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Corporate Social Responsibility

Making business sustainable?

Outline

- Follow up from litter picking activity
- CSR Basics
- Evolution of CSR
- Driving and motivational forces
- Ethical business? (Activity)
- Principles
- CSR Statement (Activity)

CSR: Basics

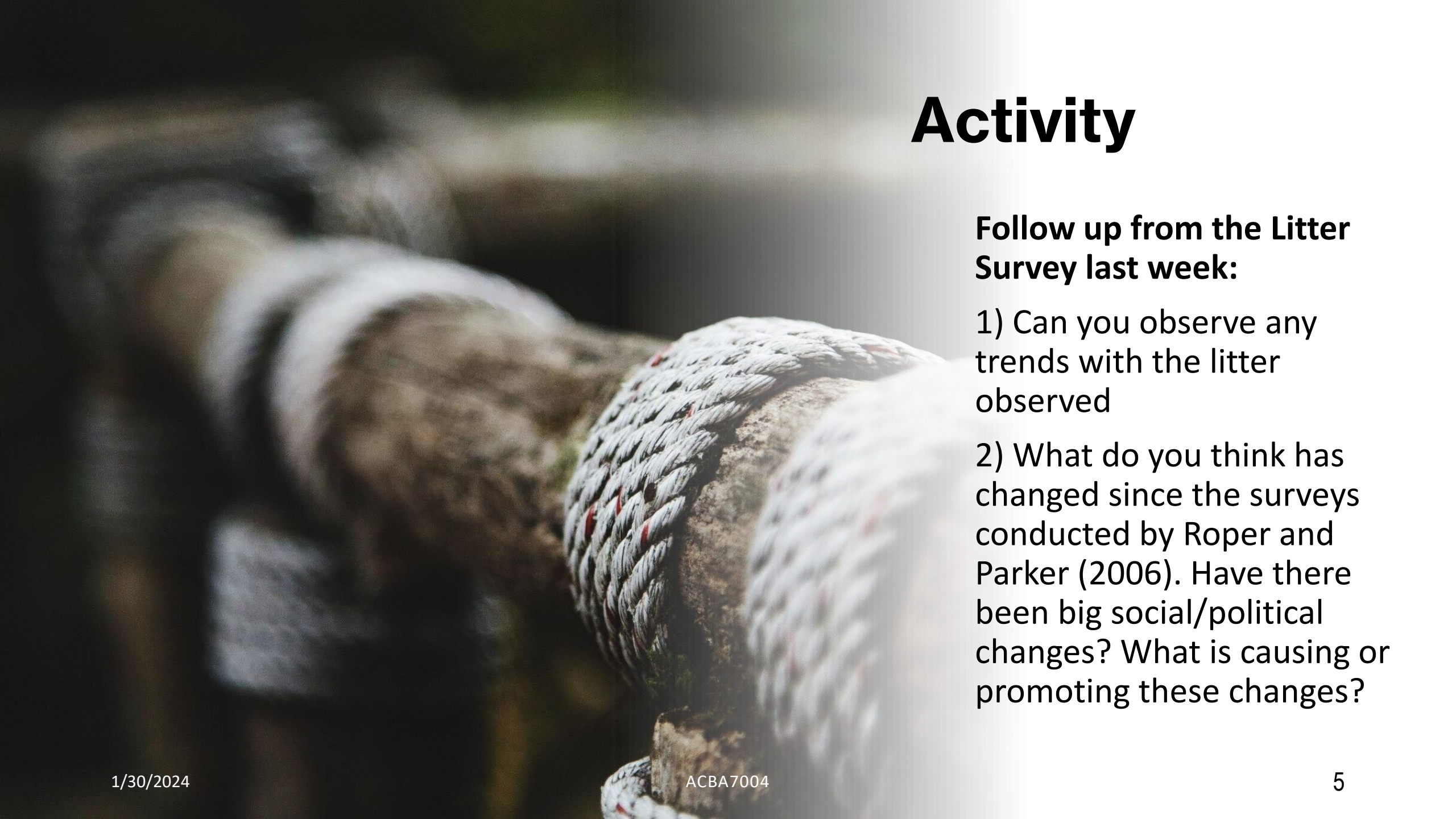


- CSR is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment.
- This development in business strategy has been powered by the EU Green paper, and growing expectations from stakeholders.
- Managing relationships and going beyond compliance.
- In the UK investigation into human capital and the relationship between managers and employees, education and training.

CSR: Continued

- There has been an increase in the number of companies involved. 61% of SME's, 80% of the companies listed in the FSTE 100.
- Major component of intangible assets, i.e. work force knowledge and expertise etc.





Activity

Follow up from the Litter Survey last week:

- 1) Can you observe any trends with the litter observed
- 2) What do you think has changed since the surveys conducted by Roper and Parker (2006). Have there been big social/political changes? What is causing or promoting these changes?

Activity

Follow up from the Litter Survey last week:

- 3) How much does environment contribute to determining where or when litter is found?
- 4) What sort of conservation issues does this litter cause





Activity

Follow up from the Litter Survey last week:

- 5) Do we observe any litter that is also dominant but not readily identifiable by brand?
- 6) What recommendations would you put in place to improve the CSR of these larger companies?



Activity

Choose a company from the RAP list: [Corporate Rap Sheets | Corporate Research Project \(corp-research.org\)](#)

Provide a short summary to the group of some of the key questionable activities

The evolution of CSR concept

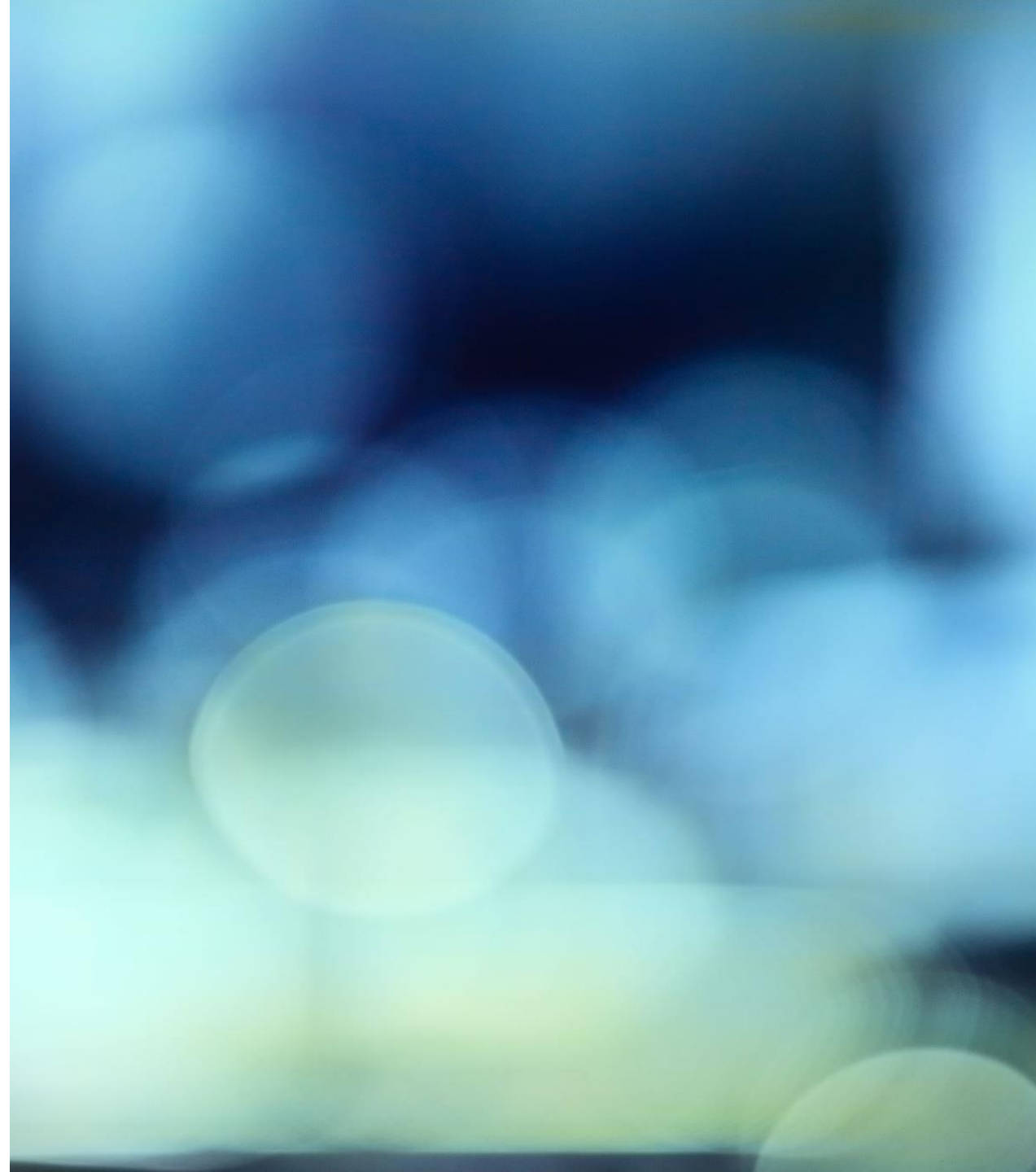
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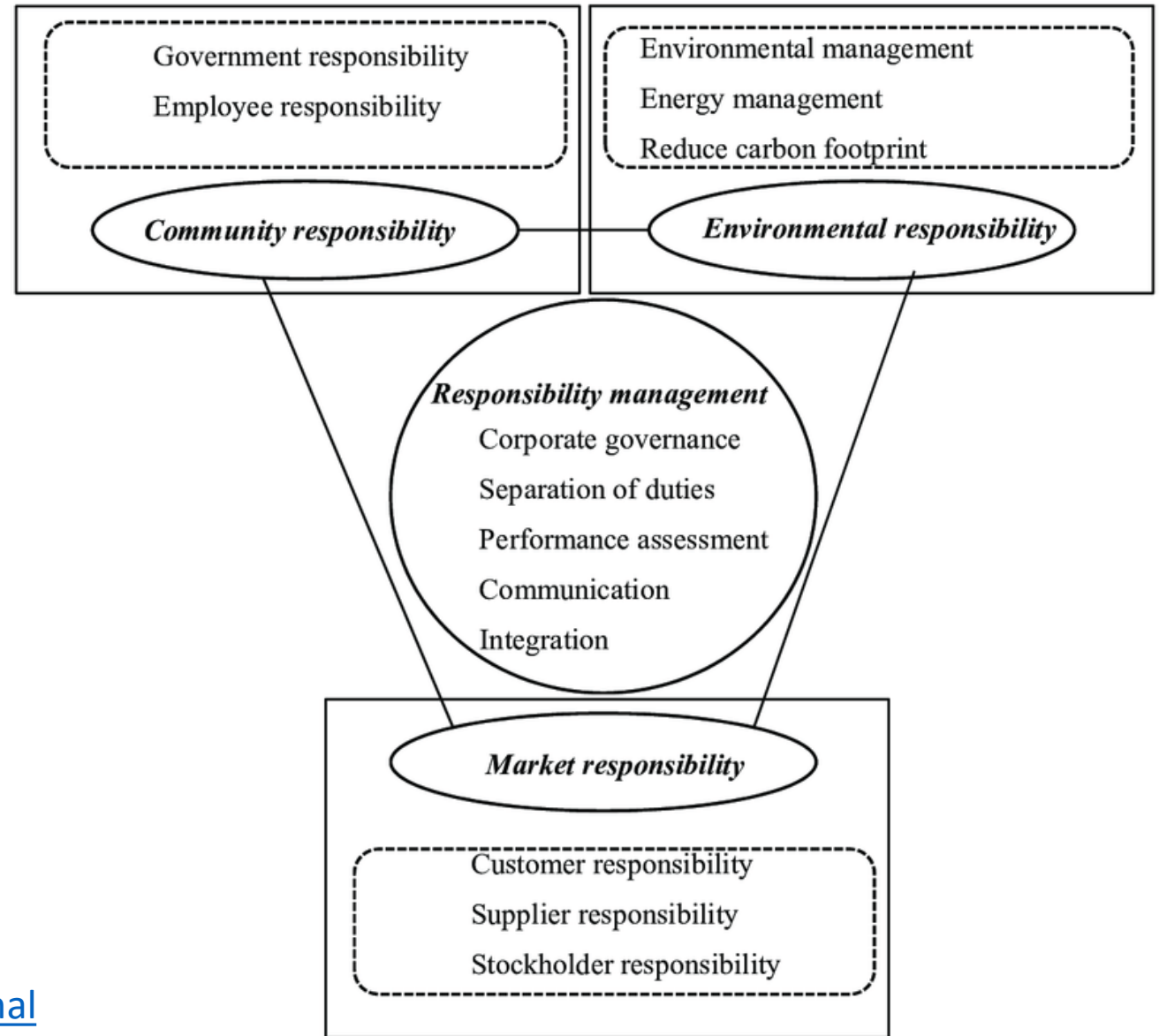
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The original definition of CSR by Bowen (1953) relates to businessmen's duties to pursue policies and make decisions in accordance with the desired values and standards of society. He underlined that corporations should be held accountable for the effects of their decisions

ISO connection

- 2002 ISO Strategic Advisory Group on CSR based its framework on the three pillars of Sustainable development: Economy, Society and environment.
- Technical report.
- New members of ISO SAG include China, India etc.
- International Conferences.

[\(PDF\) The Influences of CSR's Multi-Dimensional Characteristics on Firm Value Determination by a Fusion Approach \(researchgate.net\)](#)

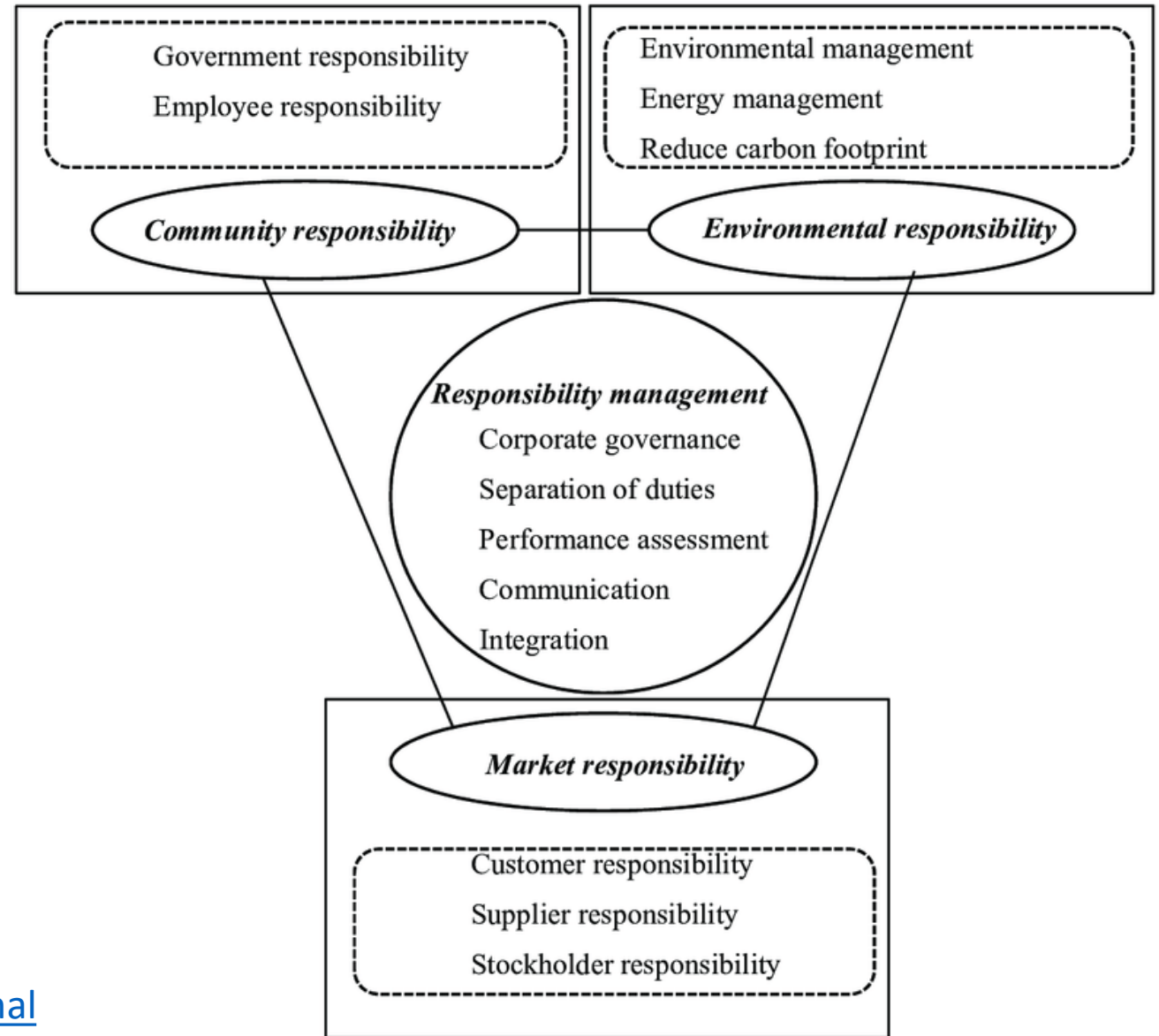


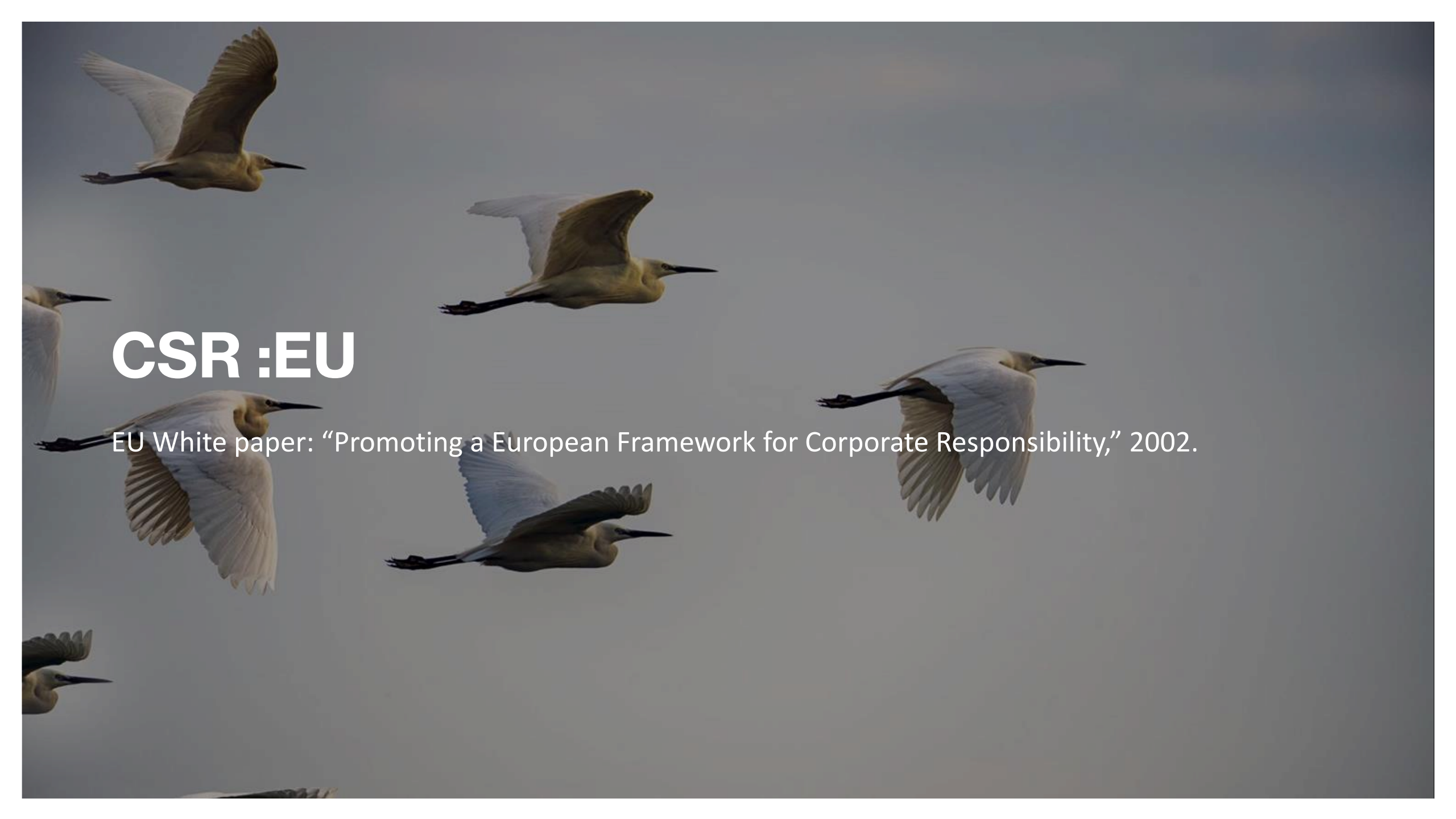
[ISO Social Responsibility Standardization \(iisd.org\)](http://iisd.org)

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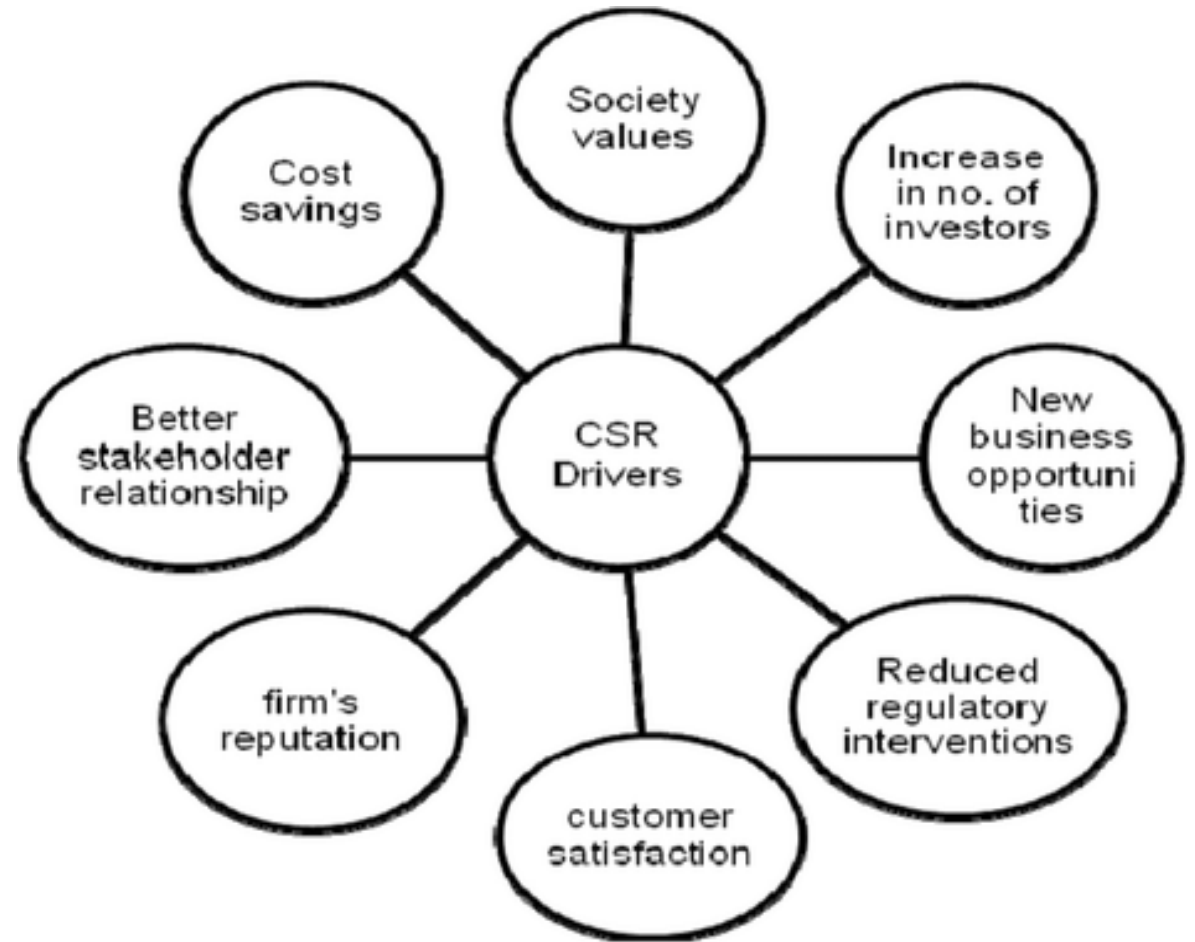
A photograph of several white birds, possibly egrets or herons, in flight against a grey, overcast sky. The birds are captured in various stages of their wing strokes, with some wings fully extended and others partially folded. The text is overlaid on the left side of the image.

CSR :EU

EU White paper: “Promoting a European Framework for Corporate Responsibility,” 2002.

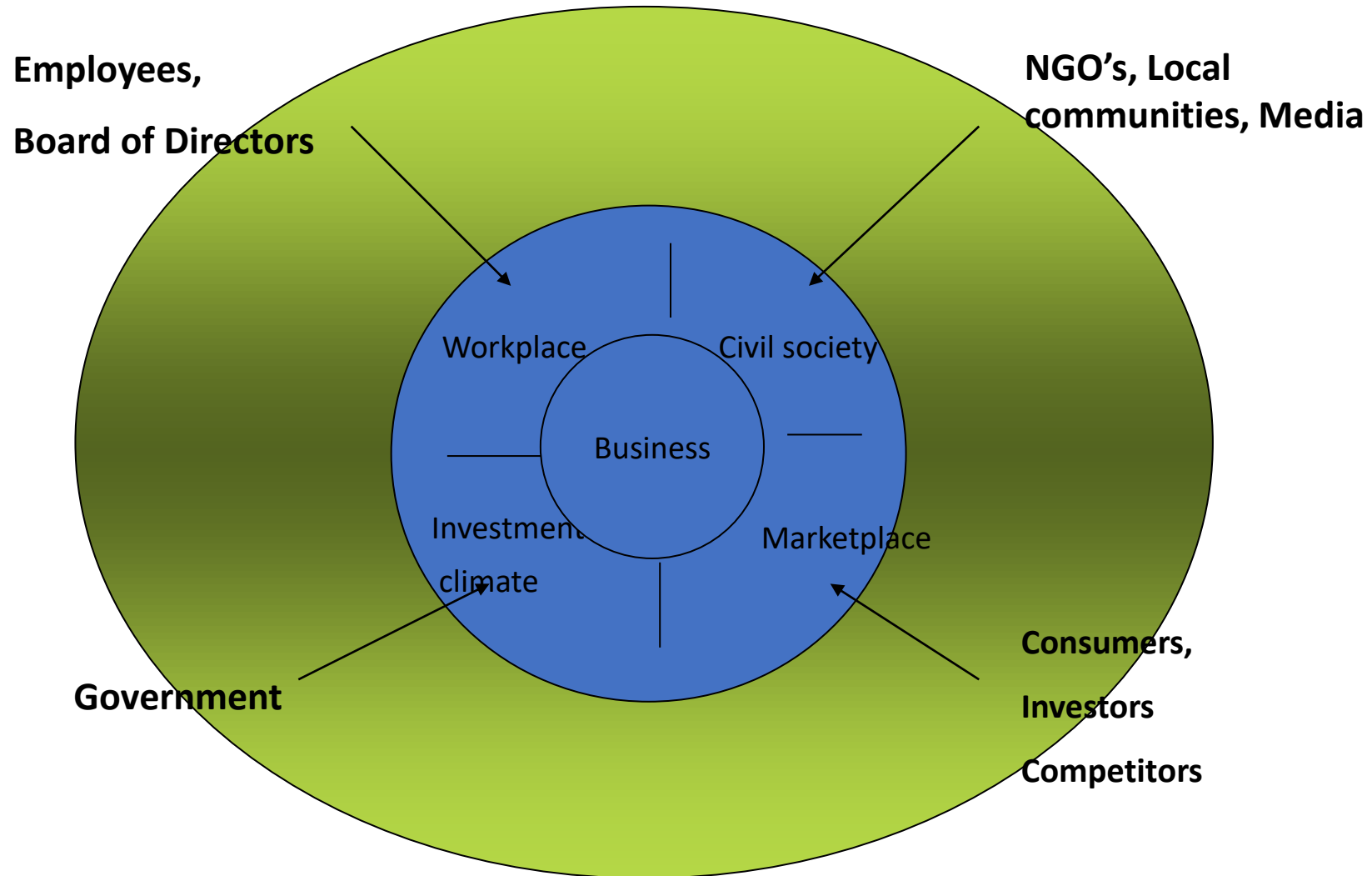
Driving forces

- New growing concerns and expectations, from stakeholders.
- Social criteria increasingly influencing investment decisions. Investment decisions by investors.
- Increasing concern about environmental damage caused by economic activity.
- Transparency of business activities via internet and IT.
- Greater mobility and communications of suppliers and customers: Customers can choose to go elsewhere.
- Greater job mobility, skills transfer.
- Increasingly dynamic marketplace.



[Key drivers endorsing CSR: a transition from economic to holistic approach | Asian Journal of Business Ethics \(springer.com\)](https://www.springer.com/journal/10551/issue/1/2017-1)

Drivers of CSR



Drivers and motivating factors

In 1993, Hartley suggested that the interests of the company “are actually best served by scrupulous attention to the public interests and by seeking a trusting relationship with its various stakeholders. In the process society is best served because the company is forced to a whole range of competing objectives and to move away from activities which are derived from short-term performance indicators.”

- The stakeholder concept stresses the idea that a company has responsibilities to all stakeholders, who have varying amounts of power, and will be involved in balancing the often-competing demands upon it.
- A company's ethical stance will therefore be influenced by **both internal and external factors**.

Hartley, R. F. (1993). *Business ethics: Violations of the public trust*. John Wiley & Sons.

Ethical Business

- **Quite often business ethics come into opposition with operational activities.**
- Marketing strategies have often seen products being advertised as having greater benefits to the consumer, than was actually the case.
- **Traditional thinking viewed the product as the responsibility of the consumer once purchased.**
- Stricter codes of practice, with regards to advertising, have reduced the appearance of adverts that exaggerate the products, performance, benefits etc.
- Now EU legislation, require companies consider a products life cycle, including disposal and recycling etc.



What academia said

- Balabanis (1998) looked at 56 UK companies and concluded that economic performance was linked to CSR.
- MacWilliams said that optimal level of CSR lead to higher profits.
- Hienz and Jenkins (2003) found a wide ranging and greater demand from stakeholders.
- Lantis (2003) stated that True CSR can only happen if the company profits.
- Waddock and Graves (1997) Ruth (2001) found some relationships, while others have suggested negative correlations, i.e. does higher profits fund CSR or does CSR produce higher profits?



CSR; Business benefits

Reputation. Ethical procurement, prompt bill payment, Integrity Report by MORI showed 56% linked to corporate citizenship (CSR).

SME's report 81% of consumers see **price and quality** as equal in importance. They are more likely to buy from companies offering ethically produced goods.

Competitiveness. Employee retention, MacKinzy 3% of companies said they had enough talent to reach 5 year objectives.

Risk management: financial, regulatory.



Activity

Click on the following link: [Home Page | Corporate Research Project \(corp-research.org\)](https://www.corp-research.org)

Examine the Violation Tracker portal. Select Environmental Offences in both the US and UK systems.

Who are top of the list? What sorts of large scale environmental violations are occurring?

Internal dimensions

- Human resource management: Training, profit sharing, follow up for disabled and off work, work life balance issues, equal pay.
- Health and safety.
- Adaptation to change: Re-structuring in companies, cuts in workforce, fewer than 1:4 companies decrease cost via these methods. Joint efforts, between local authorities, employees etc. produce better results.
- Management of environmental impacts and natural resources: Indigenous population and workforce.

External dimensions

- Local communities: companies are dependant on them as their workforce and consumers. Importance of local environment. Environmental education.
- Business partners, suppliers and consumers: Working closely with suppliers can reduce costs within the supply chain. Mentoring schemes.
- Human Rights: Very important and complex issues. Political/moral/legal as well as NGO's and pressure groups.
- Global environmental concerns: Producers and services are available to as many people as possible, Codes of Conduct adopted, labour standards, i.e. ISO emphasis on development improvements, have helped to tackle child labour globally.



Holistic Approach

- Quality of work: Two way dialogue between managers and employees.
- Social and Eco-labelling; Demonstrates to consumer the goods are safe and env. Friendly, and ethically produced. Requires verification by competent body.
- Socially responsible investment: Huge surge in social responsibilities.

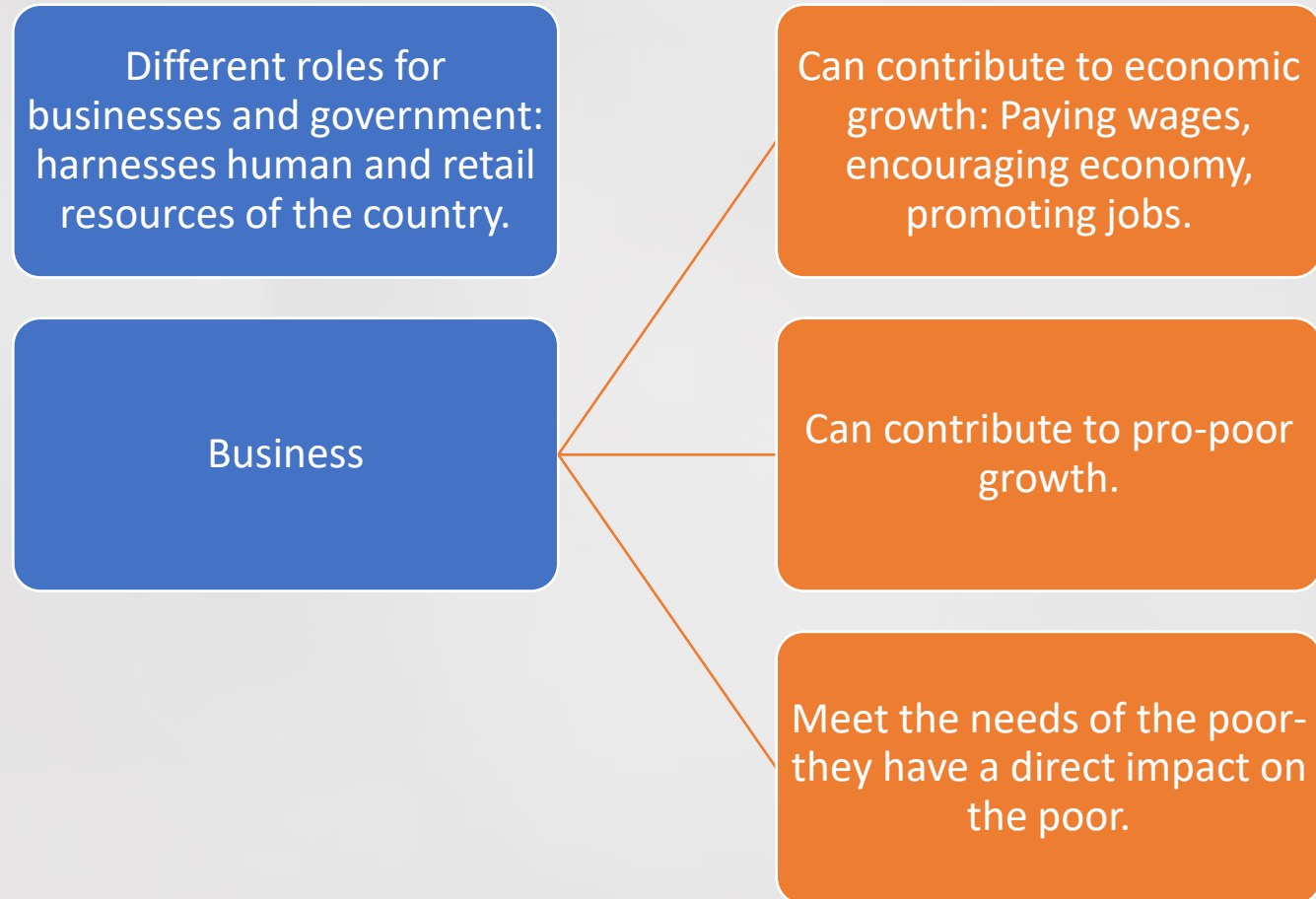


CSR and the developing world

- 3 situations:
 - Investing directly in developing world: minimum comply with international codes of conduct. Companies can work with governments to improve infrastructure.
 - Buying goods and services from developing countries: Philanthropic/ multi-shareholders, companies can reduce conflict by employment. More responsible companies ask suppliers to reach standards in order to ethically trade.
 - Selling goods and services to developing countries: Responsible companies can extend this to those countries.



Links between CSR and poverty reduction



CSR and poverty reduction

- Concerns that CSR can disadvantage the poor:
 - SR practices should not replace local laws.
 - Prescriptive codes of conduct-may not be appropriate for local conditions.
 - Inappropriate codes of conduct become a form of protectionism.
 - Pressure to withdraw investment.
 - Costs associated with following ethical codes of conduct vary.

Government Roles

1

Make sure that regulations encourage needs to be attractive and not stifling.

2

Laws complement voluntary initiatives : work with government and NGO's.

3

Work in partnership-existing initiatives into effective action and promote transparency. This can be very effective.

4

Encourage countries to sign up to International agreements. (OECD: Organisation for Economic Co-operation and Development . UNEP, ILO etc.)

UK Laws relating to CSR

Pensions Act : Amendment 2000: Occupational pension accounts must disclose investment information.

2000

OECD Convention on bribery of foreign public officials. It is now illegal to bribe a company or an individual from overseas.

now

2002

The 2002 White Paper on Company law. This asked all of the UK companies of significance to make available environmental impact and responsibilities.

[Corporate Responsibility Bill \(parliament.uk\)](http://parliament.uk)

UK Laws relating to CSR

Under Section 135 of the the UK Companies Act 2006 directors are required to 'consider the interests of employees, consumers, suppliers, the environment and the community when pursuing the interests of shareholders.' This does not, however, equate to converting CSR into a legal responsibility or duty.)

2006

The Well-Being of Future Generations Act requires public bodies to take steps to prevent problems from arising or escalating for current or future generations.

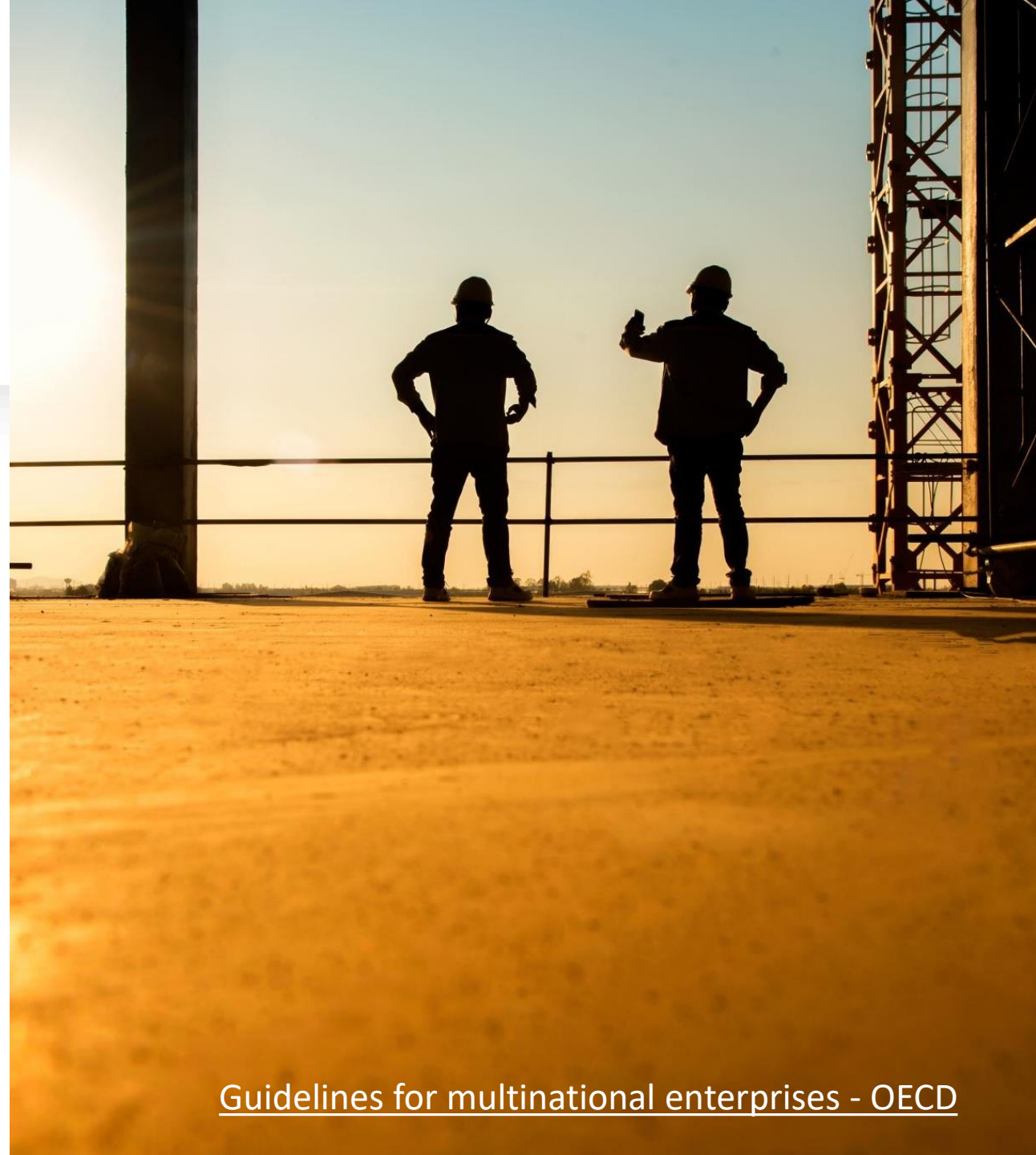
2015

2010

Equality Act (2010)

International Agreements

- OECD Guidelines for Multinational Enterprises.
- 30 Member countries.
- Active relationships with 70 others: NGO's and society.



The core conventions of the ILO

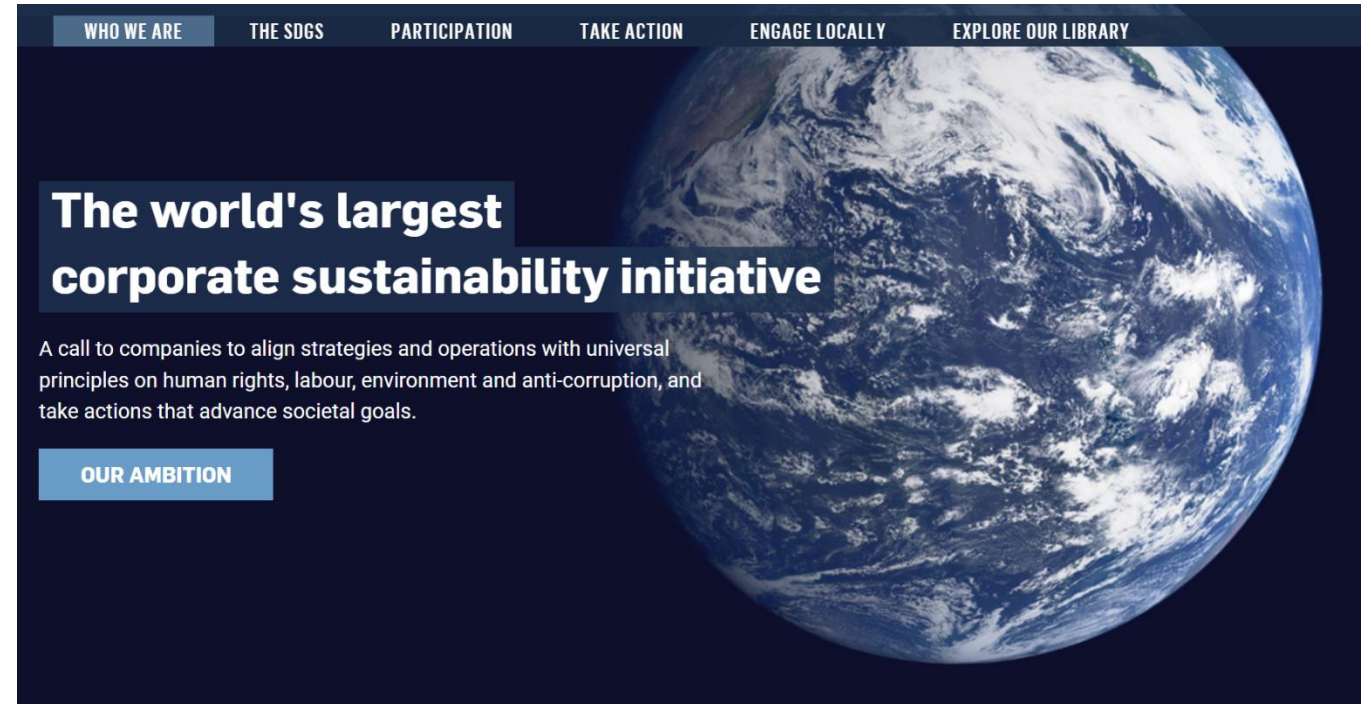
- UN specialised agency-ILO founded in 1919.
- It formulated standards, employment policies/ human rights, social society, Health and safety, equity and abolition of child labour.
- Promotion of social justice and labour rights.
- Formulates international labour standards: Multinational companies have developed a code of conduct that reflect this.
- 177 member countries.



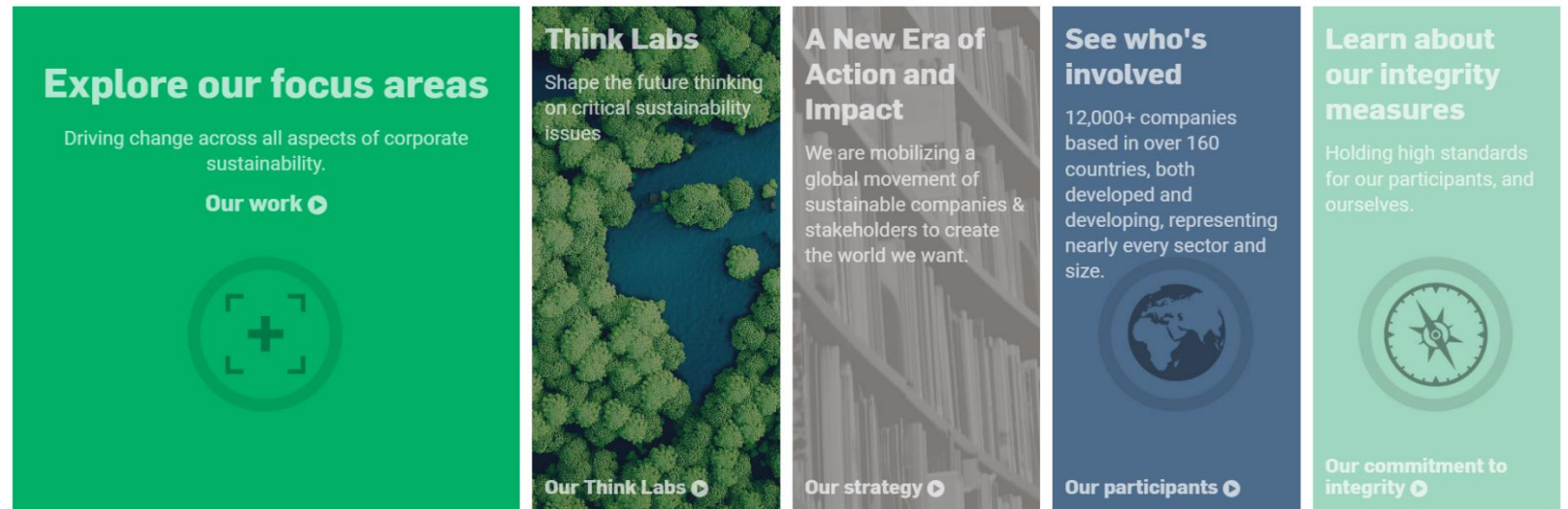
ILO: International Labour Organization - Office
of the Secretary-General's Envoy on Youth
(un.org)

The UN Global Compact

- Seeks to advance corporate citizenship.
- Over a 1000 companies have signed up.
- There are 9 principles.



[Homepage](#) | [UN Global Compact](#)



9 Principles of UN Global Compact

- **Human Rights:**
 - 1. Support and respect the protection of internationally proclaimed human rights within their sphere of influence.
 - 2. Make sure that they are not complicit in human right abuses.
- **Labour Standards:**
 - 3. Uphold the freedom of association and the effective recognition of the right to collective bargaining.
 - 4. The elimination of all forms of forced and compulsory labour.



9 Principles continued

- 5. the effective abolition of child labour, and do so progressively.
- 6. elimination of discrimination in respect of employment and occupation.
- **Environment.**
 - 7. support a precautionary approach to environmental challenges.
 - 8. undertake initiatives to promote greater environmental responsibility.
 - 9. encourage the development and diffusion of environmentally friendly technologies.





Activity

From your Violation Tracker website, find a large corporation that appeared on that list.

Can you find examples of their CSR statement. If you cannot easily find one... what sorts of things should it aim to do?

Next week: Corporate Environmental Strategy

CSR Resources

- [Dirt Diggers Digest Guide to Strategic Corporate Research | Corporate Research Project \(corp-research.org\)](http://corp-research.org).
- [CSR Lists, Rankings, Websites, Etc. - Corporate Social Responsibility Resources - Guides at University of Pittsburgh \(libguides.com\)](http://libguides.com)
- BASKA, M. (2019) [**Jobseekers prefer 'woke' businesses, says survey**](#). *People Management* (online). 13 September.
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