

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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STAKEHOLDER THEORY

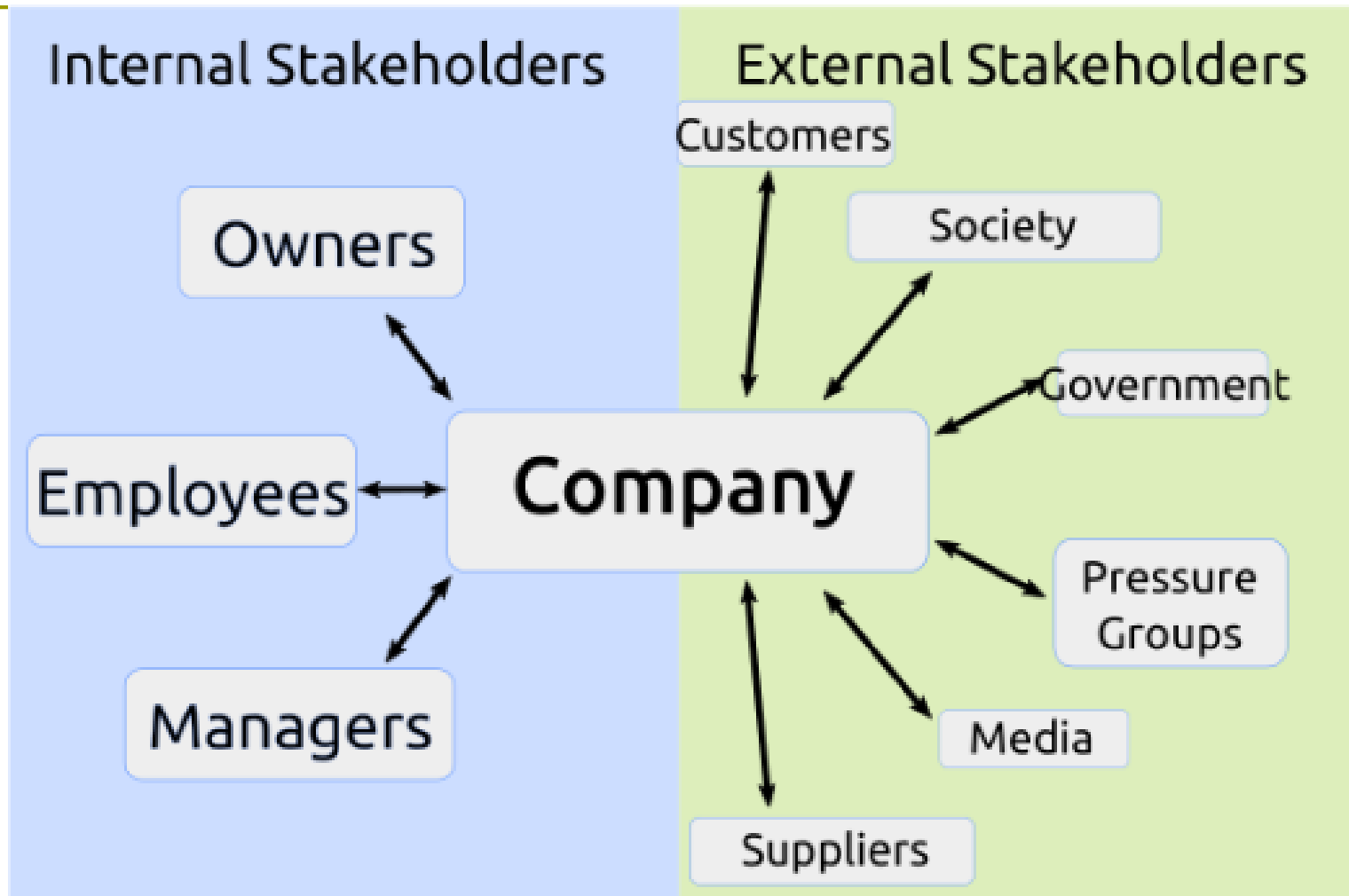
Who are the stakeholders?

- Those groups without whose **support the organization** would cease to exist
- Any group or individual **who can affect or is affected** by the achievement of the organization's objectives

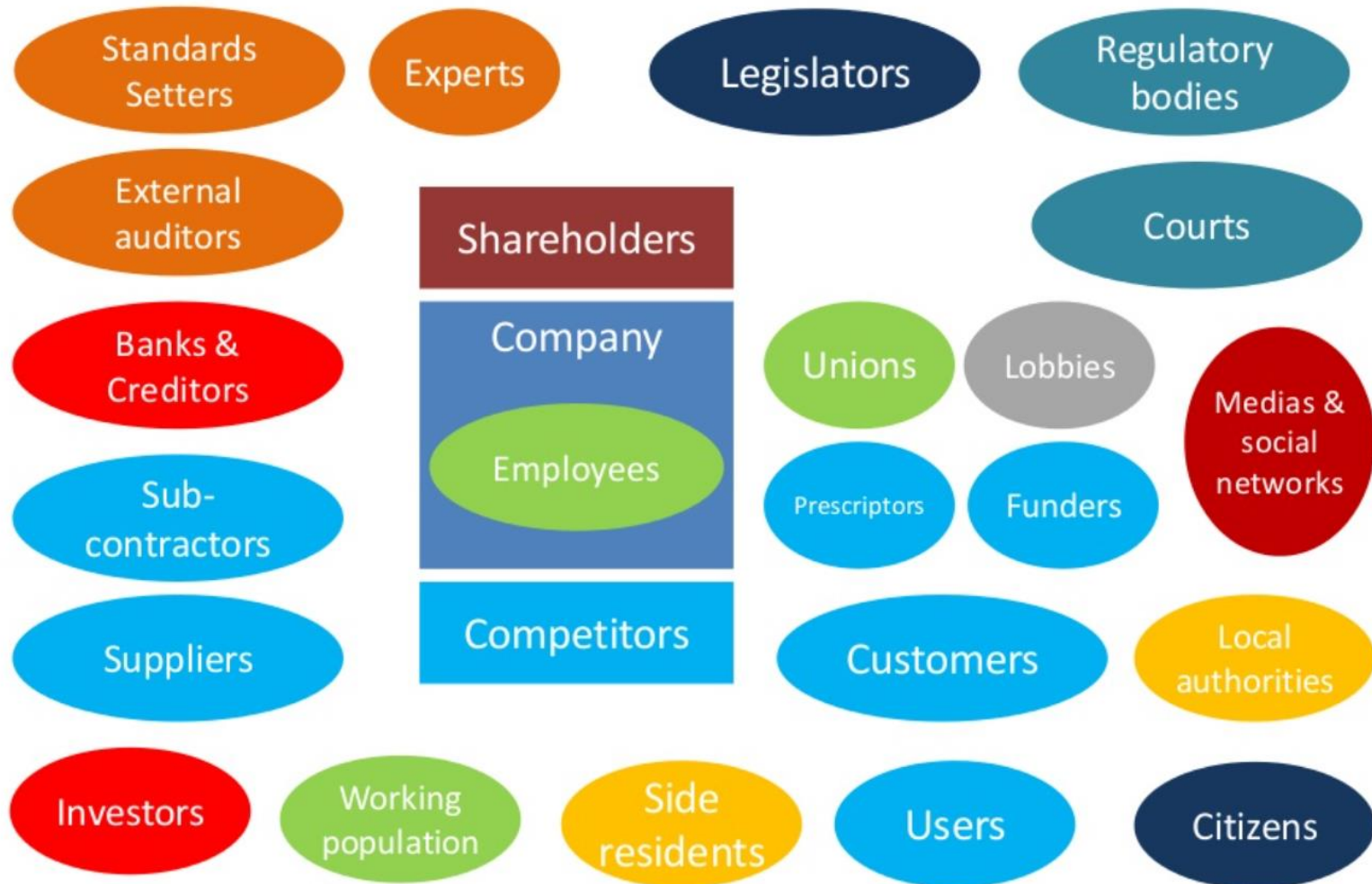
(Robert Edward Freeman)

- **Stakeholder** is a person, group, organization whose **interests affect or could be affected by organization`s activities**

Stakeholder Theory



Typical stakeholders



Multiple Stakeholding

- ❑ Each person *might belong to several stakeholder groups at the same time.*
- ❑ For example a single person might be a customer of an organisation and also an employee and a member of the local community and of society at large.

Identification of stakeholder interests

- ❑ **Identifying stakeholder interests is as important a step** in the stakeholder management process **as identifying the stakeholders themselves**. Stakeholder interests are made up of different factors, both internal and external, so the interests of each stakeholder may differ significantly in different cases. Each stakeholder group needs to be assessed very carefully and their main interests sought to be identified and prioritized.
- ❑ The following aspects should be taken into account when determining the interests of the stakeholders in the company:
 - What does the stakeholder expect from the company?
 - What benefits will the stakeholder group derive from the company's operations?
 - What resources will the stakeholder group want or not want to allocate to the company?
 - What are the interests of other stakeholders that may conflict with the interests of the company or its operations?

STAKEHOLDERS and interests

Stakeholders	Examples of interests
Owners private/shareholders	Profit, Performance, Direction, Reputation, Truthful Reporting
Government	Taxation, Value added tax, Legislation, Low unemployment, Truthful Reporting
Senior Management staff	Performance, Targets, Growth, Compensation
Non-Managerial staff	Rates of pay, Job security, Compensation, Respect, Truthful Communication
Trade Unions	Working conditions, Minimum wage, Legal requirements
Customers	Value, Quality, Customer Care, Ethical products
Suppliers	Providers of products and services used in the end product for the Customer. Equitable Business Opportunities
Creditors	Credit score, New contracts, Liquidity
Community	Jobs, Involvement, Environmental Protection, Shares, Truthful Communication

Stakeholder theory

Stakeholder theory states that all stakeholders must be considered in the decision making process of the organisation. The theory states that there are 3 reasons why this should happen:

- ❑ It is the morally and ethically correct way to behave
- ❑ Doing so actually also benefits the shareholders
- ❑ It reflects what actually happens in an organization

Business ethics

□ Do we need it? Why?

In its most basic terms, corporate responsibility can come down to the ethics of a business.



Business ethics

- ❑ Honesty towards the employee
- ❑ Honesty towards the customer
- ❑ Honesty towards a competitor
- ❑ Honesty towards the state and society

Business ethics pays off in the long run



Business ethics

Honesty towards the employee

- ❑ Explanation of objectives
- ❑ Working conditions
- ❑ Development
- ❑ Motivation



Business ethics

Honesty towards the customer

- ❑ Fulfillment of promises
- ❑ Price policy



Draudžiškioji instrumenta

- 50% **+999 EUR**
- 50% **+1999 EUR**
- 40% **+2399 EUR**

Užsisakykite iškart!

Užsisakykite iškart!

- 50% **+999 EUR**
- 50% **+1999 EUR**
- 42% **+2899 EUR**

Aluminiuoti skėrikliai

- 83% **+2999 EUR**
- 43% **+3399 EUR**
- 45% **+5999 EUR**

Skėrikliai

- 62% **+2999 EUR**
- 50% **+999 EUR**

Krāj digitalās uzlimes savā Mans Rimi kartē!

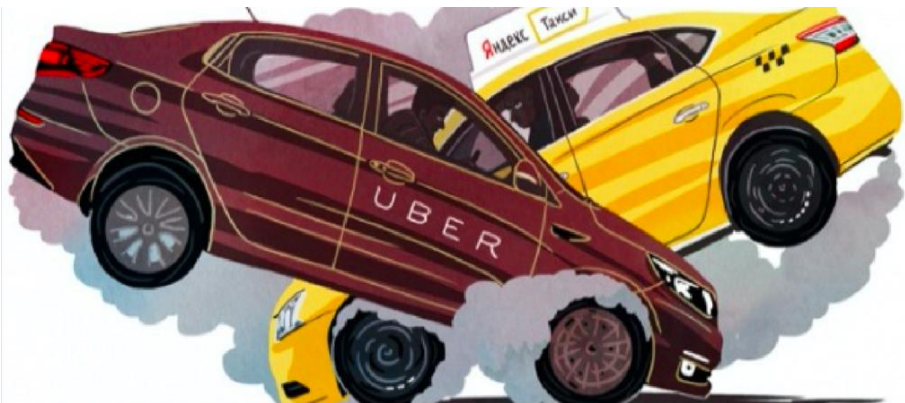
Plūstiet savā profilā Rimi kioskā vai www.mansrimi.lv. Lai sāpētu: rēķinātā uzlimes, pirkuma izēģis izpildot Mans Rimi karti. Uzkrāto uzlimes skaidru varat redzēt pirkuma čekā, kā arī savā profilā Rimi kioskā un www.mansrimi.lv.



Business ethics

Honesty towards the competitor

- ❑ Corruption
- ❑ Dumping
- ❑ Taxes



Business ethics

Honesty towards the state and society

- Taxes
- Sponsorship
- Social functions



Rīkotāji



Kultūras ministrija



Latvijas Nacionālais
kultūras centrs

Lieldraugi



Atbalsētāji



Pakalpojumu un
produktu partneri



Informatīvie
atbalsētāji





CORPORATE SOCIAL RESPONSIBILITY (CSR)

The origins of the definition of CSR

- ❑ I think many people assume, wrongly, that a company exists simply to make money. While this is an important result of a company's existence, we have to go deeper and find the real reasons for our being. As we investigate this, we inevitably come to the conclusion that a group of people get together and exist as an institution that we call a company so that they are able to accomplish something collectively that they could not accomplish separately – they make a contribution to society, a phrase which sounds trite but is fundamental.

Dave Packard³ Co-founder of Hewlett Packard Company in 1939

- ❑ CSR: “it refers to 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“.

Howard Bowen “Social Responsibilities of the Businessman” 1953

- ❑ “The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations“.

Joseph W. McGuire “Business and Society” 1963

The origins of the definition of CSR

- “.. In the context of corporate social responsibility, companies need to be aware of **their stakeholders** and take into account their needs and goals in both strategic and day-to-day decision-making.”
- “Corporate social responsibility is a vague concept, but it is still defined in several ways. It is often used in the context of management, referring to decisions and actions of entrepreneurs that go far beyond the direct economic or technical interests of the company. ”

Kate Davis

BUSINESS OR CORPORATE RESPONSIBILITY



CSR development



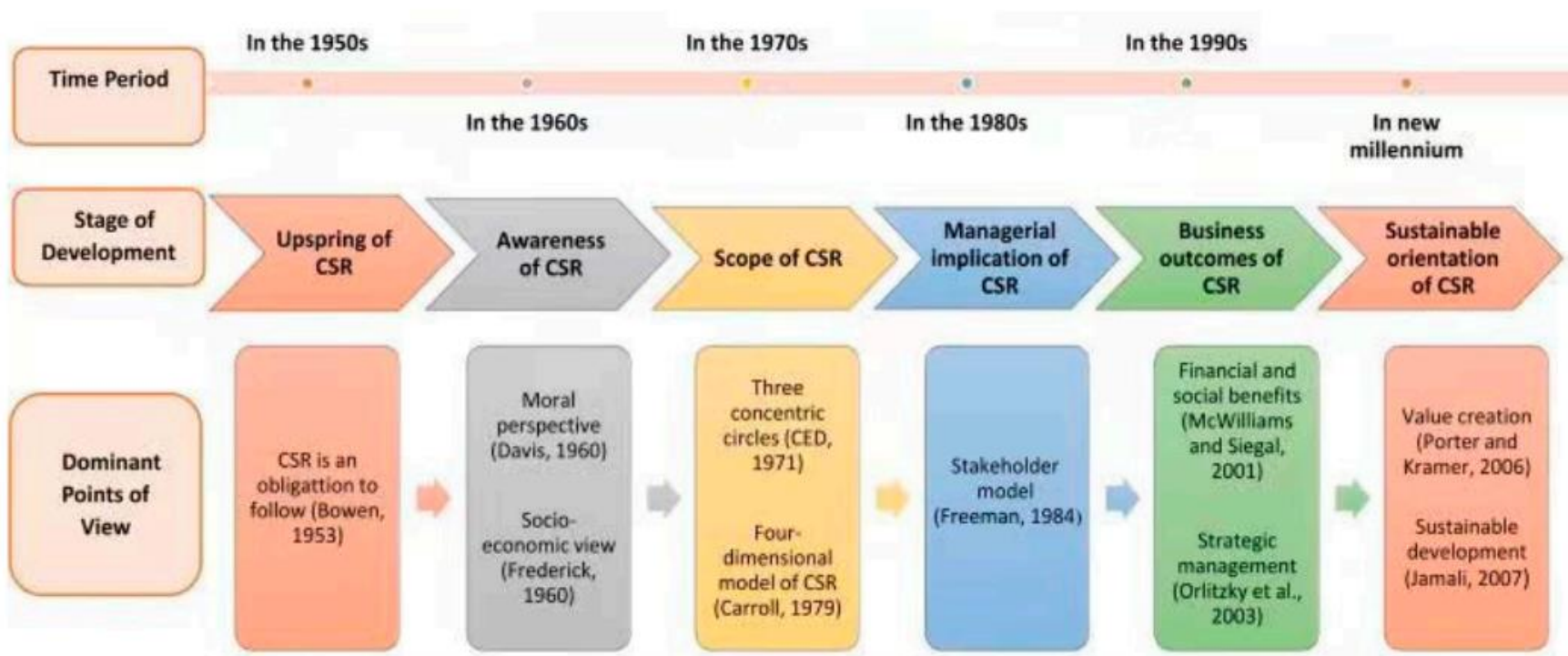
Creative Commons License

Wayne Visser / CSR International



Source: <https://www.managementexchange.com/hack/csr-20-reinventing-corporate-social-responsibility-21st-century>

Summary of corporate social responsibility (CSR) evolution



Yang, M., Bento, P. & Akbar, A, (2019). Does CSR Influence Firm Performance Indicators? Evidence from Chinese Pharmaceutical Enterprises. *Sustainability*, 11(20), 5656; <https://doi.org/10.3390/su11205656>

Responsibility

- ❑ Responsibility is an **obligation** or **commitment** that must be fulfilled.
- ❑ It is your responsibility **to take care** of your duties and responsibilities.
- ❑ The responsibility is **to be accountable** for your actions.
- ❑ Responsibility is the **responsibility of the review**.
- ❑ Responsibility is **reliability**.
- ❑ The responsibility is ...



What is CSR

“Corporate social responsibility is the **continuing commitment** by business to behave **ethically** and contribute to economic **development** while improving the **quality of life** of the workforce and their families as well as of the local community and **society** at large.”



World Business Council for Sustainable Development



What is CSR



The commitment of business to contribute to sustainable economic development, working with employees, suppliers and the community as a society of management over their quality assurance the company minimizes the negative impacts of its operations on society while maximizing its positive impact ethically or in a responsible manner. Corporate social responsibility is the continuing commitment by a business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large.

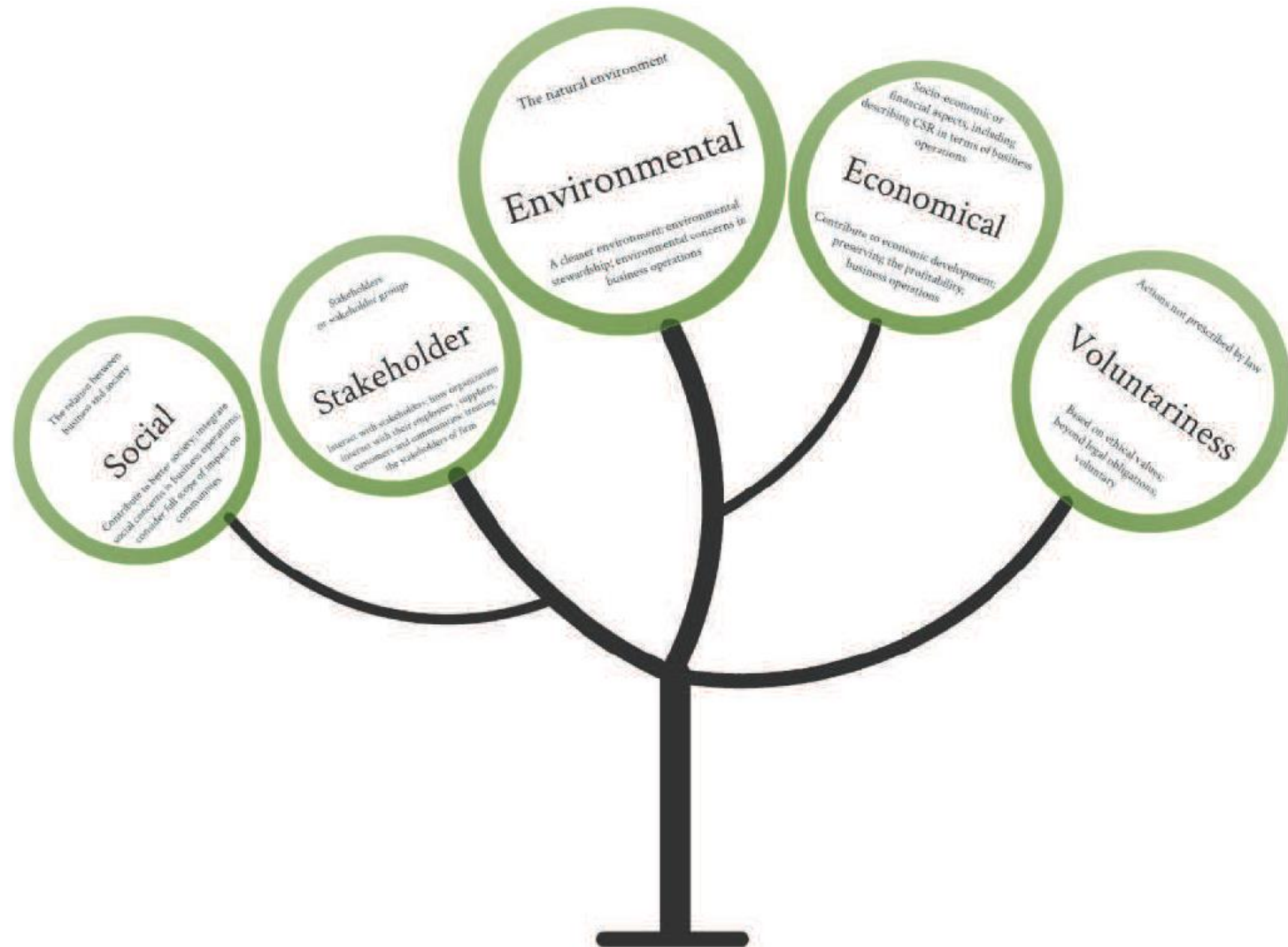
Corporate social responsibility (CSR) is about the responsibility of companies towards society and the environment. It is a management concept whereby the activities, policies, and operations of an organization are socially and environmentally sound. It is a business approach that goes beyond the profit-making objective and includes the company's obligations to its employees, customers, suppliers, and the community. It is a business approach that goes beyond the profit-making objective and includes the company's obligations to its employees, customers, suppliers, and the community. It is a business approach that goes beyond the profit-making objective and includes the company's obligations to its employees, customers, suppliers, and the community.


Open and transparent business practices based on ethical values and respect for employees, communities and the environment which will contribute to sustainable business success. Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of the business.

CSR is defined as the integration of business operations and values, whereby the interests of all stakeholders including investors, customers, employees, communities and the environment are reflected in the company's policies, operations and physical environment. Responsibility encompasses a spectrum – from the running of a business to the health and safety of staff. It is the concept that an enterprise is accountable for its impact on the environment and society.

Business decisions are linked to companies' operations with legal requirements and respect for people, communities and the environment. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large.

There are many definitions, but there are common dimensions





Socio-economic or
financial aspects, including
describing CSR in terms of business
operations


Economical

Contribute to economic development;
preserving the profitability;
business operations

Stakeholders
or stakeholder groups

Stakeholder


Interact with stakeholders; how organization
interact with their employees , suppliers,
customers and communities; treating
the stakeholders of firm



The relation between
business and society

Social

Contribute to better society; integrate
social concerns in business operations;
consider full scope of impact on
communities



The natural environment

Environmental

A cleaner environment; environmental
stewardship; environmental concerns in
business operations

Actions not prescribed by law

Voluntariness

Based on ethical values;
beyond legal obligations;
voluntary

What is CSR

- ❑ The broadest definition of corporate social responsibility is concerned with what is – or should be – **the relationship between global corporations, governments of countries and individual citizens.**

(Kickul et al., 2016)

- ❑ More locally the definition is concerned with the **relationship** between a **corporation** and the local **society** in which it resides or operates. Another definition is concerned with the relationship between a corporation and its **stakeholders.**

(Crane et al., 2014)

Development trends in the European Union and the world

Everyone in the European Union (EU) is involved in corporate social responsibility, whether they are an employer or an employee in the private or public sector. The development of CSR at the global level is influenced by two main factors:

- ❑ demand for an orderly company structure and socially responsible business environment, clear principles and good reputation as a supplier to foreign companies or their partners;
- ❑ the need to enter the global market and be an equal player by offering quality and responsible business services and products.

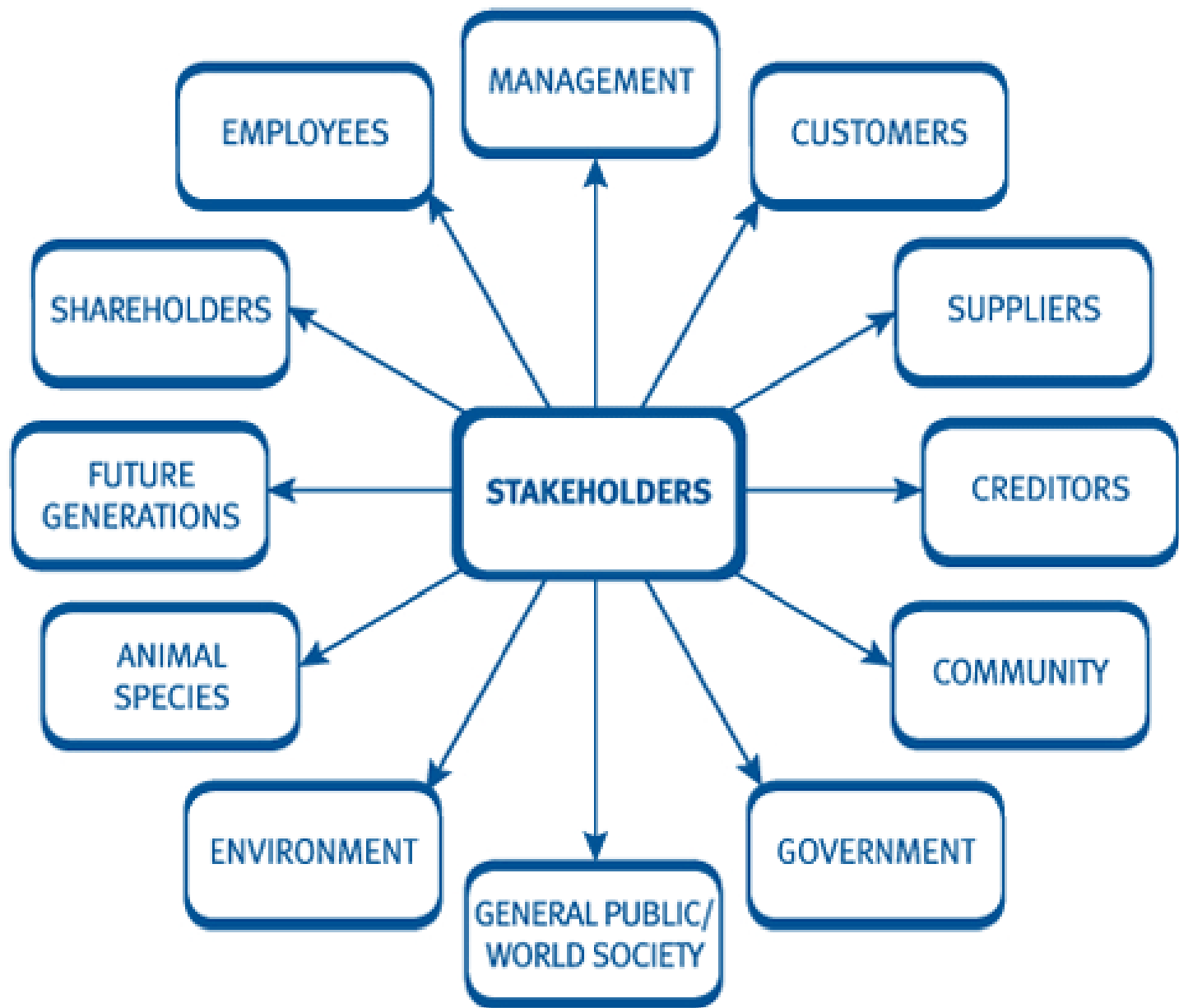
BUSINESS OR CORPORATE SOCIAL RESPONSIBILITY



Source: http://www.industryplayer.com/corporate_social_responsibility.php

Factors that make up CSR





Responsibility for:

Employee



Collective



Company



Society



The country



Environment



Responsibility to the employee

To take care of the well-being, safety and development of employees:

- ❑ Stability
- ❑ Social guarantees
- ❑ Insurance
- ❑ Development / Training
- ❑ Exploration of interests
- ❑ Understanding the problems



Responsibility to the collective

- ❑ Working environment
- ❑ Ethical norms
- ❑ Team building activities



Responsibility to the company

- Achieving the company's goals
- Respect for company values
- Company brand maintenance



Connection



Growth



Goals



Commitment



Innovation



Integrity



Passion



Globalization



Green initiatives



Responsibility to the society

The screenshot shows the Ziedot.lv website interface. At the top, there is a navigation bar with the Ziedot.lv logo, social media icons, and a status bar indicating 'Today has already donated 2,080.10 €'. The main banner features the headline 'Gaisma mūsu brīvībai!' (Light in our freedom!) and a sub-headline 'Diennakts tumšajā laikā Brīvības piemineklim jātop gaīsam! Atbalsti Brīvības pieminekļa izgaismošanu ar ziedojumiem!' (During the day in the dark, light should be given to the Freedom Monument! Support the lighting of the Freedom Monument with donations!). A call and donate button with the number 90067006 and a 10.00 € donation form are visible. Below the banner, there are sections for 'Current projects 37', 'Supported by friends', and 'Apvienotais ziedojums'. A search bar allows filtering projects by category and location. The main content area displays a grid of project cards, each with an image, title, description, and a 'DONATE' button. The projects include: 'Palīdzība Nikitam Pastuhovskim' (ABA therapy for 4-year-old children), 'Kalniem pāri. Atbalsts sērojošiem bērniem' (Psychotherapy for children who have lost parents), 'Palīdzība Pavelam Shteinhardt' (Orthoses for 8-year-old children), and 'Palīdzība Emilijai Plēsumai' (Rehabilitation for 3-year-old children).

To zoom, click on the image

YOU ARE 18 OR OVER BEFORE WE SELL YOU ANY ALCOHOL.

Responsibility to the country

- ❑ Taxes
- ❑ Infrastructure investments
- ❑ Preservation of national values
- ❑ Support for culture
- ❑ Support for sport



Responsibility to the environment

Environmentally friendly company

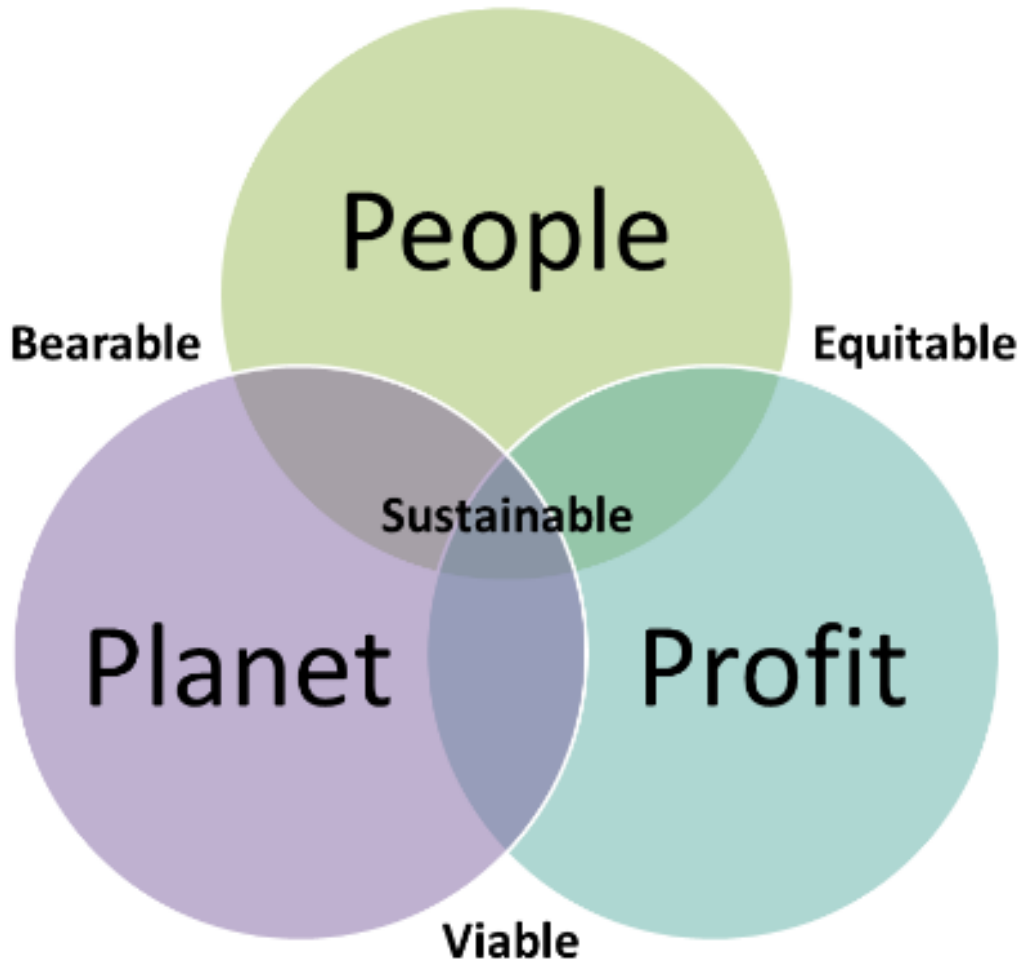


-
- ❑ CSR “analyses economic, legal, moral, social and physical aspects of environment”.

(Barnard 1938)- the first definition of CSR dates back to 1938

- ❑ CSR can cover so many different issues and be enacted in so many different ways. CSR can cover concerns as diverse as **child labor, HIV prevention and treatment, worker rights, environmental preservation, clean energy, water rights, disaster relief, and treatment of indigenous people, to name but a few.** *(Coombs et al., 2012: 93)*

Triple Bottom Line theory (John Elkington, 1994)

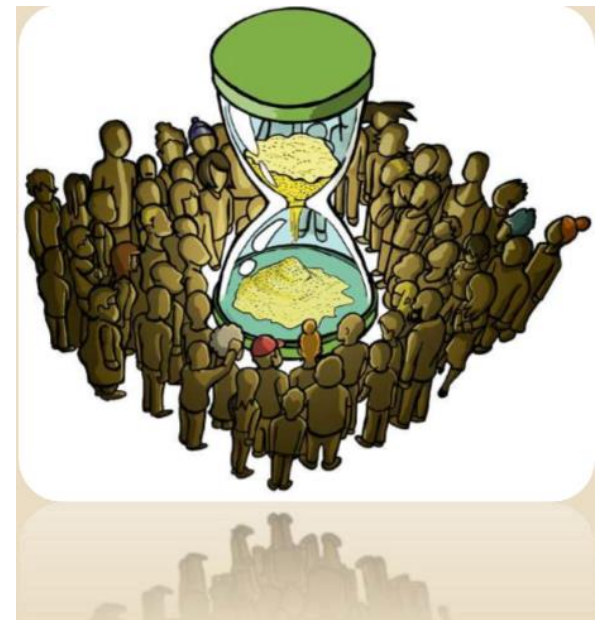


Sustainable development

United Nations World Commission on Environment and Development Report in 1987, ‘Our Common Future’ was the first to formalise the concept of Sustainable Development, defined as:

“Development which meets the needs of the present without compromising the ability of future generations to meet their own needs”

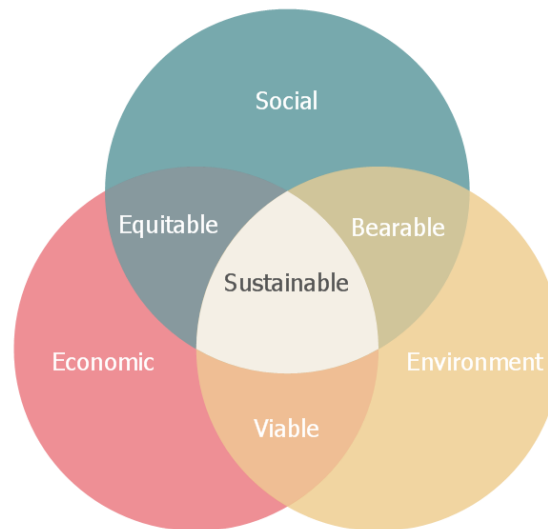
Sustainability implies that **society must use no more of a resource than can be regenerated.** This can be defined in terms of the carrying capacity of the ecosystem (Hawken 1993) and described with input – output models of resource consumption.



SUSTAINABLE DEVELOPMENT



- ❑ It refers to approaches and methods **to reduce our impact on the environment, to promote development** based on social justice and equity.
- ❑ A new area of knowledge based on past failures, promoting development and the **need for a new approach**.
- ❑ It combines science, social science, education, economics and more.
- ❑ It has the potential to educate and mobilize people and organizations in a way never before.

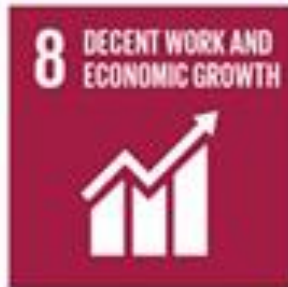


Global problems

- ❑ Ozone depletion, ozone hole formation;
- ❑ Climate change and global warming;
- ❑ Insufficient resources;
- ❑ Biodiversity loss and extinction of certain plant and animal species;
- ❑ Water pollution;
- ❑ Air pollution;
- ❑ Land pollution;
- ❑ Urbanization and the environment;
- ❑ Desertification and land degradation (soil erosion);
- ❑ Precipitation and acid rain;
- ❑ Increase in the number of people
- ❑ Social inequality and social exclusion;
- ❑ Hunger;
- ❑ Deforestation and forest degradation;
- ❑ Disposal and storage of waste (including hazardous waste);
- ❑ Noise pollution;
- ❑ Energy use;
- ❑ Depletion of water resources;
- ❑ Toxic chemistry;
- ❑ Radioactive waste;
- ❑ Ethnic disagreements



SUSTAINABLE DEVELOPMENT GOALS



What stakeholders are concerned about

Clients	Product price	Package and label	Marketing	Positioning	Product quality and service	Freedom of choice
Employee	Health protection	Working time	Bonus and remuneration	Integrity of management	Discrimination and integration	Respect, care and motivation
Environment	Pollution	Company travel practice	Organic farming	Protection of animals	Recycling and sorting of waste	Search for alternatives (energy)
Society	Exploitation of human beings (slavery, child labor)	Use of natural resources	Respect for human rights	Human trafficking	Support for dubious political regimes	Illegal trade
Local community	Office or production location ↓ Employment ↓ Taxes	Community support	Cooperation with questionable organizations	Charity, sponsorship	Import, sourcing from abroad	
Cooperation partners and competitors	Fair trade and competition	Foreclosure of competitors	Merger and takeover	Intellectual rights	Accounting and reporting practices	Corruption, bribery

Legrand's contribution to the sustainable development goals (SDGs)



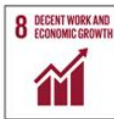
BUSINESS ECOSYSTEM



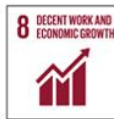
Provide sustainable solutions



Ensure sustainable procurement



Act ethically



Respect human rights and communities



PEOPLE



Promote health, safety and well-being at work



Develop skills



Promote equality of opportunity and diversity



ENVIRONMENT



Limit greenhouse gas emissions



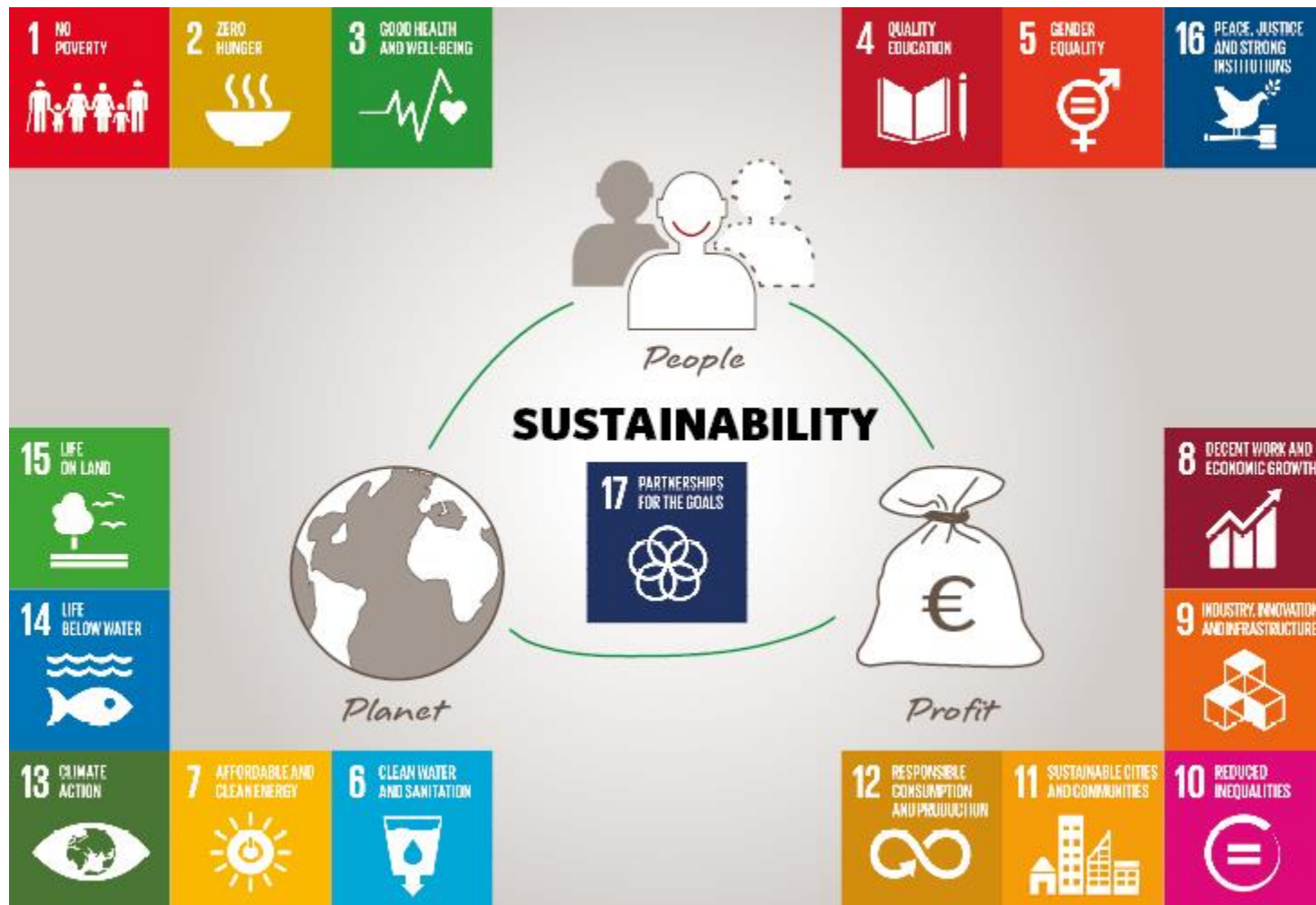
Innovate for a circular economy



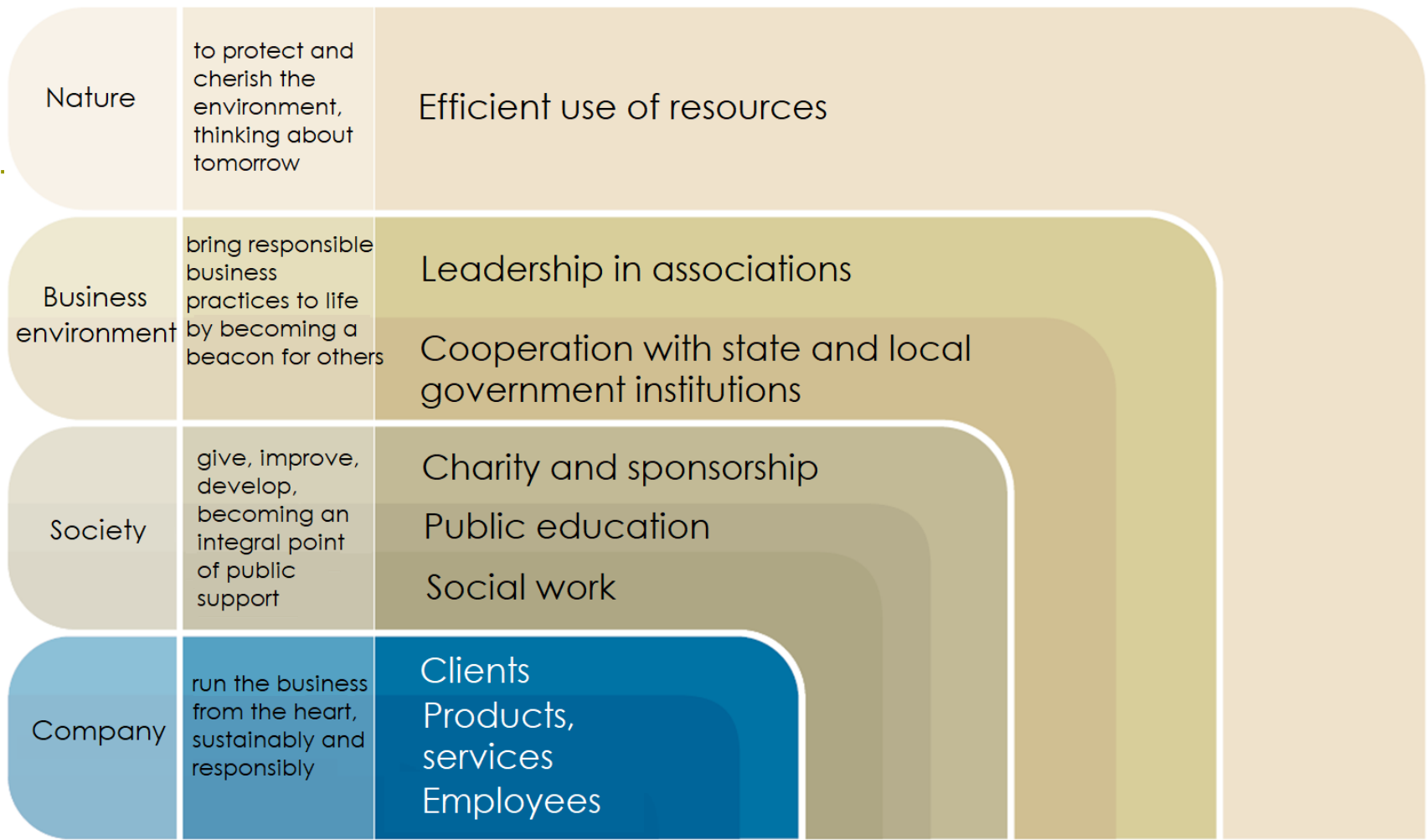
Combat pollution



VAUDE and the sustainable development goals



Avots: <https://csr-report.vaude.com/gri-en/vaude/integrated-sustainability-strategy.php>



CSR dimensions

Values

A united team

Great customer experience

The most important thing is people

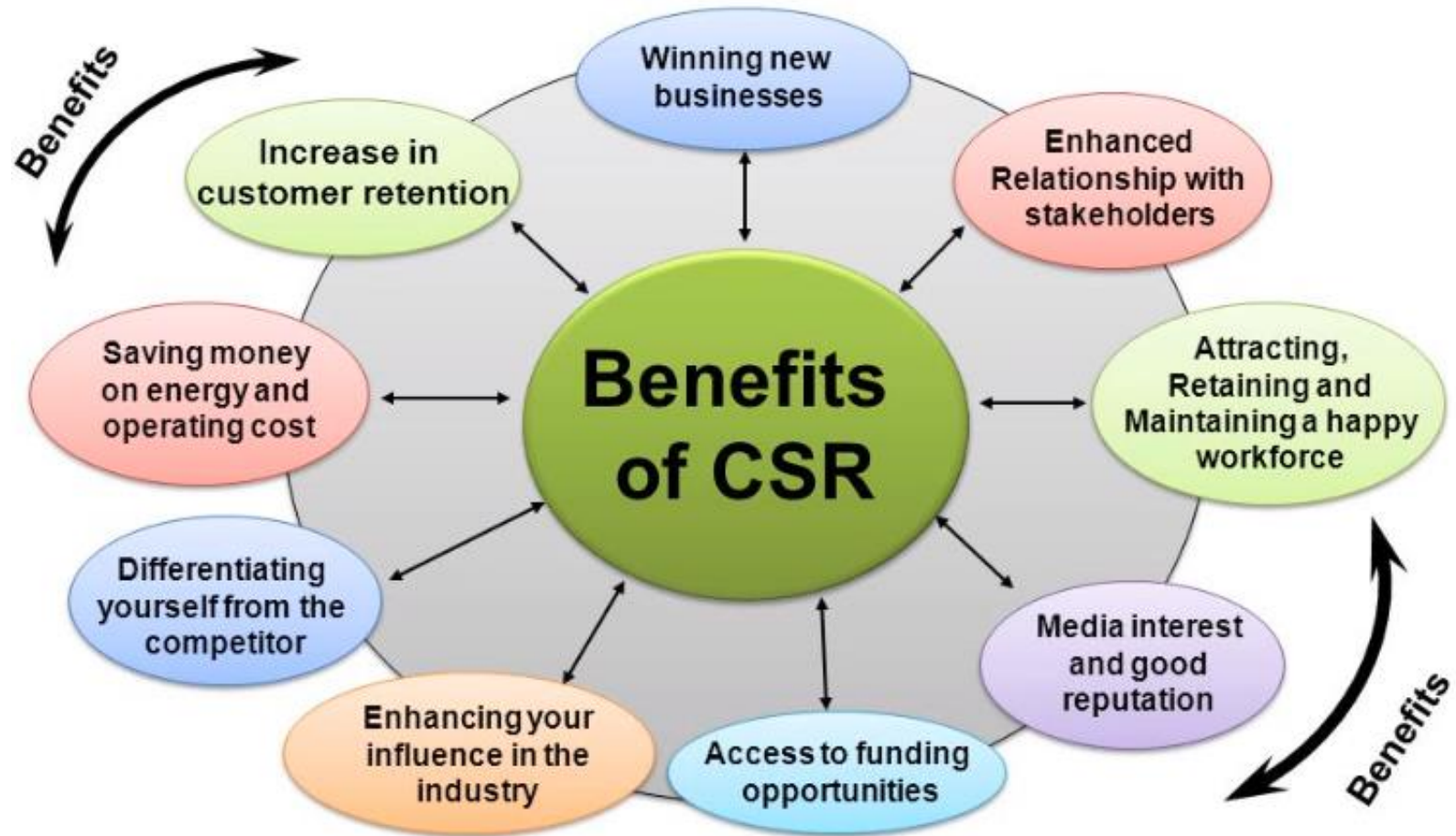
ISO 26000:2010 - GUIDANCE FOR SOCIAL RESPONSIBILITY

Social responsibility: **7** core subjects



* The figures denote the corresponding clause numbers in ISO 26000.

Benefits of CSR



The Top 100 Companies With The Best CSR Reputation 2019

1	2	3	4	5	6	7	8	9	10
ROLEX	LEGO	Disney	adidas GROUP	Microsoft	SONY	Canon	MICHELLE	NETFLIX	BOSCH
11	12	13	14	15	16	17	18	19	20
intel	Heinz	LEVI STRAUSS & CO.	Google	NIKE	VISA	PR	PHILIPS	FERRERO	Bridgestone
21	22	23	24	25	26	27	28	29	30
hp	3M	PIRELLI	LEONARDO DA VINCI	IBM	Marriott	TOYOTA	BMW GROUP	COOP/COOP	ALFA ROMEO
31	32	33	34	35	36	37	38	39	40
Barilla	ELMA	Kellogg's	Boni & Luxe	OO	CATERPILLAR	ALCANTARA	LANCÔTE	LVMH	ARMANDO TESTA
41	42	43	44	45	46	47	48	49	50
ALFA ROMEO	Lufthansa	havaianas	ALFA ROMEO	DELL	H	ALFA ROMEO	LG	L'OREAL	BOSS HUGO BOSS
51	52	53	54	55	56	57	58	59	60
Whirlpool	SAMSUNG	ESTÉE LAUDER	Panasonic	HERSHEY'S	amazon	Apple	Kraft Heinz	DAIMLER	SIEMENS
61	62	63	64	65	66	67	68	69	70
FedEx	coltano	Emilio Pucci	FUJIFILM	AIRBUS	Belackett	Electrolux	Honeywell	MARS	XEROX
71	72	73	74	75	76	77	78	79	80
NORIM	Comptel	ORACLE	BlackBerry	Colgate	TOSHIBA	NOKIA	Ford	SAP	DHL
81	82	83	84	85	86	87	88	89	90
ALFA ROMEO	Johnson & Johnson	P&G	Roche	ALFA ROMEO	FUJITSU	ALFA ROMEO	Virgin	UPS	U
91	92	93	94	95	96	97	98	99	100
ALFA ROMEO	Siemens Energy	GE	ebay	PSA	ALFA ROMEO	H&M	AB InBev	CSK	HITACHI

CSR worldwide

- ❑ A global initiative
- ❑ Different attitudes and levels of development in different regions of the world
- ❑ International organizations
- ❑ Research, strategy development
- ❑ Promoting results



CSR worldwide

Internationally recognized system:

- ❑ Organization for Economic Co-operation and Development (OECD) Guidelines for Transnational Enterprises
- ❑ The ten principles of the United Nations Global Compact
- ❑ ISO 26000 recommended standards for social responsibility
- ❑ Tripartite Declaration of Principles concerning Transnational Enterprises and Social Policy of the International Labor Organization (ILO) UN Guiding Principles on Business and Human Rights

Ethical aspect of CSR

- ❑ **Ethics** is the teaching of good and evil and its manifestations in human actions and behavior.
- ❑ **Entrepreneurship** is an economic activity focused on the production of goods, trade and the provision of services for profit.
- ❑ **Business ethics** is a doctrine of good and evil, right and wrong, true and false, freedom and responsibility, power in special relationships and situations that arise in business.
- ❑ **Ethics + Business = Business ethics**

CSR

- ❑ The motto „Doing Well by Doing Good”
- ❑ **The basic level** includes the following responsibilities: timely payment of taxes, payment of wages, if possible - creation of new jobs (expansion of work staff).
- ❑ **The second level** envisages providing employees with suitable not only working but also living conditions: professional development of employees, preventive treatment, construction of housing and development of the social sphere. This type of liability is tentatively identified as "corporate responsibility."
- ❑ **The third**, highest level of responsibility, according to the dialogue participants, involves charity.



Europe

It is the leading business platform for corporate social responsibility cooperation in Europe, bringing together 75 multinational corporations and partner organizations from 27 countries.

The organization was founded in 1995. Since then, it has become an inspiring network for CSR cooperation in Europe and the world.

CSR implementation methods

Methods and guidelines vary, but each CSR implementer must be able to adapt them to their specificities and needs.



Corporate social irresponsibility

- ❑ Corporate social irresponsibility (CSI), as an opposite of corporate social responsibility (CSR), refers to corporation's failure to act responsibly.

Corporate social irresponsibility: review and conceptual boundaries

Marta Riera, María Iborra ▾

European Journal of Management and Business Economics

ISSN: 2444-8494

🕒 Publication date: 17 July 2017

Companies' CSR policies may be leading to corporate irresponsibility

Firms that focus on a CSR agenda often feel they have accrued "moral credits" that allow them to behave irresponsibly later, according to new research

Summary of CSR implementation in the company

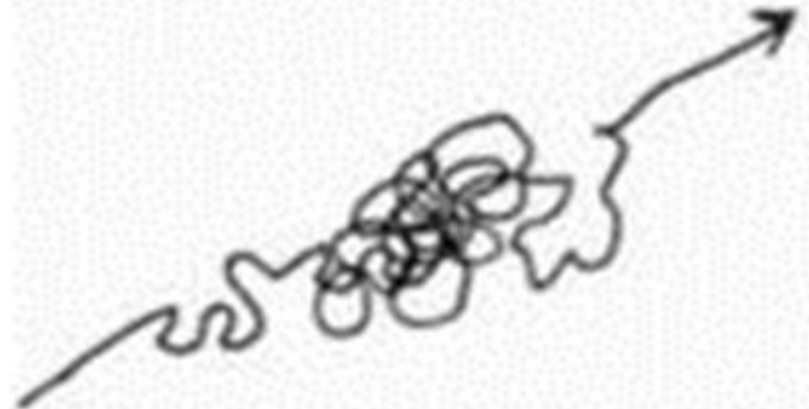
- ❑ «Fix the back yard»- to gain credibility, not to receive negative feedback from employees as well as from the media and customers
- ❑ Invent a CSR initiative, link it to the role of the brand
- ❑ Define the CSR initiative as the company's mission
- ❑ Inform employees; engage them in the CSR initiative

Success



what people think
it looks like

Success



what it really
looks like



It is not only for what we do
that we are held responsible,
but also for what we do not do.

Molière

quotefancy

