

Working Group 2: Encountering the Economic Crisis - a Trigger for the Positive Consolidation of CSR?

? What are the economic crisis' implications on CSR?

- **Costs are not the main issue.** In companies which have already integrated CSR into their management philosophy, CSR costs will be cut insignificantly. Nevertheless, in general terms, companies run short of money and are currently investing less in training on CSR and human rights.
- **The crisis concerns all actors.** There is a risk to see everything under a "CSR umbrella". Some of the current problems are CSR issues but most of them can be traced back to globalisation. Therefore everybody should be concerned about the crisis, it is a collective process. Companies are not the only actors and they are not in a position to fill the governance gap. It needs serious discussions on CSR but, more generally, on how to do business differently (focus e.g. on sustainable investment or products for the poor). In future, CSR needs to be discussed on a broader level and not only by selected experts. The experiences of the climate change movement offer good lessons for the CSR process.
- **The role of governments.** Governments have provided aid packages to mitigate the consequences of the crisis. In this context, the question arises to which extent public support equally entails increased public accountability for companies. In the past, governments have not always proven to be reliable and to have sufficient knowledge on global business challenges. Nevertheless, they fulfil a crucial function in initialising multistakeholder dialogues and pushing for the sustainability agenda. From a practical point of view it might be sometimes easier to start working with civil society organisations and to bring in governments at a later stage.
- **Don't waste the crisis!** Every crisis is a chance for development. It remains to be seen if the chances of the crisis will be seized or if it is just a break before coming back to "business as usual". At this point the international community should clearly think about which kind of CSR responsibility it wants.
- **CSR has to show its worth.** The "CSR industry" that has evolved over the last ten years will now have to step back for a moment and analyse what is currently needed.
- **Ways forward.** It needs increased incentives for and regulation of CSR. The huge quantity of audits that currently exists is not required. CSR is more than risk management; it needs to be integrated in the company philosophy. Therefore, the best way to proceed lies in harmonisation- and sector initiatives.
- **Changing tendency.** One can observe a growing new confidence in CSR in the Eastern world. Since the Western model has collapsed, the Eastern partners start thinking about new ways of sustainability.

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? Did companies start CSR because of the financial crisis?

- **Increased understanding of CSR.** As a result of the crisis, companies have started to be aware of the meaning of CSR and their contribution to society.
- **The role of PPPs.** Public-private-partnerships have proven to be a good vehicle to push CSR because ethical standards can be introduced by the public sector.
- **The financial sector.** In the financial sector CSR took a different development: although the Equator Principles lay down clear corporate social responsibility obligations it seems that there was less pressure from consumers and shareholders than in other sectors.

? Is the issue of sustainability here to stay?

- **Sustainability has to pay off.** Sustainability is a company management approach, which has to be equally profitable for a company. It does pay off if it is an integral part of the company philosophy. Company experience has shown that CSR is not only a risk management tool but also a decisive factor for attracting and highly qualified and skilled workers as well as for the retention of the latter.
- **Key economic challenges are also business opportunities.** Sustainability is one of the major economic challenges but at the same time it opens unprecedented business opportunities.