

Corporate Social Responsibility: Synergy of State, Business, Society and Non-State Actors

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Abstract

Using the theoretical framework of “business, society, state and non-state” relations in the backdrop of the declining role of the state, challenges of globalization, changing face of development and complex governance, CSR has proven its efficacy both as a management process and social equity catalyst. This article exemplified how the two countries of the Philippines and Taiwan, manage the tension brought about, in one hand, by the ethical arguments about the necessary role for business in dealing with the broad array of stakeholders and acting as corporate citizen in a larger society to deal with social problems effectively. On the other hand, the economic arguments about the need for businesses, especially the public corporations, to focus on enhancing “shareholder value” and the economic interests of the firm. Obviously, the latter is consistent with Milton Friedman’s assertion that corporate executives have the responsibility to make as much money as possible while conforming to the rules of the society, both those embodied by law and those embodied in ethical customs.

Key words: corporate social responsibility, non-state actors, state-society relations, private sector, business sector

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Introduction

The 1990's point to the direction of a rapidly changing world where globalization of world affairs and competition is increasingly felt by most developing countries. Globalization is a catchword that summarizes the movements that are linking economies, societies, businesses and individuals into one seamless community extending beyond national boundaries. The end of the cold war and the crisis of socialism have reconfigured everything into a unipolar world dominated by the west, and have contextualized the rise of neo-liberalism and capitalism, the major paradigm which underpinned globalization. It is equated with the rise of the neo-liberal capitalist global economy characterized by the transnationalization of capital and its increased mobility, the globalization of the labor market, economic liberalization, privatization and real trade.² Globalization, therefore, which is manifested in the economy, socio-culture, environment and politics, has been the most dominant factor that changed the landscape of development, governance and interaction of actors both in the domestic and international playing field.

A shared world without political, economic, environment and socio-cultural borders creates many opportunities but at the same time poses challenges to all sectors of society. A corporate sector, for one, will benefit greatly from expanded markets for their goods and services. Enterprises endowed with global competitive edge will benefit immensely; while companies that have been protected by national trade policies must retool to withstand foreign competition or risk being forced out of business.³ The process of integrating the world into one community also forces governments to rethink national policies. While, there is an on-going arguments on the decreasing sovereignty of the nation-states in the aftermath of globalization, it is still an imperative for governments to promote healthy and fair business competition, accountability in corporate governance, and transparency in its decision making process. Governments cannot shirk from its responsibility to promote good infrastructure, education, peace and order, ethics and morality in public service. Poor government policies

² Alan G. Alegre, "The External Context of Non-Government Development Organizations," in *Organizational Performance and Management Change* (Philippines: International Institute of Rural Reconstruction, 1997), pp.15-16.

³ Andres Soriano III, "Chairman's Call for Courage", *Philippine Business for Social Progress 30 Years Report*, (Philippines, 2000), p.19.

are punished not only by avoidance of international capital, but also by the flight of domestic capital and resources.⁴

The consumerism of exponentially growing populations and the accompanying unabated economic production fueled by globalization have resulted in the progressive destruction of the ecosystem. There is however a growing universal consciousness of the natural resources crises as being a borderless phenomenon for which responsibility cannot be demarcated precisely among nations and regions. Therefore, in a world where borders no longer bind capital, resources, people, and other concerns, good governance becomes a major competitive advantage. Along this line, “governance” includes the state, but the state transcends it by taking into the fore the private sector and civil society, as well. The current development imperatives demand that these three sectors as shown in Figure 1, build a common purpose to make policies and programs effective and sustainable. The state creates a conducive political and legal environment, while the private sector generates jobs and income, and civil society facilitates political and social interaction by mobilizing groups to participate in economic, social and political activities.⁵

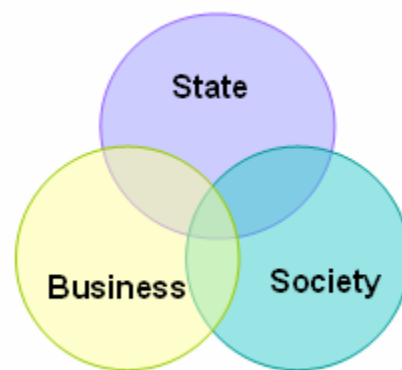


Figure 1 – Basic Model of State, Business and Society Relations
(Adapted from UNDP Discussion Paper 2, 1997)

It is indeed a necessity that the three sectors must undertake cooperative efforts to ensure that no sector is left without safety nets to cushion the structural transformations in the era of globalization. Inequitable growth is and can never be sustainable. While the basic model

⁴ Romulo L. Neri, *Economics and Public Policy* (Philippines: Asian Institute of Management Press, 2002), p. 108.

⁵ *Reconceptualizing Governance*, UNDP Discussion Paper 2, 1997, pp.1-2.

is focused only on the three sectors, it does not merely subsume the equally strategic role of non-state actors like; multi-national companies, international organizations, regimes like World Trade Organization (WTO) and other regional agreements. Aptly said by Susan Strange in her premises: first, that politics is a common activity, it is not confined to politicians and their officials; second, that power over outcomes is exercised by markets and often unintentionally by those who buy and sell and deal in markets; and third, authority in society and over economic transactions is legitimately exercised by agents other than the states, and has come to be freely acknowledge by those who are subject to it.⁶ The role of these actors like the non-state is shown in the expanded model in Figure 2, vis a vis the state, the business, and civil society.

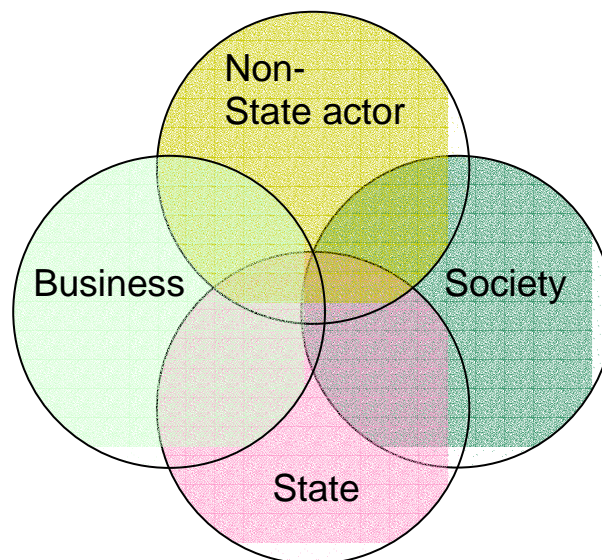


Figure 2 – Expanded Model with Non-state Actors

History shows that business, not the government sector, develops a nation economically. Governments create the frameworks that encourage – or hinder – that development; but it is the private sector that generates entrepreneurship, creates employment and builds wealth. Companies, moving beyond conventional wisdom and working with new partners, have an unprecedented opportunity to help people to lift themselves out of poverty and into market economies. These companies will be at the same time developing new, broader based markets for their businesses. Business creates value by increasing revenues, lowering

⁶ Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy* (Cambridge: Cambridge University Press, 1996), pp.12-13.

operational costs and improving productivity. It does so by growing new markets, tapping into new revenue streams, and reducing costs through outsourcing and global supply chain management. It is increasingly looking at emerging economies and developing countries for opportunities. Business faces growing pressures from society to help ensure that the benefits of this newly globalized world are distributed equitably. Companies can choose to ignore this pressure, or fight back, or see this reality as an opportunity to better business while demonstrating that they can be catalyst to invigorate the virtuous cycle of human development.⁷ The business sector which is the focus of corporate social responsibility (CSR) can be viewed from a wide spectrum where in one end, a corporation is essentially a profit maximizing firm in the manner of economist Milton Friedman's pronouncement that "there is only one and only one social responsibility of a business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud".⁸ Friedman's reference to the "rules of the game" is derived from the general economic environment or context in which business operates. His position on CSR has been characterized by "fundamentalism" and gathered under what has been considered the "legal recognition view - the corporation is an autonomous entity and run by a freely constituted group... it is not a creation of society".⁹ On the other side of the CSR spectrum is the corporation that is a "corporate citizen" and acknowledges that long run prosperity hinges on a shared prosperity among all sectors in the country, starting with its employees and the community. The need for meaningful partnership between the business and the state; business and society; or business, society and the state becomes even more compelling in the face of all this changing development landscape.

Some Historical Foundations on CSR

There are differing views as to when CSR started, since there is no single historical event that could directly point to the birth of CSR. Some literatures view it as parallel to the growth of corporations dating back to the industrial revolution, while some literatures had its

⁷ World Business Council for Sustainable Development, *Finding Capital for Sustainable Livelihood Businesses: A Finance Guide for Business Managers*, 2002, pp.12-13.

⁸ Milton Friedman, "The Social Responsibility," in Tom L. Beauchamp and Norman E. Bowie, eds., *Ethical Theory and Business* (Englewood Cliffs, N.J.: Prentice Hall Inc., 1983), pp.81-83.

⁹ Richard De George, *Business Ethics* (New York: MacMillan Publishing Co., 1990), pp. 9-11.

reckoning of CSR in its modern form with the publication of Howard R. Bowen's book on "Social Responsibilities of Business" in 1950. This and the future publications earned him the unofficial title as the "Father of Corporate Social Responsibility".¹⁰ Relative to the second view, some observers date its origin to the early environmentalism of the 1960s, when the first regulation was put in place in North America and Europe. For the first group, its genesis in the early Industrial Revolution, the joint stock corporation took root as the heir to the private-partnership organization, wherein close owner capitalists maintained high levels of familiarity with the workings of the companies that they partially owned. As the scale of the companies grew, so did the need for capital well beyond the original entrepreneurs and close partners could provide. Thus, the idea of passive investors purchasing equity shares emerged and by the end of the 19th century that would come to dominate the industrial landscape and become a central driving force of the economic expansion of western nations.¹¹

This development was not warmly embraced by all. As early as the 18th century, Adam Smith harboured doubts about the social repercussions of the joint stock company. Notwithstanding his seminal observation that individuals working to advance their self-interests is the surest route to aggregate societal well-being, Smith understood that the threat of business monopoly, privilege and protection to societal interests. U.S. court decisions in the late 19th century fuelled the rise of shareholder supremacy, a notion built on the premise that shareholding entitles the shareholders to be the dominant recipients of surplus generated by corporate wealth creation. This view, while upheld in the courts, was met with opposition, even among business leaders. Henry Ford and Owen D. Young, GE's chairman in the 1920's questioned the supremacy of shareholders relative to other parties that contribute to wealth creation. Ford was sued by two shareholders for suspending dividends in favour of plant expansion. When asked what is the purpose of his corporation, Ford responded; "To do as much good as we can, everywhere, for everybody concerned... and incidentally to make money". Ford lost his case in a Michigan court. A few years later, Young rhetorically asked: "To whom do I owe my obligations?" and his answer, "the company owes a fair rate of return to shareholders at the same time it serves the interest of employees, customers and the public". Notwithstanding this ubiquitous view of corporate

¹⁰ A. Caroll, "Corporate Social Responsibility," *Business and Society Review*, September 1999, p.272.

¹¹ Allen L. White, "Fade, Integrate or Transform?, The Future of CSR," *Business for Social Responsibility*, August 2005, pp. 4 -5.

purpose, shareholderism intensified during the ensuing decades subject only to slight modifications by subsequent court rulings. Reinforced by “stock market capitalism”, shareholder primacy reached its pinnacle after the 1980s. Today, the received wisdom of shareholder value as the central purpose of business poses a continuing challenge to CSR. In a fundamental sense, the emergence of CSR can be viewed as a modest corrective mechanism to shareholderism.¹²

Bowen’s work in the 1950s established the initial definition of “social responsibilities of business” as the obligation of business to operate their activities in line with the objectives and values of society. The idea that business should think of its actions beyond pure profit resonated with businessmen of the era. The 1960s continued its effort to define CSR. Keith Davis, a prominent writer of the 60s developed the well known “Iron Law of Social Responsibility” which states that the emphasis of responsibility in business correlates to its size – the larger the business, the larger the amount of responsibility it has to society.¹³ By the 1970s, Archie Carroll came up with its definition of CSR which has four parts - *Economic* responsibility means that a business must establish a strong bottom line before it has the ability to do any other socially responsible activities. A business that operates within the parameters of law meets the *legal* responsibility requirement. To be *ethically* responsible, the business must do more than what the law dictates; they should do what is right and just. Finally, *philanthropic* activities provide the business a way to “give back” to the society that supports them.¹⁴ This definition was commonly used even in modern CSR context with slight modification, but the core concept is basically the same.

The Carroll definition led to the development of “stakeholder theory” which states that business’s responsibility extends beyond groups with only financial investment and includes those with any relationship with the business. This includes employees, customers, professional partners and local communities. Interest in CSR became more proactive in the 1980s as researches were geared towards establishing CSR measures, as well as documenting the benefits to business for CSR practitioners. This paradigm shift to operationalize CSR with some empirical proof of relations between social responsiveness of business relative to its

¹² *Ibid.*, p.5.

¹³ Elizabeth Carr, K. Hart, J.G. Mackinnon, and S. Mellinger, “CSR: A Study of Four Successful Vermont Companies,” *Organizational and Management Studies*, 2004, pp.7-8.

¹⁴ A. Carroll, “The Four Faces of Corporate Citizenship,” *Business and Society Review*, Fall 1998, pp.1-7.

financial performance gained greater grounds in the 1990s to the present. CSR is now accepted in the business world at different modes and scheme.

Some Foundational Considerations for CSR

Fundamentalism

Over the years the debate over the nature and extent of social responsibilities of Business has become heated and complex. Some simplifies the arguments by posing the question – *are corporations social institution?* At one end of the spectrum of CSR theories are those that conclude either that there are no social responsibilities for business or that CSR is very limited. The most prominent proponent of this is Milton Friedman as captured in his pronouncement that “there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game which is to say engages in open and free competition without deception and fraud. The basis of Friedman’s argument is unguarded acceptance of the values that under gird a free market system. Such values include individual free choice and rights, especially the right to own property and to an unfettered use of that private good. It is argued that corporations are fully private, economic institutions designed only to make money. According to Friedman, the “business of business is business”.¹⁵

Other fundamentalist like Theodore Lewitt holds a functionalist fundamentalist position, similar to that of Friedman’s. To him, the function of labor is to provide for its workers, of governments for the “general welfare”, and of business to maximize profits through vigorous competition in any way consistent with the survival of business in economic system. Lewitt warns that CSR can be bad for business and bad for society and goes so far as to say that business itself as being “at war and like a good war it should be fought gallantly, daringly, and above all, not morally”.¹⁶ For both Lewitt and Friedman, the fully private and basically economic character of business as such, insulates business institution from social responsibilities. Douglas Den Uyl argues that Friedman’s commitment to respect for contracts or individual agreements implies a respect for individual rights created in those

¹⁵ Milton Friedman, “The Social Responsibility”, in *Ethical Theory and Business* (New Jersey: Prentice Hall Inc., 1983), pp.81-83.

¹⁶ Theodore Lewitt, “The Dangers of Social Responsibility”, in *Ethical Theory and Business* (New Jersey: Prentice Hall Inc., 1983), pp.83-86.

agreements. The argument is that corporations' managers and directors only have a responsibility to the "owners of the firm. Equally integral to the fundamentalist approach are the notions of individuality and rights. Because the corporation is privately owned, it is argued that the owners, and those who act in behalf of the owners interests, possess a fairly exclusive property right and a correlative right to engage in profit making activities.¹⁷

Moral Agency and Social Institutions

Are corporations moral agent? ... Peter French, Thomas Donaldson, Kenneth Goodpaster and John Matthews have all argued that corporations can be held morally responsible for their actions. Corporations should be treated as full –pledged moral persons. Further, corporations should be admitted as full-fledged members of the moral community and place them on the same level as human beings.¹⁸ Arguments in favor of treating corporations as persons tend either explicitly or implicitly to work from the presumption that business activities occur within an "interpersonal" if not "social context". This approach presume the corporation to be a "social institution" with social responsibilities. Some thinkers start with the philosophical tradition in "social contract theory" to determine the nature of the corporation. From the theory that came to the fruition with Hobbes, Locke, Rousseau and Kant, Melvin Anshen argues that there is a social contract for business and that this contract is an "evolving document" – actually not a document as much as it is a highly implicit social agreement" that lays out the duties and rights of individuals and groups in society. The social contract is one in which business advanced the national well-being by engaging in unfettered competition in the open market in an effort to maximize profit. In the 1950s however, society begun to reassess its expectation of business and put pressure on corporations to strike a more reasonable balance between profit making and social responsibility.¹⁹

¹⁷ Richard J. Klonoski, "Foundational Considerations in Corporate Social Responsibility Debate," *Business Horizon*, July-August 1999, pp.9-10.

¹⁸ Peter French, "Corporate Moral Agency," in *Business Ethics: Readings and Cases in Corporate Morality* (New York: McGraw Hill Publishing Co., 1990), p.194.

¹⁹ Melvin Anshen, "Changing the Social Contract: A Role for Business," in *Ethical Theory and Business*, 2nd ed. (New Jersey: Prentice Hall Inc., 1983), pp. 97-103.

Stakeholder Theory

The notion of stakeholder theory in the management literature is by now well established as an offspring of the social contract theory for CSR. It centers around the idea that corporations have stakeholders who may be individual or group who can affect or be affected by an organization and may have certain demands or expectations of an organization.²⁰ The motivation is for business to become involved in CSR in order to address the wide ranging and constantly changing set of stakeholder demands, including the resolution of ethical dilemma.²¹ The stakeholder theory of CSR is sometimes referred to as the “constituency theory”. In a narrow sense, stakeholders are those identifiable groups or individuals on which an organization depends for its survival, sometimes referred to as primary stakeholders – stockholders, employees, customers, suppliers, and key government agencies. On a broader level however, a stakeholder is any identifiable group or individual who can affect or is affected by organizational performance in terms of its products, policies, and work processes. In this sense, public interest groups, protest groups, local communities, government agencies, trade associations, competitors, unions and the press are organizational stakeholders.²²

Corporate Citizenship(CC)

Corporate citizenship is the business strategy that shapes the values underpinning a company’s mission and the choices made each day by its executives, managers, employees as they engage with society. CC in the 21st century is driving a major transition from a model that allowed unconnected activities – such as compliances with governance and ethical laws, endorsing global standards promoting strong philanthropic and volunteer activities – to serve as surrogates for citizenship. The current global challenges of transparency, stakeholder expectations, accountability, trust and reputation requires a strategic approach endorsed at the highest levels of the company and integrated and aligned throughout the business operations. In the Center for Corporate Citizenship of Boston College, it identified four core principles that define the essence of CC and believes that every company should apply them in a manner

²⁰ T. Donaldson and L. Preston, “The Stakeholder Theory of Corporation: Concept, Evidence and Implications,” *Academy of Management Review*, Vol. 20, No.1, 1995, p.65.

²¹ R.E. Freeman, “Stakeholder Theory of Modern Corporations,” in *Business Ethics: Readings and Cases in Corporate Morality* (Boston: McGraw Hill, 2001).

²² Anthony F. Bruno and Lawrence T. Nichols, “Stockholder and Stakeholder Interpretations of Business’ Social Role,” in *Business Ethics: Readings and Cases in Corporate Morality* (Boston: McGraw Hill, 2001), pp.170-175.

appropriate to its distinct needs: Minimize harm; Maximize benefits; Be accountable and responsive to key stakeholders; and, Support strong financial scheme. Ultimately what distinguishes a company's practice of CC is expressed by the way in which it delivers its core values. The competitive companies of the future will find how to fundamentally align and embed the core values including the values that society expects them to hold. Values are becoming a new strategic asset and tool that establishes the basis of trust and cooperation.²³

In today's context, we acknowledge and accept that modern business institutions must be efficient and profitable. We see them as engines of economic development and generators of wealth for the society. In the light of the expansion in their roles, and legitimacy in global society, businesses need to pay attention to the concept of CC. The whole notion of citizenship implies that they are accorded certain rights and are at the same time responsible for meeting certain obligations to the society at large. Businesses need "a license to operate" and they need public acceptance. To secure and maintain these, they must abide by laws and regulations governing their operations, and they must conduct their work in a manner that foster public trust. When this public trust is violated, whether deliberately through negligence or unintentionally, companies often lose their capacity to thrive or even survive. Five broad themes of appear relevant to the aspirations of CC in the new millennium: First, CC implies the development of business enterprise as modern institutions of society, demonstrating societal relevant values in labor relations and human resource development; Second, serving consumers demands attention to and ever improving quality, pricing, and delivery of products and services; Third, relates to the communities and the physical locations where the economic activities will take place; Fourth, CC requires paying attention to the life sustaining, regenerative capacity of our ecology.; and Finally, our global society and many individuals face the serious problems of societal exclusion, CC requires that they be mainstreamed in the development processes.²⁴

The Corporate Governance and Corporate Social Responsibility was a major organizer of the International Conference on the Voluntary Codes of Conduct for Multinational

²³ Center for Corporate Citizenship in Boston College is a research center at the Wallace E. Carroll School of Management./ <http://www.bcccc.net>

²⁴ Rajesh Tandon, "Aspiration for Advancing Corporate Citizenship in the Next Millennium", in *Promoting Corporate Citizenship* (Johannesbury: CIVICUS, 1999), pp.115-118.

Corporations held in New York last May 12-15, 2005. It was attended by 400 leading private sector and academician all over the world. A voluntary code of conduct is an important element of CSR commitments on the part of business. The objectives of which is for companies to establish public trust in their business practices by demonstrating commitments and efforts to meet the type of behavior that corresponds to societal expectations. It provided corporations with flexible approaches that narrow the gap between societal expectations and corporate performance, which is also economically feasible and sound.²⁵

Social Responsibility as Management Philosophy

Fundamentally, management of industry is subject at any rate in an economic sense to the community. This is the foundation to the theory which postulates “service to the community” as the primary motive and fundamental basis of industry. Any service which places the good of the person or community served above the advantage gained by the servant cannot be wholly economic in character, but it must be ethical in motive. The profession of a manager is becoming a public one as he is beginning to sense his obligations to the community. Ethical considerations is now a determining factor in a policy, at least equal to considerations of profits and personal advancement. Thus, the three motives of service are:²⁶ firstly, that in its present form, industry shall value its policies and methods by ethical as well as economic standards; secondly, that industry shall aim at a structure wherein each individual gives of his best, and is called upon to express his personality, if not in the actual operations he carries out, at least in his relations with his fellow workers and the management; thirdly, that industry shall so conduct its business that all engaged in it have the opportunity to devote their highest faculties to what is communally the highest.

Social responsibility as a management philosophy are actually reflected in the annual reports of big companies wherein profits alone does not justifies the existence of a firm, but also “service to the community”. Most multi national companies (MNCs) now have a senior executive often with a staff explicitly hired for developing and coordinating CSR functions. In most cases, these executives have been recruited from non-government organizations (NGOs), and handles the company’s programs like education program in CSR, business

²⁵ Corporate Governance and Corporate Social Responsibility, The World Bank Group, 2005/<http://web.worldbank.org/>

²⁶ The paragraph was taken from Chapter III, “The Social Responsibility of Management,” in Oliver Sheldon, ed., *The Philosophy of Management* (London: Sir Isaac Pitman and Sons Ltd., first published in 1924, reprinted in 1965, 1980, 2003), pp.70-99.

school's chair in CSR, CSR website, CSR newsletter and others. Top executives are now reporting CSR efforts in their published accounts. On the face of it, this marks a victory in the battle of ideas and the winners are the charities, NGOs, and other elements of civil society that push for CSR. This growing consciousness was shown during the World Economic Forum in Davos Switzerland where 1,500 delegates – companies, governments and international organizations were in agreement that corporate citizenship and CSR for that matter is almost an imperative.²⁷

Theoretical Framework: Business, Society, State and Non-State Relations

The framework of the dynamics of the state, business, and society relations is niche on the playing field of governance and development. In the wave of globalization, there are reasons to rethink on some of the conventional assumptions of social sciences along these concerns; firstly, limits of politics as a social activity; secondly, the nature and sources of power in society; thirdly, the necessity and also the indivisibility of authority in the market; and fourthly, the anarchic nature of international society and the rational conduct of states as the unitary actors within the society.²⁸ The ensuing discussions will view the synergy of these three sectors as they contend with the inevitable role of non-state actors, along the premises set forth by a contention of a declining authority of the state.

In a CSR theoretical framework shown in Figure 3 below, the relational analysis starts with “business and society” exemplified through the standard circular economic model of production and distribution of goods and services. Since the “business – society” have diverse interests within its own “MAXMIN” perspective, the state is the harmonizing mechanism in the relations, hence the triad of “state – society – business”.²⁹ On a deeper analyses, with the entry of non-state actors like international organizations, transnational corporations (TNCs) and international regimes, relations could be multi-channeled as “non-state and state” with a sub-level of state to state, to focus the decentralization of governance and development to local governments; “non-state and business” due to the new supply chain system or the view of the world as one work shop discussed by Robert Reich in

²⁷ The Good Company and Two Faced Capitalism, *The Economist* (January 20, 2005).

²⁸ Strange, pp. 3-4.

²⁹ MAXMIN principle for business is minimizing cost of production to maximize profits while for the consumers/society, it is minimizing prices of goods and services while maximizing utility in its consumption.

his book *Works of the Nation*.³⁰; and, “non-state – society” which is essentially the third sector agenda of participation and advocacy.

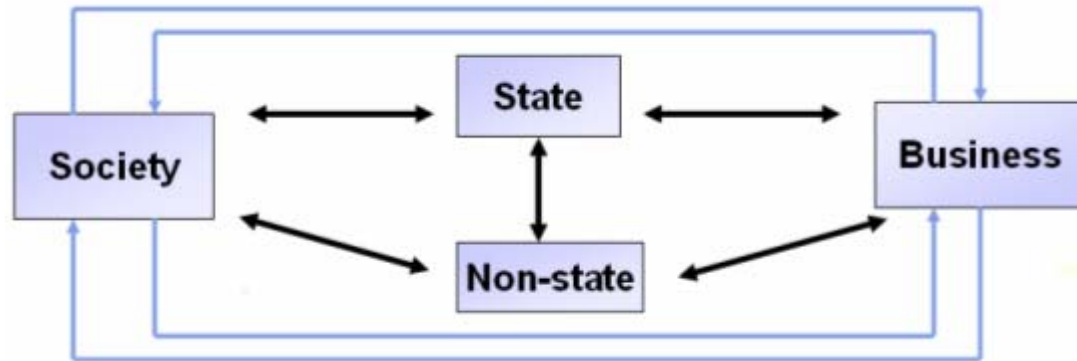


Figure 3 – “Business-Society-State and Non-state” Framework for Corporate Social Responsibility

In gist, the expanded relational analyses is akin to the reasons given by Julie Fischer on the expanded definition of civil society. The first is that businesses as well as non-profit organizations help mediate between the citizens and the state. The second is that markets and associations are often more than unrelated members of the same civil society. The third reason is that the “for profit” sector promotes nonprofit organizations in some countries.³¹ The market perspective is coming from the view that it is another arena in society where the individual focuses on pursuing his/her own interest in the pursuit of profit. While the pursuit of interests and profit obviously excludes the market from the civil society arena, it does not mean that the market based organizations cannot participate in the civil society arena. After all, it is the function and not the form of an organization that matters. When market based organization are engaged in public affairs and non-profit or charitable activities, they become part of civil society.

³⁰ Robert Reich in his book “*The Works of the Nations; Preparing Ourselves for the 21st Century Capitalism*”, (1991), in gist said that a nation’s economic role is to improve its citizen’s standard of living by enhancing the value of what they contribute to the world.

³¹ Julie Fisher, *Non Governments: NGOs and the Political Development in the Third World* (New York: Kumarian Press, Inc., 1998), pp.11-12.

Corporate Social Responsibility: A Paradigm Shift

Invariably coined as enlightened self-interest or corporate citizenship or corporate social responsibility, this principle of contributing to social development is a win-win approach as businessmen align the needs of the community (stakeholders) with the goals of the corporations as benefactors. As a vital business management tool, the value of embracing corporate citizenship is proving its far reaching benefits to the: Corporation in terms of greater perception of effective leadership among stakeholders, increased sales and customer loyalty, increased personal satisfaction of management, enhanced company reputation, widened computer base, retained good employees and recruited young, brilliant workforce, high motivation among staff, marked increase in productivity and quality among staff, sustainable environment; Employees in terms of better working environment, platform to express individual commitment to philanthropy, higher morale and a better educated workforce; and, Community in terms of healthy environment, access to employment and livelihood, access to social services, and participation in local decision making processes.³²

Even among civil society advocates, there is no consensus as to a universally accepted definition of CSR. It may appear to be a very simple concept as the “responsibility that a corporation has to society”, but behaving responsibly could mean different ways among corporations. Thus, there is no one definition of what it takes to be a responsible corporate. The key is to have a rigorous process for identifying those responsibilities and fulfilling them. While some may view it as just another excellent marketing tool to improve corporate image and profit, advocates of CSR claim that it can bring significant business benefits. The challenge of businesses is to balance their responsibilities to shareholders with their responsibilities to society as a whole. While traditionally it could appear irreconcilable, increasingly the perspective is changing and companies that are believed to prosper and survive in the future, are those that right now are focusing on the triple bottom line of business – profits, people, and presence in the community.³³

³² PBSP Center for Corporate Citizenship, established in 1991 is the first of its kind in Asia and had been taking the lead in benchmarking CSR practices among their member companies and it is also a repository of information on CC.

³³ “Business Behaving Responsibly” was written by Alex Blyth for CSR Research. A survey on Measures of Corporate Reputation showed the three factors that influence reputation are: public responsibility (ethical and environmental issues); leadership and success (being seen as a winner); and, consumer fairness (doing the right thing for your customers).

Three key words constitute CSR – “Corporate”, “Social”, and “Responsibility”. “Corporation” as defined by Oxford English Dictionary as “a number of persons united or regarded as united, in one body; or a body of persons’ and a body corporate legally authorized to act as single individual; or an artificial person created by royal charter, prescription, or act of the legislature, and having the authority to preserve certain rights in perpetual succession”. “Social” implies that CSR relates to the interaction between business and society within which it exist, while “responsibility” which is typically discussed in terms of the needs of the various stakeholders refers to an accountability or obligation.³⁴ These components are well enshrined in the definition of the World Business Council on Sustainable Development held at Netherlands in 1998, “*corporate social responsibility as the 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*”.³⁵ This has been used as the overarching framework by most CSR practitioners across the globe, although each Foundation or organization makes their own operational definition, translated in terms of its vision, mission, goal, strategies, values and programs. While, there may be varying semantics in the adoption of CSR, the bottom lines are essentially the same.

CSR is essentially a showcase of the synergy of business, society, state and non-state actors, but with tacit acknowledgement of the strategic role of the business sector in the complex continuum of governance and development. The business sector even in an “inward looking” mode can still promote CSR by ensuring the welfare and safety of its employees and by upholding proper business practices and ethics. An “outward looking” mode would entail cooperating not only with government and the civil society, but with other non-state actors as well. In a global perspective, it means aligning with issues that are cognate to our sense of connectivity with one another, and these include environment, human rights and those development concerns that were given impetus by the UN-MDGs. The diverse perspective of how the two countries of Taiwan and the Philippines started and institutionalize its CSR will

³⁴ Heledd Jenkins, “A Critique of Conventional CSR Theory: An SME Perspective,” in *Journal of General Management*, Vol.29, No.4, Summer 2004, pp.40-43.

³⁵ Aniceto M. Sobrepena, “Corporate Social Responsibility: An Evolving Paradigm for Next Millennium,” 2000, pp.1-2.

gave the reader a wider spectrum to discern the CSR the differing approaches and strategies, but the end states are generally the same.

The Philippine Pioneering Experience in Corporate Social Responsibility

In the complex and competitive world of the market place, it is indeed a challenge to continually improve the performance of the various players of governance and development – Civil society Organizations (CSOs), State, Business and Non-state. On the side of CSOs like the NGOs and Corporate Foundations, there are strong internal and external impetus like pressures to perform, sustain, and learn, success standards from the funding institution, and even from state and the bigger society as well. The NGO sector however managed all these years to strategically respond to the changing international and domestic environment. This include, among others: engaging in the more mainstream state-led governance; scaling up through continuous networking and careful alliance/coalition building; opening up of new arenas and themes for and enlargement of the scope of advocacy; enhancing bureaucratic literacy as well as research and alliance building capacity; rethinking social organizing strategies in the light of new spatial arrangements and target groups; and professionalizing NGO practices.

It can be gleaned that an enlightened business sector is not achieved by corporations working alone. Long term sustainable impact requires the direct involvement locally, nationally and globally of citizens, civil society and governments in the larger task of societal development. Some alternative market based resource generation include: promoting corporate philanthropy and responsibility; undertaking cooperative banking in local communities; enhancing development entrepreneurship through various earned income strategies such as commercial enterprises and market investments; and, internal and external alternative trading and marketing. Among the non-market based alternatives, on the other hand, are namely: sourcing and managing public or government funds, and the setting up and management of endowments. The professionalization of NGO practices, without eroding the NGO core spirit became a necessity because of external demands and internal pressures for more accountability and better performance.

The Philippines is a pioneer in Asia in the practice and promotion of CSR. The four (4) leading CSR practitioners of the country – Philippine Business for Social Progress (PBSP), Ayala Foundation Inc. (AFI), Metro Bank Foundation Inc. (MBFI), and the umbrella organization for CSR, the League of Corporate Foundation (LCF) are not only leaders within the country, but the region and the rest of the world. The walk through the CSR experiences of the country for the past thirty five years, is like revisiting the deteriorating socio-economic situation – the living backdrop which engendered the CSR movement in the 70s when fifty (50) businessmen started PBSP. The succeeding institutional strengthening and rationalization of CSR initiatives in the late 80's and 90's was the subsequent liberalization and open market operations, with the country's entry into the World Trade Organization regime and its accession commitments. The Asian financial crises also exacerbated the deepening poverty situation and the worsening internal security situation. While government has been holding its ground in governance, it is with the strategic partnership with the private sector and NGOS.

The Philippine Business for Social Progress, is a pioneer in corporate social responsibility in Asia since 1970. Its aggregate experience of thirty five years as a leading CSR practitioner has already gained global recognition. Its member companies are top local corporations and multi-national companies that have incorporated corporate citizenship as an ethical value of their respective companies, had phased in CSR programs into their operations, and have played the role of an able partner of both the government and civil society in nation building. Of late, PBSP has taken the lead role in organizing the Philippine NGOs and Foundation to integrate its initiatives towards addressing the UN Millennium Development Goals (MDGs).

CIVICUS: World Alliance for Citizen's Participation, has cited PBSP as one of the best examples in the world of a business-led partnership that is tackling the problems of poverty and social unrests both at the grassroots level (by funding projects, capacity building, and sometimes directly running community projects) and at strategic policy level (by influencing both corporate strategies and government policies). Today, it has a membership of nearly 200 hundred companies, undertakes projects for major international donors, conducts regular policy discussions with the government, and celebrates a history of having supported over

three thousand projects throughout the country, involving some one thousand partner organizations and funding in the region of US\$ 50 million.³⁶

Any discussions on CSR though, must retrace its roots to the history of philanthropy and NGO development in the Philippines which essentially is linked to the religious missions in the far flung areas to ameliorate poverty in the grassroots level. The catholic missions is therefore the oldest NGOs working in the barangays which is the smallest political unit of the country. In 1950s, Dr. James Yen who founded the International Rural Reconstruction Movement (IRRM) in China, also founded the Philippine Rural Reconstruction Movement (PRRM) with four fold programs for countryside development – health, education, livelihood and self-government. The Marcos martial law rule in the 70's was repressive to NGOs, branding most community organizing of NGOs as front organizations of the Communist Party of the Philippines (CPP).³⁷ Offhand, one of the key factors identified in the success indicators is the institutionalized “government – business – civil society” cooperation, niche on the legal framework and other enabling mechanism as mandated in the 1987 Freedom Constitution. The institutionalization of the peaceful “people power revolution” of 1986 which led to the dismantling of the 20 years dictatorial Marcos government and the restoration of democracy under President Corazon Aquino in the newly drafted constitution was the defining moment of civil society development in the country's history. The passage of the decentralization law – Republic Act 7160 or the New Local Government Code, as well as the localization of international covenants like the Philippine Agenda 21 and the Social Reform Agenda (SRA), further strengthened peoples' participation and state – society – business and non-state partnership.

The role and priorities of the Philippine government has been changing consistent with the economic, political and social movements brought about by globalization. This development has been translated into the privatization and deregulation of some of the government functions, like the transfer of some of its socially progressive roles to civil society and corporate organizations. Correspondingly, the business sector and civil society has also calibrated its agenda to be able to partner effectively with the government.

³⁶ Maxwell Brem, “Mapping Corporate Citizenship: A survey of Global, National and Local Initiatives,” in *Promoting Corporate Citizenship* (Johannesburg: World Alliance for Citizen Participation, 1999), p.40.

³⁷ Segundo E. Romero Jr. and Rostum J. Bautista, “Philippine NGOs in the Asia-Pacific Context,” in *Emerging Civil Society in the Asia Pacific Community* (Japan Center for International Exchange, 1996). pp.187-188.

Partnership across sectors had transcended the differences of government, society and business. Interest from the government and the CSOs in working with the business is quite high. The global trends, that the Philippines as a developing country has to face are also creating a favorable environment for business, government, NGOs and other CSOs to link hands, pool resources and undertake collaborative projects for the welfare of the greater majority.

Philippine playing field for cooperation among various actors of development is very empowering from its constitutional guarantees to the subsequent enabling mechanisms. Empowerment is both a goal and a process – goal because an empowered people is a society pervaded by equitable distribution of wealth, sustainable economic development and social justice. It is also a process because the achievement of the goal involves the dynamic interaction among the three main actors of development, namely, society, either directly or indirectly through NGOs/CSOs; the government; and the business or private sector. The empowerment process requires three things for the society: access to natural, physical, technological and financial resources and markets; eventual control of their situation, factors of production and resources for the development of their potentials; and capacity to manage organizations and enterprises, adopt and adapt technologies, acquired skills, communicate needs and meet demands.

The proven track records of the Philippine Corporate Foundations and NGOs in social development work especially in poverty alleviation programs and implementing programs in conflict ridden areas within the country enabled them to expand their reach to address some global issues and share their core competences to the rest of the world. It likewise has proven that businesses working in the spirit of enlightened self interests can improve the development paths of the majority of the 82,000 Filipinos, especially those who are caught in the quagmire of extreme poverty by facilitating their access to the marketplace, by finding new ways to address the needs of the poor and helping them into the mainstream economic activity.

In this context, it is imperative for the NGOs and business; NGO, business and the state; and NGO, business, state and non-state actors to define a common agenda and to develop a much more constructive framework for engagement with one another. This means building a “social contract” for synergistic and collaborative relationship among these sectors. In doing so, each can effectively learn from each other, reinforce and strengthen the programs and

catalyze new initiatives in countries where this process is not yet under way. The requirements of international organizations and MNCs are very much part of the NGOs, business and state agenda. In fact, it provides the partnership playing field more synergy and reasons for being. The business sector in the Philippines through the initiatives of corporate foundations continues to remain committed in the pursuit of the MDGs, based on the UN Millennium Declaration

The Emerging Pattern of Corporate Social Responsibility in Taiwan

Taiwan's experience in CSR is borne from its industrial development and economic prosperity. According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report in 2002, Taiwan's accumulated total investments from 1980 – 2001 reached 54.7 billion, ranking 18th in the world and 4th in Asia. This highlights Taiwan's important role in global foreign direct investments. Thus, on December 2002, the Ministry of Economic Affairs (MOEA) held the first ever seminar-training on "Corporate Social Responsibility and Sustainability Principles and Guidelines for Multinational Enterprises".³⁸ The succeeding initiatives were also spearheaded by the Ministry of Economic Affairs through the Business Council for Sustainable Development (BSCD) and the Industrial Development and Investment Center (IDIC).

Taiwan's CSR initiatives which was initially government led and a proactive measure taken by the government to ensure the sustainability of Taiwanese investment within the country, and their overseas operations amidst the challenges of a competitive market brought about by the nuances of globalization. To better understand CSR, a backdrop on the development of civil society organizations (CSOs) were laid down especially its transformation in the 80s. Being a demanding civil society, Taiwan witnessed two distinguishable yet related social changes. One is the rise of a social movement within the non-governmental organizations and the other is the self-transformation of many well established NGOs.³⁹ The strength of CSO in vigilance and advocacy of issues like environment, human rights and equitable development hasten the promotion of CSR in

³⁸ <http://csr.idic.gov.tw/> "MOEA Forum on CSR and Sustainability for Taiwan Companies", 2002.

³⁹ Hsin-Huang Michael Hsiao, "The Growing Asia Pacific Concern Among Taiwan NGOs", in *Emerging Civil Society in the Asia Pacific Community* (Japan Center for International Exchange, 1996), pp.239-240.

Taiwan's business community. The government even tasked the Ministry of Economic Affairs - Industrial Development and Investment Center (MOEA – IDIC) to shepherd the CSR advocacy and fast track its operationalization not only at industry, but at best, firm level. This includes compliance to international organizations' requirements like: the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinationals; the UN Global Compact which include nine basic principles in environment, labor and human rights; the International Labor Organization (ILO) Core Labor standards; and, the Global Sullivan Principles, among others. Of late, MOEA has partnered with various NGOs like Asia Foundation in Taiwan (AFIT) in the advocacy and institutionalization of CSR among Taiwanese businesses operating locally and overseas, and the locator foreign companies, as well.

The first CSR survey among two thousand CEOs and top officers was conducted in 2003 and the result was very revealing in so far as “state-business” and “society-business” relations are concerned. Since the first CSR survey in 2003 had very low retrieval rate, a succeeding survey was initiated by Global View magazine in 2005. The results of the current survey became the basis for the first ever “CSR Awards” on May 2005, which gave recognition to seven outstanding companies who are CSR practitioners.⁴⁰ These initiatives are giant strides which Taiwan's government, business sector and civil society have thus far undertaken to propagate CSR. Other than the strong presence of the government in the CSR arena, not only through MOEA, but also through the Ministry of Foreign Affairs (MOFA) through their NGO Committee and International Organization section, there are now active leaders in Taiwan's civil society, to include the academe, the Business Council for Sustainable Development and other NPOs that are earnestly advocating for CSR among all the companies, big or small.⁴¹

Taiwan's status as an industrialized country is an established fact in the eyes of the world. Taiwanese multinational companies has become a major source of foreign direct investment (FDI) and in many developing countries, Taiwan is among the top three source of foreign capital. Leveraging Taiwan's resources and advantages in globalization is gradually becoming a necessity for Taiwanese companies. At the same time however, Taiwan cannot ignore the global trends toward sustainable development and corporate responsibility of multinational corporations. The widespread search for a more humane form of globalization is everyone's

⁴⁰ Taiwan Philanthropy Information Center, “First Corporate Social responsibility award”, May 2005.

⁴¹ <http://csr.idic.tw/en/news/>

responsibility as Taiwan strive to enhance its advantages, seize market opportunities, win approval and market support. Along this context, promoting CSR and corporate citizenship in the corporations and other international organization is an imperative.

As Vice-Minister Shih of MOEA pointed out that “after years of hard work, Taiwan’s economy has now reached a respectable level in the world economy. The World Economic Forum (WEF) in 2003 Competitiveness Report, showed that Taiwan was ranked third out of 102 companies in global competitiveness and was ranked second in the world in innovativeness index. Taiwan’s strength in technology and innovation have received worldwide recognition and Taiwan today forms an extremely important link in the global manufacturing supply chain. Sadly in past, Taiwanese companies have been seen as concerned only with revenues, market share and generating profits for its investors, On top of that some companies believe that their responsibility is to earn profits for its shareholders and to pay taxes to the government. Thus, with the new demands of development and governance, the government through MOEA and MOFA took proactive moves to promote CSR.⁴²

MOEA is aware that Taiwanese companies, both domestic and overseas are facing stiff market competition, as well as pressure from anti-globalization and consumer advocacy groups to assume some modicum of corporate citizenship and social responsibility. Admittedly, it is an area that the business community in Taiwan is still wanting, despite its prominence in the global economy. The government therefore took the role to prime push the CSR initiatives by sponsoring various forum, conference sharing, CSR survey and maintained a website for easy access of new trends and ideas.

The government efforts were essentially geared towards sustaining the industrial muscles of Taiwanese companies, thus the core principles promoted were compliance to international standards like the UN Global Compact, the OECD Guidelines, the ILO Convention, and the Global Sullivan Principles. The case studies which were show case in this chapter has shown that there are corporations that has taken responsible milestone in CSR and has mainstreamed it to their regular operations. As gleaned from the 2005 CSR Survey, there is still so much advocacy needed both from CSO and government to encourage more businesses to go beyond giving and philanthropy.

⁴² Speech of Vice Minister Shih in the launch of the book, “Care and Ambitions” (May 29, 2004).

There are active foundations that has been doing its share in consolidating the resources of the third sector in Taiwan like the Himalaya Foundation which was a corporate foundation founded in 1990. It has actively: undertaken the third sector mapping which lead to the publication of the “Directory of Major Foundations in Taiwan” – a very user friendly reference book; maintained a data base for NGOs; undertook capacitating programs for NGOs; strengthened the ability of NPOs to use information technology; and undertook active advocacy on issues affecting the welfare of Taiwan as a nation including business concerns.⁴³ MOEA has not only partnered with most of these active CSOs, but also with INGOS like the Asia Foundation in Taiwan (AFIT) to put Taiwan business community in step with the global trends in CSR and other related developments.⁴⁴

CSR Initiatives as Enabler for State-Business-Society-Non-state Cooperation

The move towards a global marketplace is unstoppable and the opportunities for companies to realize significant benefits through moving their operations overseas is real. Commercial pressures force companies to consider all options to maximize service cost effectively, and in some cases also for customers for whom they manage outsourced services. The trick for long term sustainable success in off shoring both at home and abroad is to focus on CSR as an enabler. The main drivers of off shoring in Australia is similar to global trend, including having cost effective access to untapped skills and capabilities, and increased efficiency and language capability in English and other Asian languages to help meet the global customers. The benefits of off shoring can only be realized in the longer term if quality and relationships built on trust are not compromised. This is where CSR plays an important role.⁴⁵

Whether it is jobs or people that move due to off shoring, communities suffer losses and companies with a commitment to CSR should make every effort to reduce the disruption caused in the home country. Along with its home country, companies must also focus on the country they are off shoring to in order to increase the socio-economic benefits of creating

⁴³ <http://www.himalaya.org.tw/>

⁴⁴ <http://www.afit.org.tw/>

⁴⁵ Janet Blake, “Corporate Social Responsibility Goes a Long Way Offshore”, in *The Age* (Australia: The Age Company Ltd., 2005).

these jobs.. In the home country, companies must make a proactive effort in managing the transition – in terms of training, redeployment, skills and job development – in partnership with governments and communities. Example, when British Telecom moved jobs to India from Britain, to ensure CSR success, it did not eliminate jobs to re-create them in India, but concentrated on redeploying and retraining those affected by the move into alternative roles. A further CSR factor is full commitment to ethical trading and ensuring the required standards of care, quality and social responsibility are practiced for those working for company overseas. Ensuring decent working conditions (wages, working hours, benefits, and physical environment) and other aspects of good practice at supplier companies, such as technology transfer, need to be addressed responsibly. Companies should have processes to eliminate all forms of forced or compulsory labor and prevent any discrimination in employment.

Even hospitality companies have been operating CSR policies for years, whatever the size of the business because according to the United Kingdom restaurants that were interviewed, “ it is about strengthening our businesses, boosting our competitiveness and helping others address pressing social and environmental challenges”. For one modest neighborhood restaurant in Southwark, London, CSR practices led to huge amounts of PR, effective team-building and community awareness. Straightforward initiatives such as supporting a local entrepreneur scheme or donating 1 pound for every meal sold to its chosen charity and efficient recycling resulted in the restaurant winning the Business in the Community Small Company of the Year Award.⁴⁶

The Concept of CSR in India is not new to India. It has been a well established tradition in a number of organizations particularly family based companies with a strong community ethos. Historically, it has been a significant influence, impacting on business, government and society relations. There are four models of CSR operating in India: Voluntary commitment to public welfare based on ethical awareness of broad social needs – the Gandhi an model; State driven policies including state ownership and extensive corporate regulation and administration – the Nehru Model; Corporate responsibility focused on owner objectives – the Milton Friedman model; and, the Stakeholder responsiveness which recognizes direct and indirect stakeholder interests – the Freeman Model. This framework emphasizes that CSR emerges from corporate responsiveness to: charity and support of those in need; state driven

⁴⁶ Amanda Afiya, “CSR Making Moral and Business Sense”, in *Caterer and HotelKeeper* (2005)

notions of responsibility defined by legal requirements; the need to sustain business based on fulfilling risk takers' expectations; and the need to take account of all those affected by corporate decisions – society and the environment as well as the economically interested stakeholders.⁴⁷

The Chinese government has been gradually downsizing and withdrawing from direct economic management, although the “socialist market” is still strongly an interventionist. The retreat of government is perhaps most pronounced in the provisions of social services. One aspect of this is the de-linking of “cradle to grave” welfare provision from state work units. At the same time, health and education services have largely shifted to a “user pays” principle, resulting in marked growth in inequality of access. The government is attempting to address some of the most pressing problems through a range of social insurance scheme, but these are generally undercapitalized and have a limited reach. Nonetheless, the government appears to be recasting itself as a facilitator, rather than as a direct provider of social services.. It is instead passing the baton to “social forces” – an unspecified blend of private and nonprofit service providers. It has also over the years established a number of official charitable organizations, some of which has proven to have mobilized substantial private funding like the China Youth Development Foundation flagship Project Hope which since 1989 has raised \$200million to build rural schools and provide scholarship.

The TNCs/MNCs in China has been actively involved in the education cause as well as disaster relief. While international corporations may invariably argue that their first contribution to CSR in China is the introduction of western business practices, but this is hard to argue for export processing industries, since so much of the work is repeatedly subcontracted making it hard for even determined companies to keep an eye over the supply chain. Indeed, it appears that, at least in one case, much manufacturing piecemeal was done by rural women in their homes. However, with China's entry to WTO, western investors are likely to have profound impact on evolving business models and this may well involve new relationships between corporations and civil society in china.⁴⁸

⁴⁷ N.K. Balalasubramanian, David Kimber and Fran Siemensma, “Emerging Opportunities or Traditions Reinforced? An Analysis of the Attitudes Towards CSR and Trends of Thinking about CSR in India,” in *Institute of Corporate Citizenship* (London: Greenleaf Publishing, 2005), pp.79-80.

⁴⁸ Nick Young, “Three Cs: Civil Society; Corporate Social Responsibility, and China,” *The China Business Review*, January-February 2002, pp.34-37.

Conclusion

Using the theoretical framework of “business, society, state and non-state” relations in the backdrop of the declining role of the state, challenges of globalization, changing face of development and complex governance, CSR has proven its efficacy both as a management process and social equity catalyst. In the same framework it exemplified how the two countries of the Philippines and Taiwan, manage the tension brought about, in one hand, by the ethical arguments about the necessary role for business in dealing with the broad array of stakeholders and acting as corporate citizen in a larger society to deal with social problems effectively. On the other hand, the economic arguments about the need for businesses, especially the public corporations, to focus on enhancing “shareholder value” and the economic interests of the firm. Obviously, the latter is consistent with Milton Friedman’s assertion that corporate executives have the responsibility to make as much money as possible while conforming to the rules of the society, both those embodied by law and those embodied in ethical customs.

Taiwan can definitely learn from the institutional or structural strength of CSR mechanisms and the core competences of the Philippine CSR practitioners, especially on self regulation, legal framework and involvement in global issues like the UN-MDG. The Philippine CSR experience is deeply rooted on the socio-economic-political realities of the Philippines, gaining strength through the tiring martial law days when poverty situation was at its worse and taking on a different mode in the world of globalization. It is officially an ethical principle, a company policy and program, and as a strategy for survival. The Philippine government has officially acknowledged the crucial role of CSR practitioners in nation building. In 2000, then President Joseph Estrada declared that henceforth, every first week of July is “CSR Week”, a series of activities will be held to showcase the various CSR programs of the country.

The CSR Model

The preceding cursory showed the various levels of relationships of the key players of development in an attempt to build a comprehensive framework for CSR. The many literatures reviewed revealed very rich researches and studies on CSR from a wide spectrum of fundamentalism in the 1920s and the early writings of Adam Smith, the pragmatism of

Milton Friedman's position that 'business of business is business' to the ongoing global initiative of international institutions like the United Nations in the promotion of corporate citizenship and social responsibility. The model that this research attempted to build and contribute to the understanding of CSR, in the light of the imperatives of globalization, is an "integrated" framework that brings to the fore the varying roles of the 4 key players in the development playing field, and how in their strength and weaknesses do they complement and reinforce each other to build a synergy that is responsive to the complex demand for governance and development as shown in figure 4.



Figure 4: Integrated CSR Framework

The CSR model which was constructed from the existing theoretical frameworks of "Society-Business"; "Society-State-Business"; and the "Non-state actors" wherein existing literatures are niche in global politics and international relations, were carefully put together in one integrated and comprehensive model. The model has a tacit admission of the uneven playing field of governance and development, thus, a comprehensive backdrop was laid down as resultant complexities of globalization. The model also delved into the sub-relations brought about by the interplay of the four actors. In the context of the two countries under study – the Philippines and Taiwan, the CSR model will be very strategic. For Taiwan, it can

retrofit its strategies to fully mainstream the CSR principle in the business community to include the small and medium enterprise (SMEs) which is an acknowledged backbone of Taiwan's economic prosperity). For the Philippines, being an acknowledged champion and leader in CSR, it will reaffirm its commitments to soar to greater heights in its crucial role in nation building.

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