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Highlights

Highlights of GAO-05-744, a report to congressional requesters

GLOBALIZATION

Numerous Federal Activities Complement U.S. Business's Global Corporate Social Responsibility Efforts

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 and views on the impact of current federal activities on corporate global CSR efforts.

What GAO Found

Although there is no broad federal CSR mandate, we identified 12 U.S. agencies with over 50 federal programs, policies, and activities that generally fall into four roles of endorsing, facilitating, partnering, or mandating CSR activities. 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 by such activities as providing information or providing funding to engage in CSR. For example, a Department of Commerce program facilitates CSR by providing training on corporate stewardship. Some agencies partner with corporations on specific projects related to their core mission. For example, the U.S. Agency for International Development (USAID) partnered with one U.S. corporation operating in post-war Angola to build up the country's business sector and workforce. Other agencies, such as the Overseas Private Investment Corporation, mandate CSR by requiring companies to meet CSR-related criteria to obtain their services.

While perspectives on the government's role are tied to perspectives on CSR and its connection to profit, many we spoke with who are actively involved in global CSR desired a government role supporting business's voluntary CSR efforts. Those with a free-market economic perspective believe corporations should be primarily concerned with earning a profit and government should not promote CSR as it reduces profits. Those with a "business case" perspective often welcome government assistance with their voluntary efforts because they view their CSR efforts as increasing profits and business value. Finally, those with a social issues perspective believe that business should contribute to broader social goals but split on whether business action should be voluntary or mandatory. Most groups we spoke with at U.S. companies and others actively engaged in CSR were generally supportive of U.S. federal agency efforts to endorse and facilitate CSR and partner with companies voluntarily pursuing CSR actions. For example, several groups supported a government role in providing CSR-related information and convening stakeholders to address CSR-related issues.

Range of U.S. Government Activities Related to Global CSR

Endorsing	Facilitating	Partnering	Mandating
• Provide awards for CSR activities • Discuss CSR in public speeches	• Provide CSR information • Provide grants to address CSR issues	• Facilitate public-private partnerships • Convene stakeholders	• Mandate CSR for participating companies • Regulate CSR-related issues

Source: GAO illustration based on World Bank report.

www.gao.gov/cgi-bin/getrpt?GAO-05-744.

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.
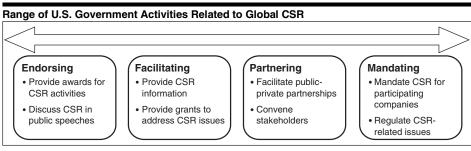
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