



## ***Innovation 2010***

### ***Research Network on Innovation***

#### **“Corporate social responsibility, realities and perspectives”**

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Since the crisis of the glorious thirty, Corporate Social Responsibility (CSR) has become the new principal of management of enterprises, which are looking for a new combination between economic efficiency, social ethic and protection of environment. During the period of intense economic growth, the mode of management was based on salaried mass employment, regular increase of salaries and consumption of cheap raw materials. In an economic period characterized by the slowing down of economic growth, the increase of unemployment and the awareness of the environmental question, in addition to the question of the intensification of international competition (especially coming from the emergent economies), enterprises (firstly, transnational, secondly, small and medium) are looking at promoting a new method of management in order to answer the requirements of the whole set of stakeholders, in priority, of... shareholders.

The historian can go far away in the History to find the origins of the CSR since the end of the 19<sup>th</sup> century in the United States or in Europe. In the United States, most of billionaires (Rockefeller, Carnegie, etc.) have created a foundation to finance charitable activities. In Europe, two ways have been developed. On the one hand, we find the paternalistic system of historical entrepreneurs who managed their enterprise like they manage their own families (Renault, Michelin, Citroën, etc.). On the other hand, we find humanist entrepreneurs who were looking for promoting a new form of social organization (R. Owen, J-B.A. Godin, etc.). During that period of industrialization, this embryonic form of CSR develops while the Welfare State was inexistent and enterprises have a large room for manoeuvre to develop. Today, the situation is quite similar giving the decline of the Welfare State and the international opening of markets.

However, the major difference between the current period and that of the end of the 19<sup>th</sup> century is the environmental factor. The industrial (or even post-industrial) society seems to have been aware of the destructing effects of the industrial activity on the physical and human environment. This awareness could be an opportunity to promote a new cycle of economic growth based on green technologies respectful towards environment and wealth creating. Nevertheless, the CSR can take several shapes that go beyond the sole environmental dimension. In this sense, the social aspect is very important. Hence, the enterprise can for example encourage its workers to stop smoking, organize a campaign of flu vaccination, encourage car-pooling, reduce their use of paper or electricity, etc. These are as many initiatives that tightly oscillate between the professional and the private life of individuals and illustrate a quite similar situation -in terms of paternalism- to that observed at the end of the 19<sup>th</sup> century.

CSR is not only a matter for multinational corporations. Small and Medium Enterprises (SME) in all business sectors also look to implement this principle in different ways. Is it by the multiplication of « good practices » that we can achieve a cleaner world? May be it is, because if there is a motivation that would drive enterprises to be socially responsible, could not be a belief or a value, but rather the necessity to remain competitive. Then, the major reason that must bring enterprises to take into consideration the environmental question in their management modalities is not ethic, but rather economic. Yet, in the absence of a legal constraint, the sole economic constraint is insufficient to orient the enterprises' policy. The role of international and national institutions of labor and environmental law is thus essential in order to create a solid institutional framework on the basis of which enterprises develop their activities in a globalized economy.

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