

POSITION OF CORPORATE SOCIAL RESPONSIBILITY IN EU

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4.1. INTRODUCTION

Major MNCs domiciled in EU member states are operating in Nigeria and other major developing countries. EU member states are second only to the United States as home jurisdictions of major MNCs. The EU provides viable opportunities because of its approach to human rights, developmental issues and trade-related matters. It examines the EU institutional approach to CSR which is a part of a broader social policy agenda. It considers the developments within the EU that have influenced CSR practice. It considers whether these developments are relevant when it comes to the EU's relationship with the developing world.

Current Scenario

Human Rights and CSR, European Union

It is widely accepted that a core foundational principle of EU is respect for human rights and fundamental freedoms. Although human rights were not expressly mentioned in the founding treaties of the EU, the concept is rooted in the EU legal order. There is an obligation on the EU to respect human rights when it acts in its area of competences. The human rights obligation of the EU was initially derived from the "general principles" developed by the European Court of Justice. The Obligation was also derived from article 6 of the Treaty of the European Union. The EU has lately taken steps to strengthen its human rights framework through the introduction of a charter of Fundamental Rights of the EU.

Developing Countries and EU

European Community /European Union has engaged with issues relating to developing countries. Several provisions of the EU Treaties provide the basis for extending the objective of promoting respect for human rights and fundamental freedoms to all forms of co-operation with third countries, including trade. In article 177 of the treaty establishing the EC, it is stated that community policy in the sphere of development co-operation shall foster the sustainable economic and social development of developing countries especially the most disadvantaged; the smooth and gradual integration of the developing countries into the world economy and the campaign against poverty. Sub-section 2 of article 177 further states that community policy in the area of development co-operation shall contribute to a general objective of developing and consolidating democracy and the rule of law and respect for human rights and fundamental freedoms. While it is conceded that host states bear the primary responsibility for controlling MNCs within their jurisdiction. Home states, such as the EU members states have an important complementary role to play in ensuring accountability. The role of the EU is important because, as stated earlier, the EU member are second only to the United States in terms of popularity as locations for MNCs parent companies. Furthermore, the EU has a highly developed institutional and legal framework, which has greater potential to influence issues surrounding the accountability of MNCs than either international law or laws of the host jurisdiction.

India is also developing country ,so this approach may be advantages for India for commercial development.

Corporate social responsibility is all about the core behaviour of companies and the responsibility for their total impact on their societies in which they operate. Corporate Social Responsibility is not an optional add-on nor is it an act of philanthropy. A socially responsible corporation is one that runs a profitable business that takes account of all the positive and negative environmental, social and economic effect it has on society.¹ The Commission of the European Communities defines Corporate Social Responsibility as a concept whereby companies integrate social and environmental concerns in their business operations and in

¹ Alexander Dahlsrud, 'How Corporate Social Responsibility is Defined: An Analysis of 37 Definitions' (2008) wiley online library

their interactions with their stakeholders on a voluntary basis. In another definition by the Commission it is said that corporate social responsibility is essentially a concept whereby a company decides voluntarily to contribute to a better society and a cleaner environment. However to understand the concept of Corporate Social Responsibility the above two definitions are known as more comprehensive, covering its essential features.

The European Commission Green Paper 2001 identifies two dimensions of Corporate Social Responsibility; internal and external. The internal dimension includes human resource management, health and safety at work, management of environmental impacts, and natural resources. The external dimensions involve local communities, business partners, suppliers, consumers, human rights and global environment. The internal issues assumed to be those dealing with companies' internal management. Likewise, the external issues concern the external management.¹ However a number of European companies promoting their strategies of corporate Social responsibility as a response of variety of social and economic pressures. In March 2000 the European Council in Lisbon made a special appeal to companies' sense of social responsibility regarding best practices for lifelong learning, work organization, equal opportunities, social inclusion and sustainable development. The action taken, leads the development of new partnerships regarding social dialogue, skills acquisition, equal opportunities, anticipation and management of change, at local as well as at national level with reference to the reinforcement for economic and social cohesion and health protection and moreover on a global level, concerning environmental protection and respect of fundamental rights. Similar to over the globe, the European Union is also concerned with social responsibility of corporate, as voluntary business approach. Their responsibilities are also expressed towards employees and more generally towards all the stakeholders affected by business which in turn can influence its success. At the Lisbon European Council of March 2000, the heads of European States and government define the strategic goal for the union to become the most competitive and dynamic knowledge – base economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion. Corporate Social Responsibility can contribute to achieve this goal.² The European Commission promotes Corporate Social Responsibility in European Union and encourages enterprises to adhere to international guidelines and principles. The EU's policy is built on an agenda for action to support:-³

1. To enhance the visibility of Corporate Social responsibility and disseminating good practices
2. To improve and tracking levels of trust in business
3. To improve self and co – regulation processes
4. To enhance market reward for Corporate Social Responsibility
5. To improve company disclosure of social and environmental information
6. To further integrate corporate social responsibility into education, training and research
7. To emphasize the importance of national and sub – national CSR policies
8. To better align European and Global approaches to corporate social responsibility

¹ European Commission, Green Paper: Promoting a European Framework for Corporate Social Responsibility (2001)

² Lisbon European Council 23 and 24 March 2000: Presidency Conclusions: “Preparing the Transition to a Competitive, Dynamic and Knowledge-Based Economy”, (European Parliament) available at http://www.europarl.europa.eu/summits/lis1_en.htm

³ European Commission, European Commission Strategy on CSR, (Internal Market, Industry, Entrepreneurship and SMEs) available at : https://ec.europa.eu/growth/industry/corporate-social-responsibility_en

The Green Paper claims that Corporate social Responsibility has a strong human rights dimension, particularly in relation to international operations and global supply chains according to the Annex of the Green Paper, “Human Rights are based on the recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family, which is the foundation of freedom, justice and peace in the world.”

The European Convention of Human Rights adopted by the Council of Europe, and is legally binding in all Member States; Green Paper makes reference to the “ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy” and the “OECD Guidelines for Multinational Enterprises.” But, in addition, the European Union established a set of obligations, that is, a co-operation framework within which the member states vouch respect of labour standards, environmental protection and human rights. Within this context, as the Green Paper puts it, the European Union is “confronted with the challenge of ensuring a full coherence between its development policy, its trade policy and its strategy for the development of the private sector in the developing countries notably through the promotion of European investments.”

CONCLUSION

Recent years have shown an increasing tendency on the side of major companies and industrial sectors to adopt various “codes of conduct.” what the Green Paper understands and clearly emphasizes, these “codes of conduct are not an alternative to national, European Union and International laws and binding rules.” The difference is that, on the one hand, those laws and binding rules ensure general minimum standards, while codes of conduct, on the other hand, are voluntary initiatives that “can only complement these and promote higher standards for those who subscribe to them.