



## On Corporate Social Responsibility

Bank starts dialogue with business

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**January 10, 2002**—Two years ago when government and private sector leaders gathered in Davos for the World Economic Forum, in the aftermath of the Seattle meeting of the World Trade Organization, corporate social responsibility (CSR), emerged as a critical issue on the global agenda. And it was at that January 2000 meeting that World Bank President James Wolfensohn launched an integrated learning program on Corporate Social Responsibility and Ethics, a joint effort of a number of Bank departments and external partners.

The issue of CSR takes in competitiveness and reputational risk management, and their relationship to poverty reduction and good governance. It is increasingly recognized that a broader acceptance of CSR as a vital component of corporate strategy would facilitate efforts for more sustainable and equitable development. As part of this effort, the Bank on Tuesday hosted more than 30 high-level representatives of global corporations—including the Executive Director of Merck, the Directors of ABB, Citigroup, IBM, Siemens, DaimlerChrysler, ExxonMobil, Dupont, BP, Monsanto, PWC and others.

At issue are how to facilitate a dialogue between corporations and the World Bank on CSR, how CSR is measured, and what the impact of CSR is on business and economic growth. World Bank and IFC staff were also seeking answers on the types of CSR practices



in use by firms, the business cases for these practices, the internal and external barriers to extending profitable CSR, the role of international standards, private-public partnership, trade organizations, industry self-organization and non-government organizations, and how other important stakeholders can be engaged.

According to Ann Gualtieri, VP, Investor Relations, Dupont, high environmental and social standards allow a firm to experience substantial competitive advantage against its competitors. Peter Hartmann, Director of DaimlerChrysler, introduced an example of so-called "intelligent marketing," part of the firm's CSR strategy: on one hand it improves living conditions and on the other it can create a base for increased demand of a firm's products in the long term.

Support of local communities or local small enterprises can be mutually beneficial as Leslie Meek of Citigroup pointed out. Carlo di Florio, Director, PWC, stressed that current examples of CSR practices have mainly grown from crisis situations, but that good CSR strategy has a positive impact on reputational risk management, better access to capital and better financial performance, and in parallel supports equitable development. Nigel Thompson, Executive Director of Merck says that CSR is not a philanthropy: It has to be a good business for both sides—society and the private sector.

Participants also came up with some proposals for possible roles the World Bank could play to promote CSR in its client countries, with special emphasis on the role of the WBI in capacity building and action learning. According to WBI VP Frannie Leautier, the Bank, in addition to being a facilitator in the exchange of information on CSR and learning processes, can also help in building a favorable environment for CSR and sound business practices at the country level. And the Bank's "power of data," said WBI

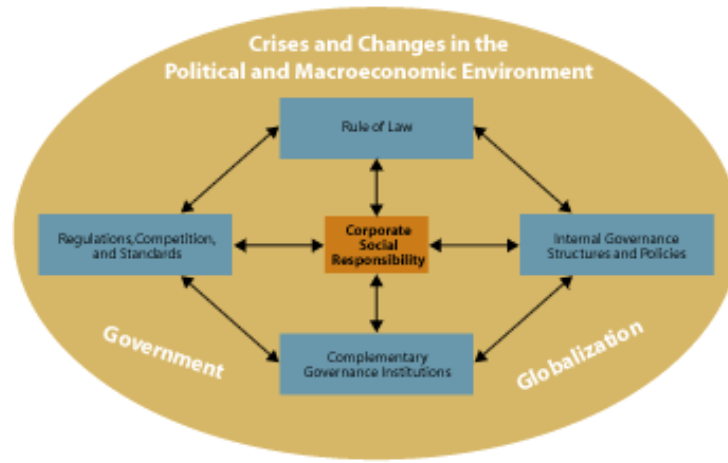
Governance, Regulation, and Finance Manager Daniel Kaufmann, could be easily provided to and used by the private sector in building CSR strategies. Additionally, PSI and IFC provide advisory services to governments and companies.

Among the Bank's CSR learning and capacity building activities is WBI's WebCT-based course on Corporate Social Responsibility and Sustainable Competitiveness, to be finalized soon and an integral part of the holistic program focused on this topic. Other program activities include an eventual Virtual Resource Center on Sustainable Competitiveness and CSR, and Research, Needs Assessment, and Diagnostic Surveys at the country and company levels.

All participants agreed that there is need for similar meetings to gather representatives from different sectors of the economy and civil society, as well as World Bank experts. They emphasized that a cross-sectoral approach, and even joint CSR activities could be more beneficial for developing countries than efforts of an individual firm.

**Useful links:** [Click here](#) to participate in a survey on Corporate Social Responsibility. For more information on this dialogue, please contact Djordjija Petkoski ([dpetkoski@worldbank.org](mailto:dpetkoski@worldbank.org)) or Elizabeth Ashbourne ([eashbourne@worldbank.org](mailto:eashbourne@worldbank.org)) at WBI.

## CSR Diamond



Source: Djordjija Petkoski, World Bank Institute.

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