



Work Area 17 Business Environment

3.32 Implementation of Corporate Social Responsibility (CSR) activities

- LO97 Appreciate the importance of CSR and demonstrate the ability for implementation of organizational CSR activities.



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Module Details

Work Area Code:	17
Work area title:	Business Environment
Unit Code:	3.32
Unit Title:	Implementation of Corporate Social Responsibility (CSR) activities
Learning Outcomes Nos:	LO97
Learning Outcomes titles:	Appreciate the importance of CSR and demonstrate the ability for implementation of organizational CSR activities
Recommended Duration:	2 hour
Trainer:	



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- What is CSR?
- Why is it Important today?



Group discussion



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- Corporate social responsibility (CSR)
 - Business Dictionary defines CSR as "A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship through their waste and pollution reduction processes, by contributing educational and social programs and by earning adequate returns on the employed resources."



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- Corporate social responsibility (CSR)
 - A broader definition expands from a focus on stakeholders to include philanthropy and volunteering.



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- Approaches

- Difference between the Canadian (Montreal school of CSR), the Continental European and the Anglo-Saxon approaches to CSR.
- For Chinese consumers, a socially responsible company makes safe, high-quality products, for Germans it provides secure employment, in South Africa it makes a positive contribution to social needs such as health care and education. And even within Europe the discussion about CSR is very heterogeneous.



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- **Scope**

- Initially, CSR emphasized the official behavior of individual firms. Later, it expanded to include supplier behavior and the uses to which products were put and how they were disposed of after they lost value.

- **Implementation**

- CSR may be based within the human resources, business development or public relations departments of an organization, or may be a separate unit reporting to the CEO or the board of directors.



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- Environmental

- carbon footprint
- ways this can be reduced.
- ways that operations can be more sustainable



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- philanthropic

- Giving money to charities
- Founding charities/organisations



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- Ethical

- making sure that people in less developed countries are treated fairly
- making sure that all stakeholders receive fair treatment
- Employees (internal)
- customers,
- shareholders
- other stakeholders



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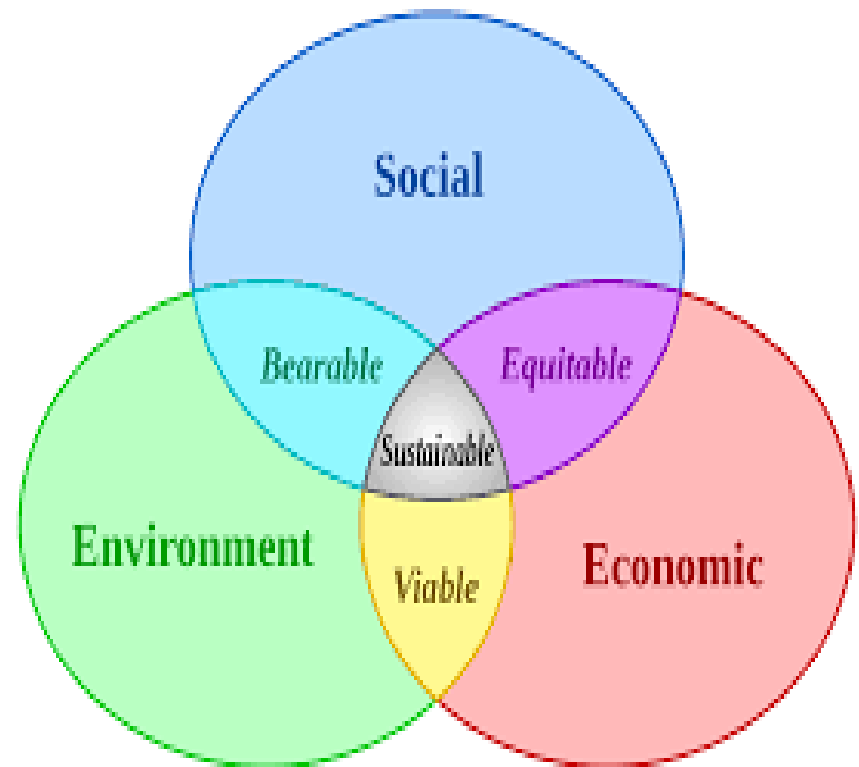
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• Three Dimensional Aspects of CSR

– The purpose of corporate social responsibility (CSR) is to make corporate business activity and corporate culture sustainable in three aspects:

- Economic aspects.
- Social aspects.
- Environmental and Ecological aspects.



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- CSR as a strategy

- is becoming increasingly important for businesses today because of three identifiable trends:
 - Changing social expectations.
 - Increasing affluence.
 - Globalization.



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- Environmental challenges of CSR

- Environmental Impact. To obey CSR in case of environmental aspects corporations can take the following steps:
 - Measuring Environmental Impact.
 - Environmental Management.
- The Win-Win of Environmental Responsibility
 - Several individual companies have found that improving environmental performance may also have beneficial effects on the company itself.
 - Create less waste may lower the costs of operation.
 - A responsible public image may also attract more customers.



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- Economic challenges of CSR

- The economic aspects of CSR consist of understanding the economic impacts of the company's operations.
- Consider the direct and indirect economic impacts that the organization's operations have on the surrounding community and on the company's stakeholders.
 - The Multiplier Effect.
 - Contribution through taxes.
 - Avoiding Actions that Damage Trust.



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- Social challenges of CSR

- It refers to the management's obligation to make choices and take actions that will contribute to the well fare and interests of society as well as those of the organization. The following aspects have been found to be key the social aspects of CSR for an organization:

- Responsibility towards Customers.
- Responsibility towards Employees.
- Responsibility towards the Community.



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- Ethical challenges

- The rise of ethics training inside corporations, has helped CSR to spread. The aim of such training is to help employees make ethical decisions when the answers are unclear.
- The most direct benefit is reducing the likelihood of "dirty hands", fines and damaged reputations for breaching laws or moral norms.
- Organizations see increased employee loyalty and pride in the organization.
- Consumers are becoming more aware of the environmental and social implications of their day-to-day consumption decisions and in some cases make purchasing decisions related to their environmental and ethical concerns.



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- Classification of stakeholders

- Employees (internal)

- Quality of their working life.
 - The personnel's welfare and safety at work and upholding their skills and motivation for the work.
 - Treatment and equal opportunities for all its employees, regardless of gender, age, race, or religion.



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• Classification of stakeholders

– Customers (external)

- Effect on the company's profits.
- Good value for money, safety and durability of products or services.
- Standard or after sales service.
- Attention to queries and complaints.
- Adequate supply of products or services.
- Fair standards of advertising and trading.



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- Classification of stakeholders

- The community (external)

- The reputation of a company at its location, influences its competitiveness.
 - By providing additional vocational training places, recruiting socially excluded people, sponsoring local sports and cultural events, and through partnerships with communities or donations to charitable activities.



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Links between CSR and stakeholders

- Classification of stakeholders
 - Shareholders (internal)
 - Shareholders and investors, through socially responsible investing are using their capital to encourage behavior they consider responsible. However, definitions of what constitutes ethical behavior vary.



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- Systematic management of interest groups

- Ensure the commitment of top management, and particularly the CEO, is communicated throughout the organization.
- Appoint a CSR position at the strategic decision-making level to manage the development of policy and its implementation.
- Develop relationships with all stakeholder group and interest.
- Incorporate a social or CSR audit within the company's annual report.
- Ensure the compensation system within the organization reinforces the CSR policies that have been created, rather than merely the bottom line.



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The responsible groups for the success of a business

- Risk management

- Managing risk is an important executive responsibility. Reputations that take decades to build up can be ruined in hours through corruption scandals or environmental accidents. These draw unwanted attention from regulators, courts, governments and media. CSR can limit these risks.



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- Discuss the links between an organizational Corporate Social Responsibility strategy and the organization's internal and external stakeholders.

Group discussion



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- Stakeholders have a vested interest in how the organization performs and the actions it engages in to conduct business.
- Stakeholders affect the organization by preventing the organization from succeeding or by supporting the organization's efforts.
- CSR is a self-regulation mechanism whereby an organization actively monitors society, the environment, global trends, ethical principles, and legal standards for compliance.



*<https://www.saylor.org/site/wp-content/uploads/2013/02/BUS208-3.3.7.1-Stakeholders-and-CSR-FINAL.pdf>



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- Businesses have to achieve four levels of responsibilities for corporate stewardship excellence:
 1. economic responsibility is a basic business function where a business must remain profitable;
 2. legal responsibility means a business is obligated to obey the law;
 3. ethical responsibility requires a business to not only follow the law, but also do what is ethically and morally right;
 4. discretionary responsibility is the highest level of CSR where a business voluntarily donates to philanthropies.
- Organizations that act socially responsibly experience high levels of performance.



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Methodological tool



Questionnaire on CSR

EUPANEXT_LO_97_M_01



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Review Questions/Activities

- Review Question 1
 - Explain how a Corporate Social Responsibility strategy for stakeholders can affect organizational performance.
- Review Question 2
 - List areas where CSR is applicable.



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- Key Point 1

- CSR is a company's sense of responsibility towards the community and environment (both ecological and social) in which it operates

- Key Point 2

- Types of CSR:
 - Environmental
 - Philanthropic
 - Ethical



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Well Done!

You have completed this unit



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