

# Article review – csr and its effectiveness in poorer communities essay

[Business](#), [Accounting](#)



Article Reference Newel, P (2005) 'Citizenship, accountability and community: the limits of the CSR agenda', *International Affairs*, 81 (3) May, pp.

541-557. Objective of Article The writer attempted to highlight the benefits and limitations of CSR, the challenges facing its implementation particularly in poorer communities that do not enjoy a good relationship with their local corporate industry due to the absence of strong state socio-economic agencies, poor legislation, and access to NGOs amongst other things. The article sought to assess how CSR was being interpreted by companies and communities, the role state governments have played in ensuring that companies fulfilled their obligations and areas where improvement was needed. The writer also looked at several community driven initiatives with a view to critically analysing their legality, effectiveness and justification.

Understanding CSR The World Bank defines Corporate Social Responsibility as the "commitment of business to managing and improving the economic, environmental and social implications of its activities at the firm, local, regional and global levels.

CSR can be used as a framework through which business engages in multi-stakeholder partnership for sustainable development. " 1 Writer's Concern (Issues Raised about CSR) The writer observed that measures put in place to ensure that companies conduct their businesses in a responsible manner in the west have not been applied in developing countries. Some of these include economic, legal and ethical responsibilities required by states and international bodies like the World Bank Care International Business Partners

for Development Scheme, World Economic Forum (WEF) Global Citizenship Initiative amongst others. The writer expressed concern that companies in some cases assumed CSR initiatives were just “ one-off philanthropic projects instead of a set of strategically planned efforts consistent with companies’ own corporate strengths and complimentary to programs offered by the government. ” 2 The article noted that even where good CSR initiatives are in place, the sectors that set up industries in poor communities participate mostly in activities that usually have negative social and environmental implications (like oil spillage associated with oil exploration companies and other consequences of extractive activities) .

However, due to the absence of well resourced global civil society organisations, lack of proper education /enlightenment in the communities, inadequate facilities to monitor their activities, it is usually difficult to implement these CSR initiatives. The few ‘ responsible’ corporate industries in developing countries also fail to properly dialogue with their host communities, assuring them of their commitment to the development of their regions and plans they have outlined. They instead engage in discussions with state officials and few ‘ community leaders ‘ who put their selfish interests ahead of their people. This leaves the communities with the impression that they are being oppressed due the power inequalities and makes them resort to measures like civil disobedience, violent protests many of which are counterproductive. Also, some firms actually try to take advantage of ‘ weak spots’ (like incentives, government provisions) within

CSR targeted policies to make more money by saving costs and further neglecting their responsibilities.

**Roles / Failure of State Governments and Agencies** The article noted that states governments in poorer communities do not adequately protect the rights of their people. This is usually due to: \* Their failure to improve investment climate through the provision of better government. \* Not ensuring transparency in the activities of the companies and in their dealings with them. \* Failure to enact and implement binding laws and regulations that would protect the people and their environment. \* Lack of resources (including failure to train agency officials) to carry through most of their responsibilities. \* Corruption. \* No tolerance for community activism.

\* Denial of access to legal redress. Some governments in these communities also deny their people representation in most of the stakeholders' forum organised with the corporate industries in their communities. **Steps Taken By Some Communities** The writer acknowledged that , many communities, in a bid to save their communities and to survive resort to protests (in some cases violent), strike actions (by employees) and others sabotaging the industries (for example, cases of oil pipe destruction in the case of MEND in Nigeria's Niger Delta region). Others resort to notifying the outside world of their plight through pictures, production of documentaries, granting of interview e.

tc. According to the writer, some other (educationally empowered) communities conduct public hearings, inviting people to cite examples of '

corporate irresponsibility' and expose some activities that impacted negatively on their environment, at times summoning the representatives of these firms to offer explanation and offer steps identified to correct the 'sins' (although in most cases these companies do not honour these invitations, questioning their legality). Some of these communities take it upon themselves to embark on 'self-government acts', developing their own regulations (Community Driven Regulations) after due consultations with similar communities, with the help of international human right and professional bodies. These bodies help the communities to promote people's development plans which point out the responsibilities and expectations of all stakeholders. The writer discussed several other measures employed by poor communities to ensure they benefit from the presence of these corporate industries. The writer noted that even though majority of these initiatives are met with resistance and at times indifference by the industries (who continue to question their legality), in other cases it opens communication channels between all stakeholders leading to negotiations and agreement on implementing a generally accepted blueprint for moving the communities forward. Conclusion The writer clarified that even though he was not in support of some self-help strategies (particularly measures that are not peaceful) adopted by poor communities to address 'corporate irresponsibility', communities would continue to resort to them due to the enormous challenges they face.

CSR should be remodelled to reflect the peculiarities of the areas. I quite agree with this but also believe that the writer did not pay enough attention

to other factors that have caused CSR initiatives to fail in poor communities, preferring to focus on the shortcomings of the companies. In many cases demands made by these communities may be unrealistic /excessive as the companies' efforts are not appreciated. Some industries contend that in addition to CSR initiatives they are obliged to fulfil, they also make payments to state governments through high taxes (including multi-taxation in the case of developing countries like Nigeria where companies pay federal, state and local government taxes) and development levies which the states fail to use in providing basic amenities for their communities. In Nigeria for instance, the oil rich Niger Delta region was neglected for over four decades despite accounting for over 90% of the Federal revenue, with the Government preferring to divert the funds to other regions. The absence of efficient, competent and accountable government agencies also aids the complacency of the companies. A case in point is the recent oil spill in the Gulf of Mexico, USA, where their Environmental Protection Agency is partnering the oil rig owners (British Petroleum) to utilize several methods to help contain the spill and save the livelihoods of the residents of the region. In addition, BP would be required to compensate the affected states for their negligence by paying fines that are expected to exceed billions of dollars.

However, in developing countries like Nigeria, oil spills are believed to occur regularly but are either undetected by state agencies or ignored by states to preserve their relationships with the oil companies. Finally, it is important for corporate industries and states to regularly engage in dialogue and consultations with legitimate representatives of their host communities,

taking note of their concerns, demands and allowing them take active parts in the development process. References The Commission to the European Parliament, the Council and the European Economic and Social Committee “ Implementing the Partnership for Growth and Jobs: Making Europe a Pole of Excellence on Corporate Social Responsibility. ” Brussels, 22. . 2006.

COM 136 Final. World Bank Institute, The Centre for International Private Enterprise (CIPE), The Arab Labour Organisation “ Corporate Social Responsibility and Corporate Citizenship in the Arab World” Conference. (November 21-22, 2006) 1 and 2 Ned Potter, Ryan Owens and Kate McCarthy “ Gulf of Mexico Oil Hits Coast; White House Calls Spill Event of ‘ National Significance. ” (April 30, 2010) <http://abcnews.go.com/WN/Eco/bp-oil-spill-national-significance-obama-administration/story?id=10509844>.

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