Center for Ethics and Social Responsibility (CESR)

Future Capital: Financing Global Development

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Executive Director

Business & Finance :

Reconciling purpose-driven business models with public good and private profit

WORLD ACADEMY OF ART AND SCIENCE

UNITY IN DIVERSITY

University of Colorado at Boulder
Colorado LEEDS
School of Business

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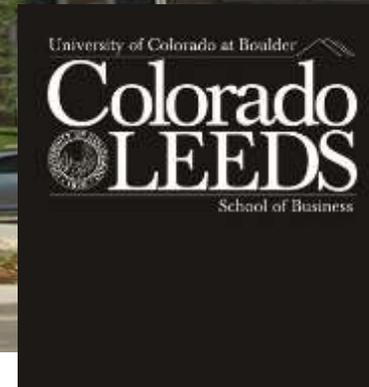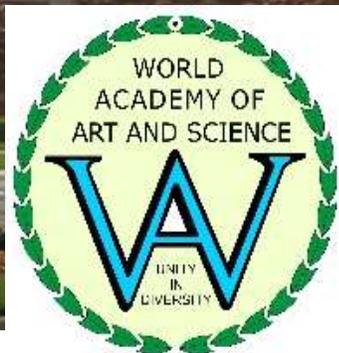
- Academia

- Volunteer Sector

- Private Sector

- Municipal Government

- Higher Education

  - ➢ Faculty, Haas School of Business, UC Berkeley
  - ➢ Faculty & Executive Director, Center for Ethics and Social Responsibility, Leeds School of Business, CU Boulder
  - ➢ United Nations PRME, Chapter North America Chairperson

Objectives

- Key milestones in the history and evolution of Corporate Social Responsibility (CSR)

- Current CSR Theories and Approaches

- The UN Global Compact and the UN Sustainable Development Goals

- The Circular Economy

Key milestones in the history and evolution of CSR

1. The Philanthropic Era
   - Corporate philanthropy
   - Improved employee relations
   - Company assistance to social agencies
   - Paternalism
     - Pullman experiment
     - YMCA
   - Great Depression
     - Trusteeship or stewardship

Key milestones in the history and evolution of CSR

2. The Awareness Era
    - recognition of the overall responsibility of business and its involvement in community affairs

3. The Issue Era
    - focus on specific issues such as urban decay, racial discrimination, and pollution problems

4. Responsiveness Era
    - companies begin to take serious management and organizational actions to address CSR issues

Corporate social responsibilities theories and related approaches

Instrumental theories (focusing on achieving economic objectives through social activities)	Short description	Some key references
Maximization of shareholder value	Long-term value maximization	Friedman (1970), Jensen (2000)
Strategies for competitive advantages	• Social investments in a competitive context	Porter and Kramer (2002)
	• Strategies based on the natural resource view of the firm and the dynamic capabilities of the firm	Hart (1995), Lizt (1996)
	• Strategies for the bottom of the economic pyramid	Prahalad and Hammond (2002), Hart and Christensen (2002), Prahalad (2003)
Cause-related marketing	Altruistic activities socially recognized used as an instrument of marketing	Varadarajan and Menon (1988), Murray and Montanari (1986)

Corporate social responsibilities theories and related approaches

Political theories (focusing on a responsible use of business power in the political arena)	Short description	Some key references
Corporate constitutionalism	Social responsibilities of businesses arise from the amount of social power that they have	Davis (1960, 1967)
Integrative Social Contract Theory	Integrative Social Contract Theory	Donaldson and Dunfee (1994, 1999)
Corporate (or business) citizenship	The firm is understood as being like a citizen with certain involvement in the community	Wood and Lodgson (2002), Andriof and McIntosh (2001) Matten and Crane (in press)

Corporate social responsibilities theories and related approaches

Integrative theories (focusing on the integration of social demands)	Short description	Some key references
Issues management	Corporate processes of response to those social and political issues which may impact significantly upon it	Sethi (1975), Ackerman (1973), Jones (1980), Vogel, (1986), Wartick and Mahon (1994)
Public responsibility	Law and the existing public policy process are taken as a reference for social performance	Preston and Post (1975, 1981)
Stakeholder management	Balances the interests of the stake-holders of the firm	Mitchell et al. (1997), Agle and Mitchell (1999), Rowley (1997)
Corporate social performance	Searches for social legitimacy and processes to give appropriate responses to social issues	Carroll (1979), Wartick and Cochran (1985), Wood (1991b) Swanson (1995)

Ethical theories(focusing on the right thing to achieve a good society)	Short description	
Stakeholder normative theory	Considers fiduciary duties towards stakeholders of the firm. Its application requires reference to some moral theory (Kantian, Utilitarianism, theories of justice, etc.)	Freeman (1984, 1994), Evan and Freeman (1988), Donaldson and Preston (1995), Freeman and Phillips (2002), Phillips et al. (2003)
Universal rights	Frameworks based on human rights, labor rights and respect for the environment.	The Global Sullivan Principles (1999), UN Global Compact (1999)
Sustainable development	Aimed at achieving human development considering present and future generations	World Commission on Environment and Development (Brutland Report) (1987), Global Reporting Initiative (GRI) and B Impact Assessment (BIA), ISO 26000, Sustainable Development Goals (SDGs).
The common good	Oriented towards the common good of society	Alford and Naughton (2002), Mele´ (2002) Kaku (1997)

UN GLOBAL COMPACT & PRINCIPLES FOR RESPONSIBLE MANAGEMENT EDUCATION

Making Global Goals Local Business

THE UN & BUSINESS
DEEPENING INTERDEPENDENCIES

BUSINESS

UNITED NATIONS

Profit & Growth
Through Products &
Services

Building Markets

Good Governance

Global Health

Environment

Security

Peace,
Development &
Human Rights

Deepening Interdependencies
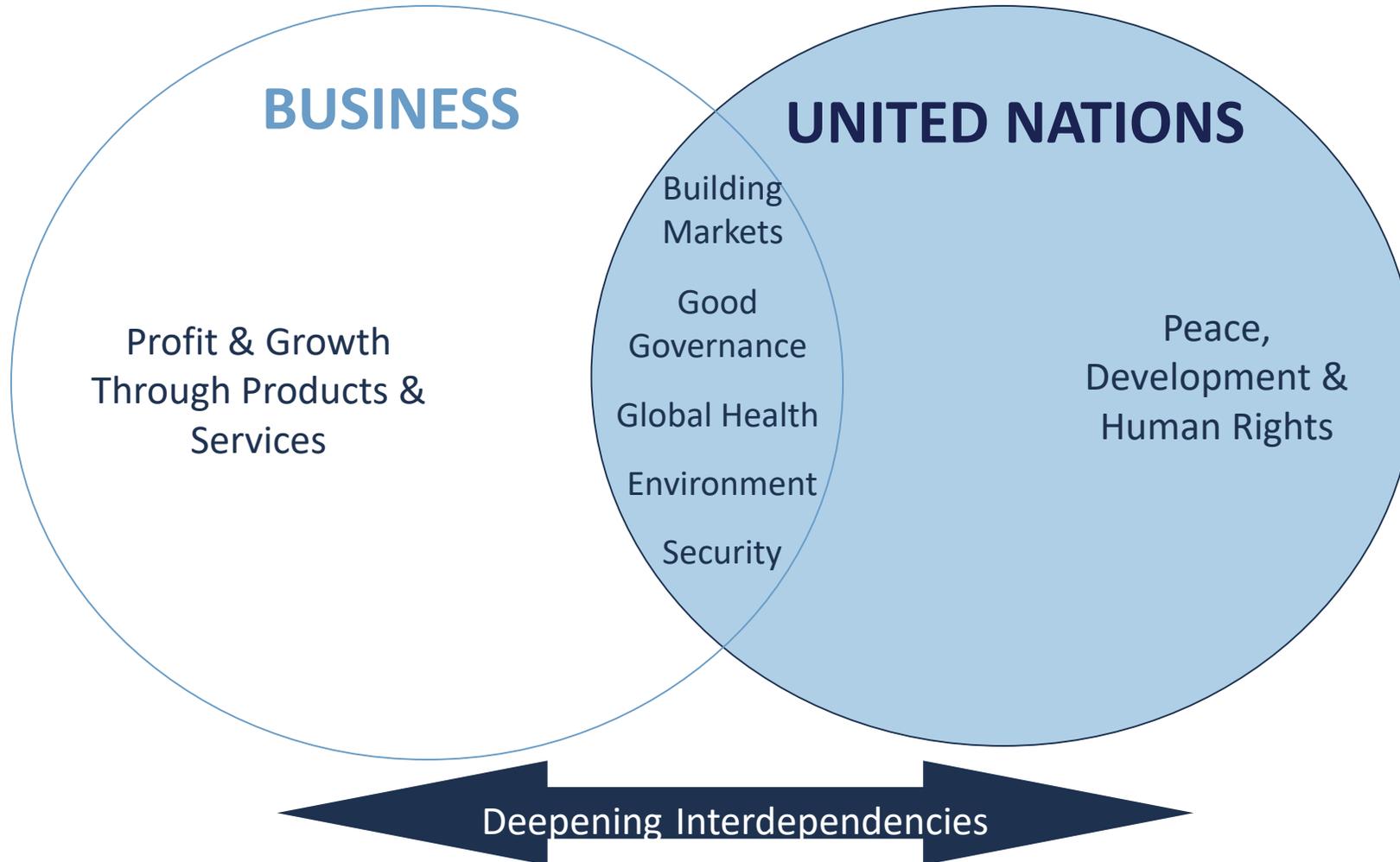
UN GLOBAL COMPACT

Launched in 2000, the UN Global Compact believes it's possible to create a sustainable and inclusive global economy that delivers lasting benefits to people, communities and markets. That's our vision.

To make this happen, the UN Global Compact supports companies to:

1. Do business responsibly by aligning their strategies and operations with Ten Principles on human rights, labor, environment and anti-corruption; and

2. Take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.

UN GLOBAL COMPACT TEN PRINCIPLES

Human Rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption
Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

UN GLOBAL COMPACT TODAY

*We are mobilizing a global movement of sustainable companies and stakeholders to create the world we want.*

13,000+ Signatories

160+ Countries

85+ Local Networks

COUNTRIES WITH
LOCAL NETWORKS

DUAL GOALS OF SUSTAINABLE DEVELOPMENT:
HIGH HUMAN DEVELOPMENT AND LOW ECOLOGICAL IMPACT
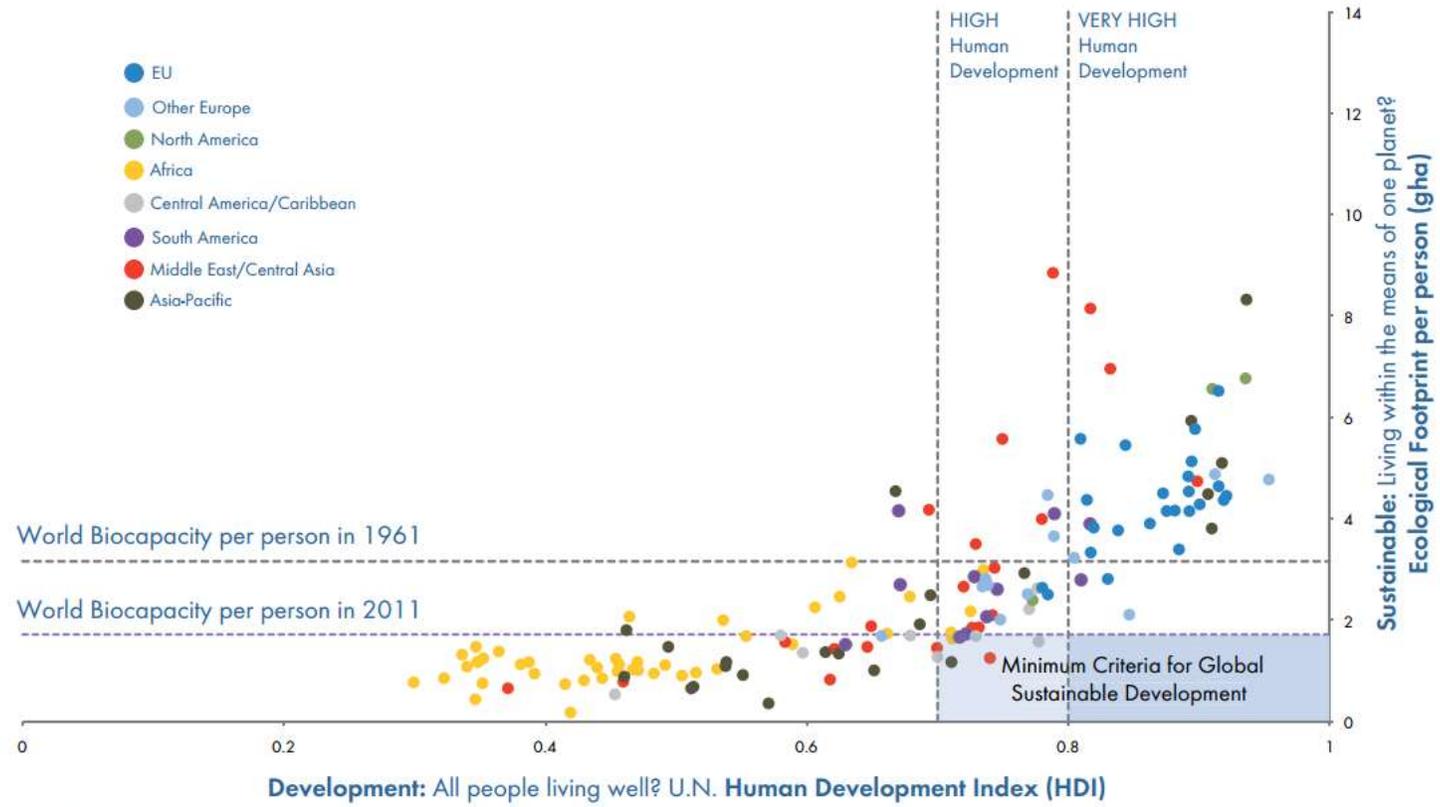
DEFINING THE SUSTAINABLE DEVELOPMENT CHALLENGES

Re-thinking Progress: The Circular Economy

https://youtu.be/zCRKvDyyHmI
https://www.youtube.com/watch?v=Cd_isKtGaf8

The SDGs

8 … Decent Work

9 … Sustainable Industrialization

13 … Climate Action

#14 . . . Life Below Water

15 … Protecting Eco-systems

16 … Promoting Peace

12 … Responsible Consumption and Production

What Is The Circular Economy?

➢ Cradle to cradle ethos:

  o **everything is designed to be reused, upcycled, or biodegrade**

➢ "Natural capitalism":

  o aims to account for overlooked costs and values like those of *waste and finite resources*

What Is The Circular Economy?

Radical Rethink:
The Birth of Circular Manufacturing

- Manufacturers are really at the heart of this new revolution.

- Circular economics is fast becoming more mainstream than ever.

- The business case for the circular model is going global.

The ReSOLVE Framework

- ➢ Regenerate
  - o Reclaim, retain, and restore health of ecosystems
- ➢ Share
  - o Reuse or prolong life through design
- ➢ Optimize
  - o Increase performance/efficiency of product
- ➢ Loop
  - o Recycle materials
- ➢ Virtualize
  - o dematerialize
- ➢ Exchange
  - o Choose new product/service