

# SOCIAL RESPONSIBILITY, CORPORATE SOCIAL RESPONSIBILITY - CSR

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# 1. SOCIAL RESPONSIBILITY, CORPORATE SOCIAL RESPONSIBILITY - CSR

What is the path from  
social responsibility  
to  
corporate social responsibility?

# Characteristics of modern society

- Crisis of civilization
- Loss of values
- Displacement of natural solidarity with the surrounding environment
- Strong competitive environment
- Global problems of humankind
- Evolution of knowledge

# Resources required for corporate social responsibility

- Natural manifestation of human solidarity with the surrounding environment?
- Result of the crisis of civilization?
- Following the models (Bata, Taylor)?
- Required standards (business ethics, sustainability)?
- Evolution of knowledge and scientific disciplines - Economics, Management (Samuelson, Drucker, Senge)?
- Calculation and search for new ways of making profit?

# History of CSR

- **1953 Bowen:** "Social responsibilities of the Businessman".  
“the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”
- **70s:** amendments and specifications, realization that the mere fulfilment of legislative requirements is not CSR.
- **1979 Carroll:** a four-pillar definition of CSR – economic, legal, ethical, and discretionary (philanthropic).
- **80s:** amended by focus on “stakeholders”
- **1984 Freeman:** theory of CSR and stakeholders.



# "Business Ethics"

**1974** Conference at the University of Kansas, publications: „Ethics, Free Enterprise, and Public Policy: Essay on Moral Issues in Business.“

- Domain of philosophers, subsequently sociologists and economists.

Normative ethical approach:

- Values: freedom, justice, responsibility, and progress.

Implementation of ethics in the enterprise policy and practice (code of ethics, social audits)

Establishment of Society for Business Ethics

# Modern history of CSR in Europe

- **1996** Jacques Delors – CSR Europe
- **2001** European Union – Green Paper

# The concept of CSR today? How is it called in practice?

- Charity, philanthropy
- Donation, volunteering (Volunteer day, donator)
- Good level of citizenship
- Corporate ethics (code of ethics)
- Corporate culture, internal policies (workplace, work-life balance, family-friendly enterprise ...)
- Communication with stakeholders (surveys on points of view and needs...).
- Environment-friendly actions (ecological footprint, financial rehabilitation, investing in technology ...)
- Parliament Lobbying...

# Corporate social responsibility

- Terms used: CSR, SOO (formerly CDC, SOF), "triple bottom line", "people-planet-profit" – 3P.
- Belongs to a broader concept of "sustainability".
- Founder: **Bowen, 1953.**
- Other authors: Crane, Carroll, Friedman, Freemann, Frederick, Davis.
- Czech authors: Petříková, Putnová, Bláha, Kunz.
- Definition?

# Definition of CSR

World widely accepted definition:

*“Social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.”*

(Carroll, 1978)

Current definition of CSR in the Czech Republic:

*“... a voluntary integration of social and environmental considerations into everyday business operations and interactions with corporate stakeholders.”*

(The European Union Green Paper: Promoting a European Framework for Corporate Social Responsibility Brussels, 2001.)

# Other historical definitions of the concept.

- **Friedman:** "... another form of profit ..."
- **Davis:** "...activities beyond the mere profit ..."
- **McGuire:** "...activities beyond the economic and legal obligations ..."
- **Manne:** "... voluntary activities of companies ..."
- **Wallton:** "... demand for the broader social system ..."
- **Hay, Gray:** "... liability to problem areas of the society."

# CSR Principles

- voluntary basis
- pro-activity, creativity,
- activities beyond one's own business
- sense of belonging, social conscience,
- social interaction, transparency,
- flexibility, positive thinking.

**CSR = a stance, not the mere knowledge.**

# CSR Pillars

- **Social:**

Support of health, safety, underprivileged groups, non-profit spheres, social activities, equal opportunities, healthy lifestyle, etc.

- **Environmental:**

Preserving natural resources, energy and materials management, waste management, ecological production

- **Economic:**

Transparency, rejection of corruption, client loyalty programmes, local suppliers preference, measures for less-favoured customers



# Social pillar

- Employees' engagement and communication (Feedback. Involvement in the decision-making process. Internal communication.)
- Evaluation (Financial rewards. Non-financial benefits.)
- Education and development (Staff training. Professional development.)
- Health and safety (Corporate policy. Health services.)
- Balance between work and personal life (Flexible work hours. Children, elderly, or sick persons' care. Employees on parental leave.)
- Outplacement (Assistance to dismissed employees.)
- Equal opportunities (Measures against discrimination. Diversity at the workplace.)
- Local community support (Corporate volunteering. Matching fund. Fundraising.)

# Environmental pillar

- Environmental policy (Management. Supply chain. Stakeholders' involvement. Communication. Climate changes.)
- Energy and water (Energy conservation. Renewable resources. Water conservation. Non-potable water.)
- Waste and recycling (Separation and recycling. Waste minimization.)
- Transport (Employees' transfer. Goods transportation.)
- Products and packaging (Organic products. Packaging materials.)
- Purchasing (Eco-friendly purchasing. Local suppliers.)

# Economic pillar

- Corporate administration and management (Transparency. Behaviour policies. Corporate image. Responsible approach to customers. Feedback. Involvement in the decision-making process. Customer service. Quality of products and services. Customer training.)
- Relations with suppliers and other trading partners (Choice of suppliers. Feedback. Trade relations. Propagation of CSR.)
- Marketing and advertising (Information about products. Shared marketing. Advertising ethics.)

# CSR Levels

## Macro-level:

Society-state-business relation, general business conditions, principles of respect for human rights, United Nations, EU, national programmes, government initiatives. Cannot be normally influenced, we are a "part of the system". Defined by the state, EU.

## Meso-level:

Institution-organization-enterprise level, internal culture, relations with stakeholders, individual organizations, Business Leader Forum, Donators Forum, Business for society platforms. Influencing the CSR rate and its specific focus. In the role of employers, employees, supporters.

## Micro-level:

Level of individuals' decision-making, management stances, specific decisions about strategy and CSR activities, individuals, employees, citizens' initiatives. We fully influence and manage it establishing moral values.

# Reasons for CSR

- Increase in long-term profits of the enterprise.
- Social pressure creates the need for ethical behaviour of the enterprise.
- Decrease in the need for government regulation of the enterprise
- **Ethical behaviour is of enterprise's general interest.**
- **Market:** customer loyalty, differentiating itself from the competitors, desired supplier and partner.
- **Work environment:** desired employer, qualified employees, low fluctuation, staff motivation leading to efficiency.
- **Local community:** enterprise's reputation, customer loyalty, local community loyalty, access to local resources.
- **Environment:** protection of natural resources, waste reduction, cost savings, making operations more effective.

# CSR standardization

- Codes of ethics,
- CSR reports (reports, social audit, code of ethics, ...),
- Competitions (Top responsible company ...),
- Standards SA 8000, ISO 26000, AA 1000...),
- Rankings and registers (national and international),
- Measurement methodologies (GRI, benchmarking, ISO 28000, Investors in People, the SA 8000 standard SOF ...).

# 2. QUALITY OF LIFE AND CSR

# Quality - Definition

- Czech literary language dictionary:
  - 1) *a degree of quality, value*
  - 2) *a set of typical characteristics (usually positive)*
- Academic foreign words dictionary:

*a set of utility characteristics of a product or service, a set of typical characteristics that are usually positive*
- ISO 9000 standard

*a degree of meeting requirements using a set of inherent characteristics*



# Quality or a degree of quality?

## QUALITY:

- State
- Characteristics
- Value
- Quality defined by a consumer

## DEGREE OF QUALITY:

- Synonym for quality
- Degree of 'quality' in terms of 'how good'?
- Result of grading by quality
- Degree of quality defined by 'an expert'

Quality is not the same as a degree of quality!

# Quality of Life

- Multi-dimensional concept
- Various points of view of scientific disciplines

## Equivalent terms (synonyms):

- Well-being – feeling at ease,
- social well-being – social prosperity,
- social welfare – social security and care,
- human development,
- happiness – joy/luck, to be happy, to be lucky
- satisfaction – be satisfied.

# Quality of Life: Definition

*'There are a number of definitions of "quality of life" in the literature. However, there is not one that has generally been accepted over the last thirty years.'*

(Payne, 2005, p. 207)

# Quality of Life: Definition 2

- WHO defines Quality of Life as *'an individual's perception of their position in life in the context of the culture and value systems in which they live and in relation to their goals, expectations, standards and concerns'* (WHO, 1996)
- *Quality of life is a level at which the experience of life satisfies individual psychologic and physical wishes and needs; it is a result of personal values and lifestyle which an individual uses to satisfy them.'* (Kirby, Brooks, 1994 in Dragomirecká, Škoda, 1997, p. 104).

# Quality of Life - History

- Ancient philosophy
- *The Economics of Welfare* (Pigou, 1920)
- Lyndon B. Johnson, the president of the USA (1960s)
- Interest of sociologists - criticism of strictly objective factors
- USA: First Citizens' Quality of Life Survey, the primary objective of which was to define subjective quality of life indicators (1970s)
- Input of other disciplines, multidimensionality (1980s to the present)

# Levels of Quality of Life

- **Macro-level:** in this case it is a thorough reflection on the quality of life from the point of view of the absolute meaning of life, because this view is focused on the quality of life of large social units (e.g. a country, continent, etc.). In this respect, the issue of quality of life is becoming a part of thinking and practical work of politicians.
- **Mezo-level:** in this case it concerns measuring the quality of life in the context of small social groups (e.g. school, business, hospital, etc.). In addition to the respect for moral values of man, the issues of social climate and interpersonal relationships, sharing of values, as well as dis/satisfaction of the basic needs of all members of the group are also monitored.
- **Personal level:** it is focused on the life of the individual. The evaluation of quality of life is based on subjective evaluation of health status, pain, satisfaction, hope, and other similar indicators. In view of the subjective nature of the information gathered, it is necessary to take into account the fact that this assessment reflects factors such as the individual's personal values, ideas, expectations, beliefs, etc. that are capable of affecting the perception of quality of life significantly.
- **Level of physical existence:** the physical existence of man is the focal point here. This is assessed on the basis of observable behaviour of other individuals that are objectively measurable and comparable (Křivohlavý, 2002, p. 163-164).

# Quality of Life - Dual Concept

Two levels at which the quality of life is understood and interpreted:

- **Objective level:** a summary of objective indicators (e.g. living conditions, economic indicators and others),
- **Subjective level:** a summary of subjective indicators (e.g. feeling of success, personal satisfaction and others)

The complexity (duality) of measurement is ensured by adding objective indicators within the domain of the perception of these indicators (satisfaction with the factor, importance of the factor).

# Quality of Life: Multidimensional Concept

Conceptual QOL Framework of Centre for Health Promotion, University of Toronto:

<b>Being</b>	<b>who one is</b>
<b>Physical Being</b>	physical health , personal hygiene, nutrition, exercise , grooming and clothing, general physical appearance
<b>Psychological Being</b>	psychological health and adjustment , cognitions , feelings, self-esteem, self-concept and self-control
<b>Spiritual Being</b>	personal values, personal standards of conduct, spiritual beliefs
<b>Belonging</b>	<b>connections with one's environments</b>
<b>Physical Belonging</b>	home, workplace/school, neighbourhood, community
<b>Social Belonging</b>	intimate others , family, friends, co-workers, neighbourhood and community
<b>Community Belonging</b>	adequate income, health and social services, employment, educational programs, recreational programs, community events and activities
<b>Becoming</b>	<b>achieving personal goals, hopes, and aspirations</b>
<b>Practical Becoming</b>	domestic activities, paid work, school or volunteer activities, seeing to health or social needs
<b>Leisure Becoming</b>	activities that promote relaxation and stress reduction
<b>Growth Becoming</b>	activities that promote the maintenance or improvement of knowledge and skills, adapting to change



# Quality of Life – Disciplinary Approaches

Medical approach:

Health- Related Quality of Life (HRQOL)

Domain	WHOQOL Indicators
<b>Physical aspect</b>	energy and tiredness, pain and discomfort, sleep and relaxation
<b>Psychological aspect</b>	idea of physical scheme and appearance, negative and positive emotions, self-evaluation, thinking, learning, memory, attention
<b>Level of independence</b>	mobility, daily routine, dependence on health care, ability to work
<b>Social relations</b>	personal relations, social support, sexual activity
<b>Environment</b>	financial resources, freedom, feeling of physical safety, health and social support, opportunities to gain information and skills, physical environment, travel
<b>Spirituality</b>	religion, personal beliefs

# Quality of Life – Disciplinary Approaches

## Sociology:

Social factors that influence the quality of life:

- material wealth - GDP, purchasing power of a certain currency compared with other countries,
- living standard - nutrition, hygiene, housing,
- protection of persons - safety, murders, violence and vandalism,
- freedom - political, ensuring civil rights, individual and personal freedom (abortion, homosexuality),
- social equality – gender equality, status of minorities,
- cultural environment – access to education and information,
- social environment - tolerance, trust in institutions, elites, military expenses,
- population pressure – increasing percentage of seniors in population,
- modernization - urbanization, industrialization and individualization. (Veenhoven In: Vaďurová, Mühlpachr, 2005, p. 34)

# Quality of Life – Disciplinary Approaches

## Environmental view of the quality of life:

- the state of economic system and its impact on possibilities of active employment of individuals and creation of material and spiritual values
- the method of providing salary in accordance with the complex criteria of how demanding the job is (both physically and in terms of qualification) and economic efficiency as a basis for ensuring the living standard and satisfaction of basic human needs,
- the state of employment and social security in case of unemployment,
- the state of ensuring healthy nutrition of the population,
- the quality of health care,
- conditions for social life and employment of people with disabilities,
- the protection of environment – the condition of natural and social components of environment,
- the level and quality of care for family and upbringing of children, care for children without a home,
- conditions for education - basic, professional, academic and lifelong – and possibilities of personal growth,
- the level of securing adequately fulfilled life of seniors,
- possibility of freedom social events of citizens and their participation in social life,
- the level of democracy in social relations and political system,
- the state of citizens' security and protection of human life against aggression and violence,
- the level of ensuring and protection of civil rights,
- possibilities of free time, the level at which it can be used for relaxation, regeneration of strength, cultural events and other valuable hobbies,
- the niveau of societal morality,
- the level of ensuring the care for persons dependent on various forms of social help. (Halečka, 2001. In: Vaďurová, Mühlpachr, 2005, p. 34-35)

# Quality of Life – Disciplinary Approaches

## Psychology, well-being:

*'It is a long-term emotional state in which the satisfaction with life of an individual is reflected'* (Šolcová, Kebza In. Kvalita života, 2004, p. 21)

### The structure of 6 basic domains of personal well-being:

- Self-acceptance – a positive attitude to oneself, understanding various aspects of our personality and their acceptance, acceptance of both good and bad characteristics, understanding our own past.
- Positive relationships with others - warm and satisfying relationships with other people, interest in well-being of others, empathy ability.
- Autonomy – independence and self-determination, ability to resist social pressure and hold one's own opinions and behaviour, independent on the assessment and expectations of others.
- Environmental mastery – the feeling of being competent when dealing with daily tasks, being aware of things that are going on in the environment, ability to see opportunities and seize the externalities for the benefit of one's own goals and needs.
- Purpose in life - direction, the feeling of both past and present life having a purpose, taking steps to achieve one's goals.
- Personal growth – the feeling of constant growth, being open to new things, the nonacceptance of boredom and feeling of stagnation, ability to notice positive changes of one's own self and one's behaviour (Šolcová, Kebza In. Kvalita života, 2004).

# Quality of Life and CSR

A general definition of CSR accepted worldwide:

‘CSR encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time.’

(Carroll 1978)

# Quality of Life and CSR

A definition of CSR valid in the Czech Republic:

‘... voluntary implementation of social and ecological aspects into everyday business operations and interactions with company stakeholders.’

(Zelená kniha Evropské unie. ZELENA LISTINA: podpora evropského rámce..... Komise evropských společenství, Brusel, 2001.)

# CSR Principles

- voluntariness,
- being proactive and creative,
- activities beyond business activities,
- belonging, social empathy,
- communication with others, transparency,
- flexibility, positive attitude.

CSR = attitude, not only knowledge.

Nowadays = included in a strategy, necessary for success.

# The Concept Used – CSR Pillars

- **Social**

Support of health care, safety, disadvantaged groups, non-profit organizations, social events, equality, healthy lifestyle,...

- **Environmental**

Saving natural resources, regulation of energy and material consumption, waste management, ecological production

- **Economic**

Transparency, refusing corruption, loyalty programs for clients, using local suppliers, measures for disadvantaged customers



# How it Works – CSR Levels

## Macro-level

- The relationship: society-state-business, general conditions for entrepreneurship, principles of respecting human rights, UN, EU, national programs of government, ministry initiatives.
- **Generally, it cannot be influenced, it is ‘a part of the system’. Defined by the state or EU.**

## Mezo-level

- The level: institution-organization-company, internal culture, relationship with ‘stakeholders’, individual organizations, platforms - Business Leaders Forum, Donators Forum, Business for Society (Byznys pro společnost).
- **Both the level and specific focus of CSR can be influenced. As an employer, employee, supporter.**

## Micro-level

- The level of decision-making of individuals, management’s attitude, particular decisions on the CSR strategy and activities, natural persons, employees, civil initiatives.
- **Fully influenced and controlled. Uses moral values.**

# 3. CORPORATE SOCIAL RESPONSIBILITY (CSR): BASIC PILLARS AND THE ECONOMIC PILLAR

# What are the pillars of CSR?

Corporate social responsibility as a voluntary integration of ethical, social, and environmental principles into daily business operations and interactions with stakeholders is based on three pillars:

- economic
- social
- environmental

# Social sphere

Stakeholders:

## Work environment

- employees
- trade unions

## Local community

- non-profit organizations
- public

# Social sphere

Examples of CSR activities

- Health and safety
- Training and development
- Balance between work and personal life
- Equal opportunities
- Social integration

# Social sphere

## Examples of CSR activities

- Diversity at the workplace (women, ethnic minorities, handicapped people, and elderly people)
- Assistance for dismissed employees
- Corporate donations (both financial and material)

# Social sphere

Examples of CSR activities:

- Corporate volunteering
- Support of the quality of life
- Employment development
- Local infrastructure development

# Environmental sphere

Stakeholders:

- Public sector (Ministry of the Environment, regions ...)
- Local government
- Environmental groups
- Non-profit environmental organizations
- Other spokespeople for the environment



# Environmental sphere

Examples of CSR activities:

- Recycling programme
- Energy savings
- Water savings
- Waste management
- Packing and shipping

# Environmental sphere

Examples of CSR activities:

- Restriction of use of hazardous substances
- Compliance with norms and standards (ISO, EMAS, etc.)
- Ecological production, products, and services
- Protection of natural resources

# Economic benefits of the environmental sphere

According to the methodology of "balanced scorecard":

1. Financial sector
2. Customer sector
3. Improvement of internal processes
4. Employees and innovations

# Economic benefits of the environmental sphere

## 1. Financial sector (1):

- higher yields: higher margins, or higher volume of goods sold
- cost reduction by increasing the efficiency of the production process/recycling
- greater appreciation of the shares of the enterprise

# Economic benefits of the environmental sphere

## 1. Financial sector (2):

- more efficient use of resources, the use of other (more quality, cheaper) materials
- reduction of capital costs, improved access to resources (some creditors include sustainability into the financial health index)

# Economic benefits of the environmental sphere

## 2. Customer sector (1):

- increased loyalty to the responsible enterprise
- brand strengthening: recognition and responsibility
- new customers (new market segments)

# Economic benefits of the environmental sphere

## 2. Customer sector (2):

- greater readiness to enter new markets
- better preconditions to increase the market share
- expansion of the product portfolio of organic products

# Economic benefits of the environmental sphere

## 3. Internal processes sector (1):

- process and distribution design improvement
- new resources and/or materials
- innovative packaging
- waste management improvement
- energy consumption reduction



# Economic benefits of the environmental sphere

## 3. Internal processes sector(2):

- reduction of risks in the production process
- recycled materials
- reduction of legislative risks
- better supply chain management
- reduction of noise, risk of radiation, dust, vibrations ...

# Economic benefits of the environmental sphere

## 4. Employees and innovations (1):

- better ability to attract new talents
- higher satisfaction and/or motivation of current employees
- higher productivity of current employees
- better ability to keep current employees

# Economic sphere

- Profit generation
- Social requirement to achieve the positive economic results
- Profit maximization x optimization

# Economic sphere

- Implementation of the CSR system - direct savings in the long-term period
- CSR as a form of marketing communication
- Savings
- Competitive advantages

# Economic sphere

Stakeholders:

- Market
- Owners and investors
- Customers/consumers
- Suppliers and trading partners
- Government institutions
- Media

# Economic sphere

Customers (examples of implementation):

- Responsible approach to customers
- Satisfaction survey
- Handling complaints
- Loyalty programme

# Economic sphere

Customers (examples of implementation):

- Access to disadvantaged groups
- Quality certification
- Quality labels
- Customer education

# Economic sphere

Suppliers (examples of implementation):

- Choice of suppliers with the same ethical focus
- Monitoring the practices of suppliers
- Maintenance of good supplier relations
- Timely invoice payments



# Economic sphere

External environment of the enterprise (examples of implementation):

- Fair approach to entrepreneurship
- Transparency
- Regular publication of financial and non-financial information

# Economic sphere

More examples of CSR activities:

- Creation of the code of ethics
- Transparency
- Implementing the principles of good governance
- Rejection of corruption
- Timely invoice payments
- After-sales service

# Economic sphere

More examples of CSR activities:

- Quality and safety of products and services
- Marketing and advertising ethics
- Socially responsible investing
- Protection of intellectual property
- Sustainability

# Economic sphere - indicators

Indicators for measuring the CSR productivity in the economic sphere:

- Trends of economic development
- Publication of the achieved economic indicators
- Compliance with the code of ethics
- Scope of financial sponsoring

# Economic sphere - indicators

- Success of projects financed by the enterprise (foundation)
- Financing the publicly beneficial projects
- ISO certificates, quality awards, quality labels
- New orders, new customers

# Economic sphere - indicators

- Number and tempo of innovations Number of cases of non-compliance with payment terms
- Number of customer complaints
- Results of the customer satisfaction survey
- Measuring customer loyalty

# 4. STRATEGY, STAKEHOLDERS AND CSR

# STRATEGY

**Strategy** is one of the most important documents of each enterprise which determines both the specific objectives of the entrepreneurship for a longer period of time (3-5 years) and the ways to achieve these objectives.



# STRATEGY

The concept of strategy is comprised of three basic components:

- **mission** - a short text intended for employees and external staff of the enterprise which defines the scope of business activities and relations with stakeholders;
- **long-term goals (vision)** - for selected key performance criteria, it contains numerically and textually defined objectives for the period covered by the strategy;
- **individual strategy** which represents a set of amendments (projects) linked temporally and objectively and whose successful implementation leads to the achievement of the long-term objectives.

# MISSION

Mission formulates the purpose and reason of the enterprise existence and gives general answers to three questions:

- Why was the enterprise founded?
- Who is it created by?
- What are the objectives (where are we going, what values do we want to achieve?)?

# DEFINING THE MISSION

- **Customers** Who are the customers of the enterprise?
- Product or service. What are the principal products/services of the enterprise?
- Market. What market does the enterprise compete on?
- Technology. Is technology in the centre of interest of the enterprise?
- Interest in survival, growth, and profitability. Does the enterprise have the defined economic goals?
- **Philosophy.** What are the basic values, aspirations, and priorities of the enterprise?
- Self-concept. How does the enterprise significantly differ from other enterprises? What is its competitive advantage?
- Relations with the public. Does the enterprise take into account the interests of the society/community. Does the enterprise take into account environmental protection?
- Relations with employees. Are the employees considered a valuable resource of the enterprise?

# VISION (LONG-TERM GOALS)

... is the idea of owners and/or top management about the future of the enterprise in the long term.

- Direction in which everyone is moving
- The idea of something new
- The top management's goal and, at the same time, the commitment to the interest groups
- The top management's personal ambitions
- Clarity for everyone
- Accepted by all employees

# AIMS AND OBJECTIVES OF THE ENTERPRISE

**Aims** of the enterprise are the next step in defining the vision:

- include both financial and non-financial interests of various interest groups;
- enable and support reasoned compromises (in particular, e.g. compromises in the case of contradictory objectives – such as cost reduction and, at the same time, maintenance of good relations with employees).
- motivating, but achievable,
- Integrate in a cross-functional way

**Objectives** of the enterprise are defined by the aims and express what the enterprise wants to achieve both in the long and short-term period. Objectives must be consistent with the aims of the enterprise and are usually applied to its specific spheres.

# STRATEGY AND CSR

- 1) Strategy of the enterprise
- 2) CSR Strategy
- 3) CSR as an integral part of the strategy

# STAKEHOLDERS

**Interested parties (stakeholders)** consist of groups of individuals and institutions that influence the enterprise or are influenced by it. They apply their individual interests following from the relations with the enterprise.

## **Stakeholders:**

- Internal
- External

# STAKEHOLDERS





# STAKEHOLDERS – EXAMPLES

Stakeholder	Main Interests	Power and influence
Shareholders	Profit growth, Share price growth, dividends	Election of directors
Banks & other Lenders	Interest and principal to be repaid, maintain credit rating	Can enforce loan covenants Can withdraw banking facilities
Directors and managers	Salary ,share options, job satisfaction, status	Make decisions, have detailed information
Employees	Salaries & wages, job security, job satisfaction & motivation	Staff turnover, industrial action, service quality
Suppliers	Long term contracts, prompt payment, growth of purchasing	Pricing, quality, product availability
Customers	Reliable quality, value for money, product availability, customer service	Revenue / repeat business Word of mouth recommendation
Community	Environment, local jobs, local impact	Indirect via local planning and opinion leaders
Government	Operate legally, tax receipts, jobs	Regulation, subsidies, taxation, planning

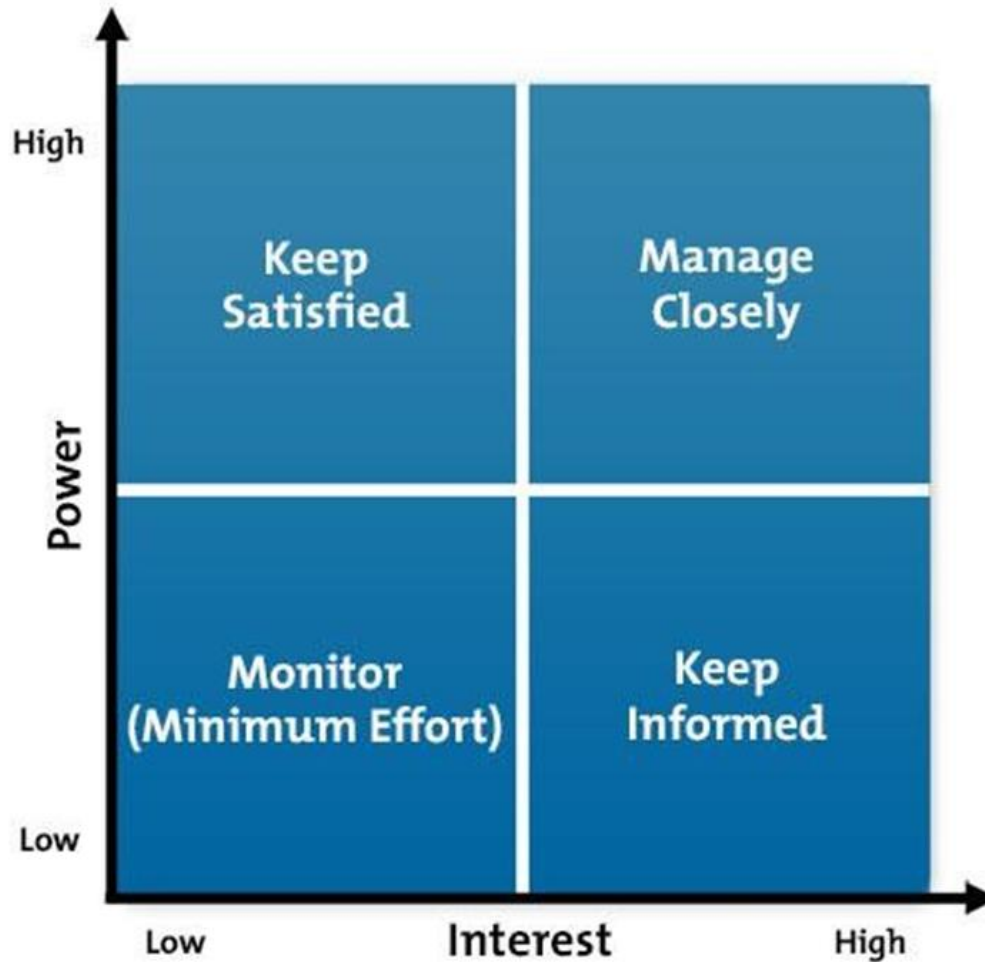
# STAKEHOLDERS – EXAMPLES 2

Stakeholders		Objectives and expectations
<b>Internal</b>	Managers	Maximise satisfaction of public services' customers, developing own career, also political
	Employees	Employment security, level of reimbursement, job satisfaction, opportunities of advancement, organisational climate
	Founders	Better fulfilment of public needs, chance for re-election
<b>External</b>	Customers	Utility of goods and public services, organiser's willingness to cooperate with the customer
	Community	Improvement of the quality of life
	Partners	Building lasting relations, mutual benefits, ethical conduct
	Suppliers	Sales increase, inclination toward permanent cooperation, timely payment
	Public authorities	Cohesion of an organisation's actions with politicians (state, regional), and development strategies (state, regional, and communal), supporting social infrastructure development
	Creditors	Limiting risk for creditors
<b>Systemic</b>	Natural environment	Preservation and protection of the natural environment, environmentally-friendly actions
	Law	Compliance with the law

# STAKEHOLDERS ANALYSIS

- collecting and processing information about the enterprise
- creating a list of potential stakeholders
- reducing the list according to the factor of importance using the power-interest matrix (power of influence of the group) and the enterprise's interest in the group

# THE POWER-INTEREST GRID



# SELECTED STAKEHOLDERS AND THEIR REQUIREMENTS

## Stakeholders:

- Owners and investors
- Customers
- Business partners/suppliers
- Employees
- Environmental non-profit organizations

## Expectations of the enterprise:

- Increase in the enterprise's value
- High-quality products and services
- Reasonable price of products
- After-sales service
- Quality of contracts and negotiations
- Timely fulfilment of commitments
- Reasonable salary and non-financial benefits
- Good work conditions
- Professional development and educational opportunities
- Balance between personal and professional life
- Eco-friendly production, services
- Enterprise's minimum impact on the environment

# 5. CSR – IMPLEMENTATION, EVALUATION, REPORTING, METRICS

# Objectives of the CSR implementation and evaluation tools

- Disseminate the idea of CSR;
- Activate companies to the path of responsible business;
- To help sustainable entrepreneurship;
- Motivate to maximise the effects of CSR initiatives;
- Lead to social responsibility activities corresponding to the strategy and mission of the organisations;
- To perform CSR effectively, in favor of company needs.

# Implementation of CSR-barriers

- **Inaccurate conception.** Companies do not know exactly what the concept of CSR means. They often mistakably confuse it with corporate donation, which is only part of the corporate social responsibility.
- **Lack of motivation.** Companies do not know all the benefits that a responsible business can bring to them.
- **Ignorance of the breadth of the concept.** Businesses do not have an overview of the activities that fall into the CSR concept.
- Often organizations do not know that even the cultivation of good customer relations and business partners or employee care forms part of social responsibility.



# Implementation of CSR-barriers 2

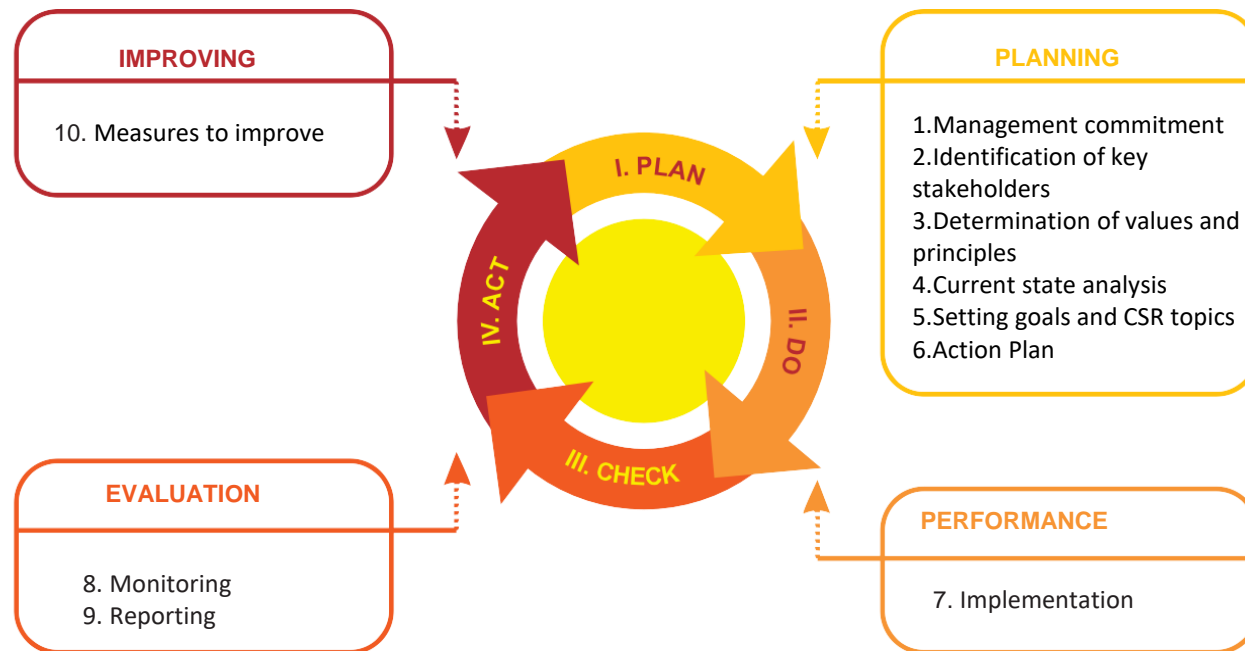
- Non regional targeting. Companies do not focus the concept of CSR on the Czech environment, they only blindly assume strategies of socially responsible business from their parent companies.
- Unsystematic approach. Companies do not systematically approach the exercise of socially responsible activities, they are rather impacting and irregular.
- A non-strategic approach. Companies do not vote for such CSR activities that are consistent with its business objectives.
- Not interested in the views of the surroundings. Companies do not involve their key stakeholders in decision-making.
- Performance Inevaluation. Companies are not trying to measure and evaluate their impact on society and the environment.
- Secrecy of liability. Companies cannot adequately disclose their responsible approach to their employees or the outside environment.

# Implementation of CSR – starting point

It is important to proceed systematically in the implementation of CSR, taking into account:

- Business Mission
- Corporate culture
- Subject matter and business
- Business strategy
- Environmental profile
- Risk profile
- Operating conditions

# Implementation of CSR– PDCA cycle



# Planning 1

## 1. Management commitment:

- The management should publicly declare its support for a responsible business and commit to measures that will improve the company's impact on the market, the work environment, the local community and the environment.
- The personal belief of senior management, based on ethical attitudes and opinions, contributes to the effective implementation of the CSR concept. Management should feel the need to make the company an integral part of the company and the environment in which it operates.
- In this step the management also decides on the allocation of resources and the CSR is created by the senior or CSR manager. Team members should be representatives of the human resources, PR, marketing, or sales department.

# Planning 2

## 2. Identify key stakeholders:

In the preparatory phase of the dialogue, the stakeholders provides a detailed understanding of their needs, represents a rich source of incentives, and helps the company identify the topics that should be addressed in the CSR.

## 3. Determination of values and principles

CSR should be based on values that are important to the company in relation to each key stakeholders.

# Planning 3

## 4. Current state analysis:

As part of the **internal analysis**, we focus on the following issues:

- Legal requirements in environmental, employee care, customer service, etc.
- The company's current CSR activities and how to measure their performance
- Means for CSR communication financial resources and internal capacities
- Overview of current company policies and documents
- Specificities linked to the subject-matter of the business and the resulting key CSR topics which have or could have an impact on the undertaking
- Expected benefits of responsible behaviour for the company

# Planning 4

After the analysis of the internal environment comes to a series of **analysis of the external surroundings of the company**, namely:

- Identifying possible external stimuli (e.g. globalisation, EU accession, new laws, technological development)
- Survey of CSR activities and tools of competition
- Performance comparison with best practice in the field (benchmarking)

# Planning 5

## 5. Goal Setting

- Usually for a period of 1 year

## 6. Action Plan

Identification of CSR activities that will lead to the achievement of the

Practical information of the type should also be specified: allocation of resources, powers and responsibilities and timetable.



# Performance

## 7. Implementation:

In the implementation phase, the company follows a pre-established action plan, thus introducing CSR into the daily life of the company.

# Evaluation

## 8. Monitoring

- The organisation carries out performance evaluations through a group of quantitative and qualitative indicators to provide management with the data needed to make further decisions.
- The choice of indicators and their evaluation are actively involved stakeholder companies

# Evaluation 2

## 9. Reporting

- In the reporting phase, the company provides a complete picture of CSR performance through a CSR report or a website presentation.
- The report should not miss information on the fulfilment of the objectives set out in the previous year and the determination of new objectives for the next period.

# Improving

- In the final (**10<sup>th</sup>**) step of the implementation cycle, the company proposes measures to improve performance in the field of CSR, extends its responsible activities or, if necessary, changes the CSR strategy itself.
- The initial improvement documents consist of performance measurement results and suggestions made by stakeholders.

# Evaluation of CSR

# Historical Foundations of methodologies

- Emergence in the USA – 60's to 70's.
- United Kingdom – 70's. to 90's.
- The countries of central Europe within the EU (European Commission) – the period around the year 2000.

The origins of the methodologies are the USA and the UK, OECD, UN, European Commission.

# Types of CSR evaluation tools

- Organizations, associations reporting to standards – OECD Guidelines, Global Compact, Business for society, CSR Europe;
- Competitions-Top Responsible company, European CSR Award;
- Reports – Global Reporting Initiative;
- Measurement – Corporate Social Performance
- Benchmarking – Common Assessment Framework;
- Standards – EFQM, ISO 26000;
- Indexation – Lists according to the selected criterion.

# Global Compact - GC

UN Voluntary Initiative-support for the business Sphere initiative from 1999.

10 principles in the following areas:

- **Human rights**-support and respect, non-infringement;
- **Working conditions** – Freedom of association and negotiation, elimination of violent and forced labour, child labour, discrimination;
- **Environment** – Preventive stance, initiative in greater responsibility than others, development and management of environmentally sound technologies;
- **Anti-corruption measures** – combating all forms.



# Business for Society (BfS)

## Criteria for accepting a company in the member base:

- Company Engagement Area (support CSR topics close to business, coherence with strategy, social need for assisted area);
- Employee involvement and leadership (inclusion of CSR in corporate values, support of senior management, interconnection with HRM, systematicity of activities);
- Access and partnerships (CSR partnerships with different sectors, long-term and strategic partnerships);
- Measurement, evaluation, communication (use of methodologies, monitoring of investments, benchmarking, public publication of outputs);
- Access to the environment (involvement, involvement of employees, customers).

A point scale of 0 – 10 points.

# Top Responsible Company

National competition organised by BfS.

- <http://topodpovednafirma.cz>
- Companies compete in categories;
- Clearly declared evaluation criteria;

The winning companies of previous years are published as examples of good practice and provide free advice to other companies.

# Global Reporting Initiative - GRI

A way of measuring, publishing and accountability for information against stakeholders about organizational performance towards sustainability. **A publicly recognized and professionally requested document.**

## Report structure:

- Sustainable strategy
- Organization profile
- Governance structure
- Stakeholders Wiring
- Performance indicators – economy, environment, working conditions, human rights, society, products

# Corporate Social Performance (CSP)

CSP – Evaluation of the specific activities of the company belonging to the CSR.

- Measurement based on content analysis of annual reports;
- Comparison of published pollution indices; Measurement based on lessons learnt from questionnaires;
- Indices of business reputation – PR, image;
- Data provided by credit rating agencies: Health and safety, working relations and relations with trade unions, pollution prevention, innovation, benefits...

INACCURATE, WITHOUT A UNIFORM METHODOLOGY.

# Self-assessment in public administration – CAF model

Tool to improve the performance of public sector organisations through a given self-assessment framework + benchmarking; Criteria:

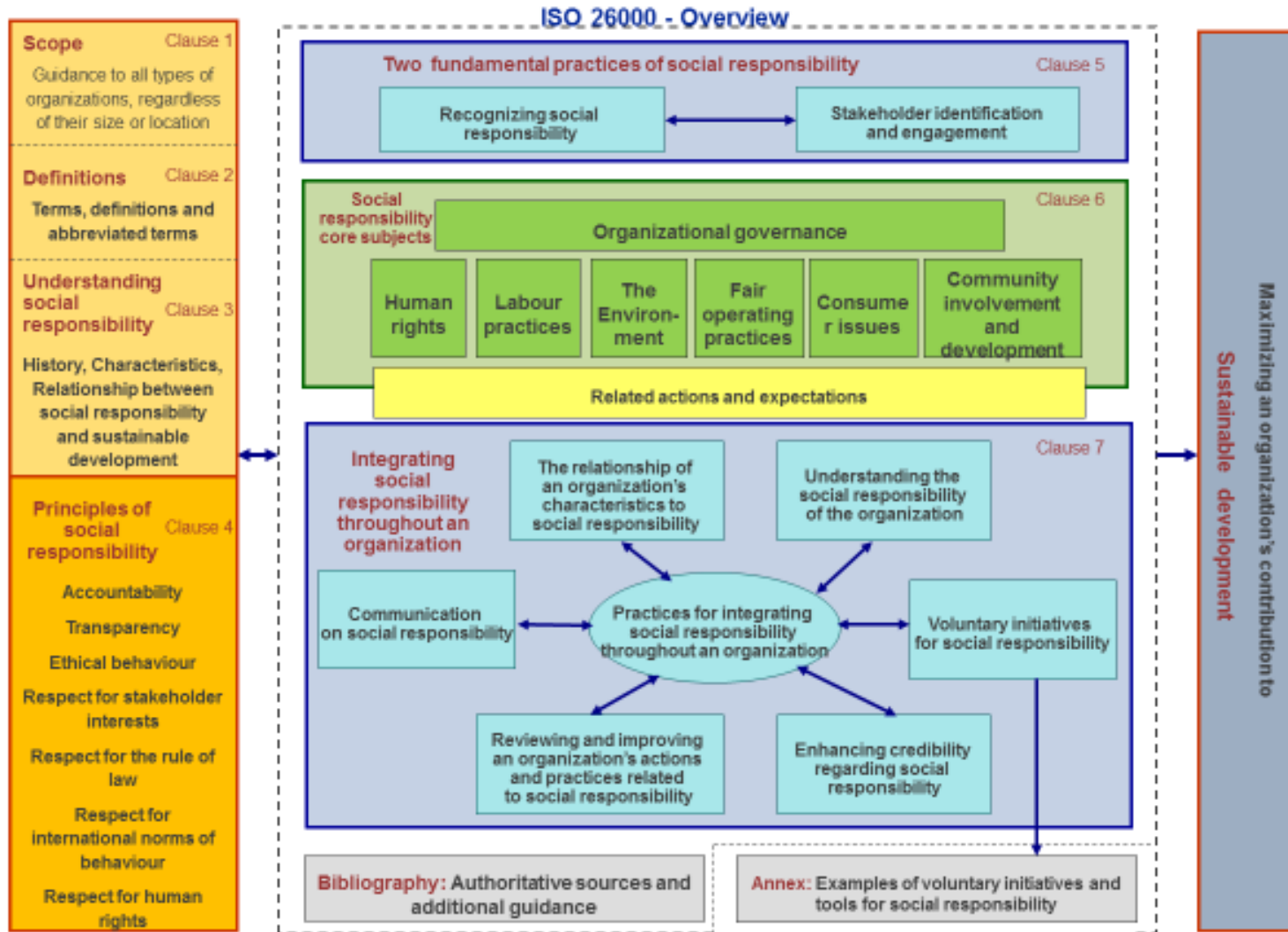
1. **Assumptions:** Leadership, staff, strategy and planning, partnerships and resources, processes
2. **Results:** Employees, citizens – customers, society.

# ISO 26000

**Basic principle** – maximum involvement of the organisation's activities for sustainable development

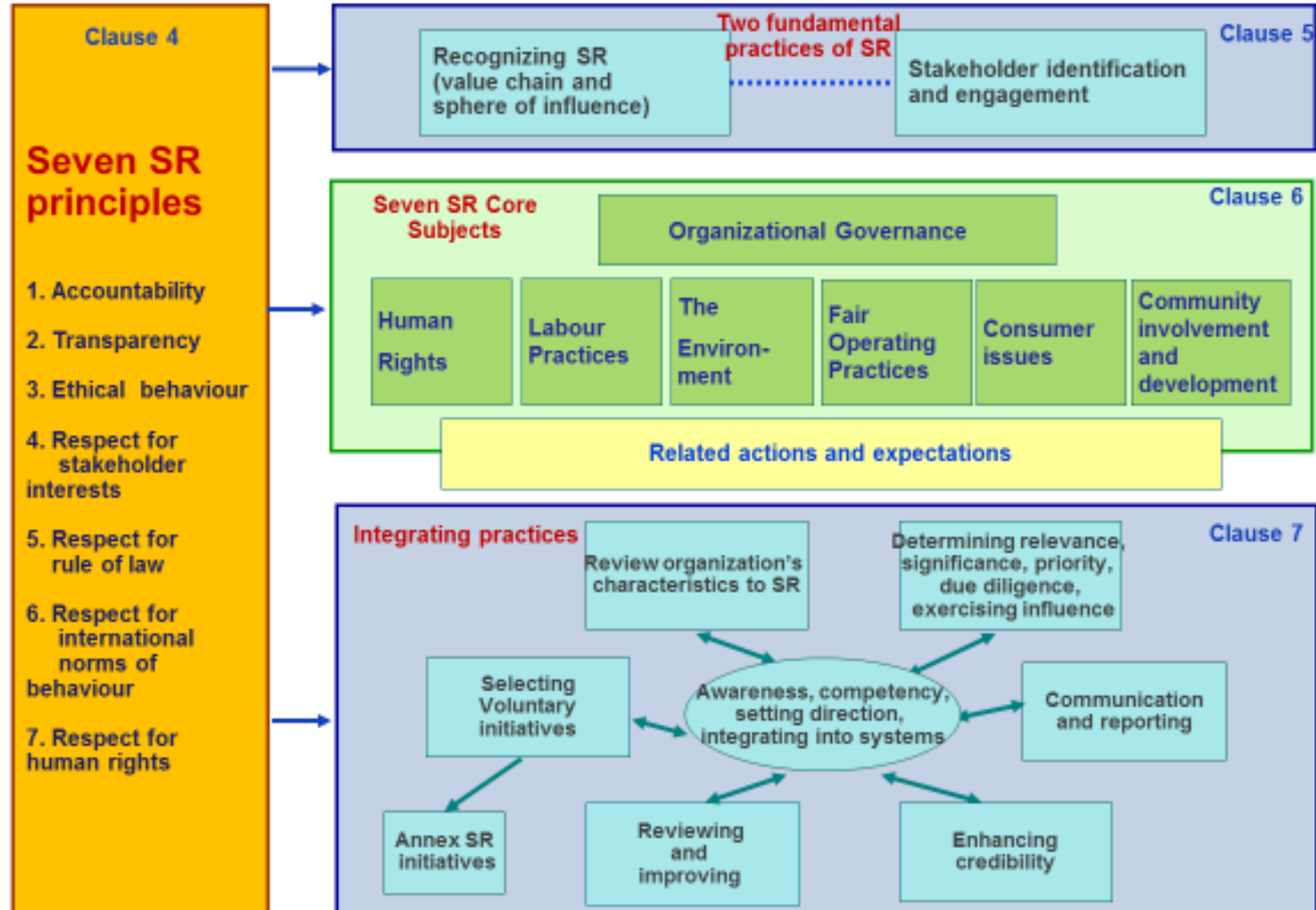
**Sub-principles:** Responsibility Transparency Ethical behaviour, Interests of interested parties, The interests of the rule of law, Respecting international standards of human behaviour, respect for human rights.

# ISO 26000-Overview



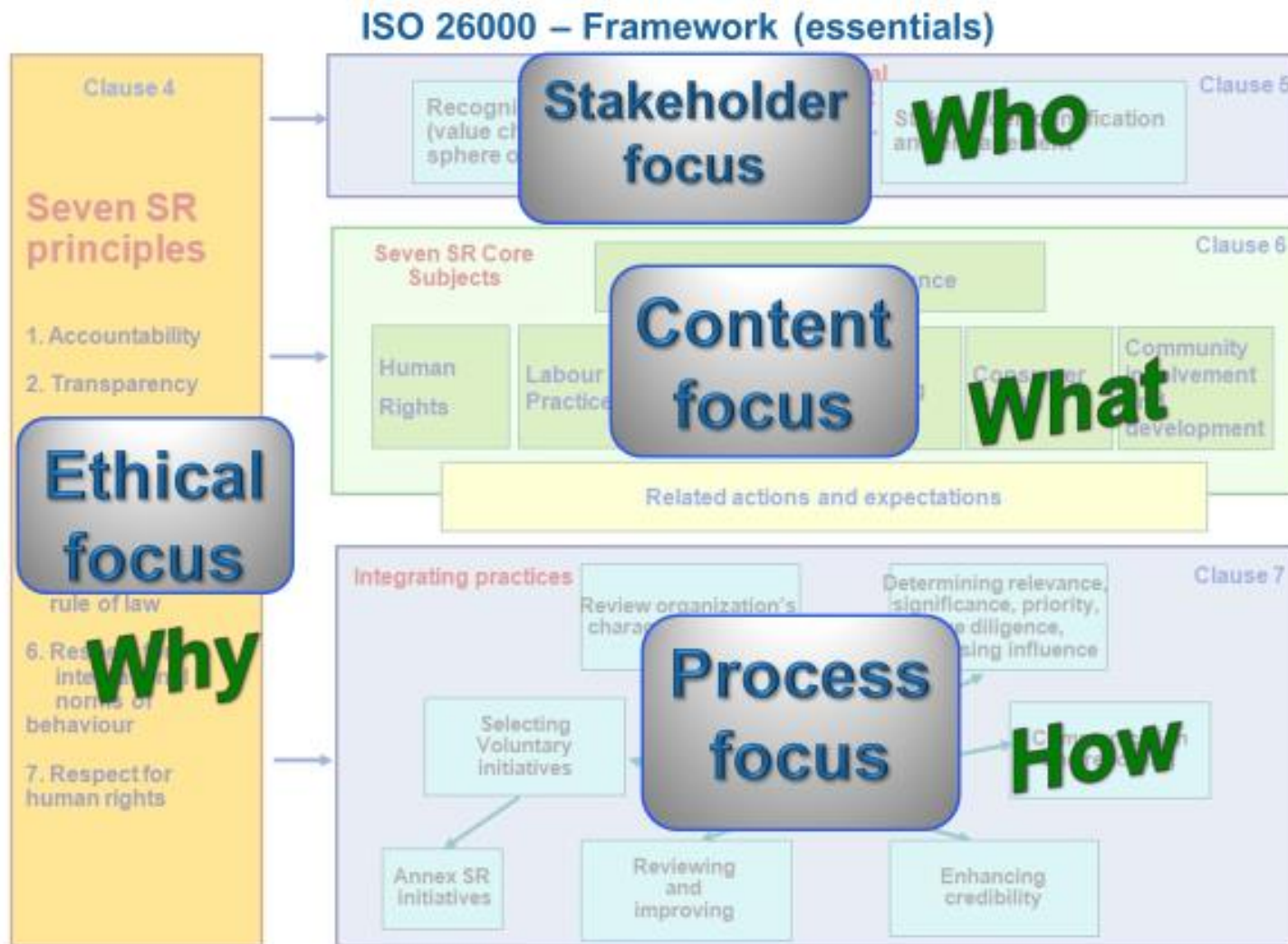
# ISO 26000-Framework

## ISO 26000 – Framework (essentials)





# ISO 26000-Framework



# ISO 26000

## CSR integration within the organization:

- Relationship of organization characteristics to CSR;
- Understanding CSR in the organization; Voluntary CSR initiatives;
- Increasing trust in CSR;
- Reviewing and improving CSR procedures and measures;
- Communication on CSR issues.

# Standards related to CSR

- **SA 8000**-Social responsibility-improving working conditions;
- **AA 1000 AccountAbility** – Responsible accounting, audit and reporting;
- **ISO 14001**-Environmental management system, continuous improvement of environmental impact;
- **EMAS** – Environmental management and audit system for EU countries;
- **OHSAS 18001** – Occupational Safety and health management system;

# Other methodologies:

- Guidelines for Economic Cooperation and Development (**OECD Guidelines**) – for international companies;
- **FTSE4GOOD** index owned by the London Stock Exchange and the Financial Times. It has strict criteria for environment and ethics;
- **The Standard London Benchmarking Group** – philanthropy;
- **Down Jones Sustainability Index** – Monitoring the financial management of socially responsible firms;
- **ETHIBEL Global Index**;
- **Ethical Global Index**;
- **EFQM Excellence Model**;