

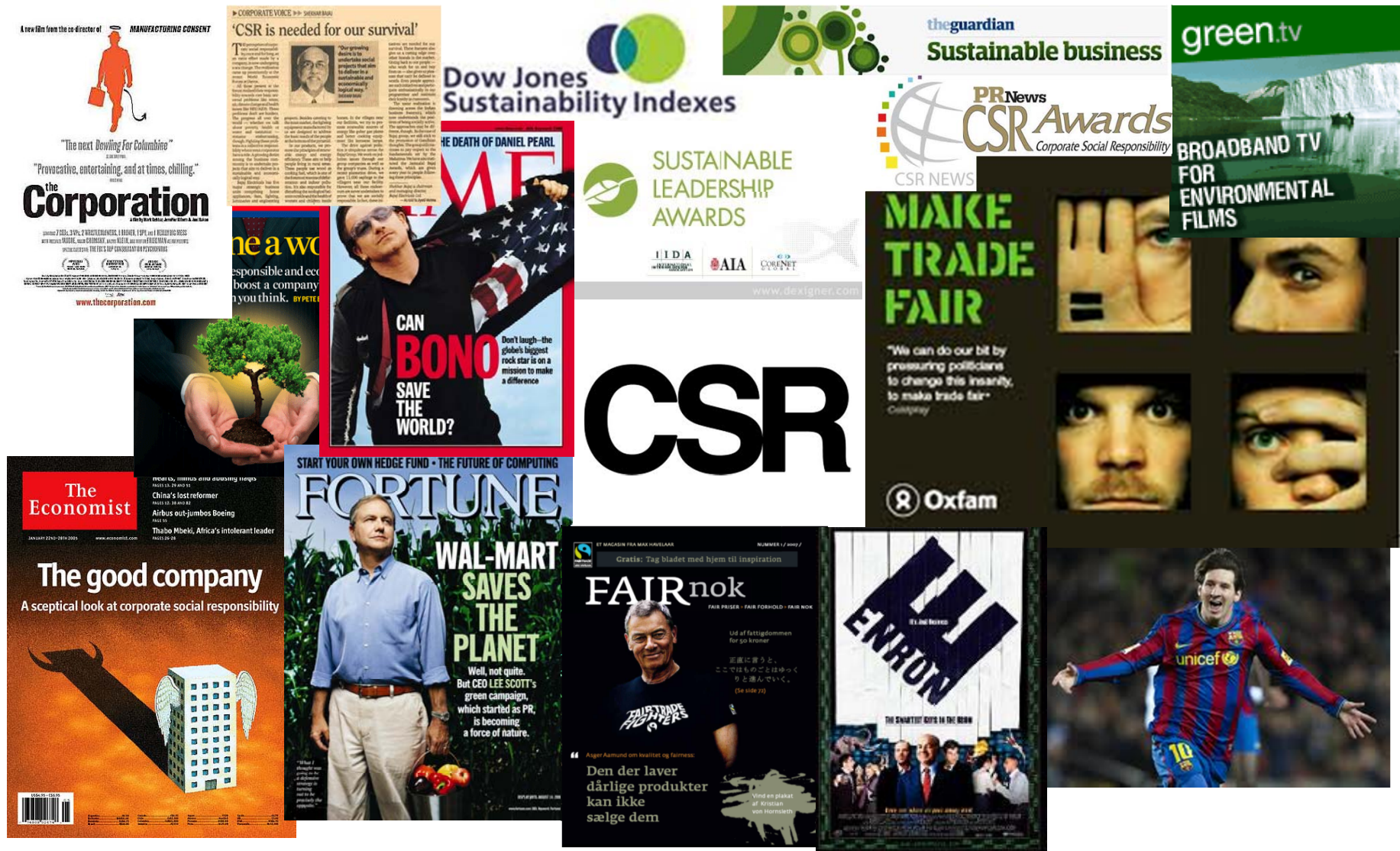
Deloitte, 'The Business Case for Corporate Social Responsibility'

## **Setting the Scene – The Drivers of Corporate Social Responsibility**

Andreas Rasche, Copenhagen Business School

18 January 2013

# CSR Is Hard to Avoid...



# Agenda

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What is CSR?



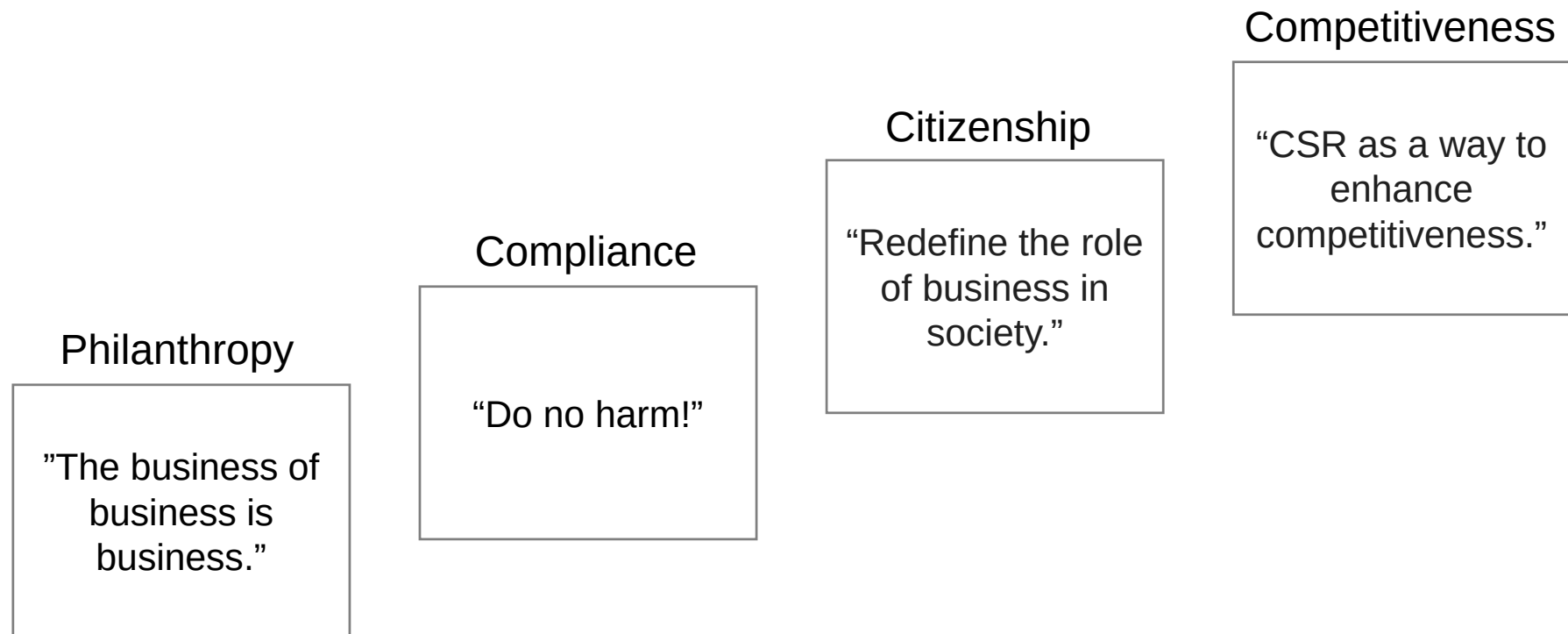
Why Does CSR Matter?



International Standards on CSR and the UN Global Compact

# A (Very) Brief History of CSR

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# What Do We Mean When We Talk About Corporate Social Responsibility (CSR)?

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*Corporate Social Responsibility* implies “the responsibility of enterprises for their impacts on society.”

“Enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.”

European Commission (2011, COM 681)



**Multidimensional**

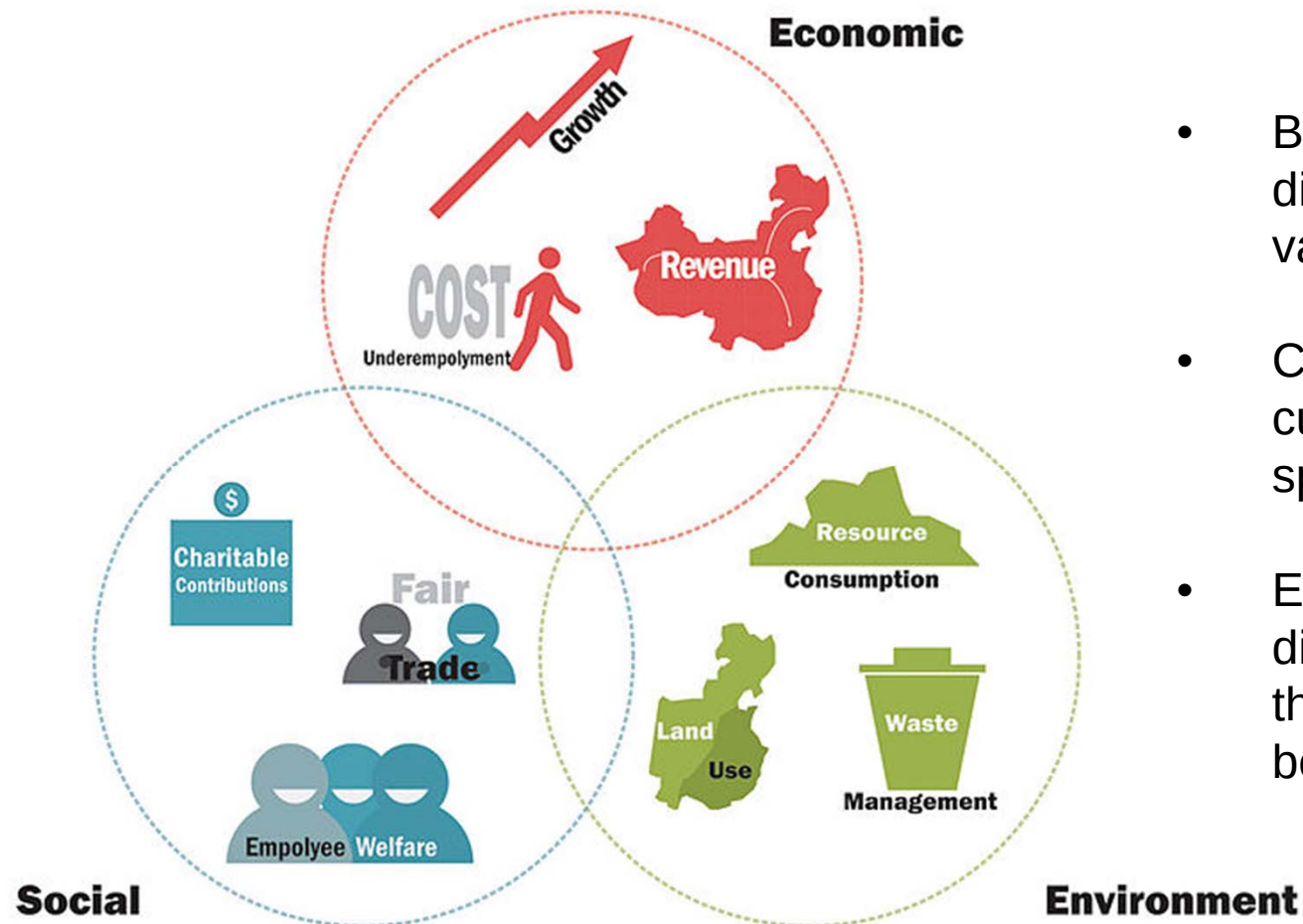


**Integration**



**Stakeholder**

# The Multidimensional Nature of CSR



- Balance between different spheres of value creation
- CSR problems often cut across these three spheres
- Effects are often not directly visible and there is a time lag between them

# Agenda

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What is CSR?

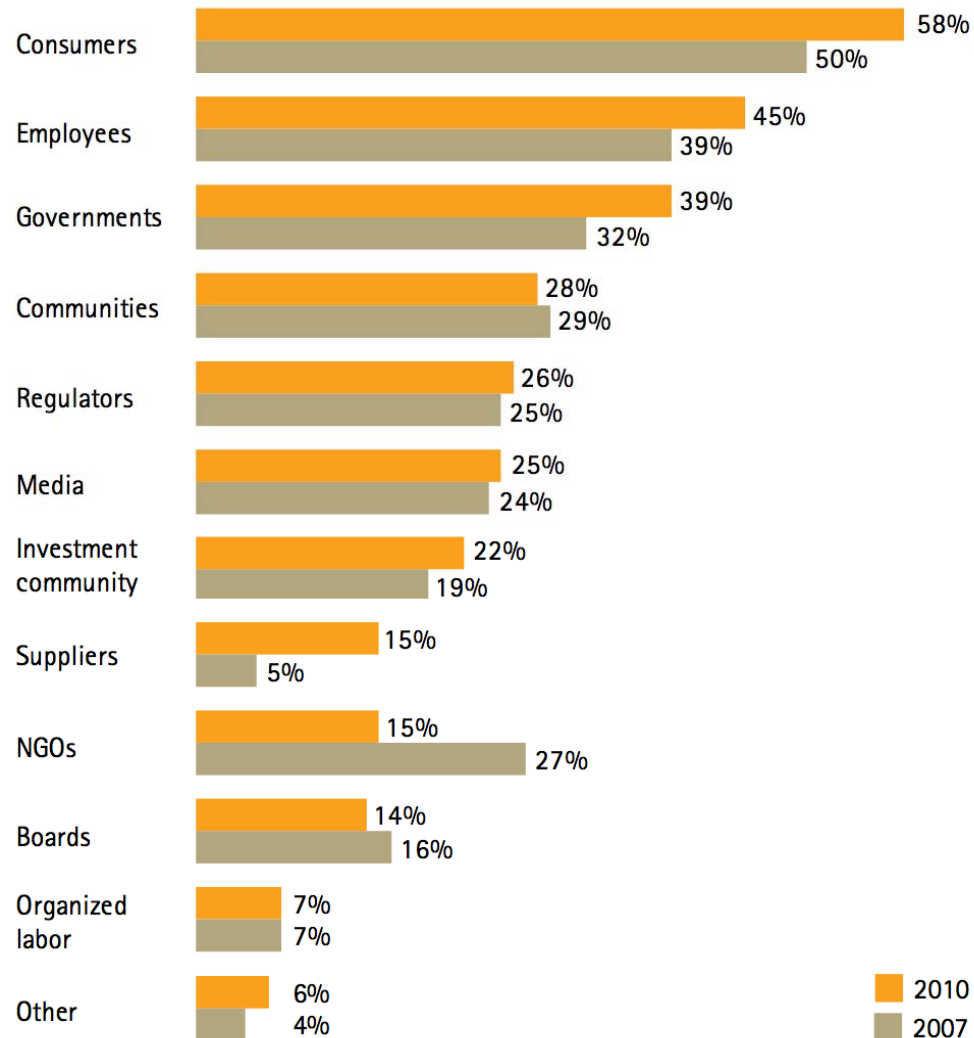


Why Does CSR Matter?



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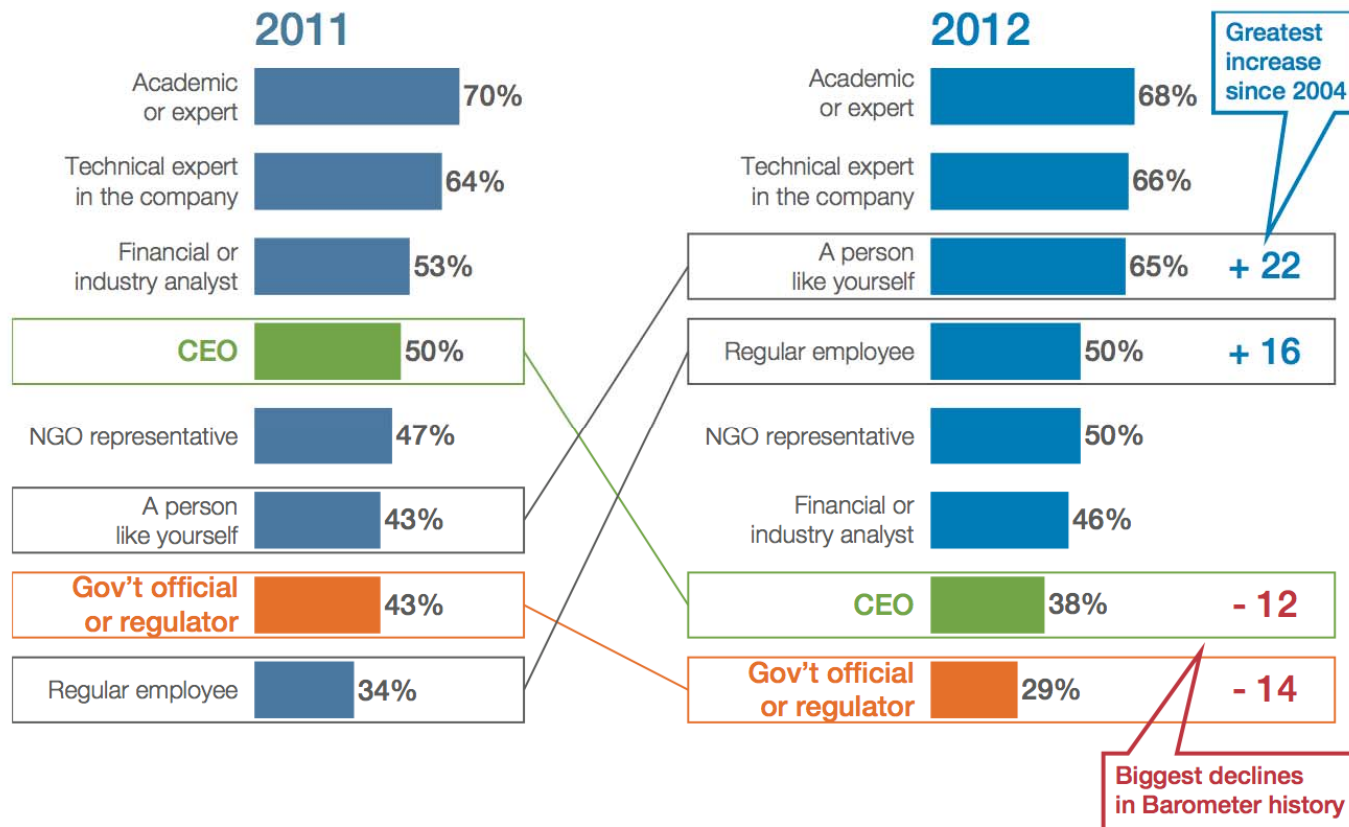
# Who is Driving Businesses' Approaches to CSR?



- Consumers are key – ‘mainstreaming’ of ethical purchasing and increased transparency
- Employees – CSR and ‘war for talent’ (generation Y and Z)
- Governments are stepping up – ‘hardening’ of soft law

Source: 2010 UN Global Compact CEO Survey (n=766). Question: “Over the next five years, which stakeholder group do you believe will have the greatest impact on the way you manage societal expectations?”

# An Important Motivator – Rebuilding Trust in Business

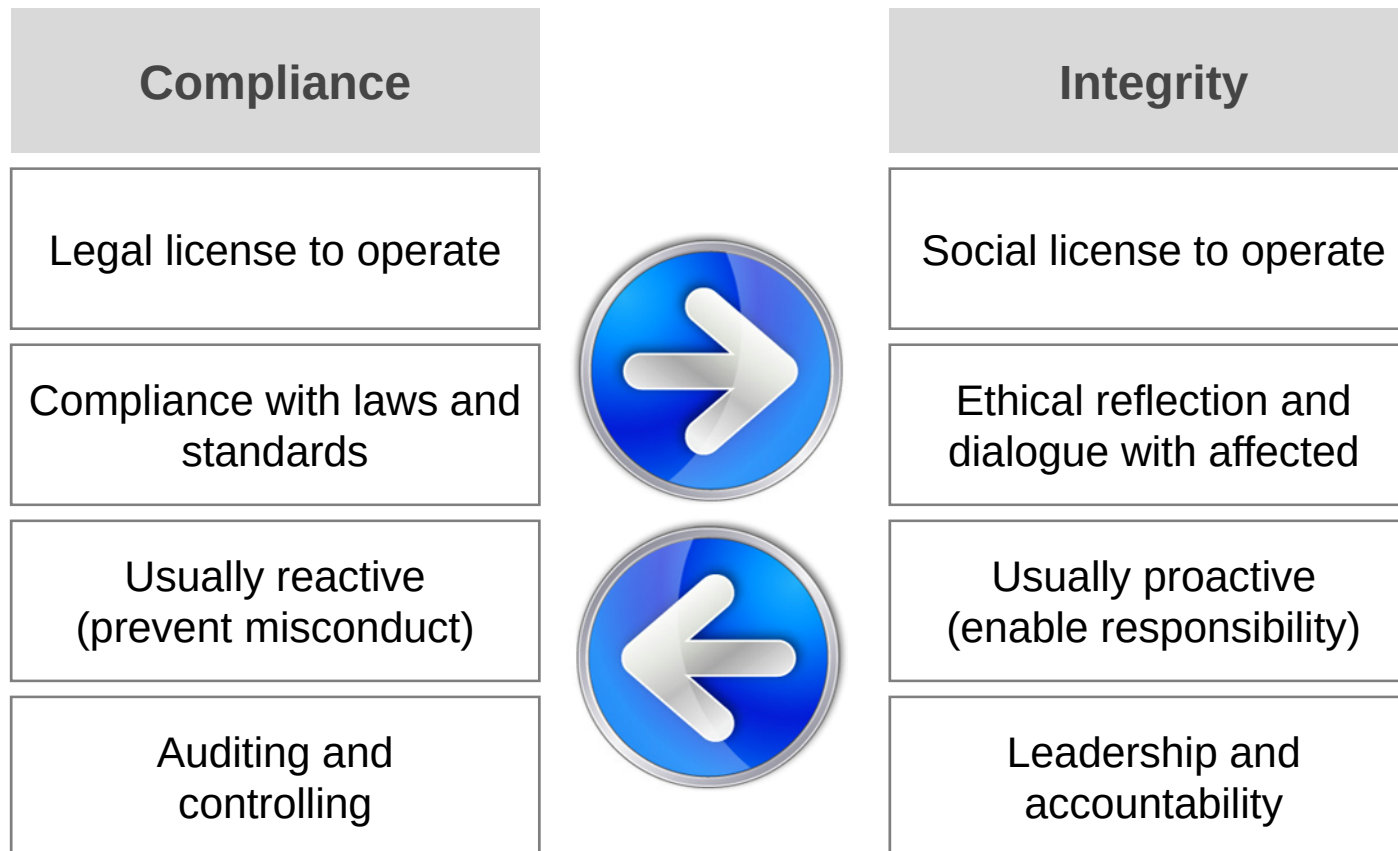


- Trust in business and governments drops
- CSR as way to engage with civil society

Source: 2012 Edelman Trust Barometer (n=25,000)

# Why Does CSR Matter? – The Case for Integrity

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# Agenda

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What is CSR?

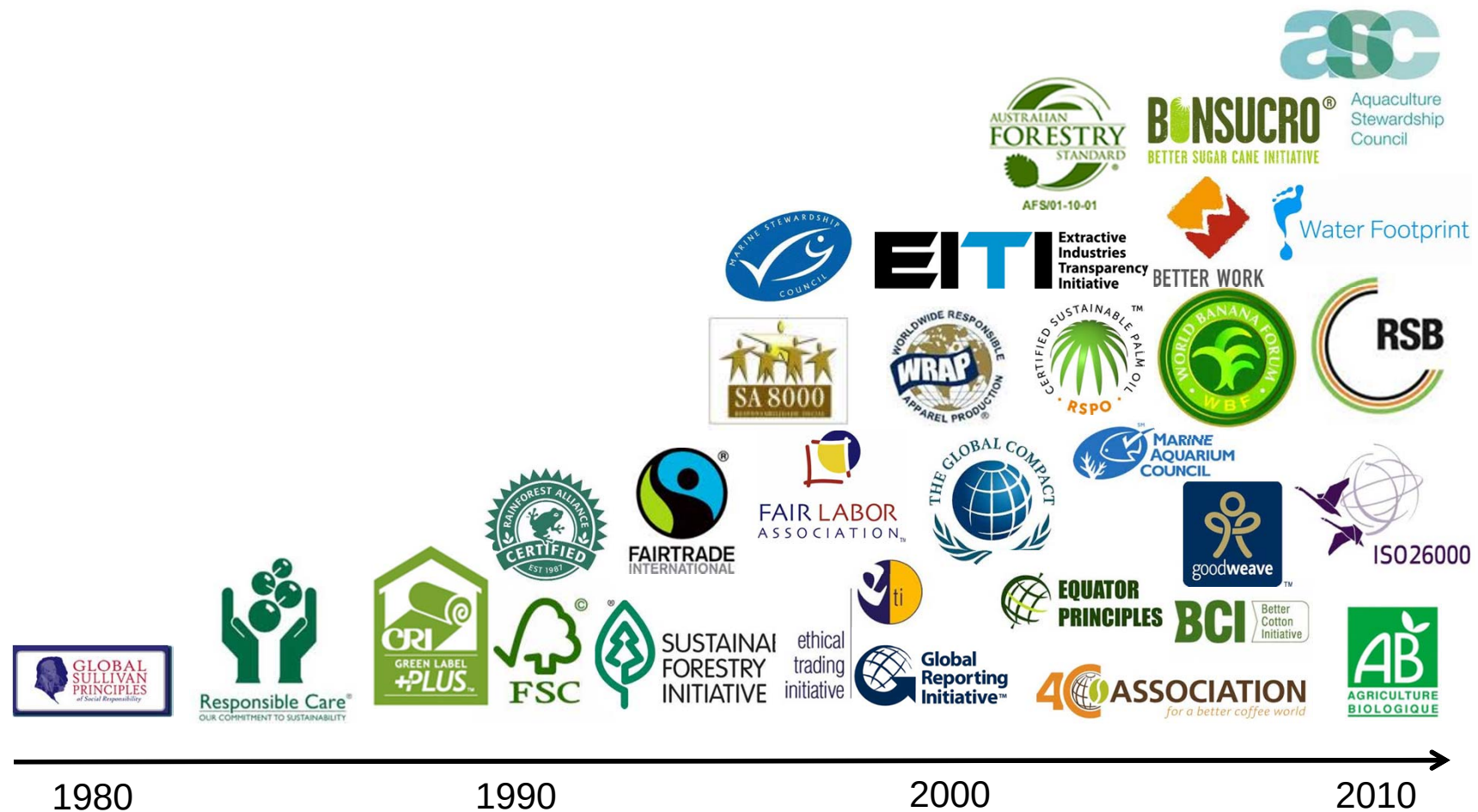


Why Does CSR Matter?



International Standards on CSR  
and the UN Global Compact

# Soft Law for CSR – The Proliferation of Standards



# “A Moral Compass” – CSR Standards

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## Principles



## Reporting



## Certification



## Process



# The UN Global Compact

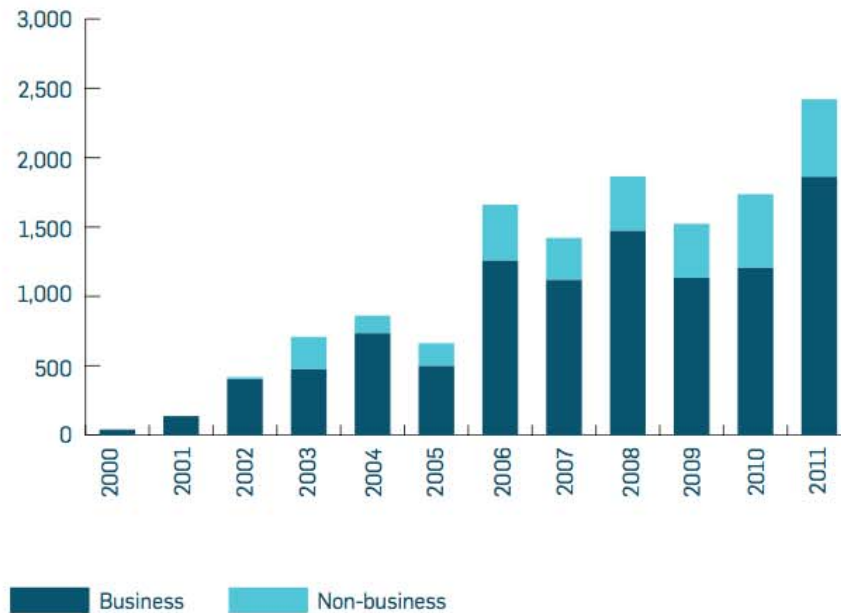
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- Set up in 2000 to enroll businesses in support of ten universal principles and broader UN goals
- Areas covered by the ten principles: Human rights, labor rights, environment, and anti-corruption
- Mandatory reporting of implementation progress and differentiation of participants (i.e. from 'Active' to LEAD)
- Engagement of participants in local/regional networks in order to contextualize the general principles



# The UN Global Compact – What Drives Participant Growth?

**New signatories per year**



Source: 2011 UN Global Compact Annual Review

**Top reasons for engagement in the Global Compact**



**Key Fact:** More than 7,000 business and 3,000 non-business participants in over 135 countries in 2013.

Deloitte, The Business Case for Corporate Social Responsibility

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## **Back-Up**

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# Why Does CSR Matter? – The Social License to Operate

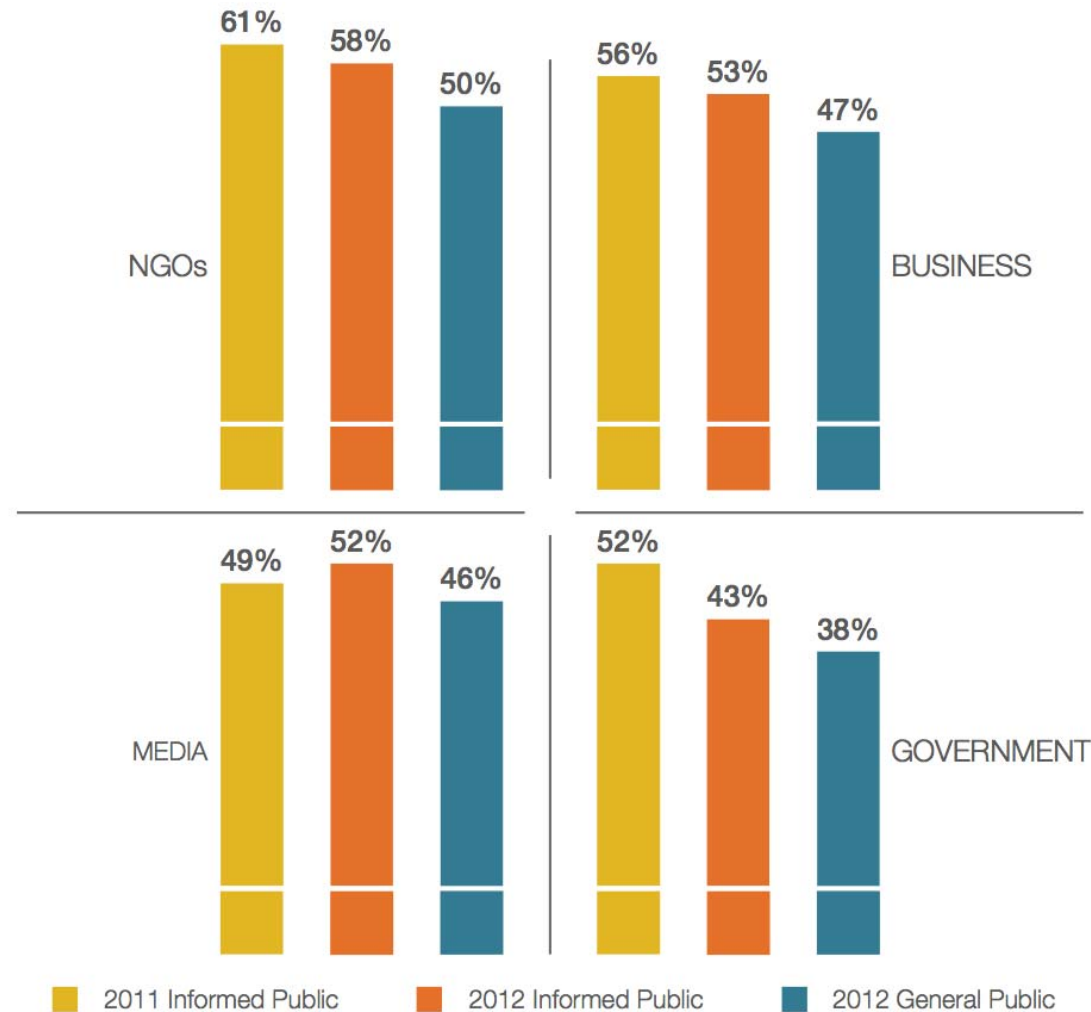
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“We in Big Pharma should never take for granted our right to exist; our business model is not written into any country’s constitution. So we should be turning up to work every day with the mindset that we are earning the right to exist. We are earning it by meeting the expectations of society. When you start to think like this, you see the world differently.”



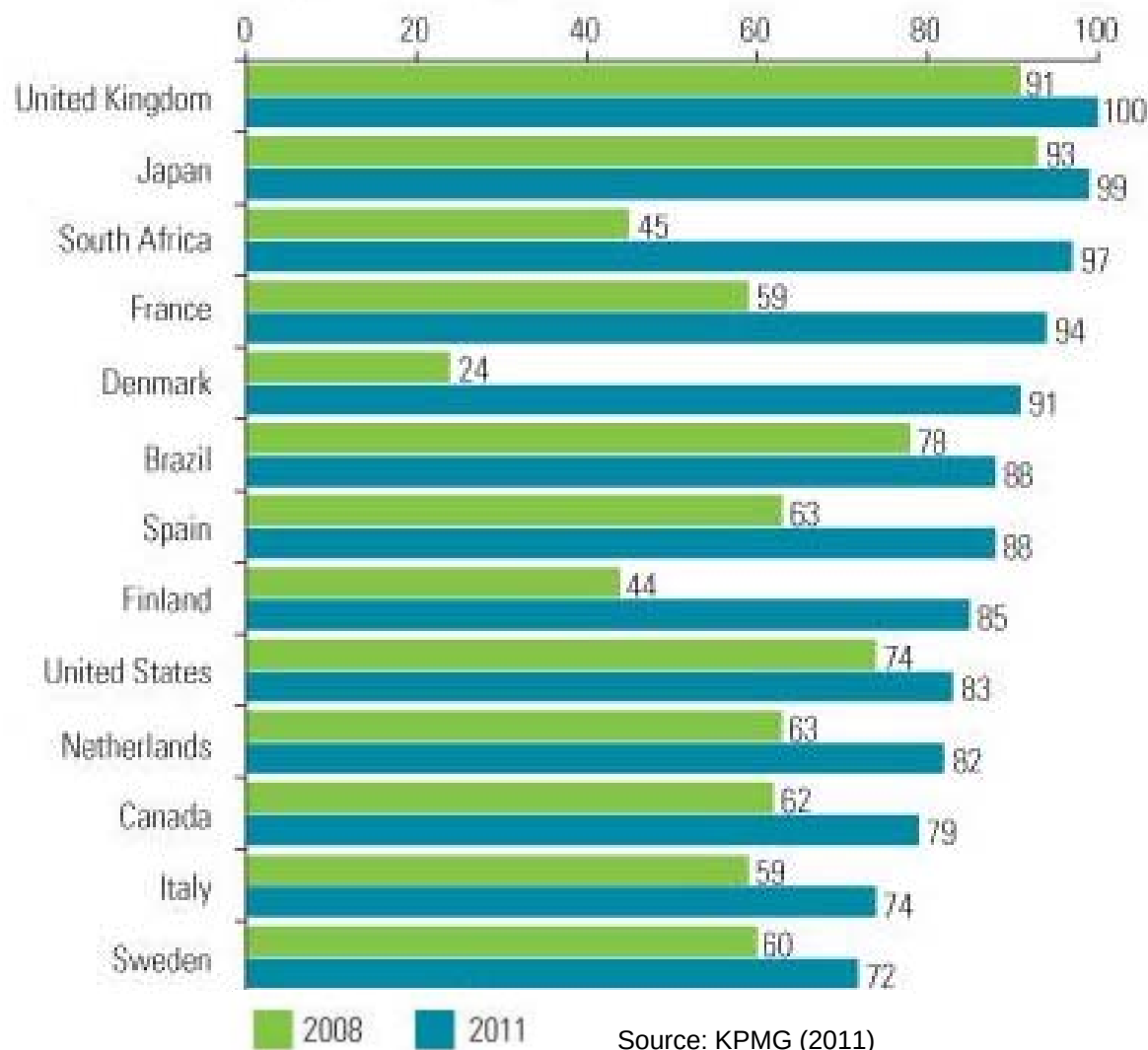
Andrew Witty, CEO, GlaxoSmithKline

# NGOs Remain Most Trusted Institution in Society, Despite Drop in Overall Trust



Source: 2012 Edelman Trust Barometer (n=25,000)

# CSR Reporting Is Becoming Mainstream



## Why Report?

- Transparency and accountability
- Increased understanding of own CSR efforts
- Enable stakeholders to understand firm's true value
- Show how firm changes CSR efforts over time

# The UN Global Compact – Ten Universal Principles

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|                             |                                                                                                                                                                                                                                                                                                                    |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Human Rights</b>         | Business should support and respect the protection of international human rights; and<br>make sure they are not complicit in human rights abuses.                                                                                                                                                                  |
| <b>Labour Rights</b>        | Business should uphold the freedom of association and the effective recognition of the<br>right to collective bargaining;<br>the elimination of all forms of forced and compulsory labor;<br>the effective abolition of child labor;<br>the elimination of discrimination in respect of employment and occupation. |
| <b>Environ-<br/>ment</b>    | Business should support a precautionary approach to environmental challenges;<br>undertake initiatives to promote greater environmental responsibility; and<br>encourage the development and diffusion of environmentally friendly technologies.                                                                   |
| <b>Anti-<br/>Corruption</b> | Business should work against all forms of corruption, including extortion and bribery.                                                                                                                                                                                                                             |