

The future of Corporate Social Responsibility

A Strategic Overview



SHAPING THE FUTURE
Global Growth Opportunities Reviews



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EXECUTIVE SUMMARY

Corporate Social Responsibility (CSR) is transforming entire industries. Just as the industrial revolution heralded a whole new era in manufacturing and transportation technologies; social responsibility, environmental protection, corporate governance and other sustainable policies are generating new prospects for ethical labor, engaged consumers and thriving companies in an eco-friendly future.

Volunteering actions create reputable firms that are more attached to their communities. An appropriate code of conduct ensures safe and morally content stakeholders across the business chain. CSR managing software is also helping implement a sustainable value chain strategy and decision-making process, as well as prevent expenditure inefficiencies.

Sustainability strategies are driving all organizations to modernize their operations as well as their mentalities. The only path available to them in the competitive contemporary climate is to get sustainable, or die.

According to United Nations Industrial Development, “Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives, while at the same time addressing the expectations of shareholders and stakeholders.” (2)

For organizations that are willing to make the next step, the rewards are plentiful: higher profitability, more involved employees, and a loyal client base. But for those who want to stand out, C-Level managers must learn how to cope with the influx and influence of corporate social responsibility. And while businesses may be able to comprehend their strategies for social responsibility and sustainability, they often fail when it comes to



“Triple Bottom Line Approach”

(2) What is CSR. United Nations Industrial Development, 2019.

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implementing them and producing anticipated results. One possible solution is for corporate governance management to develop new opportunities and become trail-blazers in assisting companies ensure the CSR strategy is executed, delivering the desirable results.

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Finally, this report demonstrates the aspects that organizations could take into consideration to prosper under a corporate social responsibility strategy, while overcoming social and operational barriers. It also examines the various legal frameworks, proper partnerships and social investments which are best suited to supporting changes in management, strategy designs and CSR delivery.

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KEY FINDINGS

Corporate Social Responsibility:

- » Several definitions have been established over the years to describe this concept.
- » In all definitions of CSR, there are six key features which recur: Voluntary, Managing Externalities, Multiple Stakeholder Orientation, Social and Economic Alignment, Practices and Values and Philanthropy.
- » There are various recommendations and latest trends on how to succeed through this innovation.
- » They provide a key argument around ways in which providing benefits for local communities can challenge the profitability of a company, or produce many challenges.

The Organization:

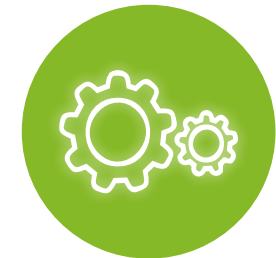
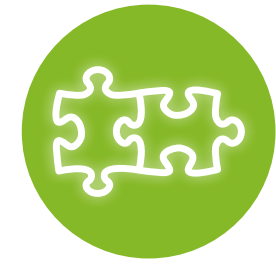
- » Corporate social responsibility is a principal priority for companies as they search for new ways to update, increase income and raise productivity.
- » Social responsibility, environmental protection, corporate governance and proper investments top the list of strategies adopted by businesses today.
- » Firms need to take the lead to ensure success with CSR, from forming strategic partnerships to hiring suitable talents in the industry.

The C-Suite:

- » C-level managers fully support the leveraging of CSR policy to advance transformation.

Project Management:

- » Although C-level executives embrace CSR, a large percentage are still waiting to see tangible assets from such implementation. The C-suite views the project management as driving significant value in a majority of firms undergoing sustainable transformation.
- » Involving the corporate governance policy, as well as choosing the proper software and legal guidelines, are key to success.
- » ISO 26000 is essential to CSR transformation success.



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CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is a very popular and much-discussed concept. It is encountered in modern businesses, governments, the public sector, non-governmental organizations (NGOs) and intergovernmental organizations.

The role and contribution of businesses throughout society is an important issue within a number of sectors, while there is also a public interest about the impact of organizations on the wider environment. Companies have begun to realize that in order to thrive, it was vital to support nondiscriminatory policies, protect human rights, care for the environment and develop customer experience strategies. Today there is generally no sector, market or organization that has not been requested to validate its performance in society. They are all expected to implement more conscientious practices and deliver undisputable results. In recent years, and most especially during the economic crisis, many international firms confronted a period of hesitancy in their principles, drives and targets. In order to manage this situation, many organizations developed the concept we recognize today as corporate social responsibility. This management idea earned exceptional popularity through the intervening years and today most multinational companies, as well as small-medium enterprises (SMEs), have adopted CSR projects, departments and managers into their core structures.

A more detailed analysis of the CSR concept reveals that it is a recycled policy. Many of the practices included in that label have existed in the market in one form or another since the time of the Industrial Revolution. Decent working conditions, charity activities and healthcare benefits were some of the actions preceding the current CSR approach. However, a new development with regards to more recent CSR initiatives is establishing a coherent and professional approach which consolidates all these individual actions within a strong and established singular strategy.



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A growing number of consultancy groups and interest assemblies have been created in order to communicate the CSR idea more efficiently and develop correlations among individual CSR methods. At the same time, social media, websites and reports all contribute towards establishing a CSR identity and cultivating a global grid of participants. (3)

Figure 1. Corporate Social Responsibility



(3) CSR definition. Companies origin, 2017

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DEFINING CSR TERM

The inevitable rise in the popularity of CSR led to a gradual growth of its academic and professional literature around this subject. Consequently, numerous papers and definitions have attempted to define the concept, while various organizations worldwide have established their own interpretation of the CSR role. It has been observed that there are numerous resemblances, as well as substantial variances, in the way that different participants comprehend this term.

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One early definition for corporate social responsibility was suggested from Keith Davis, who described it in 1973 as “the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm.” Six years later, in 1979, Archie Carroll suggested a wider definition than Davis: “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.” Since then, the heterogeneity of definitions around CSR has relentlessly continued. (4)

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SHAPING THE
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“The voluntary integration of companies’ social and ecological concerns into their business activities and their relationships with their stakeholders. Being socially responsible means not only fully satisfying the applicable legal obligations but also going beyond and investing ‘more’ in human capital, the environment, and stakeholder relations.”

The International Organization for Standardization (ISO) also presented the definition of Corporate Social Responsibility as:

“

The responsibility of an organization for the impacts of its decisions and activities on society and the environment, resulting in ethical behavior and transparency which contributes to sustainable development, including the health and well-being of society; takes into account the expectations of stakeholders; complies with current laws and is consistent with international standards of behavior; and is integrated throughout the organization and implemented in its relations. (5)

”

(4) Crane, A., Matten, D., & Spence, L. (Eds.). (2019). Corporate social responsibility: Readings and cases in a global context. Routledge.

(5) CSR definition. Companies origin, 2017.

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“A way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors.”

Another regional explanation for CSR policy derives from the Chinese Ministry of Commerce, which proposes CSR as being:

“A concrete action taken by Chinese companies to implement the political aspiration of the new Communist Party collective leadership- putting people first to create a harmonious society.”

Finally, the European Commission defines corporate social responsibility as:

“The responsibility of enterprises for their impacts on society. CSR concerns actions by companies over and above their legal obligations towards society and the environment. Certain regulatory measures create an environment more conducive to enterprises voluntarily meeting their social responsibilities.”

Following the variety of definitions, it is impossible to provide a particular characterization for corporate social responsibility. However, the identification of its main features is helpful in order to outline the fundamental qualities of this idea. (6)

HISTORY AND EVOLUTION

The idea of CSR and the participation of companies in the sustainable development grid begins in the 1950s, in the United States. Some American company managers believed that businesses would benefit from focusing on their impact in the wider environment and community, instead of only on their revenue and profits. For example,

(6) Crane, A., Matten, D., & Spence, L. (Eds.). (2019). Corporate social responsibility: Readings and cases in a global context. Routledge.

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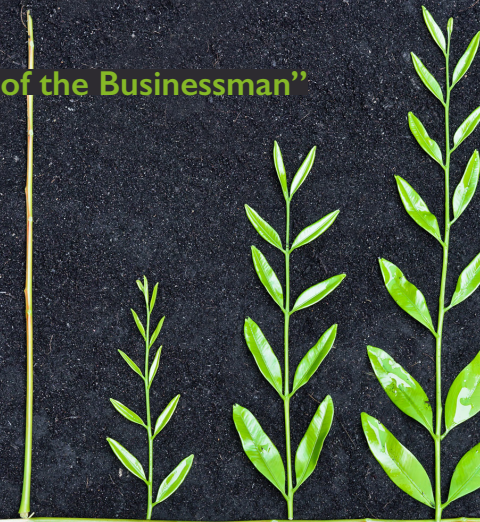
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raising salaries may be more costly for the payroll of a company, but the employees' purchasing value rises and consequently so does the value of the market. In addition, the implementation of an environmental management policy will be cost-efficient, both in the short term (by avoiding penalties) and in long term (by establishing management plans for natural disasters).

The first accepted description of CSR in the modern sense was presented in the 1953 publication **"The Social Responsibility of the Businessman"**

by Howard Bowen, who clarifies the significance of a business to be environmentally and socially responsible. Furthermore, the deterioration of the economic and social situation along with the increasingly urgent call for environmental protection in the late 20th century, led to the development of wider corporate social responsibility implementations. An increasing number of customers across various markets began to criticize firms for not being proactive enough in ensuring measures are taken regarding their responsibility to the law, society and the natural environment. Across the intervening decades, numerous governments across the world have started implementing regulations and guidelines which set the foundations for corporate social responsibility in its current form. France was the first country to begin applying regulations for corporations regarding sustainable development. Subsequently, market competition began to invest in CSR strategies in order to keep up-to-date and remain ahead of the curve. In this way, the role of CSR altered from a niche idea to a widely accepted one, as a management tool for internal and external communication, business growth, the improvement of corporate image, enhanced productivity and cost-efficiency. Today, as the world turns to an energy efficient grid,



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there is no multinational or large company that operates without first devising a sustainability report, a corporate affairs department or an environmental manager dedicated to establishing and following CSR guidelines.

In addition, multiple tools have been created in order to support businesses in their effort to enhance their performance and adopt a sustainable business culture and approach. For instance, the Life Cycle Assessment (LCA) measures an organization's greenhouse gas emissions and calculates their impact on air quality. Another tool is the corporate social responsibility reports which evaluate and present all the actions, as well as positive and negative inputs of an organization to its environment and society. In the cases of companies within the European Union which engage 500 or more employees, CSR reporting is mandatory; in smaller environmentally-conscious firms, such reporting could provide a powerful marketing tool to expand their reputation and branding. (7)

CSR CHARACTERISTICS

In all definitions of CSR, academic or professional, there are some key features which tend to recur. These are the core characteristics which best cover all the aspects of CSR idea. (8)

Voluntary

Managing Externalities

Multiple Stakeholder Orientation

Social and Economic Alignment

Practices and Values

Philanthropy

(7) CSR definition. Companies origin, 2017.

(8) Crane, A., Matten, D., & Spence, L. (Eds.). (2019). Corporate social responsibility: Readings and cases in a global context. Routledge.

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Figure 2. Core Characteristics of CSR

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Voluntary

Many definitions of CSR perceive it as a voluntary idea, beyond regulations and guidelines. There are companies which adopt policies and establish activities outside of legal regulations and beyond the level required to simply be compliant. However, there are some points of view which identify voluntarism as a weakness, arguing that the focus of businesses should be on their legally-delegated responsibilities. The case study of some fast food businesses in the UK, which have introduced calorie labelling in all their food and beverage items since 2011, participating in a voluntary program alongside the national Health Department is worth mentioning in this instance.

Managing Externalities

Includes positive or negative side aspects and behaviors which are usually not taken into consideration in the decision-making and market strategies. Examples of such externalities are pollution, human rights management, workforce violations, carbon emissions and so on. To deal with such externalities, the CSR approach in these cases tend to be voluntary, as it introduces beneficial investments instead of disciplinary penalties.

Multiple Stakeholder Orientation

The term Multiple Stakeholders refers to a diverse range of interdependent groups connecting with one another and with various companies. They consist of employees, customers, suppliers, local communities and shareholders. Firms should be responsible for managing the needs not only of their shareholders, but of every member of interest. The role of CSR is to focus on those needs to the extent of which the organization is effective and efficient.

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Responsibility
A duty or obligation upon moral, or legal accountability to behave correctly in responsibility or authority to take decisions independent

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Social and Economic Responsibilities

The balance between profitability and social integrity is the key target of CSR policy. Social and economic responsibilities should be aligned and companies must learn how to benefit from their social responsibilities.

Practices and Values

CSR policy combines both business strategies and actions towards social responsibility with a specific philosophy and values that underline these actions. This is the reason why CSR definitions can so often tend to be controversial among various fractions.

Philanthropy

Some definitions refer to CSR only as philanthropic policy. However, the current CSR idea involves much more than that. It is about how the core functions of a business, such as marketing, finance, procurement, production, human resources, impact in the society. This means that corporate social responsibility should be incorporated into business operations rather than existing only as a voluntary activity.

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Figure 3. CSR Today



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Today, the business world has incorporated CSR strategy into its core activities. Such CSR policies, which have been adopted by multiple firms, aim to promote environmental protection, CO2 emissions reduction, improving the quality of business activities, while also supporting human rights and workforce fairness. Through such strategies, companies strengthen their presence in the wider market. On the whole, the attitude of various companies towards CSR has evolved through the decades and it currently influences all different functions within a company, while also helping define how that company acts within society. Below are two different, yet interrelated, aspects that underline the objectives of CSR. (9)

CSR and the Environment

Climate change is currently the main environmental concern facing the planet as it involves numerous risks for the future. Severe weather conditions, ice melting and rise of water levels, as well climate refugees, are some of the serious impacts of the ongoing climate crisis. CSR policy is the only tool at a company's disposal to enhance the protection of the environment, to support biodiversity and to preserve ecosystems. However, an increasing number of firms tend to include environmental guidelines in their strategies in order to reduce energy use or adopt waste management tactics for more efficient functionality rather than the conservation of natural environments and habitats. The aid of circular economy methods is essential in managing such policies. There are also related strategies that can be applied to the production sector, such as biomimicry (imitating nature) or eco-design, in order to establish environmentally-friendly procedures for creating products. Likewise, ISO 14001 is a specific standard, created to establish an environmental management framework that reconciles forces with the notion of corporate social responsibility.

(9) CSR definition. Companies origin, 2017.





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