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THE INTEGRATION BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT GOALS

Summary. Corporate Social Responsibility (CSR) is one of the modern concepts in the management field which become a catalyst in developing the future of the business sector. Several major academic and practical milestones have influenced the development of the concept of CSR. One of the most important milestones that shaped the future of CSR was the United Nations Global Compact (UNGC). UNGC's missions and principles formed an application framework for integrating social and environmental approaches into corporate business activities. It has been proved through this paper the interrelationship between the principles of CSR theories and the principles of UNGC. Followed by an analysis of the effectiveness of the UNGC principles in adopting sustainable development goals and enhancing enterprise competitiveness.

Key words: Corporate Social Responsibility, United Nation Global Compact, Sustainable Development Goals, Competitiveness.

Introduction. Since the mid-twentieth century, governments and international organizations have begun to reduce some worsening economic, social and environmental problems caused by global wars, monopoly of natural resources, and globalization system. At the same time, some stockholders in international companies have adopted philanthropic activities to reduce social problems and improve the quality of life in their surrounding areas. During the year 1953, economic researcher Howard Bowen published his first book "Social Responsibilities of the Businessman", where he considered that commercial companies should bear social and environmental responsibilities in addition to its economic responsibility which is making profits and maintain sustainability [1]. Through Bowen's book, the concept of Corporate Social Responsibility (CSR) appeared for the first time in an academic context. From that time, the concept of CSR has undergone many changes and evolved significantly to adapt to economic, social and environmental requirements. Many basic milestones transformed the CSR concept from a general idea into an academic theory that companies could apply in their strategic plans.

Until nowadays, there is no significant definition for the CSR concept, because it is diversified into many concepts and linked to many theories. But the most common definition about this concept was introduced by the United Nations Industrial Development Organization "Corporate Social Responsibility is a management concept where companies integrate social and environmental responsibilities and activities with their production operations and with their interactions with various stakeholders" [2]. Many significant practical milestones have affected the evolution of the CSR concept over the last years, as the World Commission on Economic and Development in 1987, the International Standards Organization and the European Parliaments, where all of these organizations and committees have recommended some activities and forms to implement social responsibility projects and activities by multinational enterprises and small and medium enterprises. However, the most significant organization which connect CSR concept with sustainable strategies of an enterprise is the United Nation Global Compact (UNGC) [3]. Through these papers, an analysis for the role of UNGC principles in motivating enterprises to adopt CSR approaches has been done.

Purpose. The paper aims to present an effective model for implementing Corporate Social Responsibility by various types of enterprises. This model relies on adopting the UNGC

principles to reach the Sustainable Development Goals and to strengthen competitiveness efficiently.

Results. The United Nations Global Compact was founded in the year 2000 by the World Economic Forum of the United Nations in the USA. UNGC is considered nowadays as the largest voluntary global governance and the world's largest corporate sustainability initiative with 13000 corporate participants and other stakeholders over 170 countries that address social and ecological responsibilities for Multi-National Corporations [4]. Two main missions for the UNGC: The first mission is to align the strategies and operations of the international companies with the ten principles under the category of human rights, labour, environment, and anti-corruption, where these principles represent a practical framework for implementation CRS methods and approaches. The second mission of the UNGC is to take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.

The interrelation between the ten principles of UNGC and the CSR methods and approaches were well described by Christian Voegtlin and Nicola Pless “the UNGC succeeded in developing a broad normative Consensus on global ethical values and CSR standards through its ten principles” [5]. These ten principles represent an umbrella that covers the area of all principles mentioned in the CSR theories and approaches. James Post added that the ten principles of the UNGC represent the most important milestone in CSR evolution and represent the future of global corporate responsibility even [6]. It has been concluded also from various academical researches that three main CSR theories and methods are the most used by corporations which are the Carroll CSR method, the Triple Bottom Line Method and the stakeholder's methods, but there are common features between the three methods where a corporation could target to implement CSR efficiently on endogenous level (inside the firm) and exogenous level (outside the firm) [7].

Archie Carroll one of the most popular scholars in the business ethics field, who developed Carroll CSR approach and categorized the responsibility of an enterprise into 4 main responsibilities (economic responsibility to make profit, legal responsibility to obey the law, ethical responsibility to do what is right and inspired by the law, and the philanthropic responsibility to be a good corporate citizen) [8].

John Elkington developed the Triple Bottom Line theory for CSR that corporations must incorporate three sustainable dimensions as a framework for CSR implementation. According to TBL theory, the three main sustainable dimensions are economic responsibilities, environmental responsibilities and social responsibilities. These responsibilities are connected with profit, people and the planet [9].

The stakeholder theory or approach developed by many scholars, but the most important were Edward Freeman and John Macvae who mentioned that the main responsibility for any enterprise is to maintain the balance between various stakeholders, and to satisfy their needs in a reasonable way [10].

It is obvious that three theories have different perspectives concerning the responsibility that should be carried on by a corporation. While it has been recognized that integrating the common respective or responsibilities mentioned by the three theories in the operational process of a company may cover all the aspects in an ideal way. The common responsibilities are economic responsibility, social responsibility, environmental responsibility, political and ethical reasonability.

For that, table one shows the interrelation of the ten principles of UNGC with the common principles of the three CSR theories (economic principles, ethical principles, social principles, environmental principles, political principles with the level of implementing these principles (endogenous level, exogenous level or both of them).

It is important to note that, if a company wants to become a member of the UNGC it has to adopt the ten principles and it must present an annual report for its achievements in the ten principles, the annual report is called Communication on Progress-COP report. If the company

didn't present the report in the first year it will be considered as a non-communicated company, and if it didn't present in the second year it will be delisted from the UNGC membership [11]. From this point, it is clear that the COP report aims to maintain transparency through disclosing all operational activities of an enterprise and show the integration of the ten principles in enterprise operations.

Table 1. The interrelation between the UNGC Ten principles and the common responsibilities of CSR theories.

Ten Principles of UNGC		Level of implementation	Common responsibilities of CSR theories
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights	endogenous	ethical responsibility social responsibility political responsibility
	2. Businesses should make sure that they are not complicit in human rights abuses	endogenous	ethical responsibility social responsibility
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	endogenous	ethical responsibility social responsibility
	4. Businesses should eliminate all forms of forced and compulsory labor	endogenous	ethical responsibility social responsibility political responsibility
	5. Businesses should effectively abolished child labor	endogenous and exogenous	ethical responsibility social responsibility political responsibility
	6. Businesses should eliminate discrimination in respect of employment and occupation	endogenous	ethical responsibility economical responsibility
Environment	7. Businesses should support a precautionary approach to environmental challenges	exogenous	environmental responsibility
	8. Businesses should undertake initiatives to promote greater environmental responsibility	endogenous and exogenous	environmental responsibility
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies	endogenous and exogenous	environmental responsibility economical reasonability
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery	endogenous and exogenous	political responsibility economical responsibility

As for the second mission of UNGC, which is to raise awareness toward the seventeen sustainable development goals with a focus on cooperation and innovation. Such a mission aims to achieve cooperation between stakeholders (companies, government agencies, civil societies and citizens) for a better future, free of Poverty, injustice and environmental exhaustion. Lila Karbassi, chef of the SDGs program confirmed that "in January 2016, the 17 Sustainable Development Goals has been considered as sustainable development agenda till the year 2030. The SDG has been adopted by various world leaders in a historic summit organized by the

United Nations and the World Economic Forum. Over the next fifteen years, countries will mobilize their efforts to apply these universal goals which aim to fight inequality, tackle climate changes and ensure that no one is left behind [12]. Accordingly, figure one shows the seventeen SDG presented by the UNGC.



Figure 1.The seventeen sustainable Development Goals presented by the United nation Global Compact in 2015 [4].

These seventeen goals presented by the SDG represent a sustainable platform and new opportunity for the enterprise to maintain a high connection within a wide network of stakeholders. Adopting such a strategy will lead the company to discover new issues and challenges in the globalized world thus will motivate it to innovate new types of products and services in order to satisfy the market need and to compete through it. A real example of this is the Diversified Energy Corporation, which specialized in producing energy resources like oil and petrol in the USA. After the company became a member of the UNDC and adopted the Sustainable Development Goals, it decided to create a new production line for producing specialized alternative renewable energy technologies. The company realized that spoiled oil which used to be considered as waste from generators or from restaurants could be transformed into biofuel through a biofuel's conversion process. The company took any renewable oil to transform it into transportation fuels that are physically and chemically identical to petroleum [13]. Nowadays Diversified Energy Corporation is considered one of the most competitive companies in the biofuel market, and it expects to increase its revenues in the next few years due to the imitate companies which are newly introduced in the biofuel industrial sector. Emma Charlton mentioned that measuring competitiveness depends on several factors, and these factors are not only related to business dynamics but it's linked to social, environmental, technological dynamics. She added that the Global Competitiveness Index 4.0, which was established in 2018, is based on 12 main drivers, these drivers are derived from the Sustainable Development Goals [14]. The SDG and the Global Competitiveness drivers are designed in a way that helps decision-makers, business leaders and other key stakeholders to adopt new strategies in the era of the Fourth Industrial Revolution. Adopting such strategies is the bold step to build a new economy. One of its priorities is to include social responsibility in the global agenda and achieve sustainability at various social and environmental levels.

Conclusions. Diversified academic methods and practical approaches related to CSR has been issued through the 20 century, where it scattered decision-maker in companies to adopt a unique and unified CSR theory and approach. However, At the beginning of the 21 century, the United Nation Global Compact solved this issue through determining a unified framework which combines responsibilities found in different CSR theories and methods. The framework has two missions. The first mission is considered a tactical mission, where the company must adhere to the ten basic principles as a first step, and integrate these principles with its production operations inside and outside the establishment. As for the second mission, it is considered a long-term strategy, but it should be adopted not only by companies in the business field, however it is a contribution between governmental and various stakeholders to ensure a better future for the next generations.

In response to this, government agencies and Non-governmental organizations should cooperate with educational institutions and universities in order to train entrepreneurship and students on the principles and importance of CSR as a kind of future investments [15]. Awareness toward CSR responsibilities is the main driver in guiding the renewable energy sector and achieving social welfare as much as possible.

Another conclusion could be added is that as the company adopt the principles of the UNGC framework, and implement it in a continuous and responsible manner, it will be considered as a socially responsible organization, thus its reputation will improve, and it will be able to share in international tenders. Such a manner will open new opportunities in new markets and maybe a reason for innovating new products and services. Thus, implementing CSR approaches through UNGC principles will strengthen the competitiveness of the company.

Further research could be made on developing the concept of Corporate Governance and on citizen social responsibilities.

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