

Betting on Corporate Social Responsibility to Build Caribbean Green Economies

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As Caribbean countries work to transition to green economies the role of the private sector is receiving increased scrutiny. The United Nations Environment Programme, for instance, defines a “green economy” as “one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. It is low carbon, resource efficient, and socially inclusive. A crucial question therefore, is how Corporate Social Responsibility platforms can be used more effectively as a development tool that not only supports broader environmental standards but also helps alleviate poverty, ensure environmental justice, and improve standards of living for all.

A study recently published in the journal *Sustainable Development* finds that while governments and civil society have a large role to play, to be sure, building a green economy relies in many ways on the core business philosophies of the relevant private sector players. “Building a green economy won’t happen overnight and won’t happen without private sector commitment,” Indiana University Professor Kalim Shah, the study’s lead author, said in a statement. “We’ll need the business sector to commit now and stay the course over a long term horizon.” According to Shah, “our research shows that the strongest indicator of such commitment is a well entrenched, internally driven core ‘green’ business philosophy... and this does not spring forth overnight either.”

Shah and his team analyzed survey data from more than three hundred firms in five different Caribbean countries that are pursuing green economy initiatives - Barbados, Guyana, Jamaica, St. Lucia, and Trinidad and Tobago. The companies examined were from a broad range of industries, including energy, financial services, manufacturing, tourism, and transportation. They found a clear trend emerging, regardless of country or economic sector — namely, that firms that embrace sustainability as a core business philosophy are, perhaps unsurprisingly, the most dependable partners in building a truly sustainable economy.

But what’s even more interesting is that this is opposed to firms the researchers characterized as merely “checking a box” by adopting an environmental policy on paper only, or those that are driven primarily by external regulatory pressure and are not intrinsically interested in actually “being green.”

There are essentially three main components of CSR: internal responsibility, or the actions a company takes in relation to its employees, suppliers, and product quality;

external responsibility, which refers to a company's relationships with community stakeholders and support for community-related development goals; and environmental responsibility, or a company's efforts to pro-actively manage its impact on the natural environment.

By breaking down environmental responsibility down into a company's environmental practices and policies the study found that environmental policies were one of the most more reliable indicators of how a company would perform within the context of a green economy. "Statements of environmental policies were found either embedded in broader corporate policy statements or as singular policies articulated along with other high level corporate commitments," Shah and his co-authors write. "Whichever was the case, what appears to matter is that the commitment and support for environmental objectives are clearly embedded within the firm's core business philosophy in the form of policy. It is from the corporate environmental policies that the host of strategies, plans, tactics and activities are operationalized."

Second in importance were external responsibilities, the researchers found. This includes a firm's relationship with its shareholders, the local community, non-governmental organizations, customers, suppliers and the government. This speaks directly to the objective of the green economy promoting socially inclusive development. When a firm has good relations with a broad cross-section of its key stakeholders, it aligns itself with this objective. Companies that want to improve their external relationships should focus on investing in external CSR-related activities in order to gain acceptance and legitimacy with stakeholders and on implementing mechanisms to receive feedback and information from stakeholders on key issues that might affect business operations.

Anton Edmunds, an expert on US-Caribbean business investment with The Edmunds Group International who was not involved in the study, says "it makes good sense for Caribbean leaders to incentivize their investment promotion strategies in ways to attract environmentally proactive investors because these are the more innovative entities that you want to infuse into your domestic business network."

Edmunds added, "Shah's study gives credence to the argument that government policy has to allow for both the new and entrenched investor to embrace environmentally sound practices, including the possible incentivizing of such practices and the lowering of tariff and non-tariff barriers related to the implementation of green economy best practices."

"We're seeing clear environmental and economic business success working with small and medium businesses," Ariana Marshall, Managing Director of the Caribbean Sustainability Collective in Barbados, said in a statement. "Shah's study confirms that this works across many countries and sectors. What we need now is for governments to heed studies like this to scale up green public-private partnerships."

Lastly Shah adds, “There are a number of ways for public policy makers to bring CSR platforms into alignment with sustainable development goals, the study suggests, and understanding these different dimensions of a company’s commitment to sustainability can help in crafting those policies.”

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CITATION

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