].

Leadership arises in three ways: by appointment to a position of authority where authority is legitimised and reinforced by organisational rules; by election, where the leader's position is legitimised by the electoral process, that are rooted in cultural concepts such as democracy; and, by emergence, through popular choice, personal drive or other qualities. The position of the leader does not automatically lead to good performance of subordinates. Poor leadership may still achieve the task but with low efficiency, or with a variety of other incongruent activities. Management may involve leadership but leadership skills may not always be found in managers.

There are several theoretical frameworks that posit leadership [2].

Trait theories are concerned with identifying the leader's personal characteristics. Traits include features such as aggressiveness, intelligence, confidence, formidability and other qualities. This theory is largely discredited since people may have these traits, but may not be good leaders.

Functional theories focus on what leaders do. Functions may include: Executive overseer of policies execution; Policy-maker responsible for the establishment of

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group goals; A model of behaviour for the group members; External group representative and official spokesperson; Purveyor of rewards and punishment; and, arbitrator and mediator controlling inter-personal conflicts.

Style theories concentrate on the manner of leadership adopted, on a continuum of styles from Dictatorial (exercising authority) to Laissez-Faire (providing a large degree of freedom to subordinates). However, participative styles are seen as more effective.

Situational approach and contingency theories view differing leadership styles as being appropriate in different situations, recognising that the organisation is an 'open system' in which workers and other stakeholders participate. There are some systematic attempts to formulate models of leadership style, which assume that leaders must seek given solutions in specific situations; whereas other models are linked to the 'expectancy theory' of work motivation, whereby leaders' role is to increase workers' incentives.

[1] Koontz, H., O'Donnell, C., & Weihrich, H. (1986). *Essentials of management* (4th Ed.). New York: McGraw Hill Higher Education.
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Legitimacy Theory

Nguyen Thanh Thai

Legitimacy theory assumes that organisations' disclosures respond to environmental factors in order to validate their actions [1]. There are external causes for organisations' actions, including economic, social and political factors. According to this theory, organisations as members of a society must agree with a social contract, whereby organisations execute various socially desired activities and reveal enough information for society to assess whether they are good corporate citizens. Society here refers to institutional rules and norms [2].

Different types of organisations exist in a super-ordinate social system. Within that super-ordinate social system, organisations have a certain level of legitimacy as long as their activities are congruent with the broad goals or acceptances of the system [2]. Therefore, changes within the super-ordinate system would consequently lead to major changes in organisations such as the way they operate and how they relate to society.

According to legitimacy theory, organisations' motives to perform corporate social responsibility (CSR) activities are to 'gain', 'maintain' or 'repair' legitimacy [3]. Different stakeholders have influences on the way organisations operate:

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government, media, employees, customers, etc. and it is important for organisations' disclosures to match with the concerns of most influential stakeholders.

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[2] Powell, W. W., & DiMaggio, P. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, *48*(2), 147–160.
[3] Suchman, M. C. (1955). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, *20*(3), 571–610.

Life-Cycle Analysis

S. Burak Arzova

Life cycle analysis (LCA) is a tool that can help companies to understand the environmental impacts associated with their products, processes, and activities [1]. LCA is controversial and still evolving as a method. However, the principles behind LCA thinking are being adopted rapidly by manufacturers and service organizations alike as a way of opening new perspectives and expanding the debate over environmentally sound products and processes. The goal of LCA is not to arrive at the answer but, rather, to provide important inputs to a broader strategic planning process [1].

LCA methods developed over time. It started as an academic method to analyse industrial process chains under new conditions. Today, LCA is applied in various departments of larger companies that use it to optimise their products. Furthermore, LCA is offered as a service by specialised consulting companies or institutions [2]. In industry, LCA is currently used mainly to forecast production processes and to support decisions in the development and design-phase of products and processes. In addition, it is used to screen and decide on strategies to fulfill take back and recycling regulations [2].

The nature of LCA allows for the integration, modelling and analysis of nearly any parameter or effect of interest. Therefore, LCA is successfully applied in research, development and optimisation. The software supported analysis of various parameters results in a broader coverage of impacts and effects over the life cycle [2].

The main strengths of LCA are the possibility to consider many parameters, impacts and effects; the flexibility of use to solve various problems and questions; and the broad user field due to available support from software and databases.

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[1] Svoboda, S., (1995). *Note on life cycle analysis*. Michigan: University of Michigan.
[2] European Commission. (2004). *Life cycle assessment of PVC and of principal competing materials*. Brussels.

Life Cycle Assessment

Anette Von Ahsen

Life cycle assessment is a tool that is used to enable a comprehensive, environmentally-oriented evaluation, mainly of products and processes. Similar to environmental management systems, standards also play an important role in this context. In business practices, life cycle assessments are often oriented towards the ISO 14040.

In a life cycle assessment, the material and energy flows associated with the particular object are systematically recorded and interpreted [1]. To this end, a life cycle inventory first has to capture all relevant input and output flows for the product. In this process, specific measurements are made where possible. However, in some cases, it is necessary to use estimates and/or rough calculations. In sum, all findings should be made available with reasonable completeness and reliability. This also requires, for example, collecting information from suppliers about the input and output flows of their modules, which may be associated with numerous problems.

In the subsequent impact assessments, various different impact categories must be defined, such as greenhouse effects, human toxicity, ozone-smog, acidification, and eutrophication. Their environmental impact can be assigned by means of impact indicators and then assigned to impact categories. For example, carbon dioxide and methane emissions can be combined into one impact indicator, “greenhouse effect”. This conversion and aggregation of data is a central step in life cycle assessment. In the analysis phase, the environmental effects are interpreted and—where possible and desirable—evaluated from a corresponding weightage system. It should be noted that such an assessment is always subjective and should, therefore, be well-reasoned and documented.

A central problem in life cycle assessment is the enormous expense incurred to record the life cycle inventory. However, streamlining (limiting the scope of examination) and screening (using a method within a product system) can be used instead. By so doing, the scope of the life cycle assessment is limited with regard to the considered phases of the product life cycle and/or the observed input-output categories.

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Increasingly, however, an extension of this concept is discussed in the direction of sustainability life cycle assessment, which combines the ecological with economic and social assessment of products [2].

[1] ISO 14040 (2006). *Environmental management—Life cycle assessment—Principles and framework*. Geneva, Switzerland: International Organization for Standardization.
[2] Guinée, J. B., Zamagni, A., Masoni, P., Buonamici, R., Ekvall, T., & Rydberg, T. (2011). Life cycle assessment: Past, present, and future. *Environmental Science & Technology*, *45*(1), 90–96.

Lobbying

Matthias S. Fifka

The understanding of what lobbying is and what activities it encompasses varies significantly, especially in an international context. Whereas in continental Europe, e.g., the word "lobbying" usually has a very negative connotation to it, because it is associated with undue political influence, it is often seen as an essential element of the political process in Anglo-Saxon countries.

In general, a distinction between direct and indirect lobbying can be made. The former consists of a "communication [...] between the organization's representative and the governmental decision maker" [1]. It is characterized by a direct contact—either in person or through communication media—between the governmental official maker and the lobbyist. The latter can be a specialist that is directly employed by a company or hired from an external firm, but also an employee of the organization whose prime occupation does not consist of lobbying, such as a manager. Contacts initiated by private individuals are not considered to be lobbying [2].

In contrast, indirect lobbying or grass roots lobbying takes a different path. It can be seen as the attempts of groups to generate public pressure on governmental decision makers [1]. This is usually done by mobilizing the public in general or an organization's members in specific in their role as voters, based on the assumption that politicians will be inclined to pay attention to those who are responsible for their re-election. Moreover, grass roots lobbying can be more authentic since the concerns are articulated by the people themselves and not by a lobbyist. However, artificially generated mobilization is likely to have only little credibility and thus is referred to as astro turf lobbying.

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Local Agenda 21

Gabriela Tigu

Local Agenda 21 or “LA 21” is the implementation of the Agenda 21 action plan (see the entry) at local level, a policy initiative aimed to encourage local authorities to promote more environmentally, socially and economically sustainable development. Because the most problems and solutions addressed by Agenda 21 have their roots in local activities and because local governance is closest to the people, local authorities play a vital role in educating, mobilizing and responding to the public to promote sustainable development [1].

Act local and think global is the core idea of Agenda 21. It promotes a participatory, long-term, strategic planning process that helps local governance to identify sustainability priorities and implement long-term action plans.

An effective LA 21 strategy requires a few core elements: a *vision statement*, to identify the main sustainability issues and to set targets for action; an *action plan* putting the targets for action into practice, and an *implementation mechanism* describing how actions will be made and how their success will be assessed.

The community itself could and should develop its strategy, better than central government, into a diversity and inventiveness of initiatives. This act requires an integrated approach, meaning that everyone in local government should be in the business of improving the quality of life for local people, working with them to meet their environmental, economic and social goals, not only with colleagues in the authority and other public service providers, but also with businesses, the voluntary sector and all the stakeholders in the wider community [3].

[1] United Nations Conference on Environment & Development Rio de Janerio. (1992). *Agenda 21*. Accessed on 22 February, 2013, from http://sustainabledevelopment.un.org/content/documents/Agenda21.pdf.
[2] Sustainable Environment Organization. (2013). *Local Agenda 21*. Accessed on 24 November, 2013, from http://www.sustainable-environment.org.uk/Action/Local_Agenda_21.php.
[3] The Institution of Civil Engineers. (2000). *Local Agenda 21*. Accessed on 24 February, 2013, from http://www.icevirtuallibrary.com/content/book/100574.

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Locally Grown/Locally Raised

Martin Quinn

Locally grown (or locally raised) refers to food systems in a particular area or region. This is in contrast to large-scale farming whereby food is produced and processed in a geographically distant area.

Terms such as "local food movement" and "locavore" have been associated with locally grown produce [1]. While such terms encapsulate the social aspects of locally grown produce, from a definitional perspective the meaning of local is of most import. First, local may be conceived in geographical terms. Not-for-profit organization SustainableTable proposes locally grown food can be described as a series of concentric circles. The first circle is growing food at home; the next circle is food grown in the immediate community, for example in a town or province; subsequent circles relate to food grown in the state, region and then country [2]. According to a 2008 survey conducted by SustainableTable revealed that half of respondents regarded local as within 100 miles (160 km) and a further 37 % as within their state. However, local may also cross political boundaries and the term ecoregion may be more representative of a localized area where food production methods, natural habit and climate are similar. The World Wildlife Fund (WWF) defines an ecoregion as "relatively large unit of land or water containing a distinct assemblage of natural communities and species, with boundaries that approximate the original extent of natural communities" [3].

Locally grown produce typically has a significant connection to organic produce, but this is not necessarily a defining characteristic. Local food consumers are likely to regard produce sold directly within the locality as being locally grown, whether organically produced or not. If the same produce is harvested, sold to a centralized food processor and shipped back to the locality, then this may not be considered local by some consumers.

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[2] http://www.gracelinks.org/254/local-regional-food-systems, Accessed Jan 13th, 2013.

[3] http://wwf.panda.org/about_our_earth/ecoregions/about/what_is_an_ecoregion/

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MacBride Principles

Belén Díaz Díaz

The MacBride Principles—consisting of nine fair employment principles—are a corporate code of conduct for U.S. Companies doing business in Northern Ireland.

The principles are: (1) Increasing the representation of individuals from under-represented religious groups in the workforce including managerial, supervisory, administrative, clerical and technical jobs; (2) Adequate security for the protection of minority employees both at the workplace and while traveling to and from work; (3) The banning of provocative religious or political emblems at the workplace; (4) All job openings should be publicly advertised and special recruitment efforts should be made to attract applicants from under-represented religious groups; (5) Lay-off, recall, and termination procedures should not in practice favour particular religious groupings; (6) The abolition of job reservations, apprenticeship restrictions and differential employment criteria, which discriminate on the basis of religious or ethnic origin; (7) The development of training programs that will prepare substantial numbers of current minority employees for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade, and improve the skills of minority employees; (8) The establishment of procedures to assess, identify, and actively recruit minority employees with the potential for further advancement; (9) The appointment of a senior management staff member to oversee the company's affirmative action efforts and the setting up of timetables to carry out affirmative action principles.

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These Principles have become the Congressional standard for all U.S. aid to, or economic dealings with, Northern Ireland. The Principles were initiated, proposed and launched by the Irish National Caucus in November 1984 and amplified by Nobel Laureate Sean MacBride in 1986 [1]. The MacBride Principles became law of the U.S. in October 1998, as part of the Omnibus Appropriations Act for Fiscal Year 1999. The MacBride law mandates that recipients of U.S. contributions to the International Fund for Ireland (IFI) must be in compliance with the MacBride Principles.

Since the MacBride Campaign began, 58 United States companies (with over 9 employees) doing business in Northern Ireland out of 69 have agreed to implement the MacBride Principles in their Northern Ireland operations. The MacBride Principles have been passed in 18 US states. They have also been passed or endorsed by over 40 cities, and are pending in many more [1].

[1] Irish National Caucus. (2001). *The MacBride principles—The essence*. http://www.irishnationalcaucus.org/pages/MacBride/MacBride%20Principles%20The%20Essence.htm. Accessed 5 February 2013.

Mandatory CSR

Nicolas Ragodoo

Even if the voluntary aspect of CSR has generally been highlighted in the most commonly cited definitions, recent debates in the literature increasingly focus on the role of the State in the business/society relationship. Reich (2007) [1], for instance, argues that governments need to set the agenda for social responsibility by the way of laws and regulations that will allow businesses to conduct themselves responsibly.

One of the first countries to apply Reich's thinking has been Indonesia. Indeed, this country has been one of the pace-setters as far as mandatory CSR is concerned: a pioneering decision was taken in July 2007 by Indonesian authorities to pass a law on Limited Liability Corporations that included a clause requiring companies and investors active in the 'natural resources' sector to engage in Corporate Social Responsibility. Mauritius has been one of the very first countries to follow the pace of Indonesia, through the introduction of a mandatory CSR framework for business organisations. The Mauritian authorities have even extended the mandatory CSR regulations, as in the Mauritian case it covers all sectors of activity. In fact, as from June 2009, a mandatory 2 % CSR clause has been imposed on all profit-making organisations. Businesses can opt between establishing their own CSR programmes in areas identified by the state, or contribute same directly to public funds. The lower house of the Indian parliament has passed a new Companies Bill that requires

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companies above a certain size to ensure that they spend at least 2 % of annual profits on corporate social responsibility (CSR) activities. The upper house of the parliament is likely to pass the bill into law soon.

In fact, the mandatory v/s voluntary CSR debate can be placed on a continuum, as it ranges from self-regulation to the mandatory imposition of a CSR levy, and the identification of the areas of intervention. There are still several countries, however, opting for mandatory CSR reporting, rather than the full-fledged CSR levy. The mandatory disclosure of what businesses are contributing towards society and the environment has been found to be an alternative way for governments to monitor CSR activity, whilst refraining from actively intervening in business operations.

[1] Reich R. (2007). Supercapitalism: The transformation of business, democracy, and everyday life. In M.L. Pava (2008). Why corporations should not abandon social responsibility. *Journal of Business Ethics, 83*(4): 805–812.

Management of Groups and Working Teams

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Groups are a collection of individuals who have an awareness of group identity and ‘boundary’, with common objectives. The group members also have a set of agreed values and norms which regulates their relatively exclusive mutual interaction. Groups may be influenced by established attitudinal and behavioural norms resulted from broader social aspects such as class, gender, age, and ethnicity, which may impact upon corporate activities. Within business organisations harmonious working relationships and teamwork is said to not only increase staff morale but also competitiveness and improved productivity and performance [1].

Organisational groups can be ‘formal’, deliberately planned by management and predominantly focus on given tasks; or, ‘informal’ caused through social activity and interaction, based more on personal relationships than on defined roles [2]. More often the nature of work requires groups to be organised through the structural organisation of work (departmentalism) or tasks and activities (e.g. project teams). However, group behaviour can also counteract the organisation, leading to a lack of corporatism due to departmentalism or lack of congruence with organisational objectives.

In management, the classical school largely ignored the importance of groups and assumed that people could be motivated as solitary individuals, whereas both the human relations and the systems schools recognised the significance of group’s values as influencing work behaviour. Elton Mayo’s Hawthorn Experiments was a key influence on this. Other influential studies include Gouldner, Trist, Sayles, Lupton, Goldthorpe, The Volvo Experiments, and Likert.

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Models of group development propose a series of stages to maturity. Tuckman suggests four stages: Forming; Storming; Norming; and, Performing [1]. Greater cohesion in a group has several positive cooperative and rewarding effects including, reduction of staff turnover, lower absenteeism, and higher productivity if group accepts goals of the organisation. Factors that influence cohesion include smaller group size, compatibility, work environment, task complexity, success, external threat, management and leadership, communications, technology, and group maturity [2]. Nevertheless, if groups become too isolated in their outlook, members may become non-cooperative and resentful of other groups. A high level of interaction and communication between groups can promote harmony. Rotation of group members can also assist but may lead to lack of group cohesion.

[1] Mullins, L. J. (2007). *Management and organisational behaviour* (8th Ed.). Harlow; Prentice Hall
[2] Boddy, D. with Paton, S. (2011). *Management: An introduction* (5th Ed.). Harlow: Prentice Hall.

Marine Stewardship Council

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The Marine Stewardship Council (MSC) is a non-profit organization based in London, which issues the label most widely used and recognized for sustainably caught seafood. In addition, it is responsible for the certification of sustainable fisheries and retailers eligible for the sale of MSC certified products. The blue MSC ecolabel is based on several standards which were first identified after an extensive consultation with stakeholders between 1997 and 1999. The standards can be separated into two different areas: (1) standards on sustainable fishing, and (2) chain of custody standards. The former include three principles, which fisheries should refer to, especially when seeking MSC certification: *sustainable fish stocks*, avoiding over-fishing and depletion of species and giving endangered species a chance for recovery, *minimizing environmental impact*, maintaining the diversity of the ecosystem, and *effective management*, which mainly refers to compliance with local, national and international laws [1]. The chain of custody standards mainly refer to seafood traceability within retail supply chains. Here, the MSC lists four main principles, including a *management system* to secure compliance with the MSC guidelines and to also control subcontractors, a *traceability system* to make sure only certified products are sold and to be able to trace all products from their point of sale back to their origin and vice versa, the agreement *not to substitute*

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certified with non-certified products, and lastly, a *system to ensure the identification of certified products* at each step of the supply chain [2]. As for the certification process, the Marine Stewardship Council does not actively certify fisheries and retailers, but rather relies on the assessment by third party certification offices. These certifiers are independently accredited and perform their evaluation in compliance with above mentioned standards for fisheries and retailers.

[1] Marine Stewardship Council. (2010). *MSC Fishery Standard: Principles and criteria for sustainable fishing*. http://www.msc.org/documents/scheme-documents/msc-standards/MSC_environmental_standard_for_sustainable_fishing.pdf. Accessed 26 February 2013.
[2] Marine Stewardship Council. (2011). *MSC Chain of Custody Standard*. http://www.msc.org/documents/scheme-documents/msc-standards/msc-coc-standard-v3. Accessed 26 February 2013.

Market for Corporate Control and CSR

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Generally, markets discipline managers or companies by rewarding them with profits when they create value for customers and punish them when they fail to create value. The market for corporate control is no different in principle—here the disciplinarians are just shareholders. Accordingly, current management teams who fail to create (enough) value may fear to be replaced by a new management team [1]

The EU Commission defines Corporate Social Responsibility (CSR) as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Taking a closer look, this leads to an interrelation between the market for corporate control and CSR. Putting corporate governance and CSR in context with rating for example, it makes a point to say that both—Corporate Governance and CSR—influence company ratings. The market for corporate control also might appreciate a progress in this field and establishes CSR as an additional criterion for investment [2]. Then again the companies do not only take initiatives all alone, but the market for corporate control is proactive itself and requires measurements in CSR as a criterion of differentiation and reputation.

Another way to approach the relationship between the market for corporate control and CSR is offered by the three principles of CSR [2]. These are sustainability, responsibility and transparency. Taking into account that the integration of the principles influences current or future shareholders and the other way round the

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integration of these principles is influenced by the market of corporate control. The integration of CSR, e.g., in risk management serves as an example since risk management is a criterion for investment and differentiation [3]. In general it may be noted that the market for corporate control and CSR influence each other increasingly and represent an interrelation in which both partner require certain "values".

[1] Manne, H. G. (1965). Mergers and the market for corporate control. *Journal of Political Economy*, *73*, 110–120.
[2] Crowther, D., & Arras, G. (2008). *Corporate social responsibility*. Frederiksberg: Bookboon.com.
[3] Schneider, J., & Schmiedpeter, R. (2012). *Corporate social responsibility*. Berlin/Heidelberg: Springer Gabler.

Marketing Ethics

Michaela Haase

Marketing ethics is an academic field of expertise that has its origin in the many-faced relationship of organizations and markets on the one hand, and marketing and ethics, on the other hand. As an approach to applied ethics, the meaning of "marketing ethics" depends on the interpretation of both "marketing" and "applied ethics" [1]. As to "marketing," the views differ in the identification of objects of analysis and the problems related to them. Narrow views see marketing only as a function or a task of the firm (or organization). Broader views of marketing see marketing as a philosophy coining the self-understanding of a firm (or organization), and address the firm (or organization) as a market actor and a creator of markets. The domain of marketing thus includes organizations, markets, and marketing systems; and marketing goes beyond market-oriented strategy formation, management, operation, and activities.

The marketing philosophies and strategies as well as the moral failure of actors in particular problem situations are the subject of marketing ethics. Marketing practices have been identified and criticized within and beyond the marketing discipline, accompanied by and mirrored in the development of different approaches to marketing ethics. Different marketing approaches give rise to different types of marketing problems and "pre-determine" the type of potential moral failure: Concerning the marketing mix, ethical problems are related to the use of what is called the marketing instruments (expressed in the four Ps—product, price, promotion, and place). Relationships, services, and resource integration are more recent and still less prominent subjects of marketing ethics. Lately, marketing ethics has widened its perspective to analyze the activities of consumers, their rights as

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well as their responsibility. Marketing ethics actively contributes to the understanding and solution of problems well known from CSR and sustainability discourses such as triple bottom line, externalities, globalization, and international public goods [2].

[1] Birnbacher, D. (1999). Ethics and social science: Which kind of cooperation? *Ethical Theory and Moral Practice, 2*, 319–336.
[2] Laczniak, G. R., & Santos, N. J. C. (2011). The integrative justice model for marketing to the poor: An extension of S-D logic to distributive justice and macromarketing. *Journal of Macromarketing, 31*(2), 135–147.

Market Failure and the Environment

Janusz Reichel

The market is not a remedy for all economic problems. A market failure is a term that reflects this lack of perfection of the market. The typical sources of the market failure are for example: monopolies, externalities and income distribution [1]. The market failure provides arguments in favor of regulating the market by the government.

Natural environment is most often one of the recipients of negative external effects. For example, air pollution may generate higher medical costs for the residents of the local community and the higher cost of maintaining the facades of buildings and none of these costs are reflected in market prices of polluter's products or services. This way, environmental resources are usually unpriced or underpriced. Too low price or missing market leads to using those resources over the socially efficient level [2].

Environmental resources can be treated the same way as public goods what means that internalization of environmental external costs can require a government intervention. In the perfect competitive circumstances voluntary internalization would lead to losing a competitive position to other companies that do not internalize. But there exist a chance that when "externalities coexist with other departures from the competitive paradigm—such as oligopoly competition and asymmetric information—a firm may be able to increase its expected value through the voluntary provision of environmental public goods." [2].

[1] Black, J. (2002). *Dictonary of economics*. Oxford: Oxford University Press.
[2] Reinhardt, F. (1999). Market failure and the environmental policies of firms: Economic rationales for "Beyond Compliance" behavior. *Journal of Industrial Ecology*, *3*(1), 9–21.

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Maturity Model of CSR

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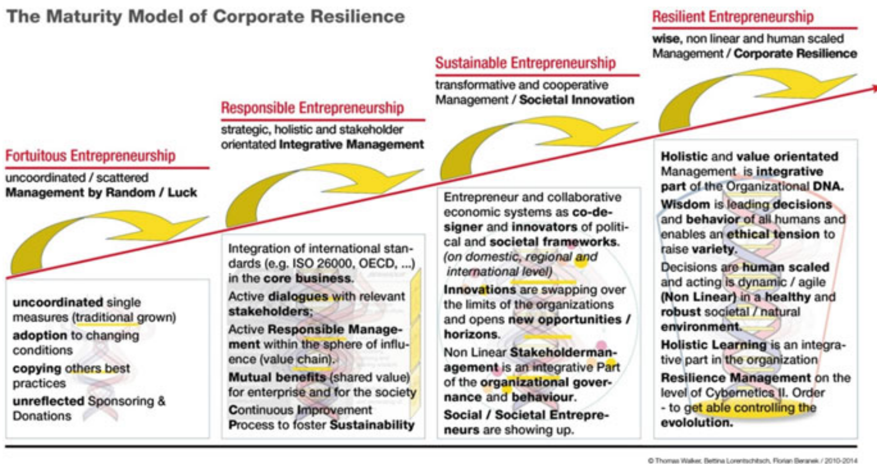
Corporate Social Responsibility is continually evolving. Since its introduction the Maturity Model of CSR has also been continuously developed and improved [1] to include four distinct stages [2], with a fifth stage that is still being researched. The four stages of the maturity model, also referred to as the four generations of CSR, are illustrated in the following diagram:



Examining each of the four stages demonstrate a clear progression, from Fortuitous Entrepreneurship; Responsible Entrepreneurship; Social Innovation and Sustainable Entrepreneurship; and Corporate Resilience and Resilient Entrepreneurship.

- CSR of the first Generation: **Fortuitous Entrepreneurship**: These are uncoordinated single measures (such as CSR Reporting, supply chain management, environmental programs, or philanthropy) on the one hand, and Corporate Citizenship on the other. In many organizations these measures have grown over the past few years to become part of the organizational culture.
- CSR of the second Generation: **Responsible Entrepreneurship**: This approach is founded on the holistic approach of the ISO 26000 or the OECD Guidelines. Based on a professional stakeholder management organizations combine Stakeholder expectations with their core business to reduce risks and generate innovation. The Focus on mutual benefits, as part of an ethical behavior, for the

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organization and society, including the environment, are the guiding principles in business decisions making during the continuous improvement process.
- CSR of the third Generation: **Social Innovation** and **Sustainable Entrepreneurship**: Innovation from inside the organization is appealing to society whilst ideas from outside the organization also strengthen the core business. The primary goal of the CSR's third generation is to enable a robust and healthy environment for the organization.
- CSR of the fourth Generation: **Corporate Resilience and Resilient Entrepreneurship**: A corporation reaches this fourth Generation stage when it no longer talks about CSR and responsible behavior becomes part of the organizational DNA. Business decisions are humane scaled and they meet the legitimate expectations of the relevant Stakeholders. Society rewards the co-operative behavior and a shared value is common. During this stage, the enterprise is placed in a stable and healthy social and natural environment and it is resilient against crises and constraints. [Link to Entry in this Dictionary: *Corporate Resilience*]

Each business enterprise, regardless of its size, be it a SME or multinational, develops its own business CSR maturity strategies and Corporate DNA [Link to Entry in this Dictionary: *Corporate DNA*] for all its dimensions and steps of generations with the CSR maturity model. Ultimately, Resilient Entrepreneurs are fundamentally initiating Social Innovation and strengthen their own Corporate Resilience and Business Success.

[1] Habisch, A. (2003). *Corporate citizenship*. Heidelberg: Springer.
[2] Walker, T. (2013). Der Stakeholderansatz als Fundament der CSR-Kommunikation. In P. Heinrich (Ed.), *CSR und Kommunikation*. Heidelberg: Springer.

Medicine and Corporate Social Responsibility

David Tze Wen Low and Patrick K. C. Low

Medicine—the science of healing the sick and/or illness prevention has been practiced for thousands of years. Over the last 200 years, a considerable amount of progress in the clinical and surgical procedures in medicine has made [1, cited in

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[3]. Medicine is defined as (a) the applied science or practice of diagonsis, treatment and prevention of a disease and (b) a drug or other preparation for the treatment or prevention of a disease [2]. It includes a variety of health care practices evolved to maintain and restore health by the prevention and treatment of illness in human beings. Contemporary medicine applies health science, biomedical research and medical technology to diagnose and treat injury and disease, typically through medication or surgery but also through therapies as diverse as psychotherapy, external splints and traction, protheses, bilologics and ionizing radiation.

Chinese medicine (known as Traditional Chinese Medicine: TCM) is currently considered as an alternative medicine gradually being accepted/practiced even in the Western world. It includes traditional medicine practices originating in China and such treatments as Chinese herbal medicine, acupuncture and dietary therapy [3].

With rapidly changing community, medical doctors and practitioners are striving in a socially responsible manner. Also, to ensure their sustainability, they are including first and foremost corporate social responsibility (CSR) by adapting to the society's evolving needs and contributing to the overall health, welfare and wellness of the people—in short, ensuring sustainable responsible business. The medical professions are continually reviewing and improving their CSR efforts to lessen the negative impact of medicine on the environment, such as replacing disposable medical equipment with reusable ones [4]; nurture a workplace of diversity and inclusion; conduct responsible business practices and uphold the highest ethical standards in everything from research and development to sales and marketing. And they are partnering in communities throughout the world to strengthen health systems, increase access to medicines and find sustainable solutions to the health challenges of today and tomorrow [5]. In "providing medical aid to those most in need regardless of their race, religion, or political affiliation", Médecins Sans Frontières has been all around the world in providing local support to many communities without prejudice. The 1999 Nobel Peace Prize organisation has in many cases spoken out, bringing to the fore of the world's attention in areas such as neglected crises, challenges to and abuses of the aid system, thus becoming a prime example of the medical community places the health of people above other considerations [6].

[1] Rooney, A. (2006). *Medicine, stem cells, genes and super-beams*. UK: Harcourt Education.

[2] Oxford Dictionary. (2013). Accessed 18 February 2013. http://oxforddictionaries.com/definition/english/medicine

[3] Low, K. C. P., & Ang, S. L. (2010). The foundation of traditional Chinese medicine. *International Journal of Chinese Medicine*, Scientific Research, (pp. 84–90). doi:10.4236/cm.2010.13016 Published Online December 2010, (http://www.scirp.org/journal/ijcns).

[4] Conrardy, J., Hillanbrand, M., Myers, S., & Nuseenbaum, G. F. (2010). Reducing medical waste. *Association of periOperative Registered Nurses, 91* (6), 711–721.

[5] Pfizer (2013). Doing business responsibly. Accessed 18 February 2013 http://www.pfizer.com/responsibility/global_health/global_health.jsp
[6] Médecins Sans Frontières (2013). *History and principles*. Médecins Sans Frontières, viewed on 19 February 2013 <http://www.doctorswithoutborders.org/>

Mergers and Acquisitions

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Mergers and Acquisitions (M&A) refers to the aspect of corporate strategy with the buying, selling or combining of companies that enables a company in a given industry grow rapidly without having to create another business entity. A "merger" can be defined as the combination of two or more independent companies into a single company (usually involving the absorption of one or more companies by the dominant company). An "acquisition" is an act of one company of acquiring shares in or assets of another company. M&A may be broadly classified as a "horizontal transaction" (between competing companies) or a "vertical transaction" (between a buyer/seller relationship companies).

The motivations for an M&A-transaction are, inter alia,

1. from a seller's perspective:
   - competitor's pressure is increasing,
   - business succession, possibility to sell the company at an attractive price,
   - further diversification of product portfolio;
2. from a buyer's perspective:
   - synergy effects (economies of scale, cross-selling),
   - strategic realignment (technological change, deregulation), market intensification (market or product extensions),
   - financial considerations (buyer believes that the target company is undervalued, falling interest rates etc.),
   - tax considerations.

Valuing a target company is subjective, "a large number of assumptions are needed to justify any particular valuation of the combination" [1]. Furthermore, the parties have to be aware that "the impact of corporate culture on the success or failure of a merger or acquisition is of paramount importance; culture clash afflicts every corporate combination" [2].

An effective M & A requires a complex process management. The M & A process can be divided into four phases:

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- “Preparation”—Internal planning and structuring of the transaction, choice of process—from discrete approach to full public auction and selection of the transaction team.
- “Execution”—First contact with the potential buyers, invitation to express interest, signing of a confidentiality agreement, evaluation of alternative opportunities.
- “Analysis”—Valuation of the target company, preparation and coordination of the financial, legal, tax and strategic due diligence, that is, a methodical investigation designed to analyze the strengths and weaknesses of the target company and to receive a final opinion on possibilities and risks of the envisaged transaction.
- “Closing”—Negotiation, signing and execution of the share purchase agreement.

[1] Baker, M., Pan, X., & Wurgler, J. (2009). *A reference point theory of mergers and acquisitions*. National Bureau of Economic Research (NBER), NBER Working Paper no. w15551. http://ssrn.com/abstract = 1518744. Accessed 4 March 2013.
[2] Pezzillo, M. (2012). *Cultural due diligence as a proactive strategy of organisational change: An empirical analysis*. http://ssrn.com/abstract = 2115444. Accessed 4 March 2013.

Mezzanine Finance

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Mezzanine finance is a special form of subordinated debt, i.e. a layer of finance that ranks between senior debt and equity capital. Such financing makes it possible for companies to raise debt finance even after senior borrowing capacity has been exhausted due to excessive gearing or non-availability of unencumbered assets to offer as security; it is frequently used in private equity financing structures and in acquisition financing, particularly leveraged buyouts.

Mezzanine finance is generally regarded as quasi-equity, resulting in it carrying a much higher expected rate of return than other types of subordinated debt. Corporate borrowers often offer the providers of mezzanine finance ‘sweeteners’ to reduce the interest cost—these may take the form of an equity kicker in the form of a share option or a non-equity kicker such as a redemption premium.

The main problems with such sweeteners from the perspective of the shareholders are that:

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- Share options would dilute equity if exercised, and may greatly increase the effective return to the mezzanine financiers (at the cost of the shareholders) if the share price were to rise significantly by the exercise date.
- A redemption premium would similarly add to the effective borrowing cost.

Collateralised debt obligations (CDOs) have made use of mezzanine tranches (between the senior and 'equity' tranches) that are able to obtain a higher credit rating than the underlying assets due to those assets being grouped into diversified portfolios. The underpricing of risk on such mezzanine debt, which offered yields higher than those available on most other fixed income securities, contributed to the huge increase in CDOs that was partially responsible for the financial crisis of 2007/2008. *"In response to the explosion in CDO issuance, the increased demand for subprime mezzanine bonds began to outpace their supply. . .This surge in demand for subprime mezzanine bonds helped to push spreads down—so much so that the bond insurers and real estate investors that had traditionally held this risk were priced out of the market. The CDO managers that now purchased these mortgage bonds were often less stringent in their risk analysis than the previous investors, and willingly purchased bonds backed by ever-more exotic mortgage loans"* [1].

[1] Barnett-Hart, A. K. (2009). *The story of the CDO market meltdown: An empirical analysis*. Cambridge, MA: Harvard University.

Microfinance

Tassilo Schuster

The term "Microfinance" refers to a range of financial services including loans, mortgages, savings, insurance, and money transfers that is provided to poor and low-income clients who were previously excluded from formal means of borrowing and saving. Microcredit and microlending, the most widespread instruments of microfinance, stand for very small and unsecured loans that microfinance institutions provide to individuals or groups for the purpose of starting, continuing, or expanding small business ventures [1]. In order to reduce transaction costs and to profitably deliver very small loans to unsalaried borrowers who have little or no collateral security, microfinance institutions apply various innovative instruments including pre-loan savings requirements, group lending, joint liability, and successively increasing loan sizes [2].

The microfinance revolution started 30 years ago when Nobel Prize laureate Muhammad Yunus founded the Grameen Bank with the objective of pioneering methods for providing credit and banking services to the rural poor population in Bangladesh. Most microfinance institutions started as state-owned development

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banks or not-for-profit organizations like non-governmental organizations, credit unions and other financial cooperatives. Today, however, an increasing number of microfinance institutions transformed to for-profit entities as they often require a license from banking authorities or to raise capital [3].

Microfinance is one of the great success stories in the developing world which is widely recognized as a beneficial and sustainable solution in alleviating global poverty. Microfinance spurs entrepreneurship and enables poor households to manage external shocks like sickness of a wages-earner, theft, crop failure, or natural disasters in an appropriate way. In addition, microfinance contributes greatly to women's empowerment as it enabled them to gain social and economic self-reliance, influence, and control over resources by using the loans for own business activities [1].

[1] Khavul, S. (2010). Microfinance: Creating opportunities for the poor? *Academy of Management Perspectives*, *24*(3), 58–72.
[2] Bhatt, N., & Tang, S. Y. (1998). The problem of transaction costs in group-based microlending: An institutional perspective. *World Development*, *26*(4), 623–637.
[3] Battilana, J., & Dorado, S. (2010). Building sustainable hybrid organizations: The case of commercial microfinance organizations. *Academy of Management Journal*, *53*(6), 1419–1440.

Migration (Human)

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Based on the definition of International Organization for Migration (IOM), *migration* could be framed as a "population movement" and in this context it could be defined as the movement of the person or a group of persons [1]. "People" and "movement" are the only stable concepts while referring to the human migration and consequently any other components of a migration definition might vary according to the motivations, decision-making processes and socio-cultural characteristics of the people who are involved to the movement. Hence, there are several types of migration and the classical classification has been based on the fact that whether the movement is across an international border or within the borders a State, namely as international migration or internal migration. However, new migration literature reflects contemporary formulation and characteristics of the migration movements and there are new types of migration such as circular migration, retirement migration and education migration. Therefore, classical classifications are neither adequate nor inclusive due to the changing dynamics and features of the migration movements.

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It is challenging to theorize migration flows due to the multidimensional and complex nature that includes a wide range of areas such as demography, sociology, economic and psychology [2]. However, causality is the prominent question of the migration and this question triggered to the theorization efforts since nineteenth century. These theories intensively have been focused on internal migration in the context of flows from rural to urban areas while the international dimension has been coming into prominence in last 20 years. At both levels, a remarkable part of migration theories are based on the economic reasons for analyzing main motivations and the decision making process by focusing on labor and employment based reasons. This perspective uses the lenses of economic concerns and frames migration as the mobility of labor or a consequence of labor market by causing a narrow definition that ignores the rest of the picture. However, migration has explicit ties also with the culture, demographic structure, politics or even with history and as a result multidimensional stance is essential for analyzing migration or formulizing policies and strategies about it.

[1] International Organization for Migration (2004). *Glossary on migration.* Geneva: IOM.
[2] Bijak, J. (2006). Forecasting international migration: Selected theories, models and methods. *Central European Forum for Migration Research Working Paper.* Vol.4/2006. Warsaw.

Migrant Workers[1]

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There is currently no universal definition of the term “migrant worker”. Nevertheless, the *United Nations Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families* (1990) contains one reference. Article 2 (1) of this Convention states that the term “migrant worker” refers to a person “who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national”.

A key factor in the decision to migrate in search of work is the economic situation in the home country. Other factors are also significant, including the political and social situation and norms in the country of origin, and personal aspirations. Across the world around 150 million people are migrant workers. While traditionally OECD countries are the ones attracting the vast majority of

[1] The author is writing in his personal capacity and expressed views do not necessarily reflect those of the European Parliament.

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migrant workers, more recently migration trends see workers turning into emerging economics such as China, Brazil and Mexico [1].

Sates impose various legal restrictions on migrant workers, including on periods of lawful stay, access to employment and entitlement to social security benefits. For instance, several countries place quotas on the number of people they admit for residence and work. Others operate different rating systems, giving preference to high-skilled workers or workers who can fill specific needs in their economies. Agreements between states or unilateral measures taken by states vis-à-vis migrant workers of other states may ease or prohibit relevant legal restrictions. For example, the Treaty on the Functioning of the European Union prohibits restrictions on the free movement of workers who are EU citizens within the territory of the Union and bans discrimination in relation to access to employment, pay and other working conditions. By virtue of further EU legislation and case law certain family members of migrant workers also have rights regarding residence and employment even if they are not themselves EU citizens.

Migrant workers constitute a vulnerable group in society, especially at the workplace. As the International Labour Organisation remarks, "while international migration can be a positive experience for migrant workers, many suffer poor working and living conditions, including low wages, unsafe work environments, a virtual absence of the social safety net, denial of freedom of association and workers' rights, discrimination and xenophobia" [2]. Three international instruments currently provide for minimum standards for migrant workers: the 1949 ILO Convention concerning Migration for Employment (Revised) (No. 97); the 1975 ILO Convention concerning Migrations in Abusive Conditions and the Promotion of Equality of Opportunity and Treatment of Migrant Workers (Supplementary Provisions) (No. 143); and the 1990 United Nations International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.

Yet most developed nations have neither signed, nor ratified these conventions, while observation of standards in countries which have ratified them can be problematic. Consequently, the majority of migrant workers across the world continue to remain insufficiently protected [3]. Other, non-legally binding, international initiatives aim at promoting institutional capacity and cooperation in migration in practical ways. Examples include the *Global Migration Group*, established in 2006, and the annual *Coordination Meeting on International Migration* which has been organised since 2002. A further process is the *Global Forum on Migration and Development*, which seeks to offer opportunities for cooperation and partnership between various stakeholders at the national, regional and international levels.

[1] OECD. *International migration Outlook 2012* (OECD Publishing, 2012), Part I.
[2] ILO. International migration Programme, http://www.ilo.org/migrant/lang--en/index.htm, Accessed 27 March 2013.
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Millennium Development Goals

Dirk Reiser

The Millennium Development Goals are eight goals with specific targets and indicators agreed to by 189 members of the United Nations in 2000. These goals are linked to time-bound and quantified targets. In general, the signatories commit their countries to a new global partnership to reduce extreme poverty by the year 2015 such as halving the proportion of people whose income is less than $1 a day between 1990 and 2015 [1].

The original United Nations Millennium Development Declaration was signed at the Millennium Summit in September 2000. The eight inter-dependent MDGs derived from this declaration:

- to eradicate poverty and hunger;
- to achieve universal primary education;
- to promote gender equality and empower women;
- to reduce child mortality;
- to improve maternal health;
- to combat HIV/AIDS, malaria, and other diseases;
- to ensure environmental sustainability; and
- to develop a global partnership for development [2].

Recently, the United Nations published 'The Millennium Development Goals Report 2012' maintained that the MDGs have achieved important results in a number of areas such as the reduction of extreme poverty or the achievement of parity in the primary education of boys and girls. However, 'Inequality is detracting from these gains, and slowing advances in other key areas', for example that hunger remains a global challenge and that the number of people living in slums continues to grow. Despite all those successes and challenges, so the United Nations, the key to success are gender equality and women's empowerment up to 2015 and beyond [3].

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[2] World Health Organisation (WHO). (2013). *Millennium Development Goals (MDGs)*. http://www.who.int/topics/millennium_development_goals/about/en/index.html accessed 14.03.2013.
[3] The United Nations. (2012). *The millennium development goals report 2012*. New York: United Nations.

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Minimum Wage

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A minimum wage is the rate of pay established by legislation or collective bargaining which is the lowest rate (hourly, weekly or monthly) for the employment of labour. A minimum wage should be sufficient to provide for the minimum needs of a worker and his/her immediate family given current social and economic conditions.

Minimum wage regulations and/or collective bargaining agreements are in place in many jurisdictions. According to Eyraud and Saget (2005) [1], there are four methods used to determine minimum wage rates. First, a single base-rate for the country/region can be adopted, with the State as the key decision maker. This is the most commonly adopted method with 67 % of countries who are International Labour Organization affiliated using this method. A second method is to use multiple rates by sector/occupation, with the State as key decision maker. Third, a single base rate for the country/region determined by collective bargaining can be used and fourth, multiple rates by sector/occupation determined by collective bargaining.

Economic theory suggests an equilibrium rate of pay is determined by the supply and demand of labour. If a minimum wage rate is set higher than the equilibrium rate, unemployment will result as more workers are willing to supply their labour than employers require. Thus, the setting of a minimum wage is typically a rigorous process involving government (including tax authorities), trade unions and other social partners. There are some alternatives to a minimum wage rate, such as a basic income level supported by social welfare payments or additional tax credits for low paid workers.

[1] Eyraud, F., Saget, C., (2005). *The fundamentals of minimum wage fixing*. Geneva: International Labour Organisation.

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Minority Shareholders' Influence on CSR Decisions

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Minority shareholders are defined as a holder of shares in a company whose voting power is limited in influencing corporate policies or pressurising the board of directors unlike controlling shareholders.

Minority shareholders are often determined to drive corporate decisions in achieving a social commitment and improve firm's value in the interest of all stakeholders. Conflicts of interests exist among main firm's stakeholders and more pronounced in particular between majority and minority shareholders [4].

Where ownership structure is concerned, it is quite feasible that a number of corporate policies may affect strategic decisions about CSR [3].

Majority shareholders sometimes undertake CSR activities that reflect the preferences of controlling shareholders at the expense of and damaging to minority shareholders' interests. Minority shareholders may see CSR as fund consuming and profit reducing in the short run.

The OECD code recommends that all shareholders (minority or majority; foreign or domestic) of each type of share be treated equally [1].

Minority shareholders may be the target of opportunistic behaviour of majority shareholders. The power of stakeholders is a function of the resources they control that are essential to the companies [4].

It is paramount for countries to be aware of the potential problem and abuse of minority rights and make legal provisions available to avoid restricting the rights of minority owners.

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[3] Robertson, D. C. (2009). Corporate social responsibility and different stages of economic development: Singapore, Turkey, and Ethiopia. *Journal of Business Ethics*, *88*, 617–633.
[4] Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *Journal of Finance, 52*(2), 737–783.

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Money Laundering

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Money laundering is the generic term used to describe large amounts of money generated from criminals disguise the original ownership and control of the proceeds of criminal conduct by making them appear legal [1]. As a financial term, money laundering is an activity by which the illicit source of assets obtained by criminal activity is concealed to obscure the link between the funds and the original criminal activity [2].

Money laundering facilitates a broad range of serious underlying criminal offenses including, drug trafficking, terrorism, fraud, robbery, prostitution, illegal gambling, arms trafficking, bribery and corruption and ultimately threatens the integrity of the financial system. The process of money laundering also includes hiding the amount of income or the source of the income in the interests of avoiding tax [3].

Traditional money laundering takes in three distinct stages:

Placement, which criminally derived funds are introduced in the financial system.

Layering, the process in which the property is 'washed' and its ownership and source is disguised.

Integration, which the 'laundered' property is re-introduced into the legitimate economy [3].

Money laundering activities threaten the financial system and macroeconomic stability which can quickly spread to the rest of the world through international capital flows.

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[3] International Compliance Association. What is money laundering? Accessed 15 April 2014.

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Moral Hazard

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Moral hazard characterizes situations where an agent, once being insured, adopts a riskier behavior, this inflection not being intended or foresighted by the insurer. This behavioral alteration produces additional costs for other policyholders.

Originally, the term of "moral hazards" was coined to designate hazardous individuals, by opposition to "natural hazards" such as storm, drought, cyclone, flood, and so forth. The modification of insured's behavior was assumed to manifest his lack of morality, some individuals (the "moral hazards") being more prone to alter their behavior than others.

Nowadays, economics and literature on insurance widely agree on the fact that moral hazard is the consequence, not of the immorality of agents, but of their practical rationality when considering their self-interests [1]. Since insurance modifies the costs and gains of a course of actions (in technical language: its expected value), it becomes rational for agents to adjust their behavior to this change in the structure of incentives. For instance, it is rational for individuals to drive faster with a motor insurance than without. However, such rationality is individual of nature. Many individually rational actions lead to collective damaging, sub-optimal, situations (exemplified by the tragedy of the commons), which illustrate the multi-layered nature of rationality as a concept.

From the pure insurer's perspective anyway, moral hazard represents a problem from two perspectives. At a micro-perspective, it generates additional costs that are mutualized through the pooling mechanism of the insurance. Some policyholders happen to pay for the riskier behavior of others, which raises a double issue of fairness and responsibility. At a macro-perspective, moral hazard threatens the actuarial soundness and financial balance of any insurer since it pushes individual claims upward by increasing the probabilities and amplitude of adverse events.

Insurers have two tools for addressing moral hazard. On the one hand, they may raise standards for compensation by introducing, for instance, stricter duties of care (e.g., additional locks on insured's doors for home insurance). On the other hand, they may raise the level of individual responsibility through co-insurance, co-payment or deductibles. In both cases, these strategies imply to partly "de-pool" risks, which conflicts with the initial intention of socializing losses, especially in the case of social/public insurance.

[1] Pauly, M. V. (1968). The economics of moral hazard: Comment. *American Economic Review*, *58*(3), 531–537.

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Motivation

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Motivation explains the reasons for human behaviour with the aim to satisfy their needs. In a management context, studies of motivation have tended to have been used to determine why people work; their behaviour at work; and, whether they can be motivated to become more productive.

There are three forms of motivatory drive to satisfy needs:

- Economic Rewards, based on tangible rewards, where motivation has an instrumental orientation.
- Intrinsic Satisfaction, based on psychological rewards derived from the work itself, where motivation has a personal orientation.
- Social relationships, based on needs for kinship, where motivation has a relational or solidaristic orientation.

Motivation is generally related to job satisfaction although motivation does not guarantee an improved work performance. Job satisfaction is affected by individual, social, cultural, organisational, and environmental factors, which will define the individual's relationship with work. This is influenced by the expectations from the unwritten 'Psychological Contract' between the employer and the employee, whereby a 'Coercive Contract' forces employees to contribute efforts involuntarily (e.g. being underpaid) and thus results in low motivation; the most common 'Calculative Contract' with individuals contributing voluntary in exchange for identifiable set of rewards (e.g. pay, promotion) and thus motivation can only increase if rewards are improved; and, a 'Co-operative contract', where the individual identifies with the organisational goals and participates in the decision-making which leads to high motivation and achievement [1].

Theories of motivation are differentiated into either Content theories, which focus on what motivates, e.g. satisfying needs (theories include Maslow, Alderfer, Hertzberg, and McClelland); or, Process theories, which focus on the systematic processes of motivation (theories include Expectancy theories, Equity theory, Goal theory and Attribution theory) [2].

Generally motivation can be increased with appropriate Job design approaches which aim to create satisfaction and remove alienation by considering ways in which variety and responsibility can be imputed into work, including job enrichment, enlargement, or rotation. Self-managed work groups, placing personal strategies and flexible working arrangements can also lead to motivation. Other motivational techniques include Personally Rewarding Strategies, Personally Punishing Strategies, Setting Goals Strategies, and Designing Feedback Systems. The latter is particularly beneficial as individuals respond positively to constructive feedback [2].

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Multilateral Investment Fund

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The Multilateral Investment Fund (MIF), a special fund administered by the Inter-American Development Bank (IDB), was created in 1993 to encourage the development of the private sector and to improve the investment climate in the LAC (Latin America and the Caribbean) Region, in order to address the new realities of globalization. MIF strives to be "the leading innovative mechanism for private sector development in Latin America and the Caribbean" [1].

MIF focuses on supporting market reforms, building the skills of workforces, and increasing the participation of small- and mid-sized enterprises in the economies of LAC countries. MIF also invests in special equity funds in community development, venture capital, technology, business partnerships, and the environment to help attract capital into the small business and microfinance sectors [1].

The Multilateral Investment Fund (MIF), funded by 39 donors, supports private sector-led development benefitting low-income populations and the poor in LAC—their businesses, their farms, and their households. The aim is to give them the tools to boost their incomes: access to markets and the skills to compete in those markets, access to finance, and access to basic services, including green technology [2].

Through its Small Enterprise Investment Fund Program, the MIF has made over $173 million in equity type financing commitments. This investment has, in turn, leveraged and additional $294 million in SME funding support from almost 50 other co-investors [3].

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[3] Gunning, M., (2003). *Managing SME investment funds in Latin America and the Caribbean: Lessons learned and recommended best practices*. Portland: Solana Incorporated.

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Natural Capital

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Natural capital is all formations of the Earth's biosphere that provide humans with ecosystem goods and services imperative for survival and well-being. Furthermore, it is the basis for all human economic activity. So, the world's economy could be seen within the larger economy of natural resources and ecosystem services that sustain humanity. In this way, natural capital is an extension of the economic notion of capital (manufactured means of production) to goods and services relating to the natural environment. More than that, the specialists consider that the "next industrial revolution" depends on the espousal of four central strategies linked to natural capital: the conservation of resources through more effective manufacturing processes, the reuse of materials as found in natural systems, a change in values from quantity to quality, and investing in natural capital, or restoring and sustaining natural resources [1].

Some economists and politicians believe natural capital measures can be used in a modern economy to evaluate and measure money supply, inflation, and well-being (rather than such indicators as GDP). Other researchers—like Costanza [2]—tried to evaluate ecosystem services, but the ecological economic values are not currently included in national income accounts. To rectify this situation, there are examples of initiatives to develop ways to more accurately value natural capital and linking these values to economic policy options. One important initiative is The Natural Capital Declaration (NCD), a finance-led initiative to integrate natural

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capital considerations into investment, banking and lending decisions, signed by CEOs at The United Nations Conference on Sustainable Development in 2012 (also called "Rio + 20"), and re-affirming the importance of natural capital in maintaining a sustainable global economy [3].

[1] Hawken, P., Lovins, A., Lovins, H. (1999). *Natural capitalism: Creating the next industrial revolution*. Little, Brown and Company.
[2] Costanza, R. et al. (1997). *The value of the world's ecosystem services and natural capital*. Accessed on 21 February, 2013, from http://www.esd.ornl.gov/benefits_conference/nature_paper.pdf.
[3] UN Conference on Sustainable Development. (2012). *The natural capital declaration. A commitment by the finance sector for Rio + 20 and beyond*. Accessed on 19 February, 2013, from http://www.naturalcapitaldeclaration.org/wp-content/uploads/2012/07/NCD_Roadmap.pdf.

Net Impact

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Net Impact [1] is a global student-centered community that also includes business professionals as members, with more than 40,000 members and 300 chapters around the world at graduate business schools and undergraduate campuses. Net Impact's mission: inspire young leaders to work at solving social and environmental issues on campus and in the business place.

Net Impact campus chapters can organize and sponsor events. Net Impact also has an annual conference with hundreds of speakers from both nonprofits and for profit entities. The conference is attended by thousands of students and business professionals.

Net Impact annually publishes *Business as Unusual*, a profile of business school programs that shows which are incorporating corporate social responsibility into their curriculum, and how well they are preparing students to be responsible business professionals. Since it is based on surveys of current MBA students, it provides valuable insights into business school programs. Net Impact also publishes *Corporate Careers That Make a Difference*, a guide to careers in CSR and sustainability.

Net Impact provides a wide variety of other resources, including job postings, in depth webinar reviews of selected CSR and sustainability issues, listings of CSR "Projects For Good" needing student workers, CSR awards and competitions, and occasional research papers, such as MBA Perspectives 2009, which surveys MBAs about their careers and the relationship between business and social and environmental issues.

[1] Net Impact site, http://netimpact.org/, Accessed 10 Mar 2013.

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Network

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A network can be characterized as an interconnected or interrelated chain, group, or system. There are different types of networks, e.g. social networks, business networks and political networks. A social network can be defined as "a finite set or sets of actors and the relation or relations" they represent [1]. The two critical elements in a social network are actors and relational ties [1]. An actor can be any distinct entity, from an individual, corporation, social group, to an entire nation-state [2], while a relational tie links actors together through information sharing, friendship, group affiliation, and so forth [1]. A business network is a type of network whose reason for existing is business activity. Examples of business networks are supply chain networks, distribution networks, retail networks and service networks. A political network is another type of network whose reason for existing is political activity. Examples of political networks are social movement networks, transgovernmental networks, and cross-sector networks.

Networks within the field of Corporate Social Responsibility are often political networks built on the basis of the public sector (governments at all levels of authority and public institutions), the private sector (all types of businesses and their associations) and civil society (citizen and community associations, NGOs). These networks coordinate their actions for the common good and pool their resources to provide solutions to complex problems. The interest in this type of networks from researchers and practitioners has progressed rapidly during the past decade as the focus of attention has moved from issues of environmental management to sustainable development, and on to the association between sustainable development and other forms of global change [3].

[1] Wasserman, S., & Faust, K. (1994). *Social network analysis: Methods and applications*. New York: Cambridge University Press.
[2] Knoke, D., & Yang, S. (2008). *Social network analysis* (2d ed.). Thousand Oaks, CA: Sage.
[3] Roome, N. (2001). Conceptualizing and studying the contribution of networks in environmental management and sustainable development. *Business Strategy & the Environmen*t, *10*(2), 69–76.

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NGOs

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Non-Governmental organizations can be defined as social, cultural, legal, and environmental advocacy groups that have noncommercial goals which operate at local and international levels, a few examples include Greenpeace, the WWF, the Rainforest Alliance, Friends of the Earth etc. [1]. Corporate Social Responsibility is the common ground which enables business and NGOs to get together for the well being of society.

Changing the economic and political conditions that lie at the roots of social and environmental problems is the main goal of these NGOs and is also a common goal of business through CSR. NGOs play an active role in influencing companies to increase their corporate social responsibility. Since the 1970s, corporate social responsibility was a marginal issue of a few companies such as The Body Shop and Ben & Jerry's, but today Nike, GAP, The Royal Dutch Shell are internationally well known examples which have gained public trust through collaborative social responsibility programs with NGOs.

Through NGO-business partnerships, CSR has been mainstreamed and become an institutionalized activity. Over the past decade, there have been more collaborative interactions between business and NGOs, including stakeholder dialogue and collaborative partnerships between for example Greenpeace and the Shell Oil Company. This has led to cooperation between such organizations in order to create a positive impact on the environment. Another example is the partnership between McDonald's and the Environmental Defense Fund to reduce its waste through reduction of packaging. Moreover Unilever–Rainforest Alliance cooperation which certifies tea farms in Africa improves the sustainability of farming incomes and life quality of farmers and workers. Furthermore cooperation between Oxfam International and Starbucks to promote quality coffee through supporting Fair Trade Certified coffee production. All these are just a few examples of such international co operations [2].

The growing interest in NGOs is partially due to their rapid growth in number and influence. Furthermore, NGOs are increasingly becoming more international and developing new tactics for engagement with business and have shifted from focusing on governments to businesses. NGOs are also considered as catalysts or appliers of pressure for improved performance, monitors, and even consultants to business in CSR activities.

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Although at international level, the co operation between NGOs and companies exist, NGOs are considered to play a double role. On the one hand, NGOs are seen as the most active voice in criticizing companies for their insufficient CSR activities they also sit as judges or applicants of funds to business. Managing these collaborations requires considerable skills and experience, since NGOs have unique cultures from firms and often have competing priorities from stakeholders thus limiting their flexibility to cooperate.

[1] Kourula, A., & Laasonen, S. (2009). Nongovernmental organizations in business and society, management, and international business research review and implications, from 1998 to 2007. *Business & Society*, *49*(1), 35–67 (online version).
[2] Arenas, D., Lozano, M. J., & Albereda, L. (2009). The role of NGOs in CSR: Mutual perceptions among stakeholders. *Journal of Business Ethics*, *88*, 175–197.

Non Linear Development Approach of CSR (NLD)

Thomas Walker and Florian Beranek

To enable an organization to move to CSR of the 4th Generation [See Section "Maturity Model of CSR"] the Integrative Management Approach [See Section "Integrative Management Approach"] profoundly correlates with the Non Linear Development Approach of CSR [1]. The NLD is critical to enable an organization to overcome the prevalent inconsistency between written policy/strategy and individuals' behavior.

To visualize the non-linearity and its dimensions the St. Galler Management Model (SGMM) serves as an appropriate and widely known starting point.

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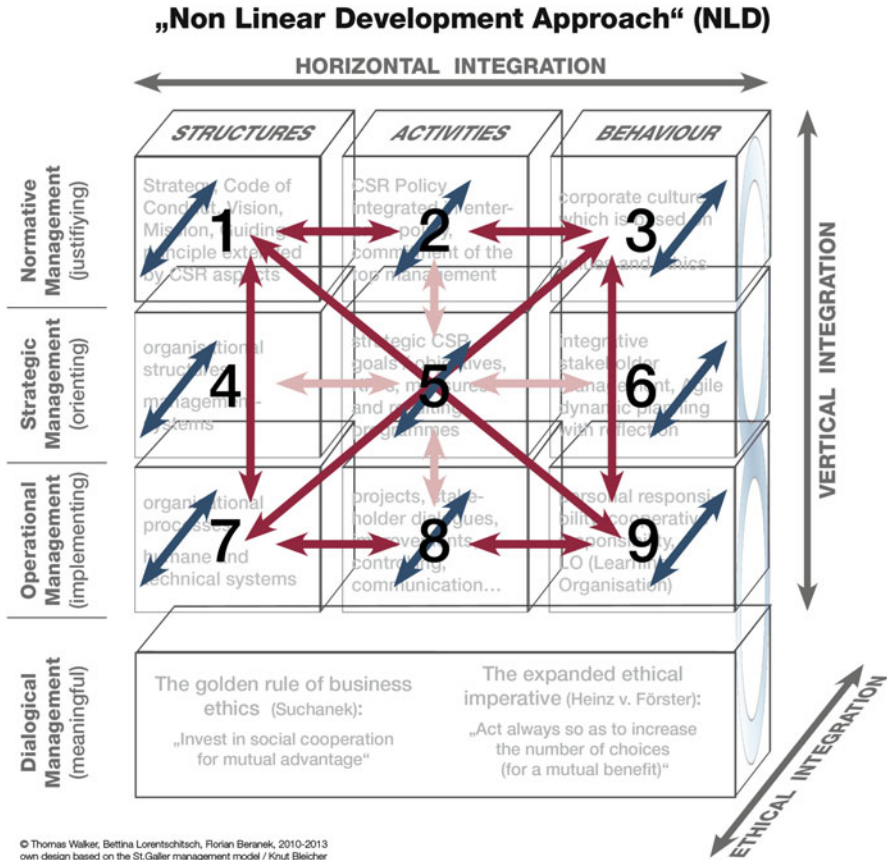

By using the NLD (Non Linear Development Approach) the entry point is at 9. By appreciating what is already running well, the first time the 3rd dimension (Ethical Integration) is opened for the further steps. Based on this reflection Point 6 can be used to enable new opportunities by using the stakeholder approach. By including the stakeholder's expectations the 3rd dimension is opened once more. Point 4 can be touched to appreciate the experiences and work out the knowledge that is useful to store for the future. Based on those insights Point 3—the organizational values—gets visible. Reflecting these values the next time the 3rd dimension is opened for the CSR Team. These values are the glue for the further process and at least the guarantor to reduce the relevant inconsistency between organizational structures (Point 4 and 7) and organizational behavior (Point 6 and 9). Based on this—Point 2 and 5 are reached and a holistic organizational policy/strategy can be created. This is the foundation for the further continuous improvement process.

What is the difference by using this approach in relation to a Linear Approach?

For example:—Developing a CSR Strategy on a linear way:

Using a two dimensional (vertical and horizontal integration) linear development approach:—This means the start at the Point 1 (Vision/Mission) moves over

to the Point 2 (develop a policy by using a gap analysis) and then the move over to Point 5 (based on the policy they develop the CSR Strategy)—The dimension of human behavior is neglected.

[1] Idowu, S. O., Capaldi, N., Zu, L., Das Gupta, A. (Eds.) (2013). *Encyclopedia of corporate social responsibility*. In T. Walker, (Ed.) *The integrative management approach of CSR*. Heidelberg: Springer.

Non-executive Directors

Bode Akinwande

The board of director is the key to unlocking companies' potential to contribute to sustainable development through integrating CSR into the core business of the companies [3].

A Non-Executive Director (NED) is a member of the board of directors of a company who is not part of the executive management team. NED does have the same legal responsibilities as an Executive Director of the company. **NED is the overseer of the company's governance process. They are not involved in the day-to-day running of a business but** monitor **the executive activity of the board and contribute to the development of strategy.**

In the UK, the 1992 Cadbury Report provided justification for the involvement of NED on board oversight. The Report stipulated that NED 'should bring an independent judgement to bear on issues of strategy, performance and resources including key appointments and standards of conduct [1].

In the UK unitary board structure, there is no legal distinction between executive and non-executive directors, NED thus have the same legal responsibilities and potential liabilities as their executive colleagues.

The Cadbury Report recommended NED takes responsibility for monitoring; determine appropriate levels of remuneration of executive directors; monitoring performance and connects the business and board with networks of potential useful people and organisations. NEDs are expected to focus on board matters and provide an independent view of the company's operation employing various skills including independence, impartiality, specialist knowledge, personal qualities and wide experience.

Director independence is paramount for improving corporate performance through reducing agency costs and representing shareholders' interests. The independent directors are important for improving the integrity of financial information and the risk management of firms [2].

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[1] Cadbury Report. (1992). *Report of the committee on the financial aspects of corporate governance*. London: Gee.
[2] Mallin, C. (2013). *Corporate Governance* (4th Ed.). New York: Wiley.
[3] Sjåfjell, B., & Sørensen, L. A. (2013) Directors' duties and corporate social responsibility (CSR) University of Oslo Faculty of Law Legal Studies, LSN Research Paper Series, No. 2013–2026.

O

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Occupational Safety and Health

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Occupational safety and health (OSH) is a discipline dealing with the prevention of work-related injuries and diseases as well as the protection and promotion of the health of workers. OSH aims at the improvement of working conditions and environment. Occupational health involves the promotion and maintenance of the highest degree of physical and mental health and social welfare of workers in all occupations [1].

The legal and policy framework places responsibility for ensuring OSH clearly on the employer. The International Labour Organization (ILO) recommends that the continuous improvement of occupational safety and health should be promoted by a systems' approach to the management of occupational safety and health. Many countries have formulated national OSH strategies that also incorporate the management systems' approach. At the international level, the ILO published *Guidelines on occupational safety and health management systems* (ILO-OSH 2001) in 2001. They have become a widely used model for developing national standards in this area [1].

On 29 June 2008, the Seoul Declaration on Safety and Health at Work was adopted by some 50 high-level decision-makers from around the world as a major new blueprint for constructing a global culture of safety and health at work. The Declaration recognizes that safety and health at work is a fundamental human right. It calls for a preventive safety and health culture, which gives the right to a safe and

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healthy environment and which is respected at all national levels. The signatories commit to actively play a part in the securing of a safe and healthy working environment through a system of defined rights, responsibilities and duties, where the principle of prevention is given the highest priority [2].

[1] International Labour Organization (ILO). (2011). *OSH management system: A tool for continual improvement*. World Day for Safety and Health at Work, 28 April. Turin: International Training Centre of the ILO.
[2] The Seoul Declaration.org (2013). Accessed on 20 March, 2013, from http://www.seouldeclaration.org/.

Occupational Health and Safety Management System (OHSAS 18001)

Mark Anthony Camilleri

'British Assessment' developed the Occupational Health and Safety Management System, OHSAS 18001. This standard can be used in any organisation including businesses, charities and organisations in the voluntary sector wishing to implement formal procedures to reduce their health and safety risks. OHSAS 18001:2007 standard specifies the following key criteria; "Planning for hazard identification, risk assessment and risk control; Structure and responsibility; Training, awareness and competence; Consultation and communication; Operational control; Emergency preparedness and response and Performance measuring, monitoring and improvement" [1].

OHSAS 18001 provide bespoke, in-house training on certification requirements which are based upon factors such as the organisations' activities, the locations they operate from and their staff count. OHSAS assigns a lead assessor who will be the principal contact throughout the registration process for new certified organisations. The lead assessor explains OHSAS standard and undertakes a conformity assessment of the organisations' current arrangements for occupational health and safety management. Afterwards, the organisations' will receive a detailed report including all required actions. Together with the lead assessor the organisations will then determine the appropriate timetable for their audit assessments. Following the auditor's recommendations, the organisations' registration will be reviewed and if approved their OHSAS 18001 certification will be confirmed and issued. The lead assessor undertakes annual reviews to ensure that the organisations still continue to meet the requirements of OHSAS 18001 [2].

OHSAS maintain that they clarify the organisations' impact on health and safety issues as they provide assistance to reduce the risk of accidents and any breach in

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legal requirements. British Assessment claims that OHSAS 18001 is compatible with the ISO 9001 (Quality) and ISO 4001 (Environmental) standards [3].

[1] British Assessment. (2014). OHSAS 18001 Certification. Accessed on 10 July, 2014, from http://www.british-assessment.co.uk/ohsas-18001-certification-services.htm.
[2] British Assessment. (2014). *OHSAS 18001 Certification process*. http://www.british-assessment.co.uk/services/iso-certification/ohsas-18001-certification/ohsas-18001-process/ accessed on the 10th July 2014.
[3] Camilleri, M. A. (2012). *Creating shared value through strategic CSR in tourism*. Edinburgh: University of Edinburgh. https://www.era.lib.ed.ac.uk/handle/1842/6564 accessed 10th July 2014.

Oïkos: The Place Where You Live

Philippe Callot

Oikos in Greek means “household, family, basic unity of society”—in other words the place where you live. The English term for oïkos is eco (e.g. ecology, economy, economic). This does not just mean the four walls of the place you occupy, but the whole of the territory where one lives [1]. By extension, this means that our whole biosphere with the multiple diversity of lives and relationships contained within it form the famous circle of life.

The link with corporate social responsibility (CSR) is clear. In fact the way individuals or organizations treat their Oïkos, the place where they live, their shared habitat, is very closely connected to the way they treat other individuals or themselves. To destroy the place where we live is to attack the environment, which has a negative impact upon the whole of humanity.

CSR was described in the following terms by the Mouvement des Entreprises De France (MEDEF) “CSR takes into account relations which a particular enterprise has with all the different universes in which it evolves and similarly with man and nature” [2]. These different universes, represent the place where we live, in the larger communal house which we all inhabit together worldwide.

[1] CJD, Centre des Jeunes Dirigeants. (2011). *Objectif Oïkos. Changeons d’R*. White paper from the center for young business directors (CJD), November, France.
[2] MEDEF. (2003). Développement durable et PME (SD and SMEs), June, Mouvement des Entreprises de France—National confederation of French employers http://archive.medef.com/medias/img/dd/51418_FICHIER.pdf. Accessed 14 September 2012.

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One Tier Board

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One tier board is a term which refers to the use of a unitary board model known also as the mono system. One tier board stands for a corporate governance system where the board directors is made up of a single board comprising both the executive and non-executive board members as opposed to the two tier model which simultaneously has in place a supervisory board and a management board. The unitary board is appointed by the general shareholders at the annual general meeting and plays the function of protecting shareholders' rights. One tier board is widespread in Anglo-Saxon countries (the US, the UK, Canada, and Australia) as well as in India, Japan and Latin American countries [1].

The board of directors includes different categories of members such as executive directors (CEO, CFO, managing directors) and non executive directors who are not involved in the strategic decision making of the company. Non executive directors are independent directors who might hold executive directors' positions in other companies they might be affiliated directors who might have be appointed by institutional shareholders as their representatives, in some countries they might be representatives of the bank which have provided long term loan services to the company, business partners, law firm, auditor or an employee. Non executives are also the independent directors who include individuals with no relations to the company (i.e. do not have connections and are not dependent on the shareholders, are not employees, are not relatives of company's executives or shareholders, are company's business partner, law firm, auditor etc.). The final group of members found on the unitary board is constituency directors who represent the interest of stakeholders (communities, NGOs etc).

The work of the one tier board is led by the Chairman who may be either the CEO (very frequent case in American companies but not in the UK) or the non executive or independent director (often adopted in British companies). Since both groups of board members, executives and non executives sit on the same board, the board is believed to work efficiently allowing for fast information flow. However due to the potential influence of the executive directors, many corporate governance standards formulation committees have made recommendations have suggested formation of special board committees and separate meetings especially for independent directors [2]. The audit and remuneration committees should be fully composed on independent directors.

[1] Mallin, C. (2007). *Corporate governance*. Oxford: Oxford University Press.
[2] MacAvoy, P. W., Millstein, I. (2003). *The recurrent crisis of corporate governance*. Palgrave Macmillan.

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Organic

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The understanding of the meaning of organic is important nowadays given the increased interest in and sales of such products. First, organic food and products are characterized by the following features: being sustainably farmed, free of chemicals, not irradiated, not genetically modified, without antibiotics and growth hormones used in livestock, and applying humane treatment to livestock [1]. Thus, organic farming is that form of agriculture that relies on crop rotation, green manure, compost, biological pest control, and mechanical cultivation to maintain soil productivity and control pests, excluding or strictly limiting the use of synthetic fertilizers and synthetic pesticides, herbicides, plant growth regulators, livestock feed additives, and genetically modified organisms [2].

Two main sources of general principles and requirements apply to organic farming at the international level. On one hand, there is Codex Alimentarius Guidelines for the Production, Processing, Labeling and Marketing of Organically Produced Foods according to which organic agriculture is a holistic production and management system which promotes and enhances ecosystem health, is based on minimizing the external inputs, avoids the use of fertilizers and pesticides, with the goal of optimizing the health and productivity of independent communities of soil life, plants, animals and people [3]. On the other hand, there is the International Federation of Organic Agriculture Movements (INFOAM). It is a private-sector international body established in 1972 which contributes some Basic Standards regarding organic agricultural methods.

INFOAM provides a framework for national and regional standards, but legislated standards are established at the national level, and vary from country to country. Many countries have enforced laws regarding organic production, including the EU nations (1990s), Japan (2001), India (2001) and the US (2002) [2].

[1] The Organics Institute (theorganicsinstitute.com) (2013). *What is organic?*. http://theorganicsinstitute.com/organic/what-is-organic/. Accessed on March 13, 2013.

[2] Haynes, M., & Draggan, S. (2012). *Organic farming*. In C. J. Cleveland (Ed.) *Encyclopedia of Earth*. Washington, DC: Environmental Information Coalition, National Council for Science and the Environment. http://www.eoearth.org/article/Organic_farming. Accessed on March 13, 2013.

[3] Scialabba, N. E., & Hattaam, C. (Eds.) (2002). *Organic agriculture, environment and food security*. Rome: Food and Agriculture Organization of the United Nations.

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Organisational Culture

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Each organisation has a culture. The concept of culture draws extensively from the discipline of anthropology and is a notoriously difficult concept to pin down.

Organisational culture may be defined as "the specific collection of values and norms that are shared by people and groups in an organisation and that control the way they interact with each other and with stakeholders outside the organisation" [1]. However, it has many descriptions including "How things are done around here"; what is "acceptable and not acceptable"; and the behaviours and actions that are encouraged and discouraged [2].

The culture of an organisation develops over time in response to a complex set of factors which influence its development, including its history; primary function and technology; goals and objectives; size; location; management and staffing; and the general environment. Culture is reinforced through the system of the organisation's rites and rituals; patterns of communication; the informal organisation; the expected patterns of behaviour; and the perceptions of the 'psychological contract' between the individual and their employer. Schein suggests a view of organisational culture, which can be covert or overt, that can be perceived on three levels of culture. It rests on the visible artefacts and creations; the individual's values and beliefs; and, basic implicit unconsciously learned underlying assumptions of groups and individuals [2].

There are several models which classify the different types of organisational culture. Charles Handy describes four main types of organisational cultures: Power culture; Role culture; Task culture; Person culture. Whereas Deal and Kennedy provide another four types of organisational culture, based on the level of the risk taken by the organisation and the speed of feedback on that risk: Tough-guy, macho culture; Work-hard/play-hard culture; Bet-your-company culture; and, Process culture [3].

Organisational culture is significant since it can account for variations among organisations and managers, both nationally and internationally, as well as help reduce complexity and uncertainly. It also provides consistent outlook, which also eases processes of decision-making, coordination and control. Strong culture is said to be found within successful organisations, and it is argued to be a powerful tool for improving performance.

[1] Hill, C. W. L., & Jones, G. R. (2001). *Strategic management: An integrated approach.* Boston, MA: Houghton Mifflin

[2] Mullins, L. J. (2007). *Management and organisational behaviour* (8th Ed.). Harlow: Prentice Hall

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[3] Hannagan, T. (2005). *Management: Concepts and practices* (4th ed.). Harlow, England: Prentice Hall.

OECD Guidelines for Multinational Enterprises

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The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises was adopted in 1976 and revised in 2000 and 2011. They set out voluntary principles and standards for responsible business conduct consistent with applicable laws.

The OECD Guidelines for Multinational Enterprises are annex to the OECD Declaration on International Investment and Multinational Enterprises. They are recommendations providing principles and standards for responsible business conduct for multinational corporations operating in or from countries adhered to the Declaration. The Guidelines are legally non-binding.

The OECD Guidelines are divided into 11 chapters covering the following issues: general policies; disclosure; human rights; employment and industrial relations; environment; combating bribery, bribe solicitation and extortion; consumer interests; science and technology; competition; and taxation. This booklet deals with the recommendations concerning labour principles, which can mostly be found in the chapter concerning employment and industrial relations, but also to some extent in the chapters on general policies, human rights and environment. The human rights chapter was added in the 2011 revision to incorporate specific recommendations concerning enterprises' respect for human rights. It draws upon the UN Framework for Business and Human Rights "Protect, Respect and Remedy" and is in line with the Guiding Principles for its Implementation [1].

The OECD Guidelines are the only comprehensive and multilaterally endorsed rules that governments are committed to promoting and recommending to enterprises. They constitute government recommendations and are thus considered morally binding. The Guidelines are binding for governments of adhering countries which are committed to promoting their application by all companies that are nationals of their countries wherever they operate. Adhering governments should not use the Guidelines for protectionist purposes or to question the comparative advantage of a country where multinational enterprises invest.

[1] OECD. (2011). *OECD guidelines for multinational enterprises*. OECD Publishing. http://dx.doi.org/10.1787/9789264115415-en. Accessed on 18 March 2013.

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OECD Principles on Corporate Governance

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The OECD Principles on Corporate Governance were endorsed by OECD Ministers in 1999 and have since become an international benchmark for policy makers, investors, corporations and other stakeholders worldwide. They have advanced the corporate, governance agenda and provided specific guidance for legislative and regulatory initiatives in both OECD and non OECD countries. In 2004, the OECD Principles was revised and became one of the 12 key standards for international financial stability of the Financial Stability Board and form the basis for the corporate governance component of the Report on the Observance of Standards and Codes of the World Bank Group.

The Principles focus on publicly traded companies, both financial and non-financial. However, to the extent they are deemed applicable, they might also be a useful tool to improve corporate governance in non-traded companies. The Principles represent a common basis that OECD member countries consider essential for the development of good governance practices. They are intended to be concise, understandable and accessible to the international community. They are not intended to substitute for government, semi-government or private sector initiatives to develop more detailed "best practice" in corporate governance.

The Principles are non-binding and do not aim at detailed prescriptions for national legislation. They seek to identify objectives and suggest various means for achieving them. Their purpose is to serve as a reference point. They can be used by policy makers as they examine and develop the legal and regulatory frameworks for corporate governance that reflect their own economic, social, legal and cultural circumstances, and by market participants as they develop their own practices.

The OECD Principles cover the following areas: (1) Ensuring the basis for an effective corporate governance framework; (2) The rights of shareholders and key ownership functions; (3) The equitable treatment of shareholders; (4) The role of stakeholders; (5) Disclosure and transparency; and (6) The responsibilities of the board. The Principles are also supplemented by annotations that contain commentary on the Principles and are intended to help readers understand their rationale. The annotations may contain descriptions of dominant trends and offer alternative implementation methods and examples that may be useful in making the Principles operational [1].

[1] OECD (2004). *OECD principles of corporate governance*. Paris, France: OECD Publication Service.

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Organisation Structure and Design

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Organisational structure provides the division of work, whilst ensuring co-ordination of activities and goal congruence within the organisation. The structure of an organisation provides a framework which makes possible the application of the organisational processes, as well as affects productivity, economic efficiency, staff morale and job satisfaction. Organisational structure and design must be appropriate to the organisational vision, its stakeholders, geographical locations, and the industry as a whole.

There are various types of structures, most commonly hierarchical. Generally, organisations tend to begin as entrepreneurial ventures, which centre around one person controlling all aspect of the organisation. Partnership allows two or more persons to join forces and funds, however, conflict of interest between partners may arise. In some countries (e.g. UK) professional practices (e.g. doctors; accountants) may only expand through partnership, as these cannot legally form limited companies [1].

Hierarchy is a complex system composed of interrelated sub-systems. In this type of organisational structure the members are arranged in superior-subordinate relationship and authority flows downwards from the top. Hierarchy allows adaptability, given its capacity to evolve rapidly with sub-systems that can operate with some measures of independence. It also has advantages in economising on co-ordination. However, Hierarchy may result in bureaucracy, or 'Administrative Hierarchy' which is highly restrictive and formalised, eliminating co-operation, innovation, and may eventuate in low morale. In knowledge economies the changing reality of the managerial world means that hierarchical structures are not only flattened in terms of management levels but are now becoming an obsolete, with a need to create 'democratic enterprises' with a more decentralised approach to decision making [2].

Matrix is a project base structure, attempting to capture the benefits of combining resources and skills. However, uncertainty of the direction of information flow arises, together with conflict between line and project managers, and it may also become costly with high wastage. Other examples of organisational structure include the 'Shamrock' and 'Mintzberg's Machinery Model', which attempt to incorporate many stakeholders into the organisational structure, including its customers and suppliers [1].

Organisations may also encompass an 'informal structure' when individuals line of communication and operations are carried out with no regards to the formal established organisational chart [2].

[1] Lynch, R. (2006). *Corporate strategy* (4th ed.). Harlow: Prentice Hall.
[2] Mullins, L. J. (2007). *Management and organisational behaviour* (8th ed.). Harlow: Prentice Hall

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Outrage

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A concept popularised by Sandman [1] to describe intense emotions and actions taken by members of the public who perceive a corporation is negatively impacting on them. It is related to anger, fear and perhaps powerlessness to influence the corporation with regard to its social responsibility to the public. Further, the outrage can be single issue or multi-faceted; sustained or intermittent; low level or extreme (out)rage, depending on the severity of impacts and the capacity of those impacted to mount a protest or to otherwise seek change in the corporation's behaviour. Sandman [1] coined the formula:

Risk = hazard + outrage

to assist corporations to analyse the relationship between seriousness of the hazard and the extent of outrage by stakeholders. The hazard could be low yet the outrage could be very high—in this scenario "outrage management" is undertaken by the corporation. Where the hazard is high and the outrage is low it may be a case of needing to increase stakeholder concern using "precautionary advocacy", perhaps by activist groups or the media.

Issues of power inequalities are implicit in the risk management literature with an unquestioned assumption that it is the community or public who get outraged, not the company and that the corporation due to its valuing of CSR will invest in outrage reducing strategies. Corporations tend to retain ultimate control of; the language of risk; the definition of what counts as the problem, and; the appropriate rules of engagement and desired outcomes to address stakeholder outrage.

Ethnographic studies of conflict between mining corporations and negatively impacted stakeholders in nearby communities [2, 3] provide evidence of corporation outrage hidden behind their public defensive statements of not causing harm and not being responsible. This vantage point of power is likely to be unsuccessful in managing any amount of stakeholder outrage even if the hazard involved is low.

[1] Sandman, P. (1993/2003). *Responding to community outrage: Strategies for effective risk communication.* Fairfax: American Industrial Hygiene Association.
[2] Brueckner, M., & Ross, D. (2010). *Under corporate skies: A struggle between people, place and profit*. Fremantle: Fremantle Press.
[3] Pini, B., Mayes, R., & McDonald, P. (2010). The emotional geography of a mine closure: A study of the Ravensthorpe nickel mine in Western Australia. *Social and Cultural Geography*, *11*: 6, 559–574.

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Participation

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Participation in social science refers to different mechanisms for the people to express opinions, and ideally and effectively exert influence—regarding political, economic, management or other social decisions. As opposed to autocratic ways, participation is defined as the engagement and involvement of the people or employees in the organization's processes such as problem-solving and decision-making. When participating, employees can express their viewpoints, contributing their ideas and giving their inputs or feedback to their superiors as well as giving suggestions for improvements.

For well-informed participation to occur, it is highlighted that some version of transparency such as radical transparency, is necessary, but not sufficient. Radical transparency is a phrase used across fields of governance, politics, software design and business to describe actions and approaches that radically increase the openness of organizational process and data. Its usage was originally understood as an approach or act that uses abundant networked information to access previously confidential organizational process or outcome data [1]. However, one must be cautious and also be aware that to have an effective and transparent participation, those most affected by a decision should have the most say while those that are least affected should have the least say in a topic. The reason being that those who are most affected would like to see things change or happen and action(s) being taken promptly.

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Participation activities may be motivated from an administrative perspective or a citizen perspective on a governmental, corporate or social level. With regard to corporate social responsibility (CSR), from the administrative viewpoint, participation can build public support for socially responsible activities. It can inform or educate the public about agency or CSR activities. It can also facilitate useful information exchange regarding local and foreign conditions. Furthermore, participation is often legally mandated. From the citizen viewpoint, participation enables individuals and groups to influence social responsibility decisions through representation [2].

[1] Sifry, M. (2011). *WikiLeaks and the age of transparency*. New Haven, CT: Yale University Press. ISBN 9780300176766.

[2] Glass, J. J. (1979). Citizen participation in planning: The citizenship between objectives and techniques. *Journal of the American Planning Association, 45* (2), 180–189. Accessed on January 28, 2013, from http://www.tandfonline.com/doi/abs/10.1080/01944367908976956?journalCode=rjpa20

Passion Capital

Belén Díaz Díaz

According to its proponents, "Passion Capital" is the culture, energy and intensity, leaders use to build lasting value and competitive advantage. According to Alof (2012), Passion Capital is what separates leaders from followers, and innovators from imitators. Alof (2012) views it as more valuable than money, human resources, and intellectual property. Accordingly, Alof (2012), postulates that it is an asset that changes the idea of how to build long-term success for a company, but also for one's career or cause.

Passion Capitalists on this issue are guided by a set of values and beliefs that form the basis of a distinctive culture that fuels their performance. A central value that is associated with passion capitalists is courage which is needed to overcome fear of failure and challenges. Moreover, passion capitalists should work to align their brands with their corporate culture that should guide their strategies, the people they hire and promote, and the way they operate [1].

Some rules for creating the right conditions for this culture are: (1) Hire the right people: hire for passion and commitment first, experience second, and credentials third; (2) **Communicate:** discuss what is going well and what isn't; (3) Identify the people that are compromising the culture of passion capital and replace them; (4) Work hard and ethically; (5) Be ambitious; (6) Create a culture built on a diversity of background, experience, and interests; (7) Create spaces where people

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from different disciplines will come together to promote interaction; and (8) Take the long view [1].

According to Alof (2012), the long term success and superior results achieved by passion capitalists is what enables small start-ups to compete with large multinationals, and large multinationals to stay relevant over time. Organizations that possess Passion Capital—Apple, Johnson & Johnson, Google, Ford, among others—lead their sectors, while those that rely on established forms of capital may get stuck in neutral and fail to achieve their full potential.

[1] Alof, P. (2012). *Passion capital: The World's most valuable asset*. Signal: McClelland & Stewart.

Peak Oil

Christopher Ball

Peak oil is the point where global production of conventional oil reaches an all-time high and then starts to decline [1]. After this point, the problem of declining oil supplies is compounded by growing demand and this leads to sharp price rises and economic and political instability. The arrival of peak oil is a major concern for policy makers in view of the dependence of modern economies on the supply of oil. The dramatic effects of the sudden and massive increase in oil prices in the early 1970s, which were a major contributory factor to the economic recession of that period, demonstrate this vulnerability.

Determining the point at which the "peak oil" state will be reached has proven difficult. Prominent predictions of "peak oil" occurring in the mid-1990s and the first decade of the 2000s have been incorrect [3]. In fact, proven world oil reserves have increased dramatically since the mid-1980s and have kept pace with growth in demand [2]. This is attributable both to emerging non-traditional reserves in West Africa, Central Asia and North America which are replacing traditional sources in the Middle East and also to enhanced fuel efficiency and the increasing availability of renewable energy which is weakening reliance on fossil fuels [2]. In addition, technology has enabled the exploitation of hard-to-reach oil reserves, notably shale oil and deep-water reserves, with massive investment having been targeted at recovering these resources [1].

In light of the recently discovered viability of unconventional oil sources, the credibility of the "peak oil" notion is doubtful and it seems likely that non-traditional reserves will increasingly substitute for declines in output from conventional suppliers.

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[1] Department for Energy and Climate Change. (2009). *Report on the risks and impacts of a potential future decline in oil production*. London: Department of Energy and Climate Change.
[2] Frankel, E. G. (2008). *Oil and security,* 1 Edition. Dordrecht: Springer.
[3] Monbiot, G. (2012). We were wrong on peak oil. There's enough to fry us all. *The Guardian* (Comment is Free).

Permaculture

Marilyn Palmer

Derived from *permanent* and *culture*, the word is attributed to Bill Mollison and David Holmgren whose book *Permaculture One* was published in 1978 [1]. Permaculture is an ecological design system which uses principles of systems theory to integrate the diverse elements (animal, mineral and vegetable) of a system (such as a garden, farm or community) to build and maintain sustainable human habitats and agriculture. The design focus is placed on the position of the elements and the relationships between them, as much as the elements themselves.

Permaculture is used here as a metaphor for organizational change to respond to the twin crises of global financial instability and ecological degeneration. Metaphors assist in meaning-making by using a relatively simple idea (permaculture) to evoke understanding of a more complex idea (corporate social responsibility). The idea of garden (rather than machine), as a metaphor for organisations has been introduced into the literature through the work of Senge [2] and Capra [3], most notably through the quote attributed to Senge: "Companies are actually living organisms, not machines. We keep bringing in mechanics, when what we need are gardeners".

The language and principles of permaculture can assist organisations to more easily apply systems thinking. For example, the first principle, *observe and interact*, sets the tone for the process of designing an organization's structure, policies, processes, and responses to crises. The last principle, *creatively use and respond to change*, establishes change as inevitable and positive; something to be anticipated, observed, welcomed and to which an organisation can energetically and creatively respond.

[1] Mollison, B., & Holmgren, D. (1978). *Permaculture one: A perennial agricultural system for human settlements*. Melbourne: Transworld.
[2] Senge, P., Smith, B., Kruschwitz, N., Laur, J., & Schley, S. (2008). *The necessary revolution: How individuals and organizations are working together to create a sustainable world*. London: Nicholas Brealey.

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[3] Capra, F. (2003). *The hidden connections: A science for sustainable living*. London: Flamingo.

PEST analysis

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PEST analysis (Political, Economic, Social and Technological analysis) is a systematically structured method for the examination of macro-environmental factors, for the purpose of strategic management. It gives an overall view of the different external environmental factors that the organisation must strategically consider. PEST analysis is a practical strategic instrument that can help to understand market growth or decline, examine the business position and the industry in which the organisation operates, as well as perceive any possible threats or opportunities for future operation.

Since its introduction, PEST has been modified and morphed into several other forms, including SLEPT (to include Legal factors); PESTEL or PESTLE (to further include Environmental factors); STEEPLE and STEEPLED (to include Ethics and Demographic factors); or, STEER (to consider Socio-cultural, Technological, Economic, Ecological, and Regulatory factors) [1].

Nevertheless, environmental influences can be broadly considered under four headings:

- Political-Legal factors are those which consider the degree of government's intervention in the economy and the legal framework within which the organisation operates (e.g. taxation policy, labour law, environmental law, trade restrictions, monopolies legislation, regulation environmental protection laws, foreign trade regulation, employment law, government stability).
- Economic factors refer to the state of the economy and its influences on the organisation (e.g., business cycles, GNP trends, interest rates, incomes, unemployment, capital markets, energy availability, economic growth, exchange rates, and inflation rate).
- Social-Demographical-Ethical factors denote trends in society which can affect both the demand for the organisation's products and the manner in which the organisation conducts its operation (e.g. tastes, population demographics, growth rate, social values, lifestyle, attitudes to work and leisure, consumerism, levels of education, health consciousness, age distribution, career attitudes, and emphasis on ethical operations).
- Technological factors include all aspects of technology and its incorporation within organisations, which can influence both daily operations, including research and development, automation, production efficiency and product

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quality, as well as strategic decision, including the creation of barriers to entry, outsourcing, or innovation (e.g., government sponsorship of new research, new developments, speed of technology transfer, rates of obsolescence).

It is worth noting that these factors are correlated with each other, whereby a change in one of the factors would trigger a change in one or more of the other PEST factors. PEST analysis involves considering each factor in turn and examining its impact on the organisation [1].

[1] Lynch, R. (2006). *Corporate strategy,* (4th Ed.). Harlow: Prentice Hall.

Porter and Kramer's (2011) Creating 'Shared Value'

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The principle of 'Shared Value' involves creating economic value in a way that also creates value for society by addressing its needs and challenges. It also means that businesses must reconnect company success with social progress. It is interesting to note that 'Shared Value' is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success. Many big corporations such as GE, Google, IBM, Intel, Johnson & Johnson, Nestlé, Unilever, and Wal-Mart—have already embarked on important efforts to create shared value by rethinking and reconceiving the intersection between society and corporate performance. Realizing this principle will, first of all, require leaders and managers to develop new skills and knowledge—such as a far deeper appreciation of societal needs, a greater understanding of the true bases of company productivity, and the ability to collaborate across profit/nonprofit boundaries. And secondly, the government must learn how to regulate in ways that enable shared value rather than work against it.

Today, capitalism is not just a parallel vehicle for meeting human needs, improving efficiency, creating jobs, and building wealth. And businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues that societies face. A new conception of capitalism has emerged that would factor in society's needs which are extensive and increase continuously, while customers, employees, and a new generation of young people are asking business to step up more value creating ventures. It also means that corporation must redefine its purpose to creating shared value, not just exist for profit per se. This will drive the next wave of innovation and productivity growth in the global economy. It will also reshape capitalism and its relationship to society. Perhaps most important of all, learning how to create shared value is the best chance to legitimize business again [1].

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Creating shared value is an approach of garnering increasing corporate responsibility interest. The shared value model is based on the idea that corporate success and social welfare are interdependent. A business needs a healthy, educated workforce, sustainable resources and adept government to compete effectively. For society to thrive, profitable and competitive businesses must be developed and supported to create income, wealth, tax revenues, and opportunities for philanthropy.

[1] Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*. Accessed on January 25, 2013, from http://www.hks.harvard.edu/m-rcbg/fellows/N_Lovegrove_Study_Group/Session_1/Michael_Porter_Creating_Shared_Value.pdf

Philanthropic CSR

Duygu Turker

Corporations have been one of the most influential organizations in modern times. Their power over society has been questioned for a long time and sometimes they can be accused of being irresponsible and ignorant against the increasing social and environmental problems. Against these increasing concerns about the future of society and natural environment, some firms start to give back some of their profits and this is usually referred as philanthropic (Discretionary) CSR. The word philanthropy is derived from a combination of two Greek words, philos (love) and anthropos (humanity), philanthropy can mean 'love of humanity' or 'love of mankind', thus meaning 'generous beneficiation' and 'happiness' [1].

In theory, philanthropic CSR is the upper dimension of Carroll's corporate social responsibility (CSR) pyramid, together with economic, legal, and ethical components [2]. According to Carroll, a firm should make profit, obey the law, be ethical, and be a good corporate citizen, which requires it to engage in "acts or programs that promotes human welfare or goodwill" [3]. Since being a good corporate citizen is usually recognized as making donations for charitable purposes, philanthropic CSR can be defined as corporate behaviors of spending its financial and/or other resources in order to assist in finding solutions to some social and environmental problems. During the last decades, this type of CSR activities has become popular among the large corporations and they have made large donations to philanthropic foundations to help people around the world. Despite this increasing attention, Carroll found philanthropic CSR less important than other dimensions of CSR and stated that "philanthropy is the icing on the cake—or on the pyramid, using our metaphor". According to the author, economic, legal, and ethical dimensions are the fundamental aspects of CSR conception.

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Philanthropy

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Philanthropy, from the Greek meaning literally ‘love of man’ or ‘love of mankind’, is a term that is used interchangeably with others such as ‘donating’, ‘charity’, ‘giving’, and ‘doing good’. Robert Payton, who established philanthropy as an academic field in itself, described it as “voluntary action for the public good” [1]. In practical terms, philanthropy generally takes the form of various contributions or acts of giving or serving, to promote the wellbeing or common good of individuals or communities, e.g. doing volunteer work, giving blood, donating to charity. Although philanthropy has tended to be viewed positively, in that it is traditionally associated with generosity, compassion, community spirit and selflessness, more modern views of philanthropy have begun to regard the concept as inherently contestable, by acknowledging that philanthropy is not always virtuous, or engaged in on the basis of purely altruistic motives [2]. Therefore, while the term philanthropy can evoke positive connotations of empathy and compassion, it can also incur disapproval when associated with meddling or ‘do gooderism’.

Philanthropy is central to the concept of Corporate Social Responsibility (CSR) [3] in that philanthropic initiatives can provide organizations with a simple way to demonstrate to society that they are acting responsibly. In the context of CSR, therefore, organizations engage in corporate giving and volunteering, sponsorships, cause-related marketing and environmental initiatives, etc. to show that they are promoting the public good, above and beyond their core economic business activities. The business case for philanthropy is that it has come to be associated with positive spinoffs for the organization, such as high visibility, a better reputation, and a way to positively influence corporate-stakeholder relationships. This has made philanthropy an increasingly popular management instrument and a focal area of CSR policy in recent years.

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Pigovian Taxation

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Due to English economist Arthur C. Pigou (1877–1959) [1], Pigouvian (or Pigovian) taxation addresses the problem of negative externalities by taxing agents who are responsible for externalities. Alternative strategies include prohibiting activities that generate externalities, cost pooling (e.g., insurance) or creating a market for specific externalities (e.g., cap and trade system).

The process of imposing a Pigouvian tax on the emitters of externalities articulates a four steps reasoning: (1) a cost should be identified as an external one, i.e. that it should not be included in the final price that surges from the initial market transaction; (2) the amount of such a cost should be evaluable; (3) the source of the externality (an initial transaction implying specific economic agents) should be identifiable; (4) for being efficient the tax should be *at least equal* to the amount of the externality (if not, it is more rational for the emitter to keep on producing externalities).

The decision, by public institutions, to establish a Pigouvian tax may be motivated by two distinct rationales. The first is to shift part or the totality of the costs back to the emitter of the externality. As such, institutions may be willing to render agents materially responsible for the costs of their activities, or they may be willing to reduce the material responsibility of the agents other than the producers of externalities.

The second rationale is to incentivize agents to reduce the production of externalities. The purpose is to nudge agents towards more efficient, namely externalities-free, interactions. Pigouvian taxation is then intimately connected to the view that a social optimum is identifiable and that the role of the institutions is to create the conditions that are conducive to outcomes close to such an optimum.

[1] Pigou, A. C. (1932). *The economics of welfare* (Part II, Chapter IX). London: Macmillan.

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Pollution

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Pollution is environmental contamination that results in harm or death to living organisms [1]. The main sources of pollution are in the form of chemical additions such as lead, chromium, mercury etc. to air, water and soil, but noise and light are also considered as causing pollution. The principal driver of this problem is the massive growth in human population, which induces the proximate causes of intensive agriculture and extraordinary industrial output [1]. Among the top producers of chemical pollution are lead-acid battery recycling, lead smelting, mining and ore processing, tannery operations, industrial/municipal dump sites, chemical manufacturing and other industries (petrochemical, heavy industry, electronic waste recycling, pesticides manufacturing) [2].

One of the main consequences of pollution is related to human health. The 2012 World's Worst Pollution Problems Report estimates that the health of some 125 million people is at risk from toxic pollution globally, with populations of developing countries particularly exposed [2]. Over the last three decades there has been increasing global concern over the public health impacts attributed to environmental pollution, in particular, the global burden of disease. The World Health Organization (WHO) approximated that about a quarter of the diseases facing mankind today happen due to prolonged exposure to environmental pollution [3]. Another consequence of pollution, especially air pollution, is materialized in some important environmental effects among which global warming is the most important.

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Positional Goods

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Goods are demanded for either their *intrinsic* qualities (e.g., resistance and protection for clothes, reliability for cars) or their *extrinsic* ones (the status they confer to their owner). Positional goods are goods that are principally demanded for their extrinsic qualities, i.e. the advantages they confer in terms of social recognition and prestige.

As goods conferring status, positional goods are prone to crowding effects [1]. For instance, excellent universities attract more applicants than they can host. The very reason why positional goods are so attractive is that they are limited in numbers. A large portion of their value stems from their social scarcity, which indicates in return the status or resources of their consumers. By becoming more accessible, a good loses its positional dimension.

Social distinction is the very mechanism at the core of markets for luxury brands, sports cars or VIP clubs' memberships. Human beings do not consume only for satisfying their basic needs such as needs for food, shelter or transportation. They also consume for social purposes, i.e. for signaling their position. Conferring-status goods are labeled as 'positional goods'. They help individuals affirming their status, securing an endangered position or pretending to a better one. As such positional goods do not follow the traditional theory of the consumer. For instance, it is not because their prices have risen that their demand drops or that the supply will be increased.

Positional goods are also presumed to undermine social welfare. Their consumption may create positional externalities for other individuals. As an illustration, the more individuals consume expensive, branded, clothes, the more other individuals need to keep-up with this pattern if they want to maintain their status. The risk is to initiate a race-to-the-bottom where individuals spend an increasing amount of money on goods that do not dramatically change their level of satisfaction, which incurs large wastes of resources that could have been used for more beneficial purposes (e.g., public goods) [2].

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Power

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The notion of power, as influence or capacity, underpins any understanding of the disadvantage one individual or group may experience in relation to another. How corporations relate to the state (as legislature, judiciary and bureaucracy) and civil society can be understood through an analysis of power.

There are two main forms of power, Power that is enabling and life-affirming (power-to) which reflects people's capacity to decide or act in their own interests. The second form is *coercive* power (power-over) which inhibits decisions or actions by others through intimidation, force or threats. An extended form of power-over is *structural power* which refers to the "resources (e.g. means of production, means of violence, monopoly of skills or information), that social groups (e.g. classes, or occupational groups), collectively possess, and which situates them in some pre-established, unequal social relation to other groups" [1].

The idea of power as something *possessed* and exchanged in a zero-sum game (where one person's gain is the other person's loss) has been largely dismissed and replaced by the Foucauldian construct of power as *exercised* or *circulated*. When power is viewed in this way, as *productive*, the focus shifts from who holds it to how it *operates* and its *effects* [2].

Structural power operates through processes which impede the development of questions, language, ideas and actions which challenge or conflict with those of ruling groups. For example, "pragmatic language of accommodation and balance" by dominant parties inhibits robust debate around climate change by de-politicizing the issue and the unequal influence by other groups to influence the dominant discourse [3].

Power is continuously negotiated between people and is not located within institutions or structures independently of people or relationships. It is the power embedded within people as active agents and the way they interact with systems of domination and oppression, which creates sites of resistance and opposition to abuses of power.

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Precautionary Principle

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The precautionary principle (PP) is an anticipatory and preventive risk management paradigm. Although there is no explicit statement of PP in the legal texts, its use as a general principle is generally accepted in many international legal instruments, especially those dealing with environmental protection or human, animal and plant health. It suggests taking action against an activity that could harm the public or the environment even if there is no full scientific certainty on the outcomes of the activity. The earliest risk management model on environment and health issues concentrated on cleanup and damage control mechanisms after the damage occurs, i.e., **polluter pays principle**. Later the **prevention principle** accompanied and enhanced the polluter pays model with the addition of risk assessment before undertaking an activity. However, the necessity to safeguard against uncertain yet potentially disastrous risks, such as global warming, brought the PP to the forefront [1].

There are many debates over the role the PP plays in the assessment or management of risks. Since there is and always will be some uncertainty over scientific claims, the balance between serious, and in particular irreversible harm, and general fear of harm requires earnest judgment. Since the PP does not have quantitative parameters (such as, levels of acceptable risk, uncertainty, problem complexity, required evidence, and response), varied interpretations are possible. In addition, other points of consideration are; in which situations could the PP be applied, and whether it should be applied under these situations. The interpretation and justification of these considerations determines the strength and weakness of PP. Another important concern regarding PP is the shift of the burden of proof from the body opposing the activity to the person, who wishes to carry out the activity. Thus, some critics argue that the PP paralyses action, when both action and inaction pose risks.

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Primary Stakeholder

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Primary stakeholder is defined as a person or people who is directly benefiting from or affected by a particular business activity, such as the distribution of a product or a change to a service agreement [1]. A useful conceptualization on primary and secondary stakeholders can be built on the three criteria of urgency, power, and legitimacy [2]. Primary stakeholders may include customers, employees, stockholders, creditors, suppliers or anyone else with a functional or financial interest in the product or situation. Primary stakeholder is also called market stakeholder. **Primary stakeholders** have a formal, official or contractual relationship with the firm or corporation, and they include owners, suppliers, employees and customers of the organisation. All others can be classified as **secondary stakeholders** who would encompass public interest groups, the media, consumer advocates and local community organisations that have occasional interest in the various corporate activities. Organisations that subscribe to the stakeholder concept largely try to see that its primary stakeholders attain their objectives while at the same time keeping other stakeholders satisfied.

Nowadays, with the dynamic and ever changing business environment, it is very important for an individual whether (s)he is a business leader, a manager or an employee in an organization to be cautious and more so, be aware to embrace the business code ethics and corporate social responsibility (CSR). This is because the primary stakeholders expect corporate leaders/managers to apply ethical principles in their businesses so that they are comfortable and directly benefiting from a particular business activity. They also increasingly expect business to be more socially responsible day by day, especially so, since new technologies bring along new ethical situations and concerns such as genetically modified, high yielding crops/food or nuclear crises that might cause safety and health problems; yet there are other threats too including scams, online frauds, invasion of privacy, internet pornography. Overall, many tough situations and ethical concerns exist that do affect both the primary and secondary stakeholders [3, 4].

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Principles for Responsible Management Education

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The Principles for Responsible Management Education (PRME) initiative was developed in 2007 by an international task force of 60 deans, university presidents, and official representatives of leading business schools and academic institutions. PRME is inspired by internationally accepted values, such as the principles of the United Nations Global Compact, and its mission is to inspire and champion responsible management education, research, and thought leadership globally [1].

The initiative embodies a voluntary set of principles:

- Principle 1 | Purpose: We will develop the capabilities of students to be future generators of sustainable value for business and society at large and to work for an inclusive and sustainable global economy.
- Principle 2 | Values: We will incorporate into our academic activities and curricula the values of global social responsibility as portrayed in international initiatives such as the United Nations Global Compact.
- Principle 3 | Method: We will create educational frameworks, materials, processes and environments that enable effective learning experiences for responsible leadership.
- Principle 4 | Research: We will engage in conceptual and empirical research that advances our understanding about the role, dynamics, and impact of corporations in the creation of sustainable social, environmental and economic value.
- Principle 5 | Partnership: We will interact with managers of business corporations to extend our knowledge of their challenges in meeting social and environmental responsibilities and to explore jointly effective approaches to meeting these challenges.
- Principle 6 | Dialogue: We will facilitate and support dialog and debate among educators, students, business, government, consumers, media, civil society organisations and other interested groups and stakeholders on critical issues related to global social responsibility and sustainability.

Each PRME participant can start with implementing those principles, which are more relevant to the organizations specific value-creating strategies and capacities and do not need to have programs or initiatives that relate to every principle.

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Product Life Cycle

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The Product Life Cycle (PLC) concept suggests that products, similar to living beings, are born, live and die. The PLC goes beyond the traditional market lifecycle stages of introduction, growth, maturity and decline, and it goes beyond the manufacturing stage (the traditional, narrow focus of operations management). The PLC initial stage is research and development, involving engineering and marketing processes of conception and design. The PLC final stages concern processes related with sold products until final disposal, including replacements and repairs, general after-sales support and all after-sales environmentally and socially responsible activities. Each stage has specific financial characteristics, including costs (assessed through life cycle costing) and revenues that determine product life cycle profitability. The PLC underlies Product Lifecycle Management (PLM), focused on eliminating waste and maximizing efficiency across all stages, and not only in the manufacturing stage. So, PLM includes: requirements analysis and planning; concept engineering and prototyping; product and manufacturing engineering; manufacturing and production; sales and distribution; disposal and recycling [1].

CSR and sustainable development perspectives assess PLC environmental and social impacts from "cradle to grave". Environmental Life Cycle assessment includes product development, materials extraction and processing, manufacturing, distribution, use and re-use, maintenance and repair, recycling and disposal, as well as transportation. Ecodesign tools integrate environmental requirements, alongside traditional ones, into the design process, to promote sustainability. The "cradle to cradle" concept goes beyond "cradle to grave"; it defends designing goods that can be fully recycled, i.e., upcycled, retaining high quality components in an endless cycle (rather than merely downcycled into lesser products) [2]. Complementarily, Social and Socio-economic Life Cycle Assessment focuses on actual and potential impacts of production and consumption on workers, local communities, consumers, society and value chain actors [3].

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Professional Ethics

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The field of ethics or moral philosophy involves systematizing, defending, and recommending concepts of right and wrong behavior [1]. The term comes from the Greek word "ethos", which means "character". Ethics is a value or a standard that a person adopts, strongly believes in, upholds, and lives by. "Ethics, the yardstick, serves as the foundational stone of doing business and it should play a critical role in every business, profit or non-profit organization, society, and nation" [2].

Professional ethics consists of the personal and corporate standards of behaviour expected of professionals. The way professionals exercise their specialized knowledge and skills in providing a service to the public can be considered a moral issue and is termed professional ethics. They are capable of making judgments, applying their skills and reaching informed decisions in situations that the general public are not able It is also because that they have received the relevant training which make them to be better suited to deal with ethical issues [3]. One of the earliest examples of professional ethics is probably the Hippocratic oath to which medical doctors still adhere to this day.

The code of ethics is very important for the professionals because it gives them the boundaries that they have to stay within in their professional practice and careers. One problem with the code of ethics is that they cannot always have the answers in black and white. Sometimes there are grey areas where the answers are not simple to clarify. Professional ethics are also known as Ethical Business Practices.

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Prudential Regulation Authority

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The Prudential Regulation Authority (PRA), is a subsidiary of the Bank of England. It is the United Kingdom's prudential regulator for deposit-takers such as banks, building societies and credit unions, as well as for insurers and designated/major investment firms since 1 April 2013. It derives its responsibilities and powers from the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012), and relevant EU Directives. The PRA has two statutory objectives; with a general objective to promote the safety and soundness of the firms it regulates, focusing on the adverse effects they can have on the stability of the UK financial system; and a specific objective to insurance firms, to contribute to ensuring that policyholders are appropriately protected [1]. In total the PRA regulated about 1,700 financial firms in 2013 [1]. The PRA works alongside the Financial Conduct Authority (FCA) creating a "twin peaks" regulatory structure in the UK. See http://www.bankofengland.co.uk/PRA/ for the PRA Handbook and regulatory developments.

The PRA's regulatory role is concerned mainly with the safety and soundness of the financial system [2]. Prudential regulation deals with those rules governing the internal management of a financial institution, for example the setting of ratios for ensuring the adequacy of capital and the availability of liquidity. The PRA's traditional micro-prudential regulation which examines the responses of an individual bank to exogenous risks has been criticised as neglecting endogenous risk, and the systemic implications of common behaviour [3], while prudential regulation that includes micro and macro dimensions has been well justified [4]. Thus the PRA's task involves a macro prudential orientation, and recognition of the need to guard against inappropriate regulatory requirements that might encourage the arbitrage of regulatory jurisdictions and restructuring of institutions to minimise the impact of regulation.

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Psychology

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Psychology is an academic, applied discipline involving the scientific study of mental functions and behaviours. Psychology is defined as the study of the mind and behavior. The discipline embraces all aspects of the human experience—from the functions of the brain to the actions of nations, from child development to care for the aged. In every conceivable setting from scientific research centers to mental health care services, “the understanding of behavior” is the enterprise of psychologists [1].

Psychology is a diverse discipline, grounded in science, but with nearly boundless applications in everyday life. Some psychologists do basic research, developing theories and testing them through carefully honed research methods involving observation, experimentation and analysis. Other psychologists apply the discipline’s scientific knowledge to help people, organizations and communities function better. As psychological research yields new information, whether it’s developing improved interventions to treat depression or studying how humans interact with machines, these findings become part of the discipline’s body of knowledge and are applied in work with patients and clients, in schools, in corporate settings, within the judicial system, even in professional sports. Psychology is a doctoral-level profession. Psychologists study both normal and abnormal functioning and treat patients with mental and emotional problems. They also study and encourage behaviors that build wellness and emotional resilience. Today, as the link between mind and body is well-recognized, more and more psychologists are teaming with other health-care providers to provide whole-person health care for patients [2].

Individualism can seemingly seen as going against the grain of Corporate Social Responsibility: CSR, but being an individualist does not mean that one is living in isolation and not taking care of the societal interests or being socially irresponsible. Instead, by practising the virtue of benevolence, individualism helps one to develop one’s capacity for civility, sensitivity and generosity or in other words, be in a way, upholding CSR principles. One learns to approach others as an ambassador of goodwill, offering one’s best and encouraging one’s best in return. This unleashes

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the hidden potential of Individualism for developing meaningful friendships and rewarding partnerships/relationships with as well as being socially responsible and taking care of the society at large.

In psychology, individualism is the understanding that each individual is capable of reasoning out the objective truth of a matter by using one's own judgment and that independent judgment is what should command the actions that follow. True, through individualism, man makes progress; man has realized that selfishness is the means or way to progress, and (s)he can become accustomed to that kind of selfishness in which (s)he has progressed that (s)he believes would be impossible without it. And that it reduces his pain. However, being an individualist does not mean that one is living in isolation. Instead, by practising the virtue of benevolence/altruism/abundance, individualism helps one to develop one's capacity for civility, sensitivity and generosity. Indeed, to better relate with CSR, one learns to approach others as an ambassador of goodwill, offering one's best and encouraging one's best in return; and overall for caring others and including their own good and needs. This unleashes the hidden potential of individualism for developing meaningful friendships and rewarding partnerships/ relationships with the society at large and being socially responsible [3].

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Public Administration

Massimiliano Di Bitetto and Paolo D'Anselmi

Following the United Nations' Global Compact and the European Commission definition of CSR [European Commission, 2011], mainstream CSR applies to corporations in the current legal acceptation of the word corporate, meaning private, for-profit organizations. However when CSR is seen as a way of being aware of and responsible for the core business and core mission of an organization, or the whole gamut of organizational impacts on reality, CSR is applicable to all

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organizations. This is also the case after the crisis of 2007 when governments helped wide sectors of private business stay afloat. Therefore, CSR also applies to public administration. Public administration must be socially responsible from a normative point of view, however such normative statement does not imply that public administration actually is being socially responsible, i.e. the normative and the positive realms are well distinguished. Public administration must prove it is responsible. We should consider the economic bottom line of public administration as an actual institutional bottom line, including an evaluation and quantification of outputs and outcomes. Public administration includes all organizations that are supported through taxpayer money or derive their revenues from some legally mandated provision. In some cultures public administration is called government. Whereas in some cultures government means the cabinet administration or government is understood as an abstract entity providing norms and legal acts, devoid of an organizational nature of its own. A CSR point of view towards government and/or public administration implies looking at these entities as actual organizations, differing from the so called corporations only in their possible non-profit nature.

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Public-Private Partnership

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Public-private partnership s is a voluntary collaboration between the public and private sectors to improve the lives of the community.

The expression, public-private partnership (PPP), assumes multiple meanings in contemporary discussions, although PPPs are certainly, for the local government, an alternative way to pursue growth while respecting the principles of sustainable development.

The European Union promotes the PPP (Public Private Partnership) as a contractual instrument of realization of works of public interest (project financing) as well as in the institutional arrangements for cooperation between public and private entities through the construction of a transparent process and supported by instruments of governance, monitoring and transparency.

PPP involves a contract between a public sector authority and a private part, in which the private part provides a public service or project and assumes substantial financial, technical and operational risk in the project.

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Public-private partnership do not coincide perfectly with the program agreements—which are more regulatory—and not include a process encoded and even a metric defined, but, at the same time, represent a more articulated form. The main difference, in fact, is that the PPP is a collaborative process, where the government creates conditions for sharing and collaboration, but it is the company that develops and pursues objectives (including economic ones).

There are usually two fundamental drivers for PPP. Firstly, public-private partnerships enable the public sector to harness the expertise and efficiencies that the private sector can bring to the delivery of certain facilities and services traditionally procured and delivered by the public sector. Secondly, a PPP is structured so that the public sector body seeking to make a capital investment does not incur any borrowing. Rather, the PPP borrowing is incurred by the private sector vehicle implementing the project and therefore, from the public sector's perspective, a PPP is an "off-balance sheet" method of financing the delivery of new or refurbished public sector assets.

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Public Procurement and CSR

Stephen Vertigans

Public procurement tends to refer to the purchase of goods and services by public sector organisations. Government policies towards procurement vary around the world and are often influenced by ideology, pragmatism and levels of regulation. For instance, a number of northern hemisphere neo-liberal approaches have tended to emphasis the market and the need for competitive processes. However at times when economies are struggling, there can be tensions between the demand for cost effective goods and services, which may be provided by an international supplier, and both the need to reduce indigenous unemployment and to protect existing national businesses.

In other parts of the world with different governance arrangements, procurement may be less regulated and purchasing can be more flexible. On one hand this can result in more timely and responsive exchanges with the less rigorous process that is considerably cheaper to administer for the public sector and bidders alike. However the lack of transparency can create greater disputes over the award and detail of

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contracts, be vulnerable to partiality, corruption, bribery and weak deadlines. Crucially the mentioned factors can also result in contracts being less likely to be awarded to the most suitable contractor.

The growing prominence of CSR and associated controversies concerning Trans-National Corporations' unethical practices and human rights violations further down the supply chain has resulted in socially responsible norms and values becoming explicitly connected to procurement. This has seen consideration of public procurement being extended from primarily focussing on finance and value for money to environmental and social issues. Hence many public sector bodies aim to address issues such as pollution, deforestation, child labour and human rights violations around the world through their procurement approaches and within supply chains. This has contributed to the association between procurement and sustainable development and the emergence of the concept of sustainable procurement which is applied to goods, services and the processes through which they are developed [1]. For instance the European Commission's Socially Responsible Public Procurement policy incorporates Green Public Procurement.

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Public Relations and Finance

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In business, CSR has mainly been understood as an investment and thus an aspect of where the finance of an organization is disbursed. This is because CSR efforts require some degree of investment by companies, whether in implementing a program, changing a policy or even in taking the extra step to publish a report making their CSR strategies and actions known. And evidence suggests that CSR practices produce some long-term benefits that results in improved financial performance. Besides, finance related perspective the increasing attention to corporate practices from consumers and other stakeholder groups, marketing and management scholars have also shown an intense interest in the field of CSR and therefore public relations scholars and practitioners are paying lots of attention to CSR as an integral part of public relation practices. Business has tended to concentrate on the impact of CSR activities on financial outcomes, such as premium pricing and competitive brand advantage. From the early days of public relations' development, there has been an awareness that organizations can survive only with the support and understanding from their environment. This awareness causes public relations

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scholars and practitioners to put a strong emphasis on social responsibility, sustainability and credibility. Credibility is an asset that is hard to quantify and value. It does not appear in the annual reports and other financial data, yet it is a factor in any publicly held company's share value. Socially Responsible investment is becoming increasingly recognized as part of sustainable development and is a value-adding factor when discussing sustainability. Good sustainability performance can lead to better financial results. Good financial results will consequently give a company more room to invest in better sustainability efforts. Good management tends to produce better financial and sustainable performance.

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Q

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Quality as Empowerment

Richard Ennals

We can identify two traditions within the Quality Movement, concerned with Compliance and Empowerment.

Compliance can be seen as an extension of Taylorist Scientific Management, with strong top down control. Quality Control and Auditing can be seen as means of enhancing Quality through inspection and regulation. It is a technical function which is often outsourced, rather than regarded as integral to work and management. Compliance is often in terms of official published standards.

Empowerment concentrates on workers, valuing and respecting their knowledge and skill, and recognising the benefits of self-management in building a culture of continuous improvement. In practical terms, this needs to take account of the activities and aspirations of trade unions, as well as organisational structures and managerial procedures.

The two traditions entail different models of responsibility, with implications for Corporate Responsibility and Corporate Social Responsibility.

Quality has been interpreted differently around the world. In Japan, Kauro Ishikawa saw Japanese workers placed under pressure by American management practices. He saw Quality Circles as providing an alternative structure, from which numerous suggestions and improvements flowed, and more in keeping with Japanese traditions [1]. This approach was transferred from Japanese industry to Indian education by Jagdish Gandhi, who introduced Students' Quality Circles [2].

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To what extent can workers and students be said to be empowered through involvement in Circles? There are links to debates about involvement and participation, and workplace democracy. There are implications for managerial power, organisational structures, and ownership. In the context of the knowledge economy and knowledge society, to develop ideas of Quality as Empowerment opens the possibility of radical change [3]. Workers and students can network across organisations and between organisations, meaning that the individual company may be seen as part of a wider landscape.

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Quality Leadership

Anette Von Ahsen

Leadership in companies means, amongst other things, determining the basic direction of action and the vision of the company. Both of these form the focal point towards which the leadership should steer employee behaviour, motivation and inspiration [1]. Accordingly, quality leadership means establishing the quality philosophy of the company and enthusing employees about it, so that the quality objectives can be achieved. The very substantial importance assigned to leadership in quality management is also due to its high weighting in the "European Quality Award" and the American counterpart, the "Malcolm Baldrige National Quality Award". Deming and Juran, co-founders of the Total Quality Management concept, pointed out decades ago that the commitment of top management is a key factor for success [2].

Quality management systems can make an important contribution to the realisation of quality leadership. The latter aims to ensure that systematic quality-related goals are formulated and implemented in the form of decisions.

Depending on the particular quality philosophy and method for determining quality, the specific design of quality leadership can be configured in various ways. Most approaches to Total Quality Management require employees at all management levels and in all departments to be included, and quality management not be seen as primarily the responsibility of the quality management department. Empirical studies reveal that the involvement and enthusiasm of the employees is one of the key enablers for Total Quality Management concepts. In this respect, incentive

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schemes and appropriate leadership styles play an important role for the success of the concept [2]. Also, quality management approaches such as "Six Sigma" make quite specific demands on the leadership in companies [3].

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R

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Rainforest Action Network

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Rainforest Action Network (RAN) is an organization founded in 1985 to work for the protection of rainforests and the human rights of those living in and around those forests. According to the RAN website, their mission statement is to campaign "for the forests, their inhabitants and the natural systems that sustain life by transforming the global marketplace through education, grassroots organizing and non-violent direct action". Moreover, according to the same source, their "campaigns leverage public opinion and consumer pressure to turn the public stigma of environmental destruction into a business nightmare for any American company that refuses to adopt responsible environmental policies" [1].

The Wall Street Journal acknowledged that the Rainforest Action Network has a different approach from the traditional one based on trying to convince executives that they should do what is best for society because it is the right thing to do and will not hurt their results [2]. The Journal comments that the network is an organization that "agitates, often quite effectively, for environmental protection and sustainability".

The Rainforest Action Network uses what it calls "hard–hitting market campaigns" to bring into line the policies of multinational corporations with widespread public support for environmental protection. It argues that it has already helped to convince dozens of such as Home Depot, Citigroup, Boise Cascade, and Goldman

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Sachs to change their practices, therefore "helping to protect millions of acres of forests in Canada, Indonesia, Brazil, Chile and beyond" [3].

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Rainforest Alliance

Dirk Reiser

The Rainforest Alliance is an independent non-governmental organization founded in 1987 by Daniel Katz 'to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior.' In very basic terms, it tries to protect as much global rainforest as possible. Its focuses are on agriculture, forestry, tourism and climate protection. The organization is based in New York City, but has also 20 global offices. Its more than 300 employees look after around 35,000 members in more than 80 countries [1]. Tensie Whelan, the president of the Rainforest Alliance, argued in 2011 that consumers spend over $12 bn per year on Rainforest Alliance Certified products around the world and that more than 708,200 ha of farmland are under the Rainforest Alliance Certification [2].

Such a success was achieved by launching a number of programs and, sometimes highly controversial certifications, including the Rainforest Alliance Sustainable Forestry, the Rainforest Alliance Carbon Verification, the Rainforest Alliance Sustainable Agriculture, the Rainforest Alliance Sustainable Tourism and the Rainforest Alliance Education Program. Additionally, the Alliance is a member of the Sustainable Agriculture Network (SAN), a network of non-governmental organisations for sustainable agriculture. It has the aim to improve the production of raw materials in tropical countries [1]. Despite all its successes the Rainforest Alliance and their certification schemes are also criticized for providing a platform for greenwashing in particular for large companies [2].

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Reciprocity Principle (The Principle of Reciprocity)

Mara Del Baldo

For most classical economists, the market was considered as a "civic" moment of communal life. Rather than being opposed to civil society, it was an expression of it. It relied on cooperation, contracts, institutions, and trust—all matters engendering the principle of reciprocity [1].

The importance of reciprocity in social life also finds its confirmation in the deepened sociological debate: Reciprocity constitutes a vital principle for the society and a key variable of intervention, through which, since the primitive cultures, the shared social rules are allowed to yield the social stability.

Some years ago, a group of researchers at the University of Zurich, while reviewing the paradigm of human behavior as traditionally understood in economy, found interesting results: reciprocity emerged as a norm that affects the behavior of both workers and employers and was able to explain the modalities of achievement of the efficiency of incomplete contracts. They defined reciprocity as "a willingness to pay for responding fairly (unfairly) to a behavior that is perceived as fair (unfair)" [2].

Other scholars specified that there are several ways in which reciprocity can be implemented ("reciprocity without benevolence," "reciprocity-*philía*," and "reciprocity *agápe*"). It is extremely important that the three forms of reciprocity should be present in the business. The first brings some market dynamics inside the firm, and this ought to assure more freedom. Reciprocity-*philía* reminds that, inside the business, the sole logic of contract is not sufficient (contracts are by their own nature incomplete) and highlights the need for everybody to remove opportunistic attitudes. Finally, the reciprocity-*agápe* gives dignity and emphasis to gratuitousness. The essential feature of the relation of reciprocity is that it cannot be disassociated from human relationships: objects of transactions are not separable from those who realize the relations, that is to say, in reciprocity the exchange ceases to be anonymous and impersonal and instead occurs with the exchange of equivalents [3].

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(RED)

Anne Ellerup Nielsen

Product (RED) is a licensed brand co-founded in 2006 by artist and activist Bono from U2 and Bobby Shriever, American politician and Global Fund representative. (RED) is positioned between philantrophy and commerce established as a business model to raise money for the Global Fund with the aim of fighting AIDS, malaria and tuberculosis in Africa by partnering up with icon brand, e.g. American Express, Apple, Coca Cola, Starbucks, Dell, Converse, Gap [1]. (RED) is based on the idea that 'hard commerce' can be an appropriate vector for raising funds for good causes under the umbrella of CSR [2]. The partners of RED license the use of the product (RED) name producing (RED) branded merchandise and services. The licensing fees received from (RED)'s brand partners are spent on promoting the (RED) products and services sold to consumers as cause related marketing. The idea of (RED) is not to let consumers pay higher prices for (RED) product than for the regular brand products. (RED) products are priced moderately by the partner companies who donate a contribution to the Global Fund on each sold item. The money donated to the Global Fund helps African affected by HIV and AIDS providing education, counselling, nutrition and medical service [1].

(RED) is founded on a so-called 'manifesto' encouraging consumers to use their power fighting AIDS through consumption:" Every Generation is known for something. Let's be the one that delivers an AIDS Free Generation. We all have tremendous power. What we choose to do or even buy, can affect someone's life on the other side of the world". Critical voices have blamed the coolness of the manifesto, arguing that companies partnering with RED are encouraged to spend more on marketing their involvement than on donating money for African victims. Holding that 'shopping is not a solution' buy lesscrap.org' was created by critical consumers as a counter reaction to (RED) and an invitation to donate directly to the (RED) campaign's beneficiary without consuming [3]. AS of March 2013 RED has raised 200,000,000 USD to fight AIDS and reached 14,000,000 people [1].

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Renewable Energy

Kadir Atilla Toker

Renewable energy comes from sources that replenish naturally and can be indefinitely sustained, including sunlight, wind, rain, tides and geothermal heat. Sustainable means that something can continue to be used or relied upon as a resource without being depleted or run out. A material or resource (such as energy) is sustainable if it can be created, used, or harvested without damaging the environment; if it is renewable, its supply will not run out. Increased use of renewable energy sources and promotion of energy conversation are the main pillars of a sustainable energy supply.

Renewable energy can offer significant environmental and economic benefits. On the other hand, renewable energy projects can take a long time to implement due to the time required to carry out all the tasks involved, such as assessing the resource, raising finance, obtaining planning permission and connecting to the grip. However, they can make environmental and economic sense in the long term. Businesses can make a very positive intervention in the society by adding renewable energy projects to their Corporate Social Responsibility (CSR) activities, which will help to improve the socioeconomic conditions of the world.

The realization that everyone will be affected by climate change has helped generate interest in CSR and other 'sustainable' business models. Many governments and societies at large have begun a robust campaign to ensure that companies using natural resources are addressing long term issues and have a clear and articulated strategy to be both profitable and responsible at the same time. The only way in which energy companies can achieve this is to first gain the trust of their key stakeholders. Furthermore, many companies have pledged to investigate the feasibility of using renewable energy as part of their climate change/CSR strategies. Developing or using new and additional renewable energy sources ensures that no net greenhouse gases are released during energy production and is one way of helping to reduce the contribution of the business to climate change.

Corporate social responsibility development in energy sector can create favorable conditions for the implementation of voluntary measures aiming at sustainable

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energy development, that is, increase in energy use efficiency and use of renewable energy sources [1].

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Reporting

Markus Stiglbauer and Anna-Lena Kühn

CSR reporting refers to companies communicating their corporate principles, social and/or environmental initiatives as well as the social and environmental effects of their economic activities. In general, the systematic reporting concentrates on corporate activities referring to the triple bottom line or corporate governance. More precisely, the four major areas of CSR reporting include community involvement, human resources, physical resources as well as environment, product and service contribution [1]. By reporting CSR initiatives similarly to financial reporting, comparable data with respect to approved disclosures and metrics is published either in sections in annual reports or in stand-alone CSR or sustainability reports. In order to systematically collect the comparable data, companies are constantly monitored with respect to their CSR initiatives. The reporting cycle includes the data collection process, the communication process and the responses process. The data collected in this reporting cycle is used by senior managers to steadily adjust company strategy and policy while also improving corporate performance in the long run [2].

By giving a true and fair view on their CSR impacts, companies are able to legitimize their corporate conduct, to influence the perception of their internal or external stakeholders, to attract and to retain workers and customers, to maintain employees' morale, commitment and productivity while meanwhile improving corporate performance. Moreover, CSR reporting enables the recognition of companies' moral accountability as stakeholders perceive reporting as a strong signal of the company's commitment to sustainable initiatives [3]. Although CSR reporting is mandatory in India, Indonesia and Mauritius or voluntary most other countries (e.g. the UK, Germany), institutions like the Global Reporting Initiative (GRI) and the UN Global Compact have developed recognized guidelines for preparing CSR or sustainability reports which set the standards for comparable information about a company's CSR initiatives [2].

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Reputation Index

Adriana Schiopoiu Burlea

The Reputation Index is a tool developed to measure corporate reputation in order to regulate corporate behaviour and to improve its financial and social performance. The importance of the Reputation Index consists in its capacity to evaluate the strategic dimensions of companies in terms of corporate social responsibility performance. Therefore, without neglecting its purpose, the company is pushed to promote a good and active citizenship.

Reputation Index is palpable evidence to the fact that a great reputation for a company is being built over time and it is different across countries. For example, the Global Corporate Reputation Index measures performance in terms of the perceived positive image of the company's products and services, and citizenship as a measure of intangible aspects of the company's reputation.

In Australia, in early twenty-first century, Reputation Measurement Pty Ltd produced Good Reputation Index. This index ranked Australia's top 100 companies, and was based on performance across six major categories—Management of Employees; Environmental Performance; Social Impact; Ethics and Corporate Governance; Financial Performance and Management and Market Focus [1]. Unfortunately, many companies refused to provide the necessary information for the index to be calculated and after a few years the index was discontinued. Related to this Index, Gary Johns mentioned "The Index is extraordinarily arrogant in its assumptions about knowing what is good. It is possible to measure corporate performance so as to enable those interested in assessing whether and how they will deal with the corporation. But 'measures' of reputation by groups (some of whom have an adversarial relationship), and others who seek a commercial relationship with the corporations, is at best subjective. To produce a single figure of which corporation is good and by implication, which corporation is bad, is heroic" [1].

A few years further into the twenty-first century, still in Australia, AMR together with the Reputation Institute developed Corporate Reputation Index. This index assesses the country's 60 top companies based on revenue in the BRW's top 1,000 listing, and uses seven key drivers of reputation: products and services, innovation, workplace, citizenship, governance, leadership and financial performance [2].

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Resource-Based Theory

Manuel Castelo Branco

Resource-based theory is one of the more exciting ways of viewing the firm that has emerged in the literature during the past few decades. Although having its genesis in the discipline of economics, it has become the dominant contemporary approach in the business field of strategic management [1], which has made significant contributions to its development in the last two decades. Based on the idea of viewing the firm as bundles of resources, pioneered by the economist Edith Penrose in 1959, this approach has gained much popularity in the 1990s, namely with works such as the book "Competing for the Future" Hamel and Prahalad (published in 1994). In view of the high level of maturity it now demonstrates, the term *resource based theory* is being increasingly used to designate this approach (instead of *resource-based view*, as it has been called for long) [2].

Addressing the longstanding questions of why firms are different and how they achieve and sustain competitive advantage, resource-based theorists consider that what distinguishes firms are the resources they own and control. They focus on the valuableness, rarity, inimitability, and non-substitutability of recourses as underlying superior performance and competitive advantage. Resource endowments that possess these four characteristics are considered as the prerequisites for the competitiveness of a firm.

This view of the firms is deemed as useful to the examination of corporate social responsibility because it allows the understanding of how a firm's engagement in socially responsible activities and the reporting thereof contributes to its success by creating or enhancing important intangible resources such as corporate reputation, employee's motivation or lower subjective risk profiles [3].

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Responsibility

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Responsibility is a concept of normative ethics. As a noun, the concept of responsibility entered the stage in the second half of the nineteenth century. In the centuries before, concepts such as "obligation," "imputation," or "duty" were in use. The classical view of responsibility combines Kant's model of the person, the Christian doctrine of imputation and metaphysical preconditions such as causality and intentionality.

The concept of responsibility has been explicated in the ethic of responsibility. There it has been the subject of continuous change. Originally specified as a three-digit relation, including a subject of responsibility (who is responsible?), an object of responsibility (for what?), and an instance of responsibility (toward what or whom?), the formal structure of the concept has been extended several times in order to meet the requirements resulting from diverse fields of application. Höffe [1] pointed out that the concept should include a reference to the principles or the criteria based on which we can specify *why* someone can be held responsible for a certain action.

The classical view of responsibility has faced criticism because many descriptions of blameworthy action consequences or other kinds of problems demanding responsibility judgments do not fulfill the restrictive assumptions of the underlying model such as face-to-face relationships and linear causality. Modifications of the classical view or complements of it have been developed in political science and philosophy. Philosophers have delved into the responsibility of collective actors, groups, or other compilations of people. The "political model of responsibility" [2] shall give justice to the challenges of responsible action under the conditions of globalized economies and limited ranges of actions for individuals, corporations, and governments as well.

"Responsibility" has also found expression in the concept of corporate social responsibility (CSR). CSR has its origin in the attempt of holding corporations responsible for their actions or policies toward stakeholders, or the impact they make on society and environment.

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Responsible Care

Agata Rudnicka

The Responsible Care is one of the initiatives that are voluntary and based on a commitment. Such voluntary codes "generate goodwill for the industry" [1]. The initiative was a response to eroding credibility of chemical industry on its environment, health and safety performance after "a series of major chemical accidents, notably the 1984 disaster in Union Carbide's Bhopal facility" [1].

The Canadian Chemical Producers' Association launched the Responsible Care initiative addressed to chemical industry in 1985. The main objective is to help chemical manufacturers and their value chain to meet the challenges they face. It is based on a philosophy of continuous improvement in performance. "It achieves this objective by meeting and going beyond legislative and regulatory compliance and by adopting co operative and voluntary initiatives with the government and other stakeholders" [2]. The dynamic development of the Responsible Care programme made it a global initiative which has so far been implemented by 55 chemical associations around the globe up until 2012. "Responsible Care is a uniquely designed initiative that enables the global chemical industry to make a strong contribution to sustainable development" [3]. Global dimension of the initiative is well expressed in the Responsible Care Global Charter.

The self-regulatory Responsible Care programme is often shown as an example of social responsibility campaign that helps to "ensure environmental, public health, safety, and security performance among member companies" from chemical industry [4].

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Responsible Competitiveness

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Responsible Competitiveness is the winning combination of policies, incentives, strategies, and actions that grow sustainable markets, deliver responsible productivity, and enhance accountable performance. Responsible Competitiveness is about making sustainable development count in global and local markets. It means markets that reward business practices that deliver improved social, environmental and economic outcomes; and it means economic success for nations that encourage such business practices through public policies, societal norms and citizen actions. Responsible Competitiveness strategies enhance productivity by shaping business strategies and practices, and the context in which they operate, to take explicit account of their social, economic and environmental impacts [1].

Responsible Competitiveness is the precondition for an acceptable, viable globalization that aligns market liberalization and the extension of business opportunities with reductions in poverty and inequality, and environmental security. Competitiveness, as defined by International Institute for Management Development (IMD)'s World Competitiveness Center, is a means to an end—increased prosperity for the population as a whole. This means finding equilibrium between growth and wealth creation on one side and social well-being on the other. This becomes even more valid as nations move up the development path and GDP per capita increases. Developing countries tend to have growth primarily on their agendas; the social and environmental onus is sometimes perceived as a luxury they can ill afford. As nations become wealthier, there is often a greater acceptance of a trade-off between faster growth and quality of life. Richer countries also tend to be predominantly middle-class, with middle-class values and longer-term time horizons. This means focusing on creating growth that includes opportunities for all sectors of the economy—technological development, social infrastructure (healthcare, education), while taking account of social and environmental sustainability. Responsible competitiveness should comprise of tackling social/income imbalances; financial responsibility; corporate social responsibility; free and open trade—responsible multilateralism, and responsible stewardship of the environment [2].

[1] AccountAbility. (2005). *Responsible competitiveness: Reshaping global markets through responsible business practices*. London: AccountAbility.
[2] Zadek, S., & Mcgillivray, A. (2008). Responsible competitiveness: Making sustainability count in global markets. *Harvard International Review, 30*, 72.

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Responsible Competitiveness Index

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The Responsible Competitiveness Index (RCI) was developed and released by AccountAbility in 2003. It is the world's first RCI with the goal of stimulating debate on the links between corporate responsibility and national competitiveness. RCI was improved by AccountAbility, together with Fundação Dom Cabral in 2005 to increase both its robustness and country coverage [1]. RCI provides two unique perspectives:

- *National Corporate Responsibility Index (NCRI)*—nations' state of corporate responsibility, allowing comparison between countries and regions, across variables and over time.
- *Responsible Competitiveness Index*—links the NCRI with nations' competitiveness, drawing on the World Economic Forum's Growth Competitiveness Index.

RCI is an innovative, country-level index that provides metrics and methodology for exploring the relationship between corporate responsibility and competitiveness, and includes the National Corporate Responsibility Index that measures the national state of corporate responsibility covering 80 countries across five continents.

RCI offers support to the proposition that increasing competitiveness can be encouraged by corporate responsibility practices. Responsible Competitiveness predicts that governments worldwide, as well as businesses, will increasingly build responsibility issues into their strategies to develop and maintain their national competitiveness. It provides a robust policy framework for this purpose and proposals for both policy and research.

[1] AccountAbility. (2005). *Responsible competitiveness: Reshaping global markets through responsible business practices*. London: AccountAbility.

Responsible Consumption

Arto O. Salonen

Responsible consumption is an essential part of a sustainable society because producing and consuming are linked. Consumption decisions can be assessed by their consequences to the environment (ecological responsibility) and people (social responsibility) [1]. Ecological responsibility includes life-supporting

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ecosystems and social responsibility nurtures of social justice. Therefore a responsible consumer takes care of the planetary boundaries and maintains human rights [2].

Principles of ecological responsibility are simple. In a sustainable society renewable resources are not used faster than they regenerate. Non-renewable resources are consumed at declining rates and recycled wherever possible. In the long run, non-renewable resources are not used at all because they do not regenerate. Emissions and wastes should not be generated more than they decay and are rendered harmless [3]. In everyday decisions consumers' ecological responsibility focuses on materials in commodities, ways of producing goods and food, and quality of products.

The main principle of social responsibility focuses on social justice in production and consumption of the goods and services. Thus decent work is guaranteed by transparent manufacturing processes. Consumers are able to know how raw materials are obtained and which subcontractors are taken part to the producing chain. It means e.g. that raw materials are mined without child labor and forced labor in safe circumstances. Working hours and salaries are fair. In addition freedom of association and collective bargaining is allowed.

[1] Goleman, D. (2009). Ecological intelligence. How knowing the hidden impacts of what we buy can change everything. New York: Broadway Books.
[2] Bauman, Z. (2008). *Does ethics have change in a world of consumers?* Cambridge: Harvard University.
[3] Sterman J. (2012). Sustaining sustainability: Creating a systems science in a fragmented academy and polarized world. In M. Weinstein, & E. Turner (Eds.) *Sustainability science. The emerging paradigm and the urban environment.* London: Springer.

Rights Issue

Vijay Lee

A rights issue is where new shares are first offered to a company's existing shareholders, who are thereby given the pre-emptive right to purchase them in proportion to their existing shareholding. Shareholders who do not wish to take up the allotted rights shares may sell them on in the stock market.

UK firms are legally required to offer shares to existing shareholders first, unless the amount of the issue is less than 5 % of issued share capital and at a discount of not more than 5 %; otherwise the company has to obtain shareholder approval at a general meeting. This regulation protects a company's existing shareholders from dilution of their ownership, and also prevents companies from transferring value

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from existing shareholders to third parties by issuing new shares to the latter at discounted prices. However, the regulation has been criticised as being cumbersome and restrictive, resulting in greater concentration of share ownership, and making it difficult for companies to raise equity capital in new markets. Some other countries, notably the USA, have no such regulation.

Rights issues tend to be significantly cheaper than new issues to the public, as the company is only required to communicate with its existing shareholders. Apart from the principal advantage of avoiding dilution of ownership, another big benefit is that pricing is theoretically irrelevant in a rights issue—however low the subscription price is set in relation to the market price, the size of the discount will by itself have no impact on shareholder value. This feature makes it possible for rights issues to be made at significant discounts to the market price—thereby reducing the chances of the issue failing due to the market price falling below the subscription price. However, a large discount does not guarantee success as evidenced by the case of Bradford & Bingley who announced a rights issue in May 2008 at a discount of 48 % to the market price of 158 pence—*"To increase liquidity Bradford & Bingley went to the market with a rights issue intending to raise £300 m. This was initially priced at 82p per share but reduced to 55p, the level at which it was able to get a private equity group, TPG, to make up the shortfall by taking at 23 per cent stake. The deal with TPG then fell through as Bradford & Bingley's fortunes further deteriorated and Moody's cut the bank's credit rating"* [1].

[1] Klimecki, R., & Willmott, H. (2009). From demutualisation to meltdown: A tale of two Wannabe Banks. *Critical Perspectives on International Business, 5* (1–2), 120–140.

Rio Declaration on Environment and Development

Christopher Ball

The *Rio Declaration on Environment and Development*, created in 1992, built on the work of the *Bruntland Commission* (1987) which was the seminal attempt to attract international attention to the need for global action on sustainable development. Securing international agreement and cooperation in relation to the core principles of sustainability was the outcome of the Rio Declaration. The 27 principles enshrined in the agreement formed the basis of the international climate negotiations which were to follow, including the pivotal *Kyoto* Round. Crucially, the declaration reiterated the concept of the *Bruntland Commission* that sustainable development is about meeting the needs of the current generation without compromising the ability of future generations to meet theirs [2]. The following principles are among the most significant of the Rio declaration [2]:

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- There was an acknowledgement of the vulnerability of developing countries to environmental degradation and that they would, therefore, need particular support. The notion of "common, but differentiated responsibility" emphasised that whilst all countries had a responsibility to reduce their impact on the environment, developed countries should bear more of this responsibility since they had contributed to environmental damage to a far greater extent.
- The critical role of business in achieving sustainable development was recognised. Business would have to work to reduce and eliminate unsustainable consumption and production practices and drive the required innovation and entrepreneurship which would enable the transition to a more sustainable society.
- The importance of the transfer of technology from developed to developing countries was a crucial feature of the declaration. Technology would primarily assist developing countries to pursue a more sustainable industrialisation path and, thus, help to mitigate climate change.
- Given the enormity of the environmental challenge and the need for the engagement of all parties in the solution, the importance of international cooperation on sustainability was stressed.

The *Rio Declaration on Environment and Development* laid the groundwork for the subsequent legally-binding Kyoto Protocol, in that it established international consensus on the crucial issues relating to sustainability which had to be targeted by the Protocol.

[1] United Nations. (1992). Report of the United Nations Conference on Environment and Development. http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm. Accessed on 25 February, 2013.

Risk Management as a Benefit and Impact on CSR

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In the past, many organizations have approached risk management in fragmented way, sometimes, in isolation. The increasing paces of change, customer demands and problems of globalisation; corporations are now adopting a much more holistic approach. Managing the complex throng of risks that face a corporation is a big challenge.

The management of risk is a dynamic process of identification, assessment, planning and mitigation, through avoidance or risk transfer to third-party willing to bear the risk. Risk management is a continuous loop rather than a linear process

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so that as an investment or project progresses, a cycle of identification, analysis, control and reporting of risks is continuously undertaken [2].

Risk management is an integral part of corporate strategies and modern corporations have made good effort to build a good reputation. Corporate scandals or environmental accident may cause huge damage to the reputation of a firm. To mitigate such incident, is to anticipate it and embed social responsibility into organizational culture.

Risk is an inherent element for both operational and strategic decision making in all business and policy matters [3].

The costs of managing risk are too visible but it is often difficult to quantify the benefits. To sell risk management process successfully, it is imperative to focus on the benefits.

Benefits of Risk Management

- Encourages successful risk evolution tracking.
- It is more effective approach with less focus on costly audit risk management performance is accessed in accordance with applicable regulations and standards.
- The firm's practice of financial risk management aims to eliminate downside risk and reduce the expected cost of financial distress [3].
- Clarifies project or business issues from the start of a project.
- Important decisions are supported by thorough analysis of data available.
- Building up a statistical profile of historical risk to allow better modelling for future projects and investments.
- Encourages better informed more visible plans, clear deadlines and appropriate budgets.
- Discourages the acceptance of financially unproductive and unsound projects.
- Encourages a more objective comparison of alternative measures in risk mitigation.
- Helps staff to develop ability to assess risks meaningful and appropriately.
- Improves common understanding, team spirit, corporate experience and general communication within the organization.

[1] Bebbington, J., Larrinaga, C., & Moneva J. (2008). Corporate social reporting and reputation risk management, Corporate Social Reporting. *Accounting, Auditing & Accountability Journal*, *21*(3), 337–361

[2] Mena, T., & Al-Thani, F. F. (2010). Corporate risk management: An organisational perspective (2nd Ed.). Chichester: John Wiley & Sons.

[3] Meulbroek, L. K. (2002) The promise and challenge of Integrated Risk Management and Insurance Review. *Risk Management and Insurance Review*, *5*(1), 55–66.

Role of the Nonprofit Sector

Kanji Tanimoto

The nonprofit sector includes those non-governmental and not-for-profit organisations which address a variety of social issues. Other terms are also used to describe the nonprofit sector, such as "independent sector", "voluntary sector", "third sector" and "civil society" and various other interpretations [1, 2].

There are many differing definitions, but the following conditions are prerequisite to all definitions:

1. Voluntary association: a non-governmental organisation established on a voluntary basis and managed autonomously.
2. Social mission: a mission for challenging and resolving social issues in local and global communities.
3. Non-distribution principle: the sector carries out social projects and utilizes surplus revenue to achieve its goals instead of distributing them to stakeholders as dividends.

Now, there are a variety of social issues, regarding the environment, the aging of society, poverty and social exclusion, which cannot be resolved by either the public or the for-profit sectors alone. The nonprofit sector represents a potential alternative in addressing those issues since it is able to transcend the traditional boundaries and limitations of the other existing sectors. Furthermore, cross-sectoral partnerships hold promise in tackling complicated social issues in local and global communities.

The nonprofit sector is able to address social issues in three fundamental ways.

1. Charity based on donations and volunteers in the community.
2. Monitoring of and/or advocating business, government and international organizations.
3. Providing social products and services as business activities.

It is notable that the nonprofit sector can develop partnerships with government and/or business corporations, and utilize the resources, experiences and networks of those partners to create innovative social products and services [3]. The nonprofit sector has an important role that facilitates social change. It promotes public social awareness and participation through its activities and provides social products and services, helping to create a society where citizens take the initiative to address social issues.

[1] Ott, J. S. (ed.) (2001). *The nature of the nonprofit sector*, Boulder, Colo: Westview.
[2] Powell, W. W., & Steinberg, R. (eds.) (2006). *The nonprofit sector: A research handbook* (2nd ed.). London: Yale University Press.
[3] Austin, J. E. (2000). *The collaboration challenge*. San Francisco, CA: Jossey-Bass Publishers.

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Sanpoyoshi

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Sanpoyoshi is a Japanese term which means "in three ways" or "for all three parties" (Sanpo) and "to be good" or "equally beneficial" (Yoshi). The term has also recently been translated into English as the "Triple Win Principle." [1].

Originating in the early 1600s with the Omi merchants—a group of traveling merchants based in the Omi region [now Shiga] in Japan—sanpoyoshi was a pragmatic formula used to verify the fairness and mutually benefit of trade over the long term by ensuring that each individual business transaction made was in the interests of all involved. The defining characteristic of sanpoyoshi is the inclusion of the "third party" in this verification. In addition to the buyer and the seller who constituted the first and second parties, the rest of society or the welfare of the community as a whole is identified as a third party. A good transaction therefore was one which benefited both the buyer and the seller while promoting the welfare of the wider community. This concept was used to discourage and challenge both the moral and business justification of profiteering and speculation by emphasizing trust as a critical asset in trade to ensure business stability and growth over the long-term.

Sanpoyoshi has been called Japan's original CSR [2], and features as the centerpoint of many corporation's formulations of business ethics and CSR. One of Japan's major trading companies the ItoChu Corporation traces its current business philosophy back to the "Rules of the Trading House" laid down by the

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founder in 1872 wherein prominence is given to the importance of sanpoyoshi as a guide to business and as a way to ensure that the company both protects and builds the trust essential to ensure its survival and success over future generations.

Japan's corporations have used this concept to retain their identity as Japanese organizations while meeting external demands for socially responsible business conduct by specifically emphasizing the importance of legal compliance, environmentally responsible business, and the personal integrity of executives.

[1] Kawaguchi, M. (2006). CSR: Examples of relevant practices in Japanese SMEs. In M. E. Contreras, (Ed.), *Corporate social responsibility in the promotion of social development: Experiences from Asia and Latin America*. Inter-American Development Bank.
[2] Suenaga, K. (2004). *An introduction to the study of Omi merchants: "Sanpoyoshi" the origins of corporate social responsibility*. Tokyo: Sunrise Shuppan (in Japanese).

Sarbanes-Oxley (2002) and Non-Financial Disclosure

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The Sarbanes-Oxley Act (2002) addresses the problem relating to accounting irregularities by shifting control of the auditing profession from the profession itself to a new body (the Public Company Accounting Oversight Board).

Sarbanes-Oxley (SOX) was primarily designed to enhance the reliability of financial reporting and improve audit quality. It requires companies to provide audit committees with the right resources to engage independent advisers to carry out their duties in more efficient manner and facilitate its oversight of a company's financial reporting.

Numerous improvements in audit oversight and independence were observed since SOX was enacted, amongst others, the foundation for audit quality was strengthened by SOX [1].

The Act recommends the financial report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading [3].

Equally, the Act states it shall be unlawful for any officer or director of an issuer to take any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in the performance of an audit of the financial statements of that issuer for the purpose of rendering such financial statements materially misleading [2].

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Moran (2013) observed that SOX has had a major impact over the last decade with additional audit costs. Companies that incorporate the intent of SOX reforms into the way that they do business, making their compliance efforts more efficient and improving management and oversight of their enterprise [2].

[1] Howe, S. (2012). *Testimony before the PCAOB*, America's Managing Partner of the US Firm, March 21.
[2] Moran, P. (2013). Executive perspective—What we've learned from Sarbanes-Oxley. *Pennsylvania Institute of Certified Public Accountants (CPA) Journal*, Summer Edition
[3] Sarbanes-Oxley Act. (2002). *US Securities and Exchange Commission*, Access March 8, 2014, www.sec.gov/about/laws/soa2002.pdf

Secondary Stakeholder

Markus Stiglbauer and Anna-Lena Kühn

Whereas primary stakeholders are those that engage in economic transactions with the company (e.g. stockholders, customers, suppliers, creditors, and employees) [1], secondary stakeholders are "those who influence or affect, or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival" [2].

Since most companies highly depend on the financial support of their shareholders, they traditionally concentrate more on primary stakeholders, in particular on shareholders, than on secondary stakeholders. The term secondary stakeholders refers to a company's exchange relationship partners, exemplarily customers, suppliers, distributors, competitors, banks and investors, regulatory agencies, unions, social activists, non-government organizations (NGOs), society at large, host communities, media, etc. Dependent on the industry sector and institutional framework, there might be additional external stakeholders. Since multinational companies operate in different countries with different socio-cultural, political, technological and economic backgrounds, it is crucial for them to identify their relevant secondary stakeholders at the domestic and international level in order to establish and maintain mutually beneficial relationships [3].

[1] Freeman, R. E. (1984). *Strategic management. A stakeholder approach*. Boston: Pitman.
[2] Clarkson, M. B. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. *The Academy of Management Review, 20* (1), 92–117.

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[3] Harrison, J. S., & St. John, C. H. (2010). *Foundations in strategic management* (5th ed.). Mason: South-Western Cengage Learning.

Self-Interest

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In mainstream CSR for-profit corporations are asked to voluntarily incorporate within their operations the wider impacts of their activities (costs and benefits) on society. CSR thus appears to imply a divergence from self-interest and profit seeking as the only drivers of economic activity. Self-interest is the key motivation in classical economics. This approach has led to a great deal of research aimed at empirically establishing whether corporations observing CSR and implementing CSR programs are making more or less profits than non CSR performant corporations. Such analytical proof is often sought through econometric studies. The idea is to prove that CSR is not in contrast with profits. Even more: the idea is to prove that CSR increases profits in the long term. CSR does not imply a loss of self-interest. Such is the relationship between CSR and the economic notion of self-interest. The debate revolves around the potential contrast or synergy between the long-term objectives of a corporation and the long-term objectives of society. CSR seems to fight the short-term view; in the hypothesis that corporations are mostly driven by a short term horizon. A different view of CSR posits that work in the core business of a corporation is not summarized in the financial statements of the corporation itself; there is freedom in the way people go about making profits; there are also different degrees of competitiveness in industries and it has been proven that competition is even a driver of mainstream CSR [1]. Within this view, all work must be accounted for. The accountability of work is both a necessity and an obligation of all organizations since organizations have freedom of action and need to prove that they are pursuing the objectives they were established for. CSR satisfies the need for that accountability through an accounting of organizational responsibility and it is in the self-interest of those who are paying to keep organizations functioning to demand that those organizations account for their work. Accountability of work within the core business or mission of organizations may not be in the self-interest of the organizations themselves, but it is in the self-interest of society and society has the right to ask for it.

[1] Chymis, A. (2008). *Reconciling Friedman with corporate social responsibility: How market competition affects corporate social performance*. Saarbrücken: VDM Verlag Dr. Müller.

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Social Accounting

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Social accounting is an important tool for showing the wider impacts that an organisation has on the environment, and on society as a whole. In a narrow sense, it can be defined as a "tool" of Corporate Social Responsibility: the identification and recording of an entity's activities in terms of its social responsibility [1]. According to Gray [2], when we talk about Social Accounting we have to refer to different kind of information. Gray defines social accounting as*:* "the preparation and publication of an account about an organisation's social, environmental, employee, community, customer and other stakeholder interactions and activities and, where, possible, the consequences of those interactions and activities" [2].

In fact, from one side, we can have the "classical" financial information deriving from a bookkeeping system; from another side, we can find a combination of both quantified non-financial information and descriptive non-quantified information. Then, Social Accounting it can be useful in measuring the performance of any entity in term of its social responsibilities. It is usually considered a subcategory of general accounting that focuses on the disclosure of non-financial information about an entity's performance to stakeholders and in this way fills the information gap of financial accounting.

In this sense, Social accounting overcomes traditional accounting, in particular financial accounting, as it clearly shows the interaction between society and organizations, and thus it widens the scope and field of accounting as it considers more than only economic events which are not exclusively expressed in financial terms and it also considers a broader group of stakeholders.

Furthermore we have to underline the development of SEAR (social and environmental accounting research).

[1] Torrecchia, P. (2013). Social accounting. In S. O. Idowu, et al. (Eds.), *Encyclopedia of corporate social responsibility*, Heidelberg: Springer.

[2] Gray, R. (2000). Current developments and trends in social and environmental auditing, reporting and attestation: A review and comment. *International Journal of Auditing, 4*(3), 247–268.

[3] Gray, R. H., Owen, D., & Adams, C. (1996). *Accounting and accountability. Changes and challenges in corporate social and environmental reporting*. London, UK: Prentice Hall Europe.

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Social Auditing

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Social auditing is a process for evaluating, reporting on, and improving an organization's performance and behavior, and for measuring its effects on society. The social auditing can be used to produce a measure of the social responsibility of an organization.

Social auditing takes into account any internal code of conduct as well as the views of all stakeholders and draws on best practice factors of total quality management and human resource development. Like internal auditing, social auditing requires an organization to identify what it is seeking to achieve, who the stakeholders are, and how it wants to measure performance. Social auditing provides an assessment of the impact of an organization's non-financial objectives through systematically and regularly monitoring its performance and the views of its stakeholders. In the accounting terms, social auditing is defined as review of the public-interest, nonprofit, and social activities of a business. These audits usually are performed primarily for internal benefit and typically are not released to the public. The social audit may be performed routinely by internal or external consulting groups, as part of regular internal audits. These evaluations consider social and environmental impacts of business activities [1].

Most companies have socially oriented programs of one kind or another and every company obviously has an impact on the society in which it lives. Public concern about the ways companies fulfill their social responsibilities has created pressure for "social auditing" in the corporate domain, and executives themselves have been attracted to the notion of a social audit as a possible method for satisfying both themselves and the public that their companies are doing what they ought to be doing in the social area.

[1] Carroll, A. B., & Buchholtz, A. (2008). *Business and society: Ethics and stakeholder management* (7th ed.). Cincinnati, OH: South-Western College Pub.

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Shares

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'Share' or portion derives from Old English *scearu* (a cutting, a part or division) and *sceran* (to cut) from the Proto-Indo-European root *(s)ker* (to cut into parts), and its use to mean "part of the capital of a joint stock company" dates from c.1600.

Shares in a public firm are traded on public exchanges, whereas shares in privately held firms are owned and traded privately. Unlike sole proprietors and general partners, a shareholder in a limited company or a limited partner in a limited partnership is not personally liable for the firm's debts other than for the value of their investment in that firm. The face value of a share is the value for which it was originally issued as shown on the face of the share certificate; the market value is its value as traded in the market and is subject to fluctuations.

Ordinary shares, also known as equities or common stock, confer ownership of the firm; holders have the right to vote on corporate matters but cannot claim dividends as a matter of right. Preference shares or preferred stock have preferential status in regard to payment of dividend and also rank higher than ordinary shares in the event of the firm's liquidation. While 'paid-in capital' can include debt as well as equity, 'shareholders' equity' in a firm's balance sheet represents the sum of capital contributed by shareholders.

Traditionally, companies have stressed responsibility towards their shareholders and the related need to achieve profits and increase dividend payouts. However, there are many stakeholders to a company other than shareholders [1]. The conceptualization of CSR as a stakeholder obligation recognises that socially-responsible companies interact with more stakeholders than just shareholders. The stakeholder perspective of CSR identifies the entities to whom corporations are responsible as encompassing those who are directly or indirectly affected by a corporation's business [2, 3], and not restricted to its shareholders who have provided it with capital.

[1] Öberseder, M., Schlegelmilch, B. B., Murphy, P. E. (2013). CSR practices and consumer perceptions. *Journal of Business Research, 66*(10), 1839–1851.

[2] Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence and implications. *Academy of Management Review*, *20*(1), 65–91.

[3] Jones, T. M. (1995). Instrumental stakeholder theory: A synthesis of ethics and economics. *Academy of Management Review, 20*(2), 404–437.

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Shared Value Initiative

Mark Anthony Camilleri

The Shared Value Initiative (SVI) is a global community of leaders who find business opportunities in societal challenges. The Initiative connects practitioners in search of the most effective ways to implement shared value strategies among leading companies, civil society, and governmental organisations [1]. SVI was launched by Michael E. Porter, Mark R. Kramer, and FSG at the Clinton Global Initiative (CGI) Annual Meeting in 2012.

SVI is operated by FSG with the support from a network of global partners. The initiative shapes the emerging field of "shared value" [2, 3] though the following activities: "Peer to peer exchange: SVI often convene global shared value practitioners and stakeholders to support their exchange of ideas whilst promoting best practices. Market intelligence: The initiative drives a customised research agenda for shared value and delivers actionable practitioner-focused insights at sharedvalue.org. Strategy and implementation: SVI manages a global network of trained shared value professional service providers to deploy tailored services and customised training. Shared value advocacy: SVI engages idea amplifiers in the corporate, nonprofit, government, media, investor, and academic communities to drive shared value awareness, adoption, and engagement" [1].

[1] Shared Value Initiative. (2014) *About the initiative*. http://sharedvalue.org/about-initiative Accessed on 10 July, 2014.

[2] Porter, M. E., Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*, 17 pages. gen 01, 2011.

[3] Camilleri, M. A. (2012). Creating shared value through strategic CSR in tourism. Edinburgh: University of Edinburgh. https://www.era.lib.ed.ac.uk/handle/1842/6564 Accessed on 10th July 2014.

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Shareholder Activism

Laxmi Remer

Shareholders are considered to be the owners of the respective, publicly traded company and, as such, by definition, have a say in the decision making process of the latter. Formally, the shareholders have a right to vote to approve (amongst others): the appointment of board of directors, boards remuneration policy, the appointment of auditors, and frequently the annual reports and accounts [1]. The use of any such rights conferred upon the shareholders through their equity ownership to influence a company to bring about changes, is termed as Shareholder Activism.

Some of the most common issues addressed by shareholder activism relate to remunerations, environment, labour rights, social causes, corporate ethics etc.

Shareholder activism can take on various forms, namely, "voting with feet" which is simply selling the shares of companies failing in their set standards, engaging in proxy fights, public naming and shaming, private negotiations, changing board members or in extreme cases the entire board, and many more.

Shareholder Activism can also include active stands in terms investing strategies. For example, screening securities both in positive and negative terms could be considered as shareholder activism. Including only those securities that conform to certain socially responsible and sustainable standards, such as, investing in wind and solar energy is called Positive screening. Negative screening is when non-conforming securities are actively excluded from the investment portfolio, for example, the so-called sin stocks like gambling, tobacco, alcohol etc. are excluded.

The growing awareness in the shareholder community combined with the dramatic revelations of the excesses of the corporate industry in the recent past, has fuelled shareholder activism in terms of sustainable investment strategies. This has in many ways made CSR mainstream rather than a side tool.

[1] Sullivan, R., & Mackenzie, C. (2006). Responsible investment. In R. Sullivan, & C. Mackenzie (Eds.), Sheffield: Greenleaf Publishing.

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Social Sustainability

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The "social" in Corporate Social Responsibility (CSR) refers to the human aspect of development undertaken by corporations and other entities, sometimes in the name of the public good and usually with the aim of generating wealth for the owners of the entities. Development supporters also typically make claims of increased local and broader economic and social benefits beyond their investors and shareholders. Narrow definitions of CSR by corporations limit the social benefits to philanthropy (such as job creation), that also serves the corporations. Where social impacts of mining and other corporate activities adversely impact local communities, the remedial contributions rarely fully meet the depth of human loss and injustice perceived to have occurred [1].

Sustainability, when coupled with the descriptor "social", draws attention to the human costs and benefits of corporate activities and refers to the attainment of justice, equality and well-being for people and their communities in the present and forward in time. This involves evidence that the intergenerational and longitudinal indicators of corporate pursuit of profits for their stakeholders is not coming at the cost of human well-being or environmental sustainability.

Social sustainability is identified alongside environmental and economic sustainability as a key feature of the "triple bottom line" of good corporate practice. Economic sustainability is not possible without social sustainability. Ethical profit making is achieved through human relationships which are non-violent, respectful and mindful of adverse trade-offs, declared or otherwise, that might be occurring unless deliberately guarded against.

Ideally, social sustainability involves equality, well-being and balance across quality of life indicators between socio-cultural groups and legal entities (specifically corporations and governments) over time and from one generation to the next [2]. This is to be achieved by the most powerful and wealthy people and corporations locally and globally "living within environmental limits [3].

[1] Bruckner, M., & Ross, D. (2010). *Under corporate skies: A struggle between people, place and profit.* Fremantle: Fremantle Press.
[2] Ross, D. (2013). Social sustainability. In S. O. Idowu (Ed.). *Encyclopedia of corporate social responsibility*. Heidelberg: Springer.
[3] Agyeman, J. (2010). *"Just" sustainability: Re-imagining (e)quality, living within environmental limits.* Medford: Tufts University.

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Securities and Exchange Commission of the USA

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The U.S. Securities and Exchange Commission (SEC) is an agency of the United States federal government created by Sect. 4 of the Securities Exchange Act 1934. The mission of the SEC is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. Its vision is to promote a market environment that is worthy of the public's trust and characterized by transparency and integrity. Major strategic goals are to: foster and enforce compliance with federal securities laws; establish an effective regulatory environment; and facilitate access to the information investors need to make informed decisions [1].

The SEC holds primary responsibility for regulating the securities industry, the stock and options exchanges, and other electronic securities markets in the United States. It enforces statutory requirements that public companies submit quarterly and annual reports, as well as other periodic reports. In addition to annual financial reports, company executives are required to provide "management discussion and analysis" (MD&A) that outlines the previous year of operations and sets out future goals, expectations and new projects. The SEC maintains an online Electronic Data Gathering, Analysis, and Retrieval system (EDGAR) from which investors can access information filed by companies with the agency. Financial institutions as well as information providers such as Bloomberg use SEC filings to source financial information of companies.

The SEC plays a significant role in promoting a steady flow of timely, comprehensive, and accurate information to all investors, resulting in more active, efficient, and transparent capital markets. It requires public companies to disclose meaningful financial and other information to the public. Research has found that the benefits of completing SEC's disclosure form substantially outweigh the costs and that such disclosures facilitate the prediction of investment fraud [2]. However, the SEC has been accused of regulatory failures such as not investigating Madoff, whom it charged in 2008 with securities fraud for an $18bn Ponzi scheme, more thoroughly. Questions have also been raised as to the capacity of the SEC and other regulators to deal with "the financial sector's social ir/responsibility in the context of the financial crisis and resultant recession" [3].

[1] U.S. Securities and Exchange Commission. (2010). *Strategic plan for fiscal years 2010–2015*. http://www.sec.gov/about/secstratplan1015f.pdf. Accessed on 14 January 2014

[2] Dimmock, S. G., & Gerken, W. C. (2012). Predicting fraud by investment managers. *Journal of Financial Economics*, *105*(1), 153–173.

[3] Herzig, C., & Moon, J. (2013). Discourses on corporate social ir/responsibility in the financial sector. *Journal of Business Research, 66*(10), 1870–1880.

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Socially Responsible Investing

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Socially Responsible Investing (SRI) is any investment strategy which seeks to consider not only financial return, but also environmental and social impact. SRI is also known as responsible investing, double or triple-bottom-line investing, ethical investing, sustainable investing, or green investing, etc.

SRI investors encourage corporations to improve their practices on environmental, social, and governance issues. In addition, SRI investors seek to build wealth in underserved communities worldwide. With SRI, investors can put their money to work to build a more sustainable world while earning competitive returns both today and over time.

SRI investors include individuals and also institutions, such as corporations, universities, hospitals, foundations, insurance companies, public and private pension funds, non-profit organizations, and religious institutions. Institutional investors represent the largest and fastest growing segment of the SRI world.

SRI investors typically utilize three approaches: (1) Screening, including both positive and negative screens, is the practice of evaluating investment portfolios or mutual funds based on social, environmental and good corporate governance criteria; (2) Shareholder Advocacy involves sustainable and responsible investors who take an active role as the owners of corporation; (3) Community Investing directs capital from investors and lenders to communities that are underserved by traditional financial services institutions. Community investing provides access to credit, equity, capital, and basic banking products that these communities would otherwise lack.

[1] Budde, S. J. (2009). *Compelling returns: A practical guide to socially responsible investing*. Hoboken, NJ: Wiley.

[2] Zarbafi, E. M. (2011). *Responsible investment and the claim of corporate change: A sensemaking perspective on how institutional investors may drive corporate social responsibility*. Wiesbaden: Gable Verlag Springer.

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Stakeholder Dialogue

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A stakeholder dialogue (SD) can be defined as a structured form of communication between an organization and its internal and/or external *stakeholders*, e.g. employees, work councils, NGOs, governments, shareholders, suppliers, customers, and other groups or individuals that can affect or are affected by the organization's actions. SD is often regarded as a tool for stakeholder management and as a building block of an organization's CSR activity portfolio [1].

In the literature, mainly two perspectives can be distinguished: SD as a *sustainability instrument* and SD as a *strategic management instrument*. Looking at SD from the sustainability perspective, the functions and goals include particularly mutual learning, informing and shaping CSR efforts, finding solutions for complex sustainability problems, enhancing creativity and fostering sustainability innovation. From the strategic management perspective the importance of stakeholder responsiveness for long-term business continuity is emphasized. Here, SD is primarily understood as an instrument for managing risks and gaining a competitive advantage [2].

Most authors agree that SD should be understood as a two-way interaction, in which stakeholders are not only informed but also consulted and responded to. Regarding the degree of decisional influence, Green and Hunton-Clarke (2003) introduce a typology that draws a distinction between three levels of stakeholder participation: *informative*, *consultative* and *decisional* participation. While informative participation focusses on knowledge transfer between the involved parties without any major implications for decision-making, consultative participation includes the exploration of stakeholders' attitudes and values that may be used in the decision-making process. Decisional participation is characterized by an early involvement of stakeholders in the decision-making process and an actual influence on the outcome. As every level bears specific opportunities and challenges, the mode of participation should be selected according to the particular situation at hand [3].

[1] O'Riordan, L., & Fairbrass, J. (2008). Corporate social responsibility (CSR): Models and theories in stakeholder dialogue. *Journal of Business Ethics, 83*(4), 745–758.

[2] Freeman, R. E. (2010). *Strategic management: A stakeholder approach*. New York: Cambridge University Press.

[3] Green, A. O., & Hunton-Clarke, L. (2003). A typology of stakeholder participation for company environmental decision-making. *Business Strategy and the Environment*, *12*(5), 292–299.

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Shareholder Theory

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Underlying the debate over Corporate Social Responsibility (CSR), there is the longstanding question of what are the obligations of firms towards society. A possible answer, the one offered by shareholder theory proponents, is that a firm has as its only obligation maximizing profits for its owners. One of the most prominent defenders of this position is the late economist Milton Friedman, recipient of the 1976 Nobel Memorial Prize in Economic Sciences. He wrote in 1970 an article for the New York Times Magazine arguing that the only responsibility of business towards society is to increase its profits so long as it stays within the latter's basic rules, both those embodied in law and those embodied in ethical custom [1]. These include following the law, conforming to ethical custom and avoiding deception or fraud. According to this view, corporate executives are agents of owners, which means that their responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible. Both managers and owners can still personally engage in charitable activities. These arguments remain perhaps the most famous and influential on behalf of shareholder theory [2].

There is one major premise of shareholder theory's argument that remains often undefended and is highly controversial: the unfettered market system is presumed to produce socially optimal results. Underlying shareholder theory arguments there is the idea that companies profit-maximizing behavior for their owners within a free and competitive market system ultimately leads to social utility maximization [3]. An inextricably related idea is that government or corporate interference with the workings of the market system is detrimental to its functioning.

[1] Friedman, M. (1970, September 13). The social responsibility of business is to increase its profits. *New York Times Magazine*.

[2] Schaefer, B. P. (2008). Shareholders and social responsibility. *Journal of Business Ethics*, *81*, 297–312.

[3] Melé, D. (2008). Corporate social responsibility theories. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. S. Siegel (Eds.), *The Oxford handbook of corporate social responsibility*. Oxford: Oxford University Press.

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Service Management

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Service management is incorporated into supply-chain management, linking actual sales and the customer. A proficient service management requires an integrated 'open system' approach which assimilates the assimilation of Marketing, Operations, and Human Resources, as well as consideration to all stakeholders, including customers, suppliers and employees [1]. The objective is to optimise the complex service-intensive supply chains, with the need to accommodate inconsistent and uncertain demand by establishing more advanced information and processes.

Service organisations are enterprises "that facilitate the production and distribution of goods, support other firms in meeting their goals, and add value to our personal lives" [1]. Service in itself may be defined as "a time-perishable, intangible experience performed for a customer acting in the role of a co-producer" [1]. Service can be difficult to manage due to its five distinctive characteristics. The first is 'customer participation' in the service process, leading to variability due to customers' differing abilities and needs. The second and third are 'perishability' and 'simultaneity' of production and consumption which forgoes the benefits of inventory, creates opportunity-loss of idle capacity, and requires a competent system to match limited capacity provision with fluctuating demand. The forth is 'intangibility' which highlights the importance of reputation and creative advertising. And the fifth is 'heterogeneity' which is the variability of customers' perception of service quality due to the customer participation in delivery process.

Services are now an integral part of the economic activities, whereby the service industries are seen as the source of economic leadership. Modern societies have observed an evolution of the economy from an agrarian one to a service society. In the early 1900s, most labour was found in the manufacturing and agricultural industries, but over the past 100 years there has been a major evolution in society from being predominantly manufacturing-based to being predominantly service-based. This created changes in the pattern of employment with implications on where and how people live, educational requirements, and the kind of organisations that are important to that society (e.g. banks and other financial services providers).

The service element in traditional manufacturers accounts for a small percentage of revenue and is normally associated with after-sales services (maintenance, repair). In the case of more innovative organisations, service activities can typically generate more than half of the profits.

[1] Fitzsimmons, J. A., & Fitzsimmons, M. J. (2008). *Service management: Operations, strategy, information technology*. New York: McGraw-Hill

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Shareholder Resolutions and CSR

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In 1946, the Securities and Exchange Commission (SEC) adopted rule 14a-8 which requires shareholders to explain as clearly as possible in their proposal the course of action they would like their company to follow in the resolutions they submit to the company and for companies to introduce these resolutions in their proxy statements for discussing them at the company's annual meetings. The rule 14a-8 states that the shareholders' resolution should have a sponsor. Therefore, in the U.S., primary sponsors of a shareholders resolution must own a minimum of $2,000 worth of stock in the corporation (a threshold increased from $1,000 in 1992) and they must have held this for at least a year.

Initially, the shareholders resolutions were based on issues such black rights (during the apartheid regime in South Africa), equal opportunities (labour disputes), anti-Vietnam war and generally anti-war (nuclear power).

In 1989 the **C**oalition for **E**nvironmentally **R**esponsible **E**conomies (CERES) "built up the idea of environmental disclosure" [2].

In the last few years, the shareholder resolutions have diversified their topics with issues on corporate governance (creating shareholder advisory committees, changing the composition of the board of managers and its committees, and restructuring executive compensation), and on social responsibility (human rights, humanitarian standards, labour relations, global warming, climate change, and greenhouse gas emissions).

At the beginning of the twenty-first century, Graves, Rehbein and Waddock conducted a study based on data from the Investor Responsibility Research Center (IRRC) for the period 1988 and 1998, and they found that during this period a total of 2,994 proxies were gathered in total (South Africa—542 resolutions on anti-apartheid, on the environment—483—not including another 100 resolutions on energy issues, Human rights—289 resolutions; Diversity—253 resolutions; tobacco—209 resolutions, labour—198 resolutions, and military contracting 173 resolutions) [2].

Another study by Ernst and Young found that shareholders resolutions on corporate social responsibilities "accounted for 40 % of all shareholder resolutions on proxy ballots 2012, up from 30 % in 2010. The proposals are also garnering increased support among shareholders, at 21 % of votes cast in 2011, compared to 18 % in 2010" [1].

[1] Cohn, M. (2013). Shareholder resolutions focus on environmental and social issues. *Accounting Today*, April 4, 2012.

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[2] O'Rourke, A. (2002). A new politics of engagement: Shareholder activism for corporate social responsibility. *The 10th international conference of the Greening of Industry Network*. June 23–26, Göteborg, Sweden.

Shareholder Rights

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Shareholder rights as a part of corporate governance first became prominent with Adam Smiths's "Wealth of Nations" in which he questioned the ability of one person or a group to protect and ensure the interest of shareholders. In general a distinction between equity shares and preferred shares can be made. While equity shares represent the ownership in a company and the profits involved, preferred shares are given a fixed dividend, but have only limited voting rights [1]. Therefore the term shareholder and the question of shareholder rights refers to equity shares.

This implies that there are five significant rights of shareholder: (1) the right of ownership and transfer of shares which includes a certification of ownership and the possibility to transfer the shares. (2) The second right implies the claim on the assets and profits of the company as well as all declared dividends. (3) The right to access adequate and timely information that effect company affairs and their investment. Furthermore, shareholders must have access to specific books and records of the company. (4) A right to participate in major company affairs and change in policy. This is exercised in voting rights in the general meeting considering the companies' policy and the directors' election. (5) At last under certain circumstances shareholders have the right to approach the court and enforce their rights in terms of challenging company decisions [1].

It is generally asserted that greater shareholder rights ensure a higher value of the firm. However this only applies to a certain extent. Since greater shareholder rights also entail several costs and beyond some efficient level enhanced shareholder wealth can't compensate inflexible and costly processes [2].

[1] Jhunjhunwala, S. (2011). Shareholder rights—An overview. *Indian Journal of Corporate Governance*, *4*, 47–51.
[2] Chugh, L. C., Meador, J. W., Meador, M. W. (2010). Corporate governance: Shareholder rights and firm performance. *Journal of Business & Economics Research*, *8*, 1–11.

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Shared Value

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The term *shared value* refers to an emergent field of research and business practice at the intersection of CSR, corporate strategy, stakeholder theory, social business, and business models for low income markets. As an academic approach to corporate strategy, it mainly refers to the concept of creating shared value (CSV) by M. Porter and M. Kramer "which involves creating economic value in a way that also creates value for society by addressing its needs and challenges" [1]. In a wider perspective, the term *shared value* is used to express the overall outcome of corporate activity in relation to its stakeholders. The new definition of CSR by the European Commission, for example, describes the aim of corporations as "maximizing the creation of shared value for their owners/shareholders and for their stakeholders and society at large" [2]. The underlying idea of CSV is to gain competitive advantage by integrating a social perspective into the value proposition of the corporation. Thereby, the cost-benefit thinking of businesses is applied to finding solutions for societal problems in prospect of potential win-win situations for business and society. Following Porter and Kramer, shared value can be created in three ways: Firstly, by focusing on unmet social needs of developed and developing countries. Secondly, by a holistic evaluation of value chain impacts, and thirdly by establishing supportive clusters that are closely tied to local communities [1]. As a business practice CSV has been applied by an increasing number of firms like e.g. Nestlé, Verizon or Coca-Cola that explicitly refer to the concept in their CSR-strategy and -reporting.

[1] Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*, *89*, 62–77.
[2] European Commission (2011). *A renewed EU strategy 2011–14 for corporate social responsibility*. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN: EN:PDF. Accessed on 4 February 2013.

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Social Accountability International

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Social Accountability International (SAI) is a non-governmental multi-stakeholder organization set up to improve workplaces and communities by developing and implementing socially responsible standards. SAI's globally acclaimed Social Accountability (SA) 8000—Standard for Decent Work, a voluntary standard for workplaces based on ILO and UN conventions and national law was launched in 1997. SA8000 is currently used worldwide by businesses and governments as the most important reference workplace standard.

Social Accountability International's mission is to advance the human rights of workers and to eliminate sweatshops by promoting ethical working conditions, labor rights, corporate social responsibility and social dialogue globally. Most of the organization's work is carried out through its SA8000, which is currently being used in more than 3,000 factories in 66 countries by 65 industrial sectors. It is currently one of the world's leading social compliance trainers which has provided training to more than 30,000 people including factory and farm managers, workers, brand compliance officers, auditors, labor inspectors, trade union representatives and other workers' rights advocates. SA8000 takes a management systems approach by setting out the structures and procedures that companies must take in order to ensure that compliance with the standard is continuously reviewed. There are nine elements to the standard which are noted under the following headings:

- Child Labor
- Forced and Compulsory Labor
- Health and Safety
- Freedom of Association and Right to Collective Bargaining
- Discrimination
- Disciplinary Practices
- Working Hours
- Remuneration
- Management Systems

The organization has developed a series of training programs and courses designed to help companies to raise labor law compliance standards around the globe. Some of these trainings are towards working with companies, trade unions, NGOs and governments to achieve more socially responsible practices. Some of these training programs are stand alone programs focused in the following areas:

- Global Training and Capacity Building Programs
- Social Fingerprint

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- Corporate Programs
- Guidance and Standard Interpretation

The organization is headquartered in New York, USA and has representative organizations in India, Brazil, Philippines, The Netherlands, Costa Rica, Switzerland, China, Turkey, United Arab Emirates and the United States on America.

[1] http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=490 http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=490 19 September 2013

Social Benchmarking

Richard Ennals

Individuals and organisations are accustomed to conducting benchmarking exercises against comparable others in their fields, in order to gain an impression of their relative performance. The exercise helps in developing an appreciation of prospects for future collaboration or competition. It provides the basis for building partnerships, alliances and coalitions.

Within the European Union, social benchmarking has developed as a mechanism for taking forward improvements in line with agreed overall policy. Where a policy direction has been set by the European Council or the European Commission, there can be a process of open co-ordination [1]. Organisations in member states are asked to report against agreed criteria, on a regular basis. When the reports are submitted, the Commission provides commentary on the particular case, against the background of other cases. In addition, they provide suggestions of good practice cases within the EU, and recommend visits and contacts. This is intended to lead to learning from good practice, and an overall improvement in performance. This represents an example of "soft law" [2]. As the European Union continues to expand, it can become more difficult to secure agreement on new legislation.

For social benchmarking to function as an effective component of soft law, prompted by open co-ordination, there needs to be a situation whereby individual firms are not fully autonomous. The business model needs to take account of wider contexts, at several levels: local, regional, national and international. The issue is further complicated by globalisation, as companies may feel that they have loyalties and responsibilities beyond the local [3].

Thus, approaches to Corporate Responsibility and Corporate Social Responsibility may be transformed through social benchmarking.

[1] Zeitlin, J., Pochet, P. (2005). *The open method of co-ordination in action: The European employment and social inclusion strategies*. Frankfurt: Peter Lang.

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[2] Bruun, N., & Bercusson, B. (2001). Legal dimensions of the European employment strategy. In R. Ennals (Ed.) *Supplementary volume to work life 2000 yearbook 3*. London: Springer.
[3] Kaletsky, A. (2010). *Capitalism 4.0: The birth of a new economy*. London: Bloomsbury.

Social Capital

Richard Ennals

The modern economy derives its character and strength from the way that people work together in society. Capitalism is not simply a matter of financial capital, although this can dominate attention due to the power of numbers, and pressure for evidence of short term financial performance. In particular, increased attention has been given to social capital [1].

In a globalised economy, we might expect competition in financial terms to dominate, with success going to those with the lowest costs. However, it is clear that there are other dimensions which must be considered. There can be a "high road" to productivity and innovation, based on knowledge, as an alternative to a "low road", based on cost reduction.

No man is an island. In a given situation, individuals have access to social capital, resources which result from their interactions in the wider community beyond the workplace. An educated well-qualified population can enhance the effectiveness of companies.

This insight has been vital for work on regional development, and the design of appropriate policy. Successful regions such as the Italian region of Emilia-Romagna have been studied, with the objective of reproducing key features elsewhere [2]. However, attempts to copy the success story across other European regions have proved unsuccessful, unless the new regions have been able to identify their own distinctive niche characteristics. There has been a similar problem with efforts to replicate the economic success of Silicon Valley in California, which depends significantly on relationships with strong local universities.

Social capital is more than skin deep. In the knowledge economy and knowledge society, individuals come together in communities, and in communities of practice. This crosses boundaries between work and social activity [3].

[1] Putnam, R., Leonardi, R., & Rafaella, Y. N. (1994). *Making democracy work: Civic traditions in Modern Italy*. Princeton, NJ: Princeton University Press.
[2] Ekman, M., Gustavsen, B., Asheim, B., & Palshaugen, O. (Eds.) (2010) *Learning regional innovation*. Basingstoke: Palgrave.

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[3] Johnsen, H. C. G., & Ennals, R. (Eds.) (2012). *Creating collaborative advantage*. Farnham: Gower.

Social Chapter[1]

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The 'Social Chapter' refers to a Protocol and an Agreement on Social Policy that were annexed to the Treaty on European Union (Maastricht Treaty) upon its signing on 7 February 1992. The Social Chapter is important because for the first time it provided an express legal basis for Union action in the field of social policy. Some of the measures falling under its scope could be adopted by qualified majority voting; others by unanimity. Qualified majority voting was foreseen for matters relating to equal opportunities; working conditions; information and consultation; and the integration of those excluded from the labour market. Unanimity was reserved for matters concerning social security; dismissals; employee representation; the employment of third-country nationals legally residing in the European Union; and financial contributions for the promotion of employment and job creation. The issues of pay, the right of association, the right to strike and the right to impose lock-outs were explicitly excluded from its scope.

Another significant aspect of the 'Social Chapter' is that it gave the social partners a formal role in the law-making process at the EU level in the area of social policy [1]. Accordingly, prior to submitting any legislation in this area to the relevant EU institutions, the Commission first had to consult the social partners at the EU level who could decide to open up negotiations for the conclusion of a framework agreement between them. If this proved successful, the social partners could then decide either to implement the agreement by means decided amongst themselves, or to ask the Commission to submit the agreement to the Council for a decision that would give effect to the agreement in the form of a Directive (though at the time it was theoretically possible that other legislative acts could be used for this purpose).

At the time of its negotiation, the then Conservative UK Government took a very negative position towards the Social Chapter, refusing to sign up to it. The Agreement therefore explicitly excluded the United Kingdom from its application. Following the elections of 1997, the new Labour government adopted a more positive stance and consented to incorporating the Social Chapter in the main

[1] The author is writing in his personal capacity and expressed views do not necessarily reflect those of the European Parliament.

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body of the new Treaty of Amsterdam that succeeded the Treaty of Maastricht. The Social Chapter thus became Title IX of the new Treaty, adding in its fields of action the possibility of adopting initiatives specifically designed to combat social exclusion. Upon the adoption of the Treaty of Amsterdam, the Protocol and the Agreement on Social Policy were repealed. Following the Lisbon Treaty which entered into force on 1 December 2009, the provisions of the Social Chapter are *grosso modo* now found in Title X (Articles 151–161) of the Treaty on the Functioning of the European Union.

During the period of enforcement of the Social Chapter, the intersectoral social partners at the EU level managed to procure framework agreements on Parental Leave and on Part-time Work, both of which were subsequently transformed into Community Directives by means of a Council decision [2]. Another important piece of legislation that was enacted during the period of the Social Chapter was the Directive on European Works Councils, which establishes transnational procedures for informing and consulting employees [3]. All of these measures now apply to all Member States of the European Union.

[1] Bercusson, B. (1994). The dynamic of European Labour Law after Maastricht. *Industrial Law Journal, 23*, 1–31.
[2] Council Directive 96/34/EC, on the Framework Agreement on parental leave concluded by UNICE, CEEP and the ETUC (OJ [1996] L 145/9), now superseded by Council Directive 2010/18/EU, implementing the revised Framework Agreement on parental leave concluded by BUSINESSEUROPE, UEAPME, CEEP and ETUC and repealing Directive 96/34/EC (OJ [2010] L 68/13); Council Directive 97/81/EC, concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC (OJ [1998] L 14/9).
[3] Council Directive 94/45/EC, on the establishment of an EWC or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (OJ [1994] L 254/64), now superseded by European Parliament and Council Directive 2009/38/EC (OJ [2009] L 122/28).

Social Case for CSR

Dyann Ross

This refers to the human capital considerations in the efforts of corporations to enact their CSR. It is premised on the triple bottom line of best practice as a good corporate citizen, namely the importance of balancing of the social, environmental and economic factors in profit-making imperatives of companies. In broad terms, social sustainability is an ideal state of human well-being and equality which occurs

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in a society that is socially just, where economic activities are sustainable and the environment is protected. In the CSR literature the term is used narrowly to indicate corporations' philanthropy to local stakeholders through job creation and community projects.

Corporations tend to rely on a "community licence to operate" without which they can become entangled in costly and reputation harming conflict [1] that can directly curtail profits and even company viability. CSR is not a one size fits all set of practices and how it is understood and enacted can serve the corporation to a greater extent than the local communities and can come at the expense of trustworthy and respectful company/community relationships if the community licence to operate is called into question [2].

The social case for CSR highlights the significance of relationships between corporations, communities and governments and is the means by which economic activity is undertaken, fair compensation for harm done is negotiated and care for the environment is exercised. If the *social* responsibility of corporations is non-existent or inadequate and is coupled with weak industry regulations to control pollution and other risks of loss and harm to people and place, social injustice and environmental unsustainability is likely.

The social case for CSR has generally been poorly recognised and practised and is overshadowed by the economic case for corporate profitability and to a lesser extent, the environmental case for corporate care of ecosystems.

[1] Brueckner, M., & Ross, D. (2010). *Under corporate skies: A struggle between people, place and profit*. Fremantle: Fremantle Press.
[2] Ross, D. (2013). Social work and the struggle for corporate social responsibility. In M. Gray, J. Coates, & T. Hetherington (Eds.), *Environmental social work*. London, New York: Routledge.

Social Clauses

Christa Thomsen

To ensure fairness, and minimum universal standards with regard to employment conditions, wages, and labour rights, various groups, adversely affected by globalization, and other groups concerned about universal human rights, have sought to include a social clause in multilateral and bilateral trade treaties. Such a clause would require countries with less than acceptable employment standards to make improvements or risk losing access to lucrative markets in the developed countries [1].

Within the context of international trade, a social clause is traditionally the integration of core ILO (International Labour Organization) conventions into trade agreements: freedom of association and collective bargaining, abolition of

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forced labour, prevention of discrimination in employment and equal pay for work of equal value, minimum age for the employment of children, etc. [2]. Such a clause aims at removing the most extreme forms of labour by allowing importing countries to take trade measures (e.g. restrictive quotas and restriction on importation of products from offending countries) against exporting countries which fail to observe a set of internationally agreed minimum standards [2].

While the focus is presently on trade measures, social clause provisions have also been linked to non-economic aspects of trade exchanges, such as environment, and to non-trade arrangements, e.g. development aid and loan programmes [3]. The social clause has been examined by scholars from Policy Sciences and Economics. Yet, the issue is still elusive to marketers, despite its implications for this discipline [3].

[1] Sanyal, R. N. (2001). The social clause in trade treaties: Implications for international firms. *Journal of Business Ethics*, *29*(4, Pt. 2), 379–389.
[2] Lim, H. (2007). *The social clause: Issues and challenges*. International Labour Organization. *http://actrav.itcilo.org/actrav-english/telearn/global/ilo/guide/hoelim.htm#3.1*. Accessed on 2nd of February 2014.
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Social Contract

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The idea of a social contract addresses the nature and structure of social living, organisation and institution. The main contributors to the Social Contract tradition (Thomas Hobbes, John Locke and Jean-Jacques Rousseau) were themselves influenced by considerations about the place of the individual in society brought by the Enlightenment. The concept of social contract is much older however, originating with Socrates.

Social Contract theory purports to determine the legitimacy of a governmental authority, and the rights and duties of the individual in relation to this authority [1]. To do so, it is important to start with examining the living conditions in a state of nature, that is, a state without government, societal or moral structure. Individuals are free to do as they wish, unguarded and unrestricted. If human beings are self-interested and ruthless (as Hobbes assumes), then life in a state of nature will soon become unbearable. To live peacefully and harmoniously, rational individuals will, through a social contract, give all powers to a sovereign who will regulate the newly formed society. If, on the other hand, human beings are self-interested but capable of sympathy or pity, then cooperation may occur without having recourse to a

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formal authority. Nevertheless, a government will be needed to protect the natural rights of individual citizens (according to Locke), or to establish a fair and egalitarian contract rectifying previous social inequalities (according to Rousseau) [2].

Social Contract theory is still relevant with regards to questions of justice, legitimacy of power and institutions, and business ethics. Two important, though different, contemporary contributions are worth mentioning: the works of John Rawls on justice and socio-economic distribution (influenced by Immanuel Kant's view of individuals as rational and autonomous moral agents); and the Integrative Social Contracts Theory (ISCT) developed by Thomas Donaldson and Thomas Dunfee. In general terms, the notion that morality influences, and is influenced by socio-political structures and institutions invites reflection on both the nature of ethical norms, and the nature of the relationship between individual and society.

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[2] Friend, C. (2004). Social contract theory. *The Internet encyclopedia of philosophy*. http://www.iep.utm.edu/soc-cont/#SH3a

Social Convoy

Richard Ennals

Companies cannot necessarily remain aloof from social and economic difficulties, if they wish to have a sustainable future [1].

Social Convoy is a practical expression of Strategic Corporate Social Responsibility. In difficult economic times, a company may feel obliged to downsize, possibly transforming employment opportunities for whole towns. With Social Convoy, which has been particularly popular in Germany, the company accepts continuing responsibility for the employability of the local population. In principle they will wish to recruit new employees when there is economic recovery. Thus there is a strong case for maintaining skills, and where possible keeping key groups of workers together. This may involve new flexible working arrangements and restructuring.

In Germany there is a proud tradition of skill, apprenticeship and vocational training. Social Convoy reflects underlying confidence in the economic future, a capacity for deferred gratification, and a determination not to waste human capital. There are radical implications for Corporate Social Responsibility, business and society, as the companies concerned make commitments beyond the end of the employment relationship. In a prolonged economic downturn, the financial implications can be considerable. There are difficult choices to be made.

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This is an optional extension of European Employment and Social Policy, rather than a common feature of policy and practice across the European Union. It can be supported by regional development policies, and by effective devolution of power to regional governments [3].

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[2] Kieselbach, T. (2004). *Social convoy in enterprise restructuring: Concepts, instruments and views of social actors in Europe*. Bremen: University of Bremen.
[3] Gustavsen, B., Nyhan, B., & Ennals, R. (Eds.) (2007). *Learning together for local innovation: promoting learning regions*. Luxembourg: Cedefop.

Social Dialogue

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Social Dialogue represents a major departure from Liberal Capitalism as found in the USA and UK.

Liberal Capitalism assigns a limited role to government. Managers are in charge of companies, with a focus on maximising shareholder value. When managers take actions beyond the legal minimum required, this is regarded as Corporate Social Responsibility.

In the European Union, policies are developed by a number of institutions: the European Council of Ministers, the European Parliament and the European Commission. In addition, in the field of Employment and Social Policy, there is a formal role for Social Dialogue at all levels, involving the Social Partners. The objective is to find consensus regarding means of achieving improvements in Employment and Social Policy [1]. For example, the social partners agreed a European Framework on Stress at Work [2]. In reserve there are powers to bring about change through European Directives, which must be enshrined in the laws of each member state. Typically employers oppose new regulations, while trade unions may welcome additional support.

On this basis, it is necessary for companies operating within the European Union to have a relationship with the Social Partners, and to take account of developments with the Social Dialogue. This can result in significant improvements in working conditions [3]. For the European Commission, the first responsibility of employers is to the workforce. For example, there is a requirement to consult in advance of major restructuring or downsizing.

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More generally, attitudes to and practices of Corporate Social Responsibility are affected by a policy context in which managers are obliged to think beyond their own companies. Companies, law and society are intertwined.

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[2] Levi, L., & Levi, I. (2000). *Guidance on work-related stress: Spice of life or kiss of death?* DG Health and Consumer Protection, Luxembourg: European Commission.
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Social Entrepreneur

Laura Haverkamp

Throughout the recent past, Social Entrepreneurs have received growing attention both in theory and practice. Concepts and definitions differ widely, but Dees offers a basic definition: Social Entrepreneurs are "entrepreneurs with a social mission". This leads to a clear distinction from profit-oriented entrepreneurs or businesses: "Mission related impact [in society] becomes the central criterion, not wealth creation" [1].

Following his or her social mission a Social Entrepreneur acts in an entrepreneurial manner, meaning that he or she challenges the *status quo*, discovers overlooked market opportunities, combines resources, which have not been combined before, and creates social innovations, which intend to solve a relevant problem in society. Prominent examples of Social Entrepreneurs can be found in history (such as Maria Montessori) and present (such as Muhammad Yunus, founder of the Grameen Bank and the Social Business movement, or Jimmy Wales, founder of Wikipedia).

In order to solve a problem in society, different impact levels can be addressed with varying effects—from smart local engagement to system-changing approaches. Following these different levels the literature draws a distinction between three different types of Social Entrepreneurs, depending on their motivation and actions (personal/episodic to vision led), their impact in society (local to global) and their entrepreneurial freedom (large freedom to big constraints due to other stakeholder interests) [2].

Oftentimes Social Entrepreneurs share their role as "transformatory agents" [3]: They develop solutions where none exist on an institutional level yet. Especially in established welfare states current debates cover the question, which role Social

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Entrepreneurs can—and should—take as innovators, who aim for long-term, sustainable social transformation for the benefit of society as a whole.

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[2] Beckmann, M. (2011). Social entrepreneurship—Altes Phänomen, neues Paradigma moderner Gesellschaften oder Vorbote eines Kapitalismus 2.0? In H. Hackenberg, S. Empter (Eds.), *Social entrepreneurship—Social business: Für die Gesellschaft unternehmen*. Wiesbaden: VS Verlag für Sozialwissenschaften.
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Social Economy

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Social economy is a branch of the economics that focuses on interaction between social behavior and economics. The term social economy was first used by the French economist Charles Dunoyer in 1830. Later then in 1896, Charles Gide and Leon Walras (Etudes d'economie sociale) further developed the term. One of the oldest definitions for social economy is the study of labor class and its relations with other social classes. For Gide, social economy is not the only study of working class, but also the study of all efforts made to achieve the goal of social development. Walras defines the social economy as a distribution of wealth, of social justice. Furthermore, he implies that the social economy must include state policies which must play a key role in an economy. After the World War-II social economy became part of national institutions [1].

The social economy is often contrasted to the public and private sector economies. There are two main theoretical approaches to view social economy; the legal and institutional approach, and the normative or ethical approach. The legal and institutional approach has three components; all co-operatives and unions, non-profit organisations and other types of enterprise. These components describe the social economy as "social enterprise" or "collectively owned enterprise" that use market mechanisms to pursue economic activities [2]. The normative approach focuses on the main principles of social economy and its elements; co-operative enterprises, associations and mutual benefit societies. The ethics of the elements will be based on the following characteristics: providing services to the community, autonomy in management, democracy in the decision making process and the primacy of people and work in the distribution of revenues [3].

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According to Defourny et al., in today's social economy any economic phenomenon that has a social dimension and any social phenomenon that has an economic dimension could be defined as a social economy [3]. It includes the challenge of bringing social justice into production and resource allocation [1].

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[2] BALTA-B.C. Alberta Social Economy Research Alliance, "What is Social Economy?", http://www.socialeconomy-bcalberta.ca/social-economy/ Accessed on 15 April 2014.
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Social Equity

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In the context of globalisation, social equity is an ideal [1]. A Rawlsian school of thought of this ideal encourages wealth and resources to be distributed from those who are talented or lucky to those who are unfortunate or disabled [2]. Corporations are created to maximise the generation of wealth and also maximise the use of resources. In an ideal world, globalisation promises the flow of wealth and people between societies whereby it could have given a platform for social equity to occur. It also promises equilibrium, which is achieved through a fair and proper distribution of wealth, health and human rights. Standards are therefore homogenised. Here, social equity is achieved geographically. Urban spaces as resources are used to full efficiency with rural spaces preserved and protected and they are well connected with transportation. The standard of living of people is the same. Inclusion is for all as no one less fortunate than the other is excluded.

Social equity can also, ideally, be achieved through the generations. This is called intergeneration equity. The success of the generation of today is achieved without jeopardising opportunity of success of the future generations. Success and wealth produced by today's generation follows the principle of sustainability. Overconsumption of goods and surplus of waste are not allowed. Pollution is also not allowed. Corporations can facilitate this ideal through implementing green programs and executing long-termed sustainable goals.

However, the opposite of this ideal has occurred in reality. Globalisation has created social inequity. Wealth is kept in the global North where the established economies are. The flows of people who have talents or are lucky are drained from

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the global South into the North and thus creating the North–south divide [3]. Corporations are created to extract resources from all corners of the world and concentrate their revenue in certain key parts of the world. Standards are not homogenised. There is a stark diaspora between the wealthy and the poor in urban spaces where high-raised buildings and slumps are found close to each other [4]. The wealthy live in gated homes excluding others. The poor in urban spaces are socially excluded by the inefficient used of urban spaces. The corporate goals of long-termed sustainability and the inclusion of all are not met. Instead, corporations are used to facilitate alienation and exclusion. Transportation does not efficiently link these two places. Pollution is also a problem as it is created by the over supplying of goods through mass production, the overconsumption of goods and the surplus of waste.

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[2] Rawls, J. (1999). Theory of justice (Rev. Ed.). Cambridge, MA: Harvard University Press.
[3] Human Development Report, (2011). Sustainability and equity: A better future for all. New York: United Nations Programme, Palgrave McMillian.
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Social Inclusion

Fabiana Sciarelli

Social inclusion is a process designed to achieve a society in which: all are equal, all have the same rights to take responsibility for their lives through activation and thus take charge of their life.

The significance of the concept of social inclusion has been increasingly recognised in recent years. The ongoing global financial and economic crisis, especially, by threatening the progress achieved so far in social development and further aggravating social tensions in many societies, has made a growing number of men aware of the importance of social inclusion. The necessity for timely interventions has been felt more than ever in the current environment.

The goal of social inclusion is not an abstraction; its achievement is vital in today's political climate.

A socially inclusive society is defined as one where all people feel valued, their differences are respected, their rights are useful, accepted, equal and their basic needs are met so they can live in dignity. Achieving such an inclusive society is a goal with universal appeal. In an inclusive society, social interaction is governed by

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an agreed set of social institutions. The capability of all citizens to determine how those institutions function is indeed a hallmark of an inclusive society. An inclusive society is also one that, when confronted with new challenges, such as economic change, gives everyone a say and everyone a responsibility.

Social exclusion, instead, is the process of being shut out from the social, economic, political and cultural systems which contribute to the integration of a person into the community.

In many countries, there are various powerless groups (including ethnic communities, minorities, etc.) that suffer poverty and social exclusion; there are regions that have been left behind by economic progress; and there are barriers to social mobility. In all countries, full gender equality remains to be achieved.

There is therefore a high degree of political salience in the issue of social inclusion, which has in turn made imperative the need to measure the progress of societies towards the reduction of poverty and social exclusion, through the use of indicators.

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[2] Atkinson, T., Cantillon, B., Marlier, E., & Nolan, B. (2002). *Social indicators*. Oxford: Oxford University Press.
[3] http://sgo.sagepub.com/content/3/1/2158244012471957.full, Accessed on 22 October 2013.

Social Justice

K.C. Patrick Low

Karl Marx in the nineteenth century and John Rawls and John Nozick in the twentieth century have highlighted that the only acceptable and credible standard of justice was fairness [1]. Therefore, a just society focuses on fairness to the individuals that make it up. Social justice can also be defined as justice applied within a society. A socially just society is being founded and built on the principles of equality and unity; such teaching also maintains that the socially just society both identifies and values human rights, and it understands the dignity of every human being [2, 3]. In other words, social justice refers to the idea of creating a society or institution that is based on the principles of equality and solidarity, that understands and values human rights, and that recognizes the dignity of every human being.

In a socially just society, a leader resembles a boat and his people or subjects the water. It is the water that sustains the boat upright; however, it is also the water that capsizes the boat. "Here, it can be taken that the people are important.

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In Confucianism, the people are an important asset. The leader can be successful only when it has the support of the people." [4].

Everyone aspires to create and live in a just society. The concept is not limited to the example of, say women, there are other disadvantageous groups including minorities, physically challenged persons or children. Women, for example, are to be treated as equals, and they also stand tall as men. The benefits of respecting and including mother leadership in a just society is that women are naturally gentle, nurturing, showing care and concern, as well as being soft in feeling and they are empathetic, kind and warm [5]. Women are sensitive and more people oriented and hence women leaders together with men leaders working together in any organization (family, company, society and nation) can become more aware of the peoples' needs and serve the people better in a just society.

[1] Mitchell, H. B. (2011). *Roots of wisdom: A tapestry of philosophical traditions*. Boston, MA: Wardsworth, Cengage Learning
[2] Butts, J. B., & Rich, K. (2005). *Nursing ethics: Across the curriculum and into practice*. Sudbury, MA: Jones and Bartlett Publishers.
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Social Marketing

Ceren Altuntaş

The basis of this marketing concept lies with the exchange process where there are at least two parties that are willing to exchange something and are able to communicate and distribute the entity to be exchanged. Marketing management uses marketing mix tools, which are product, price, place and promotion, in order to generate desired exchanges with the target market that results in mutual gain [1]. Social marketing uses the same marketing tools in order to create a behavioral change in the targeted audience for individual or societal gain. "Social marketing is the design, implementation, and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution, and marketing research [2]."

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The aim of social marketing is to make the targeted audience to accept a certain behavior like recycling their waste, reject a potential behavior like avoiding actions that cause environmental pollution, modify a current behavior like the avoidance of alcohol consumption during pregnancy or abandon an old behavior like quitting smoking. Social marketing defends that certain marketing tools can be used to create this behavior change in the target market. In the case of social marketing, the behavioral change envisaged is the product, so the marketing mix should be designed and developed in such a manner that the target market would want to acquire this idea and change their behavior. The place element is represented by the outlets and distribution channels that the awareness regarding the marketed idea is created through and consequently, the related audience is convinced to adopt the desired behavior. Examples of these are health stations that help smokers quit or hotlines that assist people regarding birth control. Price element is the cost of acquiring the marketed idea which can be composed of financial cost, psychological cost, energy cost or time cost. Promotion element is critical in social marketing as the marketing communication tools are used to familiarize the audience with the idea, persuade them regarding the benefits of specific behavioral change and make it desirable for them to adopt this change.

Social marketing is different from business marketing in certain aspects. Business marketing deals with products and services but social marketing deals with behavior change. The aim of business marketing is financial gain but social marketing aims to achieve individual or societal gain. In business marketing the competition is with other companies offering similar goods and services. In social marketing the competitor is the current behavior of the target audience [3].

[1] Kotler, P. (2000). *Marketing management* (The Millennium Edition), Upper Saddle River, NJ: Prentice Hall.
[2] Kotler P., & Zaltman, G. (1971) Social marketing: An approach to planned social change. *Journal of Marketing*, *35*(3), 3–12.
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Social Partnership

Richard Ennals

Managers and students in Liberal Capitalist countries such as the USA and UK tend not to think in terms of key roles for "the social partners": employers' organisations and trade unions.

In the European Union, European Employment and Social Policy assumes a business model in which power is not simply held by owners and managers of

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individual companies [1]. In the context of ongoing efforts to improve working conditions, it is formally recognised that there is a role for the social partners: employers' organisations and trade unions. The different histories of member countries mean that these arrangements vary at national level, but within an overall European Union framework [2].

Companies operating in the European Union, including multinational corporations, are obliged to comply with European Law, as well as the laws of each country in which they operate. It is not legally possible for such companies to choose to disregard the law. Ignorance of the law is not an acceptable defence. When that ignorance is shared by ministers and civil servants at national level, there is s problem.

On the positive side, considerable benefit can be derived by employers from a collaborative relationship with the social partners [3], facilitating innovation and new forms of work organisation. Particularly in Scandinavia, within the context of a shared model of business and society, the advantages of collaboration are understood. In societies characterised by social equity and shared values, managers and workers are likely to feel less power distance.

We must note the difference between rhetoric and reality. All member states in the European Union are obliged to transpose new directives into national legislation. However, many members, particularly recent members, lack traditions of democratic trade unions and employment relations. They may have legislation, but lack institutions and enforcement.

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[2] Walters, D. (Ed.) (2002). *Regulating health and safety management in the European Union: A study of the dynamics of change*. Frankfurt: Peter Lang.
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Social Responsibility

Patrizia Torrecchia

With Social Responsibility we refer to the generic obligation, both of an organization or individual, to act to benefit society at large in order to maintain a balance between the society and the environment. It can be seen as a more general concept of Corporate Social Responsibility: in fact it does not refers only to corporation but to all kind of entities. In other terms, it indicates the responsibility of an entity for the impacts of its decisions and activities on society and the environment. It is strictly linked to the concept of sustainable development which is pursued through

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transparent and ethical behavior, taking into account the expectations of all stakeholders [1]. It refers to the integration of ethical concerns within the strategic vision of entity in order to effectively manage issues of social and ethical impacts of its activity.

ISO 26000 defines seven principles of social responsibility: Accountability; Transparency; Ethical behavior; Respect for stakeholder interest; Respect for rule of law; Respect for international norms of behavior; Respect for human rights [2].

In particular, when we refer to Corporate Social Responsibility it is a much discussed concept, whose best-known interpretation dates back to 1984 and was provided by Robert Edward Freeman in his essay "Strategic Management: a Stakeholder Approach" [3].

[1] Working definition, ISO 26000 Working Group on Social Responsibility, Sydney, February 2007
[2] ISO26000 Guidance on social responsibility. http://www.iso.org/iso/home/standards/iso26000.htm [Accessed 19th August 2013]
[3] Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. London: Pitman

Social Sustainability

Dyann Ross

The "social" in Corporate Social Responsibility (CSR) refers to the human aspect of development undertaken by corporations and other entities, sometimes in the name of the public good and usually with the aim of generating wealth for the owners of the entities. Development supporters also typically make claims of increased local and broader economic and social benefits beyond their investors and shareholders. Narrow definitions of CSR by corporations limit the social benefits to philanthropy (such as job creation), that also serves the corporations. Where social impacts of mining and other corporate activities adversely impact local communities, the remedial contributions rarely fully meet the depth of human loss and injustice perceived to have occurred [1].

Sustainability, when coupled with the descriptor "social", draws attention to the human costs and benefits of corporate activities and refers to the attainment of justice, equality and well-being for people and their communities in the present and forward in time. This involves evidence that the intergenerational and longitudinal indicators of corporate pursuit of profits for their stakeholders is not coming at the cost of human well-being or environmental sustainability.

Social sustainability is identified alongside environmental and economic sustainability as a key feature of the "triple bottom line" of good corporate practice.

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Economic sustainability is not possible without social sustainability. Ethical profit making is achieved through human relationships which are non-violent, respectful and mindful of adverse trade-offs, declared or otherwise, that might be occurring unless deliberately guarded against.

Ideally, social sustainability involves equality, well-being and balance across quality of life indicators between socio-cultural groups and legal entities (specifically corporations and governments) over time and from one generation to the next [2]. This is to be achieved by the most powerful and wealthy people and corporations locally and globally "living within environmental limits [3].

[1] Bruckner, M., & Ross, D. (2010). *Under corporate skies: A struggle between people, place and profit*. Fremantle: Fremantle Press.
[2] Ross, D. (2013). Social sustainability. In S. O. Idowu, (Ed.), *Encyclopedia of corporate social responsibility*. Heidelberg: Springer.
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Socially Responsible Lobbying [1]

Tim Breitbarth

With both lobbying and CSR being concepts and practices with various interpretations in different countries and contexts, it follows that the debate and struggle about how lobbying could or should be 'socially responsible' is not less challenging. There are several intertwined, non-exclusive debates. Two important dimensions are the process-content focus and the discussion about participatory obligation versus abuse.

Arguably, the main SRL debate revolves around transparency throughout the process of—usually: corporate—lobbying. Critics battle for firms and associations to report more or less promptly on who, where, when, how and for what they lobby. However, while CSR standards/guidelines include sections on lobbying (GRI SO5 and SO6; ISO 26000 6.6), it may be questioned if there is a way to really audit or confirm whether what a firm said about its lobbying is correct [1]. More specifically and with the bar for CSR raised, focus may be on the content and the ends towards which organisations lobby, for instance, whether their activities help a social agenda ('good lobbying') or try to undermine and boycott social or environmental changes for selfish reasons [3]. The 2010 UN Global Compact report states that while businesses endeavour to be more sustainable on the one hand, some of their own lobbying activities contrast those efforts on the other hand.

The second debate includes the notion that, rather than encouraging concentrated corporate power and being inherently evil, business lobbying is a socially

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responsible activity—even: obligation [2]. It is argued that participation is a core element of democracy, also because corporations and industry groups may have 'local knowledge' of a social problem. In addition, arguably, the more parties involved in the process, the more legitimate the political/legislative outcomes [2]. Of concerns is whether decision-making processes, for example in the European Union, inherently favour businesses by, for instance, lukewarm approaches to stop ex-high-profile politicians or administrators to walk through 'revolving doors' straight into industry jobs [1].

[1] Corporate Europe Observatory (2011). Lobby Planet: Brussels—The EU Quarter. http://corporateeurope.org/publications/putting-brussels-lobbyists-map. Accessed on 27 February 2013.
[2] Hamilton III, I. B., & Hoch, D. (1997). Ethical standards for business lobbying—Some practical suggestions. *Business Ethics Quarterly, 7*(3), 117–129.
[3] Peterson, K., & Pfitzer, M. (2009). Lobbying for good. *Stanford Social Innovation Review*, *Winter*, 44–49.

Socially Responsible Lobbying [2]

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Socially Responsible Lobbying describes lobbying activities connected to a commitment towards environmental and social matters. In contrast to traditional lobbying, socially responsible lobbying focuses on the long-term improvement of the situation in above mentioned areas. It is also regarded as a tool to develop and foster long-term relationships with the public sector as well as with society in general. The activities connected to this can be carried out by companies as well as non-governmental organizations. Their actions should not only be coherent with the respective organization's corporate social responsibility plan and philanthropy, its values and policies, but should also be aligned with universal principles and values, such as for example those included in the UN Global Compact [1]. Additionally, transparency and cooperation are matters of great importance in this context, as organizations, and especially companies, should work together with governments in order to improve the overall environmental and social situation worldwide. In general, companies are often more effective in lobbying than non-governmental organizations and are able to impose a greater influence on governments due to the power they already possess. Their responsibility is thus especially high.

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Socially responsible lobbying can, at least to a certain extent, be carried out by all members of a company, whenever they communicate with company externals, as well as by groups and organizations the company is a member of. Again, it is important in this context to align the message transmitted to the environment to already existing company principles and to make sure it does not differ across various parts of the company. The so-called CEO lobbying represents a special case. This expression refers to lobbying activities carried out personally and individually by the CEOs of companies committed towards environmental and social matters. These managers make use of their elaborated position to take influence on governments and other organizations. This position gives them access to political decision makers, which other people, especially from non-governmental organizations, do not enjoy [2]. Well-known CEO lobbyists include Anita Roddick of The Body Shop and Ray Anderson of Interface Carpets.

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[2] Fifka, M. S. (2013). Corporate citizenship in Germany and the United States—Differing perceptions and practices in transatlantic comparison. *Business Ethics: A European Review, 22*(4), 341–356.

Societal Marketing

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The term “Societal Marketing” was coined in the 1970s when Kotler distinguished between business marketing, non-profit marketing, social marketing and societal marketing. It focuses on the impact corporations have on society’s well-being. Handelman and Arnold (1999) [3] define societal marketing as encompassing “marketing initiatives that have at least one non-economic objective related to social welfare and use the resources of the company and/or one of its partners.” This orientation is founded on the proposition of balancing consumer satisfaction, company profits and the long-term welfare of society.

Societal marketing emphasizes the social responsibility of a company which refers to the idea of the business operating in a manner that meets or exceeds the society’s ethical, legal, commercial, and public expectations. This definition highlights the need for business decision making to address and reflect ethical values, legal requirements, and respect for people, communities and the environment. A societal marketing program can address several social problems related to health, the environment, education and social welfare. From a societal marketing perspective marketers should fulfill the needs of the target audience in ways that enhance

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the well-being of consumers and the long term interests of the society. An example of a societal marketing program is cause-related marketing. Cause-related marketing refers to the company's efforts to link the organization and/or its products to a social cause/charity for the mutual benefit of the cause/charity, the organization and its customers.

Societal marketing programs appear to have grown in importance since they create competitive advantages for a company such as the creation of brand awareness [1], strengthening corporate image [4], stimulating consumers' purchase intention [2], and establishing brand credibility [4]. Societal marketing enables companies to achieve competitive differentiation through the creation of an emotional bond with consumers (Meyer 1999) which subsequently strengthens corporate image, and has a powerful impact on consumer attitudes and behavior towards the company and the brand [1, 2].

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Social Obligations

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There is a school of thought, which suggests that a social obligation is prior to a social responsibility [1]. A social obligation is created when an individual is or a group of individuals are demanded to perform what they are obliged to do. Individuals are held accountable to others because they have not a done what they have promised. This is quite different from holding individuals accountable to others because they are blameworthy. Social obligations are created when there is an agreement to act together between two or more individuals or bodies. Participants acting together are involved in a joint activity [1]. All of the participants have a shared intention, which they are jointly committed to uphold [2].

If one violates either by not upholding the shared intention or by contradicting the shared intention, all other participants could demand from that violator

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performance of what it have promised to the joint activity. A violator who persists to violate their joint commitment runs the risk of being excluded from participating and benefiting from the joint activity. In essence, social obligations and its enforcement protect the interests of all participants in a joint activity. Violators are either rehabilitated or excluded from the joint activity.

In business, this model manifests into a multilateral contractual agreement [3]. For example, outsourcing is a joint activity, which primarily involves the outsourcer, its partners, its partner's employees, the suppliers of raw materials (e.g. farmers, miners and fishermen) and labour auditors. A multilateral outsourcing agreement ought to have involved all these participants as partners. They ought to have negotiated their terms and conditions of contract (i.e. the shared intention) and have drawn to a compromised agreement. In an event when the outsourcer, which appears the dominant participant, violates the terms and conditions of contract. All other participants (i.e. primary stakeholders such as the affected employees, suppliers and labour auditors) could demand from the outsourcer. A persistence of violation which is exhibited by the outsourcer may result in losing business as the other participants exclude the violator from their joint activity. The consequence of not complying with the multilateral agreement is both social and legal. In the former, business partners as fellow participants would cease doing business with the violator. In the latter, business partners as parties to the contract invoke the terms and conditions either forcing the violator to rehabilitate or sever business ties with the violator. Here, the powers of outsourcers are curtailed and the stakeholders are empowered.

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Solar Energy

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The solar energy is freely available and practically inexhaustible energy that is directly produced by radiation from the Sun. The solar radiation can be captured and converted into other energy forms: electrical or thermal. Globally, at present, the primary energy source is represented by fuel combustion, but these energy

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sources are exhaustible and the burning process produces large amounts of CO_2 [1]. The use of solar energy means less environmental pollution. The potential of this resource is enormous and makes solar energy a crucial component of a renewable energy portfolio aimed at reducing the global emissions of greenhouse gasses into the atmosphere. Nevertheless, the current use of this energy resource represents less than 1 % of the total electricity production from renewable sources.

Solar technologies are broadly characterized as either passive solar or active solar depending on the way they capture, convert and distribute solar energy. Active solar techniques include the use of photovoltaic panels and solar thermal collectors to harness the energy. Passive solar techniques include orienting a building to the Sun, selecting materials with favorable thermal mass or light dispersing properties, and designing spaces that naturally circulate air [2].

The CSR represents an important movement which helps the corporations to improve their social and environmental bottom lines. It is an umbrella term for a variety of different theories and practices all of which recognize that companies have a responsibility for their impact on society and the natural environment, that companies have a responsibility for the behavior of others with whom they do business. Today, the company channels its sustainability investments (through CSR) into a number of sectors including alternative energy, water and waste management/recycling. More specifically, the company seeks opportunities representing medium to high risk-return profiles in infrastructure investments such as wind-farm, biomass, and solar projects [3]. Through CSR projects, companies can effectively reduce energy costs, in this way, solar helps improve margins and drive consistent profitability. In this framework solar energy can help address broader environmental issues by reducing the company's carbon footprint. The business literature suggests that voluntary environmental initiatives can help to lead to substantial improvements in environmental practices by business such as reduction in the use of materials and emissions, increased recycling or adoption of new environmentally-friendly products, while at the same time, the most environmentally friendly companies are rewarded with higher profitability.

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Sponsorship

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From a marketing management perspective, sponsorship can be used as a sales promotion tool, a market communications tactic or a relationship strategy. The Global sponsorship spending increased to about 40 billion Euros in 2012, sports sponsorships accounting for more than two-third of the total [2]. However, in some countries social, cause and environmental sponsoring are currently the fastest growing type of sponsorship.

In a seminal article, Meenaghan describes sponsorship as "the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives" [3]. In other words, sponsorships are based on the provision of resources by the sponsor to an entity or cause in exchange for a direct association to the activity(ies).

Non-commercial organizations use and engage in sponsoring as well. Objectives of the sponsor may be more direct (e.g. drive sales, raise awareness) or indirect (e.g. enhance corporate branding, build trusting relationships) depending on the organization and situation. Generally, sponsorship is different to, for example, charitable donations, philanthropy and patronage, because those activities are not shaped by and do not rely on formal commercial contracts, and may even be granted tax reductions due to their, arguably, altruistic nature [1, 3].

Sponsorships can create significant value by, firstly, raising awareness of an organization and particular offerings; and, secondly, creating favorable emotions and cognitive associations by transferring positive perceptions of an entity or cause to the sponsor's property. However, measuring the impact of sponsoring remains a highly contested field, especially because exclusive sponsorships are rare and public or consumer attention may has to be shared with other (co-)sponsors [1]. Hence, sponsorship should be understood as a part of an organization's wider integrated marketing and communication strategy in order to create the desired impact.

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Stakeholder Engagement

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Corporations have recently been showing increased interest in conducting stakeholder engagement. Through communication and collaboration with stakeholders, companies come to know what is required and expected of them and to understand that it has become increasingly important to address social and environmental challenges in collaboration with those stakeholders. As a result, companies are embedding stakeholder engagement in the process of CSR management.

Stakeholder engagement is one of the important keywords in ISO26000 and is defined as "an activity or activities undertaken by an organization to create opportunities for dialogue between the organization and one or more its stakeholders, with the aim of providing an informed basis for the organization's decisions." AccountAbility explains stakeholder engagement as "a process used by an organisation to engage relevant stakeholders for a clear purpose to achieve accepted outcomes" [1].

In the process of engagement based on dialogue with stakeholders, the following points are important: how to translate the dialogue with stakeholders into the management process, how to ensure that both sides can be involved in problem solving, and how to review the dialogue and use it to improve business activities.

Methods of stakeholder engagement involve many levels, ranging from carrying out written surveys, conducting dialogue, and involving stakeholder representatives in the process of decision-making (through participation in Board Meetings, CSR Committees and Joint Management Stakeholder Committees).

The key points of engagement are: how to select stakeholders, how to adjust power relationships among stakeholders as well as between the corporation and stakeholders, and how to guarantee a democratic process of engagement.

Engagement has several merits: knowing expectations of stakeholders, acquiring a license to operate, building trust relationships, reducing transaction costs, identifying new trends, and acquiring hints for innovation. Partnership with stakeholders is expected to help create new ideas, possibilities and innovation.

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Stakeholder Mapping

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Business activities are conducted through mutual relationships with various stakeholders and one of the most fundamental issues for management is the development of trust relationships. It is important for each company to identify who its key stakeholders are and what expectations and demands they have, and to embed those demands and expectations in the management process [1, 2]. A stakeholder map enables managers to see where stakeholders are located and their respective significance in terms of business objectives and process.

Core stakeholders differ depending on industries and businesses. For example, a downstream industry such as retail should focus on earning the trust of consumers as their core stakeholders. It is essential for companies in the retail industry to disclose how their products are safe and environmentally friendly. On the other hand, for an upstream industry such as mining, its core stakeholders are the natural environment and the regional community engaged in mining business. Furthermore, even in the same industry, core stakeholders differ depending on the history and the size of the company.

Another important issue is to understand the relationship between overseas affiliated companies and local stakeholders. Since each nation has a different social construction, culture and legal regulations, each company needs to address its social issues appropriately in respect of these national differences.

In order to map all stakeholders relevant to the business process, an effective approach is to look at where they are situated from the perspective of business strategies in value chain. In the manufacturing industry, for example, each company needs to address the economic and social issues relevant to each phase, such as procurement of raw materials, production, and selling to end-users, while also taking into account the relationship with stakeholders at each phase and the priority of each phase in terms of the overall process. Market societies contain both demanding and cooperative stakeholders. There are also dormant stakeholders, some of whom could turn out to be active and influential. Stakeholder engagement is necessary to understand the voices and actions of such stakeholders.

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Stakeholder Thinking

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'Stakeholder' is at the center of stakeholder thinking. Hence the meaning of 'stake' and 'holder' are important within the stakeholder thinking. Simple, the word 'stake' means a right to do something in response to any act or attachment. Since, rights are generally attached with liabilities, this word also denotes liabilities of someone for enjoying a particular right. A stake could be a reasonable share of something. From the organizational stakeholder perspective, Carroll identifies three sources of stakes: ownership at one extreme, interest in between and legal and moral right at the other extreme [1]. The word 'holder' is comparatively easy to understand. It denotes a person or entity that faces some consequences or need to do something as a consequence of act or to meet a certain need. Combining these two sets of meaning, stakeholder can be defined as 'any group or individual who can affect or is affected by the achievement of the firm's objectives' [2]. For instance, the employees, customers, investors, competitors, government, non-governmental organizations (NGOs) can be the stakeholder of a company.

Stakeholder thinking argues that, organizations in the society have responsibility (in other words the stakeholders have rights) to consider the views of their stakeholders in organizations' internal regulation. It challenges the central position of managerial capitalism. There could be two arguments that have prompted this challenge. The first argument considers that today's organizations (for instance, companies) are no longer fit for the old modelled governance. It argues that the concept of ownership had shifted from its hard strand and hence organizations can no longer accurately be viewed as private property to its owners [3]. The second argument develops around the power relationship between business and society. It claims that social power comes along with social responsibility and hence failing to mitigate the costs that arise out of organizations' operations must raise questions about the exercise and limit of the powers of organizations.

From an organization management perspective, stakeholder thinking is related to the organizational management involving various stakeholders. For an effective management of organizations, it suggest for a balance amongst the diverse and sometimes conflicting interests of stakeholders within organizations.

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SA8000

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The SA8000 is an international standardized code of conduct created in 1997 by the Social Accountability Accreditation Service. It is a multi-stakeholder code aimed at safeguarding the fundamental rights of workers and employees in enterprises. Based on the Convention on the International Labour Organization and allied human rights instruments used at the international level—including the Universal Declaration of Human Rights and the UN Declaration on the Rights of the Child—SA8000 particularly prohibits child labour, under the age of 15 in most cases [1].

The SA8000 prescribes for a 'social management system' that is effective at safeguarding the fundamental rights of the workers and employees in organizations. It suggests that business organizations need to develop their management systems in such a way that they include policies on and procedures for ensuring human and labour rights. Many studies stand for SA8000 suggested management system in facilitating a continuous improvement of labour rights related compliance of organizations [2, 3].

Global brands and retailers depend on SA8000 accreditation to be sure that their supplier enterprises meet the basic standard for a safe and healthy working environment, including safe drinking water, clean rest room facilities, applicable safety equipment and necessary training. It provides guidelines for companies to deal with non discrimination, freedom of association and compensation provisions. Following SA8000 guidelines, an enterprise can improve its staff morale, business partnerships, competitiveness, less staff turnover, and worker-manager communication.

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Stockholm Convention

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Persistent organic pollutants (POPs) are toxic carbon based chemical compounds that not only pose a threat to both human health and the environment but also persist for long time periods in the environment and accumulate in the fatty tissue of living organisms [1]. The Stockholm Convention on POPs, also called the POPs Convention, deals with global elimination, restriction, continued reduction, waste management, research, information exchange, technical assistance, financial mechanisms, and preparation of National Implementation Plans (NIPs) for POPs. The convention was adopted on 22 May 2001 in Stockholm and entered into force on 17 May 2004. It is one of the few globally accepted instruments concerned with action against some of the most dangerous human induced health hazards in the world, as opposed to the past traditional approach of controlling the release of chemicals in the hope that the environment will dilute and assimilate them.

The treaty builds upon the work of the United Nations Environment Programme (UNEP) that started in the early 1980s, and continued with the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (1989) and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (1998). One of the main issues of the POPs convention is the elimination of the original 12 chemicals listed in Annex A (plus the nine chemicals added in 2009), which include pesticides, industrial chemicals, or byproducts. Another issue is the restriction of the use and production of POPs listed in Annex B (including DDT), which do not have viable alternatives at the moment. These should also be eliminated with the advent of alternatives. A third issue is the continued reduction of POPs listed in Annex C. The governing body of the treaty continues to meet annually and review new proposals for listing new chemicals under the Annexes. It also continues to work in coordination with the governing bodies of the Basel and Rotterdam Conventions.

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Strategy

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Strategy is mainly a militarian term that is used in business to identify the planned efforts to achieve the specific goal of an organization with its existing resources. Thereby, with an appropriate strategy, the existing resources can be used more effectively and efficiently. There are five definitions of strategy described by notions such as plan, ploy, pattern, position, and perspective that are all interrelated [1]. In this regard, common strategic options used in the process include quality, focus (on a product or market), value, innovation, customer intimacy, or being global [2]. But most importantly, organizations need a well-defined business scope in order to develop winning strategies through creative thinking.

According to Porter, "Strategy is the creation of a unique and valuable position, involving a different set of activities. If there were only one ideal position, there would be no need for strategy" [3]. Thus, today, strategy is regarded as a more important concept for all organizations to achieve its goals despite the intensive business environment that is unpredictable most of the time. It's clear that business corporations should foresee the future and have to keep up with the changes in the dynamic market by evaluating and updating their strategies. Therefore organizations require flexibility as an understanding in achieving success in the long run. In this regard strategy is a concept bringing in that flexibility organizations need to deal with the uncertain future. Therefore strategy is an active process of achieving an organizational advantage in the changing environment and it's about being one step ahead when compared with the competitors.

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Sullivan Principles

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The Sullivan Principles are a corporate code of conduct for human rights and equal opportunity, conceived by the African-American preacher, civil rights leader and social activist Leon Howard Sullivan. There are two codes of conduct to be distinguished: the original Sullivan Principles that were introduced in 1977 and the new Global Sullivan Principles, which were published in 1999.

In 1971, Sullivan became a member of the board of directors of General Motors, which was one of the largest employers of the black population in South Africa at this point of time. Sullivan used his position to initiate an international campaign to oppose the system of apartheid in South Africa. The Sullivan Principles developed afterwards in 1977 included six general requirements (later seven) for corporations concerning equal rights and the equal treatment of employees. Being endorsed and implemented by a number of U.S. corporations operating in South Africa, the Sullivan Principles came to be considered an effective measure for opposing discrimination against black people in South Africa and to end the apartheid regime.

In order to place a greater emphasis on the reinforcement of human rights, these initial principles were relaunched as the Global Sullivan Principles of Corporate Social Responsibility by Sullivan and the former United Nations General Secretary Kofi Annan in 1999. The objectives of the Global Sullivan Principles, e.g., are to support economic, social and political justice by companies in the places where they do business; to support human rights and to encourage equal opportunity at all levels of employment, including racial and gender diversity on decision making committees and boards [1].

The principles target companies of any size. Each company that wishes to support the principles is expected to provide an annual report on the progress made to ensure and to demonstrate continuous commitment to the principles.

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Supply Chain Management

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Although some sources use the terms logistics and supply chain management interchangeably, supply chain management is a concept with a larger scope when compared with logistics. Supply chain management is a different perspective on managing a company's business networks and thus it extends the individual logistics function and focuses on integrating all business processes throughout the supply chain.

The supply chain is defined as "the network of organizations that are involved, through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services in the hands of the ultimate customer [1]." The scope of supply chain management encompasses this network of organizations, which in turn includes suppliers and customers belonging to different tiers.

A supply chain management framework has three main elements. These elements are supply chain processes, management components and supply chain structure [2]. Customer relationship management, customer service management, product development and commercialization, demand management, order fulfillment, manufacturing flow management, procurement and returns channels are all supply chain processes. Product structure, organization structure, culture and attitude, planning and control are among the management components. Supply chain structure deals with the length of the supply chain, the nature of the relationships between specific supplier or customer groups or the common processes that will be managed in partnership with other members of the chain. Therefore, logistics management is a function of supply chain management that plans, organizes and controls the two-way flow and storage of goods, services and information from raw materials to the final consumer in order to meet customer requirements [3]. Supply chain management is the integration of all business processes between the members of the supply chain in order to achieve sustainable competitive advantage in today's markets where the real competition is not between individual enterprises but between supply chains.

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Sustainability Leadership

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Sustainability leadership entails a focus of all management actions and activities on the economic, environmental and social objectives of a company, as well as on the interdependencies between them. Running a company that is genuinely oriented towards sustainability involves more than merely implementing a separate programme "in addition" to existing, conventional processes. Rather, it is essential that sustainability be integrated into all divisions of corporate governance and integrated into the company's working culture. Therefore, management commitment to the concept of sustainability is fundamental. An important role is also played by appropriate quality, environmental, and socially-oriented management systems that may possibly be merged into an "integrated management system". Within such management systems, sustainability-oriented objectives must be formulated and—based on all management and output processes—implemented into decisions [1].

However, sustainability-oriented leadership goes beyond the abovementioned orientation towards sustainability and must also be embodied in leadership approaches towards employees. This has several implications. Firstly, leadership must ensure that employees base their actions on sustainability-oriented goals. To this end, incentive schemes for example may be a possible starting point. The aim is, however, not only to change behaviour, but also the attitudes of employees towards sustainability-oriented business goals and guidelines. Secondly, the process of employee leadership itself also needs to be sustainability-oriented. For this purpose, an appropriate management style is required. To make this possible, the considerable sustainability-oriented selection and training of managers is of importance. Sustainability-oriented leadership can only succeed if an appropriate business culture exists, underpinned by successful management systems and the right concepts of employee leadership [2, 3].

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Sustainability SWOT

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The Sustainability SWOT (sSWOT) was developed by the World Resources Institute (WRI) based on the traditional framework of SWOT (**S**trengths, **W**eaknesses, **O**pportunities, **T**hreats) to help companies take action on environmental challenges that create real business risks and opportunities. It also pushes companies to explore collaboration with internal departments, as well as suppliers, customers, or other stakeholders on strategies to create and sustain long- term value.

WRI's sSWOT adapts and strengthens the traditional SWOT by prompting teams to start with the big picture, then focus on the firm; to think broadly to create new value or assess value at risk, and to find a "collaborative edge" by leveraging core competencies and addressing vulnerabilities with partners. sSWOT can be employed to assess a company's internal strengths and weaknesses, in relation to the external opportunities and threats, and to identify new risks and opportunities, as well as new ways of communicating complex issues to colleagues. The graphic below provides the new sSWOT guide:

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[1] WRI. (2012). *sSWOT: A sustainability SWOT-user's guide*. Washington: WRI. http://www.wri.org/publication/sswot-sustainability-swot-user-guide. Accessed on 26 March 2013.

Sustainable Business Model

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A sustainable business model (SBM) is a business model that supports, expresses or realizes the sustainability strategy of a firm. If a firm pursues a sustainability strategy it is assumed that it aims at sustainability or recognizes sustainability as one major formal end [1]. However, there are others ends such as efficiency and effectiveness which can come into conflict with sustainability. As a consequence, to have a SBM does not exclude conflicts in the process of decision-making which have their origin in conflicts among the formal ends.

A business model links strategy to performance. It is built on decisions concerning the formal structure of an organization and is influenced by its informal structure (routines, habits, and customs). The concept of business model is grounded in theoretical perspectives from management studies and marketing theory which have extended the narrow focus on the analysis of the administrative structure of the firm or the product market strategy [2]. SBMs include the analysis of exchanges with external stakeholders such as customers, suppliers, and the government. SBMs are thus open business models. In this regard, their subject matter is not restricted to exchange but includes the structure of relationships in markets.

The concept of business model is a focus term that describes how an organization assumes to fulfill its part in the process of (co-)creating value and has designed organizational processes in order to achieve its main ends. As a mental representation of the decision-makers, the business model influences the structure of internal and external transactions of an organization. Through this, the business model shapes the organization's institutional logic. SBMs are business models which incorporate the cognitive role [3] of sustainability for their way of value (co-) creation and thus their interaction with stakeholders.

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Sustainable Consumption

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The concept of Sustainable consumption is derived from the broader terms of sustainability and sustainable development. Like these other terms, sustainable consumption is eclectic and enigmatic. It is also fluid as the exact meaning is constantly shifting due to the political idiosyncrasy of stakeholders involved in its discourse.

Striped of niceties, sophistications, and contradictions, sustainable consumption can be defined as consumption that meets the needs of the present society without truncating the chances of future generations and indeed all section of present generation from achieving at least the same level of present consumption. Broadening this, sustainable consumption has been defined as "the use of services and related products which respond to basic needs and bring a better quality of life while minimizing the use of natural resources and toxic materials as well as emissions of waste and pollutants over the life cycle of the service or product so as not to jeopardize the needs of future generations." [1].

Sustainable consumption is related to sustainable production. The connection is made clearer when stakeholders' approach to consumption is discussed. Looking at consumption from this lens, current consumers are expected to factor in the effect of their consumption on the *planet, people, and profit of companies*, which hitherto was not the case. The dimension of profit highlights the issue of sustainable production, which seeks to produce products that satisfy the needs of present and future generations without hurting corporate profit, the planet, and consumers themselves. This approach clearly brings to the fore the social responsibility of firms to consumers and the planet as firms seek to attain economic goals. Extending the meaning further, the consumer social responsibility to firms and the planet can also be argued as consumers can deploy the power of choice in making consumption to encourage firms that engage in sustainable production. Finally, both sustainable consumption and sustainable production are obvious channels for corporations and consumers to engage in socially responsible behavior, which will guarantee planet's natural responsibility to sustain consumers and corporations.

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Sustainable Development

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The term and process of 'sustainable development' evolved out of the environmental movement between the 1960s to the 1980s. It was driven by an increasing awareness about the limits to global resources and is expressed in a number of popular publications and international conferences. Those include Silent Spring, by Carson in 1962, The Population Bomb by Ehrlich and Ehrlich in 1968, The Limits to Growth by the Club of Rome and the United Nations Conference on the Human Environment in 1972, the first World Climate Conference in 1979 or the The Global 2000 Report to the President by Council of Environmental Quality and the United States Department of State in 1980. This development culminated in the publication of a report by the World Commission on Environment and Development (WCED) called 'Our common future', popularly known as the Brundtland Report in 1987 [2].

This report provided the most prominent definition of sustainable development. It is defined as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' [1]. This definition is very broad and open to criticism. It is for example neither clear whose needs the definition is referring to nor what the needs of future generations will be. This definitional confusion is also a consequence of two opposing perspectives on how to organize the relationship between humans and non-human nature: the anthropocentric or human-centred perspective and the ecocentric or ecosytstem-centred perspective. In general, it can be said for sustainable development to be successful a change away from the dogma of economic growth to building system resilience and adaptive capacity applying an interdisciplinary and integrated approach is required [2]. This is particularly important to eliminate poverty and hunger, educate, house and employ people, secure peace, security and freedom and to preserve the Earth's life support systems for future generations [3]. At the same time, humanity has to accept that sustainable development is a process that will potentially never reach an end-point.

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Sustainable Energy for All

Liangrong Zu

Sustainable Energy for All (SE4ALL) is a global initiative led by the United Nations to achieve universal energy access, improve energy efficiency, and increase the use of renewable energy.

SUSTAINABLE ENERGY for all is an initiative launched by the United Nations Secretary-General and guided by his High Level Group that brings all key actors to the table to make sustainable energy for all a reality by 2030. It provides solutions for some of the toughest global challenges society faces—poverty, inequality, energy security, climate change and environmental protection. SE4ALL has such three major objectives as ensuring universal access to modern energy services; doubling the global rate of improvement in energy efficiency, and doubling the share of renewable energy in the global energy mix.

SE4All is about driving actions and mobilizing commitments to positively transform the world's energy systems. The Secretary-General's High-Level Group on Sustainable Energy for All has created a Global Action Agenda to guide efforts undertaken in support of achieving the initiative's three objectives. It contains 11 Action Areas and provides a framework for identifying the high impact opportunities that will catalyze change and prompt innovation. Using this framework, countries and stakeholders can create their own pathways towards Sustainable Energy for All. The Action Areas are grouped into two categories—sectoral and enabling. The seven sectoral Action Areas address both power generation and the principle sectors of energy consumption. They include: Modern Cooking Appliances & Fuels; Distributed Electricity Solutions; Grid Infrastructure & Supply Efficiency; Large Scale Renewable Power; Industrial & Agricultural Processes; Transportation; and Buildings & Appliances. The four enabling Action Areas characterize cross-cutting mechanisms designed to support effective sectoral action and address existing obstacles. They include: Energy Planning & Policies; Business Model & Technology Innovation; Finance & Risk Management; Capacity Building & Knowledge Sharing [1].

The Year 2012 was designed as the International Year of Sustainable Energy for All by UN General Assembly resolution in 2010. It attempted to correct what many

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working on energy and development issues had for many years argued was a major error in not including action on energy poverty in the Millennium Development Goals.

[1] UN, *Sustainable energy for all: Actions and commitments*. http://www.sustainableenergyforall.org/actions-commitments. Accessed on 22 February 2013.

Sustainable Fashion

Laura Stanszus and Samira Iran

Sustainable fashion refers to clothing which is designed, produced, (re-)used and disposed in a way that is aligned with the concept of sustainable development. The goal of sustainable fashion is thus to reduce environmental and social impacts of the conventional fashion industry, whose production processes traditionally are strongly polluting, as well as being associated with systematic labor and human rights law abuses in manufacturing countries [1]. Each step in the complex production and usage cycle of fashion needs to be transformed in order to create sustainable fashion.

In the first step, the design process, waste of cutting fabric or yarn are minimized. Intelligent garments, easily taken care of by the end user and long lasting, are created by the designer. Instead of fast changing trends, more timeless pieces are considered. In the sourcing and manufacturing phase of sustainable fashion, networks of trade unions, governmental institutions and corporations are managing workers rights to ensure fair treatment. The material sourced has the least environmental impact possible, including organic cotton, environmentally friendly synthetic fibers or the re-use or recycling of old materials. The processing of the garments, dyeing and bleaching e.g, becomes more sustainable by utilizing natural dyes or dyeing in closed-loop systems. Environmentally polluting finishing processes such as “crease-free” are not applied. Transportation and distribution practices are optimized, too, e.g. by changing to ways of transportation with lower environmental impact [2].

In the usage phase, washing less frequently and at lower temperatures, longer wearing periods and decreasing amounts of clothes bought as well as proper feeding back into the system for recycling after use, are examples of sustainable fashion consumption [1]. This phase accounts for a large part of total energy use. In sustainable fashion, discarded garments are mostly re-used are not being sent to landfill. Through second-hand markets, recycling or upcycling, the life-cycle of sustainable fashion is further extended.

Beyond the actual production and usage phases of clothing, the concept of sustainable fashion must encompass the social and cultural dimensions of fashion,

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as well as value and belief systems. The inclusion of these immaterial parts of the industry is crucial for its transformation. Sustainable fashion is nothing which is ready for sale; it needs to be created by joint responsibility of companies, consumers, and other stakeholders.

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Sustainable Marketing

Gökçe Özdemir Bayrak

Sustainable marketing is the contemporary description of an "environmentally enlightened" approach to marketing that has been around for several decades [1]. From a sustainable perspective, marketing requires reevaluation of its dimensions and adoption of "green" implications that depends mainly on strategic thinking and leadership to create a better world for the future. Since imbalanced and irresponsible acts of corporates may result with environmental deterioration, the sustainability of environmental quality is regarded as one of the growing concerns of businesses and societies. Today, with the increase in environmental awareness and consciousness, tougher pressure of society exits for business to focus on sustainable issues. This pressure forces corporates to apply more sustainable friendly implications and apply more strict regulations to minimize the environmental problems.

Sustainable marketing involves green marketing activities in such as product design, production and packaging that aim to support sustainable economic growth. Corporates should conduct business through sustainability in order to contribute in sustainable development and positively affect the future generations' quality of life. Thereby, sustainable marketing should contribute to finding feasible trade-offs between business and environmental concerns while it is an appeal to accept the limitations of marketing philosophy and acknowledge the necessity of regulatory constraints to the market mechanism [2]. A fully sustainable view of marketing is that it not only has to take into account eco-management of resources in meeting customers' and firms' needs, but also pays greater attention to organizational-environmental configurations that are dynamic, flexible and provide space for dealing with uncertainty [3].

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Sustainable Supply Chain Management

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Sustainability, as a concept is related to enduring and is also adopted as a development perspective for nations, it upholds that development policies should be based on the three main pillars which are the environment, economy and society. As the philosophy of sustainable development is adopted by nations, it is disseminated to the lower layers like local management authorities and corporations. Corporate sustainability refers to the adoption of sustainability principles by corporations, the main engines of growth in free economies. As supply chains are composed of networks of organizations, the sustainability adoption throughout these networks is called the sustainable supply chain management.

Sustainable supply chain is defined as "the management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e., economic, environmental and social, into account which are derived from customer and stakeholder requirements [1]." Sustainable supply chain management detects and specifies the customers and stakeholders that are affected by supply chain processes, and strives to align these processes in accordance with environmental, economic and social goals.

The UN Global Compact [2] provides a framework for an enhanced and standardized understanding and application of sustainable supply chain practices by extending the ten Global Compact principles throughout the supply chain. These ten principles cover the fields of human rights, labor standards, the environment and anti-corruption. Companies may apply sustainable supply chain practices by controlling the working conditions at their suppliers', by measuring the non-renewable resource consumption levels of the suppliers, service providers or customers and by preventing corruption in integrated business processes throughout the supply chain.

The overall sustainable supply chain management process can be divided into two main headings, namely (1) supply chain management for sustainable product design and management and (2) supplier management for sustainability risk and performance [1, 3]. The first concept deals with designing sustainable products in

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partnership with supply chain members. The second concept pays attention to measuring the risk and performance of supply chain members in terms of sustainable practices.

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Sustainalytics

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Sustainalytics is a global leader in sustainability research and analysis, serving investors and financial institutions around the world. It is a global responsible investment research firm specialized in environmental, social and governance (ESG) research and analysis. The firm offers global perspectives and solutions that are underpinned by local experience and expertise, serving both values-based and mainstream investors that integrate ESG information and assessments into their investment management.

Sustainalytics was created in 2009 by Jantzi Research, a Canada's leading social investment analysis firm, through merging with Europe's leading responsible investment services provider. This merger is the natural result of a long-standing collaboration between the two research firms. Globally the firm operates as Sustainalytics and as Jantzi-Sustainalytics in North America. Sustainalytics is backed by committed shareholders; Triodos Bank, MeesPierson, PGGM and Michael Jantzi.

Sustainalytics supports investors with the development and implementation of responsible investment strategies. Sustainalytics' research is used by investors to integrate environmental, social and governance factors into their investment processes. Sustainalytics has a wealth of experience in working together with a diverse set of clients and we fully understand the specific needs of institutional clients and investment issues around Environmental, Social and Governance (ESG) topics. Sustainalytics provides a wide range of solutions, including for investors, it provides company research, responsible investment policy development; for corporates, it provides benchmarking and training, and for civil society, it provides donor screening and risk assessment services.

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[1] Sustainalytics, information available at http://www.sustainalytics.com/about-us. Accessed on 21 September 2013

Sustainable Tourism

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Sustainable tourism applies the concept of sustainable development to the tourism industry [1]. It is probably the most important theory (and process) that influenced tourism since the 1990s. A widely used definition was developed by the United Nations World Tourism Organisation. It defines sustainable tourism as:

> 'Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities.' [3]

Nevertheless there is no one agreed definition, but most researchers consent that sustainable tourism respects a destination's socio-cultural, economic and natural environments [2] by maximizing the benefits from tourism while minimizing its negative impacts. Additionally, it could be argued that the political environment is of major importance as it provides the framework that facilitates or hinders the sustainable development of tourism at a destination.

Generally, sustainable tourism development is a continuous process that necessitates the informed participation of all relevant stakeholders as well as constant monitoring of impacts to be able to introduce preventive and/or corrective measures when necessary [3]. It is often linked to the concept of carrying capacity and its success is measured by using different indicators that are customized for a particular attraction and its environment. Critical points of discussion include the temporal (e.g. years, indefinite) and spatial scales (e.g. local, regional, national, global) that should be taken into consideration as well as the critical decision to take a tourism-centred approach or a much wider perspective that analyse all the impacts created by a tourist.

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Strategic CSR

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Strategic corporate social responsibility (CSR) may be broadly defined as socially responsible practices that are expected to create benefits for society as well as for the corporation engaging in said practices and its shareholders [1, 2]. Two of the more zealous supporters of strategic CSR, Michael Porter and Mark Kramer, denominate this creation of benefits for both the corporation and society, creation of shared value [2]. Given that short-term pressures faced by corporations often preclude indiscriminate investments in this type of value creation, strategic CSR should be viewed as a long-term investment in a company's future competitiveness [2]. That is, the investments pertaining to strategic CSR are not expected to have an immediate pay-off. This is a type of investment which incurs costs but will usually be short term in nature and would require continuous outflows and would consequently result in long term benefits to the company and its stakeholders. Prime examples of this type of benefits are those related to the enhancement of employees' corporate commitment or the strengthening of corporate reputation. Regarding corporate reputation, albeit its improvement through its strategic standing. Strategic CSR is somewhat debatable because of its widespread adoption by corporations of different types and the increasing distrust of the public about the true meaning of CSR. It is still one of the main avenues by which firms can gain competitive advantage over their rivals [3].

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Strategic Management and CSR

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Strategic management is "a set of managerial decisions and actions that determines the long-run performance of a corporation" and should be taken as a process, including environmental scanning, strategy formulation, strategy implementation, and evaluation and control [1]. Today, corporate social responsibility (CSR) has also been seen as the integral part of this process and companies identify a CSR strategy also. Strategic management process usually starts with developing a clear vision and mission statement, and companies should involve their priorities in social responsibility agenda at this stage. Integrating social, environmental, and economic responsibilities into the companies' vision and mission statements can be a guiding principle for all managerial and operational decisions within the company.

Particularly after the occurrence corporate frauds in America during the last decade, most people are expecting more socially responsible decisions from the strategists and managers of companies. The best way of doing this is to develop and integrate a responsibility approach within the whole framework of strategic management process. All interested parties and related stakeholders should be involved into the dynamic nature of this process. For instance, traditionally, the environmental scanning of this process is focusing on the competitive and financial aspects of a firm [2]. However, the company should monitor its strengths, weaknesses, opportunities, and threats (SWOT) from a socially responsible perspective also and perform a SWOT analysis of its social responsibility approach. When choosing a CSR strategy based on this SWOT analysis, a firm can have four options: the shareholder strategy that sees CSR as "a component of an overall profit motive. . .maximizing shareholder returns", the altruistic strategy in which business sees itself as part of community and tries to give something back, the reciprocal strategy that is pragmatic in nature and seeks to "resolve the conflicts between economic objectives and intense social, moral, and environmental expectations of society", and the citizenship strategy which takes CSR in a broader scope and tries to balance the diverse interests of various stakeholders [3].

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Subsidiarity Principle

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The principle of subsidiarity is based on the idea that decisions should be made at the lowest and smallest level possible. It rests on the belief that any matter is decided best by the authority or institution that is the closest to the ones that are affected by the decision taken. A higher authority or institution should only take action when the power and capacity of the lower level is exceeded. The concept of subsidiarity originated in the social doctrine of the Roman Catholic Church [1], but today it is widely applied in the fields of government, management, and economics.

In general, the subsidiarity principle can be seen as a principle of social organization, which emphasizes the responsibilities of individuals in a society and promotes decentralized processes. In addition, the principle can help to limit the power of individuals since the intervention of higher authorities is possible, but also allows for support if the power and capacity of lower authorities should not be sufficient for addressing a matter. This approach is especially important on the community level, e.g., a town or a district, in order to ensure that decisions are made as "closely" to the citizen as possible.

Moreover, the principle is essential for governmental systems based on federalism. In federal states, e.g., the United States, Canada, Germany and Australia, the power to govern is divided between central, state, and local governments. Sovereignty is ceded to local governments so that the state's existing power functions cannot be changed readily by the central government. In contrast, in unitary states such as the United Kingdom, almost all powers are concentrated in a central government. Local governments can only perform the powers given to them by the central government. The subsidiarity principle is an explicit part of the Treaty of the European Union and thus has become a key constitutional principle of the EU. It legally defines the competences shared in the European Union and ensures that the EU cannot interfere in the affairs of member states, unless the EU is able to act more effectively than those states [2].

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Sustainable Entrepreneurship Award

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The Sustainable Entrepreneurship Award (SEA) *(www.se-award.org/en)* is the biggest international prize awarded annual to reward and motivate those who have made exemplary contributions to the field of Sustainable Entrepreneurship. It was founded by an Austrian media entrepreneur Christina Weidinger in Vienna in 2011.

The award includes a great deal more than the CSR environmental and climate protection prizes of the past. Going by the slogan "Sustainability is in our hands", the international award honours the entrepreneurs and companies around the world who are creating added value for society and the economy with their innovative ideas and solutions. Pioneers and visionaries who understand and live sustainability as a profitable business model. It is an idea that has now been recognized sustainable by a wide range of high-calibre international supporters and ambassadors, including the President of the EU Commission, José Manuel Barroso, UN Peace Ambassador Jane Goodall, Head of Bertelsmann Liz Mohn, World Innovation Leader Robert B. Rosenfeld, Ernst Ulrich von Weizsäcker and many others [1].

In 2013, no fewer than 260 entrepreneurs from 30 countries around the world submitted their innovative projects. The high-carat SEA jury, which is chaired by the President of the European Forum Alpbach Franz Fischler and whose members include internationally-acknowledged experts such as Brigitte Mohn of the Bertelsmann Foundation, international CSR expert Liangrong Zu, the founder of Transparency International Peter Eigen and many others, selects the best projects every year.

The most innovative ideas from around the world are premiered annually in 8 different spheres of action, and presented with special awards (SEA Best Idea and SEA Best Project as well as SEA of Excellence) at a gala held at the Hofburg in Vienna [2, 3].

The SEA with its awards and its series of events (e.g. SEA Forum) show what is required to start "thinking outside the box". Sustainable Entrepreneurship is the profitable business model for the future—and used correctly, could be the engine of innovative development and the way out of the economic crisis. "Sustainable Entrepreneurship—Business Success through Sustainability", authored by SEA founder Christina Weidinger, SEA Jury Chair Franz Fischler, and CSR expert René Schmidpeter, is a book for academic and business leaders.

The book provides a comprehensive understanding on the concept of Sustainable Entrepreneurship and its relevance to latest management approaches. Sustainable Entrepreneurship has to be in a company's DNA, and not separated from a company's core business. By doing so companies solve the current problems of

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our time and combine profitable economy strategies to create an added-value for both economy and society [4].

[1] http://se-award.org/en/people/ambassador
[2] http://se-award.org/sites/default/files/presse/Sea_Succeed_S12-13.pdf
[3] http://se-award.org/sites/default/files/presse/Sea_Succeed_S14-17.pdf
[4] http://www.springer.com/new+%26+forthcoming+titles+%28default%29/book/978-3-642-38752-4

Sustainable Enterprise

Christopher Ball

Sustainable enterprise refers to entrepreneurial activity which has a positive impact on the environment and could include initiatives which lead to reductions in carbon emissions, greater biodiversity or waste minimisation. Ventures to do with nature conservation, recycling, renewable energy, eco-tourism and sustainable transport are obvious examples of sustainable enterprise. Incidences of sustainable enterprise also occur in less obvious industries—take the case of "*The Bodyshop*" which adopted a fundamentally different approach to the cosmetics industry, reducing packaging and introducing more sustainable sourcing of products [1]. Although defining the parameters of sustainable enterprise is complex, Schaltegger's [2] framework of *ecopreneurship* (a synonym for sustainable enterprise) is insightful. According to his framework, in order for an organisation to be considered a sustainable enterprise, it should have mass market reach and its innovations should have a high sustainability impact, therefore leading to environmental *creative destruction*, whereby unsustainable economic structures which existed previously are replaced by more ecologically-sound ones. In this sense, sustainable enterprise is inextricably linked with environmental innovation.

Sustainable entrepreneurs are often driven by a different set of motivations than traditional entrepreneurs. Some are more economically-orientated and take advantage of opportunities arising from current market trends favouring sustainability or from new government regulations [3]. In this case, sustainable entrepreneurship is opportunistic. For other sustainable entrepreneurs, their motivations are dominated by their environmental values and they seek to either effect widespread societal change through their ventures or pursue alternative lifestyles through very small-scale craft businesses which have very marginal impact [3].

In terms of the wider context of sustainable enterprise, governmental commitment to protecting the environment and the extent to which it is willing to provide support is crucial. Strong and credible environmental policies, relating to cuts in emissions, limits on waste sent to landfill and energy efficiency, which provide

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incentives and signals for innovation are important. In addition, targeted support in the form of financial inducements, joint projects or assistance in setting up industrial clusters dedicated to green industries, serves to stimulate sustainable enterprise.

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Sustainability Innovation

Sebastian Knab

Sustainability Innovation (SI) can be defined as the market introduction of a new or improved technology, process, product, service, or business model that, compared to previous versions, advances environmental protection and/or social well-being over its entire life cycle. In the literature a variety of related terms is used to address the connection of sustainability and innovation, e.g. sustainability-oriented innovation, sustainability-related innovation, sustainability-driven innovation and sustainovation. Although the particular definitions differ in some respects, they overlap to a large extent.

SI is usually characterized as being more complex than conventional innovation due to its multiple target dimensions, i.e. economic, environmental and social, and oftentimes systemic nature. Furthermore, SI is connected to *directional uncertainty*, meaning the risk of negative long term ecological and social side effects particularly associated with new technologies. Additional complexity stems from possible *rebound effects*, which occur when gains in efficiency lead to higher usage and thus an overall increase in the consumption of resources [3].

SI can be analyzed in the dimensions *outcome* and *process*. The *outcome* dimension relates to the type of innovation. It is often argued that the traditional focus on technological and product innovation is not sufficient to address major sustainability challenges. Although their importance is widely acknowledged, additional innovation types are suggested to reduce material usage and address the above mentioned particularities of SI. Promising concepts discussed in the literature include *product-service systems* and *business model innovation* [1, 2, 4].

Regarding the *process* dimension, a variety of approaches to integrate sustainability can be found in the literature, focusing on the process itself (e.g. addition of

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decision steps and sustainability assessments), the people involved (e.g. needed competencies), the innovation culture (e.g. top-management support), the organization (e.g. incentive schemes) and supporting methods (for a structured overview see [1]). Most authors agree on the particular importance of integrating elements of *open innovation* into the process like stakeholder engagement and collaboration of multiple organizations [1, 2].

[1] Hansen, E. G., Grosse-Dunker, F., & Reichwald, R. (2009). Sustainability innovation cube—A framework to evaluate sustainability-oriented innovations. *International Journal of Innovation Management, 13*(4), 683–713.
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Sustainability Reporting Assurance

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The engagement by corporations in activities conducive to sustainable development, that is, corporate sustainability (CS), and the reporting thereof are nowadays important aspects of large corporations' policies and practices. The last few decades have witnessed a tremendous surge in sustainability reporting. This has given birth to an equally fast expansion of voluntary assurance of sustainability reports. The assurance of a sustainability report is about activities designed to lead to published conclusions regarding the quality of the report and the information contained in it [1].

The KPMG International Survey of Corporate Responsibility Reporting 2011 [2] reports that 46 % of the top 250 companies from the Global Fortune 500 and 38 % of the top 100 companies in 34 nations companies currently conduct assurance on their sustainability reports.

The prevailing consensus is that the credibility and quality of sustainability reports is enhanced by its assurance [3]. Among other benefits that may accrue to the organizations which have their sustainability reports assured are those pertaining to improvements in the operations and risk management of its sustainability practices [3].

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The main standards used to inform the work of assurance of sustainability reports are the International Standard on Assurance Engagement (ISAE) 3000, proposed in 2003 by the International Auditing and Assurance Standards Board, and the AA1000 Assurance Standard (AA1000AS), proposed in 2003 and updated in 2008 by AccountAbility [3]. These two standards are primarily used by different types of assurance providers: the ISAE 3000 is used by accounting firms; the AA1000AS is used by assurers other than accountants. Notwithstanding, given that the AA1000AS and the ISAE 3000 are complementary rather that substitutes, with ISAE 3000 focusing on the assurance procedures and the AA1000AS on the quality of the reporting process, the use of both standards is detected in many situations [3].

[1] Global Reporting Initiative (GRI) (2011). *Sustainability reporting guidelines: Version 3.1*. Amsterdam: GRI.
[2] KPMG (2011). *KPMG International Survey of Corporate Responsibility Reporting 2011*. Amstelveen: KPMG.
[3] Martinov-Bennie, N., Frost, G., & Soh, D. S. B. (2012). Assurance on sustainability reporting: State of play and future directions' in contemporary issues. In S. Jones, & J. Ratnatunga (Eds.), *Sustainability accounting, assurance and reporting*. Bingley: Emerald

Sustainability Reporting Guidelines

Manuel Castelo Branco

The engagement by corporations in activities conducive to sustainable development—corporate sustainability (CS)—has become essential to do business successfully. Reporting on policies and practices related to CS—Sustainability Reporting (SR)—is nowadays a generally accepted instrument of corporate accountability and of signalling corporate reputation for sustainability. In its Sustainability Reporting Guidelines, Global Reporting Initiative (GRI) defines SR as "the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development" [1].

In recent years, the GRI Guidelines have established themselves as an important driver in improving the quality of sustainability reports and its utilization by companies has evidenced a remarkable development. According to the KPMG International Survey of Corporate Responsibility Reporting 2011 [2], 80 % of the top 250 companies from the Global Fortune 500 and 69 % of the top 100 companies in 34 nations are now adopting these guidelines in the preparation of sustainability reports.

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The first official edition of the GRI Guidelines dates from 2000, with two new editions being produced in 2002 and 2006. The 2006 version (G3) has been updated and completed, giving birth to the G3.1 Guidelines in 2011. GRI's fourth generation of Sustainability Reporting Guidelines (G4) is being developed and is scheduled for release in 2013. The GRI Guidelines are a framework for reporting on an organization's sustainability performance. They have four key components. The first is composed of the reporting guidelines, which are the core component and consist of: principles for defining the content and ensuring the quality of the report, specific guidance on technical issues that should inform the preparation of the report, and standard disclosures (consisting of: strategy and profile; disclosure on management approach; and economic, environmental and social performance indicators. The second component consists of the indicator protocols, which offer valuable guidance namely on how to measure and report performance indicators. The third component, corresponds to the technical protocols, offer guidance to organizations on how to define the content of its reports. The fourth key component resides in the sector supplements, which are supplements available for specific sectors and include sector-specific performance indicators.

[1] Global Reporting Initiative (GRI) (2011). *Sustainability Reporting Guidelines: Version 3.1*. Amsterdam: GRI.
[2] KPMG (2011). *KPMG International survey of corporate responsibility reporting 2011*. Amstelveen: KPMG.

Sweatshops

Matthias S. Fifka and Lisa M. Fleischhauer

The word sweatshop is an expression with a negative connotation, usually referring to an exploitative workplace, especially in the area of textile manufacturing. Historically, the term was applied to factories in the textile industry in the U.S. and England in the mid to late nineteenth century. These shops were often connected to extremely poor and inhumane working conditions with low wages, overtime, child labor, minimum occupational safety, and poor health conditions. Today, the term rather refers to production sites outside of these countries; primarily to outsourced textile manufacturing situated in developing countries. However, a recent definition by the US Department of Labor specifies a sweatshop as "a place of employment that violate[s] two or more federal or state labor laws governing minimum wage and overtime, child labor, industrial homework, occupational safety and health, workers' compensation, or industry registration" [1]. According

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to this definition, various sweatshops are still existent in the US to this day. However, they are not necessarily restricted to the area of garment manufacturing.

In addition to the garment industry, so-called sweatshops are also typical for the industries of footwear, toys and sports apparel. These factories are usually not owned by large multinational enterprises (MNEs) themselves that are selling the products manufactured, but are often part of a long chain of subcontractors. This is part of the overall goal of certain MNEs to develop a more or less "factory-less" production by outsourcing as much as possible to developing countries due to lower production costs (especially lower labor costs). Problems arising in this context include the lack of regulation and accountability as the sweatshops are usually not owned by large companies, but rather by smaller local enterprises. In general, the number of sweatshops has been growing in recent years due to the harsh competitive environment of the globalized business world [2].

[1] Hapke, L. (2004). *Sweatshop: The history of an American Idea*. New Brunswick: Rutgers UP.
[2] Murray, J. (2003). The global context: Multinational enterprises, labor standards, and regulation. In L. P. Hartman, D. G. Arnold, R. E. Wokutch (Eds.), *Rising above sweatshops: Innovative approaches to global labor challenges*. Westport: Praeger Publishers.

SWOT Analysis

Ron S. Cambridge

SWOT analysis, or SWOT Matrix, is an organised method used to evaluate the strategic feasibility of a business venture or a project by mapping its Strengths, Weaknesses, Opportunities, and Threats. SWOT analysis provides a useful method of consolidating the findings of Environmental (external) Analysis by observing Opportunities and Threats, and Resource (Internal) analysis by examining Strengths and Weaknesses, for the purpose of assessing the strategic viability.

Strengths are attributes of the organisation which provide a source of an advantage over its competitors (e.g. financial resources, economies of scale, reputation) whereas Weaknesses are those features that are the cause of a disadvantage relative to competitors (e.g. poor skills, low quality, weak share price). Opportunities refer to environmental factors that could be exploited (e.g. economic upturn, social or demographic change, new technology), whereas Threats refer to environmental factors which could negatively affect the business (economic downturn, new legislations, political change) [1].

Although SWOT analysis tends to appear in a list form, for it to be meaningful, it should avoid simply cataloguing a list of components, but it should critically

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evaluate these in relations to the organisation for the purpose of goal setting. Thus, a constructive SWOT analysis explores the organisation's competitive advantage and matches these internal strengths to any external possible opportunities. Similarly, it involves the examination of any weaknesses or threats with an attempt to convert these into strengths or opportunities. Whilst not all threats or weaknesses can be converted into a benefit for the organisation, they should still be minimised or avoided.

SWOT analysis is not limited to business organisations, but can also apply to non-profit organisations, governments and their various offices, or individuals, in the evaluation of a product, place, industry or person. SWOT analysis may also be used in planning and preventive crisis management [1].

[1] Lynch, R. (2006). *Corporate strategy* (4th Ed.). Harlow: Prentice Hall

Synergistic Value

Mark Anthony Camilleri

Synergistic value integrates insights from the stakeholder theory [1] the resource based view theory [2] and shared value [3, 4].

The stakeholder theory [1] provides opportunities to align business practices with societal expectations and sustainable environmental needs. Businesses ought to reconcile disparate stakeholders' wants and needs (e.g. employees, customers, investors, government, suppliers etc.). By forging alliances with internal and external stakeholders business can create synergistic value opportunities. This may lead to an improvement in mutual trust and understanding. As a result, there are also benefits for corporate reputation, brand image, customer loyalty and investor confidence. This societal engagement also responds to third party pressures, it lowers criticisms from the public and minimises regulatory problems by anticipating legal compliance.

The synergistic value model [3] presents the potential effect of the government's relationship on the organisations' slack resources. Scarce resources are a facilitator for quality and innovation. Therefore, discretionary expenditures in sustainable practice will result in strategic CSR [3] outcomes including; effective human resources management, employee motivation, operational efficiencies and cost savings, greater productivity outcomes (which often translate in healthier financial results) [3].

This promising notion suggests that there is scope for governments in their capacity as regulators to take a more proactive stance in promoting responsible behaviours. They can possibly raise awareness of social and sustainable practices through dissemination of information; the provision of training programmes and

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continuous professional development for entrepreneurs [6]. They may assist businesses by fostering the right type of environment for responsible behaviours; through various incentives (e.g. grants, tax relief, sustainable reporting guidelines, frequent audits et cetera) [3].

Synergistic value implies that socially responsible and environmentally-sound behaviours will ultimately bring financial results—as organisational capabilities are positively linked to organisational performance. Synergistic value is based on the availability of slack resources, stakeholder engagement and regulatory intervention which transcend strategic CSR benefits for both business and society.

[1] Freeman, E. E. (1994). The politics of stakeholder theory: Some future directions. *Business Ethics Quarterly, 4*(4), 409.
[2] Orlitzky, M., Siegel, D. S., & Waldman, D. A. (2011). Strategic corporate social responsibility and environmental sustainability. *Business & Society, 50* (1), 6–27.
[3] Camilleri, M. A. (2012). *Creating shared value through strategic CSR in tourism*. Edinburgh: University of Edinburgh. https://www.era.lib.ed.ac.uk/handle/1842/6564. Accessed on 10th July 2014.
[4] Porter, M. E., Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*, 17 pages. gen 01, 2011.

Systems Thinking

Massimiliano Di Bitetto and Paolo D'Anselmi

Systems thinking shows that corporations prosper in an environment that involves other effective players: suppliers, the working population, customers and citizens, and government organizations [2]. From a CSR perspective, systems thinking implies that the performance of a corporation is the responsibility of the corporation and of the people working in it, however such performance is also a function of the other players' quality and effectiveness. Therefore all the players in the system bear their own responsibilities not only for themselves, but also for their impact on the system itself, i.e. on society. In fact individual economies are also thought of as "country-systems". From a CSR perspective, systems thinking draws attention to the responsibilities of the organizations surrounding the corporations. We find here other corporations and government organizations. Other corporations' responsibilities are covered by their CSR, whereas government organizations' responsibilities are not currently covered by mainstream CSR. Therefore systems thinking leads to the interesting CSR result of the necessity of government organizations to be

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accountable for their work in society and the economy, since all organizations are all interdependent. Once government organizations are included in the CSR paradigm, we obtain a "CSR for all organizations", which is a different view from mainstream CSR, focusing on corporations' responsibilities. A second line of relevance of systems thinking to CSR Systems thinking is also important for the stewardship of the environment and natural resources [1], which is an integral part of CSR.

[1] Meadows, D. H., Meadows, D. L., & Randers, J. (2004). *Limits to growth: The 30-year update*. White River Junction, VT: Chelsea Green Publishing Company.
[2] Porter, M. E. (1990). *The competitive advantage of nations*. New York: Free Press.

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Tax

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Considering, for example, Carroll's influential view of corporate social responsibility (CSR) as encompassing the economic, legal, ethical, and discretionary responsibilities that a firm has to its stakeholders [1], it is not difficult to establish connections between taxation and CSR, albeit conflicting ones. From the economical perspective, the reduction of a company's tax burden improves its profitability and increases shareholder wealth. From the society's point of view, taxes are indispensable in supporting governmental social programs (such as education, public health care, public transport, among many others). Hence, from a broad CSR perspective, the tax strategy of a corporation can be viewed either positively or negatively.

The association of the payment of corporate taxes with CSR is most often made by considering its implications for the wider community, in view of its role as a means of financing public goods provision [2]. However, corporate taxation also is one important way through which the state intervenes directly in the affairs of corporations, and in that capacity of regulatory tool it is "an important element in managing the delicate balance between corporations, society, and the state" [3].

Nowadays, as a result of the rise of MNEs, which has significantly weakened the regulatory power of the state, one important justification of corporate taxation pertains to the importance it has as a means of the state, as representative of the people, limiting the excessive accumulation of power in the hands of corporate

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management [3]. In this perspective, corporate taxation has both a "limiting function" and a "regulatory function". The former function pertains to the direct limitation of the rate of corporate wealth accumulation, whereas the latter has to do with the provision of incentives and disincentives to particular corporate activities deemed beneficial to society as a whole [3].

[1] Carroll, A. (1991). The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders. *Business Horizons*, *34*, 39–48.
[2] Lanis, R., & Richardson, G. (2012). Corporate social responsibility and tax aggressiveness: An empirical analysis. *Journal of Accounting and Public Policy*, *31*, 86–108.
[3] Avi-Yonah, R. S. (2004). Corporations, Society, and the State: A defense of the corporate tax. *Virginia Law Review*, *90*(5), 1193–1255.

Tax Avoidance

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Tax avoidance is one of the various possible strategies a corporation can use to minimize its tax burden. Thinking in terms of a "tax minimisation continuum" [1], tax avoidance may be considered the less legitimate of the legal tax minimisation strategies (the other major legal practice being tax planning).

It is possible to consider three broad categories of strategies corporation use to practices tax avoidance [2]: first, a corporation can manipulate the prices of goods and services charged internally within the firm, namely by using transfer pricing strategies; second, it is possible for a corporation to arrange its corporate structure and ownership of assets in ways that reduce its tax burden, for example by creating subsidiaries in tax havens; third, it can use certain alternative financing arrangements to gain maximum tax benefit, like thin capitalization.

Whatever the view of the firm one has, corporate strategic behaviour conceived specifically to minimize taxes by way of tax avoidance strategies that is at the expense of society as a whole is not consistent with the notion of corporate social responsibility (CSR) [3]. If one views the corporation as a "real world" entity with social obligations and considers that the payment of corporate tax does affect society, namely through its importance in funding governmental social programs, the CSR obligation is that a corporation should pay its fair share of the tax [3].

[1] Williams, D. F. (2007). *Tax and corporate social responsibility*. London: KPMG.

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[2] Jenkins, R., & Newell, P. (2013). CSR, tax and development. *Third World Quarterly*, *34*(3), 378–396.
[3] Avi-Yonah, R. S. (2008). Corporate social responsibility and strategic tax behavior. In W. Schön, (Ed.), *Tax and corporate governance*. Berlin Heidelberg: Springer.

Tax Evasion

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Tax evasion is one of the various possible strategies a corporation can use to minimize its tax burden. It involves misrepresenting facts to tax authorities by misstatement, concealment or omission [1]. Prominent examples of tax evasion are not declaring income for tax purposes, false accounting or false invoicing on traded goods [2]. Given that it is illegal, it is not considered a legitimate strategy.

Whatever the view of corporate social responsibility (CSR) one takes, whether the broader view that encompasses legal responsibilities or the stricter approach which limits CSR to voluntary initiatives, corporate practices that contravene the law always amount to socially irresponsible courses of action. However, this is only straightforward in the case of the tax evader. The same is not the case for the entities assisting the tax evader [3]. Consider the case of a bank operating in a tax haven that allows the opening of accounts without asking for personal information which would permit the assessment of the illegality of an activity such as the transference by an individual of portfolio capital to the tax haven, benefiting from bank secrecy or financial trust laws to hide this activity [3]. Some would construe the obligation of obtaining the relevant information as a social responsibility of the tax planner [3]. Any steps taken by a corporation to mitigate the harmful effects of third-party tax evasion on the economic well-being of society would presumably be a socially responsible course of action [1].

[1] Williams, D. F. (2007). *Tax and corporate social responsibility*. London: KPMG.
[2] Jenkins, R., & Newell, P. (2013). CSR, tax and development. *Third World Quarterly, 34*(3), 378–396.
[3] Dietsch, P. (2011). Asking the Fox to Guard the Henhouse. The tax planning industry and corporate social responsibility. *Ethical Perspectives*, *18*(3), 341–354.

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Tax Planning

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Corporate tax planning is one of the various possible strategies a corporation can use to minimize its tax burden. Considering the "tax minimisation continuum" proposed by David Williams [1] it may be thought of as the most legitimate tax minimisation strategy. The other strategies range from the illegal tax evasion to legal but less legitimate tax avoidance.

Given that taxes may be thought of as a cost for the corporation, tax planning amounts to strategic behaviour designed to reduce this cost, increase profitability, and enhance shareholder value, without being at the expense of society as a whole. Tax planning may be defined as "the organising of genuine commercial transactions in such a way as to give the lowest possible tax charge or, strictly, the highest possible after-tax profit" [1]. An example of this would be responding to tax incentives provided by governments to encourage certain activities [2].

Given that in both cases there is compliance with the law, the main difference between tax planning and tax avoidance seems to lie in the intention of avoiding or not the purpose or spirit of the law. In a recent briefing of UK's HM Revenue & Customs on "Tackling tax avoidance", a distinction between these two strategies of minimising the tax burden is made on similar grounds [3]: contrary to tax avoidance, which amounts to "bending the rules of the tax system to gain a tax advantage that the legislator never intended", tax planning "involves using tax reliefs for the purpose for which they were intended".

[1] Williams, D. F. (2007). *Tax and corporate social responsibility*. London: KPMG.
[2] Jenkins, R., & Newell, P. (2013). CSR, tax and development. *Third World Quarterly*, *34*(3), 378–396.
[3] HM Revenue & Customs. (2012). *Tackling tax avoidance*. Accessed on 7 October, 2013, http://www.hmrc.gov.uk/about/briefings/briefing-avoidance.pdf.

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Theory of Simultaneous Maximization

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The theory of simultaneous maximization was formulated by Onida [1] and represents an example of how Corporate Social Responsibility is interpreted in Europe.

According to market-based systems (especially widespread in the Anglo-Saxon countries), the managers believe that the shareholder is the most important stakeholder, and his main interest is to maximize dividends. However, bank-based systems (particularly common in Europe) adopt a multi-stakeholder approach, which tries to protect, at the same time, the interests of different stakeholders (customers, employees, shareholders, etc.).

According to Onida, firms not only generate wealth, but also distribute it among their stakeholders. Firms are required to simultaneous optimize dividends, internal funds and wages. Moreover, selling prices should be appropriate to expand the demand for goods and services.

Firms distribute their wealth through four main channels:

- dividends;
- internal funds;
- wages;
- prices.

Apparently, these channels are in conflict among them, especially on the short-term, but in the medium to long-term horizons they are mutually reinforcing. In fact, internal funds (as self-financing) limit the opportunity to distribute dividends. However, in the medium to long term, it leads to more stable yearly income. In case of negative economic situation, the firm can draw on earnings accumulated in previous years, keeping on with the distribution of profits which are consistent and stabilized over time. Moreover, the ability to continuously distribute adequate dividends consolidates market confidence in the firm, which is in this way able to obtain loan capital at advantageous conditions. Thus the firm's profitability is safeguarded, and it is able to continue steadily over time to implement self-financing policies.

The firm must also practice a careful wages policy. To this end, it is counter-productive to simply lower wages, since this will demotivate workers who, therefore, will lower the productivity of labor. For the firm it is instead important to lower the overall cost of labor, without reducing the wage per capita (and if possible increasing it). This is possible through an increase in labor productivity. To survive permanently, firms do not need to minimize wages. Rather, it is required to pay a satisfactory remuneration to employees. Such a remuneration should be proportional to increases in labor productivity.

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Furthermore, the firm survival does not require the maximization of neither selling prices nor the difference between prices and production costs. Rather, the firm is expected to reduce both selling prices and the difference between prices and production costs, so that selling prices can increase the demand of goods or services.

[1] Onida, P. (1971). *Economia d'azienda*. Torino: Utet.

Territorial Social Responsibility

Mara Del Baldo

The concept of Territorial Social Responsibility (TSR) has not been adequately studied, and only recently the European Commission has formally considered the territorial dimension of CSR (Corporate Social Responsibility) [1]. Territorial Social Responsibility is a form of governance cultivated through the diffusion of CSR and sustainability-oriented strategies that are promoted by networks of local actors—public and private, for-profit and not-for-profit (institutions, trade union associations, universities, chambers of commerce, businesses, non-profit organizations, social enterprises, foundations, banks, professional orders, civil society)—who come from the same territory and whose policies are oriented toward sustainable development. When there is a common aim to improve the quality of life that ties together individuals and organizations belonging to the same territory, it is possible to introduce the notion of territorial social responsibility, founded on the rediscovery of shared values that the territory's economic, social, and institutional stakeholders know how to reinforce, thanks to solid networks of relationships. The multi-stakeholders approach to applying CSR to the territory revolves around the value of participation, respect, and the recognition of roles. SMEs (small and medium-sized enterprises) deeply embedded in their respective territories ("territorial companies") play a primary role in promoting pathways of territorial social responsibility, thanks to their rootedness the local contexts (city, province, and region) in which they operate [2].

Recognizing the cultural dimension of CSR, its connection with anthropological and environmental factors present in a given territory [3] means that the territory itself becomes the place in which avenues of sustainable development can be concretely constructed through territorial networks which become a true laboratory of CSR.

[1] EU. (2011). Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee

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of the Regions. A renewed EU strategy 2011–14 for Corporate Social Responsibility. COM 681 final. Brussels, 25.10.2011.
[2] Del Baldo, M. (2010). "CSR and Sustainability: Mission, Governance and Accountability in Italian Smes. The Experience of BoxMarche, a "Convivial" and "Territorial" Enterprise: Toward a "Territorial Model of Sustainability". In M.G. Baldarelli (Ed.), *Civil economy*, *democracy*, *transparency and social and environmental accounting research role* (pp. 289–345). Milano: MacGraw-Hill Italia.
[3] Ringov, D., & Zollo, M. (2007). Corporate responsibility from a socio-institutional perspective. The impact of national culture on corporate social performance. *Corporate Governance*, *7*(4), 476–485.

Tipping Point

Phillip Gordon

A "Tipping Point" is the concept that a certain type of widespread event can happen suddenly as a result of one or more small changes; similar in a way to the physical world where a few dislodged sand grains can cause a dune to collapse [1]. The concept was introduced by Malcolm Gladwell in his book with the same name [2].

The concept is applicable to such phenomena as climate change, revolutions, and social upheavals, as well as to the seemingly "viral" spread of brands and entertainment, and to behavior change such as smoking.

It is often dependent on "influencers," people with many social connections who act to spread the idea, product, entertainment, etc., because other people pay attention to their opinions, behavior, style, etc. It is also dependent on what Gladwell calls "stickiness," the ability of an opinion, idea, product, etc. to be sufficiently memorable that it makes an impression not only on influencers but on their social connections as well. It can also be dependent on the size of the group; smaller groups make change more effective and efficient, something Gladwell refers to as the "Rule of 150." Any group larger than that slows down the transmission of, and increases resistance to, change.

Unfortunately, Tipping Points can also occur with socially and physically destructive behavior, such as murder, suicide, smoking, and adolescent sexual activity [3].

[1] Structured criticality, Accessed on 11 March, 2013, from http://en.wikipedia.org/wiki/Structured_criticality
[2] Malcolm, G. (2002). *The tipping point*: *How little changes can make a big difference*. New York: Little, Brown and Company.

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[3] Bearman, P. S., Moody, J., & Stovel, K. (2004). Chains of affection: The structure of adolescent romantic and sexual networks. *Am J of Sociology*, *110* (1), 44–91.

Tobacco

Wolfgang Hein

German scientific research in the 1930s revealed a connection between lung cancer and smoking, but after World War II said research was discarded because of perceived associations with Nazism. In 1952, Richard Doll (UK) again identified the causal link between smoking and lung cancer, but despite some regulatory measures such as partial advertising bans, health warnings on tobacco packages etc., smoking prevalence continued to rise in the developed world in the following three decades, with governments sometimes reluctant to curtail a habit seen as popular and systematic disinformation efforts by the tobacco industry. A 1962 overview by the British Royal College of Physicians and the 1964 report of the U.S. Surgeon General helped to realize that tobacco use could only be effectively reduced by a multi-pronged policy response combining positive health messages with medical assistance to cease tobacco use and effective marketing restrictions. During the 1980s and 1990s debates and political campaigns increasingly focused on the damage to health resulting from smoking [1, 3].

In 1988 the World Health Organization (WHO) established the *World No Tobacco Day*, and in 1998 the *Tobacco Free Initiative* (*TFI*) was founded by WHO to rally support for the negotiations on the *The Framework Convention on Tobacco Control*, FCTC), which was adopted by the World Health Assembly in 2003 and came into force in February 2005 when 40 State Parties had ratified the Convention (today signed by 177 states). The United Nations Ad Hoc Interagency Task Force on Tobacco Control was established in 1999 by the UN General Secretary to coordinate the task to control tobacco consumption among the 17 UN agencies and two external organizations involved. The Framework Convention Alliance (FCA) organizes more than 350 NGOs to support the FCTC. The TFI is now strongly involved in network-building between tobacco control and other health programs within and outside WHO, supported by the Bill & Melinda Gates Foundation and Bloomberg Philanthropies.

Supporting tobacco control is an important aspect of public health ethics [2]. While the tobacco industry has been fighting WHO activities in this field for a long time (a WHO/TFI publication reads "*Tobacco industry and corporate responsibility. An inherent contradiction*"), Socially Responsibly Investment Funds frequently have refused to invest in tobacco- related enterprises and projects. CSR activities by

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tobacco companies started by charitable activities in various social sectors but now also adhere to harm reduction strategies in smoking, such as bans on advertising and restricting the availability of tobacco to children [4, 5].

[1] Chapman, S. (2007) *Public health advocacy and tobacco control: Making smoking history*. Oxford: Blackwell.
[2] Krebs, J. (2008) *Bulletin of the World Health Organization, 86*(8), 579.
[3] Wikipedia, *Tobacco control*. Accessed on 29 Aug, 2013, from en.wikipedia.org/wiki/Tobacco_control.
[4] Hyatt, J. B. (1996). Corporate giving—Philip Morris launches $100 M anti-hunger drive. *Philanthropy Journal Online*, 10 March. Accessed on 3 Feb, 2014, http://legacy.library.ucsf.edu/tid/hzb60d00.
[5] British American Tobacco (Website): Corporate Social Investment/ Health and Science, http://www.bat.com/group/sites/uk__3mnfen.nsf/vwPagesWebLive/DO52AD87?opendocument&SKN=1.

Tobin Tax

Matthias S. Fifka and Lisa M. Fleischhauer

The Tobin Tax was developed by James Tobin in 1978. It is based on John Maynard Keynes' recommendation to introduce a tax on the financial transactions of companies in order to reduce risky short-term speculations. Tobin's proposition involves a worldwide tax on international monetary transactions [1]. Its goal is to discourage foreign exchange traders from engaging in short-term currency speculation and to encourage economically sensible long-term investments in currencies. It shall thus stabilize the global currency market. Tobin proposed to set a tax rate at a value between 0.05 and 1.0 % of the transaction value. The revenues gained from the tax should, in Tobin's model, be used to counteract problems and crises arising on the global financial market.

Problems which might be linked to the introduction of a Tobin Tax include, among others, the actual organization and implementation of a worldwide tax itself. This is also connected to the introduction of an international surveillance and enforcement institution to control the tax and the distribution of tax revenues, i. e., who receives them and what should they be used for. In addition, the setting of the tax rate might be problematic, as investors are not deterred from short-term speculation if the rate is too low. A rate set too high, however, poses a serious threat to the global economy, as it heavily limits trade.

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The introduction of a tax similar to Tobin's propositions is currently being discussed in the European Union in connection with the financial transaction tax. Such a tax is already imposed on certain areas of trade in a few European countries including France, Belgium, Cyprus, Ireland, Finland, and Greece. Additional countries, including Germany, currently consider its implementation as well. Countries with important financial centers such as the U.K. or the U.S., however, still heavily oppose the tax in fear of damages to trade [2].

[1] Tobin, J. (1978). A proposal for international monetary reform. *Eastern Economic Journal*, 4(3/4), 153–159.
[2] Dietlein, G. (2012). National approaches towards a financial transaction tax and their compatibility with European Law. *EC Tax Review*, *21*(4), 207–211.

Total Quality Management

Ceren Altuntaş

Quality is defined as fitness for purpose or use [5, 1] and conformance to requirements [3]. Total quality management is the philosophy and the action of the management function that plans, controls and improves the whole entity with the aim of achieving excellence in accordance with customer requirements. It is a management perspective which is different from the classical approaches to management which are product-oriented, detection and quality control-focused and hierarchically organized. Total quality management philosophy is customer-oriented, prevention-focused and horizontally organized through quality teams. The application of quality principles is the duty of everybody working in an organization.

This management philosophy has flourished in Japan after World War II although the first statistical control applications were put into place in the USA in Bell Telephone Laboratories by Shewhart. Quality experts like Deming and Juran trained Japanese managers and engineers in quality management and the total quality management principles spread among Japanese companies starting with the automotive industry. In the mid 1980s, the American manufacturing industry also adopted total quality management principles and initiated a transformation in their management processes [2].

There are eight principles of total quality management. These are customer focus, leadership, employee involvement, process approach, system approach to management, continuous improvement, factual approach to decision making and mutually beneficial supplier relationships [4]. All in all, this management philosophy states that customer requirements are essential. All manufacturing activities should be realized in accordance with them. A transformational and delegating

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leader should create a quality culture in the company, and quality should be managed by teams composed of employees from every department and layer in an organization. The specific work steps that are replicated in achieving certain outputs should be defined and managed in an integrated manner with the other components of the whole system. Decisions should be made with reference to actual performance; performance in turn is frequently measured and assessed. Long-lasting relationships should be established with suppliers in order to sustain quality. These practices should continuously be improved through the utilization of quality improvement tools and techniques in order to achieve sustained excellence.

[1] Oakland, J. S. (2009). *Total quality management*: *Text with cases*, Great Britain: Elsevier.
[2] Besterfield, D. H., Besterfield-Michna, C., Besterfield, G. H., & Besterfield-Sacre, M. (2003). *Total quality management*. New Jersey: Pearson Education.
[3] Crosby, P. B. (1979). *Quality is free*: *The art of making quality certain*, New York: McGraw-Hill.
[4] International Organization for Standardization (ISO). *Quality management principles*. Accessed on 25 Feb, 2013, http://www.iso.org/iso/qmp_2012.pdf.
[5] Juran, J. (1988). *Juran on planning for quality*. New York: Collier Macmillan

Trade Union Recognition

Martin Quinn

A key issue for the trade union movement is recognition of the union. A trade union can be said to be recognized when an employer agrees to negotiate with the union on pay and working conditions for the workers represented by the union.

The recognition of trade unions can be voluntary or statutory. Voluntary recognition implies an employer agrees to recognize a trade union without the use of any legal procedures or enforcement by legislation. Voluntary recognition of trade unions exists in countries such as Australia, Ireland and New Zealand. Statutory recognition implies a trade union must be recognized once certain conditions, typically dictated by legislation, have been met. The United States, Canada, and the United Kingdom for example operate adopt this approach. A different approach to statutory union recognition is that adopted by Scandinavian countries, where an automatic right to be represented exists [1]. Trade unions prefer statutory recognition, as they have a legal basis to force employers to recognise and negotiate with the union. Voluntary recognition may be favourable in that it may contribute to a sense of trust between the employer and the union.

Employers can engage in non-recognition strategies such as offering generous pay and conditions or at the opposite end, hinder or block unions in a voluntary

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recognition environment. Non-recognition of trade unions is more typical of Anglo-Saxon countries, where unions are sometimes perceived as being anti-business. Other countries which adopt a more social approach to trade unions, for example Germany and the Scandinavian countries tend to treat trade unions as organization partners and recognition is less of an issue.

[1] D'Art, D., & Turner, T. (2003). Union recognition in Ireland: One step forward or two steps back? *Industrial Relations Journal, 34*(3), 226–240.

Transaction Cost Economics

Rodica Milena Zaharia

Transaction cost economics (TCE) refers to economizing the costs induced by any economic exchange (transaction) that an organization performed in the environment where it acts in order to fulfill its mission. Using an interdisciplinary approach grounded in economics, organizational theory and contract law, TCE theory explains why certain economic tasks are performed within the firm rather in the market. TCE see transaction as the basic unit of analysis, characterized by specificity, uncertainty and frequency, and focuses on specific decision: to make or to buy. TCE see both firm and the market as governance structures, that induces different costs and have differences competences [1]. The concept of TCE is associated to the work of Roland Coase and Oliver Williamson.

Roland Coase discussed the concept of transaction costs in his 1937 paper *The Nature of the Firm*. Coase used the term to predict when some economic activities will be performed by the firm and when will be performed on the market. It is Oliver E. Williamson who extended the research of transaction cost economics and developed the interdisciplinary approach of transaction cost economics theory, through the lens of the organizational theory and contract law.

As Williamson (1989, p. 136) [2] states" Transaction cost economics adopts a contractual approach to the study of economic organization....Transaction cost economics (1) is more microanalytic, (2) is more self-conscious about its behavioral assumptions, (3) introduces and develops the economic importance of asset specificity, (4) relies more on comparative institutional analysis, (5) regards the business firm as a governance structure rather than a production function, (6) places greater weight on the ex post institutions of contract, with special emphasis on private ordering, and (7) works out of a combined law, economics, and organization perspective. Friction, the economic counterpart for which is transaction costs, is pervasive in both physical and economic systems".

Transaction cost economics theory extended it application from commercial or labour contracts, to family relations and public policies.

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[1] Williamson, O. E. (2007). *Transaction cost economics: An introduction, economics discussion papers*. Institut für Weltwirtschaft, No. 2007-3
[2] Williamson, O. E. (1989). Transaction cost economics. In *Handbook of industrial organisations* (pp. 136–178). Elsevier Science Publishers B.V.

Transparency

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Transparency, as used in science, business, engineering, humanities and more generally in a social relationship context implies openness, communication and accountability. Transparency also means acting or operating in such a way that it is easy for others to see what actions are performed. Practicing corporate social responsibility (CSR) through transparency is essential for its effective delivery. This practice could be conducted and promoted internally and externally.

A business promoting internal transparency practices CSR through informing its stakeholders (predominantly its employees) of its CSR core values. For example, implementing a recycling programme, promoting commuting to work using greener transportation, promoting healthy eating, a healthy work life-balance of employees and engaging accounting, auditing and reporting geared towards environmental sustainability [1] communicates the businesses values which are putting the environment and the well-being of employees at the centre. Internal transparency can be of two forms—an orientation towards environmental friendliness or towards the socio-economic wellbeing of employees and workers. A business promoting the socio-economic well-being of its employees and workers ensures that the needs of its workforce are met. A sustainable workforce should not be overworked or living an unhealthy lifestyle. A business meets the needs and well-being of its employees by setting up programmes such as life coaches, anxiety and stress management, relaxation workshops and promoting health through providing gym facilities. A healthy workforce boosts productivity. Transparent allocation of resources is paramount to maintaining a healthy and happy workforce. A business promoting environmental CSR informs its internal structure of switching to greener options. Transparency takes the form of carbon emissions reports and steps to reduce them. It also takes the form of reducing waste and promoting recycling. Encouraging employees and workers in engaging in a sustainable working environment through making ethical choices promotes positive and caring attitude. This is beneficial to a business creating a sustainable organisation and a sustainable workforce.

A business promoting external transparency practices CSR through engaging in coalition activities with other businesses and organisations by promoting both the interests of its shareholders and stakeholders [2]. Making a profit is still the main

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goal of a business however this is done ethically. Forming a coalition with other businesses and organisations solves some of the problems faced by many stakeholders such as diseases and unsustainable livelihoods. A business utilises its wealth as a resource which is coupled with the knowledge of the affected stakeholders. With the combination of wealth and knowledge, the coalition engages in the joint-solving of problems [3]. Transparency lies in the communication amongst the coalition which ensures that the social responsibility is shared [4]. Sustainability is preserved in the act of doing business based on which a sustainable business depends upon its sustainable stakeholders.

[1] Mahonen, J. (2013). Accounting auditing and reporting: Supporting or obstructing the sustainable companies objective? Results of cross-jurisdictional analysis. A paper given at University of Oslo for a Conference on Sustainable Companies: We make it happen (5–6 December 2013).
[2] Global Business Coalition Health http://www.gbchealth.org/
[3] Global Business Coalition Health: Vision, mission and approach http://www.gbchealth.org/about-gbc/mission-and-approach/
[4] Ang, Y. S. (2014). 'Ethical Outsourcing and the Act of Acting Together', Empowering Organizations through Corporate Social Responsibility, IGI Publishing.

Transparency International

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Transparency International (TI) is a non-profit, non-governmental organisation created in 1993 in Berlin by Peter Eigen, a former World Bank executive, which is devoted mainly to countering corruption. Based in Berlin, its Secretariat is the heart of the organization, fulfilling functions of leadership, coordination and support. It leads TI's international agenda and provides support, co-ordination and advice to the national chapters, which are independent organizations, registered in their own countries and affiliated with TI, that address corruption locally.

According to information extracted from the TI web page in February 2013 (www.transparency.org), TI is present in more than 100 countries through national chapters. Between 2007 and 2010, the Secretariat's budget grew from about €2.8 million to €20 million and the average number of employees increased from 35 to around 120 people [1]. These data serve as testimony of the rapid development of TI and of its significance in the fight against corruption.

TI has played an important role in leading governments to draft and sign the OECD Anti-bribery Convention (1997), the UN Convention against Corruption (UNCAC 2003) and the various regional conventions [1].

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Research is among the most significant contributions of TI [1]. Among its achievements in this area, the following stand out:

- The development of a set of complementary indices to measure perceived levels of corruption in different countries, namely the Corruption Perceptions Index, the Bribe Payers Index and the Global Corruption Barometer.
- The National Integrity Systems assessments, these correspond to analyses of the main institutions of selected countries' governance system in terms of corruption risks and contribution to fighting corruption.

[1] Norwegian Agency for Development Cooperation (NORAD). (2011). *Evaluation of Transparency International*. Oslo: NORAD.

Two Tier Board

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Two tier board is a term which refers to the dual board model and is viewed as the alternative structural solution to the one tier board. Two tier board stands for a corporate governance system where the management and supervisory functions are separated and fulfilled by two different groups—the management (executive) board and supervisory board, respectively. By definition the mandates of the two boards are kept separately. The supervisory board is appointed by the general shareholders at members' meetings and plays the function of protecting the shareholders' and stakeholders' rights. The management (executive) board is appointed by the supervisory board and is responsible for running the company daily operations. Two tier board functions in continental Europe (Germany, Austria, Denmark, Finland, Netherlands, Norway, Switzerland, Poland). Although the law allows a company to choose the board model it wishes to adopt in Italy, France and Spain, only a small fraction of about 10 % of companies adopt the dual model [1].

Two tier board is viewed as the corporate governance model which provides for more independence and objectivity in the evaluation of the executive work as all supervisory board directors are non executives. However, the business practice indicates that the supervisory board tends to be dominated by the majority shareholders' representatives which to large extend is the result of the ownership concentration identified in countries where the dual board function operates. Moreover, the experience of the German supervisory boards reveals significant involvement of employee representatives (50 % of board seats) and the presence of the bank representatives (about 10 % of board seats) [2]. In effect, the supervisory board very often shows low participation of independent directors and low levels of diversity. Despite the greater objectivity the supervisory board often faces the lack

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of sufficient information on executives' performance and requires the joint meeting with the management board. The practice of joint meetings and formation of board committees suggest a convergence of board practices of both corporate governance models.

[1] Mallin, C. (2007). *Corporate governance*. Oxford: Oxford University Press.
[2] Larcker D., Tayan B. (2011). *Corporate governance matters*. Australia: Pearson Education.

U

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UL Environment 880 (New Sustainability Standards)

Gabriela Tigu

UL Environment 880—Sustainability for Manufacturing Organizations is a sustainability standard for businesses and other organizations, focusing on their environmental and social performance. This standard is the result of the cooperation between Underwriters Laboratory, a global independent safety science company [1], with more than 100 years of expertise in creating safer living and working environments where businesses flourish. There are four other related domains—Product Safety, Life and Health, Verification Services and Knowledge Services), and GreenBiz Group, a leader in corporate sustainability media, corporate sustainability leadership and reporting [2].

Today, ULE 880 is considered to be a consistently applied, verifiable, measurable roadmap for sustainability policies, practices, and performance in business, which can improve risk management and data quality [3].

This certification process called ULE 880—Sustainability for Manufacturing Organizations defines five core areas of interest or domains for manufacturers: **Sustainability Governance** (sustainability strategic planning, board oversight, internal stakeholder engagement, ethics policies); **Environment** (product stewardship, sustainable resource use, environmental management systems, energy efficiency and carbon management, materials optimization, facilities and land use, habitat restoration, and waste prevention); **Work Force** (professional development, workplace integrity, employee satisfaction and retention, workplace safety, and

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employee health and well-being); **Customers and Suppliers** (fair marketing practices, product safety, customer support and complaint resolution, and sustainable supply chain management, monitoring and improvement); **Community Engagement and Human Rights** (community impact assessment, community investment, and human rights issues).

Each domain breaks down into seven prerequisites, 19 core indicators (that can award up to 159 points), and 74 leadership indicators (with 841 points available). An applicant for ULE 880 certification must first meet all seven prerequisites. All items (indicators) are factored in and a point value is assigned to each indicator for a total of 1,000 possible points across the entire standard. By demanding a minimum score in all core indicators, companies are forced to acknowledge that area in their operations. A company well on its way to green certification may score only 200 points or so of the 1,000 points available [4].

[1] Underwriters Laboratory. (2013). *About UL. What we do*. Accessed on 15 December, 2013, http://www.ul.com/global/eng/pages/aboutul/whatwedo/.
[2] GreenBiz Group. (2013). *ULE 880—Sustainability for manufacturing organizations*. Accessed on 20 February, 2013, http://www.greenbiz.com/ratings.
[3] Barbara Englehart. (2011). *An insider's guide to ULE880 sustainability standard*. Accessed on 20 February, 2013, http://www.englehartconsulting.com/p/article-insiders-guide-to-ule880.html..
[4] Robert Repas (2012). *ULE 880: Sustainability for manufacturing organizations*. Accessed on 20 February, 2013, http://machinedesign.com/archive/ule-880-sustainability-manufacturing-organizations.

United Nations Conference on Environmental Development

Gabriela Tigu and Andreea F. Schiopu

The United Nations Conference on Environment and Development (UNCED), also known as the Earth Summit, was held in Rio de Janeiro, Brazil, from June 2–14, 1992, 20 years after the United Nations Conference on the Human Environment (UNCHE) that took place in Stockholm, Sweden [1]. This convention was unprecedented in size and scope of its concern for a UN conference. The UN sought to help governments reconsider economic development and find ways to stop the destruction of irreplaceable natural resources and pollution of the planet. During the discussions, it became evident that poverty as well as excessive consumption by affluent populations place damaging stress on the environment and governments recognized the necessity to rethink their plans and policies to ensure that economic decisions completely reflected any environmental impact [2].

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The Conference emphasized that economic and social progress depends critically on the preservation of the natural resource base with effective measures to prevent environmental degradation [1]. The participants put on the global policy map environmental issues such as stratospheric ozone depletion and global climate change, or energy concerns related to economic security after the oil price crisis of 1972.

A major achievement of the UNCED was Agenda 21. The agenda frames the international plan of action to achieve sustainable development. In its 40 chapters, it outlines the key policies for achieving sustainable development, attempting to define the balance between production, consumption, population, development, and the Earth's life-supporting capacity [1]. Other important UNCED outcomes are the Rio Declaration on Environment and Development, the Statement of Forest Principles, the United Nations Framework Convention on Climate Change and the United Nations Convention on Biological Diversity [2]. The Rio Declaration on Environment and Development is a set of 27 legally non-binding principles designed to commit governments to ensure environmental protection and responsible development [1].

[1] Cleveland, C. J., Kubiszewski, I., Miller, M., United Nations (Content Source), Saundry, P. (2012). United Nations Conference on Environment and Development (UNCED), Rio de Janeiro, Brazil. In: C. J. Cleveland (Ed.) *Encyclopedia of Earth*. (Washington, DC: Environmental information coalition, National Council for Science and the Environment). Accessed on 15 March, 2013, http://www.eoearth.org/article/United_Nations_Conference_on_Environment_and_Development_(UNCED),_Rio_de_Janeiro,_Brazil.

[2] United Nations (1997). UN conference on environment and development. Department of Public Information. Accessed 15 March 2013, http://www.un.org/geninfo/bp/enviro.html.

United Nations Decade of Education for Sustainable Development

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The UN Decade of Education for Sustainable Development (DESD) refers to the year from 2005 to 2014 which was proclaimed in December 2002 by the United Nations General Assembly. DESD emphasizes that education is an indispensable element for achieving sustainable development. UNESCO was designated as the lead agency to promote and implement the Decade [1].

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DESD was adopted as a resolution to start the Decade of Education for Sustainable Development (DESD) from January 2005, following the Johannesburg Plan of Implementation based on the proposals by Japan and Sweden, the United Nations General Assembly, at its 58th Session in December 2002. DESD is regarded as one of the important international initiatives, particularly like the Millennium Development Goal (MDG), the Education for All (EFA), and the United Nations Literacy Decade (UNLD). All of these global initiatives aim to achieve an improvement in the quality of life, particularly for the most deprived and marginalised, fulfilment of human rights including gender equality, poverty reduction, democracy and active citizenship. However, DESD is more concerned than the other initiatives with the content and purpose of education. Conceiving and designing education for sustainable development challenges all forms of educational provision to adopt practices and approaches which foster the values of sustainable development.

The UN Decade of Education for Sustainable Development (2005–2014) seeks to mobilize the educational resources of the world to help create a more sustainable future.

[1] About ESD. Accessed on 23 February, 2013, http://www.desd.org/About%20ESD.htm.

United Nations Development Programme

Stephen Vertigans

The United Nations Development Programme (UNDP) is a specialised institution of the United Nations (UN) whose mission is to work in partnership with people in order to help build nations in terms of crisis management, sustainability and quality of life. In practical terms this means providing multilateral grant technical assistance with operations in 177 countries and territories providing 'global perspective and local insight' [1]. Main goals orientate around poverty reduction and the Millennium Development Goals (MDGs) Democratic Governance, Crisis Prevention and Recovery and Environment and Energy for Sustainable Development. The MDGs stem from the late 1980s when the UNDP sought to extend measures of development beyond economic criteria with the Human Development Index. Hitherto the main achievements towards the MDGs have been the significant reduction both in levels of extreme poverty and the proportion of populations unable to access improved sources of drinking water. However, as the UNDP acknowledges, there is still considerable scope for further achievements in order to meet 2015 targets including further reducing levels of poverty and in helping to overcome hunger, morbidity and mortality rates, gender inequality, poor sanitation and greenhouse

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gas emissions. In some parts of the world such as sub-Saharan Africa, it is increasingly unlikely that the targets will be met.

Reasoning provided for the targets not being met tend to be split into arguments that blame the lack of (neo-liberal) development and governance or view the targets to be northern hemisphere impositions that fail to take into consideration the extent and diversity of the issues that different nations and regions are facing [2]. In this regard, the reasoning connects into wider debates about the role of the UN more generally and UNDP specifically and the extent to which the northern hemisphere becomes the normative basis on which to judge and encourage 'development' in the Global South [3].

[1] United Nations Development Programme. http://www.undp.org/content/undp/en/home.html. Last accessed 31 January 2013.
[2] McEwen, C. (2009). *Postcolonialism and development*. Abingdon: Routledge.
[3] Williams, G., Meth, P., & Willis, K. (2009). *Geographies of developing areas: The global south in developing areas*. Abingdon: Routledge.

UNIDO reap26

Florian Beranek and Thomas Walker

UNIDO reap26 (www.reap26.org) is the latest and most comprehensive member of the UNIDO reap family (Responsible Entrepreneurs' Achievement Program, www.unido.org/reap) and designed to rethink your business in an integrative way [1] [See section "Integrative Management Approach of CSR"]. Based on the core documents of reference laid out by the European Commission's Strategy on CSR 2011 (COM2011 681 final, 25.10.2011). The backbone is described in the reap26 Roadmap, split up in three main objectives: "Get inspired", "Doing the right things" and finally "Doing the things right" however encouraging the critical Non-Linear-Development approach [See Section "Non Linear Development Approach of CSR (NLD)"] leading to significant progress of an organization's overall maturity level [See Section "Maturity Model of CSR"].

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For tangible action a set of tangible hardware tools was developed which is used to guide entrepreneurs and organizations on their way of change. The reap26 Toolbox is a resource for specifically educated CSR experts. It provides them with both guidance and practical tools for supporting the implementation of CSR in enterprises.

The tools are divided into three stages of CSR adoption by enterprises, respectively: preparation (PRE), policy formulation (POL) and continuous improvement process (CIP), visualized on the CSR roadmap. The topical information is organized in the six core subjects adapted to local context from the international IS026000 guidance standard on social responsibility level. The components of the toolbox are: reap26 Tool Box Manual (Guidebook), Documentation Workbook ("walking the CSR Roadmap"), CSR Starter, Policy Guide including issue specific CSR playing cards with references to ISO26000 and GRI (Global Reporting Initiative), Quick Assessment Tool and several supporting materials such as a guide on CSR indicators, CSR Marketplace [See section "CSR Marketplace"], CSR Weather Report [See Section "CSR Weather Report"], the CSR Dice [See Section "CSR Cube/Dice"], Stakeholder Map [2], etc.

UNIDO reap26 is an Open Framework for Change, Creativity and Non-Linear Development (NLD). It is reaching out to the foundations of an organization's self-understanding and identity to make responsibilities, changes and improvements part of an organization's core as described in the program's slogan:

My Company—My Responsibility—My Opportunity—My Success

[1] Idowu, S. O., Capaldi, N., Zu, L., Das Gupta, A. (Eds.) (2013). *Encyclopedia of corporate social responsibility*. In T. Walker (Ed.), *The integrative management approach of CSR*. Heidelberg: Springer.

[2] Heinrich, P. (Ed.) (2013). CSR und Kommunikation. In T. Walker (Ed.), *Der Stakeholderansatz als Fundament der CSR-Kommunikation*. Heidelberg: Springer.

United Nations Universal Declaration of Human Rights

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The United Nations Universal Declaration of Human Rights pleads for the internationally recognized human rights that every human being is entitled with and forbids human rights abuses. Set up in 1948 it consists of the fundamental laws on human rights and incorporates treaties or conventions issued at both national and international scale. The Universal Declaration of Human Rights outlines the core principles of human rights, namely: universality, indivisibility, equality, and non-discrimination.

Governments should be very much aware of respecting human rights in all their economic, social, and cultural aspects, integrating human rights within the universality of all rights [1]. Governments are accountable for integrating human rights within their regulations, and developed countries still have to improve their legislation from a human rights perspective [2].

The Declaration of Human Rights is universal, as there is no boundary in the form of nationality, race, gender, religion, etc. Within a business environment, human rights represent a specific component of the corporate social responsibility section. Stakeholders are interested in how organizations manage to integrate and motivate their employees, respecting their rights, providing suitable working conditions. In addition, any business operation that interferes with human rights and societal well-being is to be considered by organizations in order to comply with international guidelines. More and more companies are starting to disclose their politics on human rights so as to prove their commitment to the United Nations Universal Declaration of Human Rights.

[1] Cingranelli, D. L., & Richards, D. L. (2010). Cingranelli and Richards (CIRI). *Human Rights Quarterly*, *32*, 395–418.

[2] Mwaura, K. (2004). Corporate citizenship: The changing legal perspective in Kenya. In Inter-disciplinary CSR Research Conference. Nottingham: International Centre for Corporate Social Responsibility (ICCSR).

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United Nations Environment Programme

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The United Nations Environment Programme (UNEP) is an agency of the United Nations established in 1972. It emerged as an outcome of the first United Nations Conference on the Human Environment, held in Stockholm. It is supposed to be the voice for the environment within the UN system. According to its website, "UNEP acts as a catalyst, advocate, educator and facilitator to promote the wise use and sustainable development of the global environment" and its mission is "to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations" [1].

UNEP has selected six high priority areas in their decision making and guidance: climate change, resource efficiency, disasters and conflicts, environmental governance, harmful substances and hazardous waste, and ecosystem management. It does also work on other environmental matters including biodiversity, bio-safety, energy, environmental assessment, indigenous peoples, poverty and environment, regional seas, and many more [2].

Since its establishment, UNEP has played a crucial role in the creation of many revolutionary treaties and organizations regarding the environment—e.g. the World Plan of Action on the Ozone Layer, the Vienna Convention for the Protection of the Ozone Layer, Montreal Protocol on Substances that Deplete the Ozone Layer or the Intergovernmental Panel on Climate Change. It was also a key player in coordinating the UN system's preparations for United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro in June 1992 [2].

[1] United Nations Environment Programme (UNEP). (2013). Accessed on 17 March, 2013, http://www.unep.org/.

[2] Mangino, K., & Saundry, P. (2012). *United Nations Environment Programme (UNEP)*. In: Cutler J. Cleveland (Ed.) *Encyclopedia of Earth*. Washington, D. C.: Environmental Information Coalition, National Council for Science and the Environment. Accessed on 17 March, 2013, http://www.eoearth.org/article/United_Nations_Environment_Programme_(UNEP)?topic = 49569.

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United Nations Global Compact [1]

Dirk Ulrich Gilbert

The United Nations Global Compact (UNGC) is a Global Public Policy Network supporting ten universal principles in the areas of human rights, labor standards, environmental protection, and anti-corruption. The UNGC is bringing agencies of the UN, corporations, governments, and civil society groups from over 145 countries together and aims at aligning the strategies and operations of firms with the ten proposed principles. The UNGC probably is one of the most influential initiatives worldwide to inspire firms to voluntarily participate in corporate responsibility activities and the network has grown to more than 10,000 participants, including over 7,000 businesses [1].

The large number of participating stakeholders are supported by a growing number of *local networks*, which are defined as clusters of participants who come together to advance the UNGC and its principles within a particular geographic region. Local networks not only help root the UNGC within different national contexts but also deepen the learning experiences of all participants through their own activities [2].

The core tasks of the participants of the Global Compact network are to foster cooperation among those constituents who are willing to create multi-stakeholder engagement and to mainstream the ten principles in business activities around the world. Unlike other accountability initiatives (e.g., SA 8000), the UNGC has no intention to enforce or measure the behavior of firms participating in the initiative. In line with this, the initiative does not represent a legally binding code of conduct with explicit performance criteria and it does not provide an independent monitoring of compliance with the ten principles. Rather, the UNGC is designed as a voluntary learning forum where businesses and interested stakeholders share best practices to advance real-world solutions for the implementation of environmental, social, and governance policies and practices. The change model that triggers the UNGC is based on the idea that through dialogue corporations can foster corporate responsibility and make a difference once they learn from each other and other actors [3].

[1] Gilbert, D. U., Behnam, M. (2013). Trust and the United Nations Global compact: A network theory perspective. *Business & Society*, *52*(1), 135–169.
[2] Ruggie, J. G. (2001). Global insights: Global_governance.net: The Global Compact as learning network. *Global Governance, 7*(4)*,* 371–378.
[3] Rasche, A., Dirk Ulrich, G. (2012). Institutionalizing global governance—The Role of the United Nations global compact in a global economy. *Business Ethics: A European Review*, *21*(1), 100–114.

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United Nations Global Compact [2]

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The United Nations Global Compact (UNGC) is a product of long term United Nations (UN) targets to develop a common initiative on strategic corporate responsibility which encourages businesses to commit themselves voluntarily for aligning their operations and strategies with the internationally accepted principles. These principles are entitled as "ten principles" in the compact and they cover the areas of human rights, labour, the environment and anti-corruption. As an initiative of the United Nations, UNGC was announced by the UN Secretary-General Kofi Annan on January 31, 1999 and officially launched in July, 2000. The UN Global Compact does not demonstrate the characteristics of a regulatory tool but it purposes to provide a network of communication among companies and governments. In this context, the UNGC aims to encourage companies and governments to shape their policies and practices in parallel with the socially responsible policies by taking the core values of the compact as a guide. It is accepted as the "worlds' largest voluntary corporate sustainability initiative by its' around 8.500 signatories in more than 135 countries" [1].

The first two principles of the UN Global Compact is related with the human rights and emphasize that businesses should support and respect the protection of internationally proclaimed human rights by guaranteeing that they are not complicit in human rights abuses. The next four principles of the compact towards labour standards and envisages that businesses should uphold the freedom of association, recognize the right to collective bargaining, eliminate forced and compulsory labour, abolish the child labour; and eliminate the discrimination in employment. Regarding the environment, the next three principles of the compact invites businesses to support a precautionary approach for environmental challenges by undertaking necessary initiatives and using more environment friendly technologies. The last principle of the UN Global Compact is about the anti-corruption and it foresees that businesses should work against corruption in all its forms.

Participation to the Compact is on voluntary basis and it is expected from the company to fully integrate the compact and the principles to its business strategy, operations and organizational culture. The UN publishes international year book on UNGC in order to reflect current situation and contemporary developments regarding areas covered by the ten principles.

[1] United Nations. (2011). *Corporate sustainability in the World Economy: United Nations Global Compact*. New York: Global Compact Office.

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United Nations Guiding Principles on Business and Human Rights

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The United Nations Guiding Principles on Business and Human Rights (UNGP) are a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. UNGP was endorsed on June 16, 2011 by the United Nations Human Rights Council making the framework the first corporate human rights responsibility initiative to be endorsed by the United Nations.

The Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework" was initially proposed by UN Special Representative, Harvard Professor John Ruggie. Professor Ruggie was appointed as the UN Special Representative for Business and Human Rights in 2005, and it took 6 years for Professor Ruggie to present the United Nations Human Rights Council with the "Protect, Respect and Remedy" framework.

The UNGP encompass three principles outlining how states and businesses should implement the framework: (1) the state duty to protect human rights. This is the first pillar of the Guiding Principles which are concerned with the state's duty to protect against human rights abuses by third parties, including business enterprises, through regulation, policymaking, investigation, and enforcement; (2) the corporate responsibility to respect human rights, which indicates that businesses must act with due diligence to avoid infringing on the rights of others and to address negative impacts with which they are involved; and (3) access to remedy for victims of business-related abuses. The third pillar addresses both the state's responsibility to provide access to remedy through judicial, administrative, and legislative means, and the corporate responsibility to prevent and remediate any infringement of rights that they contribute to [1].

[1] United Nations (2011), *Guiding principles on business and human rights: Implementing The United Nations "Protect, Respect and Remedy" Framework*. New York: United Nations. Accessed on 28 February, 2013, http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf.

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United Nations Environmental Programme: International Declaration on Cleaner Production

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The *UNEP International Declaration on Cleaner Production* is a voluntary and public statement of commitment to the practice and promotion of Cleaner Production. It provides an opportunity to obtain a commitment from high-level political, public and private business leaders world-wide to reinforce the general recognition and endorsement for a more intense and broader adoption of Cleaner Production. The Declaration was formulated by UNEP in consultation with a great number of diverse interest groups. Its implementation is being coordinated and monitored by UNEP [1]. It was adopted at the Fifth International High Seminar on Cleaner Production held in South Korea in September, 1998 and is now an excellent promotional tool for the Cleaner Production strategy.

Cleaner production (similar to eco-efficiency, green productivity, pollution prevention or waste minimization strategies) promotes the elimination of pollution before it is created, rather than using "end-of-pipe" solutions (like are the technologies of treatment of air pollution, water pollution or waste treatments). It is an integrated preventive strategy to processes, products and services for increasing overall efficiency and reducing risks to human health and the environment, intending to minimize waste and emissions and maximize product output [2, 3]. The concept is also called the term "pollution prevention".

To further support the signatories of the Declaration, UNEP has published the "Implementation Guidelines" to foster firm commitments to Cleaner Production and promote action to implement it. The guidelines consist of a series of three documents (for governments, companies, and facilitating organisations), including more than 300 suggested activities for implementing the Declaration and simultaneously, integrating Cleaner Production into day-to-day activities.

[1] UNEP (2001). *International declaration on cleaner production*. Paris : United Nation Publication.

[2] UNEP (2000). Driving changes in production and consumption patterns. Accessed on 18 February, 2013, http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID = 177&ArticleID = 2660.

[3] Yacooub, A., Fresner J. (2006). *Half is enough—An introduction to cleaner production*. Beirut: LCPC Press.

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United Nations Environment Programme: Financial Initiative

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The United Nations Environment Programme Finance Initiative (UNEP FI) is a unique global partnership between the United Nations Environment Programme (UNEP) and the global financial sector, launched in 1991. This programme works closely with over 200 financial institutions who are signatories to the UNEP FI Statements, and a range of partner organisations to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations [1]. It constitutes a list of basic guidelines that should be followed by financial institutions in order to adhere to sustainability principles. These statements are aspirational, and are therefore followed on a voluntary basis, decreasing accountability to the institution.

The main activities included in this programme are: research on the "business case" of internalising environmental, social and government externalities; guidelines and other implementation tools; training and capacity building; participation in environmental policy-making forums; international, national and regional seminars and conferences; networking opportunities between members and with stakeholders.

In 2006, the programme designed and developed the Principles for Responsible Investment (or PRI), there are now more than 900 signatories to the programme.

UNEP FI counts as one of the three conveners of the Natural Capital Declaration—an initiative to integrate natural capital considerations into investment, banking and lending decisions—launched at the 2012 United Nations Conference on Sustainable Development. At the same conference The Principles for Sustainable Insurance or UNEP FI-PSI were launched [2].

UNEP FI's Work Programme is determined by a Steering Committee comprised of both member institutions and UNEP representatives, while broader strategic decisions are made in the context of the Initiative's Annual General Meeting. UNEP FI's Secretariat is located in the UN Environment House, in Geneva, Switzerland.

[1] UNEP. (2012). Creating the "New Normal". Enabling the financial sector to work for sustainable development. Perspectives on financing sustainable development in the wake of Rio + 20. Accessed on 22 February 2013, http://www.unepfi.org/fileadmin/publications/general/Discussion_Paper_-_Financing_Sustainable_Development.pdf.

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[2] United Nations Sustainable Development Knowledge Platform. (2013). *Decisions on finance*. Accessed on 21 February 2013, http://sustainabledevelopment.un.org/index.php?menu = 199.

United Nations Industrial Development Organization (UNIDO)

Gabriela Tigu

The United Nations Industrial Development Organization (UNIDO) is a specialized agency of the United Nations, headquartered in Vienna, Austria, with offices in Brussels, Geneva and New York. The UNIDO was established in 1966 and became a specialized agency of the United Nations in 1985. Its primary objective is the promotion of industrial development in developing countries and economies in transition, focusing its activities on poverty reduction, including globalization and environmental sustainability [1]. UNIDO also promotes cooperation on the global, regional, national and sectorial levels. It is a member of the United Nations Development Group [2].

UNIDO's vision is a world where economic development is sustainable and economic progress is equitable. The Organization focuses on three main thematic areas:

(a) poverty reduction through productive activities (for example, encouraging the creation of decent employment and income to overcome poverty);
(b) trade capacity-building (offering focused and neutral advice and technical cooperation in the areas of competitiveness, industrial modernization and upgrading, compliance with international trade standards, testing methods and metrology);
(c) energy and environment (promoting sustainable patterns of industrial consumption and production to de-link the processes of economic growth and environmental degradation, offering services for improved industrial energy efficiency and promoting renewable sources of energy, assisting developing countries in implementing multilateral environmental agreements).

These activities are aligned with the priorities of all declarations by the United Nations (and in particular UNIDO's declarations) and long-term vision statement, business plan and mid-term programme frameworks of UNIDO.

Presently, 174 states are members of UNIDO. The organization thus maintains a field network of 29 regional and country offices around the world, some of which cover more than one country. In addition, 17 UNIDO Desks are operational in several countries in Africa, Arab States Asia and the Pacific. UNIDO developed more than 900 projects around the world. The Member States of UNIDO meet once

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every 2 years at the General Conference, the supreme policy-making organ of the Organization. The Conference determines the guiding principles and policies, approves the budget and work programme of UNIDO and appoints the Director-General. It also elects representatives to the Industrial Development Board and the Programme and Budget Committee. UNIDO offers a wide variety of publications and documents within the field of industrial development [1].

[1] United Nations Industrial Development Organization (2013). *In brief*. Accessed on 21 February, 2013, www.unido.org.
[2] United Nations Development Groups, (2013). UNDG Members. Accessed on 21 February 2013, http://www.undg.org/index.cfm?P=13.

United Nations Intergovernmental Panel on Climate Change (UNIPCC)

Gabriela Tigu and Andreea F. Schiopu

The Intergovernmental Panel on Climate Change (IPCC) is a intergovernmental scientific body under the auspices of the United Nations (UN), established by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) in 1988. It aims to provide the world with a clear scientific view on the current state of knowledge in climate change and its potential environmental and socio-economic impacts [1]. Membership in the IPCC is open to members of WMO and UNEP.

The Intergovernmental Panel on Climate Change was created with the goals to assess available scientific information on climate change, assess the environmental and socio-economic impacts of climate change, and formulate response strategies [2]. The IPCC does not conduct any research nor does it monitor climate relate data or parameters, it just reviews and evaluates the most recent scientific, technical and socio-economic information produced worldwide relevant to the understanding of climate change [1]. The reviewed scientific material has to be of highest relevance to policymaking and very important for the international climate agenda.

The IPCC is currently organized in three Working Groups and a Task Force, assisted by Technical Support Units (TSUs). The Working Group I deals with "The Physical Science Basis of Climate Change", Working Group II with "Climate Change Impacts, Adaptation and Vulnerability" and Working Group III with "Mitigation of Climate Change" [1].

Up to this point, the IPCC has completed four assessments of climate change, the latest published in 2007 for which the IPCC was awarded the Nobel Peace Prize "for their efforts to build up and disseminate greater knowledge about man-made climate change, and to lay the foundations for the measures that are needed to

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counteract such change" [2]. The 5th assessment report is in progress and is due to be published in 2014.

[1] Intergovernmental Panel on Climate Change. (IPCC). (2013). *Organization*. Accessed on 17 March 2013, http://ipcc.ch/.
[2] World Meteorological Organization (WMO). (2013). *Intergovernmental Panel on Climate Change (IPCC)*. Accessed on 17 March 2013, http://www.wmo.int/pages/themes/climate/international_ipcc.php.

United Nations Principles for Responsible Investment Initiative

Mary Godwyn

The United Nations (UN) Principles for Responsible Investment (PRI) initiative was started in 2006 and is a network of international, institutional investors who have voluntarily adopted the goal of understanding the implications of sustainability for investors and signatories [1]. In their fiduciary role, the investors believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios. To contribute to the development of an increasingly more sustainable global financial system and to ensure the long-term health and stability of the market, where consistent with their fiduciary responsibilities, and to ensure the long-term health and stability of the market as a whole, the investors have publically committed to incorporate the six principles of responsible investment into decision-making and ownership practices [1].

The six principles for responsible investment [2] are:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
Principle 6: We will each report on our activities and progress towards implementing the Principles.

The Principles of Responsible Investment are tailored to fit the investment strategy, approach and resources of the institutions. The Principles are intended to

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be compatible with large, diversified, institutions that use a traditional fiduciary framework. In 2012, there are over 1000 signatories representing over $30 trillion assets under management [3].

[1] Principles for Responsible Investment. Introducing responsible investment. Accessed on 23, January 2014, http://www.unpri.org/introducing-responsible-investment/.
[2] Principles for Responsible Investment. The six principles. Accessed on 30 December, 2012, http://www.unpri.org/about-pri/the-six-principles/.
[3] Principles for Responsible Investment. About the PRI initiative. Accessed on 30 December, 2012, http://www.unpri.org/about-pri/about-pri/.

Unknown Stakeholder

Massimiliano Di Bitetto and Paolo D'Anselmi

The notion of stakeholder is primary in CSR. Mainstream CSR is the discipline of strategic stakeholder management. Mainstream CSR tends to privilege the existing and vocal stakeholders of corporations, which can be also called the "incumbent" stakeholders [3]. However there are stakeholders in society that are unaware of being the carriers of specific interests and are on the other hand ignored by the rest of society. An example of a socially positive interest was offered by the Indio population of the Amazon, which earned a High Court moratorium on the construction of a dam in 2012 [2]. These stakeholders are called "unknown" since they are ignorant of themselves and / or ignored by society. The notion of the unknown stakeholder was spelled out by Di Bitetto et al. [1]. The unknown stakeholder implies that an important task of CSR is to reveal what interests are not being taken care of in society and what interests are being served unawares by society. It must be noted that incumbent stakeholders have an interest in preventing other stakeholders from getting into the picture. Furthermore mainstream CSR considers the stakeholders of the corporation as "good" or "positive" stakeholders, i.e. stakeholders that might be negatively affected by corporate or management policies and, thus, need stewarding. However CSR should also consider that stakeholders might also have a "negative" interest in the organization. A negative interest is one that has a negative impact on the rest of society. An example of negative stakeholder interest is the interest of monopoly workers who might be earning above average salaries because they are appropriating part of the benefits deriving from the monopoly power enjoyed by the organization they work for. In micro-economics these extra salaries are called rents in the production factors.

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In this case monopoly workers' interests are at odds with shareholders as well as customers. The notion of the unknown stakeholder helps the analysis of CSR in organizations and it can be part of a process framework implying respect for three additional values: disclosure of the issues relevant to the organization, actual implementation of organizational plans, including proper data presentation, and attention to individual responsibilities within the organization (micro-ethics).

[1] Di Bitetto, M., Gilardoni, G., D'Anselmi, P. (eds). (2013). *SMEs as the unknown stakeholder: Entrepreneurship in the political arena*. New York: Palgrave MacMillan
[2] IWGIA, International Work Group for Indigenous Affairs. (2012). Accessed on 15 April, 2013, http://www.iwgia.org/iwgia_files_publications_files/0573_THE_INDIGENOUS_ORLD-2012_eb.
[3] Mitchell, R. K., Agle, B. R., Wood, D. J. (1997), Toward a theory of stakeholder identification and salience: Defining the principle of who or what really counts. *Academy of Management Review*, *22*(4): 853–886.

Utilitarianism

Claus Strue Frederiksen

Utilitarianism is one of the most influential ethical theories within the field of moral philosophy and business ethics. Very few textbooks about ethics (if any) deal with utilitarianism. According to (act-) utilitarianism an action is right if and only if it maximizes the sum of well-being, seen from an agent-neutral perspective [1].

Several things are worth to notice. First, utilitarianism is a teleological moral theory, meaning that it focuses exclusively on the consequences of an agent's actions and does thus not consider any actions in themselves to be wrong (or right). Notice, however, that utilitarianism generally disapproves of harmful actions, since harmful actions ordinarily does not maximize the total sum of well-being. Second, utilitarianism is a very demanding moral theory, since it does not allow agents to prioritize their own interests (everybody's interests should be given equal weight). This also means that personal relationships, including friendships and family relations, do not generate special obligations. Third, utilitarianism focuses solely on the promotion of well-being (or happiness). This term has caused (and still causes) great debate among utilitarian scholars. In short the debate regarding the nature of well-being concerns whether well-being is about: (a) pleasant mental states (as the hedonists believes), (b) the satisfaction of preferences (as the supporters of preference-theories believes) or (c) some objective values that are (or should be) valued by all human beings (as the supporters of the perfectionist approach believes). Finally, utilitarians are often divided into two

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groups, namely act-utilitarians and rule-utilitarians. One of the most common ways of defining the act-utilitarian criterion of rightness is as follows: an act is right if and only if it brings about a sum of happiness that is at least as high as that of any other act one could have brought about instead. The rule-utilitarian criterion of rightness is commonly described in the following way: an action is right if and only if it is in accordance with a rule whose general acceptance would maximize the total sum of well-being [2].

[1] Singer, P (1993). *Practical ethics* (2nd Ed.). New York: Cambridge University Press.
[2] Tännsjö, T. (2009). *Understanding ethics. An introduction to moral theory* (2nd Ed.). Edinburgh: Edinburgh University Press.

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Value

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There are different notions of what "value" is and means and this is deeply related to its intrinsic content and meta-disciplinary nature. One of the fundamental characteristics of value is that it presents different facets in relation to different points of view and to different contexts: in a word, its versatility. The concept of value has invested and continues to invest the interest of many scholars from different disciplines, especially for the various connotations that it may take and the complexity of its theoretical settlement. Philosophers, economists and, more recently, sociologists and psychologists have referred to "value" with very different approaches and meanings. This has caused some problems related to their lack of agreement about its meaning. A study of the literature reveals a lot of variations of the value concept, for example, in accounting literature the word "value" is often used with a meaning of "quantity", without giving adequate space to the "quality" aspect of the same concept.

But we cannot forget the important influence of the social disciplines; at least from a historical point of view, accounting has "measured and evaluated" economic resources and this has led to greater overlap with the economics rather than other disciplines. In turn, the economic value is a species of the genus value *tout court*, and as also clarified by Brown [1], "economic measures of value are species of the genus assigned value, which belongs to the family value" [2].

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Therefore, *economic value* can be seen as a measure of the benefit that an economic actor can gain from either a good or service. We need to understand that the underlying that economic value is a different concept than market price.

In relation to the various school of economic theory we can find different value theories which all start from an essential difference between the concepts value in use and value in exchange.

Value in use is the value of a good to a specific user (which is the qualitative aspect of value) while *Exchange-value* is the quantified worth of one good or service expressed in terms of the worth of another (which is the quantitative aspect of value). Even if value is often used as a synonym for exchange-value, it refers *latu* sensu to a concept which incorporates both quantity and quality.

[1] Brown T. C. (1984). The concept of value in resource allocation. *Land Economics, 60*(3), 231–246.
[2] Anderson B. M. (1966). *Social value: A study in economic theory, critical and constructive*. New York: Augustus M. Kelly.

Value Creation

Belén Díaz Díaz

Value creation can be seen as the primary objective of any business entity. Most successful organisations understand that the purpose of any business is to create value for its customers, employees, investors as well as its shareholders. Because the customers, employees and investors are linked up together, no sustainable value can be created for one unless for all of them. Value creation for customers will help in selling the services provided. This can only be achieved when the right employees are employed, developed and rewarded as well as when investors keep receiving consistent attractive returns. Creating value for shareholders, in the form of increases in stock price, insures the future availability of investment capital to fund operations.

In financial terms value creation means creating revenue (or a return on capital) which exceeds expenses (or the cost of capital) [1]. However, there is no consensus about the parameter that best measures this value creation [2].

Some analysts insist on a broader definition of value creation that can be considered separate from traditional financial measure. Value creation in today's companies is increasingly represented in the intangible drivers like innovation, people, ideas, and brand. The first step in achieving an organization-wide focus on value creation is understanding the sources and drivers of value creation within the industry, company, and marketplace. Understanding what creates value will help managers focus capital and talent on the most profitable opportunities for

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growth. Although the intangible factors that drive value creation differ by industry, some of the major categories of intangible assets include technology, innovation, intellectual property, alliances, management capabilities, employee relations, customer relations, community relations, and brand value. In this way, focusing on value creation forces an organization to adopt a long-term perspective and align all of its resources toward future goals.

[1] Coller, T., Goedhard, M., & Wessels, D. (2010). *Valuation: Measuring and managing the value of companies* (5th ed.). Wiley finance: Mckinsey & Company Inc.
[2] Fernández, P. (2002). *Valuation methods and shareholder value creation*. San Diego, CA: Academic.

Venture Capital

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Venture capital (VC) is a primary source of outside equity financing along with angel investors and corporate investors that entrepreneurs rely on when establishing their new business. The typical VC firm is organized as a limited partnership, with the venture capitalists serving as general partner and the investor as limited partners. General partner VCs act as agents for the limited partner in investing their funds [1]. It is an important source of funding especially for the ongoing operations of start-ups with intangible, intellectual property-based assets. Thus, it is particularly prominent where informational concerns are high and there are higher risks of return rather than more "routine" start-ups (e.g., restaurants, retail outlets) which could be more easily supported by conventional financing options [2]. Along with organized corporate VC programs, there is also a large amount of informal or ad hoc investing in VC market [1].

There was a tremendous increase in the amount of commitments to VC funds in the U.S. market in the 1990s. Data indicates that more than 75 % of VC financing over the last decades have been used to finance investment in the information technology, computer software, biotechnology and healthcare sectors [1]. High-technology firms in such sectors usually have low or negative cash flows, which prevent them from borrowing or issuing equity.

It is generally argued that VC represents a different value-added potential more than a strictly financial one for the entrepreneurs. According to this view, as financial intermediaries, venture capitalists have higher efficiency in selecting and monitoring investments and providing value-enhancing services [2]. In fact, venture capitalists can differentiate themselves by the quality of business services, reputational certification and affiliations with high-status partners that they provide.

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They play an active role in the companies in which they invest, providing mentoring, strategic advice, financial assistance, help in bringing innovative products to the marketplace, business referrals and assistance in the recruitment of top managers [1]. The expertise and connections of the venture partner also adds to the value of VC in the eyes of the entrepreneurs.

[1] Denis, D. J. (2004). Entrepreneurial finance: An overview of the issues and evidence. *Journal of Corporate Finance, 10,* 301–326.
[2] Amit, R., Brander, J., & Zott, C. (1998). Why do venture capital firms exist? Theory and Canadian evidence. *Journal of Business Venturing, 13,* 441–466.

Venture Philanthropy

Kanji Tanimoto

Venture Philanthropy, which started mainly on the west coast of the US in the late 1990s, is a new style of philanthropy in which venture capitalists demand efficiency and effectiveness in their philanthropic activities. It was born from skepticism toward the traditional way in which foundations and individual donors have made donations to the nonprofit sector.

It adopts the concept of venture capital seen in the Silicon Valley and utilizes money received from foundations as an investment rather than just as a charitable donation.

Brower (2001) describes the characteristics of venture capitalists as follows [1].

1. They "manage" risk in turn for high reward.
2. They measure and reward performance to achieve long-term growth.
3. They work closely with investees, sit on boards to select CEOs, vet deal flow, and plan strategies.
4. They fund few deals but put real money into chosen ventures and also finance subsequent needs.
5. They stay on board over years of development.
6. They have exit strategies in place at the outset, e.g. mergers and public sales.

The Center for Venture Philanthropy and The Roberts Enterprise Development Fund (REDF), both located in California, are representative organizations. In order to encourage the widespread adoption of the concept of venture philanthropy, REDF developed a unique method: Social Return on Investment (SROI), which is an evaluative method designed to measure the social impact of resources invested by foundations.

Social value can be calculated with the SROI methodology developed by REDF to measure, for example:

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- how many jobs are created by nonprofit organizations which support homeless people,
- how much public expenditure has been saved by creating jobs, and
- how much tax income has been generated accordingly.

Although there are limited issues, such as whose social values are to be calculated, the approach is significant since it urges companies and NPOs to make effective use of limited resources.

[1] Brower B. (2001). *The new philanthropists and the emergence of venture philanthropy*. Center for Strategic & International Studies.

Voluntarity

Massimiliano Di Bitetto and Paolo D'Anselmi

Voluntarity is an essential element of mainstream CSR. In fact corporations are the focus of mainstream CSR and voluntary is supposed to be their compliance with the Global Compact principles or with the European Union definition of CSR. The European Commission defined Corporate Social Responsibility (CSR) as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". Voluntarity is good because it doesn't imply constraints and it means CSR is moving on the basis of some market interest or some other shift in value perception and managerial culture of the organizations; voluntarity implies CSR is an endogenous phenomenon rather than some behavior forced upon the organization by regulation or other external forces. However it is proven by organizational sociology and micro-economics of organizations that there is inherent potential for irresponsibility in the core business of organizations, i.e. in their economic bottom line, even when laws are abided, it becomes a technical obligation of organizations to give account of their operations and the inherent arbitrariness that is implied by the freedom of choice people in organizations enjoy, above and beyond the financial statements. Thus the need to account for work implies the need of a CSR for all organizations, voluntarity falls and CSR becomes a necessity. This is an economic and organizational necessity; it is still endogenous, parallel to the necessity of financial accounts, which would be kept for the good management of the corporations even if there were no laws to mandate them.

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[2] European Commission. (2011). Sustainable and responsible business. Corporate Social Responsibility (CSR). Retrieved March 18, 2013, from http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm

W

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Walker Review 2010

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The global financial crisis which emerged in 2007 badly damaged the global economy and brought the global financial markets to their knees. Many UK Banks were heavily affected by the crisis—Northern Rock Bank collapsed in 2007, in 2008 the Royal Bank of Scotland was virtually nationalized by the Labour Government to save it from going down. The government also acquired a majority stake in Lloyds TSB Bank after Lloyds had agreed to take over Halifax Bank of Scotland. It became apparent that there were many governance related problems in these banks. As a result, Sir David Walker—the Chairman of the Walker Review Committee of Corporate Governance in the UK Banks and Financial Services Industry was asked to review governance issues in UK FTSE 100 banks and insurance companies. The Walker Committee was commissioned by the HM Treasury to conduct a review of and recommend measures to improve corporate governance in UK banks with particular regard to the issue of risk management.

The Walker Review was published on the 26th November 2009 after a period of consultation following the release of the draft version of the Review on the 16th July 2009. The Walker Review's has an effective date of 29 June 2010.

The Review Committee's recommendations were grouped under five headings noted below:

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- Board composition and size
- Board function and evaluation of performance
- Engagement of Institutional Shareholders
- Governance of Risk
- Remuneration

As result of this, the Review Committee recommends that the Board of Directors of companies in this industry should:

1. Establish risk committees in addition to the existing audit committees. The risk committees should report to and advise the board on risk strategy and management issues without there being any conflict with other demands already placed on the audit committees. The risk committees should annually prepare a risk strategy report to be included in the annual report and accounts.
2. Appoint a Chief Risk Officer (CRO) who should be independent of individual business units and would report both to the risk committee and the chief executive officer or chief finance officer.
3. Consider the potential benefits of external input to its work, in other words consider the appointment of external advisers who would be capable of challenging its work to ensure that due consideration is given to all potential risk management issues.

These recommendations have now been inculcated in the UK Corporate Governance Code previously referred to as the Combined Code.

[1] Coyle, B. (2013). *Corporate governance* (3rd Ed.). London: ICSA.
[2] Accessed on September 13, 2013, from http://www.inhouselawyer.co.uk/index.php/banking-and-finance/7717-walker-review.

Water

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Almost every human activity is dependent on water and affects its availability and quality. Water resources refer to the supply of groundwater and surface water in a given area; the term may also reference the current or potential value of the resource to the community and the environment. Approximately 30 % of the world's fresh water is in liquid form and therefore potentially accessible for human use and management at any given time; the rest is either locked up in polar or glacial ice or water vapor. Of the 30 % of fresh water in liquid form, almost all is held in groundwater [1].

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The total volume of water on Earth is about 1.4 billion km^3, of which the freshwater resources volume is around 35 million km^3, or about 2.5 % of the total. Of these freshwater resources, about 70 % is in the form of ice and permanent snow cover in mountainous regions, the Antarctic and Arctic regions and around 30 % is stored underground in the form of groundwater. Last but not least, the total usable freshwater supply for ecosystems and humans is about 200,000 km^3 of water—less than 1 % of all freshwater resources [2].

The water sector worldwide is increasingly characterized in terms of a crisis situation due mainly to issues with governance and the management forms under which water has been previously administered. Currently, 2.4 billion people lack access to basic sanitation and 1.2 billion people lack access to safe and drinkable water sources. Moreover, nearly 2 billion people live with water scarcity, and this number is expected to rise to 4 billion by 2025, unless radical reforms take place [3]. If action is not taken, the water scarcity might be one of the most important issues of the twenty-first century.

In this context, it is crucial to have wise governance and determine how to derive the most value from available water while not depriving people of their basic water needs. Water governance can be defined as “the range of political, social, economic, and administrative systems that are in place to regulate the development and management of water resources and provision of water services at different levels of society”[3]. In addition, water has sources and supplies, economic, social, and political characteristics which make it a unique and difficult natural resource to manage [1].

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Water Problems

Aysen Muezzinoglu

Reaching to secure and sufficient water supply is a basic human right. Keeping in mind that the vast majority of the Earth’s water resources are salty and only a tiny fraction of 2.5 % is fresh water; scarcity is already a serious problem and will

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constitute to be so in the future. Although there are dependable technologies to desalinate seawater, that is high technology with high investment and energy costs, so unusable for many people. Fresh water for direct use is only 0.7 % of the total amount of water in the world. Roughly 87 % of this quantity must be allocated to agriculture to keep up with food growth of the rapidly increasing global population [1].

Good quality water is also unevenly distributed between countries and regions. Allocating fresh water resources between competing sectors of agriculture, domestic use and industry is becoming increasingly difficult in many places.

Discussions about freshwater availability focus on water security, which is defined as the people's access to enough safe and affordable water to satisfy their needs for drinking, food growth and personal hygiene [2]. Water insecurity, on the other hand, arises from physical scarcity resulting either from climatic factors, economic and technological insufficiencies, unsustainable consumption, poor water quality or over-exploitation of the resources. Man-made pollution and natural contamination may render a water resource non-potable, or unusable for any specific purpose and endanger the water security.

It is well known that global warming has obvious adverse effects on water budget of the world, too. This causes changes in the precipitation regime and end in permanent changes on glaciers, ice and snow cover, surface waters like rivers, oceans, inland seas and lakes, as well as the soil moisture and ground waters. All these have new limitations on the use of water resources that are under the threat of pollution and salt-water intrusion. This is a big challenge for the biosphere.

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[2] Molden, D. (Ed.). (2007). *Water for food, water for life: A comprehensive assessment of water management in agriculture*. London: Earthscan; Colombo: International Water Management Institute.

Wicked Problems

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This term identifies problems or concerns emerging from the uncertain and complex interactions between economic, social and environmental systems. The term originated in the policy and planning literature and is attributed to Rittel and Webber who characterized wicked problems as those without clear formulations

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or readily identifiable solutions [1]. A wicked problem only becomes apparent once solutions start to emerge, making traditional problem-solving approaches ineffective. By contrast, puzzles or *tame* problems (such as treatable diseases or workforce planning) can be described and tightly defined; solutions are deemed possible and recognizable in advance. The terms *messes*, *social messes* and *complex social messes* are synonymous with wicked problems.

The characteristics of wicked problems include multi-causality, uniqueness (making it difficult to transfer learning from one problem to another) and multiple stakeholder groups with competing goals informed by conflicting mindsets. Climate change is an obvious and pressing wicked problem; likewise global financial instability and the loss of biodiversity as a result of human activity. Domestic violence, child abuse, poverty and large-scale undocumented migration are all wicked problems.

Contemporary wicked problems faced by corporations include combining profitability with social responsibility, collaborating across silos, addressing eco-sustainability, and aligning strategy with customer experience [2].

Systems theory provides a way forward for working with wicked problems, in particular the identification of leverage points for intervention in a system [3]. Meadows identifies the "mindset or paradigm out of which the goals, rules, feedback structure arise" as the most effective leverage point. An effective dialogue (and ultimately something like a solution) around a wicked problem might be possible if the power differences and paradigm differences between stakeholders can be made explicit.

[1] Rittel, H. R., & Webber, M. M. (1973). Dilemmas in a general theory of planning. *Policy Sciences*, *4*(2), 155–169.
[2] Neumeier, M. (2009). *The designful company: How to build a culture of nonstop innovation.* Berkeley, CA: New Riders.
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Whistleblowing

Reiner Quick

Whistleblowing is the disclosure by former or current organization members of illegal, illegitimate or immoral practices to people or authorities with the ability to take corrective action to address wrongdoing [1]. Thus, four components constitute whistleblowing: the whistleblower, the complaint receiver, the organization against which wrongdoing is alleged, and the incident of wrongdoing itself. The alleged wrongdoing can be manifold, including fraud and corruption. Two types of

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disclosure can be distinguished. Whistleblowers may either make their allegations internally, within the whistleblower's employing organization, or externally, e.g. to government authorities, lawyers or the media.

The decision of whether or not to blow the whistle depends on the alternatives that are available and whether the benefits outweigh the costs. Whistleblowing can be encouraged through incentives, i.e. the provision of rewards to whistleblowers but also to employers who establish effective whistleblowing procedures. Many corporate governance codes around the world stipulate whistleblowing policies as part of best practices. People are more likely to take action if there is an option for absolute confidentiality. Anonymous channels encourage employees to report allegations without fear of reprisal. However, anonymous whistleblowing might be less effective due to decreased perceptions of credibility of whistle-blowing allegations [2]. Moreover, many countries provide whistleblower protection against retaliation through legislation.

According to Section 301 of the Sarbanes-Oxley Act of 2004 the audit committee must establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters; and the confidential, anonymous submission of concerns by employees.

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[2] Hunton, J. E., & Rose, J. M. (2011). Effects of anonymous whistle-blowing and perceived reputation threats on investigations of whistle-blowing allegations by audit committee members. *Journals of Management Studies, 48*(1), 75–98.

Win-Win Situation

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A win-win situation refers to a circumstance in which the outcome of a particular action generates benefits for both parties involved. The term win-win situation is used in opposition to win-lose situations that are the result of pursuing the dominant strategy in game theory, for example in the context of the prisoner's dilemma or in zero-sum games.

Win-win solutions to business problems with ethical dimensions are multiple [1]. In the context of Corporate Social Responsibility (CSR) win-win situations are

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the expected outcome of business engagement in social or environmental issues. Thus, to reach a win-win situation the socially responsible activities should generate benefits for the society—social case—and also for the companies carrying out those activities, i.e. the business case [2]. While the social benefits of CSR are mostly self-evident, there are different positions regarding the existence of a business case for CSR, ranging from skeptical voices that deny its existence or emphasize the difficulties to identify and measure the economic benefits of CSR, to studies that support the existence of a business case for CSR with empirical evidence [3].

Some authors extend the win-win terminology to win-win-win situations or triple win situations to highlight the fact that companies could simultaneously enhance their economic, social and environmental performance, satisfying the demands of their stakeholders and contributing to sustainable development through their voluntary CSR activities [4].

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[2] Habisch, A. (2006). Die corporate-citizenship-Herausforderung: Gesellschaftliches Engagement als Managementaufgabe. In K. Gazdar, A. Habisch, K. R. Kirchhoff, S. Vaseghi (Eds.) *Erfolgsfaktor Verantwortung. Corporate social responsibility professionell managen* (pp. 35–49). Berlin: Springer.
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[4] Elkington, J. (1994). Towards the sustainable corporation: Win-win-win business strategies for sustainable development. *California Management Review, 36*(3), 90–100.

Works Council

Matthias S. Fifka and Lisa M. Fleischhauer

A works council, or *Betriebsrat* in German, is closely related to the system of co-determination and constitutes a part of employee representation at the establishment level (*Betriebsebene*). In Germany, a works council can be elected as soon as there are at least five permanent employees who are eligible to vote. However, the existence of a works council is not mandatory. The size of the council depends on the size of the company, but it always features one council as well as a vice council,

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in case the works council consists of more than one member. The composition of the works council has to reflect the composition of the workforce as such. Thus, departments, sexes, and races have to be represented on the council accordingly.

The council is elected by the employees, usually for a period of 4 years. Councils enjoy special protection in Germany. They cannot be voted out of office without a serious reason and are protected to a certain extent against dismissal. Their rights consist of information, consultation and co-determination (joint decision) rights as well as of the right to be heard regarding the expression of opinions and the submission of proposals. Therefore, councils can influence decisions regarding company structure, personnel and policies regulating workplace and individual conduct within the company. In addition, a works council has the obligation to call for meetings, in which employees as well as employers are included, at least four times per year [1].

Works council systems which are, at least partly, based on the German model, also exist in several other European countries. Although the exact implementation varies across countries, the size of works councils usually grows with a growing number of employees. In some countries, trade unions have a guaranteed representation on these councils, which is not the case in the German system. In addition, the representation of employees within the European Union is regulated in the European Works Council directive [2]. In this context, employees should not only be represented by a works council (or a similar organ) on a national level, but also internationally across EU country borders.

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[2] Lecher, W., Platzer, H., Rub, S., & Weiner, K. (2002). *European works councils: Negotiated Europeanisation: Between statutory framework and social dynamics*. London: Ashgate.

Work: Life Balance[1]

Haris Kountouros

A proper understanding of the term "work-life balance" presupposes an understanding which goes beyond a simplistic juxtaposition of time spent at work and time spent outside work, in which the latter is viewed merely as leisure time. Rather, in its proper understanding, the term regards the worker as a human being with personal, family and wider social needs and aspirations. The "life" part of the equation therefore refers to the plethora of needs to be fulfilled and actions to be

[1] The author is writing in his personal capacity and expressed views do not necessarily reflect those of the European Parliament.

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realised by a human being in the time he or she is not at work [1]. Family responsibilities involving the raising of children are perhaps the most obvious case. The term though is broad enough to encompass matters as diverse as taking part in a dance class, to taking care of an elderly relative, to volunteering for a charity cause. Work-life balance is ultimately a matter which concerns people's health and safety, employee productivity, motivation and satisfaction, personal and social recreation and self-realisation, and even reproduction (studies in several countries have found that long working hours are associated with a lower birth rate) [2].

Striking the appropriate work-life balance has been the subject of intense political, social and economic debate and action for centuries. An iconic slogan at workers' demonstrations across the world has been the "8-8-8", signifying the demand for 8 h of work, 8 h of sleep and 8 h for social/personal recreation. Work-life balance is also affected by the way in which the working time is organised. It may therefore be the case that workers with nominally short working hours actually have an imbalanced working time schedule because they work on shifts or are required to work at night or weekends. What is a "proper" work-life balance is ultimately a matter determined by the level of the politico-socio-economic development and the balance of economic relations in each country at each given era. Many countries take the view that certain standards have to exist as a minimum safeguard. Accordingly laws regulate the duration of working time, setting maxima and prescribing minimum periods of rest, breaks and holidays. Laws providing for parental leave and maternity leave (beyond what is regarded as the medical necessary period of rest) can also be considered as pertaining broadly to the term "work-life balance", especially when we consider the worker in the terms set out above, i.e. as a human being with several responsibilities.

Working time liberalisation and ease of legal restrictions on opening hours during the 1980s and 1990s in several countries has often affected negatively the balance between work and life. In many cases, including developed countries such as the UK, working time has also been increasing. Practices, such as the intensification of work and the introduction of the "just-in-time model", have a further adverse impact on the work-life balance. Even new technologies, despite their potential to ameliorate the pattern and methods of work, sometimes worsen the situation as people are increasingly expected to be reading and replying to emails and other information outside normal work time.

Over the past couple of decades the main measure to achieve a better work-life balance employed at policy level in many countries and the European Union has been the extension of the use of part-time work. Yet, while in principle part-time work can improve work-life balance, in practice it can also lead to poverty if the work is poorly remunerated, or if very few hours are offered for work. It can even prove detrimental to work-life balance if the worker has to take up multiple jobs, accumulating many hours of work often over unsocial hours, just to make a living [3].

Increased understanding of the value of a proper balance between work and life is leading several organisations to rethink their working practices and the wider working environment. Flexitime means the introduction of "time deposit accounts",

and working from home are some of the practices that are being introduced by companies with the objective of facilitating a better work-life balance. These practices are sometimes the result of CSR initiatives and often involve consultation with workers' representatives.

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[2] Bielenski, H., Bosch, G., & Wagner, A. (2002). *Working time preferences in sixteen European countries*. Dublin: EFILWC.
[3] Fagan, C. (2003). *Working time preferences and work-life balance in the EU: Some policy considerations for enhancing the quality of life*. A Study for the European Foundation of Living and Working Conditions. Dublin: EFILWC.

Work, Worker, Workforce

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The collective noun 'work' appears to be the most apt to indicate all and any human activity, albeit the notion of worker—immediately related to work—is currently used to indicate a specific category of the working population: the blue collar part of it. Often times the notion of worker is also used in opposition to management within a given organization or economy. When such an acceptation of the word is used, workers are also called by the collective term of "labor", as used in the capital-labor dichotomy, which has political implications as well. Work is meant here as a collective noun, work as the sum total of all paid human activity within an economy over a given period of time. Without aspiration to being an apolitical term, work involves everyone working in all organizations, public and private, rich and poor, right and left, bottom and top of organizations. In modern societies work is not a positive value per se. The polluter is a worker, the ineffective bureaucrat is a worker, too, however their work is not socially responsible, it does not produce added value to society as a whole and—to the contrary—it subtracts value from society. Parasitic classes have been known throughout history, however in light of CSR, human activity gains an entirely different perspective. CSR proposes a wholistic view of human activities and it requires all work to be examined, just life every life should be examined. All workers—white and blue collar, executives and employees, capitalists and laborers—must be held accountable for their work. The accountability of work implies also an individual dimension of responsibility, which leads to ethics in CSR. CSR brings new light into the essence of human

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activity, trying to grasp what that essence is, telling its story and applying evaluation criteria to it. This is a particularly difficult task as most of the time when we speak of work—about salaries and taxes, leaves of absence and vacation allowances—we are actually speaking about the administration of work. Thus the notion of work appears to be squeezed between the ideology of the labor-capital dichotomy and the legal administrative concepts; the managerial and essential aspects of work appears to be a classical "forgotten third". When all work in a given economy is considered, the notion of worker includes all those who perform a gainful activity: low or upper class, manual and intellectual work. By the same token the notion of workforce enters the world of CSR whereby the social responsibility of all those who are employed or employable can be tracked and studied as such. Studying the workforce and the social responsibility of those who compose it is a fruitful line of research, that provides insights and opportunity for quantification along the lines mapped by Drèze and Sen (2013) whereby not only the responsibilities of the top class of the privileged in an economy, but also the responsibilities of the "relatively privileged" are called upon to change the course of development of an entire country. Applying CSR to the whole workforce provides an opportunity to specify and offer to scientific debate what we mean exactly when we say the "relatively privileged".

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[2] Drèze, J., & Sen, A., (2013). *An uncertain glory: India and its contradictions*. Princeton: Princeton University Press.

Working Time[2]

Haris Kountouros

Working time is one of the most fundamental aspects of the labour relationship and refers to the period of time spent by the worker at work. In certain jurisdictions, for example in the European Union, working time is understood to include also time spent by workers who are on-call but not actually at the workplace. Yet, any other time, for example time spent travelling to and from work, leisure time and time spent on personal housework, or caring for children and other relatives, is not considered to be working time. Across the world, the notion of working time is the predominant determining factor for the remuneration of workers (though cases

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where workers are remunerated according to other factors such as their output still exist).

Working time is directly related to the income of paid labour, but also to matters such as health and safety, productivity, job satisfaction and work-life balance [1]. In the mid-19th century workers in large industrial centres were forced to work for very long hours, often up to 16 h a day, 7 days a week. The formation of trade unions and the ensuing labour struggles for reduction of working time, coupled with gradually increasing government intervention, made it possible for a steady reduction of working time. By the mid-twentieth century working hours were almost halved. The standard "*nine-to-five*, six days a week", work schedule became the norm in many countries. Across several jurisdictions legal instruments established a 48-h weekly limit (with possibilities for overtime work). Many collective agreements in various sectors, occupations and companies set out an even lower number of working hours.

Nowadays, the regulation of working hours differs widely across countries but some form of regulation is met almost globally. Differences pertain to such factors as the level of socio-economic development of each country, cultural differences, the balance of labour relations, the existence and operation of social dialogue, and prevailing policy considerations. In the European Union legal regulation of working time is primarily viewed as a health and safety measure setting out maximum working hours, compulsory periods of rest and restrictions on the use of overtime. In contrast, in the United States maximum working hours are set primarily for remuneration purposes. It is thus generally possible to work overtime but remuneration normally exceeds the rate given for normal hours.

Corporate social responsibility initiatives have a relatively long history in the area of working time. At the start of the twentieth century, businessmen like Henry Ford, Will Keith Kellogg and Henry Dennison believed that shorter working hours made good business sense and implemented measures to decrease working time in their companies [2]. More widely, reduction of working time has been used as a tool to reduce unemployment and to increase the level of employment, particularly in periods of high unemployment during the first half of the last century.

However, this is no longer the case. Currently policy choices in almost all advanced economies reflect a predilection for extension of part-time work over reduction of (full-time) working hours. This is associated with a more general trend towards deregulation of the working relationship, entailing the emergence of non-standard forms of contractual arrangements, such as part-time and fixed-term work, and relaxation of working time regulations [3]. As a consequence of the heterogenisation of working time it is now much more difficult to measure actual working time, to make comparisons, or to place demands for its reduction.

[1] Fagan, C. (2003). *Working time preferences and work-life balance in the EU: Some policy considerations for enhancing the quality of life*. A Study for the European Foundation of Living and Working Conditions. Dublin: EFILWC.

[2] Hunnicutt, B. K. (2013). The end of shorter hours. In *Labour History, XXV*, (pp. 373–404). 1984, Accessible at http://www.uiowa.edu/~lsa/bkh/lla/eosh.htm. Accessed on March 25, 2013.

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World Bank

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The World Bank with its headquarter in Washington D. C. is an institution that was established by the Bretton Woods Conference in 1944 (together with the International Monetary Fund). It is part of the World Bank Group. Its ownership lies with the governments of the member nations. The bank is divided into two different organisations: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The main official goal of both institutions is to reduce poverty, especially through the provision of low-interest loans, interest-free credits, grants to developing countries, policy advice as well as technical assistance to the poorest countries, fragile and conflict-affected states, the Arab world and middle-income countries [1].

The World Bank is comprised of 188 countries. They are shareholders of this organization that is governed by a Board of Directors. This board contains 25 Executive Directors, normally the elected member countries ministers of finance or ministers of development. The great majority of those directors (20) are elected while 5 are appointed by the largest shareholders, France, Germany, Japan, the United Kingdom and the United States [2].

In general, there are a number of critiques of the World Bank, including Joseph Stiglitz. They argue that the institution is an instrument of powerful industrialised nations to force developing countries to apply Western norms, often leading to a worsening situation through the pressured implementation of neo-liberal policies requested by the lenders. However, their arguments are contested [3].

[1] The World Bank. (2012a). *What we do*. Accessed on March 13, 2013, from http://web.worldbank.org/wbsite/external/extaboutus/0,,contentMDK:20103838~menuPK:1696997~pagePK:51123644~piPK:329829~theSitePK:29708,00.html.
[2] The World Bank. (2012b). *About us*. Accessed on February 27, 2013, from http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:22428930~menuPK:1697011~pagePK:51123644~piPK:329829~theSitePK:29708,00.html.
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World Business Council for Sustainable Development (WBCSD)

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The World Business Council for Sustainable Development (WBSD) is an association of forward thinking companies which encourages member companies to take necessary actions to create a sustainable future for business, society and the environment. It was founded in 1992 on the eve of the Rio Earth Summit by Stephan Schmidheiny, a Swiss entrepreneur and philanthropist with the sole objective of ensuring that the business voice was represented and heard at the summit. Schmidheiny, was of the view that business has a vital role to play in the quest for sustainable development and in making global society more sustainable for everyone.

Since its formation, the WBCSD has continued to use its position to generate constructive solutions and take shared action together with its member companies in its attempt to help deal with many of the world's sustainable development challenges. It provides a forum for its 200 member companies from different sectors and geographical locations to share best practices on issues relating to sustainable development and to develop innovative solutions to change the usual norms and bad practices.

Its members are drawn from some of the world's leading corporations from different business sectors and geographical locations. Any company committed to issues relating to sustainable development (for example eco-efficiency, innovation and corporate social responsibility) and based anywhere in the world is free to join the membership of WBCSD. The following are some of the advantages derivable from membership of WBCSD:

- Demonstrate leadership in sustainable development
- Test new markets and business models
- Understand issues affecting competitive advantage
- Influence global sustainability agenda
- Develop and tap cutting-edge ideas
- Develop tools and capacity to deal with sustainable development issues
- Cover the base on a range of sustainable development issues.
- The WBCSD is a member-led organization governed by a Council composed of the Council Members of its member companies. The Council elects the *Executive Committee*, including a Chairman and four Vice Chairmen.

According to the information on its website, the WBCSD is a member-led organization governed by a Council composed of the Council Members of its member companies. The Council elects the *Executive Committee*, including a Chairman and four Vice Chairmen.

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[1] WBCSD. (2013). Accessed July 30, 2013, from http://www.wbcsd.org/about.aspx.
[2] Idowu, S. O. (2013). World business council for sustainable development (WBCSD). In *Encyclopedia of corporate social responsibility* (pp. 2735–2738). Berlin: Springer.

World Economic Forum

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The World Economic Forum (WEF) is a non-profit organization based in Switzerland. It was initiated in 1971 by Klaus Schwab, then professor at the University of Geneva, as "European Management Forum" with the intention of familiarizing European companies with American management philosophy and practice. It was renamed "World Economic Forum" in 1987. According to its own mission, WEF is now "an independent international organization committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas" [1]. It has developed, over several decades, into the primary venue for key actors of the global economy to discuss major economic, political, and social challenges confronting the world [2]. WEF is known for its annual meeting in Davos in the Swiss Alps, where representatives of the ca. 1,000 members companies funding WEF as well as politicians, academics, and NGO delegates get together on an invitation-only basis.

While WEF is now widely regarded as unique venue of world business and political leaders to discuss global economic issues it also faces a wide range of criticism: particularly NGOs embracing alternate visions of globalization and so-called globalization critics among larger public contest predominant neoliberal approaches to globalization allegedly promoted at WEF [2]. Furthermore, it is argued that the Global Competitiveness Report, featuring country rankings published annually by WEF and referred to by numerous governments to drive national neoliberal change agendas, is based on flawed methodology and ideological bias toward Anglo/US practices with potentially harmful outcomes for businesses and society [3].

[1] World Economic Forum. (2013). *The World economic forum*. Accessed on March 15, 2013, from www.weforum.org.
[2] Pigman, G. A. (2002). A multifunctional case study for teaching international political economy: The world economic forum as Shar-pei or Wolf in Sheep's clothing? *International Studies Perspectives, 3*(3), 291–309.

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World Index of Social and Environmental Responsibility

Gabriela Tigu

The World Index of Social and Environmental Responsibility (WISER) is a collaboratively written, free content, open source networking platform that links NGOs, funders, business, government, social entrepreneurs, students, organizers, academics, activists, scientists, and citizens. WISER creates the space for civil society, the private sector, and government to collaboratively define, address, and solve problems such as poverty, climate change, pollution, globalization, resource issues, hunger, in short, the political, economic, and ecological problems that affect humanity [1].

This platform is a manifest for three types of institutions: public benefit organizations (NGOs and non-profits) that collectively comprise the largest social movement in human history; socially responsible businesses that are creating practices that are permeating all of commerce; and responsive local, state, and national governments who are embracing sustainability as the key to a better life for their citizens (over 112,000 institutions in 243 countries, territories, and sovereign islands) [2]. For each of those three types of institutions involved in this movement, there is one WISER platform: WiserEarth, WiserBusiness, and WiserGovernment. WiserEarth promotes social change, containing a directory of more than 100,000 organizations based in 243 countries, searchable by areas of interest, geography, type or organization, profession or pursuit (for individuals), and scope of activity, informing about events, offering resources including books, conferences, events, other databases, definitions, magazines, articles, podcasts, streaming audio and video, maps, research reports, and educational opportunities. The WiserBusiness platform provides businesses with the resources and guidance needed to implement responsible business practices, supporting partnerships between businesses and non-profit organisations in order to help them to learn from one another. It is also a platform to help them find creative solutions to social and environmental challenges. In addition, it offers a detailed taxonomy of socially and environmentally responsible business and a listing of the best practices, industries, companies, and organizations. **Wiser Government** follows the same guidelines as Earth and Business but is tailored to the interests of local, state, and national governments and their staff [3].

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Working as a user-generated online community space for the social and environmental movement, this platform shows examples of successful community building, in which over 70,000 people are making connections, sharing resources, solutions, jobs, and events [2].

[1] Natural Capital Institute. (2008). *WISER*. Accessed on February 22, 2013, from http://www.naturalcapital.org/wiser.htm.
[2] Wiser.org. The social network for sustainability. (2005–2012). *Purpose*. Accessed on March 12, 2013, from http://blog.wiser.org/purpose/.
[3] Natural Capital Institute. (2006). *WISER project overview and progress report*. Accessed on March 12, 2013, from http://www.oss.net/dynamaster/file_archive/070127/f23217f22a775beb44d6bb63e7006559/WISER%20Report_12_17_06.pdf.

World Social Forum

Gabriela Tigu

The World Social Forum is an open bi-annual meeting for reflective thinking, democratic debate of ideas, formulation of proposals, free exchange of experiences and interlinking for effective action, where social movements, networks, NGOs and other civil society organizations opposed to neo-liberalism and a world dominated by capital or by any form of imperialism. It is committed to build a planetary society directed towards fruitful relationships among humankind and between it and the Earth. Since the first world meeting in 2001 in Brazil, it has taken the form of an on-going process, seeking and building alternatives to neo-liberal policies [1].

The World Social Forum is "the great capitalist rival" of the World Economic Forum traditionally placed in January, in Davos, Switzerland, and it is held at the same time, to promote alternative answers to world economic problems.

The World Social Forum is also characterized by plurality and diversity, is non-confessional, non-governmental and non-party affiliated, facilitating decentralized coordination and networking, but it does not intend to be a body representing world civil society. The World Social Forum is neither a group nor an organization [2].

The WSF's guiding document is the Charter of Principles, approved and adopted in São Paulo, Brazil on April 9, 2001, by the organizations that make up the World Social Forum Organizing Committee, and approved with modifications by the World Social Forum International Council on June 10, 2001 [1].

One of the originators of the World Social Forum, Oded Grajew, is president of the Ethos Institute for Business and Social Responsibility. He is a businessman, looking for how the social and environmental situation of the world can be changed,

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trying to mobilize the base of the business sector. He tried to introduce social responsibility in the World Economic Forum, but having seen a big resistance to changing the agenda, he had the idea to create an alternative to this forum. “Another world is possible when you make the first step the social, not the economic”, he considered [3].

[1] Forum Social Mundial. (2001a). World social forum charter of principles. Accessed on March 12, 2013, from http://www.forumsocialmundial.org.br/main.php?id_menu=4&cd_language=2.
[2] Forum Social Mundial. (2001b). *What the world social forum is*. Accessed on March 12, 2013, from http://www.forumsocialmundial.org.br/main.php?id_menu=19&cd_language=2.
[3] Motion Magazine. (2004). *Interview with Oded Grajew, initiator and secretariat member of the world social forum*. Accessed on March 12, 2013, from http://www.inmotionmagazine.com/global/ogwsf_int.html.

World Summit on Sustainable Development (2002)

Gabriela Tigu

The World Summit on Sustainable Development, WSSD or Earth Summit 2002 took place in Johannesburg, South Africa, from 26 August to 4 September 2002. It was also informally named “Rio+10”, reviewing progress since the Rio conference in 1992, and agreeing a new global deal on sustainable development.

Unlike its predecessor, it was primarily concerned with the implementation of sustainable development principles, rather than with new treaties and targets, although a number of new targets were agreed on. While relatively modest in its achievements, and with difficulties in achieving consensus in key areas such as energy, trade, finance and globalisation, WSSD nevertheless succeeded in placing sustainable development back on the political agenda, giving new impetus, in particular to the environment and development needs of Africa, with a strong focus on local issues like poverty, household energy, water and sanitation [1].

The WSSD produced three types of outcomes:

(a) a political declaration now known as the “Johannesburg Declaration on Sustainable Development”;
(b) the “Johannesburg Plan of Implementation”, a 65-page document restating existing targets e.g. Millennium Declaration Goals and a limited number of new commitments; and
(c) “Type 2” agreements, an innovative outcome, in fact informal partnerships which facilitate the inclusion of private and civil actors into the management

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of sustainable development (partnerships involving governments and other stakeholders, including business and non-governmental organizations) [2].

The most important outcome is the Johannesburg Plan of Implementation, build on the achievements made since the United Nations Conference on Environment and Development and expedite the realization of the remaining goals. It commits to undertake „concrete actions and measures at all levels and to enhancing international cooperation, taking into account the Rio principles"[3]. Based of the three components of sustainable development—economic development, social development and environmental protection—, the main objectives and requirements for sustainable development are poverty eradication, the change of unsustainable patterns of production and consumption, and the protection and management of the natural resource.

[1] Von Schirnding, Y. (2005). *The world summit on sustainable development: Reaffirming the centrality of health*. Accessed on February 24, 2013, from http://www.globalizationandhealth.com/content/1/1/8.
[2] Doran, P. (2002). *World summit on sustainable development (Johannesburg)—An assessment for IISD*. Accessed on February 24, 2013, from http://www.iisd.org/pdf/2002/wssd_assessment.pdf.
[3] United Nations. (2002). *Report of the world summit on sustainable development*. Accessed on February 24, 2013, from http://www.unmillenniumproject.org/documents/131302_wssd_report_reissued.pdf.

X

Samuel O. Idowu

X-Efficiency

Massimiliano Di Bitetto and Paolo D'Anselmi

X-efficiency [1] is a strand of thought that challenges the maximizing approach to economic behavior. The key maximizing approach to economic behavior is neo-classical micro-economics which assumes corporations as profit maximizers. Mainstream CSR—also known as triple bottom line reporting—embraces the micro-economic profit maximizing paradigm and it assumes the core business of corporations as fully captured in their economic bottom line and fully accounted for through their financial statements. X-efficiency allows for a non specified and non optimized rate of work effort in the core business of corporations and all other organizations. Thus is allows for a variety of outcomes of core business activity. Such outcomes appear to be less deterministic than those produced under the profit maximizing paradigm. X-efficiency measures organizational performance through benchmarking and organizational multiplicity or competition. There is no maximization, only comparison can tell what the level of effort is and what the core business outcomes can be. X-efficiency is relevant to mainstream CSR because it challenges the deterministic approach mainstream CSR takes to the economic bottom line under the profit maximizing paradigm. X-efficiency shows that the economic bottom line is not deterministic; therefore, there is freedom in the organization to obtain a viable bottom line and that freedom leads to responsibility.

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Such responsibility should be accounted for beyond the financial statements because X-efficiency tells us that financial statements can be obtained in many different ways. Financial statements themselves are non deterministic once profit making becomes only one of the many possibilities and combinations of outcomes from organizational activities.

[1] Leibenstein, H. (1978). *General X-efficiency theory and economic development*. New York: Oxford University Press.
[2] Lindblom, C. E. (1959). The science of 'muddling through'. *Public Administration Review, 19*(2), 79–88.
[3] Niskanen, W. A. (1968). Non-market decision making: The peculiar economics of bureaucracy. *American Economic Review, 58*(2), 293–305.

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