INTERNATIONAL DEVELOPMENT COOPERATION IN THE FIELD OF CORPORATE SOCIAL RESPONSIBILITY INSTITUTIONALISATION

Okorochkova Anastasia

Yale University, United States of America
Lomonosov Moscow State University, Russia

Multi-level cross-scale public-private partnership between international organizations, governments, business actors and civil society is a model of cooperation that may help people all around the world to achieve Millennium Development Goals and post 2015 Sustainable Development Goals. One of the goals formulated in the outcome document Rio+20 “The Future We Want” is to engage public and private sectors into sustainable development realization by improving national regulatory and policy frameworks that enable business and industry to practice corporate social responsibility. That is why the purpose of this article is to define multi-level cross-scale public-private partnership as a model of international development cooperation and then to illustrate how this model may work effectively in the process of Corporate Social Responsibility Institutionalization that is very important in the context of sustainable development realization.

Keywords: Multi-level cross-scale public-private partnership, Millennium Development Goals (MDGs), Sustainable Development Goals (SDGs), Corporate social responsibility, Sustainable development.

Article

Today every country around the world tries to express its potential and develop its economy without recession, but unfortunately it faces different challenges from time to time and globalization has made this harder by connecting most economies to each other. For example, the 2008 financial crisis that started as a result of bad loans in the US housing market led to an 8 percent drop in Russia’s GDP.

We understand that the world is shifting towards a more open and connected global environment and most of the countries are becoming interdependent. Globalization plays its role. Interchange of worldviews, products, services, ideas and values, migration processes, investments from one country to another, technological shift – all these factors generate further interdependence of states, business organizations, social groups and even individuals. Northern or Southern hemisphere, Eastern or Western, have equal opportunity to compete and trade in this market, and this market is growing tremendously.

Just over the last several years, the global economy has doubled to more than 70 trillion USD\(^1\), and trade has tripled to 18 trillion USD\(^2\). Certain countries in particular have been bursting onto the

---

international scene lately, contributing to more than half of this increase – the so-called BRICS - Brazil, China, India, Russia, and South Africa. These countries were, respectively, the \(6\text{th}\), \(2\text{nd}\), \(10\text{th}\), \(8\text{th}\), and \(10\text{th}\) (tied) largest economies in the world last year\(^2\). BRICS countries have a great impact on the global processes and BRICS economies have already transformed the world in many ways, from improving basic service delivery to reducing poverty.

However, when we think today about global transformations, states are not the only actors. Corporations and non-governmental organizations (NGOs) are spreading their power all around the world without borders and limits. For example, Facebook, if it was a country, and its population consisted of its members, it would be the third largest country in terms of population in the world, just after China and India. In the past decade, the largest NGOs had annual growth rates of over 10 percent and they operated in close to 100 countries worldwide. Even within the state, regional and local authorities are taking more prominent roles, recently being identified as a crucial part of the achievement of the Millennium Development Goals.\(^4\)

So, the global context is shifting – and it is shifting from advanced economies to developing economies, from states to business and social networks. The rise of non-state actors is getting more evident: businesses and NGOs are becoming the agents of global change.

Today, global change is shaped by states of fast-growing economies, regional and local authorities, non-state organizations such as businesses and social organizations, and international organizations, including but not limited to the UN, WTO, WHO, EU, BRICS, ASEAN, and ECOWAS.

According to this, we may say that today in order to solve complex, multi-dimensional problems such as eradication of extreme poverty and hunger, combating HIV/AIDS, malaria, energy and water management, deforestation and other MDGs of 2015 we have to develop multi-level public-private partnership between international organizations, governments (national, regional and local authorities), business actors, and civil society and maintain cross-scale coordination between them.

Thinking about post-Millennium Development Goals (MDGs) of 2015 or Sustainable Development Goals (SDGs), which will build upon and converge with the Millennium Development Goals, all stakeholders have to be more active, connected, consistent and transparent in their activities. It is encouraging that according to the outcome document of the United Nations Conference on Sustainable Development “The Future We Want”, the group resolved “to establish an inclusive and transparent intergovernmental process on SDGs that is open to all stakeholders with a view to developing global sustainable development goals”\(^5\).

Concerning SDGs, it is possible to achieve the current list of MDGs of 2015 and other goals of sustainable development through the efficient and flexible model of collaboration between international organizations, governments, business actors, and civil society. They all have to care about sustainable development and the way it is organized: costs and benefits of power redistribution, the roles and responsibilities they play, terms of collaboration and channels of mutual accountability. Besides, in the field of sustainable development construction, decisions are not just made from the top-down but also with the help of all stakeholders.

Capitalism has recently become more conscious of development, and corporate leaders are becoming more responsible for their actions. Therefore, the institution of corporate social responsibility (CSR) is one of the most important parts in the construction of sustainable development, because corporations are

---


increasingly the agents of change today. Thus, the models of business based on shareholder value are to be replaced by the business models based on stakeholder value.

The engagement of the private sector in sustainable development and CSR are both addressed in the outcome document of Rio+20 “The Future We Want” in articles 46 and 47:

“We acknowledge that the implementation of sustainable development will depend on active engagement of both the public and private sectors. We recognize that the active participation of the private sector can contribute to the achievement of sustainable development, including through the important tool of public-private partnerships. We support national regulatory and policy frameworks that enable business and industry to advance sustainable development initiatives taking into account the importance of corporate social responsibility. We call on the private sector to engage in responsible business practices, such as those promoted by the UN Global Compact.”

“We acknowledge the importance of corporate sustainability reporting and encourage companies, where appropriate, especially publicly listed and large companies, to consider integrating sustainability information into their reporting cycle. We encourage industry, interested governments as well as relevant stakeholders with the support of the UN system, as appropriate, to develop models for best practice and facilitate action for the integration of sustainability reporting, taking into account the experiences of already existing frameworks, and paying particular attention to the needs of developing countries, including for capacity building.”

With these articles in mind, it is clear that business is not only a leading agent of change, but is the most responsible actor in implementing SDGs. We should believe in business and incentivize it in social, economic and environmental spheres. For-profit corporations, corporate and non-profit foundations, national and international business associations should be involved in the process of CSR construction and sustainable development realization.

International organizations and government-members of these international organizations should sign agreements that will oblige each government to have a concept of sustainable development and national policy of CSR that is the key idea of sustainable development realization both on the international and national levels.

International organizations and governments are to cooperate more and construct everywhere the institute of CSR that is very important nowadays not just for the global business community, but for the global civil society as well. CSR is a powerful instrument for those who want to change the world.

If each country has its own sustainable development concept and its own policy of CSR, the country and the world will become more stable and there will be more resources to address global concerns. Essentially, CSR is the tool that will allow the international community to break the status quo and move into the realm of sustainable development, especially for developing countries where its implementation is of paramount importance due to it potentially tremendous impact at this critical time.

International development cooperation may have a large influence on CSR institutionalization and sustainable development implementation, but it is vital to know how this cooperation can occur most effectively. Terms of collaboration must be equal, and goals, values and interests must be shared. Mutual accountability must be established in a determined means. Most effective would be a mix of hierarchical, supervisory, fiscal, legal, market, peer, and public reputational accountability. Then, the actors are to be divided into separate groups with separate roles and responsibilities that by extension will all have cross-scale coordination.

The first group of international development cooperation in the process of CSR institutionalization is to include international organizations (global, regional, sub regional) and governments (public authorities – national, regional, local), whose primarily role and responsibility will be CSR

---


institutionalization, promotion and provision of the right framework for the companies to be able to implement CSR international and national policies.

The second group of international development cooperation in the process of CSR institutionalization is to include business community (for-profit organizations, corporate non-profit foundations, national and international business associations), whose main role and responsibility will be simple in practice but supreme in importance: to follow the principles of sustainable development and incorporate CSR in their business strategies and day-to-day practices.

The third group of international development cooperation in the process of CSR institutionalization will be civil society (non-governmental organizations, philanthropists), whose main role and responsibility will be to evaluate the process of collaboration of all the groups within that cooperation, to represent the issues of a current local agenda in terms of CSR institutionalization and sustainable development implementation, to articulate the interests of communities and to mobilize its representatives to change the situation within their communities.

For the governments of the 21st century it is very important to work within multi-level cross-scale partnership with international organizations, businesses and social society. It is the time to think less about competition and more about cooperation.

By the way, in lots of countries, especially in European countries sustainable development is of paramount importance and governments pay a lot of attention to the development of the CSR institute.

In particular, United Nations Global Compact (UNGC) is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. Or, European Commission, that promotes CSR and provides the right framework for the companies to be able to implement it, because it is obvious in the EU that the active participation of private sector can contribute a lot to the achievement of sustainable development of the country and the world as a whole.

There are some documents that are very important in terms of construction of the institute of CSR in the EU:

4) The communication “Implementing the Partnership for Growth and Jobs: making Europe a pole of excellence on CSR”, published by the European Commission on 22 March 2006.

As we mentioned above, CSR institutionalization is of paramount importance for the developing countries nowadays, because they may have a very strong impact on the sustainable development of the world.

In this context it would be reasonable to make a parallel between the EU, where sustainable development is very important and the governments pay a lot of attention to the development of the CSR, and BRICS. Both the EU and BRICS are regional international organizations, and it would be nice to create the special body within BRICS, like European Commission in EU, that will be in charge of the promotion of sustainable development and CSR institutionalization issues, that will force all the members of BRICS to have and implement their national public policies of CSR.

BRICS countries today have all the reasons for becoming leaders in the sustainable development and CSR, because for a long period of time they have been the countries, which suffered a lot from the impacts of advanced countries activities. Sustainable development was some kind of pain points of BRICS countries.

Even now, BRICS countries may see a lot of cases of land fields that are totally polluted by the community of consumption - Great Pacific Garbage Patch in the Pacific Ocean; Bordo Poniente Landfill, Nezahualcoyo in Mexico; Apex Regional Landfill in Las Vegas, Nevada; Lagos Dump in Nigeria, which
takes in almost 10 tons of solid waste daily and a considerable amount of electronic-waste (e-waste) from
the 500 container ships that dump on its grounds monthly.

These facts lead us to the thought that BRICS countries, turning now into developed countries, have
a lot to prevent and they should show the world the best practices in the field of CSR institutionalization
and sustainable development implementation. It is very important for the BRICS to develop legal
framework for protecting personal, social and economic rights of citizens, to change economic conditions
for economic, environmental and social progress.

Global partnership frameworks are also very significant. Countries of BRICS are to establish the
special body that will develop and implement the policy of CSR on the level of BRICS partnership and
that that will force all the members of BRICS to have and implement their national public policies of
CSR. Moreover, there are to be several principles of cooperation within that partnership - stakeholder
dialogue (on international, national, regional, local levels), transparency and coherence.

International development cooperation is very important within BRICS countries, because they have
a lot in common and they have a great economic and political power now, even if they are not advanced
and have rather high level of corruption, unemployment and poverty. We are all equal and we all have to
take responsibility for the world we live in.

From the perspective of Russian Federation, CSR institutionalization is “a must”. Not just on the
level of BRICS, but also on level of Russian Federation. BRICS membership implies that we have to
recognize our responsibility and our role in the global world together, as an emerging power, and
separately, as one of the partner of this emerging power group.

There are several factors for the Russian federation to develop and implement the policy of CSR –
internal and external.

Let’s start with internal factors: first and foremost, business community of Russian Federation,
NGOs and other interested groups are waiting for the government initiative in the field of CSR (in
September of 2013 there was a Conference on CSR 2013, where the representatives of business
community discussed CSR, as a result, they had more questions than answers); secondly, in Russia there
is the Strategy of Sustainable Development, implementation of which seems to be defective, because
there must be a systematic approach to the sustainable development. It is necessary to have a policy of
CSR that is being conducted in complex with the Strategy of Sustainable Development. Otherwise, there
is no realization of the core ideas of this strategy.

As to external factors: Russian Federation is one of the permanent members of the United Nations
Security Council, and as we have already mentioned above, UN does a lot in the field of sustainable
development implementation and CSR promotion, so it would be wrong if Russian Federation neglects
the global political agenda. Moreover, Russian Federation is the member of Asia-Pacific Economic
Cooperation (APEC), and not long ago the country has joined World Trade Organization (WTO). In order
to meet all the requirements and principles of trading within WTO (“Non-discrimination”, “Reciprocity”,
“Binding and enforceable commitments”, “Transparency”, “Safety valves”), for instance, Russian
business has to understand the core ideas of these principles and be ready to implement all of them.

So, if there is no clear understanding of CSR business in Russia and there are so many reasons why
the Russian Federation is to have its own national policy of CSR, it would be great if the Government
understood that and started to promote CSR, to stimulate and oblige business to become more socially
responsible.

The representatives of business circles must think strategically today, they are to be more aware of
stakeholder-oriented business models, they are to make their business profitable through CSR, by
working more on prevention, mitigation and elimination of economic, social and environmental risks,
they are to become more transparent and brave, because their and others future depends at a great extent
on their activities. It is really very important and necessary for the Russian Federation to develop its own
national policy of CSR, to consider and establish the regulation of CSR, that will be both from top-down
and down-top perspectives, and to be worthy member of UN, BRICS, APEC, WTO and other
international organizations.
CSR and sustainable development are the matters of the global interest and global future. And if all the stakeholders as international organizations, governments (national, regional and local authorities), business actors, civil society and even individuals started working more on this topic as one, strongly integrated and goal-oriented team, there would be more chances to change the global situation and to enter the sustainable development era.

Finally, if we really want to become independent in the interdependent world we have to follow the principles of the sustainable development, that are shared globally, to develop international and national policies of CSR and to collaborate together through multi-level cross-scale public-private partnership. In the case when the countries are independent and interdependent at the same time the global economy will become truly stable and there will be more opportunities to improve the life of people from all over the world.

Literature Review