

HRM 709

Strategic
Human Resource
Management

CORPORATE SOCIAL RESPONSIBILITY

STRATEGY

PAGE NO 126

Corporate Social Responsibility

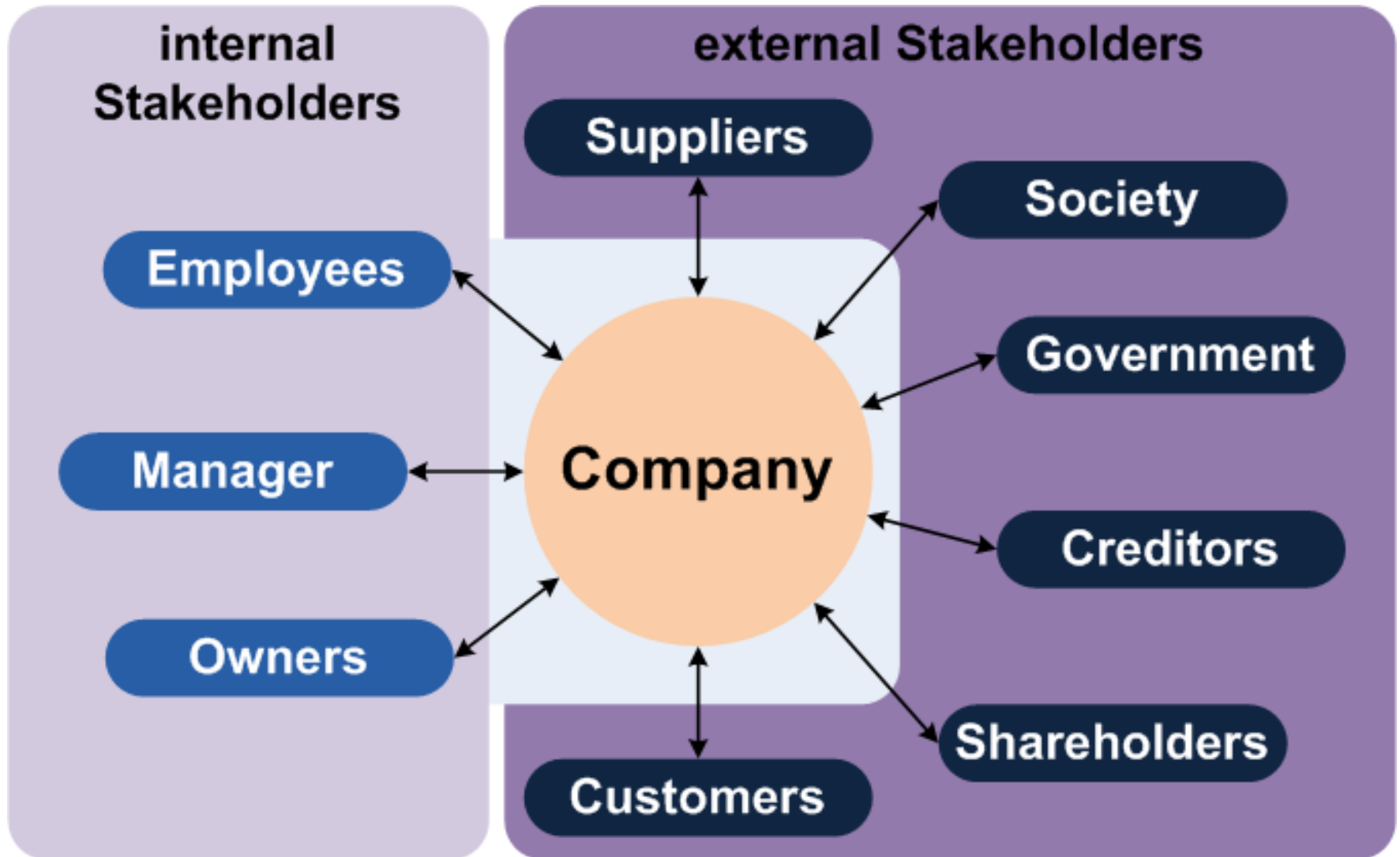
CORPORATION

Corporations have three distinct characteristics

- (1) Legal existence:** a firm can (like a person) buy, sell, own, enter into a contract, and sue other persons and firms, and be sued by them. It can do good and be rewarded, and can commit offence and be punished.
- (2) Limited liability:** a firm and its owners are limited in their liability to the creditors and other obligors only up to the resources of the firm, unless the owners give personal-guaranties.
- (3) Continuity of existence:** a firm can live beyond the life spans and capacity of its owners, because its ownership can be transferred through a sale or gift of shares.

Corporate Social Responsibility

STAKEHOLDERS OF CORPORATION



IMPACT OF CSR ON

SOCIAL

ECONOMIC



ENVIRONMENTAL

FOCUS OF CSR



Corporate Social Responsibility

Corporate Social Responsibility also called Corporate Conscience, Corporate Citizenship or Responsible Business is a form of corporate self-regulation integrated into a business model.

CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and national or international norms.

Corporate Social Responsibility (P. 126)

Corporate social responsibility (CSR) is exercised by organizations when they conduct their business in an ethical way, taking account of the social, environmental and economic impact of how they operate and going beyond compliance.

STRATEGIC CSR

Examples

STRATEGIC CSR

One well-known medical supplies company, for example, is known to use a lot of its CSR budget on supporting nurses and doctors in their training and research. Why might this be? Because it will be nurses and doctors who, **once qualified and in senior positions**, will be able to select suppliers for their hospitals and other health facilities they work in. **If they have benefitted from the company's funding as trainees, they may be well-disposed to the company for all of their working lives.**

STRATEGIC CSR

A bank, uses some of its CSR budget to help to educate young adults in 'financial literacy'. **Why might this be strategic?** Because adults who are financially literate will usually go into unplanned debt less frequently and will realize their need for a range of financial products, many of which will be provided by the bank. **So by supporting initiatives to increase financial literacy, the bank might be indirectly reducing bad debts and also increasing demand for its own products.**

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STRATEGIC CSR

Should

CSR

Strategic

?

SHOULD CSR STRATEGIC ?

Yes,

✓ Because, most shareholders seek value maximization over time, the directors must always seek to serve the shareholders' interests. In this case, because the resources employed in CSR belong to shareholders (because all of a company's value belongs to the shareholders), CSR must always be in the strategic interests of shareholder value.

SHOULD CSR STRATEGIC ?

✓ It is more likely to be better planned and more effectively configured and co-ordinated with other business operations. Better targeted, CSR is likely to be more effective and efficient than 'ad hoc' or unplanned CSR.

STRATEGIC CSR (P. 127)

Strategic CSR is about deciding initially whether or not the firm should be involved in social issues and then creating a corporate social agenda – deciding what social issues to focus on and to what extent.

As Porter and Kramer (2006) emphasize, strategy is always about choice.

STRATEGIC CSR (P. 127)

- Through strategic CSR that the company will make the greatest social impact and reap the greatest business benefits.
- CSR strategy needs to be integrated with the business strategy, but it is also closely associated with **HR strategy**. This is because it is concerned with **ethical behavior** both outside and within the firm – with society generally and with the internal community.

STRATEGIC CSR & HR

EXAMPLE

Strategic business priority

Ensure right people, right skills, right jobs to meet new cleantech challenges and advance corporate sustainability with a diverse workforce

CSR

- New green technology recruitment
- Employees engaged in sustainability
- Employer Brand alignment with sustainability communications

- New recruitment channels
- Diverse candidate pipeline
- Training of internal recruiters in diversity principles
- Partnerships to help accessibility to minority groups

HR

IMPACT OF CSR ON

SOCIAL

ECONOMIC



ENVIRONMENTAL

CSR ACTIVITIES (P. 127)

Community. Skills and education, employability and social exclusion were frequently identified as key risks and opportunities.

Environment. Most companies reported climate change and resource use as key issues for their business, and 85 per cent of them managed their impacts through an environmental management system.

CSR ACTIVITIES (P. 127)

Marketplace. The issues most frequently mentioned by companies were research and development, procurement and supply chain, responsible selling, responsible marketing and product safety.

Workplace. This was the strongest management performing area, as most companies have established employment management frameworks that can cater for workplace issues as they emerge.

DEVELOPING A CSR STRATEGY (P. 130)

- ❑ **Understanding society** – understanding how business operates in the broader context and knowing the social and environmental impact that the business has on society.
- ❑ **Building capacity** – building the capacity of others to help manage the business effectively. For example, suppliers understand the business's approach to the environment and employees can apply social and environmental concerns in their day-to-day roles.
- ❑ **Questioning business-as-usual** – individuals continually questioning the business in relation to a more sustainable future and being open to improving the quality of life and the environment.

DEVELOPING A CSR STRATEGY (P. 130)

- ❑ **Stakeholder relations** – understanding who the key stakeholders are and the risks and opportunities they present; working with them through consultation and taking their views into account.
- ❑ **Strategic view** – ensuring that social and environmental views are included in the business strategy, for example that they are integral to the way the business operates.
- ❑ **Harnessing diversity** – respecting that people are different, which is reflected in fair and transparent business practices.

PRINCIPLES FOR DEVELOPING & IMPLEMENTING A CSR STRATEGY (PP. 130-131)

PRINCIPLES FOR DEVELOPING & IMPLEMENTING A CSR STRATEGY (PP. 130-131)

- understand the business and social environment in which the firm operates;
- understand the business and HR strategies and how the CSR strategy should be aligned to them;
- know who the stakeholders are (including top management) and find out their views and expectations on CSR;
- identify the areas in which CSR activities might take place

PRINCIPLES FOR DEVELOPING & IMPLEMENTING A CSR STRATEGY (PP. 130-131)

- **prioritize as necessary on the basis of an assessment of the relevance and significance of CSR to the organization and its stakeholders**
- **draw up the strategy and make the case for it to top management and the stakeholders;**
- **obtain approval for the CSR strategy from top management and key stakeholders;**

PRINCIPLES FOR DEVELOPING & IMPLEMENTING A CSR STRATEGY (PP. 130-131)

- **communicate information on the whys and wherefores of the strategy comprehensively and regularly;**
- **provide training to employees on the skills they need to use in implementing the CSR strategy;**
- **measure and evaluate the effectiveness of CSR.**