



Highlights of [GAO-05-1049T](#), a testimony before the Congressional Human Rights Caucus

Why GAO Did This Study

The trend toward globalization has intensified the debate about the proper role of business and government in global “corporate social responsibility” (CSR), which involves business efforts to address the social and environmental concerns associated with business operations. The growth in global trade and the dramatic increase in foreign direct investment in developing countries raise questions regarding CSR-related issues such as labor, environment, and human rights. U.S. firms with operations in many countries employ millions of foreign workers and conduct a range of CSR activities to address these issues. However, there is controversy as to the proper government role. GAO describes (1) federal agency policies and programs relating to global CSR and (2) different perspectives regarding the appropriate U.S. government role in corporate global CSR efforts.

www.gao.gov/cgi-bin/getrpt?GAO-05-1049T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347 or yagerl@gao.gov.

GLOBALIZATION

Observations on Federal Activities Related to Global Corporate Social Responsibility and Human Rights

What GAO Found

Although the United States has no broad federal CSR mandate, we identified 12 U.S. agencies with over 50 programs, policies, and activities that generally fall into four key government roles: endorsing, facilitating, partnering, and mandating. However, many of these programs have small budgets and staff and aim to accomplish broader agency mission goals, rather than being specifically designed to facilitate or promote companies’ global CSR activities. The U.S. government endorses CSR by providing awards to companies, such as the Department of State’s Award for Corporate Excellence. Federal programs facilitate CSR primarily by providing information, funding, and incentives to key players to engage in CSR. For example, the Department of Commerce facilitates CSR by training its commercial service officers specifically on corporate stewardship. The Department of State’s efforts to convene nongovernmental organizations (NGO) and oil and mining companies to ensure respect for human rights in their overseas security procedures through the Voluntary Principles on Security and Human Rights provide a partnering example. Finally, some agencies, such as the Overseas Private Investment Corporation (OPIC), mandate CSR by requiring companies to meet criteria consistent with CSR to obtain agency services.

Perspectives on the government’s role are tied to perspectives on CSR and its connection to profit. Those with a free-market economic perspective state that corporations should be primarily concerned with earning profits and that government should not promote CSR because it reduces profit. Those with a “business case” perspective contend that CSR efforts can increase businesses’ long-term profits and value, and welcome government assistance with voluntary business efforts. Finally, those with a social issues perspective believe that business should contribute to broader social goals but have mixed opinions of whether this should be accomplished through voluntary CSR actions or more extensive regulation. Most representatives we spoke with at U.S. companies and other groups who were actively engaged in CSR supported a government role in global CSR, yet views on the appropriate role varied. Most supported U.S. federal agency efforts to endorse and facilitate CSR and partner with companies voluntarily pursuing CSR actions.

Examples of Federal CSR-Related Programs Addressing Human Rights and Labor Standards

Agency	Program/activity	Objective
Commerce	Training on human rights, rule of law and corporate stewardship	To train commercial service officers and foreign service nationals on rule of law, human rights and corporate stewardship
Labor	Protecting the Basic Rights of Workers program	To improve the capacity of developing-country governments to achieve compliance with national labor laws and internationally recognized workers rights
State	Partnership to Eliminate Sweatshops Program	To address unacceptable working conditions in manufacturing facilities overseas that produce goods for the U.S. market

Source: GAO analysis of agency information.