

Spring 4-29-2016

Corporate Social Responsibility: Implications for Businesses Operating in the United States and the European Union

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Recommended Citation

Sapp, Kaitlyn, "Corporate Social Responsibility: Implications for Businesses Operating in the United States and the European Union" (2016). *Honors Scholar Theses*. 478.

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Corporate Social Responsibility: Implications for Businesses Operating in the
United States and the European Union

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Honors Thesis

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2016

Abstract

The expectations of what businesses should be responsible for has changed more and more as the consumer consciousness has evolved. For many businesses, especially those in the United States, change in their approach to corporate social responsibility (CSR) is necessary in order to satisfy customers and stay competitive. This paper will discuss and compare the history and current practice of CSR between the United States and the European Union. I find that since the European Union has a history of holding companies to higher CSR standards, European-based companies have an advantage in various consumer markets with growing consciousness. Meanwhile, companies in the United States have had a more reactive, autonomous history of CSR and hence will need to implement socially responsible practices into their business model in order to remain competitive.

What is Corporate Social Responsibility?

European auto makers are under close examination after more evidence is found regarding the Volkswagen emissions scandal (Boston, 2016). In September of 2015, it came to light that Volkswagen had used a special software to cheat on their emissions testing when in reality, their cars were emitting over 40 times the legal standard (Curtin, 2015). Volkswagen quickly made a public apology in which they acknowledged that while the cars themselves don't pose a direct safety hazard, they have violated the trust of their customers and the community at large (Curtin, 2015). While this scandal directly impacted Volkswagen's market-value, it now has long-term implications for the credibility of the entire auto industry. Now, more than 6 months later, European investigators are scrutinizing all manufacturers amid rising evidence against Volkswagen, who had to pay a fine of approximately 18 billion USD (Boston, 2016). Clearly for Volkswagen, being dishonest had crucial, negative implications in the long-run. Not only did they have to pay a large fine, but their image has been tarnished in both the European Union and the United States. With other investigations still pending, various companies in both nations may need to reevaluate their practices and realize what serious consequences can occur when they act in a way that the community may deem irresponsible. This is just one example of many in which a company's disregard for corporate social responsibility resulted in negative penalties and cost them more than just monetary value. Now, Volkswagen will have to perform endless amounts of damage control in order to gain back trust, when they could have avoided this by heeding to the ever-growing consumer consciousness and call for far-reaching CSR.

As the above example shows, the expectation of what businesses should be responsible for has changed as the consumer consciousness has evolved. This paper will discuss and compare the history and current practice of CSR between the United States and the European Union. For the purpose of this paper, since I will be discussing the idea of corporate social responsibility between many nations –the U.S. and those that fall under the European Union— it seems appropriate to define CSR as it is understood from the United Nations Industrial Development Organization (UNIDO); the specialized agency of the UN that promotes industrial development for poverty reduction, inclusive globalization, and environmental sustainability. UNIDO holds that CSR is “a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders,” (Unido, 2015).

As we will see further, corporate social responsibility can include a variety of business practices and focuses. Examples include attention paid to labor standards, which can encompass the benefits provided to salaried employees, to the wage rate afforded to factory workers at the beginning of the supply chain. Environmental management and responsible sourcing focuses on issues about resource quality and sustainability, spill and pollutant prevention, and conservation. Anti-corruption measures, as the name suggests, works to promote ethical business practices and the conservation of a fair business environment. And most generally, corporate social responsibility can account for any business activity that works to preserve and improve social equity, the well-being of society and any impacts the company may have on it (Unido, 2015).

Beyond this broader definition of CSR, the United States and the European Union have very different definitions. In this paper, I look to describe and analyze those differences and determine how they impact business practices, specifically for U.S. companies doing business globally. In the first part of this paper, I will outline the history of how CSR came to be in the United States and the European Union and how it is today, respectively. Then, I will highlight specific differences in the practice of CSR between the U.S. and the EU. With this information, I then hope to convey the important managerial implications of businesses looking to operate globally, particularly U.S. businesses looking to operate in the EU market. Concluding, I will show how important corporate social responsibility is for today's conscious-consumers, hence requiring that companies start implementing CSR into every aspect of its business model.

CSR in the United States

It would first benefit us to consider how the idea of corporate social responsibility has evolved over time. Many claim that CSR officially took root in the 1950's, but underlying socially responsible ideas can be traced back to the mid-1800's, during the Industrial Revolution (Crane & Matten, 2009). With the explosion of factory production, it was clear these establishments started their operations in a way that most would consider to be socially harmful: horrible working conditions, child labor usage, lack of minimum wages. Even in this time, communities were realizing that large companies owed more responsibility to all of their stakeholders, not just their shareholders (Visser, 2010). With the efforts of lobbyists, strikers, and boycotters, many laws were passed in an attempt to protect the working class and

consumers. For instance, in 1888 the first federal relations labor law was passed to protect the rights of railroad workers (Labor History Society, 2010). In 1912, Massachusetts passed the first minimum wage law for women and minors (Labor History Society, 2010).

The above examples focus on labor regulation as a focus of CSR before the 1950's, but it's not the only source of corporate responsibility at that time. Many large corporations and industrialists also engaged in philanthropic endeavors, such as the many generous donations made by the likes of Vanderbilt and Rockefeller (Crane & Matten, 2009). Still, the question then, as it often continues to be now, is whether these gestures were a matter of taking a heightened level of corporate responsibility, or just a ploy to gain respect and more business from consumers (Wren, 2005). Although concessions were made, albeit small, to respond to stakeholder concerns in the mid-1800's to early-1900's, corporations in the United States were still very autonomous in terms of serving the greater community.

It wasn't until around the 1950's that corporate social responsibility gained more official recognition. Polls conducted in the 40's showed that 93.5% of businessmen felt their responsibilities stretched farther than the original scope of their business (Crane & Matten, 2009). Other big name companies were taking specific, public measures to display their commitment to corporate social responsibility. For example, Johnson & Johnson published its Credo in 1943, announcing "its primary stakeholders were its customers, employees and the communities it operated in", with shareholders taking the last place (Katsoulakos & Koutsodimou, 2004). This was one of, if not the first instance in which a major company made their priority not just based on an external moral compass, but a major, internal part of their business strategy (Johnson & Johnson, 2015).

After this growth in awareness occurred, there was an emergence in the 1960's of social responsibility being "issue" focused (Crane & Matten, 2009). Companies made efforts to help mitigate some major issues, like urban decay and pollution, usually if it aligned with the nature of the business they conducted. Following this era, a shift was made in how Americans viewed CSR. Especially in light of the Enron and other big business scandals of the 80's, corporations now recognized a more responsive approach to social responsibility (Visser, 2010). The idea of integrating responsibility efforts into the entire management structure and organization was now and still is the focus of CSR in the United States today (Crane & Matten, 2009). Still, this total-integration idea is more of a goal of corporate social responsibility in the U.S., while companies still prove resistant against too much regulation (Baker, 2015).

When it comes to policy and law, the U.S. doesn't have a clear overall objective in terms of CSR. Although there are laws related to labor, anticorruption, environmental and consumer protection in place, the United States doesn't have much hard law on broader ideas of corporate social responsibility. Hard law means that the guiding entity has binding legal instruments and laws in place that can be used to hold companies accountable. The main title of the U.S. Department of State's page on CSR portrays this well, "Guidance and Support for Responsible Business" (U.S. Department of State, 2015). This indicates how America's approach to CSR is suggestive in nature. The CSR team, under the Bureau of Economic and Business Affairs, works to promote ethical and responsible business practices in the U.S. For example, one of the CSR team's main objectives is to provide guidance that complements U.S. foreign policy and other principles rooted in "doing well by doing good" (U.S. Department of State, 2015).

Further, it appears that the effort to promote general corporate social responsibility has been fragmented between different groups focusing on singular issues. For instance, the State Department CSR Fact Sheet points out the various “problems” a company may encounter and where they could go to obtain more information. If you want to know about human rights, you go to the Human Rights and Labor Department, energy concerns to the Bureau of Energy Resources, anticorruption to the Bureau of Narcotics and Law Enforcement Affairs and so on (U.S. Department of State, 2012). It wasn’t until April of 2012 that a CSR Forum was held, in which it was the “first time the state introduced the broader topic of CSR to a broader audience of interagency and private sector representatives” (U.S Department of State, 2015). There is no further information on the impact of that forum or mention of plans for another one.

Other than the explicit laws U.S. companies must abide by in terms of labor, anticorruption etc. stated above, there isn’t much else that works to legally bind them to socially responsible business practices. Before we get into a comparison of how the United States approaches CSR, we will discuss the European Union and how they came to be where they are today in terms of corporate social responsibility.

CSR in the European Union

It is harder to sum up the history of how corporate social responsibility came to be in the European Union as a whole. For one, it was formed only 22 years ago in November of 1993. Second, it is made of 28 countries that have their own extensive histories, traditions, and cultures. Still, Europe has historically been concerned with ethical business practices for a long

time. Particularly, with the rise of the Industrial Revolution, criticisms quickly emerged about the factory system and its treatment of employees (Carroll, 2008). From these concerns, an industrial welfare movement progressed with the aim of preventing labor problems, improving performance, and giving back to various stakeholders of business (Carroll, 2008). Across Europe, provisions such as hospital clinics, bath houses, profit-sharing, and recreational facilities arose in an effort to show that businesses had a responsibility to the communities around them (Wren, 2005). In more recent history, preliminary steps were made following World War II to foster economic cooperation, which was expressed in the forming of the European Union (European Union 2, 2015). Hence, 1993 marked the official union in which the ‘four freedoms’ were established; movement of goods, people, services and money (European Union 1, 2015). Focus in the EU’s objectives has changed from security to protecting the environment to more broadly working together as a European community (European Union 1, 2015).

An example of working together has manifested in the European Business Network for Corporate Social Responsibility. Officially in 1996, CSR Europe was formed, which aimed to “create a space for men and women in business to share experiences, develop solutions and engage in smart policy dialogue with the EU” (CSR Europe 1, 2015). This was one of the first pushes under the EU to demonstrate their commitment to corporate social responsibility and its implications in business and beyond. Following this initiative, EU Heads of State and Governments made an Appeal at the Lisbon Summit in 2000. They pledged to make Europe “capable of sustainable economic growth with more and better jobs and greater social cohesion by 2010” (CSR Europe 1, 2015). CSR Europe’s push for the appeal prompted the European

Commission to work with businesses in developing a European Strategy on CSR, in which the first strategy was adopted in 2002. In 2005, CSR Europe then lead a strong campaign, encouraging and providing businesses with the tools they needed to fully integrate CSR in their business strategies and practices (CSR Europe 1, 2015).

Following these ambitious plans, 400 businesses and stakeholders “launched the European Roadmap for Businesses – Towards a Competitive and Sustainable Enterprise, which outlined the goals of CSR Europe” (CSR Europe 1, 2015). Following in 2010, Enterprise 2020 was launched; it works to address European and global challenges to achieve smart, sustainable and inclusive growth (CSR Europe 2, 2015). It is currently the main initiative businesses are using as a way to address societal needs. Enterprise 2020 has a focus in social innovation that addresses sustainable living in cities and skills for jobs. Its second focus works for governance and accountability, specifically in performance/reporting and business and human rights (CSR Europe 2, 2015). This was the only business-led strategy accepted by the European Commission included in the European Strategy on CSR.

It’s clear that even in the short history of the European Union, they have made great strides in promoting corporate social responsibility and emphasizing its importance in every aspect of business. Today, there are extensive sources on how the EU handles CSR today. Strong support of CSR comes from the European Commission who proposes legislation that can be adopted, sets objectives and priorities, and enforces European Law, among other things (European Union 1, 2015).

The European Commission’s official definition is that CSR “is the responsibility of enterprises for their impact on society” (European Union 3, 2015). They hold that CSR should

be company led, which puts most of the burden on the companies themselves. Further, the Commission states “companies can be socially responsible by following the law and integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations” (European Union 4, 2015). This portrays the EU’s all-encompassing approach to corporate social responsibility and its extensive reach. The European Union does more, especially legally, in order to ensure their businesses are performing in the most efficient ways possible and in a way that complements all the communities they have an impact on. This will be exhibited in the following section, where we establish the differences in CSR approaches between the United States and European Union.

CSR in United States vs. European Union

As I outlined above, the U.S. and EU have very different histories, which have shaped their approaches to corporate social responsibility today. Currently, United States government and its conservative culture are very “hands-off” when it comes to guiding companies. Businesses have a large amount of autonomy in their approaches to CSR. This is due to concern that over-regulation of companies will negatively impact the financial market and disadvantage many companies (Tschopp, 2005). Hence, reports on CSR and what the company should be socially responsible for remains legally voluntary in the United States. The government agencies who are supposed to address CSR do not create law, but instead publish guidelines that are suggestive in nature, for companies to adopt (Gidwani, 2011). Often, even when companies do acknowledge CSR, they address issues in their “Business Ethics” section of by-

laws or company codes, which are again largely suggestive and non-binding, allowing for plenty of autonomy at each level of the business.

It's important to note that there are companies all along the spectrum in the U.S.; there are those that take initiative and report on CSR regularly while holding themselves to a high standard, and those that don't. For instance, as I mentioned previously, Johnson & Johnson was one of the first companies to declare in its mission statement that it would make a commitment to not just its shareholders, but all stakeholders in the company (Katsoulakos & Koutsodimou, 2004). Patagonia is another example of a U.S. company that created its mission based in corporate social responsibility. It holds that it will "build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis" (Patagonia, 2016). These are just two of many U.S. based companies that have responded to an overall, general concern for greater business responsibility. Still, there are many companies that continue its conservative CSR initiatives. One example is that of Walmart, a supermarket powerhouse. Its mission statement, "People, saving money, living better," is slightly indicative of where its priorities are; money. Walmart has been a target of concern due to accusations of discrimination, human rights violations and environmental crimes. Because of this, Walmart has been trying to implement certain changes in order to gain back some credibility. Still, like most companies who come under CSR-based scrutiny in the U.S., they maintain a reactive, instead of proactive approach to corporate social responsibility.

Conversely, the European Union has a very different tactic for CSR in today's markets. Although they do set some guidelines like that of the United States, they are much more extensive and often even linked to some hard law. There is also a large presence of EU groups,

such as the European Business Network for Corporate Social Responsibility, the European Commission, and various NGOs (Non-governmental organizations), that heavily promote good business practices within the context of CSR. One big promotion the European Commission has pushed is that of national action plans. These plans come from each country in the EU and outline the various CSR-related problems they're going to address and change in a set time-line. In making these plans, each country and the businesses that operate there are able to identify areas of concern and responsibility, and work together to set goals for improvement. Already we can see there's a greater presence of the government, both national and supranational, involved in CSR standards in the EU compared to the U.S. Further, the EU has supported CSR through research funding. Under the IMPACT Project, 16 European research institutions were given the resources necessary to test the impacts of CSR not only within the company, but also for the surrounding communities and various stakeholders (CSR- Impact, 2013). This project was also aimed at assessing different CSR initiatives and finding ways to improve them, if necessary.

Another example of the EU's commitment to corporate social responsibility is through the mandatory sustainability reports. In December 2014, the directive on disclosure of non-financial and diversity information by certain companies was adopted. It holds that member-states have 2 years to transpose the requirement of sustainability in their individual national laws and to have the first reports out in 2018 (European Union 5, 2016). This directive will require the approximate 6,000 companies with more than 500 employees in the EU to report on "environmental, social and employee related, human rights, anti-corruption and bribery matters" along with "[describing] their business model, outcomes and risks of the policies on

the above topics, and the diversity policy applied for management and supervisory bodies” (European Union 5, 2016). They are also strongly encouraged to rely on various frameworks; such as the UN Guiding Principles on Business and Human Rights or the International Labor Organization Tripartite Declaration to support their reports and plans. With these in place, the EU hopes to strengthen transparency and accountability of all companies operating in the European Union. Moreover, the mere culture of the EU and its government’s involvement has prompted 2,500 companies, some of which don’t have 500 or more employees, to report voluntarily and proactively promote their own transparency and commitment to CSR (Sustainable Business, 2014). Again it’s clear that, especially in comparison to the United States, the European Union has a much more active approach to corporate social responsibility and holds their companies to a higher standard.

We can also see this difference further when we consider how the U.S. has responded to certain serious CSR-related offences versus the EU. There usually has to be a large scandal and outcry for justice from the public in order for something to be done. For instance, in 2001, Enron, the 7th largest energy company in the world suddenly announced a loss of \$618 million for its 3rd quarter. This came as a complete shock to everyone because of Enron’s consistently positive financial reports over the years. Enron’s collapse left thousands of people with worthless stocks and without jobs, prompting a public call for justice. It was this outcry that led to investigations from the Security Exchange Commission and the U.S. Department of Justice which ended in long criminal trials for various members of the Enron executive board. After this huge scandal, more company grievances started to surface, prompting many U.S. citizens to demand change. With this, the U.S. passed the Sarbanes-Oxley Act which holds company CEO’s

and CFO's responsible for the information presented by their company in financial statements. SOX established new reporting standards and held people accountable if they didn't follow those standards (Peavley, 2014). It also requires companies to provide reports about internal controls for auditing reports and the effectiveness of those controls. Essentially, this is the most substantial piece of legislation in the U.S. that specifically aims to protect more than just the shareholders of a large company. The European Union's directive is similar to this law. It requires financial reporting as well as non-financial information in order to check proper business controls. Yet, the EU has some aspects of their reporting policies that go further than the U.S. in terms of regulating business practices. Whereas the Sarbanes-Oxley Act is mainly finance-based, the EU directive also calls for reports on environmental matters, social and employee aspects, and human rights concerns (European Union 5, 2016). Further, we can see how the SOX law came to fruition only as a result of a major scandal, in which the government couldn't just look the other way. Had this never happened or been reported to the public, it's unclear whether such regulations would have ever been passed by the United States.

Conversely, the European Union has been aggressively proactive and harsh in its sanctions and legislation concerning corporate social responsibility. Just as I mentioned previously, it will be mandatory, as soon as it's transposed by member-states, for companies to submit reports that extensively outline their CSR operations. The EU has also been preemptive in seeking legislation that looks to protect consumers. For example, as of June 2014, the EU Consumer Rights Directive was established to apply to all member-states. This directive "guarantees that everyone has a right to be treated fairly when buying goods, paying the bill with the energy supplier, or downloading music" (European Union 6, 2014). Essentially, this

directive protects all consumers in the EU by ensuring that they are fairly treated, receive products that are up to standard, and get the necessary customer service they need if something goes wrong (European Union 6, 2014). This is a widely spread legislation which covers domestic and across borders shopping, as well as online, phone or in-person purchases. It will require businesses to be transparent about their costs and explicit with customers on all charges that they could incur, if charges are mentioned after the transaction, consumers will not be required to pay them. This directive also gives power to consumers by allowing them to refund purchases for any reason (European Union 6, 2014). Further, retailers then only have 14 days to refund the customer back. Clearly, the European Union is taking precautionary steps to ensure the protection of their citizens and to limit the negative effect companies can have on their stakeholders. If companies in the EU don't follow these rules, they could lose business and jeopardize profits, since consumers would not be legally required to pay for the products or any associated fees. Again, this directive highlights the difference between the U.S. and the EU's approach to CSR. This is just one of many examples in which the EU actively seeks legislation and regulation of companies in order to protect the various concerns of all stakeholders. Corporations who decide to go global will have to seriously consider more than just the opportunities available. As I will show in the next section, companies will need to understand what will be expected of them and what rules they will be subject to in the global market.

Managerial Implications for Global Companies

Companies based in the United States will need to actively think about the ever growing concern for corporate social responsibility. Even if a company decides to stay operating and selling their product or service domestically, they will need to remember that the general consumer community is becoming more aware of how companies should act responsibly. In 2015, the Nielson Global Corporate Sustainability Report “found that 66% of millennial consumers say they’re willing to pay more for sustainable brands” (Rudominer, 2016). Millennial consumers in particular make up a majority of the future economic market, thus carrying a lot of buying power. Various other studies and surveys support the claim that consumers would take action against companies that they feel don’t support CSR. In 2010, Forbes conducted a public opinion survey to gage consumer concerns. They found that 88% of surveyors, across all demographics, “believe that companies should try to achieve their business goals while improving society and the environment” (Reeves, 2010). Presently, it isn’t only consumers that companies have to worry about either. The pressure from investors to be socially responsible is now greater than it’s ever been (Kirbyson, 2016). Investors have noticed the increase in concern from the community and know that companies not operating responsibly won’t be in business for long. These investors hold that “if a company is not engaged in the community at large or being socially responsible over time, they’re not going to be relevant” (Kirbyson, 2016). As people become more and more aware of the serious impacts businesses can have, they will continue to demand more responsibility, and use their buying

power to control it. It would behoove U.S. companies to heed to these concerns, and stay aware of the CSR issues the public cares about at any given point in time.

The same if not more could be said about U.S. companies that want to enter the global market. Many businesses like to enter the European market since there are many opportunities to gain new customers. With exports to the EU consistently totaling about 20 billion USD each year, the possibility for companies to gain a percentage of those profits is very attractive (U.S. Census Bureau, 2016). But, as we've seen, the EU has a strong corporate social responsibility foundation. Companies must be willing to adhere to those customs and rules in order to enter the market successfully. For example, Microsoft has made a big change in its interface policies which have proven to be beneficial in both the European Union and for Microsoft itself. After strongly standing against the opening up of its application program interfaces, it has adopted Open Source, which does exactly that. This means that Microsoft's software is much more accessible and open to modifications, which allows room for competitors and easily made changes, a benefit for users of the software (Enderle, 2016). Not only has this had great implications in terms of improvement for Microsoft products, but it has been graciously welcomed by consumers in the EU, making Windows 10 the most popular operating system (Enderle, 2016). In the European Union, this antitrust issue is of greater concern than it usually is in the United States. While the U.S. frequently allows companies like Microsoft to hold onto intellectual property and gain advantages from it, the EU holds that it is unfair and limits competition (Bumgardner, 2005). Hence, the EU would deem these practices to fall under the scope of CSR because it hinders fair competition and can negatively impact consumers and the choices they have available to them for products and services (Bumgardner,

2005). Microsoft making the interface changes is a clear example of where cooperating with EU requests can prove to have a positive impact on a company's global business.

A slightly different example of this is that of Facebook. Like many companies, Facebook had originally routed most of its business through accounts in Ireland in an attempt to avoid large tax payments (Gibbs, 2016). The European Union has taken a large stand against this practice by threatening legal sanctions and trying various companies in court. To the EU, taxes are a part of CSR because they help nations give back to their communities through various government-funded programs, infrastructure and services (McCluskey, 2015). They feel that it is extremely unfair for a company to make millions of dollars through operations in European countries, but then don't pay their fair share of taxes for that business. So, in the case of Facebook, after years of criticism, they have agreed to pay taxes on the income they receive in the UK to their government. Even though Facebook resisted this for some time, it's important that they have decided to work with the EU and better the relations they have with them. A Facebook spokesperson announced that they wanted to increase transparency and "fall in line with tax changes made by the current Government", which are key components to the EU's approach to CSR (Dearden, 2016). This decision, like that of Microsoft, should prove beneficial for Facebook in the long run and garner even more support from European customers.

While companies based in the United States must begin taking more extensive CSR objectives into account, EU based companies have been ahead of the curve in being socially responsible. They know that their government and domestic customers expect them to be aware of an assortment of concerns and to act in the interest of the community at large. This advanced level of corporate social responsibility benefits European companies that enter into

the American markets. For instance, Lush, a natural cosmetics company has seen great success in the United States. The growing conscious consumer base in the U.S. has welcomed Lush and its all-natural products, refusal to engage in animal testing, ethical product usage, and extensive charity network, among other CSR-related campaigns. Even though not all European companies are as active as Lush, their standards are still often above those expected in the U.S., meaning they have an advantage when entering our markets.

Conclusion

It's been shown that the United States and European Union have very different approaches to corporate social responsibility. A major contribution to these differences is the history of these nations and how certain events molded people's idea of what the purpose and responsibilities of businesses are. Yet today, we see that these ideas are quickly converging. Even though the U.S. is behind the EU in its CSR initiatives, many people are realizing that companies have a large responsibility to everyone it has an impact on. This new mindset has prompted consumers to use their spending power at their own discretion while also making big calls for responsible action. Still, the historical approach to not interfere with business in the U.S. has a steadfast hold on many companies. Resistance to change at any level of a company will only hurt business in the long run.

Ultimately, corporate social responsibility "based on integrity, sound values and a long-term approach, offers clear business benefits to companies and a positive contribution to the well-being of society," (Watts & Holme, 2000). It works to recognize that business and society

are interdependent and necessary for each other's success. Whereas critics and many traditional business people see CSR as a burdensome added expense to everyday business, it is now more seen as a part of the overall strategy in conducting good business (Watts & Holme, 2000). Nevertheless, there are companies, particularly in the United States that need to make the necessary changes in order to profit in the long run. As I've shown above, companies looking to operate in the EU will need to adhere to the positive CSR culture established there. If they don't, consumers could refuse to accept their business, resulting in less profit and more risks. Even if a company is successful in the EU without having a strong corporate social responsibility strategy, they will be subject to the judgement of the European government. Many largely profitable companies, like Google and Amazon, have seen this judgement and are now fighting against various sanctions for not operating up to ethical standards of the EU. Meanwhile, companies like Facebook and Microsoft are reaping the benefits of cooperating and making reliable business decisions that work to advance the well-being of the communities they operate in and serve. As I've also shown, even if a U.S. company decides to stay domestic, they too must start making adjustments to become more socially responsible. Such large transformations may be hard for some companies, but CSR-related operations will soon be the norm and expectation from consumers. In the long run, if companies want to continue to operate and retain profitability, they will need to do more than make a few monetary donations each year. An ethics section in the by-laws will also no longer be sufficient, businesses will need to make corporate social responsibility a part of their overall strategic planning. While the consumer consciousness continues to grow and prompt individuals to hold companies responsible for the welfare of the world in which they operate in, all businesses will

need to integrate CSR into every aspect of the business model. Not only will the community at large benefit, but so will the company.

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