

# Pathways Plus

## Strategic Management and Leadership

Level 7

Unit 7023V1

Strategic Corporate Social Responsibility

## Pathways Plus

### Unit 7023V1: Strategic Corporate Social Responsibility

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SAMPLE MATERIAL

# About Pathways Plus

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There are 15 development guides in the *Pathways Plus* series to cover the 17 of the units of the qualifications at CMI Level 7: Strategic Management and Leadership.

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## How to use the development guide

The development guides provide a critical commentary to the ideas of writers and thinkers in the management and leadership field. They offer opportunities for you to investigate and apply these ideas within your working environment and job role.

### Structure

Each guide is divided into sections that together cover the knowledge and understanding required for the equivalent unit or units of the Chartered Management Institute Level 7 Strategic Management and Leadership qualifications.

Each section starts with a clear set of objectives linked to the learning outcomes of the qualification. You don't have to complete the sections in the order they appear in the guide (the mind map at the beginning of each guide will help you decide which sections and topics are of particular need or interest) but you should try to cover all sections if you are aiming for a full diploma qualification.

### Activities

Throughout the guides there are activities for you to complete. These activities are designed to help you reflect on your own situation and apply your research to your organisation. Space and tables are provided within the activities for you to enter your own thoughts or findings, but in some cases you may choose to copy out the table or make notes in a separate notebook.

### Timings

Timings are suggested for each activity to give you a rough idea of how long you should devote to them. They're not hard and fast, and you must decide whether you will benefit from spending longer on some activities than stated.

SR

### Supporting resources

The text of the guides is designed to provide you with an introduction to the subject and a commentary on some of the key issues, models and thinkers in the field. The activities are there to help provide a framework for your thinking. A key component of *Pathways Plus* (*Pathways Plus* because the development guides work together with the online supporting resources to provide an overall learning journey) is the list of references given throughout the text and at the end of each topic guiding you to the most appropriate supporting resources for you to explore yourself. These are marked with the symbol SR (as shown above).

You have the opportunity to select those resources that are of most interest or relevance to you and to use them as a source of guided research on a particular topic. Many of the supporting resources are immediately available by logging into CMI's online

management and leadership portal, ManagementDirect (MDir) (<http://mde.managers.org.uk/members>), or where you work for an organisation that subscribes to this service use the specific link for your organisation ([http://mde.managers.org.uk/\(organisation name\)](http://mde.managers.org.uk/(organisation name))). These resources are marked in the reference list at the end of each topic with P+ standing for *Pathways Plus*. Once logged into ManagementDirect click on More.... on the navigation bar and select Senior Manager Resources, this will take you straight to the list of supporting resources as listed in the *Pathways Plus* topics. When there, click on the title of your development guide, the section and the topic you're interested in and then click straight to the article, video, checklist, extract or report that you want to find.

For those resources that are not available through the CMI site, you will be directed to other sources (some also online) to reach what you need.

### Preparing for assessment

Further information on assessment is available in the Student Guide produced as part of the *Pathways Plus* series. If you have any further questions about assessment procedures, it's important that you resolve these with your tutor or centre coordinator as soon as possible.

### Further reading

Suggestions for further reading and links to management information are available via ManagementDirect through the Study Support section of the Institute's website at <http://mde.managers.org.uk/members>. Alternatively, email [ask@managers.org.uk](mailto:ask@managers.org.uk) or telephone 01536 207400. You will also find titles for further reading in the Bibliography at the end of this workbook.

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SAMPLE MATERIAL

# Introduction

Corporate social responsibility (CSR) is growing in importance, primarily as people observe the effects of organisations and individuals on society, the environment and the climate. Governments have become interested, shown by an increase in legislation requiring organisations to audit their performance and ensure that they comply with that legislation.

The subject is very wide and encompasses many walks of life. The government publication 'Corporate social responsibility: a government update' describes:

*'a strategy for sustainable development, with its aims of integrating our objectives on social progress, effective protection of the environment, prudent use of natural resources and high and stable levels of economic growth and employment to ensure a better quality of life for everyone, now and for generations to come.*

*We want to encourage business practices that help to ensure successful and profitable companies and that also contribute fully to achieving our sustainable development goals.*

DTI, 2004

Looking at the issues described in that quote, you'll see that social responsibility is not just a business issue – it affects everyone. As you use this development guide, you may find it useful to compare how people behave in their home environment with their behaviour and attitudes as a manager in an organisation.

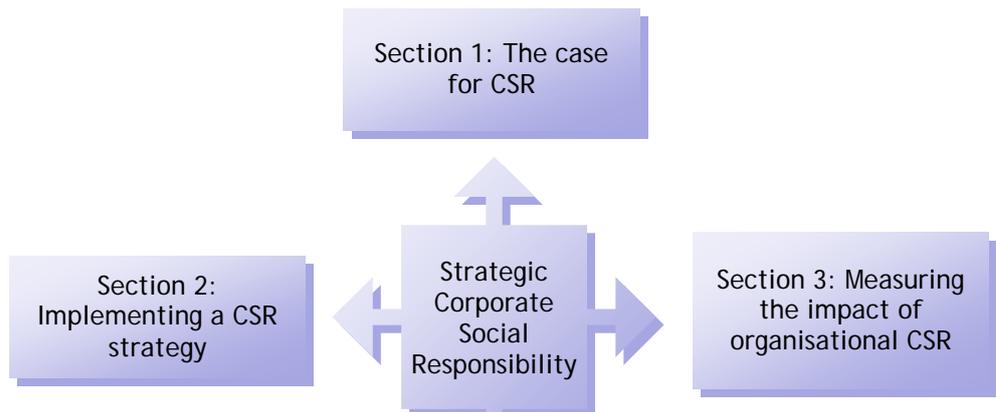
Corporate social responsibility should be integrated into all aspects of organisational life. This development guide aims to help you to develop, implement and evaluate a corporate social responsibility strategy.

Section 1 starts by looking at the case for corporate social responsibility. It then looks at ways of developing a CSR strategy that supports the organisation's objectives and fits with its overall strategy.

Section 2 looks at how you can ensure stakeholder buy-in and at ways of implementing the CSR strategy.

The final section considers how you can measure the impact of the CSR strategy, both internally and externally.

## Development guide mind map



### Assessment

If you're studying for the Level 7 in Strategic Management and Leadership qualifications you will be assessed by your approved centre on your knowledge and understanding of the following learning outcomes:

#### Unit 7023V1

- 1 Be able to develop a corporate social responsibility strategy
- 2 Be able to implement a corporate social responsibility strategy
- 3 Be able to evaluate the impact and reinforcement of the corporate social responsibility strategy

# Section 1 The case for CSR

## Introduction

Before considering the case of corporate social responsibility, you need to consider exactly what the term means. In practice this is not as easy as it sounds, as the term has been applied to an increasingly wide set of issues over the years. Note also that the term 'social' is used in a variety of ways. For example, 'social responsibility' includes an organisation's environmental and economic impact as well as social issues.

SR 10

CMI defines CSR as follows:

*'Corporate Social Responsibility involves managing a business throughout in a socially responsible way, and being accountable for the impact of organisational activities in all aspects of operations.'*

SR 14

CIPD expands on those ideas:

*'CSR covers all aspects of corporate governance. It is about how companies conduct their business in an ethical way, taking account of their impact economically, socially, environmentally and in terms of human rights. This moves beyond traditional business stakeholders such as shareholders or local suppliers. CSR includes social partners such as local communities, and global responsibilities such as protecting the environment and ensuring good labour standards in overseas suppliers. CSR also includes relationships with employees and customers. It inevitably involves working in partnership with other organisations or groups. It can be seen as a form of strategic management, encouraging the organisation to scan the horizon and think laterally about how its relationships will contribute long-term to its bottom line in a constantly changing world.'*

SR 18

A final definition of CSR on Wikipedia suggests a highly proactive approach throughout the whole organisation. Following a CSR strategy an organisation would:

- monitor and ensure its adherence to law, ethical standards and international norms
- embrace responsibility for the impact of their activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere
- proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality.

In the first topic of this section you will consider the various aspects of social responsibility under the following SENSIBLE

headings: social, environmental, nurturing, scientific, integration, business, legal and ethical.

The second and third topics then look in turn at ways of developing a CSR strategy and at aligning that CSR strategy with the organisational strategy and operations.

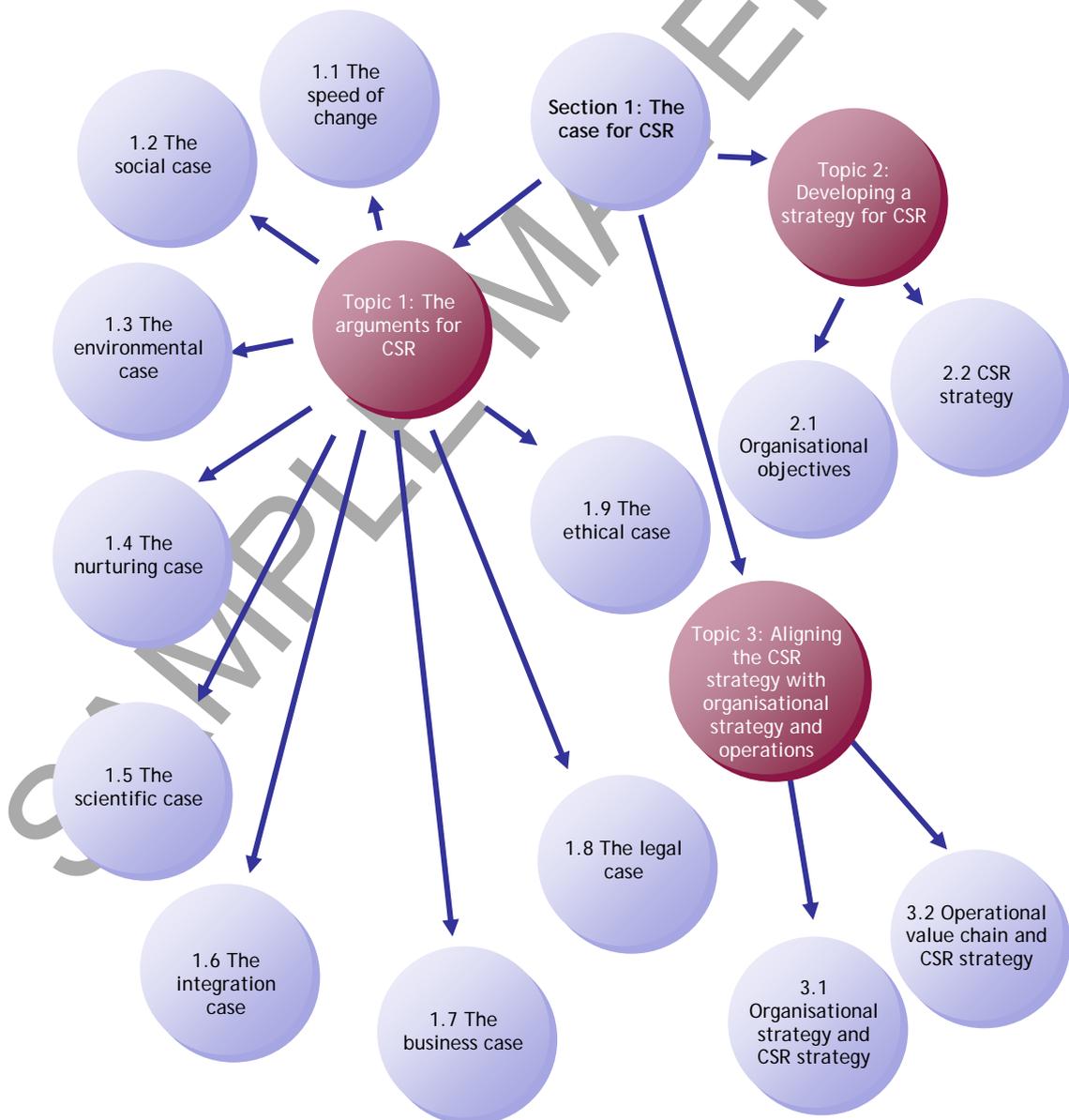
### Learning outcomes

This section covers the following learning outcome:

7023V1.1 Be able to develop a corporate social responsibility strategy

### Section mind map

There are three topics in this section as shown below. Check the subjects within each one and then continue with the areas you need to explore.



## Topic 1: The arguments for CSR

### Introduction

Before looking at the SENSIBLE aspects of CSR, carry out an initial assessment of your organisation. This will inevitably give only a partial view, and you will probably want to amend your views as you complete this guide. However, it will give you an initial overview, and will also give a useful perspective on how your organisation's stakeholders (suppliers, customers, government and local residents) might perceive your organisation.

#### Activity

#### Activity 1.0

30 minutes

How effectively does your organisation carry out each of the three aspects of CSR that are identified in the Wikipedia definition? How could it improve?

1. Monitor and ensure its adherence to law, ethical standards, and international norms.
2. Embrace responsibility for the impact of their activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.
3. Proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality.

## 1.1 The speed of change

One point that you will notice when you consider the SENSIBLE aspects is the speed at which change is occurring in the twenty-first century.



Think of the following examples presented in Karl Fisch's video 'Shift happens':

- Skype was invented in 2003 and by 2010 was taking 10 million calls at any time.
- The US Department of Labor estimates that current students will have had between 10 and 14 jobs by the time they are 48.
- 1 in 8 couples marrying in the US in 2005 met online.
- In 2006 there were 1.3 million college graduates in the US, but 3.3 million in China and 3.1 million in India (all of whom spoke English).
- Nearly 2 billion children live in developing countries; only two-thirds of them are educated up to the age of ten.

Fisch's video contains the quotation:

*'We are currently preparing students for jobs and technologies that don't exist ... in order to solve problems that we don't even know are problems yet.'*

For managers in today's organisations, that could be reworded as a question 'How effectively will your organisation react to problems that you don't yet know anything about?'

## 1.2 The social case

This is the first aspect or case in our SENSIBLE list (developed by the author of this development guide together with Ian Favell, one of the consultants). Think of some key issues that relate to people both at work and in the wider society. Some of the most important are discussed below, but you may be able to think of many other examples. Each of the issues is followed by an activity that you can use to clarify your own thoughts and to assess your own organisation's performance in this area.

### Employee health and well-being

To what extent is your workforce physically and emotionally healthy? What can the organisation do to encourage and help people to follow a healthy lifestyle?

There is a great deal of legislation relating to health, safety and welfare at work. No organisation should risk not complying with that legislation, but you should also consider how you can 'embrace responsibility for the impact of your activities on people' and 'proactively promote the public interest'. It may be that you can positively promote gym attendance, encourage healthy eating, improve lighting or other working conditions.

## Activity

## Activity 1.2a

10 minutes

What does your organisation do to encourage people to follow a healthy lifestyle?

What more could it do?

What more could you do with your team or department?

### Pressures and stress

SR 6

One aspect of emotional ill-health is linked to stress at work. High levels of stress are damaging to both the individual and the organisation. The CBI found in its survey into absence in 2001 that workplace stress is the second most common cause of absence from work.

SR 3

Cooper *et al.* identified stress related to seven sources:

- factors intrinsic to the job
- role in the organisation
- personality and coping strategy
- relationships at work
- career development
- organisational culture and climate
- home-work interface.

SR 1

According to Arnold *et al.*, to solve the problem of workplace stress both the individual and the organisation need to:

- be aware that the problem exists
- identify and isolate the cause
- attempt to change the situation to provide a mutually beneficial solution

- if no solution is possible, then find a way of coping with the problem
- monitor and review the outcome.

Following a CSR approach, the organisation will work proactively to create working conditions that minimise the risk of problems occurring due to stress. These might include involving employees in planning their own work patterns, team-working, career development, mentoring and coaching. Counselling services may also be useful where the employee needs to learn coping skills.

Activity

Activity 1.2b

20 minutes

To what extent do stress-related problems occur in your organisation?

How does the organisation approach such problems?

What more could it do?

How do you approach such problems in your own team or department?

**Economic conditions**

The economic downturn of 2008 highlighted the effect of global and national economic conditions on everyone in the workplace. Employees may fear that they will lose their jobs, be asked to accept lower wages or work shorter hours. They may fear for their pensions and savings and have concerns about rising costs for the goods that they buy. The events since 2008 have also highlighted the issue of the differences in pay levels between people at the top and bottom of organisations.

From a CSR viewpoint, managers need to consider their responsibility for the impact of their activities. In a very visible

demonstration of 'sharing the pain', the new British government in 2010 agreed to a pay reduction and to reduce the use of government cars before announcing cuts in public services.

## Activity

### Activity 1.2c

10 minutes

What did your organisation do in reaction to the 2008 economic downturn?

What (if anything) could it have done better?

## Society values

The early twenty-first century has seen a lot of media concern in the apparent breakdown in society values. Many of these focus on whether our society's emphasis on individual rights has reduced our understanding of the need for responsibilities. Does the right to walk on clean streets mean that we have a responsibility not to drop litter?

SR 16

According to Rousseau's idea of the social contract, all citizens should participate and should be committed to the general good, even if it means acting against their private or personal interests.

SR 19

As an extreme example of the social contract, you could consider Bill Gates' work for global development. Gates is an example of someone who wants to put something back and not just take.

SR 2

Your reaction to issues relating to society and its values may be linked to a number of 'dualities' according to Faulks. Some of the most relevant for this guide are:

- To what extent are we free to make our own life decisions; to what extent are we constrained by the structure of our society?
- How can an individual's private rights be balanced against the public power of the economically or politically powerful?
- What is the best balance between social rights and the rights based on economic market forces?
- How do my rights to enjoy a pleasant lifestyle conflict with my responsibilities to prevent environmental damage for future generations?

Activity

Activity 1.2d

20 minutes

To what extent is there a good balance between rights and responsibilities in your organisation?

Would all the employees, suppliers, customers and other stakeholders agree with your assessment?

What improvements, if any, could be made to improve the balance?

Links to other SENSIBLE cases for CSR

While thinking of social issues, you may have identified other issues that have links to other SENSIBLE areas. For example, recycling and the increasing cost and difficulties of waste disposal link to the question of rights and responsibilities. I may feel that I have a right to buy perfect fruit in layers of packaging. Does that also mean that I have a responsibility to recycle all that packaging? If I don't, then whose responsibility is it?

As you consider the remaining SENSIBLE cases for CSR, note that there are often interrelations of this type. Consider the packaging example from an organisational viewpoint. You might feel that the organisation must work to recycle its packaging, but is there a risk that the additional costs might threaten jobs?

1.3

SR 12

The environmental case

The second SENSIBLE case for CSR is based on environmental factors. The Brundtland Commission of the United Nations stated that 'sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.' It's a wide-ranging definition that applies to issues such as how we use the world's limited energy and water resources, global warming and pollution.

One difficulty with avoiding environmental damage is that one person's impact on the whole world is negligible – and so it may be regarded as inconsequential. It can be more useful to consider