

Chapter 11

Doing Good Doing Well

Discussion of CSR in the Pulp and Paper Industry in the Asian Context

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ABSTRACT

Corporate social responsibility (CSR) involves multi-faceted concerns and interested parties. The theoretical paper argues that pursuing CSR policies creates value for sustainable economic prosperity for the pulp and paper sector. The pulp and paper industry is one of the largest industrial sectors worldwide and plays a critical role in global development. As the fourth largest energy user and CO2 emitter, the industry is subject to the vicissitudes of global society and environment. Irresponsible pulp and paper operations are now shunned by various stakeholders, which ultimately affect their economic bottom lines. Sustainable operations bring continuity and competitiveness along with innovation, efficiency and social recognition to the industry. Using the criteria of the triple-bottom-line theory (economic, environmental and social), this paper demonstrates that a strong CSR framework and proactive initiatives add value to the pulp and paper business.

INTRODUCTION

This theoretical paper discusses how CSR brings value, though not always quantifiable, to business by employing Elkington's (1994) 'triple-bottom-line' theory and illustrates this value with reference to the pulp and paper industry with examples from the Asian context. The acknowledgement of corporate social responsibility (CSR) as a business strategy has been seen at the highest corporate levels in recent years. A number of business gurus have taken positions in favour of the incorporation of CSR into overall business strategy. "Our fundamental belief is that doing good is great for business" said Sir Richard Branson (2009: 289), the iconic entrepreneur and founder of Virgin Group. Sir Richard Branson's belief is the

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epitome of the mutually reinforcing relationship between corporate social responsibility and business values. Industry Canada also promotes corporate social responsibility, strongly believing it will bring innovation, productivity and competitiveness to its industry in the global arena (Industry Canada, 2013).

In her speech at the '11th Chinese People's Political Consultative Conference', Helen Clark, UNDP administrator and chair of the influential UN Development Group, spoke about their work with companies incorporating corporate social responsibility in business models about the benefits from improved efficiency, cost savings, stronger branding, etc. and the adverse risk of reputational loss for not engaging in CSR (Clark, 2012).

In academia, many authors have supported a positive standpoint about the validity of corporate social responsibility as a valuable aspect of a viable contemporary business model (Davis, 1973; McWilliams et al. 2006; Buchholtz & Carroll, 2012), to name just a few. Dr Olson, director of the Pulp and Paper Center at the University of British Columbia argues in his director's message that people, especially those working in the forest industry, understand clearly about society's need for true sustainability and the equilibrium it plays with economic affluence (University of British Columbia, 2013).

This pre-eminence of corporate involvement with society has been exemplified in contemporary definitions attributed to the term. One such definition is provided by Needle who contends that corporate social responsibility or CSR with the corporation's development and management of "its relationships with various stakeholders: employees, customers, suppliers, the community, society and government. It also has a responsibility towards the sustainability of the environment" (Needle, 2010: 300). The rationality of CSR is no longer contentious. This was supported by a special report for the Economist in which only 4% of respondents thought that CSR was "a waste of time and money" (The Economist, 2008). Many business school academicians like John Ruggie of Harvard University's Kennedy School of Government concur that it is not whether there should be CSR but how corporations can best incorporate CSR to their advantage (Smith, 2003; The Economist, 2008; Rangan, Chase & Karim, 2012).

What impacts does CSR have on businesses? The impact of corporate social responsibility is multi-dimensional. "CSR enhances reputation and builds positive bridges to communities, customers and the public at large and in doing so affects the bottom line" (CSR Press Release, 2013). The point here is that CSR is not only cogent in the business context but it can bring value and sustainable corporate development. The synergistic effect of CSR between business and its social and environmental stakeholders can bring about tremendous competitive advantages in terms of efficiency, reputation and innovation.

John Elkington (in Buchholtz & Carroll, 2012) described the triple-bottom-line analysis to sustainable development as including economic, environmental and social aspects. The aim is corporate sustainability, which is to create continuing long-term shareholder value by taking responsibilities for and initiatives in respect of the economy, environment and society. As the United Nations Environmental Programme (UNEP) and the United Nations World Tourism Organization (UNWTO) agencies (2005) show in Figure 1, the aim is to ensure the balanced and long-term development for all corporate stakeholders.

According to Buchholtz and Carroll's (2012) CSR Pyramid, there are four facets of CSR, one of which is legal responsibilities. Considering that the fundamental aspect of being socially responsible germinates from abiding by laws and being responsive to regulatory changes, business would be suicidal if they only pursued the 'bottom-line'. Thus, this necessary conformity to law and regulation will not be further elaborated.

The triple-bottom-line theory will be applied to discuss in detail why and how CSR brings sustainable competitive advantages via pursuing more than just the shareholder or the 'bottom-line' theory. It will also elaborate on the economic merits of proactive CSR approaches taken by pulp and paper operations

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