Chapter 5: Corporate social responsibility

INTRO
- Development and implementation of CSR is ongoing process
- Calls for vision and commitment from leadership and management
- Most medium- to large-sized corporations implement CSR
- But few companies have actually institutionalised CSR

Introducing CSR
- Concept that recognizes following points:
  - Companies have a responsibility for their impact on society and the natural environment
  - Companies have a responsibility for the behaviour of those they conduct business with
  - Businesses need to manage its relationship with wider society
- King III Report definition:
  CSR = the responsibility of a company for the impact of its decisions and activities on society and the environment through transparent ethical behaviour that:
  - contributes to sustainable, including health and welfare of society
  - takes into account the legitimate interests and expectations of stakeholders
  - is in compliance with applicable law and consistent with international norms of behaviour
  - is integrated throughout the company and practiced in its relationships

Corporate citizenship and corporate social investment
- Corporate citizenship – recognizes corporations as legal persons with certain rights and responsibilities:
  - the right to govern internal affairs
  - the right to enter into contracts
  - the right to hold assets
  - the right to hire
  - the right to sue and be sued
- Corporate social investment – contribution made to society

Triple bottom line = aims to measure the financial, social and environmental performance of corporation
- the 3 P’s:
  - people = how socially responsible has the business been
  - planet = how environmentally responsible has the business been
  - profit = bottom line of profit and loss account

CSR in contemporary business management
- Social drivers
  - No company wants to have a reputation of being socially irresponsible; employees increasingly choosing to work for socially responsible companies
- Governmental drivers
  - Many governments show lots interest in encouraging business involvement in social issues
  ex: UK government has cabinet minister for CSR + policies/initiatives to be more responsible