

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