Business Responsibility
for Sustainable Development

by Peter Utting

United Nations Research Institute for Social Development

The **United Nations Research Institute for Social Development** (**UNRISD**) is an autonomous agency engaging in multidisciplinary research on the social dimensions of contemporary problems affecting development. Its work is guided by the conviction that, for effective development policies to be formulated, an understanding of the social and political context is crucial. The Institute attempts to provide governments, development agencies, grassroots organizations and scholars with a better understanding of how development policies and processes of economic, social and environmental change affect different social groups. Working through an extensive network of national research centres, UNRISD aims to promote original research and strengthen research capacity in developing countries. Current research programmes include: Civil Society and Social Movements; Democracy and Human Rights; Identities, Conflict and Cohesion; Social Policy and Development; and Technology and Society. A list of the Institute's free and priced publications can be obtained by contacting the Reference Centre.

Geneva 2000: The Next Step in Social Development, 26–30 June 2000, combines the United Nations General Assembly Special Session on the Implementation of the World Summit for Social Development, and the Geneva 2000 Forum. Under the title "World Summit for Social Development and Beyond: Achieving Social Development for All in a Globalizing World", the Special Session of the General Assembly is being held to review efforts to implement commitments made at the Social Summit in Copenhagen in 1995. The Geneva 2000 Forum is intended to be a platform for a wide range of actors to share experiences on innovative social and economic development policies and activities.

In preparation for Geneva 2000, UNRISD is undertaking a wide-ranging inquiry into five areas of policy and institutional reform that are central to creating an enabling environment for social progress. These include initiatives related to financing social development; democratization and public sector reform; mainstreaming gender in public policy; strengthening the role of civil society; and promoting "people-centred" sustainable development. Selected papers from each thematic area are published in this series of Occasional Papers, and all papers are being synthesized in a special UNRISD report for Geneva 2000.

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UNRISD, Palais des Nations
1211 Geneva 10, Switzerland

Tel: (41 22) 9173020
Fax: (41 22) 9170650
E-mail: info@unrisd.org
Web: http://www.unrisd.org

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Acknowledgements

Acronyms

BCSD	Business Council for Sustainable Development
BP	British Petroleum
BUSCO	Business Association for the World Social Summit
CBS	Copenhagen Business School
CEPAA	Council on Economic Priorities Accreditation Agency
CERES	Coalition for Environmentally Responsible Economies
CIIR	Catholic Institute for International Relations
EMAS	Eco-Management and Audit Scheme
EMS	environmental management system
EU	European Union
EUROBAN	European Banana Network
FAO	Food and Agriculture Organization of the United Nations
FASE	Federação de Orgãos para Assistência Social e Educacional
FSC	Forest Stewardship Council
GDP	gross domestic product
GSDF	Global Sustainable Development Facility
IBASE	Instituto Brazileiro de Análises Sociais e Econômicas
ICC	International Chamber of Commerce
ICFTU	International Confederation of Free Trade Unions
IFAT	International Federation for Alternative Trade
IFBWW	International Federation of Building and Wood Workers
IIED	International Institute for Environment and Development
ILO	International Labour Organization
IMF	International Monetary Fund
IR2	International Relations/Industrial Relations
ISO	International Organization for Standardization
IUF	International Union of Food and Agricultural Workers
MSC	Marine Stewardship Council
NAFTA	North American Free Trade Agreement
NEF	New Economics Foundation
NGO	non-governmental organization
OIT	Organisation Internationale du Travail / Organización Internacional de Trabajo
ONG	organisation non gouvernementale / organización no gubernamental
ONU	Organisation des Nations Unies
SGS	Société Générale de Surveillance
SITRAP	Sindicato de Trabajadores de Plantaciones Agrícolas
TNC	transnational corporation
ToBI	Taskforce on Business and Industry
TRAC	Transnational Resource and Action Center
UNA	Universidad Nacional (Costa Rica)
UNCED	United Nations Conference on Environment and Development
UNCTAD	United Nations Conference on Trade and Development
UNCTC	United Nations Centre on Transnational Corporations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNRISD	United Nations Research Institute for Social Development
VI	voluntary initiative

WBCSD	World Business Council for Sustainable Development
WCED	World Commission on Environment and Development
WHO	World Health Organization
WICE	World Industry Council for the Environment
WRI	World Resources Institute
WWF	World Wide Fund for Nature

Summary/Résumé/Resumen

Summary

Development agencies and actors concerned with promoting sustainable development have been joined in recent years by another player — big business. Increasing adherence on the part of senior managers to concepts like corporate citizenship or corporate social responsibility suggests that this sector of business is beginning to recast its relationship with both the environment and its multiple stakeholders. This evolving situation stands in sharp contrast to the scenario of the past when big business was seen to be insensitive to the needs of certain stakeholders and responsible for much of the environmental degradation of the planet.

This paper assesses the reality behind the claims of some sectors of business that an increasing number of large firms are adopting policies and practices conducive to the promotion of sustainable development, particularly in developing countries. After describing various institutional developments that have occurred in the 1990s and that appear to be promoting corporate social and environmental responsibility, the paper assesses the current state of play, highlighting in particular the incipient and piecemeal nature of change. It goes on to examine whether there are forces or an enabling environment in place that might permit a scaling up of initiatives associated with corporate responsibility. Some of the more powerful forces that drive corporate responsibility are identified. The question of why some sectors of business are changing reveals an answer that has less to do with a new-found ethical concern among corporate executives for the environmental and social condition of the planet, than with economic, political and structural factors. These include so-called "win-win" opportunities, the possibility of enhancing competitive advantage, "reputation management", pressure group and consumer politics, regulation or the threat of regulation, and changes in the way production and marketing are being organized globally.

While such "drivers" may encourage corporations to be more responsive to environmental and social concerns, it is argued that the process of change is likely to remain fairly fragmented, spread unevenly in terms of companies, countries and sectors, and, from the perspective of sustainable development, fraught with contradictions. What amounts to a fairly minimalist and uneven